The Role of Culture in Business Transaction

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THE ROLE OF CULTURE IN BUSINESS TRANSACTIONS

IMPLICATIONS FOR SUCCESS IN TRANS-GEOGRAPHICAL SETTINGS

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groningen

The Role of Culture in Business Transactions

Implications for Success in Trans-Geographical Settings

PhD thesis

to obtain the degree of PhD at the
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by

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CHAPTER 1. INTRODUCTION

1.1 Cultural Differences in Trans-geographical Business Interactions

Globalisation and internationalisation are terms that are used to signify an increased inter-relatedness between countries. Arguments abound as to what one considers internationalisation and whether or not it is the same as globalisation. Daly (2005, p.1) defines internationalisation as "the increasing importance of international trade, international relations, treaties, alliances, etc.", whereas "globalisation refers to global economic integration of many formerly national economies into one global economy, mainly by free trade and free capital mobility … and is the effective erasure of national boundaries for economic purposes". For the purposes of my research, I use these terms interchangeably. Despite the vast literature and the seemingly contrasting views, there does seem to be a consensus that interactions between different countries and geographies are occurring more often. For example, Hirst et al. (2009), who followed the effects of the greater inter-relatedness of countries since the 1990s (and define themselves as sceptics of globalisation), argued that increased interactions are occurring. In their words, there is a "growing and deepening interconnectedness in trade and investment" (Hirst et al. 2009, p.9). However, they also argued that the term globalisation and its effects are sometimes exaggerated and there is no complete globalisation of the international system. A review of the literature on globalisation (this is presented in detail in Section 3.2) suggests that there are a number of common issues that seem to recur and refer mainly to: (a) countries

are developing increased economic and trade relationships (Ong and Collier 2004; Tsing 2005; Agamben 2005; Sheppard 2016); (b) national boundaries are less important which results in preferences becoming similar across different regions (see for example the notion of Global Value Chains by Gibbon et al. 2008); (c) technology as an integrator breaking traditional barriers and bringing regions and countries together (Cairncross 1997; Castells 2000; Cutler 2003; Baldwin 2016); and (d) greater integration and need for common standards and issues related to global justice (Slaughter 2004; Scholte et al. 2016). The notion of interconnectivity of countries through technology continues to play an integrating role in bringing different countries, cultures and business enterprises together (Cutler 2003; Borcuch 2014; Baldwin 2016). The past two decades have seen an increase in education, international travel and telecommunications. The advent of the Internet has also increased connectivity to levels that humankind has never experienced before (Lule 2012, Baldwin 2016). Moreover, Held et al. (1999) argue that globalisation involves an increase in interactions, flows and networks across the globe. It is thus important to understand its effects in terms of reach (for example the notion that one event in one part of the world might have an increasing effect on situations or events in other regions of the world), interconnections of actions and flows between geographical areas and/or countries, as well as the speed at which these interactions take place. However, understanding when interactions occur or whether they occur more frequently does not necessarily mean that such interactions are more efficient. It is these interactions and the underlying potential conflicts between different cultures - sometimes across different geographies - (see Section 3.3 for my definition of Cultural Conflict) -that I am concerned with in my research. I term these exchanges 'trans-geographical' and 'transcultural' interactions. I refer to interactions related to commerce and/or business within a given culture acting in another culture (host culture) as a trans-geographical and transcultural collaboration.

This research is within the field of Organisational Studies. Organisational Studies defined as "the examination of how individuals construct organisational structures, processes, and practices and how these, in turn, shape social relations and create institutions that ultimately influence people" (Clegg and Bailey 2008, p.13). Amongst other issues in this area, it is important to assess how individuals in a given society interact, in what way they build structures and processes for these interactions, and how these eventually affect an organisation or company. In this regard, organisational behaviour refers to the way people interact within groups as a means of creating more efficient business organisations. Robbins (2000, p.9) defines organisation behaviour as "the study of what people do in an organisation and how that behaviour affects the performance of the organisation". The central idea of the study of organisational behaviour is that a scientific approach can be applied to the management of worker's behaviour (Clegg and Bailey 2008; Ainsworth et al. 2013). In the words of Courpasson et al. (2008, p.138), "the links between organisations, the individuals that are part of such organisations, politics and policies" need to be fully understood to avoid potential conflicts. Organisational researchers should "find creative ways of merging insights from diverse disciplines [such as sociology, psychology, political science, anthropology, economics, science, technology and environmental sciences] into coherent and comprehensive theories of organisational phenomena" (EGOS 2014, p.6). Accordingly, I focus on the requirements for developing successful international business (and by implication successful individuals who can deal effectively with trans-geographical and transcultural situations).

There is considerable evidence (Hodgetts & Luthans 1984; Triandis 1990; Jackson 1991; Hofstede 2001; House et al. 2004; Friedman 2005; Tsui 2007; Gerhart 2008; Alonso 2016; Baldwin 2016; Harrington 2016; Sholte et al. 2016)

that in an international context companies doing business need to adapt their corporate culture and associated practices to take into account underlying host country cultural issues. Awareness of all circumstances that make a particular business interaction successful – some of which are not obvious – will be a critical condition for business success. In this PhD thesis, I show that favourable transcultural interactions rest on the need to create the conditions whereby individuals can operate efficiently across borders, adapt to local cultures, and minimise the effect of cultural conflict on their business performance. These issues are particularly relevant in today's business world because more companies are interacting not only with their immediate markets but also operating trans-geographically. There is a growing cadre of expatriate managers working in cross-cultural environments that must recognise that the people they need to interact with are different and that they are acting within a different culture. They must adapt, develop specific mechanisms to deal with such circumstances, and have an appreciation of cultural differences. My research shows that there is no standard approach to international management, no perfect solution to deal with the complexity of global business. Moreover, it is possible to create the right organisational culture. Managers can (and indeed should) develop a holistic vision, cultural sensitivity and ability to understand and adapt to differing circumstances (Bartlett & Ghoshal 989; Jackson 1991; House et al. 2004; Gerhart 2008; Hirst et al. 2009, Zajda 2015; Milanovic 2016).

At the core of this approach is the recognition of cultural differences and similarities, and that there is a need to have a system that enables such appreciation. My research explores the critical issues used by individuals dealing in trans-geographical and transcultural situations to avoid or minimise cultural conflict. A principal objective of my research is to present a systematic approach to allow individuals and companies to take the right actions and decisions within

a particular cultural interaction. Ultimately, current managers must be people who are reflexive, can look at themselves and continually re-assess the conditions that surround them to adapt their behaviours to best suit particular situations. They must take into consideration cultural sensitivities and be able to understand cultural differences.

1.2   Research Questions and Sub-questions

It is desirable that trans-geographical and transcultural interactions be effective. An important aspect of effective interactions is recognising that there are differences in behaviour between diverse cultures and that these variances may lead to conflict. Culture conditions a person's responses and associated behaviour, and because of this, there is a need to understand why particular cultures affect trans-geographical and transcultural interactions. It is necessary to examine the relevance of values, attitudes and norms (formal and informal) that make up a given culture. These inter-related components make up culture as well as associated company culture and structures. My research considers the issue of trans-geographical and transcultural exchanges, specifically in business transactions. The overall research question of this study, therefore, is:

How can staff and managers who operate in trans-geographical and transcultural settings identify the cultural issues that might affect the operations and business success of the firm?

Ultimately, this research aims to consider how to avoid potential cultural conflicts in trans-geographical and transcultural situations. Throughout the research, the focus is on business, but the concepts apply to other organisations that operate in trans-geographic contexts, such as non-governmental organisations, trade associations, and bi and multilateral development banks. The overall research question entails three sub-questions.

1. *What is culture and how does it affect a person's behaviour when dealing with trans-geographical and transcultural situations?*

As the basis of the research, there is a need for understanding and appreciation of culture and its influence on behaviour in a trans-geographical context. To do this, I start by looking at the various definitions of culture and the inter-related components of values, attitudes and formal and informal norms. To fully understand culture and how it affects behaviour, it is necessary to appreciate how different aspects of culture such as norms, values, attitudes as well as emotional, physical and geographical characteristics (among others) have an impact on behaviour. The study also examines aspects of culture such as space, place, material possession and the relationships between people (Tsui 2007). I reflect upon the notion of adaptation of behaviour depending on a given cultural context and look at what defines company culture and its broader relationship with the socio-economic environment and the encompassing culture. Building on established research on culture at the individual level, this study assesses the impact of people and businesses exposed to different cultures. To identify ways to avoid conflict when dealing with trans-geographical and transcultural interactions, we need to understand culture (both the home and host culture) to be able to develop suitable behaviour and enabling techniques that respond to any cultural conflict.

2. *How does culture affect companies and management in trans-geographical and trans-cultural situations?*

The understanding of the various definitions of culture, as well as its overall impact on behaviour, should be applied to the 'real world' to assess culturally related pressures and constraints that can affect companies/businesses. Throughout this research, I use the words company, business, corporation and organisation interchangeably to mean any institution or organisation that engages

in commercial exchanges (business) in a trans-geographical and transcultural context. In research on trans-geographical and transcultural business transactions, dealing with culture is often limited to anecdotal information (House et al. 2004; Srinivasan & Kurey 2014). However, some models have looked at assessing transcultural interactions in a more systematic way (e.g. Segal 1990; Brewster 1999; Hofstede 2001; Evans 2002; House et al. 2004; Dowling 2008). These assessments of cultural interactions highlight specific cultural aspects that may affect companies and their managers. For example, some studies focus on leadership and power as the areas that are more likely to cause conflict. Similarly, other research suggests that the qualities that make a good leader in a particular culture may not necessarily be ideal in another situation (Hoppe 2007). I extract from the existing frameworks what I consider to be the most relevant or prominent issues that arise from trans-geographical and transcultural exchanges. I call these 'cultural conflict indicators'.

3. *How can cultural issues that have the potential to create conflict be identified and avoided?*
Because cultural exchanges take place within trans-geographical and transcultural situations, there is a need to develop a systematic way to understand how potential conflicts could arise in cultural exchanges, and more importantly how to avoid them. To do this, I use four case studies. In the first three cases, I assess the recurring cultural issues or challenges that occur during these interactions. This recurrence of issues in the three case studies help identify the most prevalent and prominent indicators in cultural exchanges. I group these cultural conflict indicators into an assessment framework which I term the Cultural Conflict Framework, which is applied in the fourth case study. The next section presents the justification for the selection of the indicators and the methodology for evaluating these.

1.3   Research Framework

Cultural relationships can be understood by building models that identify different behavioural patterns. Such models must be flexible, built upon facts, attitudes and behaviour (House et al. 2004; Tsui 2007). A review of the literature related to cross-cultural interactions directs the cultural issues to be identified. Such detailed literature review suggests that there are a vast number of possible cultural conflict indicators. From this review, indicators are selected based on common aspects. Then, case studies are used to develop a framework that is adaptively and iteratively modified to identify the most prominent cultural issues. Thus, the selected cultural conflict indicators resulting from the literature review are used for an evaluation of three different case studies. I term them 'cultural conflict indicators', which when grouped form the Cultural Conflict Framework (or CC Framework), comprise nine indicators.

The CC Framework helps answer the research sub-questions. I look at cultural interactions from the perspective of individuals participating in an exchange. There are usually two sides to an exchange: the sender (generally the initiator of the exchange) and the recipient. The sender embeds her message in a particular cultural framework, and the recipient receives and construes the message in perhaps a different cultural context. Potential conflict or misunderstandings may occur by the 'interpretation' understood by the recipient within her given cultural context. Effects ensuing from cultural conflict may be disastrous resulting, for example, in the premature termination of a contract of a given business transaction, or failure of a business negotiation involving more than one culture. Early identification of cultural differences and variations that might lead to conflict may avoid such outcomes by developing appropriate mitigating actions.

For each case study, data had to be collected, analysed and reported in a consistent manner (Flyvbjerg 2012, 2014). The analysis in the present study relied on existing contractual and other relevant documents. For each case study, I conducted pre-designed interviews with the individuals involved. My research seeks to develop an understanding of the cultural exchange undertaken and considers issues to avoid conflict in transcultural and trans-geographical business exchanges. The aim of this study in using various case studies is to analyse what aspects of the cultural exchange worked and which failed and the reasons why. It also indicates the lessons to be learnt and improvements to be implemented to avoid potential cultural conflicts in the future.

The first case study refers to Trinidad & Tobago, where an international water company operated water and wastewater services on both islands. Although an independent evaluator (contracted by the World Bank) undertook a review and assessment of this contract and its performance, and concluded that it had completed the contractual objectives, significant disagreements occurred between the government and the private operator. These differences related primarily to the appreciation of the contract and its contingent agreements. Issues related to leadership style were also problematic. Ultimately the contract failed to be renewed, arguably due to some of the cultural differences encountered.

The second case study focuses on a highly-publicised water and energy project in Cochabamba Bolivia. The operator was expelled resulting in an unsuccessful contract. When examining the cultural conflict indicators that led to such a dramatic exit, the aspect of 'written agreements' was one of the critical factors for failure: the international operator had a contractual right to increase water tariffs, but Bolivian authorities saw the importance of keeping farmers happy (as they depended on the water for their crops) as much more binding than any written contract. Government expected the international water operator to be more understanding of local needs and thus assumed a degree of flexibility in the interpretation of the arrangement.

The third case study relates to an emergency recovery-funding programme that The World Bank attempted to implement in support of the reconstruction efforts after a major typhoon in Cambodia. The World Bank failed to recognise the 'exercise of power' as understood in Cambodia, as it did not understand the very stratified Cambodian society and organisational structures. Further, a misunderstanding of 'written agreements' and their enforcement by the Cambodian authorities led to the unfortunate outcome of this project.

The last case study was Mexico where the full CC Framework was applied. In this case, a contract for investment, operation and maintenance of the water and wastewater systems (including associated networks) serving a quarter of the population of Mexico City was awarded to a British international water operator. Cultural issues identified within this business interaction included the differing appreciation and value that Mexican and British managers gave to 'time', and the need for a hierarchical 'leadership style' by the Mexicans that was in sharp contrast to the more consultative nature of British managers.

The reason these case studies were selected was based on the following criteria: (a) is there sufficient data published on the relevant case e.g. through trade journals, periodicals, independent evaluations, multilateral and bilateral reports and assessments; (b) access to relevant stakeholders including senior and middle management of the organisation in question; and (c) other sources of information from third parties directly or indirectly related to the transaction in question (e.g. government officials etc.). There was sufficient data available from different sources for all case studies selected, thus offering different perspectives on the same problem. All information used was historic as all four projects had been completed or the contracts had expired (with no surviving obligations).

1.4   Thesis Outline

In **Chapter 2**, the role of culture is examined through the first sub-question: "*What is culture and how does it affect a person's behaviour when dealing with trans-geographical and transcultural situations?*" To guide my research, I consider the varying definitions of culture. From these different definitions, I choose that proposed by Mulholland (1991 cited by Belshek 2006, p.3) "a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behaviour". From the different definitions of culture and their inter-related components, this chapter looks at what defines company culture and its relationship to the broader socioeconomic context. From the general appreciation of culture, the research delves into issues of culture from the perspective of individual and group behaviour, and the influence of values, attitudes and norms. Given the different interpretations of social rules in academic and everyday discourse, I recognise the importance of understanding whether social standards are driven by external factors such as a group or by an individual's belief system. I show through the literature review that social norms can become internalised and become norms that guide personal behaviour. Understanding what affects culture is not enough. Differences between culture as a whole and company culture are also significant, and the chapter looks at this. Finally, because of the many constituent parts of culture, including values and behaviour, and since a person's values and beliefs can persist or evolve, there is a need to recognise that culture has its own dynamic. Such dynamic has the potential to affect whether or not cultural conflicts may occur as well as the degree to which they occur (as not all change will imply a cultural conflict). The current environment in which mass migration, communication, education, populist politics, intensification of business interactions, and economic integration, all have a role to play in cultural change, which is likely to have

implications for cultural conflict. Accordingly, cultural dynamics need to recognise external factors as well as social interactions that might impinge on culture.

Chapters 3 and 4 address the second sub-question: "*How does culture affect companies and management in trans-geographical and transcultural situations?*" Businesses or organisations that seek to expand their business in a trans-geographical setting have to work with and within different cultures. Cultural demands and implications that arise when companies do business trans-geographically need to be considered. In today's world, where communication, transportation, information flow and other factors that are seemingly bringing the world together, there is a need to appreciate how globalisation is occurring, and how it may affect cultural conflict. In contrast, the last few years have seen a populist move that is more inward looking. Moreover, understanding what is a cultural conflict and how cultural conflicts may happen in trans-geographic business situations also have to be understood. At the same time, the structure of a firm will not necessarily change just because it is operating in a different cultural context, but individuals within the structure can make or break a trans-geographical business interaction. Accordingly, management practice within company structures also needs to be considered. Therefore, Chapter 3 focuses on defining cultural conflicts, how globalisation affects them (i.e. does globalisation increase or reduce cultural disputes due to a convergence towards a global culture) and then looks at the way companies respond to the effects of globalisation. Chapter 4 looks at culture and its impact on management practices, leadership and how this – together with power – manifests itself in different cultural contexts.

Chapter 3 presents differing views on globalisation and its effect on trans-geographical and transcultural business interactions (Section 3.2). This is followed by presenting what a cultural conflict is and its inter-relationship with globalisation (section 3.3). From this research, I propose a competitive edge for the success of trans-geographical businesses: I call this concept 'cultural competency'. Cultural competency is the proficiency with which a practitioner (typically a manager or a person dealing with such transcultural circumstances) uses the range of capabilities and skills necessary to adapt to and benefit from, transcultural differences. Similarly, such cultural demands and implications need to be understood by companies doing business trans-geographically. Section 3.4 discusses the different goals that companies or firms seek, and the paths they follow to reach their business objectives in a trans-geographical setting. Given the importance of culture and its effect on trans-geographic business, the chapter proceeds to explore a framework for determining the type of company culture for operating in host cultures (3.5). Section 3.5.1 presents various models to analyse cultural differences. I look at models for transcultural assessment (3.5.2) which involves an understanding of one's own culture, discovering the other culture, and comparing the two.

Chapter 4 looks at the impact of culture on management, leadership and power relationships. I start by defining leadership, power and management and how they are interlinked. The interactions between individuals, organisations and the control exercised in a given situation are affected by culture, and I explore how such interactions occur. The implications of culture and leadership from the perspective of personal attributes or qualities that influence the actions or opinions of a group are also presented, including the dimension of potential cultural conflicts. I look at the way by which leadership and power is used in different contexts and its effect on a company's type and structure. This will impact the way of doing business, as well as the individual relationships within

different company structures. There is a focus on culture and power to understand the power dynamics within an organisation and the way individuals act within a group in an attempt to exert influence. This leads to a summary of attributes that make a good leader.

Chapters 5 and 6 answer the third sub-question: *"How can cultural issues that have potential to create conflict be identified and avoided?"* Chapter 5 presents a more detailed statement of the methodology used in the thesis. I identify the cultural conflict indicators by summarising the extensive literature review undertaken in Chapters 2, 3 and 4, grouping references into groups that represent a potential cultural conflict indicator. This grouping is done by identifying the common features found in the literature, to form a long list of possible cultural conflict indicators. I then test how these indicators apply to the three case studies. Depending on their recurrence in each case study, I select the indicators to be the CC Framework. The nine indicators ultimately chosen are presented in Chapter 5. Chapter 6 has a fully worked application including explanations on how the framework was applied. The results show that in trans-geographic businesses the potential for conflict due to cultural differences can be extreme.

Chapter 7 concludes and suggests areas for further research. Importantly it offers recommendations for avoiding cross-cultural conflicts. The results show how cultural interactions can be critical to the success of a given venture. At the extreme, failure to recognise cultural differences may lead to complicated, if not toxic relationships, to such a degree, that the wellbeing of the business or the association may be impaired, and the whole business aborted with significant consequences for both sides. Finally, I revisit the research question for the PhD and make some general remarks.

CHAPTER 2.
WHAT IS CULTURE AND HOW DOES IT AFFECT BEHAVIOUR?

2.1   Introduction

The purpose of this chapter is to present a definition of culture as the basis for the analysis of the effects of culture on behaviour. Chapter 3 develops further aspects of culture and its influence on doing business trans-geographically. In Section 2.2, I present the definition of culture that I will use in my research but do so by examining the evolution of the different definitions of culture and some of its integral aspects such as shared values and meanings, a person's behaviour, common ideas and standards. In Section 2.3, I consider the relevance of the adopted definition of culture by looking at the various inter-related components (i.e. values, attitudes, perceptions, stereotypes, formal and informal norms including overall social norms) that make up culture. I also look at the effect – if any – an environment may have on behaviour. From the different definitions of culture and their inter-related components, Section 2.4 looks at what defines company culture and its relationship to the broader socioeconomic context. I do this by starting from the idea that results from the literature review that culture is usually a shared construct or in the words of Luthens (1992, p.26-27) "is not specific to individuals but rather to members of a group, organisation, or society that share a common culture". This common concept leads to the notion that every group has its culture although, strictly speaking, from an anthropology/sociology perspective, societies have a culture and groups have

subcultures. Luthens (2015) argues that there are differences between group culture and a more significant social culture. Thus, a company may have its company culture, but at the same time belong to a broader culture which may be distinct from the company's culture. Equally, the broader socio-economic environment in which a company operates does influence the company's culture. Throughout this PhD, I make a distinction between home and host culture. I define home culture as the culture in the location or area where an individual or organisation/company is registered and host culture as the culture of a particular country or region where the person or organisation is operating.

Finally, recognising that culture is not static, I look at the effect of culture both at the company and individual level in Section 2.5. The whole notion of cultural change and its dynamics is crucial as ultimately I want to see whether the cultural shift is likely to have implications for cultural conflict. Accordingly, I look at what factors promote change in company culture, how it happens and how it links to business performance (Bicchieri 2006; Elster 2007). For completion, though now somewhat discredited, I include the Diffusionists and Neo-diffusionist views on how culture changes. I then go on to describe the Social Psychology of cultural dynamics and argue that cultural information will be a function of both the content of the information and the environment to which the cultural information is transmitted. Accordingly, I also recognise the impact that technology, economic environment, political institutions and other such external factors might have on how culture may change.

2.2　Definition of Culture

In this section, I present the definition of culture that I will be using in this thesis. Many forms of social science, including philosophy, psychology, economics and geography, have adopted varying definitions of culture. Given that the topic of my thesis is interdisciplinary, I look at different meanings of the various relevant fields and use the concepts presented therein to choose a definition of culture that is pertinent to my research. Primarily, I adopt the definition that "culture is a set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, or other groups and orient their behaviour" (Mulholland 1991 cited by Belshek 2006, p.3), recognizing the role norms have in setting the standards and expectations of behaviour held by members of a particular social group (Bicheri & Muldoon 2014).

One of the early definitions of culture is Boas (1911, p.149) who maintained that typical behaviours end up by defining a group. He defined culture "as the totality of the mental and physical reactions and activities that characterise the behaviour of individuals composing a social group collectively and individually about their natural environment, to other groups, to members of the group itself and of each to himself." Benedickt (1959, p.14) suggested that what binds people together is "their culture, the ideas and the standards they have in common". This concept of culture being part of society is further developed by Kumar (2011, p.1) who stated that culture originated and is developed through social interactions and suggested that no person "can acquire culture without association with other human beings and therefore it is shared by the members of society". The idea of culture being shared by groups led to Swidler et al. (1991, p.53) defining culture as a "toolkit of symbols, stories, rituals and world-views, which people may use in varying configurations to solve different sets of problems". Luthens (1992,

p.26-27) supports the idea that "culture is not inherited or biologically induced but acquired by the process of learning and experience gained". These concepts of common systems and symbols forming common behaviours imply that culture is not a list of independent dimensions but rather, in the words of Lytle et al. (1995, p.170), "the integrated complete set of interrelated and potentially interactive patterns characteristic of a group of people". Luthens (1992, 2015) develops the understanding that shared systems and symbols give rise to shared experiences through the concept of a 'cumulative process' of shared experiences based on the human capacity to change or adapt. He further argues that this ability of change is trans-generational because it is passed down from one generation to the next. Hofstede (1993, p.89) takes this concept further and refines the definition of culture as "the collective programming of the minds that distinguishes one group or category of people from another".

Some critical issues that I consider essential for my research arise from the above characterisations. In particular, the notion of culture as a cumulative mix of ideas and patterns of thought that drive a social group (Goodenough 1971; Hodgetts and Luthens 1984). This cumulative combination of ideas provides the group with an image of itself (Bluendorn 2002; Kroeber and Kluckhohn 1952; Levine 2013; Lytle et al. 1995) and therefore creates a natural language of symbols and systems (D'Andrade 1992; Brisling 2000; Gertz 2000; Gökçe & Turgut 2017; Luthens 1992, 2015; Swidler et al. 1991) that are common to a given group. These symbols and systems help define a group's identity and become the means by which a group will solve different sets of problems (Hofstede 1993). The definition of identity, in turn, influences a group's behaviour and defines a particular group (Mead 1937; Luthens 1992, 2015; Heinrich et al. 2001). Mulholland (1991 cited by Belshek 2006, p.3) summarises these notions and defines culture as "a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behavior".

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Common ideas and patterns of thought unite groups (Tylor 1871; Boas 1911; Benedickt 1934; Ballard 2002) in that they have partially shared norms (D'Andrade 1992). More recently, Gökçe & Turgut (2017, p.1) enhances the notion of a cultural schema by D'Andrade defining cultural schemas as "conceptual structures in which the individual's normative meanings are coded and interpreted by cognitive processes. Moreover, a cultural schema is the system that affects the individual's learning". Kroeber and Kluckhohn (1952, p.181) suggest that values affect behaviour. They define culture as: "patterns, explicit and implicit of and for behaviour, acquired and transmitted by symbols … The essential core of culture consists of tradition, ideas and especially their attached values; culture systems may … be considered as products of action". Goodenough (1971, p.19-20) looks at the effect of behaviour on culture by declaring that culture is "the things one needs to know to meet the standards of others", therefore suggesting that common knowledge has a link to culture. Henrich et al. (2001, p.73) explore how to manage acquired knowledge, and they emphasise that "culture comprises the information that is stored in people's heads." Mead (1937 cited by Varenne 2013) argues – rather simplistically – that culture is behaviour, and that such conduct is characteristic of a particular area or location. She also recognises that behaviour and thus culture will change. D'Andrade (1992, p.116) defines culture as "learned systems of meaning, communicated using natural language and other symbol systems". Levi-Strauss (1969, p.4) points out that an individual's response conditions behaviour to "external stimuli" which may include the space that surrounds her. Ballard (2002, p.12) outlines in his definition that culture is "the set of ideas, values, and understandings which people deploy within a particular network of social relationships to use as a means of ordering their interpersonal interactions and hence to generate ties of reciprocity between themselves; in so doing it also provides the principal basis for which human beings give meaning and purpose to their lives". All of the above definitions present some elements of what culture

is and appear to represent culture's constituent parts or building blocks. The following section develops these in greater detail.

2.3 Effect of Values, Attitudes, Social Norms and Environment on Behaviour

As can be seen from the definitions of culture outlined above, values, attitudes, social norms and the environment are issues that may affect behaviour and are essential elements of culture. These issues which affect culture are explored below.

2.3.1 Values

Athos & Coffey (1968, p.100) state that values are "ideas about what is desirable". Kluckhohn et al. (1962, p.369) define values as "a conception explicit or implicit ... of the desirable which influences the selection from available modes, means and ends of action." Guth & Taguri (1965) suggest that values not only confirm what a group of people consider desirable but they also represent desirable end-states or ideals people want to reach or attain. Building on this, Rokeach (1968, p.124) defines values as "abstract ideas, positive or negative, not tied to any specific object or situation, representing a person's belief about modes of conduct". These definitions would suggest that values act as beliefs that guide actions and judgments in specific circumstances. In this respect, Connah & Becker (1975, p.551) conclud that "values may be thought of as global beliefs about desirable end-states underlying attitudinal and behavioural processes". Strümpel (1985) suggests that values are ideas or desirable states shared by majorities within a group. He goes further by recognising that values have a broad range of effects on human activities. Guy & Mattock (1991) link topographical, historical and religious aspects by arguing that these issues affect values and behaviour. Shahriari & Mohammadi (2013, p.1) propose that "values originate from cultural environment, social groups, religion, lived experiences, and the past". Jormsri et al. (2005) contend that an individual's value system is affected by social, cultural, religious, political, and economic issues that influence

people and their value system. Thus, values are important in transcultural and trans-geographic interactions because members of different groups may have differing 'desirable states' (Strumpel 1985) which imply that they will have a series of standard traits and characteristics of behaviour that they share. Mertz et al. (2016) propose that the cultural environment and surrounding factors affect values.

From the above perspectives, values are underlying convictions that people have regarding what they consider right or wrong, good or bad, important or unimportant (Ishii & Klopf 1987, Mertz et al. 2016). The culture in which the person has been brought up influences these values, as does the immediate surroundings in which that individual is interacting (defined as environment). The critical thing to understand for my research at this point is that values influence the behaviour of individuals.

2.3.2   Attitudes

Connah and Becker (1975, p.551) look at the inter-relationship between attitudes and values and how these affect behaviours. They conclude that behaviour is "an overt manifestation of attitudes and values". They further define attitudes in terms of the probability of the occurrence of a specific behaviour in a given situation. However, Jackson (1994) argues that attitudes differ from values in that they relate to specific objects and specific situations. Jackson (1994, p.37) defines attitude as "an orientation towards certain objects (including other persons and oneself) or situations … an attitude results from the application of a general value to concrete objects or situations". These definitions confirm that values impact on attitudes, which impact on behaviour. However, there is also a reverse effect as Breckler (1984) suggests, when behaviour impacts on values via attitudes. Breckler (1984) further contends that cultural surroundings determine

the formation of attitudes which in turn affects behaviours. Strumpet (1985) advocates that communication and the way individuals relate to one another may fall within the scope of a particular culture either at the group, organisation or national level. In contrast, Hofstede (1983) suggests that there are marked differences between groups that just cannot be ascribed to a particular culture but are due to individuals and their respective perceptions and stereotypes. Luthens (1992, p.55) builds on the notion of perceptions by suggesting that a perception is "a person's interpretation of reality". Hence, he agrees with Hofstede that people in different cultures (as well as different people) often have different perceptions of the same event. Aeler (1991) submits that differences in perception occur because perception is selective, and stimuli are filtered from the environment according to an individual's cultural background. He maintains that selectivity is because experiences are built up through life, and those experiences help a person form opinions. Aeler (1991) points out that we learn to see the world and the things around us in a certain way as a result of growing up in a particular culture with its views, e.g. religious beliefs, political inclinations, and value structures. Luthens (2015) links the concept of attitudes to stereotypes, which he defines as an oversimplified and widely held tendency to perceive a person, image or ideas belonging to a single or particular class, type of person or a particular category. Chepp et al. (2016, p.1) provide a more contemporary view of stereotypes defining them as "an exaggerated or distorted generalization about an entire category of people that does not acknowledge individual variation".

2.3.3   Social Norms and Environment

As mentioned above, values, attitudes, perceptions and stereotypes affect behaviour. Reynolds et al. (2014) say that the understanding of norms especially what they define as 'social norms' is increasingly becoming a key element to understand the implication that these social norms have on behaviour. This is important not only in the context of how social norms affect behaviour within a

transcultural interaction but also because public policy experts are increasingly looking to influence, change and sustain behaviours *en masse*. The use of social norms "emerge from social interactions between people who are related to each other … as members of a social group" (Turner 1991, p. xii). Further, Turner & Oakes (1997) contend norms are considered as being social because they result from collective activities, practices and shared knowledge that impact on thinking and behaviour. In reviewing the literature that exists about norms and how they affect behaviour, there appears to be a definitional problem. Cialdini et al. (1990), Bicchieri (2006) and Reynolds et al. (2014) argue that the term 'norm' be used in different ways and therefore has different meanings in academic and common day usage. At the core of the definitional problem is whether norms are driven by external factors (such as a group or society) or by deeply held individual beliefs. Below I set out a chronology of different definitions of norms, concluding that the social identity can become internalised and become a person's norms or standards that guide her behaviour. Boas (1938) first looks at the effect of norms on behaviour. He defines three types of behaviour depending on the level of complexity of the human interaction attributing these differences to certain 'norms'. Initially, Boas looks at norms that regulate essential relations between humans and nature, satisfying basic needs such as obtaining food, securing shelter and the way in which humans control or are controlled by their natural environment. Second, he describes the norms that regulate interrelations between members of a single society, for example, the norms that control relations between family and social groups. The bonds of family, tribe, and of a variety of social groups include these types of norms. Included as well are the gradation of rank and influence; the relations of sexes, and of old and young; and the political and religious organisation. Third, he suggests there are subjective norms that are of an intellectual and emotional nature and that deal with the most complex interactions among members of society. Hunt (1991) says that norms signify the basic assumptions an individual

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has regarding the environment, nature, truth, time, space, as well as the nature of human beings, human activity and human relationships. He argues that, in some instances, norms may be so influential that behaviours simply become a direct result of following specific norms.

Cialdini et al. (1990, p.1015) define norms are "rules or beliefs as to what constitutes morally approved and disapproved conduct". Etzioni (2000, p.173) conceptualise norms as "narratives about past events and traditions, institutions, customs, and habits". According to Bicchieri (2006, p.1), "a norm can be formal or informal, personal or collective, descriptive of what most people do, or prescriptive of behaviour. In the same social setting, conformity to these different kinds of norms stems from a variety of motivations and produces distinct, sometimes even opposing, behavioural patterns". Elster (2007) proposes that norms are shared expectations. He contends self-generated emotions such as shame or guilt enforce these norms. Fishbein & Aizen (2011, p.131) define a norm as "an individual's assumption that most people who are important to her think she should (or should not) perform a particular behaviour". In these definitions (Bicchieri 2006; Boas 1938; Cialdini et al. 1990; Elster 2007; Etzioni 2000; Fishbein & Aizen 2011) we can see the contrast between what drives behaviour: a collective or social driver versus an individual's personal belief and moral compass. Bailey (2008) took the notion that behaviour is affected by norms one step further and suggests that there are some interpretative norms or rules commonly shared by a group of individuals who ultimately affect and guide behaviour. In other words, self-interest can also be used to explain group behaviour which leads to social norms. Geisinger (2004) maintains that common actions by individuals that share the same self-interests lead to social norms. Bicheri & Muldoon (2014, p.1) looks at the rules that govern behaviour in groups and societies even suggesting that some scholars see norms

"as efficient alternatives to legal rules, as they may internalize negative externalities and provide signalling mechanisms at little or no cost". Bailey (2008), Bicheri & Muldoon (2014) and Geisinger (2004) present the notion of social norms affecting the behaviour of both individuals and groups. The value of using a social or group perspective (as opposed to an individual one) according to Reynolds et al. (2014, p.49) is that "it helps explain how narratives, expectations and rules become internalized and self-reinforcing". This implies introducing social norms to a group as a basis for conformity and, at the individual level, feelings of pressure to behave in a certain way also motivate behaviour.

2.4   Company Culture

In the preceding section, I looked at the influence that values, attitudes, perceptions, stereotypes and norms have on behaviour. I also show how behaviours define a group and how these can be attributable to a particular culture. Based on the conception that culture is influenced by the inter-related issues described above, and given the fact that I explore the effect that the surrounding environment has on behaviour, it is a natural continuation to look at the difference between company/organisation cultures with a national culture.

Geertz (1973, cited in Johnson 2000) consider the concept of company or organisational culture as a common set of symbols by which people in a business or an institution communicate and develop knowledge. Johnson (2000, p.406) quoted Geertz's definition of culture as a "transmitted pattern of meanings embodied in symbols, a system … by means of which people communicate", which can be applied as a definition of company culture. Deal (1982) expands on this definition by suggesting that the degree to which the values and beliefs of a company are defined, accepted and adhered to differ depending on the type of business, its age, people's nationalities, perceptions and management styles. In other words, he suggests that the more values and beliefs are shared within a company, the greater the strength of the company culture. Jackson (1991) defines company or organisational culture as a set of implicit and explicit rules within an organisation that influence the way an individual behaves. Jackson (1991, p.150) advocates that these rules derived from the interaction between the "social order (social arrangements within the company) and the 'mind-sets' (beliefs, perceptions and attitudes arising from the wider society) of significant individuals in a company". This same concept of collective behaviours that make up company culture is used by Hodgetts & Luthans (1994, p.45) to define company

culture as "the norms, values, philosophies, rules and climate within which employees work". House et al. (2004, p.15) refine the definition of company culture as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common or everyday experiences of members of collectives". This same notion of shared beliefs is what Bersin (2015) calls companies or organisations that are 'culture-driven' or motivated by culture. He argues that these sorts of firms set out certain main features or values which they consider are fundamental to their business (and importantly their survival and success). He notes many examples of culture-driven companies such as Zappos whose culture focusses on innovation, Google with its '10 truths' for success, LinkedIn that regards itself in the 'human service' business, and Wegmans that suggests that taking care of its people will ensure that they take care of the customers. Whether this is considered overly simplistic or not, there is increasing evidence that having an explicit company culture can be linked to increased performance (Cameron and Quinn 2006; Bersin 2015) and as such is increasingly regarded as a critical success factor.

Company culture is not static. As will be discussed below, culture is dynamic. Change can come to companies through their evolution or by business exchanges (e.g. acquisitions, and business mergers) as well as through the individuals who work within the constructs of company and country culture. As companies deal with changes in circumstances or the current situation in which they find themselves (e.g. changes in customer preferences or behaviours), companies will have to adapt their culture to deal with associated changes. Changes may come from, for example, technology. IBM is a company that has had to adapt to changes in circumstances dynamically throughout its long history: From a provider of printing equipment to a technology pioneer in the 1980s, it has deliberately modified its business model and associated culture from an IT

equipment provider of desktops and laptops to one of high-level business transformation consulting services. Sometimes cultural change can come from acquisitions of businesses that result in bringing together of two distinct cultures. This was the case with HP and Compaq, two IT giants with very different company cultures: HP the innovator focussed on engineering quality and Compaq, the cheap manufacturer concerned with mass production. The dynamics of integrating different company cultures proved difficult and cost millions of dollars.

If, as detailed above, a set of common beliefs, values, identities and interpretations of members from a collective is what defines a company culture, then it is important also to understand how a company culture will interact with the culture in which it is engaged. This interaction can be from a home culture to a host culture and may involve trans-geographical situations. In other words, integrating cultures need not refer only to a different country culture, but could involve different company cultures (i.e. transcultural engagements). As each company has its own culture, it behoves it to be aware of the differences that may occur in both trans-geographical and transcultural business dealings. Hofstede (1983) claims that this awareness of culture is what makes management styles and approaches 'culturally dependent' and that effective organisations have to adapt their management ideas and behaviours to local cultures (i.e. the notion of adapting a home culture to a host culture). Kirkman et al. (2007) analyse the influence Hofstede has had on empirical research on cross-cultural studies in trans-geographical contexts by reviewing 180 studies published in 40 business journals between 1980 and 2002 to consolidate what is empirically verifiable about Hofstede's cultural values framework. From this research, the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) team of researchers (House et al. 2004) using data from 208 companies in 27 countries

also endorse the notion of host cultures impacting home company culture. They argue that going forward; companies will have to adjust their behaviour to the host country culture while still retaining the core principles of their company culture. In a transcultural and trans-geographical context, Carlisle and Parker (1989, p.78) argue that *"a company with the right culture will have an advantage in international competition; [and that] the right culture is one that favours creativity, fairness and open communication"*.

2.5   Dynamics of Culture

This chapter has looked at the definition of culture as well as its constituent parts. As has been previously discussed, culture is typically regarded as an enduring and shared system of meaning (D'Andrade 1992; Luthens 1992, 2015; Gertz 2000; Gökçe& Turgut 2017; Swidler et al. 1991; Brisling 2000) that affects how people understand their associated surroundings including the company in which they operate (Hofstede1993; Lytle et al. 1995; Bluendorn 2002; Belshek 2006; Levine 2013; Reynolds et al. 2014). The notion of cultural dynamics is not new and has evolved over the years. Below I offer a summary of critical thoughts on the topic of how culture can change, leading up to the current views of cultural dynamics.

Kashima (2007) suggests that there are different processes of cultural transmission, not just from the perspective of self-concept (i.e. the individual and how she reacts to her surroundings as suggested by the likes of Hofstede 1980; Triandis 1989; Markus & Kitayama 1991, Bicchieri 2006; Elster 2007), but from the perspective of the underlying factors that change culture over time. Kashima does this by characterising cultural differences not only as essential cognitive processes, but also social psychological processes (Nisbett et al. 2001). The dynamics of culture is "therefore concerned with how cultural diversities in knowledge and practice are formed, maintained, and transformed in our daily activities" (Kashima 2007, p.107, see also Chiu & Hong 2006; Lau et al. 2001).

Based on Kashima (2007), I look at two main groupings to understand the evolution of the dynamics of culture. The first refers to Diffusionism, and the second is Social Psychology. Diffusionists and Neo-diffusionists suggests that cultural information can be scattered or diffused (hence the term diffusionism).

Diffusionism and Neo-diffusionism are now discredited, but I have included a brief outline of the main ideas to show the strands of thought that have led to today's ideas on cultural dynamics. One of the early proponents of diffusionism was Smith (1946) who suggests that a person is born with a blank slate (or "tabula rasa") meaning that what an individual is derives from society. Neo-diffusionism emerged in the 1970s and 1980s based on the precept that culture is socially transmitted information from one person to another (Boyd & Richardson 1985; Campbell 1975; Cavalli-Sforza & Feldman 1981; Sperber 1996). Specifically, Cavalli-Sforza & Feldman (1981) propose that cultural transmission can happen from an older generation to another, between non-kin lines such as a teacher to a student, or amongst people of the same generation. Another theory that has since been seriously questioned (Atran 2001; Boyer 1994) was that of Dawkins (1976), who introduces the notion of "the selfish gene" and a "meme". This term, borrowed from Darwinian biology, hypothesises that a meme is a unit that is transmitted by repetition and replication in much the same way as genes do. In Dawkin's view, cultural dynamics thus happen through memes. Others, such as Sperber (1996), counter Dawkin's notion of cultural dynamics by suggesting that cultural information transforms through social transmission. Boyd et al. (2008) (see also Gray 2010, 2014) argue that it is essential to include population dynamics and focus on the quick changes that may occur to a person's values and beliefs – and therefore cultural information – in response to the environment in which individuals operate. These concepts coupled with psychological and social processes need to include the construction of models for assessment of cultural evolution (Heinrich 2001).

In contrast to the Diffusionists, the Social Psychology of cultural dynamics argues that cultural information is a function of both the properties of the information and the environment where cultural information is transmitted. In

that regard, it proposes two methodologies. The first methodology refers to Cultural Grounding. This is based on the notion of generalizing cultural information beyond the immediate context of social interaction to other situations in time and space (Turner et al. 1987; Hutchins 1995; Kashima et al. 2000). A cultural representation of a population is shared cultural information, and that information is taken for granted within the population they belong. As Cialdini et al. (1990, p.1015) observe, "if everyone is doing it, it must be a sensible thing to do". Cultural grounding thus provides for the evolution of cultural representation and links it directly to cultural identity, providing for the stability and change of culture over time. The second Social Psychology methodology refers to the horizontal transmission of culture as tested through a method of serial reproduction (Bangerter 2000). The basic premise of horizontal transmission is to assess what information is conveyed under what circumstances, or whether information may change when it interacts with the environment, and if it does, what cultural information is transmitted. Kashima (2000b) and Kashima & Kostopoulos (2004, p.114) show that there is a "snowball effect in the accumulation of cultural representations" suggesting that once certain cultural representations are deemed to be the convention (or in other words, information is consistent with the group's background and generally held beliefs), they tend to be shared and endorsed by a group, and thus they tend to expand. The notion of conventionalisation (a concept first introduced by Tomasello 1999) implies that culture does not easily go backward. Further, Kashima & Kostopoulos (2004) argue that strengthening of the stability of culture occurs when individuals within a group tend to seek social connection or integration through the sharing of culturally consistent information. However, within this dynamic it is also important to recognise the impact that technology, economic environments, political institutions and other such external factors might have on information and how it is transmitted (Giavazzi et al. 2014). Mesoudi (2011, p.57) argue that when looking at a company or corporate culture,

this can change in two basics ways: an "all-or-nothing discrete approach to cultural transmission", or some form of blending which implies "adopting the average value of a continuous trait from one model to another". In other words, what this means is that issues such as migration, communication, education, intensification of business interactions, economic integration etc. are necessary mechanisms of cultural change. Hirst et al. (2015) in the recent update of their book 13 years later, take into account the current effects of the 'anti-globalisation' movement. This is seen in the more populists and nation-centric politics of the past 3 to 5 years (e.g. the recent election of President Trump in the United States, and the rejection of Dutch and French voters of populists' candidates). They also look at the effect of the 2007 'credit crunch', and argue that national regulatory systems are "reasserting their traditional roles as guardians of the 'lender-of-last-resort' function to shore up their domestic economies" (Hirst et al. 2015, p.ii). Further, they argue that migration, as well as the effect of wars in places such as Afghanistan (and now Syria and the massive economic migratory movements that the EU has experienced in the past three years), have brought about a different cultural dynamic. This is forcing us to look at the future of nation-states, as well as the role of international agencies, regimes and structures of governance. These issues are particularly crucial for this research given that they have an impact on assessing the likelihood of possible cultural conflicts when dealing with trans-geographical business situations.

2.6   Summary and Conclusions

This chapter has focused on answering the sub-question: *"What is culture and how does it affect a person's behaviour when dealing with trans-geographical and transcultural situations?* To answer the question, I examine various definitions of culture highlighting some of the main concepts used in the different definitions of culture reviewed. These definitions share certain elements including the notion of common systems and values which some researchers call a toolkit of symbols and/or patterns. The literature review revealed that different factors including values, attitudes, social norms, perceptions and stereotypes, affect culture. The literature review also suggests that culture is a set of common or shared ideas and patterns that distinguish one group from another. These commonalities are what provide a given group with an impression of itself, i.e. they have a set of social norms, and therefore individuals within this group create a natural language of symbols and systems, which help define a group's identity. Common identities are what unite groups that have partially shared norms and ultimately form groups or populations. I also show how behaviours define a group and how these can be attributable to a particular culture. The above issues are what led me to conclude that, for the purposes of my research, the definition of culture that will guide my study is that proposed by Mulholland (1991) as "a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behaviour" (Mulholland 1991, cited by Belshek 2006, p.3).

As already mentioned, the definition of culture seems to be reliant on some inter-related concepts. My selected definition of culture is largely based on the notion of behaviour. The chapter explains what behaviours are and defines it as an overt manifestation of attitudes and values. The chapter demonstrates that values are important because they provide the underlying convictions that people have on issues they consider right or wrong, good or bad, important or unimportant. Within this, I highlight the importance of the surroundings such as social, religious, political – to name but a few – and the effect these have on influencing individuals and their value systems. Attitudes differ from values in that they relate to specific objects and specific situations. This chapter has also shown that perceptions (a person's representation of reality) and stereotypes (a rigid, oversimplified, often exaggerated belief that is applied both to an entire social category of people and to each within), also play a significant role in shaping behaviour and thus culture. I also reveal that differences in perception occur because perception is selective, as this is dependent on a person's cultural background. This will also influence behaviour. However, values, attitudes, perceptions and stereotypes are not the only factors affecting behaviour. Culture is also dependent on norms or rules. The chapter explored how different norms, implicit and explicit, conscious and unconscious, and the manner in which these norms or standards are interpreted also influence a person's behaviour. Furthermore, the chapter presents the various definitions of social norms looking at the underlying drivers of behaviour, i.e. whether behaviour is driven by group or personal beliefs (see for example Elster 2007; Fishbein & Aizen 2011; Bicheri & Muldoon 2014). I conclud by showing that social norms, i.e. those standards that affect group behaviour, can indeed become internalised and become a person's social norms that guide her behaviour.

Because my research ultimately focuses on companies and how individuals within a company should modify their behaviour to do business in a cross-cultural and trans-geographic environment, it was important to present a definition of company culture as well. The literature review revealed that shared motives, values, beliefs and interpretations or meanings that are common in a group of people (what Hofstede calls a collective) that ultimately result in common behaviour is what defines the notion of company culture. Moreover, since my research is fundamentally concerned with how businesses should interact when dealing with trans-geographical and transcultural business exchanges, the chapter looks at how one culture (the company culture) deals with another culture – which I term the host culture. The host culture is where the individual or organisation intends to operate or is operating in, and that differs from the home culture.

The chapter goes on to show through the literature review that even when recognising the differences between company and host culture, individuals will still have an integral role to play in shaping culture. Ultimately, people's behaviour can positively or negatively affect these business exchanges. It is for this reason that, in considering the relationship between host and company culture, there are some concluding issues I propose should be taken into consideration when doing business internationally. They include: (a) a person's individual characteristics will affect behaviour; (b) knowing of a person's country does not necessarily provide a good prediction of her cultural values; (c) national culture might provide guidance when assessing motivational and incentive issues; and (d) individuals gravitate towards organisations/companies that fit their individual characteristics. Taking stock of these matters will help businesses (and their staff) make more successful transcultural and trans-geographic business exchanges.

Finally, this chapter brings forward the notion of cultural evolution and its associated dynamics. It introduces the idea (Kashima 2007) that cultural dynamics need to be about how cultural diversities in knowledge and practice are formed, maintained and transformed. To do this, Kashima recommends that we focus research not just on how an individual reacts to her surroundings, but also consider the manner in which an individual manages, processes and acts upon information she receives (Nisbett et al. 2001). In this section, I examine the evolution of cultural dynamics from two perspectives: the diffusionist and the social psychological. Although now discredited, I presented for the sake of completeness the diffusionist view (Atran 2001). However, the idea that cultural information diffuses is fundamentally sound (Boyd et al. 2008; Gray 2010, 2014; Sperber 1996 representing the so-called Neo-diffusionists). The social psychological perspective argues that cultural dynamics will involve cultural information transmitted between members of a group or collective. Its transmission will be a function of both the properties of the information and the environment of transmission of the cultural information. If the information can be shared by members of a group, and that information can become the norm and therefore endorsed by all (what Kashima & Kostopoulos 2004 referred to as collectivisation of information), then cultural transmission will occur (i.e. this will be a driver for cultural dynamics). Finally, this section recognises the significant effect that technology, the environment and other factors may have on cultural dynamics. All of this is necessary for my research for two reasons: first, because I am concerned with identifying cultural aspects that may lead to cultural conflict which in turn may affect trans-geographical business interactions. By understanding how individual and group behaviour forms, is maintained and transformed, there is less likelihood of conflict, and by inference, a more favourable business outcome can be anticipated. Second, at an organisational level, change can come as a result of an external factor such as a merger or acquisition, or as a result of responding to the changing business

environment. Importantly, companies and individuals directly experience the notion of cultural changes due to factors such as technology, increased communication etc. Take, for example, the cultural shifts that have happened over the past decade concerning Western companies and their attitudes towards, say, climate change. Other external factors, such as the credit-crunch of 2007 and the re-emergence of nation-centric regulation to protect national economies through the notion of banks that are too big to fail, as well as mass migration, communication, education, intensification of business interactions, and economic integration, are all factors with associated dynamics that may cause cultural conflict. Thus, the cultural conflict indicators I develop need to take these factors into account.

CHAPTER 3. GLOBALISATION AND CULTURAL CONFLICTS

3.1   Introduction

Together with Chapter 4, this chapter addresses the sub-question of *"How does culture affect companies in trans-geographical and transcultural situations?"* Implications of culture on management and the interaction between leadership and power are dealt with in Chapter 4.

The previous chapter concluded with a recognition that changes may occur to a person or group's values and beliefs in response to the environment in which individuals operate. In addition, it looked at how cultural dynamics occur, as well as the effect that technology and other factors (e.g. a merger of two companies, a change of business environment) may have on a company's culture. Importantly, Chapter 2 shows that cultural dynamics recognises that external factors and social interactions impinge on culture as a whole. Chapter 3 starts by exploring globalisation and how issues such as increased communication, information flow, transportation and other factors affect it. I explore effects of globalisation from different perspectives. I do this as a backdrop to appreciate how companies need to adapt to changes brought about by globalisation and its impact concerning cultural conflicts. So, once the effects of globalisation have been understood (Section 3.2), I define what is meant by a cultural conflict (Sub-section 3.3.1), together with a description of how they may occur in trans-

geographic business situations (Sub-section 3.3.2). If change affects individuals, and individuals form companies or organisations, we must also realise that different company structures develop as a result of cultural dynamics brought about by globalisation. This is important because businesses and organisations that seek to expand their operations in a transcultural and trans-geographical setting have to work with and within different cultures and the structures they develop need to be responsive to this reality. Christensen & Kowalczyk (2016) argue that globalisation presents both opportunities and threats, suggesting that companies (as well as individuals and even governments) need to be able to change their structures and processes to deal with the intensification of economic, political, social, cultural and judicial interactions. Accordingly, Section 3.4 presents different company structures that have evolved in response to globalisation. This section also considers the pressures of combining the home corporate culture with disparate specific host country cultures within a single business model. I look at the delicate balance between maintaining those issues considered essential to a particular corporate culture (such as quality, specific product characteristics and/or service parameters) and the need for the company to adapt to the host culture. I, therefore, explore how corporate cultures can ensure continued success through retention of leading corporate strengths or competencies, while at the same time adapting their business to local conditions and cultures. Beck (2016) argues for example that this continuous adaptation by companies is needed even more now that we are recognising that climate change affects the world. This leads to my suggestion that companies can develop a competitive 'edge' to operate successfully in transcultural and trans-geographical business exchanges. I call this 'cultural competency'. Section 3.5 looks at the evolution of different theories for understanding cultural differences. The starting point is Hofstede (1991) whose influence in understanding cultural differences and its effects on business has permeated research over the past few decades. I then examine other research on models for transcultural assessment.

3.2 Globalisation

A review of the literature on globalisation suggest that the notions of internationalisation and globalisation are often confused (Daly 1999; Gibbon et al. 2008; Held et al. 2003; Hirst et al. 2009; Sheppard 2016). In this section, I offer a quick review of the different perspectives on globalisation making no distinction between the terms internationalisation or globalisation.

Like any phenomenon, globalisation has its winners and losers. Tsui (2007), Beck (2016), Christensen & Kowalczyk (2016) and others argue that whoever more ably adapts to changes brought about by globalisation will be among the likely winners. Friedman (2005), one of the biggest supporters of globalisation, posits that there are some forces, most of which enable connectivity and collaboration at a distance, that enable and expand market size, as well as promote competition, thus 'flattening the world'. Furthermore, others such as Jackson (1991) and Sholte et al. (2016) support globalisation since it breaks national boundaries, facilitates international communications and promotes multicultural exchange. Chesnais (2016) and Harrington (2016) argue that the benefits of globalisation have been felt most in the financial sector allowing monies to flow unencumbered across boundaries. Yet there has been intense debate (Daly 1999; Hirst et al. 1999; Held et al. 2003; Tsui 2007; Sholte et al. 2016; Sheppard 2016) as to whether or not globalisation is a positive force, or indeed even if globalisation is happening as fast as many suggest. Some authors, such as Stiglitz (2006), Hernandez (2006), Malloch Brown (2007), Alonso (2017) suggest that globalisation not be positive, contending that trade regimes and international financial institutions have contributed negatively to developing countries. They argue that the effect of globalisation has primarily benefited multinational companies from developed economies. They posit that a better structure should

be developed to deal with these trans-geographical and transcultural exchanges to ensure that both developing and developed economies benefit equally. Others, see for example Argyris (1973), Agor (1985), Jackson (1991) and Ghemawat (2007b), contend that globalisation is not as prevalent – nor indeed occurring as fast – as we may think. For example, Ghemawat (2007b) argues that generally 90 percent of a given country's commerce is conducted within its national boundaries and is therefore mostly inward-looking, concluding that globalisation is not happening at the rate that many contend. He arrives at this assertion by analysing trade data between 2003 and 2005 and established that most investment around the world generally occurs within a country's national boundaries or with an immediate neighbour. He claims that only 10 percent of trade around the world is outward looking and that in many instances trade continues to be inward-looking or at the most, with a country's immediate neighbours". Looking at Canadian-USA trade, Ghemawat (2006, p.58) contends that before the North American Free Trade Agreement (NAFTA), commerce (measured as trade levels) within Canada was "estimated to be 20 times as large as [its] trade with similarly sized and similarly distant U.S. states". Thus, while Ghemawat recognises that NAFTA did help increase the tendency towards international commerce, but "the home bias … is 5 [domestic] to 1 [international]". Further, he asserts that the notion of home bias also holds when referring to the number of telephone/mobile calls and internet communications 90 percent of which are local. Baldwin (2016) looks exclusively at technology's effect on globalisation and argued that because technology is changing so quickly, its impact is less well understood and therefore more unpredictable and uncontrollable. More recently, a World Bank (2016) study done for the ASEAN[1]

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[1] The Association of Southeast Asian Nations (ASEAN) is an alliance promoting economic and political cooperation by fostering dialogue among its ten members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

Secretariat, suggests that trade amongst ASEAN member countries not be as widespread as trade with bigger economic blocks such as the EU and China. For example, in the case of Vietnam, bilateral trade with China accounted for more than 65 percent of its outward trade, and commerce with the EU represented around 20 percent. These findings support the views of Jackson (1991), Agamben (2005) and Tsui (2007) that advocate that globalisation has made national boundaries less important, facilitated international communication, and promotes multi-cultural exchanges. Friedman (2005), a famous supporter of globalisation, maintains that globalisation breaks down national barriers and enables connectivity and collaboration at a distance, enhances markets as well as promotes competition, thus 'flattening' the world (Friedman 2005, 2007). The Economist offers a critique of Friedman's analysis in "Confusing Columbus" (March 31, 2005). This criticism relates principally to the simplistic notion of some of Freidman's "ten flatteners". For example, Freidman suggests that having equal access to a telecommunications system (e.g. mobile telephony and the internet) is flattening the world. In reality, as argued by Canals et al. (2008), a flat telecommunications system does not imply that all people will have equal access to such services, as other factors come into play, such as an individual's ability to afford such services. Stromquist (2009) contends that globalisation has been understood to represent Westernisation or Americanisation in some instances, but that this is an oversimplification of the advantages and disadvantages of globalisation. Similar outcomes such as increased connectivity, or a reduction in miscommunication or misunderstandings amongst players (i.e. companies, workers, cities and countries) benefit from such flattening cannot be expected, therefore, without taking into account other factors such as economic factors, affordability of services, among others. A more contemporary view is expressed by Sheppard (2016). He is opposed to the notion that globalisation as an economic force is capable of ensuring that everybody can prosper and by inference, implies that not all places can achieve economic development. He

suggests that the effects of globalisation are much more nuanced: economic processes and development, are in fact linked to spatial arrangements. In effect, his argument is that globalisation tends to lead to social and spatial inequality and therefore gives rise to unequal wealth distribution leading certain regions and/or countries to experience wealth creation at the expense of impoverishing others. Notwithstanding these criticisms, arguments in favour of globalisation are presented by Zedillo (2007a, 2008), Bhagwati (2004), Rosenzweig (2007), Schultz (2007) and more recently in Zajda (2015) and Christensen & Kowalczyk (2016). They suggest that greater interrelation between countries has indeed helped advance social agendas through, for example, providing enhanced access to telecommunication services or increased access to public information, thus promoting greater transparency (and to a certain degree helped improve public service accountability). Hirst et al. (2009) offer a rebuttal to those who maintain that global market forces are what drive globalisation and consequently national economic strategies are useless, and that countries should recognise these globalising forces and learn to deal with them. Hirst et al. (2009) make specific suggestions for policymakers to develop national policies to deal with increased connectivity and inter-relatedness of countries without relinquishing national governance issues. Sholte et al. (2016) contend that the global economy has had a profound effect on society and has forced the development of a new set of rules for global justice among other things.

Regardless of the differing perspectives described above, there is a shared appreciation that supports the presumption that those who can better adapt their behaviour are better placed to benefit from globalisation (Guth and Taguri 1965; Argyris 1973; Agor 1985; Jackson 1991; Hodgetts & Luthans 1994; Hirst et al. 2009, Harrington 2016; Sholte et al. 2016; Huebener et al. 2017). Rapoport (2009) and Zajda (2015) advocate that countries have a critical role in developing

the right strategies and actions that can best position a country to take advantage of the higher interconnectedness between countries. Zajda (2015, p.15) suggest that in the review of existing research "globalization is presented both as an economic concept and as a more ubiquitous and nuanced phenomenon, which is a promising sign". Milanovic (2016) makes a historical account of globalisation looking to identify who have been the major winners and losers. Interestingly, he concludes that although globalisation is usually blamed for inequality in different parts of the world, in fact overall - in global terms - he argues that inequality has been falling. Notwithstanding this global trend, inequality is found to have increased dramatically in specific countries. Interestingly, Shepherd 2016; Christensen & Kowalczyk 2016; Chesnais 2016; and Harrington 2016 look at the effects of global capital flows and how globalisation and technological advancements have made capital transfers ubiquitous. Further, they discuss the effects of the global financial crisis on capital flows and its implication on investment in specific sectors such as infrastructure. Chesnais (2016) in particular, discusses how the global slump has affected trans-geographical corporations and the behaviour of international banks through what he termed 'herd behaviour' (i.e. the tendency of investors in particular to follow specific trends in business and capital flows without necessarily undertaking their detailed due diligence) and how globalisation has exacerbated such group behaviour. Chesnais (2016) and Roudometof (2016) also point out that these globalised behaviours have a localised effect, i.e. reduced capital flows to riskier countries have a localised knock-on effect. Harrington (2016), as a result of interviewing finance professionals, posits that global capitalism is a system capable of enabling everyone to prosper and allow every place to achieve economic development. Sheppard (2016) counter-argues, by suggesting that globalised capitalism has a tendency to replicate social inequalities due to local geographies, social structures, cultural factors having to co-exist with economic development, and this is one of the reasons poverty is so pervasive.

Various authors have argued that globalisation has indeed advanced social agendas in both rich and developing countries. Bhagwati (2004) suggests that social agendas such as reduction of extreme poverty, providing adequate access to essential services such as water, sanitation and electricity, education, etc. can benefit from a globalised approach. He argued that there is a need to provide specific assistance and additional policies to assist in developing social agendas better, and that multilateral organisations such as the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank (recently created in 2015), Inter-American Development Bank, New Development Bank (established in 2014) and The World Bank Group can be effective conduits for advancement of social agendas by providing guidance and funding for national projects that increase the availability of these essential services. National experiences can be shared on a global basis and applied to other countries and regions as appropriate. Hopefully, mistakes made in particular locations can be avoided elsewhere, and lessons learned can be applied to other contexts. Thus, global social agendas such as the eradication of extreme poverty, gender equality or recognition of human rights can become global agendas. Rosenzweig (2007) and Schultz (2007) detail other positive effects of globalisation on people rather than on firms or institutions. Rosenzweig (2007) argue economic openness can reduce poverty. For example, when India lowered the barriers to international trade and reduced internal protectionism on certain products, a higher number of goods flowed into the country. This competitive effect arguably brought down prices, allowed increased access to goods to all strata of the population and increased the quality of products sold. The population as a whole arguably benefited. Schultz (2007, p.4) contends that "trade liberalisation is associated with substantial gains in the status of women, narrowing the gender gaps in life expectancy, schooling, and earnings". Hallak et al. (2007, p.5) advocates that for globalisation to have a true effect on social agendas "many policy instruments operating through various channels in particular economic environments" are

required. In summary, although there are dissonant views on the effects and benefits of globalisation, there is consensus on the fact that trans-geographic interactions are happening more frequently, and importantly that the consequences of globalisation should be appropriately harnessed and managed to obtain the best results.

3.3 Cultural Conflicts and Doing Business Trans-Geographically

3.3.1 What is a Cultural Conflict?

Within the context of trans-geographical interactions, we define cultural conflicts as areas of disagreement or incompatibility that have the potential to derail or negatively affect a business transaction. This is because within a transcultural and trans-geographical business exchange there are two parties: the sender (usually the initiator of the exchange) and the receiver. Since the sender and receiver are interacting, the roles of each may change; a receiver may become a sender and vice versa. Typically, one party to the exchange embeds her message in one cultural framework, and potentially the receiver takes and construes the message in a different cultural context. It is because of this 'difference in interpretation' that potential misunderstandings and conflicts occur. I call this a cultural divergence. Some conflicts may happen simply because of language differences and resulting differences in understanding, but others may be due to other cultural differences. However, conflicts may also arise in countries that have the same language, for example, US, UK and Australia, or in Switzerland, Germany and Austria all sharing the German language. In most cases, cultural differences that give rise to cultural conflicts might be more nuanced. For example, the meaning an individual from one culture attributes to, say, time, or the value that is given to written agreements, may be different. These differences or 'divergences' are because values, attitudes, and formal and informal norms affect the way in which cultural exchanges take place.

In the context of this research, I explore the cultural conflicts that might occur when a person and or company is involved in a transcultural and trans-geographic business exchange. This individual (e.g. a manager) needs to look at how she can identify potential cultural divergences when she is operating in a cultural environment other than her own, and whether those cultural divergences might lead to cultural conflicts. Questions to identify potential cultural conflicts could include: (1) Could a cultural problem arise and, if so, what is the nature of the problem? (2) Should anything be done about the problem? and (3) What can be done to solve the problem? In a business context, the problem definition may include, for example, a company trying to enter a market where there are significant cultural differences in doing business through, say, the importance that a given culture places on personal relationships when doing business.

But not all cultural conflicts have the potential to disrupt business interactions. To an extent, there is a need to pay attention to the intensity of the cultural conflict in question. It follows that a company doing business in a trans-geographical context needs to recognise whether cultural divergences are likely to cause any conflicts and whether it is important to do something about such cultural difference(s). Cultural conflicts may be thought of as a continuum. In some instances, a conflict might be a small irritation between the agents of a transcultural and trans-geographical exchange. Such conflict is not likely to lead to the failure of the business venture or its early termination. Other cultural divergences may be so fundamental that the business arrangement cannot work or will not work. It must be noted that while cessation of the exchange is potentially a serious concern, it might not be the worst outcome possible. For example, a more severe outcome could be a legal case for lost income due to the failure in the responsibilities of one party, or major adverse social impacts on host communities or the environment.

3.3.2   Trans-geographical Cultural Conflicts

As explained in Section 3.2, globalisation is an undeniable trend. Businesses looking at expanding their market share and dealing in trans-geographical situations will need to understand cultural diversity, learn to identify cultural differences and implement strategies accordingly. Corporate culture and customer tastes are not the same around the world. Differences may also exist within different regions in a given country, or within particular groups to take into account factors such as history, topography, and religion (Bada 2003; Avruch 1998; Giacobbe-Miller 2003, Sheppard 2017). Below, I briefly look at the importance of recognising that cultural differences exist and therefore require businesses to develop the necessary management practices to deal with this and compete successfully in the globalised business arena. Notably, I explore the increasing interest in management research across cultures. Rather than repeating the vast array of management material developed in this regard, I present a synoptic review of existing body of knowledge primarily based on the work of Tsui et al. (2007), supplemented with additional resources (Zaru 2016; Baldwin 2016; Gollerkeri & Chhabra 2016).

As observed above, despite the unprecedented increase in the volume of international trade and the removal of many trade barriers, there are still differences between individual national markets. The question is whether different domestic markets will ultimately converge into a single global market for all goods and services (Grewal 2008, Government of New Zealand Ministry of Business, Innovation and Employment 2015, Roudometof 2016). At the core of the argument is whether convergence from a multitude of national and or regional markets to a single and unified global market is happening and if and how we should respond to this.

When examining the literature about cultural and market convergence, Parker and Tavasolli (1997), Tropenaars (1998), Baldwin (2016), Ette (2016) and Gollerkeri & Chhabra (2016), argue that differences between individual behaviour, likes and dislikes and national and regional traits continue to be significant. What this means, for example, is that international food chains still need to cater for regional differences: the US owned, but international hamburger chain McDonald's modified its menus to cater for local tastes, religious beliefs and cultural preferences, by making veggie burgers for Southern India. Another example is Coca-Cola, which makes drinks with a higher sweet content for its Latin American market when compared to Europe. Physio-economic theory combines concepts developed in human ethology with those in economics (see Parker 2000; Adams et al. 2008; Hagenau & Seifert 2007), and recognises that countries with similar terrestrial characteristics are more likely to converge economically and socially. Moreover, central to physio-economic theories is the principle of cultural adaptability. This principle holds that variations in cross-cultural behaviour are an outcome of a long-run cultural adaptive process. Parker and Tavasolli (1997, p.37) propose that physio-economics allow us "to predict unanticipated interrelationships between physiological and consumer behaviour phenomena across cultures". They argue that "a significant portion of consumer behaviour is hypothesized to reflect physiological processes which respond to variations in environmental factors" (p.4). What this means is that differences and similarities in our behaviour depend on climate, terrain and availability of natural resources, which decide cultural, political, and economic conditions. An article in the Economist (2014) argued that despite a trend of Asian and Western businesses to become more alike, national differences should be considered. For example, Myanmar still lacks maturity in its institutional structures and functions of government, whereas India and Indonesia, have established democracies but exclusionary or protectionist policies make foreign investment difficult (Roudometof 2016).

In addition, we are observing other areas of convergence towards a single unified market. Harrington (2016) suggests that international capital has no borders and that the financial and capital market's approach to risk management tends to favour specific generalised conditions that have nothing to do with region or nationality. Examples of these generalised conditions include clarity of contract, regulatory certainty, ability to extract profits and enforceability of contracts in local courts. Of course, reality is slightly more nuanced than that, as investor appetite does recognise national and regional variations in so far as investors would require greater returns for 'riskier' investment environments (Chesnais 2016). Another area of convergence relates to consumer tastes becoming more universal. A survey by the Economist (2014), suggests that consumer tastes in Asia have been changing due to the effect of social media, the Internet and global trends. Traditional cultural values held by Asian companies have had to change to adapt to these global tastes: "Asia's 100 biggest listed firms make only 32% of their sales abroad, and if Japanese firms are excluded, this falls to 24%. For the 100 biggest Western firms, the figure is 52%" (The Economist 2014, p.14). This would suggest that trans-geographical companies need to adapt from local to global tastes. This is what Roberts (1980) called "glocalization" which in essence implies having a global product but adapting it to local circumstances (including tastes etc.). Svensson (2001) further refines glocalization by introducing the notion of "glocal strategy" which he argues are terms needed to be used by scholars and practitioners when developing global strategies to enhance their business activities further. Leading companies in South Korea, such as Hyundai/Kia Motor Company and Samsung, have adopted the notion of glocalization and dramatically adapted their car designs to suit more international tastes (Christensen & Kowalczyk 2016).

Another important consideration when looking at trans-geographical cultural conflicts is the debate as to whether cultural differences by themselves imply conflict. One of the reasons why country culture has received so much attention in the context of international company management is because it is hypothesised to be a constraint on management practice and organisational culture (Gerhard et al. 2005). Culture should not be oversimplified just to mean a national difference: Bhagat and McQuaid (1982, p.653), contend that "culture has often served simply as a synonym for nation … [and] national differences found in the characteristics of companies or their members have been interpreted as cultural differences". Hofstede (1983) claims that management is 'culturally dependent' and that effective organisations have adopted international management ideas to local cultures. Carlisle and Parker (1989, p.78) further reason that *"a company with the right culture will have an advantage in international competition; the right culture is one that favours creativity, fairness and open communication".* Studies were done more recently to confirm that differences in host cultures affect company culture. Roudometof (2016), suggests that whilst recognising that it is possible for multinationals to differ from the national culture, it is usually advisable for the trans-geographic company or organisation to attempt to adapt to the local culture whilst preserving some of what it considers its 'core values' such as quality, design, look etc. This, of course, is not a new suggestion as Johns (2006), and Gerhart et al. (2008) supported the need for such adaptation.

3.4   How Company Structures Respond to Globalisation

As can be seen from the above discussion, whether one is a proponent of globalisation or not, neither "the bridges nor the barriers can be ignored" (Ghemawat 2007b, p.2). Globalisation can have an effect on a company structure as well as its culture, and this is what I propose to explore in this section. Below I present, from the lens of increasing globalisation, the various company structures and respective internal corporate cultures that are being developed.

In the first instance, a company culture is influenced by the home culture in which a company operates (Roudometof 2016). When a company starts operating internationally, it needs to take into account the host country's culture. When functioning in a different culture, its success will rely to some extent on its ability to adapt to that host culture (Drucker 2001; Svensson 2001). To illustrate this, multinational corporate entities, such as Toyota, have not only built their reputations on maintaining their key Japanese cultural principles – e.g. quality, discipline and team-work – but also by adapting to host cultures (World Business Council 2005; Roudometof 2016). In the case of Toyota, the key features of what is considered the 'Toyota culture' are technical excellence, innovation and efficiency, as well as effective car production techniques (Adler et al. 1999). Even in areas where local culture requires modification of products, e.g. California USA safety and environmental codes[2], the basic principles of Toyota's core culture are never jeopardised. Adler et al. (1999) looked at a Toyota subsidiary located in Freemont, California (USA) and saw how, given the business structure that required Toyota to build more of the cars locally (as

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[2] Given the federal nature of the USA, each state develops its own environmental car emission standards.

opposed to its traditional approach to do as much assembly in Japan as possible), Toyota was forced to develop other systems, procedures and adopt its production approaches. These changes in management structure, production approach, and business behaviour resulted in Toyota modifying its corporate culture while at the same time retaining its core tenets of quality and efficiency. This example shows that the success of any cross-cultural activity will be heavily dependent on a balance between retaining the home country cultural advantages while adapting to another – host – culture. Jackson (1991) argues that this ability to 'transpose and not impose' can increase the success of cross-cultural activities.

Another example is that of Coca-Cola. Coca-Cola is a major international business with a strong corporate identity. Originally from the United States, the company has become a true trans-global brand with its products known and sold throughout the world. Three key elements are seen as being at the core of its business approach and as being crucial to the continued success of Coca-Cola which are taste, secret recipe and ingredients (a closely guarded corporate secret), and its famous shaped bottle. Whatever adaptations are made in any host culture, these three basic elements are not changed (to the extent possible). Coca-Cola are consummate practitioners in the art of meeting and using the strengths of the host culture. As an example, in Singapore the use of the 'bottle' shape as an icon is unchanged. The taste and the secrecy of the recipe are maintained through the use of concentrates produced elsewhere under the strict control of Coca-Cola Corporation. In the matter of the water supply used to dilute the concentrate by the local bottling company, Coca-Cola establishes and enforces standards of water treatment and conditioning that must be applied to the local water supply to bring it to the required taste and quality parameters before it is used to dilute the Coca-Cola concentrate for bottling. The taste element is also monitored and controlled stringently by Coca-Cola. This follows the Fordist

tradition in that the product is standardised and mass produced. However, at the host level, bottling, distribution and marketing are carried out to best suit local conditions by a local company. For example, marketing done in Singapore is not linked to sports as in the US, but rather to a family experience, being together with friends, and espousing traditional Asian culture and values of respect to elders and family unity. Thus, the corporate strategy is based around maintaining key success elements of the company culture whilst adapting to the host culture in those areas where it is of benefit (Largacha, 2014).

Bartlett & Ghoshal (1989) propose a formal classification of the various structures of multinational companies (presented below). Christensen & Kowalczyk (2016) suggest that company structures, are an explicit attempt at dealing with cultural divergences and a means of mitigating cultural conflict. This classification is important as the host culture will influence the internal corporate culture and thus the structure of the company, and the main attitudes and behaviours that arise. This classification refers to the inter-relatedness of parent company and subsidiaries, the decision-making process within the company, and ultimately its commercial success.

Multinational company: This type of company responds to the need to exploit national diversity. It recognises that, for example, local conditions and national culture affect consumer tastes and requirements for technology. For this reason, this type of company will have a strong host national presence that can respond to host national diversity. It will be decentralised and self-sufficient, sensing and exploiting local opportunities, and developing and retaining knowledge within each country unit. Therefore, there is little direct influence of the parent home company, and interpersonal communication and exchanges between the

different cultures may be quite limited. An example of this structure is Credit Suisse (Singapore) (Mächler 2015)[3]. Its business model is shown below.

Figure 1.   Multi-national Company
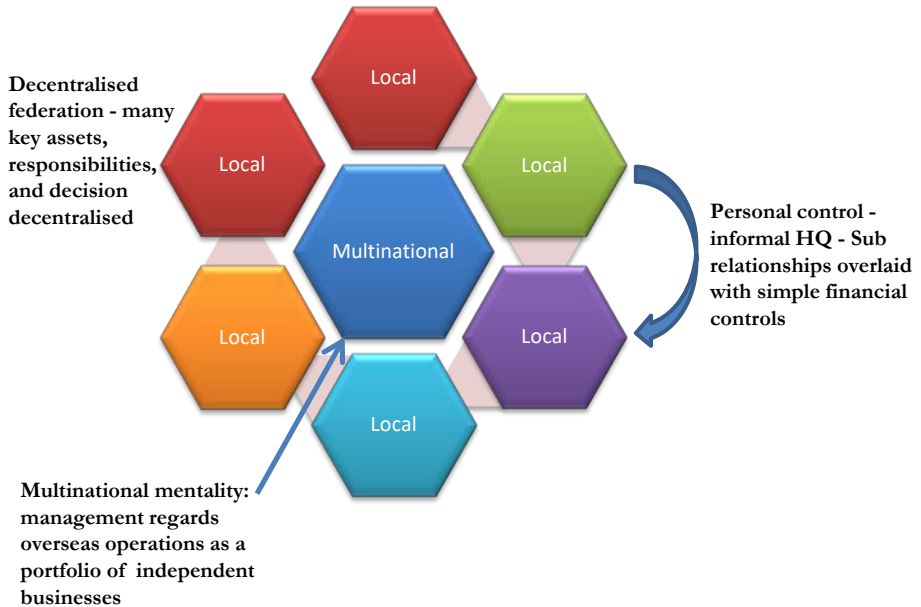
Source: Adapted from Bartlett & Ghoshal 1994

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[3] In an interview with Mr Markus Mächler, Director Credit Suisse – Equity and Private Banking, Singapore, he confirmed how Credit Suisse in Singapore follows this same structure.

Global company: This type of company exploits the cost advantages of centralised global-scale operations. It implements the strategies of the home parent company by centralised knowledge development retained at the centre of the organisation. Thus, it is centralised and globally scaled but responds to trends of the globalisation of tastes, fashions and consumer demands general. Its organisational model is shown in Figure 2.

Figure 2.   Global Company
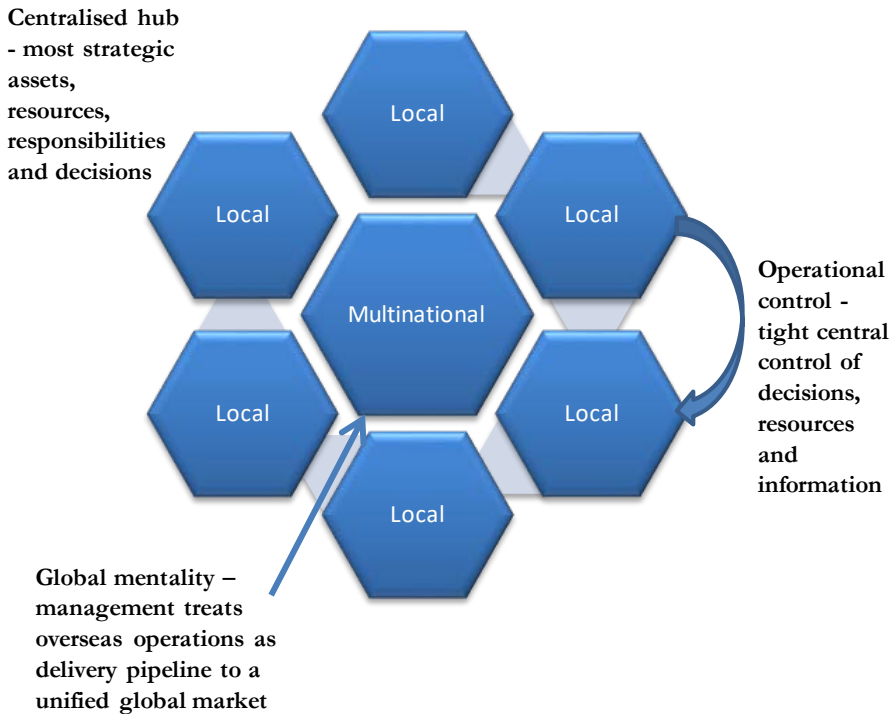
Source: Adapted from Bartlett & Ghoshal 1994

International company: In these companies' core competencies, such as human resources and overall financial accounting and commercial aspects, are centralised but other skills such as sourcing of raw materials, and procurement of specific local goods may be decentralised. The role of overseas host operation is to acclimatise home parent company's competencies to the local environment. Knowledge is developed at the centre and then disseminated through the overseas subsidiaries (Stein 2014)[4]. The company model is shown in Figure 3.

Figure 3. **International Company**
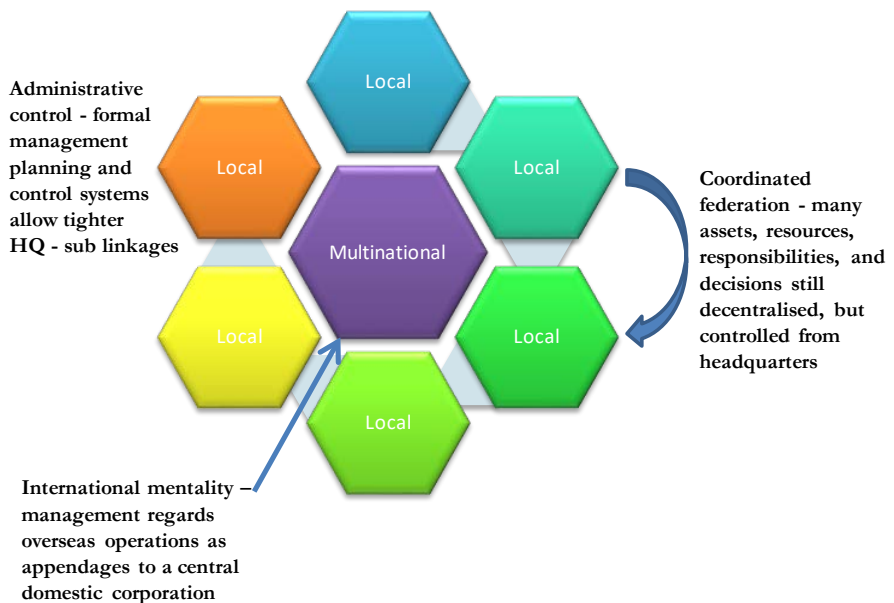
Source: Adapted from Bartlett & Ghoshal 1994

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[4] Mr. Stein, CEO, Audi America, Washington DC, U.S.A. sees his company as a true global organisation. He sees the 'Audi culture' as an overarching culture that each employee must adhere to above national cultures.

Transnational company: This type of business can integrate the separate forces operating in the international environment bringing together the global (centralised hub), the multinational (decentralised federation) and the international (coordinated federation) structures. The transnational company addresses three key factors together. The first is global integration that allows a company to save costs by centralising its research and developments activities in one geographical area and use those results for different geographic regions. Second is the ability of a transnational company to be responsive to local needs such as specific regional taste differences (e.g. adapting an international menu to address local tastes or religious preferences). Thirdly, a transnational company may develop structures that can meet, to some degree, a national government's desire to provide a degree of protectionism to its local industry. Bartlett & Ghoshal (1989, p.61) describe the transnational model as an "integrated network", which "emphasises the very significant flow of components, products, resources, people and information that must be managed in the trans-geographic context. The company must integrate tasks and perspectives; rich and complex communication links, work interdependencies and formal and informal systems are the true hallmarks of the transnational organisation". Transnational corporations address these issues by deploying dispersed, interdependent and specialised capabilities and assets, by facilitating differentiated contributions from national units to integrate worldwide operations, and by developing knowledge jointly and sharing it worldwide. The model is presented in Figure 4.

Figure 4. Transnational Company

Large flow of resources, people and information among interdependent units

Complex process of shared decision making and co-operation

Local

Local

Multinational

Units have distributed decision making and co-operation
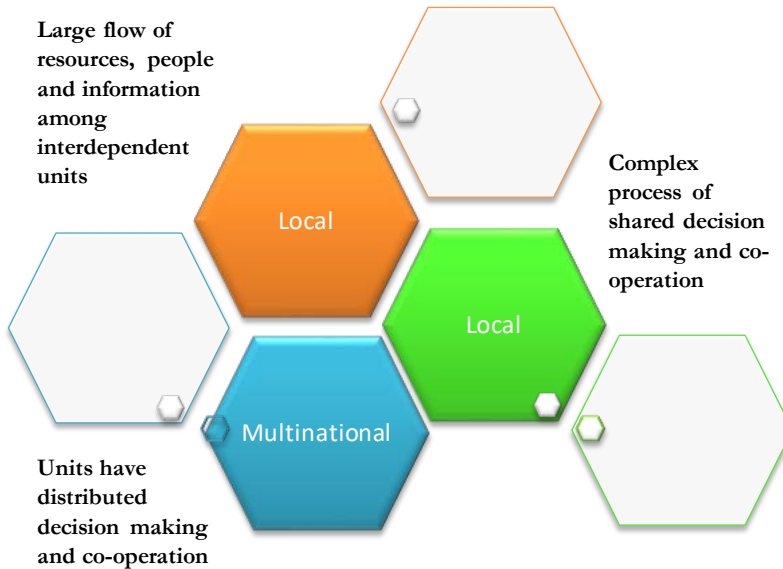
Source: Adapted from Bartlett & Ghoshal 1994

Yet the different company structures above seem to be too prescriptive and in the view of Drucker (2001) fail to address what is truly important for companies doing business in trans-geographical situations. He suggests that regardless of company structure, companies must become 'intelligent' by actively attempting to learn about their internal and external environments (e.g. in the context of a company doing business internationally this would imply understanding its own culture, its home culture as well as the culture of the host country) and the relationships between them. Thus, a learning company would facilitate and nurture learning and also encourage and support the creation and development of knowledge (Argyris 2000). Unlike Drucker (1990), Argyris (2000), Verbeke (2013), Mallenbaker 2013 and Salomon (2016) who take their experiences mainly from OECD countries, Motohashi (2015) focuses his research on emerging economies such as China, India and Brazil. He posits that those countries that

represent 10 percent of the population and generate 90 percent of the wealth have driven the strategy of international corporations and companies over the past two decades. He argues that this basic business proposition no longer holds true and that successful trans-geographical companies are those that can effectively deal with emerging economies. He examines some Japanese companies where more than half of their sales come from overseas subsidiaries. His findings suggest that Japanese companies have a governance structure centred on the head office in Japan (the home culture) and that this is far from optimal. He goes on to indicate that an optimum global management organisation should take advantage of diversity and expertise of the countries in which they have expanded to (the host culture).

Verbeke (2013) undertook extensive empirical work examining some articles and case studies from leading business journals that synthesised aspects required for successful global business. He proposes a framework aimed primarily at two critical areas: value creation and satisfying stakeholder goals across borders. Verbeke (2013, p.4) suggests that trans-geographical businesses might be successful when they can "effectively and efficiently match their internal strengths (relative to competitors) with the opportunities and challenges found in geographically dispersed environments that cross international borders". Unlike the structures presented by Bartlett & Ghoshal (1994), Verbeke (2013) is more concerned with the overall framework which drives the business or company in question. In his analysis, he presents various characteristics which he considers are essential in the analysis of a trans-geographical company structure. These include (a) non-location bound or internationally transferable companies that imply entities that can effectively and profitably be deployed in different cultural settings; (b) location bound businesses that are those that experience challenges related to technical transfer, effective deployment and

profitable exploitation due to the constraints of their place of origin; (c) use of locational advantages which refer to those companies that can use their existing base for their benefit (e.g. a company located in Singapore that uses this fact to launch its Asian activities); (d) investment in and value creation through 'recombination' of resources (e.g. repackaging of products and or completely reconfiguring a logistics system to meet requirements all foreign customers); (e) utilizing, in the most efficient way, complementary resources from external actors. Salomon (2016), also not concerned with the company structure, focuses on the underlying complexities and concerns that result from globalisation. He maintains that company structures of many leading firms in the world are inadequate to manage trans-geographical situations effectively. Verbeke quoted the disappointments of high profile companies such as AES, the US energy company that failed to properly account for political risk in its investments in the Republic of Georgia, IKEA's major setbacks in Russia due to underestimating the level of corruption, Wal-Mart's inability to understand China's logistical constraints leading to their ultimate exit from the country, and Tesco (a UK supermarket chain) who failed to understand the US customer. In response to these challenges, he suggests that companies should develop something he calls "Institutional Distance" as a means of identifying complexities and areas of concern that businesses should carefully assess before embarking on global expansion projects.

In examining the literature, it is also apparent that looking for improved profitability can influence a company structure. One such example was the case of Nike's experience (Mallenbaker 2013; Nike 2013) that shows the changes to the company's structure as a result of its experience in looking for cheaper manufacturing locations. The company's production of sportswear is labour-intensive and, as a result, it was more efficient for Nike to open production lines

where labour was abundant and cheap. However, this strategy backfired as, in pursuit of lower production costs, Nike was found to impose low control mechanisms on its subcontractors which resulted in allegations of human right abuses including the use of child labour. These issues affected not only its share price, but the company also had to change its management practices, and ultimately its company structure. Similarly, other companies have looked at lower production costs, but have had to balance cost reduction on the one hand, and reputation and quality on the other.

The above aspects of different company structures and the varied responses attempted by transcultural and trans-geographic organisations and businesses lead to the conclusion that companies should develop and nurture an integrated ability to shift, adapt, change, actively engage and listen. By integrated ability, I mean a company or organisation's internal processes that encourages introspection and review of past and present actions. The aptitudes of shifting, adapting, listening, engaging etc. should be over and above an organisation's essential competencies (e.g. a construction company's ability is to build), and when actively, diligently and purposely pursued can lead to more successful transcultural and trans-geographic business interactions. I call this 'cultural competency'.

3.5 Understanding Cultural Conflicts

Section 3.4 defines what a cultural conflict is and how globalisation might lead to cultural conflicts. It follows that I should look at how the influence of cultural behavioural patterns, can lessen or increase cultural conflicts particularly when dealing in trans-geographical business interactions. I do this by reviewing the existing literature related to culture, sociology and their interaction (also considering globalisation which has been discussed in the section above). Given the influence Hofstede has had on cultural research over the past few decades, I start with his classification of culture and the issues that affect it. Due to the significant literature and studies on cultural management, I cluster my review into two groups.

The first group brings together research from a sociological perspective looking at how society, institutions and social relationships may affect cultural conflicts. This is important because I need to understand whether cultural conflicts derive from individual interaction or whether it has to do with collective behaviour. Starting from an individual perspective, I explore the silent language of how people ascribe value to certain common indicators such as time, material possessions etc. (Hall 1960, 1983; Bluedorn 2002; Levine 2013). I also look at how communication happens (Jackson 1991; Barth 2016), and how perception may affect the way in which communication occurs at both the individual and collective level (Harstorf et al. 1970; Trompenaars et al. 2000; and Stewart 2013 amongst others). Moreover, Kahneman (2011) builds on the idea of Burgoon et al. (1978) who present the notion of 'selective attention' and 'selective retention' suggesting that there are two ways in which a person's brain behaves (System 1, fast and instinctive and System 2 that is slower and more deliberative).

The second grouping borrows from Guy & Mattock (1991) who reason that flexible and pragmatic models should be developed to identify effects of culture on behaviour and thus possible cultural conflict. I call this grouping the pragmatic perspective. This approach was taken one step further by the GLOBE Study of 62 societies (House et al. 2004) and in-depth studies of 25 societies (Chhokar et al. 2007), and Anderson & Adams (2015), research that aimed to be more systematic and less anecdotal.

3.5.1   Hofstede's Cultural Dimensions

Hofstede (1980, 1983, 1986, 1991; Hofstede & Bond 1984, 1987, 1988) attempt to understand the components of culture, the effect that these have on behaviour and by implication, whether we can identify possible cultural conflicts. He develops a framework which relied on a number of cultural indicators based on a study of the operations of a multinational corporation (IBM) in 64 different countries. Each cultural indicator attempts to understand the different behaviour of individuals belonging to a given culture. Hofstede proposed indicators of power distance, uncertainty avoidance, individualism and collectivism, masculinity or femininity, and long or short-term orientation, briefly described below. According to Tsui et al. (2007), Hofstede's categorisation has played a major role in understanding the effect of culture and behaviour and has had a significant impact on research in the field. The cultural dimensions have since been further developed by many academics (e.g. House et al. 2004). The evolution of these cultural indicators is discussed later in this chapter.

Power distance, i.e. the extent to which members of institutions and organisations accept the unequal distribution of power. Countries in which people blindly obey the orders of their superiors have high power distance. In many societies, lower-level employees tend to follow orders as a matter of procedure. However, in societies with high power distance, strict obedience is found even at the upper levels. Hofstede (2006) suggests that Mexico, South Korea and India fall into this category. The effect of this dimension is measured in some ways. For example, organisations in low power distance countries will generally be decentralised and have flatter organisational structures. These organisations will also have a smaller proportion of supervisory personnel, and the lower strata of the workforce will often consist of qualified people. In contrast, organisations in high power distance countries will tend to be centralised and have tall organisation structures. Organisations in high power distance countries will have a significantly large proportion of supervisory personnel and the people at the lower levels of the structure will often have low job qualifications (Leung et al. 2005). This structure encourages and promotes inequality between people at different levels.

Uncertainty avoidance refers to the extent to which people feel threatened by ambiguous situations and have created beliefs and institutions as coping mechanisms to try to avoid these. Countries populated with people that do not like uncertainty, tend to have a high need of security and a strong belief in organisational structures, experts and their knowledge. Examples would include Germany and Japan. Cultures with low uncertainty avoidance have "people who are more willing to accept that risks are associated with the unknown, and that life must go on despite [this]" (Ahlstrom & Bruton 2011, p.51). According to research by Hofstede (2006), examples would be countries in Latin America such as Argentina, Colombia or Mexico. Countries with high uncertainty avoidance cultures have structures within their organisation that provide for certainty of

action by the individuals belonging to such cultures. For example, countries such as Germany and Switzerland have companies that tend to have more written rules; managers less prone to risk-taking, lower labour turnover and less ambitious employees. The issue about 'less ambitious' employees should be taken in context. Being part of a culture with a low uncertainty avoidance does not mean that people belonging to these cultures have less desire to progress, but rather that the existing rules and structures within these companies provide a greater certainty of employment, a more robust set of standards etc. Greater certainty does not necessarily correlate with lower innovation. An interesting example of this is Nokia, a Finish company that in the 1990s dominated the mobile phone market. Despite Finland being categorised as a low uncertainty avoidance country, Nokia was arguably one of the most innovative companies in the world. Some of the individuals within that company were extremely ambitious, but channelled that ambition through the business, looking for their benefit through the company. Individuals pursued Nokia's benefit, and by so doing obtained individual progress and improved remuneration. In contrast, Hofstede argued that low uncertainty avoidance societies have organisational or company structures that are less stratified, with less structuring of activities, and fewer written rules. The organisation or firm encourages the personnel to use their initiative and to assume responsibility for their actions. According to Hofstede, this tends to encourage more risk-taking by managers, but a higher labour turnover and more ambitious employees.

Individualism and Collectivism. Individualism is the tendency of people to only look after themselves and their immediate family. Hofstede measured this cultural difference on a bipolar continuum with individualism on one end and collectivism at the other. "Collectivism is the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty"

(Bidgoli 2011, p.698). Similar to the other cultural dimensions, the effect of individualism and collectivism can be measured in a number of ways. Hofstede's research links the notion of individualism with wealth. His findings suggest that cultures in high-income countries tended to give more importance to individualism: United States, Canada, Australia, Denmark and Sweden for example, have high individualism and high gross national product. Conversely, Guam and Pakistan and some South American countries have low individualism (high collectivism) and low gross domestic product. Gupta (2014) built from these findings and observed that countries with low individualism scores tend to give less importance to individual initiatives and are more focused on the collective good and consider promotions on the basis of seniority.

Hofstede defines *masculinity* as a situation in which the dominant values in society are success, money and material things. Femininity is the term he uses to describe the other side of the masculinity-femininity spectrum, in other words, a situation in which the dominant values in society are caring for others and quality of life. Hofstede perceives that countries with a high masculinity index – such as the United States or Australia – place greater importance on earnings, recognition, advancement and challenge. He also notes that within these cultures, individuals are encouraged to be independent decision makers as that implies that they value success on an individual basis and regard independent decision making as a critical success requirement. For these societies, achievement means recognition and wealth (Peng 2014). High job stress often characterises the workplace. Further, Hofstede observed that in cultures with 'high' masculinity, there was a greater need for stratification and hierarchy, and therefore management style was not as consultative but more imposed. Managers believe that their employees were to be controlled. This observation is far too simplistic. In reality, in countries with high masculinity scores, there also needs to be a degree of

consultation and buy-in from employees. High masculinity cultures tend to emphasise control, hierarchy and structures, typically not found in smaller enterprises, organisations or companies. In contrast, countries with a low masculinity index (or a higher femininity dimension), such as Norway, regard cooperation, a friendly atmosphere at work, and employment security as important. Individuals tend to value having a good job that will provide the right environment for work and development. Hofstede argues that cultures with a high femininity index tend to favour small-scale enterprises, and they place great importance on the conservation of the environment.

Long-term versus short-term orientation. This is an adaptation of a Confucian idea of virtue versus truth, good versus evil, or even Ying versus Yang. The idea that Hofstede looks to address here is the contrasting viewpoints between good and bad, and he linked that concept to having a long or short-term perspective. Thus, values associated with short-term orientation look for immediate material gain, wealth with little regard to building relationships. In contrast, values related to long-term orientation include thrift and perseverance, respect for tradition, fulfilling social obligations and 'saving face' (Peng 2014). House et al. (2004) and subsequently Peng (2014) explore the notion of long-term orientation in trans-geographic business interactions. They identify that most East Asian countries valued an approach based on a long-term affiliation. This long-term alignment manifested itself as a desire to establish continued rapport rather than short-term dealings focused on immediate gain. House et al. (2004) found that some countries, in particular, China, Hong Kong, Taiwan, Japan and South Korea, placed great importance (and therefore value) in establishing trust as a precursor to doing business. Therefore, business could not happen immediately but was the result of building a relationship over time. This observation is in my view too crude as it would imply that none of these cultures with 'long-term orientation'

would, for example, purchase goods and services from companies which they do not know. Naturally, the reality is far more nuanced, and we must recognise that business can occur even if the companies do not know each other for long (e.g. Samsung buying supplies from a new business). Notwithstanding this, the notion that Hofstede, House and Peng want to convey is that all things being equal, cultures with long-term orientation would prefer to do business with other companies that value long-term relationships. Peng (2014) in particular, found in his analysis, that once a relationship was recognised, these relationships tended to last for a long time. He gives as an example, the relationships that groups such as Hanwa[5] or Samsung have with their suppliers, which in some cases goes back 40 years (Park 2016).

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[5] Hanwa is a South Korean manufacturing, trading and insurance firm focused on providing energy solutions as well as administering large pension funds

3.5.2   Sociological Perspective

Communication is part of a social process where people share experiences and negotiate the reality of a situation. Because sociology looks at how social behaviour occurs, including individuals within society, organisation, networks and institutions, cultural differences are identified due to the way in which communications occur. One of the early proponents of understanding cultural conflicts through a sociological perspective was Hall (1960, 1983). He claims that every culture has a hidden language that is not immediately apparent. Hall presents a simple, intuitive and pragmatic model that allows the individual to obtain, at a practical level, a basic level understanding of another culture and to modify or adapt their behaviour accordingly. This model is also applicable to company culture. This 'silent language' is understood through the following parameters: time, space, material possessions, friendships and agreements. Hall points out that time has different meanings in different countries. By using the original labels developed by Hall (1983), Bluedorn (2002) and Levine (2013) further refine the importance of time as it relates to culture. They discuss monochronic approaches, "meaning they like to focus on one activity at a time" (Levine 2013, p1). Tasks must be completed before turning to another. In contrast, people who have no problem doing more than one thing at a time are called polychronic. They term these cultures as M-time and P-time respectively, and consider that P-time cultures are characterised by a strong involvement with people. Levine (2013) argues that P-time individuals emphasise completion of human transactions rather than keeping to schedules and would, for example, choose to arrive late for an appointment rather than cut into the flow of a current discussion. "Both would be insulted, in fact, if their partner were to abruptly terminate the conversation before it came to a spontaneous conclusion" (Levine 2013, p.1). Like time, space differs wherever one goes. Space is linked to various

things, such as the importance of the office, physical space, and personal space when two people are in conversation or proximity with each other. Hall argues that conversation distance between two people is learnt early in life by copying elders. Its controlling patterns operate unconsciously. He found that in the United States, for example, regular business is conducted at distances of 5 to 8 feet and highly personal interactions at 1.8 to 3 feet. This is in stark contrast to the backslapping, linking of arms and effusive handshakes of Latin Americans. Hall also looks at the importance that individuals placed on material possessions. Similarly, he found that the concept of friendship as a precursor to business was different across cultures. In other words, he found that some cultures regard building personal relationships and friendships as precursors to doing business. Hall contends that no society can exist on a high commercial level without a highly developed working base on which agreements can rest. This base may be one or a combination of (a) rules that are spelt out technically as law or regulation; (b) moral practices mutually agreed on and taught as a set of principles; or (c) informal customs to which everyone conforms without necessarily being able to state the exact rules.

Unlike Hall (1983) or Levine (2013) who focus more on the 'silent' forms of communication, Jackson (1991) introduces a simple descriptive framework where interpersonal communications and culture interact. His 3Cs Model consists of three inter-linking and overlapping categories. *Conduct* is the behavioural aspects of communication including the skills that people may require to communicate effectively. However, these might differ between individuals with diverse cultural backgrounds. *Content* is what is communicated. The content aspect refers to the "what" of the message (Barth 2016). *Context* is the framework of rules, culture, social structure, and technology within which

people live and work. It includes perceptions, motivation, attitudes and objectives of individuals, which Jackson claims are pre-requisites to acting in a particular way. These personal aspects have been acquired or generated through the experience of living and working in a particular culture and environment. They may, therefore, be quite different between people from different countries, or even different companies or sub-cultures in the same country. Again, this context may be quite different from one country to another and from one company to another. Although it can be argued that Jackson's model is very basic, it is nonetheless a milestone or reference point by which one can begin to understand the relationship between interpersonal performance in organisations, cultural factors and power influences.

Communication has an effect on cultural conflicts that must be understood. This is because communication depends on individuals, and individuals have their perception of events, social interactions and processes. Harstorf et al. (1970) suggest that there is a need to quantify the effect of individual experience on the perception of the world. They say that understanding of the world happens through a person's sensory devices that help filter and order chaotic stimuli into a certain rationale. The ordering of stimuli happens because of the highly selective nature of the sensory devices, which provide meaning, stability and structure to a particular concept or image by relating present, past and future events. Trompenaars et al. (2000) describe perception as transactional, i.e. individual perception is constantly changing in view of experiences. Perceptions are held in common by those within the same culture, recognising objects under a similar set of parameters. However, they acknowledge that varying experiences give rise to differences in the way the world is perceived. Although perception is a necessary component of communication, it may also act as a barrier to effective communication. Burgoon et al. (1978) contend that people tend to be more

sensitive to ideas and attitudes that reaffirm their own. Individuals look to reinforce their image, knowledge base and cultural assumptions. Additionally, by *selective attention*, individuals limit perceptual experiences to the amount of information the brain can process. *Selective retention* is a matter of a person retaining information that most closely resembles her self-image, directly affecting the perceptual experiences in the future. Burgoon argues that perception depends on past experiences and expectations. This framework recognised listening as a selective process of stimuli most fitted to individual needs and purposes. Thus, hearing something has an expected meaning, which shifts constantly based on motivation, feelings and experiences relevant at any particular time. Notably, Kahneman (2011) builds on the idea of selective attention and selective retention which he terms "System 1" that is fast, instinctive and emotional and "System 2" that is slower, more deliberative and more logical. At the core of his thesis is that concept of heuristics and how it can affect behaviour. His approach relies on his work with Tversky (1973). Kahneman undertook a number of experiments to confirm his two systems, suggesting that there are major differences between them and, more importantly, that there is a specific reasoning (or lack thereof) which guides a person's decision making. Whilst Kahneman is not concerned with cultural conflicts per se; his research shows how human behaviour is affected by taking decisions through System 1 (more intuitive and instinctive) or System 2 that relies on deliberation and rational thought. One can, therefore, infer, that reducing cultural conflicts might happen if System 2 type thinking prevails and avoid as much as practicably possible, System 1 type thinking and associated behaviours (i.e. based on intuition, stereotypes, association, jumping to conclusions, unconscious biases and judgments) when dealing in trans-geographic business interactions.

Because of the difference in perceptions between how one sees oneself against how an individual believes others perceive you, Luft and Ingram (1961) develop a specific model called the Johari Window. This can be used to determine different perceptions within a national or company culture. They suggest social perception starts from our self-perceptions, and classify perception of the behaviour of an individual into four categories. Each category fits in a single quadrant (see Table 1). Category 1 is related to attitudes and behaviours that are known to an individual. Category 2 refers to attitudes and behaviours that are not known to that person. Categories 3 and 4 are, respectively, known to others, or not known to others. Further, they contend that individual behaviour in companies and national cultures can change by shifting the walls of each cell to include more aspects or behaviours for another category. The movement from one quadrant to another depends on trust and information sharing between the individuals. In this way, to move from the 'blind spot' (i.e. the area where people see these aspects of a person, but are not seen by the individual) to the 'arena' (the way people see a person in the same way the individual sees herself), requires a level of feedback previously not available, together with acceptance of information and trust of the sources giving that feedback.

Table 1.   The Johari Window

	Known to self	Not known to self
Known to others	*Arena* People see me the way I see myself	*Blind spot* People see these aspects of me, but I do not
Not known to others	*Façade* I see these aspects of me however, hide them from others	*Unknown* I do not see these aspects of me, and nor do others

Source: Modified from Jackson (1991)

However, this view of self-perception and group-perception, or individual versus group behaviour, was deemed to be too simplistic for Stewart (2013). Specifically, Stewart probes the interconnection between people and groups and looks at whether globalisation tends to increase or reduce cultural conflicts if one accepts that globalisation brings people and thus values and cultures together. He did this by looking at rationality and culture - a concept first introduced by Weber (1846-1920). Weber argued that culture was not as important in shaping individual and group behaviour. Other factors such as material gain is a driving force behind behaviour. In the words of Stewart (2013, p.8) "what troubled Weber was that the modern culture he perceived was one in which humans had come to serve institutions rather than vice-versa, where the means of making money had become an end in itself". Whilst Stewart does not give a definitive response as to whether cultural conflicts can indeed be reduced or not, his arguments have contributed to the debate on sociological values and culture based not only on the traditional view predicated brought about by globalisation on economic values. He suggests that even if we accept the concept that rationality reduces cultural differences and by inference should reduce cultural conflicts, there is a tension between culture and market forces, as well as between individual expression and impersonal societal forms. In other words, he suggests that despite the perceived coalescence between cultural "sameness" (Stewart 2013, p.1) and differences, it is possible in sociology to look at cultural differences related particularly to aesthetic issues and tastes.

3.5.3   Pragmatic Perspective

The review indicates another body of literature distinct from sociology and less focussed on communications, social structures and institutions. The premise behind this classification is that understanding cultural conflicts can happen by being more pragmatic in the way we observe the causes of cultural conflicts. I start with Guy & Mattock (1991) that suggest building flexible models in preparation for filtering, focusing and framing new observations. Doing this allows for a better understanding of cultural conflicts. Their basic principle is to focus on four aspects considered essential to understanding a culture and therefore possible conflicts arising from it: topography, religion and beliefs, and history. Although some see the proposed approach by Guy & Mattock as an oversimplification (and indeed contentious), this method provides a simple starting point to understand a culture. A more detailed assessment of some of the factors that might lead to cultural conflicts could also include how behaviour is affected by these factors for example, or other external issues such as legal systems, and social stratification. Notwithstanding these limitations, the Guy & Mattock approach is presented below. Also, literature has other specific suggestions to assess potential cultural conflicts of an inter-related nature. These factors were compiled by House et al. (2004) and Chhokar et al. (2007) and are presented below.

Guy & Mattock (1991) posit that the *topography* of a country influences the culture, specifically through its sense of national identity. In this way, geographical, political and historical factors affecting the physical boundaries of a country influence behavioural characteristics. An interesting example to illustrate this is the difference between Spain and Germany. The former, a country with apparent natural boundaries, the Pyrenees and the Iberian Peninsula, reflect a clear national identity despite strong regional differences such

as Catalonia or Andorra. Germany, however, has experienced changes in boundaries throughout its history. It can be argued that without natural boundaries there is a need for orderliness or, using Hofstede's parameters, uncertainty avoidance. These same broad statements of topographical and non-topographical boundaries can be said of Switzerland, which despite different languages in its various cantons (or regions), has in most areas natural boundaries (such as Lake Lugano which divides Switzerland with Italy). There are other regions however that do not have a specific topographical demarcation such as the border crossing between the canton of Schaffhausen and Germany. However, this classification fails to recognise regional differences. As mentioned, regions and countries that may fall within a geographical and topographical boundary may still seek, and indeed have, individual identities as is the case of Catalonia or Andorra. Indeed, Portugal and Spain have certain common traits but very distinct identities.

Religion and beliefs in a national culture provide considerable insight in understanding its behavioural patterns. Looking at dominant religions, Guy & Mattock reason that particular religious proliferation and the importance held by that religion in a particular site, may give specific insights. For example, a country with a dominant Muslim faith may have particular business practices, strong attitudes towards women in business and have a unique vision of the future. In this regard, the Muslim law of not allowing interest to be charged for loans (interest is referred to as *riba*), affects the way banking is conducted (Balala 2011). Loans that comply with Islamic law are sometimes referred to as Sharia-compliant loans. When lending takes the form of bonds, these are known as Sukuk bonds where no interest is payable, but a 'bullet' or final repayment of both interest and principal due at the end of the term of the contract (Balala 2011). The *historical* dimension can provide further understanding into a particular culture since historical events may shape a particular culture's attitude

to certain situations or business events. For example, Europeans that came to settle in the United States particularly at the turn of the 20th Century were typically economic migrants. Their struggles to succeed have manifested themselves in a society generally perceived to be in pursuit of material gains, and with a tough win-lose negotiation style. As mentioned at the beginning of this section, when looking at these issues, one cannot but recognise that these perspectives are an over-simplification.

In an effort to bring together disparate strands of research into a pragmatic framework, and having noticed the inter-related nature of factors that might help to better understand cultural conflicts, House et al. (2004) and Chhokar et al. (2007) through the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) project, and using data from 208 companies in 27 countries, assess the implications of cultural differences. They build on the findings of Hofstede (1980), Schwartz (1994), Inglehart (1997) and others. House et al. (2004) and Chhokar et al. (2007) were looking at bringing together in a pragmatic way all aspects that had previously been developed and put them into a consistent and encompassing framework. They suggest a number of parameters against which culture and business interactions could be better understood. Importantly they recommend that the following factors could be used to assess cultural conflicts. These are *power distance,* which refers to the degree members of a collective expect power to be distributed equally; *uncertainty avoidance,* the extent to which a society, organisation or group relies on social norms, rules and procedures to alleviate unpredictability of future events; *humane orientation,* the degree to which a group looks to encourage and reward individuals for being fair, altruistic, generous, caring and kind to others; *collectivism I (institutional),* the degree to which organisational and societal institutional practices encourage and reward collective distribution of resources and collective

action; *collectivism II (in-group),* the extent to which individuals express pride, loyalty, and inter-relatedness in their organisations or families, *assertiveness,* the degree to which individuals are assertive, confrontational and aggressive in their relationships with others; *gender egalitarianism,* the extent to which a collective minimises gender inequality; *future orientation,* the degree to which individuals engage in future-oriented behaviour such as delaying gratification, planning and investing in the future; *performance orientation,* the degree to which a collective encourages and rewards group members for performance improvement and excellence. Ultimately, through this classification, the GLOBE project creates a reference framework "to make possible the capture of similarities and differences in norms, values, beliefs and practices amongst societies" (Hoppe 2007, p.1) as a means to help understand potential cultural conflicts.

3.6   Summary and Conclusions

This chapter addresses the impact of globalisation on cultural conflicts. I start by looking at globalisation, and on the basis of a literature review, found that there are differing views about the effects of globalisation. Some argue that globalisation has failed to deliver (e.g. Alonso 2017; Stiglitz 2006, 2007; Ghemawat 2007). Others highlight simply the impacts of globalisation on both rich and developing countries (e.g. Bhagwati 2004; Chesnais 2016; Harrington 2016; Shultz 2008; Sholte et al. 2016). Regardless of the differing and sometimes strident views, there is, however, agreement that trans-geographical interactions are happening on a large scale (Christensen & Kowalczyk 2016), despite the recent nation-centric and inward looking politics (e.g. Trump's election in the USA). From there, I look at what constitutes a cultural conflict when doing business trans-geographically and introduce the notion of 'cultural divergence' as the factors that may underpin cultural conflicts. These cultural conflicts will occur when there are cultural divergences and importantly, differences in interpretation. These, in turn, happen because values, attitudes, and formal and informal norms affect the way in which cultural exchanges take place. I also recognise that not all cultural divergences may lead to conflict and therefore there is a need to assess the intensity of the potential cultural divergence and whether this might lead to a cultural conflict. Thus, I set out what are the likely questions a business manager would probably face when determining if cultural divergences might give rise to a cultural conflict. I also explore the increasing interest in cross-culture management research as a means of synthesizing the vast array of management material that has been developed to assess trans-geographical cultural conflicts. This is primarily based on the work of Tsui et al. (2007), supplemented with additional resources (Baldwin 2016; Gollerkeri & Chhabra 2016; Sheppard 2017; and Zaru 2016). Further, I look at whether

different domestic markets will ultimately converge into a single global market for all goods and services (Roudometof 2016), and whether that convergence (or not) could lead to more or less cross-cultural conflicts. I conclude that whilst some aspects, such as international capital have no borders and there is a trend towards generalised risk management approaches (Harrington 2016), others still recognise that regional and local differences do matter. Roberts (1980), Svensson (2011) and others claim what they call 'glocalization' which recognises such differences and suggests the need for companies dealing in trans-geographical settings to develop 'glocal strategies'.

This chapter argues that globalisation can have an effect on a company structure as well as its internal culture. I explored, from the lens of increasing globalisation, the various business structures and developed respective internal corporate cultures. From this, I conclude that no generic company structure applies to trans-geographical businesses, nor is it possible to have a 'one-size fits all' model of company culture. What matters is the identification of a company's core ideals and how these link to its overall strategy. Accordingly, the idea of corporate competencies is identified to be an important part of a company's successful trans-geographic strategy. Successful companies appear to be those that can maintain the core strengths and expertise that provide the driver for growth and success, whilst at the same time adapt those issues to their host culture (Drucker 2001; Stonehouse & Pemberton 1999; Svensson 2001; Roudometof 2016). Verbeke (2013) added to these factors of success for trans-geographical businesses aimed primarily at ensuring value creation and satisfying stakeholder goals across borders. Other empirical evidence seems to suggest that other factors such as location and looking for improved profitability affect the company's structure (Mallenbaker 2013; Nike 2013). Arising from this, I propose what I call 'cultural competency', i.e. the capacity to deal successfully with

transcultural issues in trans-geographical business situations through encouraging the aptitudes of shifting, adapting, listening, engaging etc., that should be over and above an organisation's essential competencies.

Finally, I look at the various models available to understand cultural conflicts. By looking at the extensive research on cultural management, I start by reviewing Hofstede's classification and the factors that affect cultural conflict. I then assembled the different research into groups based on the perspective of the research in question. The first group brought together research recognising the importance that sociology, and by inference communication, may have on cultural conflicts. It starts by looking at the silent language of how people ascribe value to certain common indicators such as time, material possessions etc. (Hall 1970; Bluedorn 2002; Levine 2013). It goes on to look specifically at how communication takes place (Jackson 1991). It also delves into how perception may affect the way in which communication occurs (Harstorf et al. 1970; Trompenaars et al. 2000 amongst others), including a framework to understand individual perceptions (Luft & Ingram 1961). Finally, Stewart (2013) suggests that despite the perceived coalescence between cultural "sameness" and differences, it is possible for sociology to look at cultural differences particularly as they relate to aesthetic issues and tastes. The second grouping borrows from Guy & Mattock (1991) who argued for the development of flexible and pragmatic models to identify effects of culture on behaviour. I call this grouping, the pragmatic perspective.

CHAPTER 4. CULTURE, LEADERSHIP, POWER & MANAGEMENT

4.1   Introduction

This chapter looks at the impact that culture has on management, by examining the inter-relationships between leadership, power and management. In Chapter 3, I present how cultural divergences might lead to potential conflicts and misunderstandings due to misinterpretations of norms and values that exist in a given context and culture. Cultural divergences may also happen through the exercise of leadership and power in a particular cultural context in which a business interaction takes place. This Chapter starts by looking at the impact of culture on leadership and power (Section 4.2). *Leadership* refers to qualities or personal attributes that influence, motivate and encourage a group of people and influence their actions or opinions (Buono 1990; Kotter 1982). In contrast, *power* is the way in which an individual or organisation wields control over other individuals or a particular situation (Kakabadse & Ludlow 1987). Within these definitions, I look at the way culture affects both of these. Recognising that power and leadership are interlinked and that their application is dependent on the context in which they are applied, it follows that I should also look at management. *Management* represents the core competencies of organising, delegating and controlling (Drucker 2001). To manage is to secure the effective co-operation of individuals, whilst a manager is a person responsible for controlling the activities of an individual or team (Bennis 2009). However,

management is not just about supervising people. It also includes coordinating business activities to achieve defined objectives. It includes the interlocking functions of creating corporate policy and organising, planning, controlling, and directing an organization's resources to meet the objectives of given policy (Business Dictionary 2016). The interaction between individuals, in an organisation and exercising control in a given situation are also affected by culture. I explore how this happens in Section 4.3. I further delve into exercising power and whether an individual influences a company structure, or whether the company determines the way in which leadership and power are exercised. I do this based on the notion that there are some leadership attributes that are universal and others that are culturally dependent (Anderson & Adams 2015; House et al. 2004; Chhokar et al. 2007). However, this understanding of the impact of culture on leadership also needs to be seen in the context of how to manage change within an organisation. For this reason, I also look at what organisational change is, and how - within a trans-geographical business context - this might lead to cultural divergences that might, in turn, result in cultural conflicts. It follows that I look at what the literature recommends regarding how this can be mitigated especially in respect to ensuring that individuals and leaders deployed in these situations can effectively deal with these trans-geographical and transcultural challenges. I end by summarising the findings and attributes that make a good leader, as well as concluding that adaptability and a leader's ability to manage transitions are also essential in dealing with transcultural and trans-geographical business situations.

4.2 Relationship between Culture, Leadership, Power and Management

The elements of leadership, power and management are closely interlinked between themselves as well as to the culture where they interact. In the context of my research, it is important to understand the relationship between these concepts and the impact that these have when dealing in trans-geographical business situations. Significant academic research exists that suggests culture can affect management in so far as culture may constrain or indeed create opportunities for a trans-geographical business (Crawford 2013). Belias & Kaoustelios (2014, p.452) contend that it is necessary to understand the links between leadership, power and management as a means for trans-geographical managers to "achieve a functional strategy" so that companies can adapt their respective strategies to the host culture in which they intend to operate. Others such as Cameron & Quinn (2006) make the explicit link between culture, company culture and individuals, and by implication leadership, power and management. In their words, "it is possible to identify a desired culture and to specify strategies and activities designed to produce change, but without the change process becoming personalized, without individuals being willing to engage in new behaviors, without an alteration in the managerial competencies demonstrated in the organization, the organization's fundamental culture will not change" (Cameron & Quinn 2006, p.105). Nahavandi (2015) says that because leadership is not a culture free process, it is therefore essential to have a cross-cultural perspective when trying to understand leadership and its effectiveness. It follows that understanding a company culture or what Peters & Waterman (1982) called corporate culture is also crucial as is the need to understand individuals (and thus leaders) and the important role they have to play in implementing change (Belias & Kaoustelios 2014; Malby 2007). Understanding the way in which a leader exercises power is also needed, as power does not have

to be coercive, dominant or dictatorial (Kotter 1982; Clarke 2015). These issues are explored below.

Leadership refers to the qualities or personal attributes that influence, motivate and encourage a group of people and influence their actions or opinions (Buono 1990; Kotter 1982). Despite the cultural context, one can draw certain common features of leadership and identify what the pertaining individual characteristics are. These are summarised below. Kotter (1982) defines a leader as a person who leads and who is followed by others. Early & Erez (1997) add to this definition by suggesting that leaders have courage and are outspoken, believe in people, are value driven, life-long learners, self-reflective and adaptive, visionary, and can deal with complexity, ambiguity and uncertainty. They conclude that effective leaders generally follow a three-stage process: firstly, they determine what needs to be done in the face of uncertainty. Secondly, effective leaders develop a network of people on whom they can rely and is effective, and finally, they are able to ensure that the strategy chosen is implemented. They do this by motivating the network they have developed within which the desired norms and values have been engendered. Thus, Early & Erez (1997) conclude that effective leaders typically act as agents of change.

Reflecting on a study of 60 American managers, Bennis (1990) defines leaders as people who get the right things done as opposed to managers who do things right. He suggests that a leader must exert a degree of influence over other people. He further submits that such influence can affect the way in which a company operates, even to the extent of transforming organisations by changing or adapting corporate values. The linkages between leadership and organisational culture are explored further in Section 4.4. Bennis identified the following four leadership competencies. Firstly, an ability to inspire others and to gain the

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commitment of the people they attract. Secondly, the tangible ability to communicate a vision and expected outcomes, cutting across organisational layers and geographic divides in the organisation. Thirdly, ensure that the chosen direction is reliable and consistent. Finally, he argues that effective leadership is able to identify adequate skills required to achieve specific objectives (the chosen direction) by employing people with the requisite skills that can implement the objectives effectively.

Both Kotter (1982) and Buono (1990) contend that successful leadership relies on an ability to bring the right people together. Other leadership attributes common in management literature (Morgan 1986; Ralston 2001; Tinsley 2001 amongst others) include being a constant learner and capable of self-reflection. Self-reflexion means an ability to review your and others' actions and assess critically what was done well and what could be improved (Nahavandi 2015). Ability to deal with ambiguity, complexity and uncertainty as well as being able to review and measure the process are also considered critical leadership attributes. Nahavandi (2015, p.16) suggest that leadership is about others and that leaders "exist to help others achieve their goals". He goes on to warn that leadership cannot be explained simplistically through a simple definition or specific action since leadership is a complex process. He also looks at the notion of a charismatic leader and what it is that creates the relationship between leaders and followers. Also concerned with the negative aspects that might be related to leadership, he explores some of the driving factors behind what he termed the "dark side of charisma". By reviewing the websites and corporate materials of trans-geographical companies, some of these attributes and characteristics of a good leader emerge. For example, W.H. Smith Ltd considers a leader as one who shows skill in directing group activity, has natural authority and gains the respect of others (W.H. Smith Plc 2017). UBS defines a leader as one who is capable of

building an effective team, involves all team members and gives advice and help when required (UBS Ag 2017). Cadbury-Schweppes define leadership as getting the best out of subordinates individually and collectively to achieve corporate objectives in the most efficient way (Saee 2005). Clarke (2015) suggests that true leaders are those who can identify ideas that set them apart, that make individuals unique and that, most importantly, can build a community of followers based on that person's unique perspective and knowledge. Leadership thus embodies individuals who are thought leaders who inspire others to listen and take action. All this suggests that there are a series of characteristics, behaviours and attitudes that are common to 'good leaders'. The different attributes described above suggest that a leader cannot rely on his or her authority alone, but needs to try to persuade and influence people. However, as will be described in the next section, the influence that culture has on a leader's behaviour also needs to be recognised. Ultimately, it will be important to understand and, as far as possible, to predict whether certain specific cultural variables, which comprise a good leader in different settings especially in trans-cultural situations, are of particular importance.

Power is the way by which an individual or organisation wields control over other persons or in a particular situation (Kakabadse & Ludlow 1987). According to Belias & Kaoustelios (2014), Chhokar et al. (2007), Gelfand (2006), Nahavandi (2015) and Van de Vliert (2004), there are linkages between power and leadership. Some of the most important linkages are discussed here. Morgan (1986) posits that exercising power is done in a number of ways. He claims that power changes with culture through what he calls 'power levers'. These power levers are the way by which individuals wield power, either separately or in combination, in a given organisation. By understanding these power levers, we can understand the power dynamics within an organisation, and identify how

individuals within an organisation attempt to exert influence. Hofstede (1981) looks at power through (a) the characteristics of the individual; (b) the environment in which an individual operates; (c) control of knowledge and information; and (d) the use of resources and technology. In what he regards as power through individual characteristics, he maintains that the most basic of these expressions of power is that of a 'father figure', where respect is due to the basic hierarchical position that usually exists between a father and a child. But beyond that, power can be exercised by individuals based on a person's individual characteristics such as charisma. Within this classification, Hofstede also recognises the role that tradition may have on exercising power, where power is granted based on custom and practices (e.g. the traditional role of elders in certain societies). Hofstede also posits that the environment in which an individual operates can be a source of power. Here, he is referring to the rules of the organisation in which the individual/person operates which grant power to certain individuals. Standards, rules and regulations within the environment in which an individual operates may also be used as instruments of power to control decision processes. An organisational structure can also be the source of power, given the structures that are developed and the hierarchical dependencies that might result from them. By monitoring and controlling boundaries, such as areas or activities that are allowed or not allowed, or relationships between these limits, an individual may be able to build power. Further, Hofstede argues that by controlling knowledge and information, a person can systematically influence the outcome of organisational situations and can create patterns of dependency and thus power. Finally, Hofstede recognises that control of resources such as money, materials, technology, personnel, suppliers, etc., are other forms of exercising power. In this regard, technology can be used as an instrument of power, enhancing the individual's ability to manipulate, control, and impose herself on the environment. Nahavandi (2015) looks specifically at the implications of using power and how power is distributed between individuals

also taking different cultural contexts into account. This is very similar to Hofstede as described above. He makes a specific claim recognising that certain individuals can derive power through specific behaviours or in the way in which they utilise a company's structure. In addition, he delves into what he called the dark side of power: abuse, corruption and destructive leadership. He investigates the possible causes as well as the consequences of abuse and corruption, providing specific solutions and recommendations on how to avoid such instances. These recommendations are primarily focused on, recognising that some of those traits that leaders have (and indeed those same traits that make them good leaders, such as independent thinking, and being decisive), might just be the same traits that could lead to some of the negative consequences of power. He suggests that specific control systems to keep leaders 'in check' could include reporting mechanisms, leadership and individual training, mentor systems etc. Belias & Kaoustelios (2014, p.464) advise that "leadership has a greater impact on organizational culture than culture influences strategies", thus concluding that the way in which leaders exercise power (particularly the elements of punishment) becomes a critical management tool to achieve a company's desired change. Further, they recommend that success in implementing change be based on what they call "internalization", i.e. congruence between leadership and followers (a term first introduced by Valinkangas & Okumura 1997), meaning that leaders have set a direction and that followers are happy to take the leaders direction. Internationalization is thus one of "strongest motivations and sources of power for leadership" (Belias & Kaoustelios 2014, p.458).

Management represents the core skills of organising, delegating and controlling (Drucker 2001). To manage is to secure the effective co-operation of people, whilst a manager is a person controlling the activities of an individual or team (Bennis 2009). Given that management is the process of ensuring the co-

operation of individuals, there is a link between leadership and power which influences who gets what, when and how (Ralston 2001). Research (e.g. Kotter 1982; Kakabadse & Ludlow 1987; Ralston 2001; Drucker 2001; Bennis 2009, 2010; Clarke 2015) advocates that leadership, power and management are concepts that are intricately linked. Similarly, the attributes of a leader will make an impact on how people behave and how the organisation develops. Kotter (1982), Nahavandi (2015) and Clarke (2015) in particular, are keen to differentiate between management and leadership. They argue that management is distinct from leadership in so far as sound management did not necessarily imply good leadership. Clarke (2015) addresses the notion of followership, i.e. an individual's ability to build a community of followers inspiring others to listen and take action. Nahavandi (2015) goes one step further on this idea of followership: he stresses how vision and inspiration become critical aspects of leaders to apply a positive approach to change. Table 2 is an attempt to show the links between leadership, power and management, bringing together the concepts and notions detailed in this section. By looking at the tasks that need to be achieved (column 1), we examine what is meant by leadership to achieve the task in question (column 2). So for example, when there is a need to decide what to do, a leader will establish the direction and appropriate actions to take to achieve what is required. The third column describes how power is used to achieve the given task under a specific leadership style. This is important as there are various ways in which power can be exercised by a leader to achieve a specific task, e.g. dictatorial, consultative etc. On the extreme right-hand side or fourth column, that same key task is looked at but with the optic of what needs to be done from a management perspective. So for example, when dealing with the key task of 'deciding what to do', leaders will establish the direction and will have the power to identify adequate skills and employ them effectively. In contrast, from a management perspective, deciding what to do is simply organising what needs to be done and organising the inputs required (e.g. staff, resources etc.).

In other words, management refers to the processes of controlling, planning, budgeting etc. by using existing or new structures that are in place, whereas leadership is the process fundamental to motivate people to achieve the required action and/or change.

Table 2.   Linkages between leadership, power and management

Key Tasks	What is meant by leadership	Type of power being exercised	What is being done through management
Deciding what to do	Leadership means establishing the direction	Power may be formal or informal and exercised through control of resources, rules and regulations, knowledge or information	Management implies planning and budgeting
Creating human systems for accomplishing a specific agenda	Leadership means aligning and selecting the right people	Power to identify adequate skills and employ them effectively	Management implies organising and staffing
Execution and reaching a specific goal	Leadership means motivating and inspiring	Providing the power to monitor and control boundaries	Management implies controlling the problem and solving it
Develop unique perspective and knowledge	Leadership means establishing a community of followers	Soft power through thought leadership, convincing and soft influence (inspiring others to listen and take action)	Management implies establishing the direction for others to follow through specific structures (formal or informal) and milestones

Source: Modified and adapted from Kotter 1982

The question of whether an individual influences a company structure, or whether the company determines the way in which leadership and power are exercised, is contextual. What I mean by this is that in some instances, for example, when establishing new businesses, an individual may start a firm and her approach to leadership and exercising power will permeate the company structure. In contrast, a business or organisation where the structure is defined

will impact the way in which individuals within an organisation see, approach and react to leadership, as well as the exercising of power within that particular organisation. Employees within these two extreme types of organisations (new versus pre-defined organisational structures) will also affect the way employees within an organisation interact. In this respect, Kakabadse & Ludlow (1987) looked at different management structures based on the way in which an individual exerts power within different organisational structures. Accordingly, they identified various types of organisations. A 'power culture organisation' is typified by a strong central source of power or authority (including a small group), perhaps concentrated on an individual who is an entrepreneur. The 'role culture organisation' is characterised by a company where rules predominate and roles and responsibilities are delineated. In this kind of organisation, there is little space left for intuition or innovation. Also, within these types of organisations, a formal communications system and associated patterns predominate.

A 'task culture organisation' is an organisation whose structure is the result of the need to solve a particular (or new) problem. This type of organisation is usually characterised by a drive to create new ideas and innovate. Thus, work is often carried out in teams, where the continuation and functioning of the team is more important than the individual. Finally, a 'person-centred organisation' is one that has been established to serve the needs of the individual. This organisation is centred on a specific individual and may be providing services or undertaking activities associated with a particular belief or value of a given person. For example, the Carter Center is a non-governmental organisation that has been established around ex-President Jimmy Carter espousing his strong views on peace and democracy, promoting peace and fair elections (Jimmy Carter Foundation 2017).

4.3   Individuals and Leadership

As has been discussed in the previous section, leadership style (and its respective attributes) depends on individual behaviour, attitudes and values, as well as the way power is used. When dealing in a transcultural and trans-geographical business setting, there is a need to explore whether different leadership styles, respective organisational structures, and different transcultural and trans-geographic settings matter. Agarwal et al. (1999) and Dorfmann et al. (1997), for example, look precisely at this question. Their research on different management styles, which compared the United States and India, concludes that desired leadership qualities were similar in both countries despite some cultural differences. Their findings suggest that certain leadership and management attributes are indistinct to culture, for example being able to inspire and motivate others. Dorfmann (1997), building on the findings of others, such as Argys (1973), Myers (1980) and Agor (1985), identifies specific leadership behaviour considered common or universal across five cultures: being supportive, dependable, charismatic, and providing reward. Triandis et al. (1990) and Ensari et al. (2003) countenance that some leadership behaviours are common, but others are culturally dependent. They suggest this through a study comparing Turkey and the United States management and leaderships styles, where they advocate that in a collectivistic culture such as Turkey, the environment in which a person/manager interacts plays a critical role in shaping how a leader performs. They argue that environment and/or culture shape specific leadership attributes and behaviour. For example, the individualistic nature of culture in the United States influences leadership attributes. Equally, Elenkov et al. (2005) and Gelfand (2006), using data from twelve countries, support the same idea that culture influences behaviour. House et al. (2004) and Chhokar et al. (2007) through the GLOBE project, go further, and recommend that effective communication,

ability to deal with ambiguity, complexity and uncertainty amongst others, are essential attributes for dealing in transcultural settings. More recently Anderson & Adams (2015) argue convincingly that effective leaders are those that commit to a constant process of learning. This learning is not just limited to the staff within the company but represents a commitment to the development of the business, its staff and its leader. In other words, for a leader to engender credibility and trust, she must "become just as committed to their own development as they are to the people they serve. As leaders increase their competence, they become more effective" (Anderson & Adams 2015, p.10). They contend that only by this process can the relationship between leaders and followers become reciprocal. This reciprocity is what makes for successful leaders. Smith et al. (2017) revised more than 30 years of research on leadership and asked 50,000 managers worldwide to describe what they considered were the most salient leadership characteristics that would allow today's companies to succeed. Summarising their findings: first, that leadership is about learning, and this is a life-long process. Good leaders must, therefore, be cultivated, and a process of life-long learning introduced. Second, effective leadership is a combination of competency (i.e. having the right skills) with consciousness (i.e. creativity, mastery of relationships etc.). Effective leadership is thus the process by which an individual brings together creative leadership competencies that correlate strongly with leadership effectiveness and business performance (Anderson & Adams 2015). Having said this, the question remains as to whether leadership, power and management need to be adapted and modified depending on the particular culture where these are exercised. These issues are explored in the next subsection.

4.3.1   Leadership Attributes

As can be seen from the discussion above, the influence of culture on organisational and leadership behaviour has been widely debated. Bhagat (1982), Bartlet (1989), Spooner (1989), Triandis (1990), Pollock (2001), Tsui et al. (2007) and Perrin (2010), amongst others, explores different aspects of individual behaviour that make a person adept at dealing with transcultural and trans-geographic situations. The most comprehensive study to date that empirically researches the relationship between these factors is the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) project. This builds from Hofstede (1980) – who is widely accredited with compiling specific characteristics for good trans-geographic leaders – but also relies on Schwartz (1994), Smith et al. (1995), and Inglehart (1997). The findings of the GLOBE study can be summarised into four broad categories, namely whether leadership is contextual; what are essential attributes and behaviour required by leaders to deal with transcultural settings or interactions; is there a typology for leadership characteristics; and can leadership styles be clustered into groups. A description of each is provided below.

The GLOBE project is concerned with understanding how leaders exercised power. In order to do this, they look at country context, cultural precepts, organisational practices and culture. They also examine individual behaviour and attributes. In 2004 the project researched different industries surveying 951 companies mainly from the food processing, financial and telecommunication services. Within these sectors, they interviewed around 17,300 middle managers in 61 countries. This work was further enhanced in 2007 when the GLOBE team complemented its initial findings with interview data, focus group discussions and an analysis of the literature on in-country leadership. The main finding of this comprehensive study was that "leader effectiveness is contextual, that is, it

is embedded in the societal and organisational norms, values, and beliefs of the people being led" Hoppe (2007, p.11). Secondly, the study found that effective communication, ability to deal with ambiguity, complexity and uncertainty amongst others, are essential attributes for dealing with transcultural settings. Thirdly, the study identified what makes a good leader, and resulted in identifying 21 leadership characteristics. These were statistically reduced to six leadership styles, and are summarized by Hoppe (2007) as *performance orientated* (called charismatic/value based), which stresses high standards, decisiveness and innovation, inspiring others and creating passion for a vision or goal; *team-orientated* which instills a common purpose resulting in pride and loyalty; it highly values a cohesive team with a common purpose or goal; *participative style* that encourages input from others for decision-making, emphasising delegation and equality; *humane style* stresses compassion and generosity, is patient and supportive; the *autonomous style* is characterised by an individual individualistic and self-centred approach to leadership; and *self-protective style* (and group protective), which is status-conscious, procedural and has 'face-saving' behaviours. Noting that the different leadership styles are not mutually exclusive means that it is possible to have a leadership style that engenders team participation but at the same time would be performance oriented. Equally, self-protective, autonomous, humane, participative and team-oriented leadership styles would also be performance oriented. In contrast, leadership styles that are team-orientated or participative will not fit with an autonomous leadership style. Finally, the GLOBE research classifies countries into clusters according to the importance a given society gives to a particular leadership style. For example, when looking at the so-called Anglo cluster (e.g. United Kingdom, United States, Australia and New Zealand), they realise that performance-oriented leadership ranked the highest, indicating the great value placed by those cultures on this style of leadership (Hoppe 2007).

Anderson & Adams (2015) examine leadership attributes by building on these findings. They suggest that leaders tend to manage people in four fundamental ways: creatively, in a way that engages, empowers, and brings out the best in them; reactively, in a way that is people oriented (but relinquishes power in an effort to being liked and accepted); creatively by being purpose driven and vision focused on achieving results and systemic improvements; or reactively, by over-controlling and driving the organization and people beyond sustainable limits. From these ways in which leaders' influence people, they develop what the call a leadership circle profile (LCP). The LCP is "a leadership 360 assessment designed to provide feedback to a leader on his/her effectiveness in relation to the universal model" (Anderson & Adams 2015, p.3). Their LCP has a horizontal and vertical axis. On the vertical axis, it compares the creative leadership competencies and at the bottom reactive leadership styles. By bringing together research over the past 30 years, they identify 18 key creative leadership competencies that correlate strongly to leadership effectiveness and business performance. They contrast creative characteristics with 11 reactive leadership styles, which they argued are those traits that impede creative competencies and thus, oppose leader effectiveness and business performance. On the horizontal axis, they compare self-awareness or relationship on the left side, with achieving tasks on the right side. In the centre of their LCP is what they called "authenticity" as they see this as a critical leadership characteristic that is both about an individual (being true to oneself) and relevant to the group. In other words, they see authenticity as being "central to establishing individual and collective leadership effectiveness" Anderson & Adams (2015, p.1).

4.3.2   Universal and Culturally Contingent Leader Characteristics

A further aspect of the GLOBE leadership study was to identify whether specific characteristics might "make it likely for a leader to be perceived as outstanding" (Hoppe 2007, p.4) regardless of cultural setting or cultural influence. This idea led to the introduction of the notion of universal or culturally contingent leader characteristics. Universal leader characteristics are those that are not linked to a particular culture and are found to be common across trans-geographical boundaries. In other words, universal leader characteristics represent individual traits that make a good leader regardless of which transcultural and/or trans-geographical situation that person might be in. In contrast, certain leadership characteristics are culturally contingent, i.e. some aspects of leadership will depend on the cultural context, and their success will be contingent with the given culture in which that leader operates. Thus, the GLOBE study suggested that universal leaders are those that are seen to be trustworthy, decisive, dynamic, administratively skilled, team builders etc. Universal leadership characteristics also include being fair, just and honest, having foresight and an ability to plan ahead; a universal leader is thus a person that is encouraging, positive, dynamic, confidence builder, motivational, decisive, excellence-oriented, dependable, intelligent, effective bargainer, win-win problem solver, communicative, informed, and an excellent coordinator.

More recently Brimm (2010, 2016) and Anderson & Adams (2015) suggest that the world of today has such a rapid pace of change due to technology and globalisation that there is a need for a series of common traits that – whilst mindful of local cultural characteristics – individuals must have and should apply across cultures. Importantly, they recognise that leadership expectations are both explicit and implicit. They are explicit because there are certain aspects of the role of a leader that other members of the group expect. In this regard, they are

aware of certain cultural traits such as being domineering or consultative. On the other hand, Anderson & Adams (2015) reason that there are leadership expectations that are implicit, meaning that they are unspoken and appear not to be dependent on cultural characteristics. For example, this would include features such as competence, fair treatment, commitment, listening, providing inspiration and direction. Noticeably these characteristics are similar to those identified by Chokkar et al. 2007 in the GLOBE study. Smith et al. (2016, p.3) add to the notion of universal leader characteristics by suggesting that leaders "seek to reduce their followers' discomfort with uncertainty by asserting control – making decisions that minimize complexity and emphasize stability". These individual characteristics would be required regardless of cultural setting.

In contrast, culturally contingent leadership characteristics relate to individual leadership traits such as enthusiasm at work, whether there is a need to behave more formally and deliberately, being class-conscious, cunning or Machiavellian, domineering, etc. Oher culturally contingent characteristics might include being overly habitual, indirect in communication style, individualistic, intra-group competitor, intragroup conflict avoider or, micromanager, overly procedural, always acting as a provocateur, being self-effacing, self-sacrificial and sincere, etc. For example, an individual exercising power by being very deliberate and specific is a leadership style that works well in countries such as Austria, Switzerland and Germany. In contrast, in other countries such as Spain or Portugal, such deliberate and specific leadership style would be seen to be intrusive, micromanagerial and domineering. Equally, a leader in Britain may be self-effacing – a style that would work well in the UK – but which would be seen as weak in a Latinamerican context such as Colombia or Mexico.

In the context of transcultural and trans-geographical business, the question is whether there is a need for universal characteristics, or whether all good leadership characteristics and associated traits are in some way or another culturally contingent? The literature review (Brimm 2010, 2016; Chhokar et al. 2007; Ensari et al. 2003; Elenkov et al. 2005; Dorfmann et al. 1997; Gelfand 2006; Gupta et al. 2016; House et al. 2004; Luthens 2015; Motohashi 2016; Nahavandi 2015; Tsui et al. 2007), proposes universal characteristics that have a local and culturally dependent meaning, but at the same time recognising there are some cultural issues that will always need to be understood and taken into account. This implies that, in some instances, managers will need to modify specific culturally contingent traits, values and associated behaviours to adapt to new local circumstances. In the same way, as positive universal leadership traits were found, literature (e.g. Gelfand 2006; Tsui et al. 2007) identified universally and culturally contingent traits that act as inhibitors to a person becoming a successful leader. These might include, for example, an anti-social or non-cooperative person. These individual characteristics, however, need to be taken into account within the cultural context. Brimm (2016) talks about certain characteristics in leaders which include a pre-disposition to consider change as normal, positive, and a source of opportunity which in turn implies an ability to rely on adaptation to confront new situations, and become experts at the subtle and emotional aspects of transition. Anderson & Adams (2015) build on these individual characteristics and suggest therefore that effective leadership will be about bringing together culturally contingent characteristics with universal traits. They posit that the process of effectively combining these two traits (culturally contingent and universal) need to be "long-term and systemic (not episodic and piecemeal), individual and collective, and integrative of the inner and outer game of leadership" (Anderson & Adams 2015b). Anything less is not likely to succeed.

4.3.3 Individuals and Managing Change

The prevalence of technology and improved ease of access to information, awareness of different cultures through increased travel, tourism and recreational activities, as well as more research on transcultural and trans-geographical business exchanges over the past two decades, has meant that there is an increased awareness that managing change in trans-geographical business situations is becoming more important. However, to understand change in a trans-geographical setting, we need first to understand change. Trompenars & Woolliams (2003) define change within an organisation as the process by which an organisation or company takes action through its managers to bring about improved performance, develop a new business (as is the case of a company away from its home country and in a host country), improve quality, increase profitability etc. They see change as part of a continuum, and as such, it is not a 'thing' that hinders continuity but rather a difference. Trompenars & Woolliams (2003, p.361) identify that "organisations must reconcile change with continuity to preserve an evolving identity". Kotter (2011, p.3) agreed with this notion that change is not a "thing" or "event" but rather a "process". His basic premise is that change can be brought about through a series of coordinated steps that build on each other. Kotter (2011) also recognises that bringing about change requires a distinction between change management and what he calls change leadership. He defines the notion of change management as the core tool to use to ensure any change effort is kept under control; whereas change management is more the vision that motivates a change process. In the context of trans-geographical business situations, this "process" may lead to cultural divergences which in turn might cause cultural conflicts. If we look at a trans-geographical situation, this process of change is magnified, as there might be tension between the home and the host cultures. These tensions may manifest themselves as a series of cultural divergences which might or might not lead to cultural conflicts. The challenge

will be to reconcile these cultural divergences and to have individuals that are able and capable of dealing with these differences.

Individuals working in a trans-geographical setting are already likely to bring certain cognisance and awareness of the particular host culture in which they are operating. Ironically, that previous knowledge may not be appropriate, let alone sufficient to deal with doing business in that host country and therefore, training and proper preparation will be crucial. This is the premise put forward by Gelineau (2015). He argues that individuals acting in trans-geographical business contexts need to be "culturally intelligent". This is a term first coined by Peterson (2004) and further refined by Thomas et al. (2008). In essence, cultural intelligence or CQ is the ability to interact effectively with multiple cultures. Cultural intelligence is defined by Earley & Mosakowski (2004, p.1) as an "outsider's seemingly natural ability to interpret someone's unfamiliar and ambiguous gestures the way that person's compatriots would". Crowne (2008, p.391) says that encouraging cultural exposure can have a positive effect on CQ, suggesting that "certain types of exposures to other cultures (such as education abroad and employment abroad) and the level of exposure from these experiences increases cultural intelligence".

Individuals who are used to change and to deal with trans-geographical situations tend to be more malleable and more flexible (Schwartz 1994; Triandis 1990). Like Earley & Mosakowski (2004), Pollock & VanRecken (2001) recognise that individuals who have experienced transcultural settings will be more adaptable. Generally, these individuals tend to have a high degree of adaptability usually developed through their cross-cultural lifestyle, which involves interactions with people from different nationalities and cultures. This is consistent with the notion of cultural intelligence developed by Peterson (2004) and Thomas et al.

(2008). Crowne (2008) looks not only at the outcome of cultural intelligence but also its antecedents. She made specific recommendations as to the specific traits of cultural intelligence that she maintains are critical skills for global business leaders. These individuals tend to have heightened observation skills that help them better analyse situations that involve culturally sensitive issues, and they are thus able to adapt easily. Gelineau (2015) claims that traits such as increased cultural sensitivity allow individuals to, for example, easily switch languages, style of relating to other people, appearance and cultural practices; all characteristics needed to blend better into the current cultural context in which they are operating. Crowne (2008) mentions that this CQ implies that an individual's behaviour within a different cultural context from their own (home and host culture) soon becomes almost indistinguishable from established members of this group (the host culture), making them feel protected from the dismissal or rejection that may come from being different to others. However, the positive trait of adaptability and cultural awareness described by Chhokar et al. 2007, Crowne (2008), Gelineau (2015), Peterson (2004) and Thomas et al. (2008), as a critical characteristic of a leader dealing in trans-geographical contexts, might also be construed negatively: others might perceive individuals with high adaptability for cross-cultural settings as people that have a lack of commitment to their own culture (Pollock & VanRecken 2001). So, a leadership and management trait that is positive from an academic perspective, in reality, may cause some problems. For these reasons, Goodman (2014) recommends appropriate training and development of staff involved in trans-geographical business settings as essential. Part of the training is not just about being able to be adaptable, flexible, culturally sensitive etc., but is also around ensuring that those same individuals are capable of re-entering to their own culture (Gelineau 2015). This is particularly important to ensure that the process of cultural re-adaptation is also dealt with effectively. In other words, CQ is not just about dealing with host cultures but dealing effectively with the home culture and the

process of 'entry and exit' of an individual's home culture and the host culture in which the business interaction takes place. Companies will need to recognise this fact and adjust their recruitment practices accordingly. In discussion with former CEO of Trinidad & Tobago Water Services Ltd (TTWS), David Stiggers, he confirmed the tension between the attribute of cultural awareness, adaptability and the perception of the reliability of individuals and leaders (international managers). In his view, one of the challenges that the parent company of TTWS, Severn Trent Water International, had with staff was that, whilst they wanted staff to go overseas for their international contracts, they had no way of reintegrating that staff on international assignment back into the organisation where they would be recognised appropriately (Stiggers 2014). In other words, staff that took on the challenge of going overseas and working on an international job felt that it was a risky professional move, as the company (Severn Trent) would not necessarily recognise that assignment to the same degree as if the person had stayed and simply completed a corporate assignment in the UK's head office. Mr Stiggers attributed this internal failure and lack of an appropriate HR policy as a major factor in the challenges that Severn Trent faced in developing a truly global business. This is further discussed in Chapter 6.

Another critical factor in dealing with trans-geographical situations is that it is essential to manage transitions appropriately so that adequate management practices can put in place to ensure business continuity. As discussed above, this idea of a transition (or a process) is one of the main issues that Kotter (2011) identifies as critical to ensure trans-geographical business success. In line with this management of transition, implies that individual behaviour and attitudes also need to adapt to deal effectively with the cultural change. These transitions invariably involve cultural variances which might result in cultural conflicts and therefore need to be understood. These changes may be abrupt, gradual or

managed (Walters 1991). Iyer (2006) and Pollock and Van Reken (2001) suggest that each transition passes through five predictable stages. The first stage is the initial *involvement* stage, where an individual feels settled and comfortable within the home culture, knowing where they belong and how they fit in. At this stage, there is a clear connection to the community, their customs, traditions and a sense of being a valued member of that community. This is the comfortable stage in which a person has gained a reputation, people know about their history, talents, tastes, interests, and their place in the political and social network. The second stage involves *leaving* and marks the beginning of loosening emotional ties and detaching from relationships and responsibilities. This stage brings with it many forms of self-protective denials, such as denial of feelings of sadness or grief, denial of feelings of rejection, denial of "unfinished business", and denial of expectations. All these feelings ultimately affect people's behaviour, which also affects the people around them in one way or another. The third stage involves the *transition* process itself. This stage becomes very chaotic – schedules change, new people, expectations, responsibilities and all outside of the familiar comfort zone. The insecurity of each family member contributes to everyone's chaos, therefore creating conflict for the slightest reason over issues that may not have mattered before. The enormous change between how the old and new community takes care of everyday aspects of life can create intense stress, and doing something in the new place that was routine in the old one may be detrimental in the new. During this transition stage, a severe decrease in self-esteem sets in. It starts by leaving one place and ends with the arrival at the destination and initial decisions to become part of a new community. This leads to the *entering* stage where an individual feels vulnerable and considerably tentative. The *re-involvement* stage is the final stage of the adapting process. By this stage, the individual has learned the new ways and has a position in the new organisation. Iyer (1993, p.48) claims that "knowing about the various stages can help deal with transcultural differences". This allows effective leaders to be

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prepared and aware of what happens at each stage; to recognise that effective leadership will also require them to manage transitions effectively, and that management behaviour and practice (including the way in which power is exercised) will need to be modified accordingly. The same notion of transition was developed by Earley & Mosakowski (2004)

4.4   Summary and Conclusions

This chapter reviews the various aspects of leadership, power, culture and management, as well as the dimensions of potential cultural conflicts. The definitions of leadership, power and management were presented and *leadership* as a personal attribute that influences, motivates and encourages a group of people and influences their actions or opinions (Buono 1990; Kotter 1982); *power* is the way by which an individual or an organisation wields control over other individuals or a particular situation (Kakabadse & Ludlow 1987); and *management* represents the core skills of organising, delegating and controlling (Drucker 2001). To manage is to secure the effective co-operation of people, whilst a manager is a person controlling the activities of an individual or team (Bennis 2009).

This chapter also explores attitudes towards leadership and looked at how power is exercised within a company or organisation. This led to the conclusion that leadership and power affect the way in which an organisation's structure is developed and ultimately defined. Because of this relationship, I look at different company structures for dealing with trans-geographic situations. The literature review suggests that power is both an individual phenomenon based on the unique characteristics of a leader, as well as a direct consequence of the company's structure, together with the contextual factors that push an individual to act in a particular way. On the basis of the literature review, I advise that the relationship between leadership and organisation is co-dependent, as is the cultural context within which that leader operates. The way in which power is exercised in and from a particular organisation may determine its type, the way of doing business, as well as the individual relationships within it. I thus conclude that the interactions between leadership, power and management are interlinked.

I also look at literature on leadership and what attributes make a good leader. This was done based on an understanding of the effect that culture has on behaviour, examining different studies (Hofstede 1980; Bhagat 1982; Triandis 1990; Pollock 2001; Tsui 2007; Perrin 2010). This led to my review of the comprehensive empirical study on the effects of culture on behaviour, the GLOBE project (House et al. 2004; Chhokar et al. 2007). From this study, as well as the more recent work by Brimm (2010, 2016) and Anderson & Adams (2015), I draw conclusions related to the impact of specific cultural variables on leadership, power and management processes and the effectiveness of these processes. The literature review identifies that there are a number of characteristics that can be considered essential for good leaders and may thus be regarded as not culturally contingent. Notwithstanding the notion of universal characteristics that make for good (or conversely poor) leaders, Brimm (2010, 2016) and Anderson & Adams (2015) convincingly argue that there are certain culturally contingent leader characteristics. What this means is that leader effectiveness is contextual. This is particularly important when deciding which individuals would best suit a particular trans-geographical business interaction, as well providing the individual with tools to manage in host countries so as to exercise effective power in that host culture. Doing this might avoid cultural conflicts or allow businesses to deal better with cultural divergences in trans-geographic situations.

Finally, I look at the implications of adequately managing change in trans-cultural and trans-geographic situations. This was done both from the perspective of the company and the individual. From a company perspective, I look at organisational change by focusing on the need for companies to manage change effectively in a trans-geographical business exchange. I explore change as part of a continuum or process as defined by Trompenars & Woolliams (2003) and

Kotter (2011). In the context of trans-geographical business situations, this "process" may lead to cultural divergences which in turn might cause cultural conflicts. In a trans-geographical situation, this process of change is magnified, as there might be tension between the home and the host cultures. These tensions may manifest themselves as a series of cultural divergences which might or might not lead to cultural conflicts. Companies will need to develop appropriate management practices to ensure adequate and efficient business continuity. The challenge will be to reconcile these cultural divergences and to have businesses and or organisational structures that are able and capable of dealing with these differences. This chapter has shown that from a company and/or organisation perspective the need to manage, adapt and acclimatise to new cultural settings and environments are essential features for successful business exchanges.

From an individual standpoint, the literature review recommends that a need for behavioural adaptability (by exploring the need for malleability, ability to interpret surrounding circumstances and flexibility of leaders and individuals in trans-geographical situations), thus introducing the concept of cultural intelligence or CQ (Crowne 2008; Earley & Mosakowski 2004; Peterson 2004; and Thomas et al. 2008). Two points are important here: first, business practitioners of today have an increased cultural awareness due to the ease of access to information, increased travel and research on different business practices across the world. It is not unusual for a business practitioner to enter a host culture for which she already possesses some basic knowledge. Even if this knowledge is cursory, there is at least an ex-ante awareness of the fact that differences apply between the host culture and home culture. Training and preparation are essential, building from this prior knowledge as appropriate (Gelineau 2015; Goodman 2014), as having some knowledge about a different

cultural context does not mean it is appropriate or complete. Secondly, as is the case in organisational change studies, the notion of transition or process is also important from an individual perspective. Iyer (2006) and Pollock & Van Reken (2001) call the need for an individual to manage different cultural environments 'transitions', and suggest a number of stages for these (involvement, leaving, transition, entering and re-involvement). This cultural adaptability, highly sought after by academics (Chhokar et al. 2007), may not necessarily be perceived as a positive attribute by companies, as they [companies] may see them as not as reliable or with a lack of commitment. I demonstrate this challenge through interviews with senior management of Severn Trent. This is ironic, as it shows the reality that our traditional cultural constructs may limit a company's overall attitude to human resource development. Therefore, as argued by Crowne (2008) it will be important for companies to be mindful of these potential biases and take them into account when designing company recruitment, retention /promotion policies, and management practices. Effective leaders (and by implication companies or organisations) will be those that can manage these transitions themselves and support others to deal with these challenges on a regular basis.

CHAPTER 5. METHODOLOGY

5.1   Introduction

The research question of this PhD is concerned with how staff and managers operating in trans-geographical and transcultural settings identify cultural issues, especially those that differ from their home country, and which may affect the operation and business success of the firm in the host country. The objective of this chapter is to present the methodology used and the way the cultural conflict (CC) indicators were selected. Ultimately, the goal was to develop a framework that can be used to identify cultural divergences which might lead to cultural conflict in trans-geographical and transcultural business exchanges. In this chapter, I present my research strategy, the research method to be used, the unit of analysis, and the case studies that are to be considered within the research. The development of measures to avoid cultural conflicts is presented, and in Chapter 6, a practical application of the framework is developed.

Section 5.2 details the overall research strategy and describes how I use literature review, analytic generalisation and case study research. My methodology undertakes a systematic review of literature to identify potential indicators using analytic generalisation by which the goal is to expand and generalise theories making projections about the possible transference of findings to include in my framework. Because I rely on case study research, I attempt to justify this choice, using specific instances of cross-cultural business dealings or interactions as the unit of analysis. The section also looks at some advantages and disadvantages of

case study research to provide added context to justify the use of this methodological approach. In Section 5.3, I outline the criteria used for the selection of the case studies, describing their different data collection techniques. Section 5.4 details some of the challenges encountered in the research. Ethical considerations arise in research (Vanclay et al. 2013) which I briefly present in Section 5.5. These include issues such as respect for participants, confidentiality and anonymity (Lipson 1994), and obtaining informed consent from those individuals who are part of the research (Gilbert 2001), among others. Section 5.6 presents the long list of cultural conflict indicators. These are derived from the detailed literature reviews presented in Chapters 2, 3 and 4. An overview of the case studies is detailed in Section 5.7. In Section 5.8, I use the case studies to gain further insight into the nature of the indicators, their relevance and applicability in transcultural and trans-geographical business situations. Section 5.9 examines the recurrence of a given cultural conflict indicator in order to develop a shortlist of cultural conflict indicators by which potential cultural divergences can be identified and possible cultural conflicts averted. This shortlist of cultural conflict indicators refers to those that are more likely to occur when dealing with transcultural and trans-geographical situations. These cultural indicators make up the Cultural Conflict Framework or CC Framework. Chapter 6 applies the cultural conflict indicators that comprise the CC Framework. Finally, Section 5.10 identifies the process by which data was gathered for each case study, the qualitative inquiries, as well as the associated research schedule.

5.2   Research Strategy

5.2.1 Overview of Methodology

Nachmias & Nachmias (1992, p.77-78) define research design as "a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation". The design of my research has been developed to gain insight into how possible cultural conflicts can be identified and avoided in transcultural and trans-geographical business interactions. I use literature review, analytic generalisation and a case study approach as my research method.

Using literature review and analytic generalisation

Analytic generalisation, also known as theoretical elaboration, is a way for the inquirer to achieve his goal "to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)" (Yin 2009, p.15). In other words, I study how the cultural conflict indicators derived from the literature review may be applied to other business interactions. In this case, the cultural conflict indicators (derived from various sources presented in Chapters 2, 3 and 4) are brought together to show their common occurrence in the literature. Figure 5 shows the procedure used to select the cultural conflict indicators recurring in all three case studies. This produced a long list of possible cultural indicators, which was then condensed into a shortlist. I refrain from using statistical techniques to draw conclusions, but rather rely on "a previously developed theory [which] is used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed" (Haverland & Blatter 2012, p.38-39). In my research, I make inferences from three case studies. Specifically, I investigate whether the cultural conflict indicators recur in the case studies. The

repeated presence of a cultural conflict indicator means that it will be adopted in my framework for cultural assessment (the CC Framework). This is making use of the notion of "applying the same [theory or construct] to implicate other similar situations where analogous events also might occur" (Yin 2010, p.6).

The figure below presents the outline of the process used to select the indicators.

Figure 5. **Procedure to Select Cultural Conflict Indicators**

Define the cultural issues that result from trans-cultural and trans-geographical business exchanges that may lead to a cultural conflict
- The starting point is to identify cultural issues based on a thorough literature review (Chapters 2, 3 and 4)
- Collect references by indicator to show the common base in the literature. This provides a 'long list' of indicators
- Look at three case studies and describe the business situation that took place

Establish a short list of cultural conflict indicators
- A 'short list' of indicators is derived from the long list based on common issues that emerged from the long list
- An explanation of the shortlisted cultural indicators is provided

Consider the applicability of the most relevant cultural indicators based on their recurrence in the case studies
- Use a process of iteration between literature and case studies
- Review how the selected cultural indicators identified in the literature review relate to a given cultural divergence to assess whether a cultural conflict is possible in each case study
- On the basis of how these cultural idicators recurr in the three case studies, I select the most apropriate cultural conflict indicators
- This results in the selection of a set of cultural indicators (CCF) which is brought together and assessed from the viewpoint of the host and home cultures

Case study as a research method

Cronin (2014, p.19) reviews the literature on case study research (CSR) and argued that "CSR has changed over time and it varies between disciplines and individual researchers (Burton 2000, Denzin and Lincoln 2000, Yin 2003, Creswell 2009)". Importantly he suggests that that CSR can be used to understand all aspects of a given situation, looking at real-life situations and its causal links explaining the situation from multiple perspectives (see also Jones & Lyons 2004). Yin's (2009, p.14) defines CSR as an "empirical inquiry that investigates contemporary phenomena within its real-life context, especially when the boundaries between phenomena and context are not clearly evident". I use case studies as a research method because it allows a description and explanation of a given research phenomenon (Trochim 2006). A unit of analysis can comprise a person, a programme, an institution, a group, or an event. In my research, the unit of analysis refers to the company/organisation and its employees in which the business exchange takes place. For the avoidance of doubt, throughout my study, I refer to a 'case' as a transcultural and trans-geographical business situation. Further, because I looked at more than one business situation, my research adopted a multiple case study design. Each business situation describes the context of the trans-geographical business exchange. It allows the assessment of outcomes and interpretations from the perspective of the participants or the people more knowledgeable about the topic – commonly referred to as the emic perspective (Merriam 1988). Each business situation I analyse provides specific and detailed insight into one or several objects (Verschuren & Doorewaard 1999, Cronin 2014). In my research, what this means is that I investigate the conditions under which a business exchange took place between two different cultures and what may be likely conflicts to arise. By using the case study research method, I was thus able to explore, describe and explain, complex social issues in a holistic manner (Schutt 2009; Bekele 2010; Yin 2016). I was also able to provide a framework by which a

phenomenon (in this case the trans-geographical business situation and the respective interactions) can be investigated within a real-life context (Eysenck 1976; Yin 2016). Eysenck (1976) suggests that context-dependent knowledge is a fundamental element in using case study as a research methodology. In the words of Cronin (2014, p.18), "This means that the researcher considers not just the voice and perspective of the participants, or the relevant groups of participants and the interaction between them, but also the context in which this happens". In my research, I present not only the home culture perspective of the managers acting in a host culture but also the context of the host culture where the trans-geographical business interaction took place. The proximity to reality is one of the strengths of using case studies as a research methodology (Cronin 2014; Creswell & Poth 2017; Gerring 2007; Isaak 1991; Ragin & Becker 1992; Yin 2016). In the following section I set out some of the methodological challenges of case-study research, but before doing so, I provide a brief analysis of the strengths and weaknesses of such a methodology which is presented below.

The strengths of case study research, as identified by various researchers in the field, can be broadly summarised as:

- Accepting multiple sources of evidence (e.g. Merriam 1988; Yin 2016) giving the researcher the opportunity to deal with multiple issues, including historical, attitudinal and behavioural, which will ultimately lead to more convincing and accurate evidence (Bekele 2010);

- Allowing research to address the problem of construct validity due to the use of multiple measures or indicators to assess the same phenomena in a manner that indicates a convergence of the lines of inquiry (Yin 2016);

- Combining qualitative data generating techniques such as individual interviews, group interviews and observations as a means to better understand complex social phenomena (e.g. Vershuren & Doorewaard 1999; Flyvberg 2006); and

- Using cases to develop hypotheses (Flyvberg 2006) that can be further analysed in surveys or experiments (Katz 1997).

Notwithstanding the above-cited strengths of case study research, some writers (e.g. Eckstein 1975; Lavrakas 1987; Fowler 1988) argue that case studies cannot be used for testing theories as they lack sufficient rigour from which data and associated findings can be generalised. Conversely, Flyvbjerg (2006, p.223) argues that case studies may indeed be used to test theories because case studies "provide a nuanced view of reality", and that "context-dependent experience is just as central [to researchers] as to professionals learning any other specific skill". Flyvbjerg (2006, p.229) added that "case study is useful for both generating and testing hypothesis" and therefore it is possible to generalise on the basis of a single case study. Another criticism refers to deriving conclusions from a single-case as opposed to multiple-case studies, inferring that single-case research is less meaningful. Yin (2016) for example, argues that using a single-case methodology can be equally strong as using many case studies when the case in question represents a typical test of an existing theory, or it exemplifies a unique circumstance. Arguments also exist as to whether case studies should be selected at random or based on information availability (Cook & Campbell 1979; Kidder & Judd 1986). Flyvbjerg (2001) suggests that indeed some case studies tend to be selected by expectations about their information content. To address this bias, he advocates for the selection of a particular instance or business situation to be based on available information, i.e. an information-oriented selection. This means that a business situation might be chosen depending on: (a) the maximum

information available about the effect of various circumstances on one dimension or case; (b) a given set of circumstances not being valid or applicable to it, or (c) the need to understand its constituent parts. However, Flyvbjerg warns us that these selection criteria are not mutually exclusive. Furthermore, he argues that researchers must be aware of subjective bias, as "researchers tend to choose case studies that confirm the researcher's preconceived notions" (Flyvbjerg 2006, p.234). This criticism was first levied by Diamond (1996) who claimed that because of this 'preconceived notion', the value of case studies was not scientific enough. Nevertheless, other researchers such as Geertz (1995, p.119) suggests that fieldwork through case studies is a "powerful disciplinary force: assertive, demanding, even coercive". Flyvbjerg (2006, p.235) adds to this by affirming, "the question of subjectivism and bias toward verification applies to all methods, not just to the case study and other qualitative methods".

5.2.2 Methodological Considerations

As mentioned earlier, my research makes empirical observations to identify areas where possible cultural conflicts might arise within a trans-geographical business exchange. A trans-geographical and transcultural exchange is a business situation or interaction in which there is more than one party or 'agent' involved, and where the cultural setting involves one culture (the host culture) which differs from the other (the home culture). Empirical observation suggest that just because an agent is doing business in a different culture, or even if there are cultural divergences, does not necessarily imply that a conflict will arise. A business interaction can take place between two distinct agents of different cultural backgrounds, and there may not necessarily be conflicts. In other words, cultural divergence does not necessarily imply cultural conflict. Similarly, two agents within seemingly similar cultural contexts and backgrounds may well experience cultural conflict within the business interaction that takes place. Methodologically, the assumption is that adequately recognising where there are cultural differences (what I have termed cultural divergence) is a first step to identifying where potential conflicts may arise, but having a difference does not by itself necessarily imply a cultural conflict. For example, two cultures that attribute very different levels of importance to emotional manifestation may still be able to have a successful business interaction despite these differences. Similarly, a culture that ascribes more importance to written agreements than another may still be successful, even if not all aspects of a business relationship are set-out in a contract.

Another important methodological consideration is the selection of the case studies or business interactions. In my research, the business interactions were selected on the basis of expectations about their information content, i.e. all cases have been chosen because: (a) there was readily available information related to

the business interaction itself and/or the agents involved in such exchanges; and (b) the business situation possessed individual characteristics that made it special or noteworthy and involved exploring the constituent parts of the business interaction in question in order to understand its overall rationale. Accordingly, the business interactions selected were ones that resulted in cultural divergences some of which became cultural conflicts which led to their demise and whose development and history was well documented. Where the initial determination of failure was not evident, but information on the business interaction was known, I look at whether the agents or participants to the cultural exchange had different cultural backgrounds in an attempt to assess whether such cultural divergences had an impact on the success or failure of the interaction. But, making a selection on this basis raises an important methodological consideration: the potential subjective bias of the case-study selection. I recognise that my case studies have some selection bias based primarily on the availability of information, prior knowledge, access to interviewees, amongst other factors. However, according to Diamond (1996) and Flyvbjerg (2006), the fact that there has been some degree of selection bias – particularly due to familiarity or ease of access of information as is the case in my research, does not, in itself, mean that the findings are less rigorous.

It was also important that the analysis take into account the characteristics of the agents involved in the business exchange before the exchange took place. This includes taking due account of other factors such as existing environment, its specific conditions, and how these conditions may affect the future process and shape of any business exchange. Finally, further evidence on the potential impact of certain cultural conflict indicators has been provided in my research by relying on testimonies of senior staff or individuals involved in the business exchange. In most instances, interviews conducted as part of this research were with the

chief executive officers or senior managers of trans-geographical companies. At the same time when the business interaction relied on government counterparts and not another business per se, interviews were conducted with high-level government officials to provide the viewpoint of the host culture. The information gleaned from the interviews of these senior staff (or as appropriate government officials) about the impact, before and after the trans-geographical business exchange, and their testimonies, become an important vehicle to establish a plausible link between the cultural conflict indicators and the outcomes of the transcultural and trans-geographical situation in question.

5.3   Selection of Case Studies

The composition of the case studies was based on geographical spread and specific characteristics of the cases themselves:

- The principal actors of the transcultural and trans-geographical cultural exchange are from different nationalities and represent distinct cultural and geographical settings;

- A business exchange had taken place, i.e. a financial exchange or remuneration was expected or had happened as a result of a trans-geographical business exchange;

- All necessary information was in the public domain, and there were no confidentiality issues (this was important because one case study was of an international dispute and arbitration);

- Information was available from multiple sources, such as business reports, reports and assessments from Multilateral Finance Institutions, newspaper and other media articles; and

- The key players and participants were willing to share and discuss their experiences about the given transcultural and trans-geographical situation.

The selection of the case studies attempts to ensure a significant geographical spread. However, limitations of time and resources meant that I was not able to cover all continents. Nevertheless, as far as practically possible, I chose case studies that had the greatest cultural diversity. I selected a case study in Asia (Cambodia), the West Indies (Trinidad & Tobago), North America (Mexico) and

South America (Bolivia)[6]. In addition to this geographical spread, I looked at different actors representing various cultural backgrounds. For example, in the case of Trinidad & Tobago, the actor was a British firm. In the case of Bolivia (Cochabamba), the main actor was a joint venture company between two corporate giants from the USA and France. In the case of Cambodia, the actor was the World Bank. Interestingly, The World Bank is an amalgam of many national cultures but has its own particular culture.

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[6] See below for explanation on why a case study in Africa was not ultimately used.

5.4   Data Collection and Challenges Encountered

My research used a combination of data collection techniques, including written sources such as journals, newspapers, documents from Multilateral Organisations and various research papers. This secondary data was collected during the research phase to obtain background data and information concerning each business situation. Interviews were also undertaken with a selection of company staff and government counterparts at medium and senior levels. Specific in-depth interviews were conducted with the senior representatives of the different cultural actors in the business exchange. The interviews are especially valuable as the subjects have in-depth knowledge about that specific case study, and offered explanations and insights based on their thorough understanding of the given setting, surroundings and local context of each.

The data collection involved five major phases: orientation and familiarisation, key informant interviews (i.e. with staff at different levels of the two organisations participating in the business exchange), in-depth interviews and focus group discussions on obtaining feedback. These are described briefly below:

Orientation and familiarisation: This was the fundamental starting point of the research. Over a period of a few months, I started looking at different projects in which major conflicts had occurred. The basis for this initial research was merely looking at business interactions where there had been a conflict. My starting point was based on trade journals, newspapers, internet articles, information from development banks and personal experience. This helped narrow down an initial group of possible projects based on geographical spread.

The decision to do a geographical spread was based on practicality and ease of information availability. This initial research yielded potential projects for my research in the Caribbean, Central and South America, Asia and Africa. The original list of potential projects identified were in Trinidad & Tobago, Mexico, Bolivia, Cambodia and Tanzania.

I visited The World Bank and the Inter-American Development Bank in Washington DC during the summer of 2011 to meet some of the task teams involved in the projects of Trinidad & Tobago, Mexico, Bolivia, Cambodia and Tanzania. In the case of Trinidad & Tobago, I had been personally involved as I lived in the country at the time that case developed. During the period in which I lived in Trinidad & Tobago (and subsequently) I contacted by phone and email a number of different stakeholders from the private and public sectors to have a better understanding of the problem under study, to identify other sources of information, and to get a general overview of the study context. Furthermore, I discussed with a number of World Bank staff who had been involved in the Trinidad & Tobago, Mexico, Bolivia, Cambodia and Tanzania projects. I also contacted some of the staff from the private company involved in both Trinidad & Tobago, Mexico and Bolivia through personal interviews and Skype calls. During this process, I explained the objectives of my research, and I obtained verbal consent for the project to be included as part of my research. It should be noted that a major conflict occurred between the parties in the case of the project in Dar es Salaam Tanzania. In that case, there was considerable reluctance from World Bank staff to provide information or to discuss the case since there was an ongoing case at the International Centre for Settlement of Investment Disputes in Washington DC. For this reason, I decided to drop the Tanzania project given its sensitive nature at the time. Notwithstanding this initial setback, I realised that, for the other projects selected, there was a great deal of

information, and the individuals involved were happy to participate and share their experiences. This included people from the public and private sector as well as multilateral organisations. Certain individuals pointed out additional sources of data or individuals I should contact to obtain further information or context about the different case studies. In the case of Bolivia, and given the sensitive nature of the case study due to the international arbitration that had taken place, a specific exchange was required to obtain permission from the Bechtel International Ltd the private company. Permission was granted on the condition that all data and information used in my research was already in the public domain. Finally, I undertook to share the results of my research with all participants.

Secondary data: Secondary data were critical to providing general background and context for the four case studies. This information included things such as the background to the area in question and the rationale for the project, including feasibility and related studies done by The World Bank and Board papers linked to various loans, etc. – all of which is in the public domain. Other information included the study area, i.e. its geography, demography, economic development, poverty, state of infrastructure, etc. Independently commissioned studies by consultancies and NGOs, government reports, articles in journals, government strategic plans and evaluation reports done on behalf of multi-lateral institutions were also used. Importantly, for the case studies of Mexico and Trinidad & Tobago, I was provided with the actual contract between the public and private sector[7]. This was not possible in Cochabamba Bolivia, but sufficient background information was available in the public domain. Additional data came from

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[7] These contracts can also be found at the World Bank's PPP in Infrastructure Resource Centre, http://ppp.worldbank.org/public-private-partnership/about-pppirc

documents filed in the International Court for Settlement of International Disputes)[8] that were in the public domain. In the case of Cambodia, the actual World Bank Project Appraisal Document documentation was obtained, as this was also in the public domain. It is important to note that despite all this information, no data of a commercial nature has been used in any of the case studies. For example, I do not refer to costs of items in the respective contracts, nor do I reveal information about the remuneration of any of the parties. This undertaking was an essential pre-condition that I agreed upon with the private parties for the case studies of Mexico, Bolivia and Trinidad & Tobago. This did not affect the scope or reliability of the case studies, as even when there were conflicts that were of a financial nature, the exact amounts were not disclosed.

Interviews: The research relied on a number of interviews with different stakeholders that were party to the business interaction. There were two types of interviews undertaken: key informant interviews and in-depth interviews. Key informants are so-called experts (Gitelsohn & Mookerji 1997) with knowledge of the cultural rules and norms in society (Bernard 2002). An in-depth interview involves a conversation with a particular individual, using a list of questions to be covered during the interview to guide the participant in an orderly manner (Bernard 2002), but can also be applied to the key informant. My objective in these interviews was to gather information about the research areas, particularly in relation to the case study in question. Through this process, specific issues about the context, background, cultural setting of the given transcultural and trans-geographical cultural exchange were explored. The objective was to obtain the viewpoints of different people within the organisation and not just the higher

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[8] ICSID is an international court hosted by the World Bank Group to settle disputes between private parties and its client governments.

management echelons. A total of 13 individual key informant interviews were conducted for all business interactions, averaging two interviews per case study. These interviews were sometimes carried out in person or by phone or Skype. Although I took notes, none of the interviews were recorded. The reason for this was expressed concern by some participants. This was particularly the case for those case studies were a dispute had occurred. World Bank and public officials are especially sensitive to this. In the case of Bolivia, the private sector had made it known that information to be used was not confidential and was already in the public domain, an ex-ante condition to their participation. Key informant interviews offered a wider and more profound understanding of the respective context of each case study. Informant interviews were important, given the very different characteristics of each case study. In-depth interviews were carried out typically with a senior member of the private company or a government official. The flexible nature of the in-depth interview allowed me to explore and investigate issues with participants by probing for clarity, interpretation, for a deeper understanding of meanings (Bekele 2010). In particular, it allowed genuine arguments and opinions to be put forward by the participants thus allowing an understanding of the factors underpinning the responses of participants (Legard et al. 2003). Interestingly, during these interviews, a process of self-reflection and even self-criticism ensued, as interviewees were able to articulate and evaluate their respective performance and behaviour. It was not uncommon for some participants to say "we could have done it better", "in hindsight we could have done …" etc. These statements permitted a better interpretation of results and provided an improved contextual understanding for each case study. Furthermore, of individuals and stakeholders contacted, all gave explicit permission to be quoted either directly or indirectly. The persons concerned and other participants in the relevant case studies were prepared to discuss the issues openly. No information presented in my study is considered confidential or of a sensitive nature.

Focus group discussion: Literature suggests that focus group discussions can be a valuable tool for the collection of qualitative data about group experiences, perceptions and attitudes on a defined topic (Legard et al. 2003). Individuals present their opinions, perspectives and beliefs, which are further sharpened and refined through group interaction and discussion (Finch & Lewis 2003). My research initially looked at the possibility of having group discussions with different members of each case study team. The original idea was to have a roundtable with representatives of both parties. Unfortunately, this was not possible given geographical limitations and the high cost of visiting all of the locations (Mexico, Cambodia, Bolivia and Trinidad & Tobago) and mobilising people from different places. Furthermore, this was difficult because all case study evaluations were done ex-post, meaning that the teams initially involved had already disbanded.

A common challenge was to ensure that participants felt they were in a safe environment in which they could provide their reflections, feedback and commentary about themselves, their colleagues and counterparts. This sense of safety was essential because, in many instances, the findings were quite personal and revealing. Sometimes, this involved recognising personal and management failures. The section below on ethical considerations deals with issues related to confidentiality of information. Another problem encountered, particularly for those case studies where The World Bank was involved, was initial mistrust by participants, and a mistaken belief that The World Bank had commissioned the Trinidad study and wanted to use the findings to take action. Wariness and mistrust were a recurring problem, especially in the cases of Cambodia and Trinidad & Tobago. This was overcome by my stating very clearly that this was independent research, that The World Bank did not commission it, and that the findings and results of this study would be shared before and after publication.

5.5   Ethical Considerations

Vanclay et al. (2013, p. 243) suggest that "ethical issues arise in all forms of professional practice". Further, they claim that ethical issues are relevant not just to impact assessment but apply whether humans are the subject of the study or only providers of data to the research in question. Because my study involved actual business transactions in which money was exchanged – either as remuneration for services as in the cases of Mexico, Bolivia and Trinidad & Tobago, or as a loan from The World Bank (IDA and IBRD) as in the case of Cambodia – and because the case studies involved the provision of public services (for example water and wastewater services), the use of ethics – as a normative function – helps guide my research. By using Vanclay et al. (2013) and their extensive literature review and research on principles generally considered to be the basis for ethical research involving humans, I look at their suggested 18 principles and their applicability to my research. Not all are applicable for example, full disclosure of funding sources, no harm to participants or the need for a grievance procedure or ethical governance. However, I specifically draw out those principles considered most pertinent to my research. The first one refers to respect for participants. At the core is the fact that all persons interviewed and with whom I had interaction with were not judged or discredited in any form, with their views being faithfully recorded. As argued by Vanclay et al. (2013) this respect is implied by the use of the term 'participant' and not 'respondent', and this is how individuals are referred to throughout. The second ethical principle related to informed consent. This meant that all participants were contacted to obtain their approval to be included as part of this research. In turn, this implied voluntary participation in which there was no coercion or remuneration of any kind. Confidentiality and anonymity (Lipson 1994) were also critical. As mentioned above, assurances were given to all participants that

all information gathered would not violate any aspect of secrecy, nor any issues related to commercially or legally sensitive information. To ensure this was respected, all results were first shared with the participants and their consent obtained for inclusion in this research. The issue of anonymity was not significant in the cases of Mexico, Bolivia and Trinidad & Tobago because participants here had no problem in being identified. In the cases of Mexico and Trinidad & Tobago, the contracts were in the public domain. In contrast, in the case of Cambodia, the participants from the Government's side were reluctant to be identified. They feared that being outspoken, particularly in regards to their shortcomings as individuals or as government, might lead to repercussions. Thus, the ethical consideration of protecting participants from possible harm became relevant. I repeatedly asked participants if they felt at ease with the way I conducted the interviews, and I ensured they knew that they could opt out of the research at any time. Thus their right to withdraw was respected throughout the research. Fortunately, after sharing the results, including my write-ups of the interviews, the individuals in question felt that no damage or harm would come to them if the findings were published.

Another ethical consideration related to obtaining informed consent from those individuals who were part of the research (Lipson 1994; Gilbert 2001; Vanclay et al. 2013). Each participant was fully informed about the rationale and objective of the research, and their verbal consent was granted. As mentioned above, participants were asked if they wished to remain anonymous or whether specific statements could be directly attributable to them. Thus, full consent by all participants was obtained, even for those that did not want to be named directly. No conversations were recorded as some of the participants expressed hesitation when I explained that I intended to do so. Respecting this position, I undertook to share my notes and findings with participants, thus ensuring their right to

check and modify a transcript for accuracy and completeness. Regarding the principle of avoidance of undue intrusion, I experienced a particular situation. All case studies did not pose a problem in this respect except for Bolivia. The reason for this was that the private company was very clear that any participation was contingent only on matters relevant to the research (i.e. where the cultural conflicts might have occurred) but that this should not stray into issues of a commercial and or legal nature. This was because some legal matters were pending with the government. It is important to note that this was an issue at the beginning of my research but at the time of writing the findings all legal matters between the private provider and the Government of Bolivia had been resolved, and therefore there was much less sensitivity in this respect. In terms of data protection, there was no data that was confidential or that needed to be stored securely and safe from unauthorised access. Finally, no financial incentive or any gift or otherwise was offered to research participants as compensation for the time doing one or more interviews, nor for any follow-up discussion or exchange (these contacts typically occurred by email or Skype conversations).

5.6   Selection of the Long-list of Cultural Indicators

The literature reviewed in Chapters 2, 3 and 4, particularly Chapter 3, bring together expansive bodies of research related to the manner in which cultural differences manifest themselves. The studies mentioned in the literature review are drawn from leading management journals and books, and look specifically at individual behaviour, how it affects teams, and whether national characteristics play an influencing role in behaviours in trans-geographical and transcultural business settings. I complement this with the cross-national and cross-cultural organisational behaviour research undertaken by Tsui et al. (2007). Chapter 3 summarised different models for transcultural assessment starting with Hofstede and grouped based on general theoretical outlooks: i.e. sociological perspective which brings together commonalities to which individuals in a given group or culture tend to conform; communicative perspective that relates to how communication happens and how perception may affect it; and pragmatic perspective that argues for the development of flexible and pragmatic models to identify effects of culture on behaviour.

To organise the different studies from the broad literature review, Table 3 summarises the conventional literature sources in the left-hand column and the different potential cultural conflict indicators in the right-hand column. Sources are listed in chronological order. So, for example, the cultural indicator of power acceptance was first identified by Argyris (1973) and subsequently discussed by Hofstede (1980), Kotter (1982), House et al. (1991) as well as others including Niles (1999), Javidan & Carl (2004, 2005), Chhokar et al. (2007) and Anderson & Adams (2015). I also identify whether a cultural indicator is named differently but refers to the same concepts. Using the example of power acceptance, what this means is that I recognise that Hofstede (1980) and Kotter (1982) relate to

the same cultural value as Argyris (1973) but call it power distance instead of power acceptance. At the core of my approach is making comparisons between existing literature and the emerging themes, patterns and concepts, looking for similarities and contradictions (Cronin 2014).

By delving into a broad range of material and examining the literature to gain deeper insight into the resultant cultural indicators, this work can result in a cultural framework to identify cultural divergences that might lead to cultural conflicts. By doing this, I increase the validity of the cultural indicators and allow for generalisation that can be applied in broader trans-geographical contexts.

Furthermore, recognising that the cultural indicator that is identified is a variable, there may be different outcomes for any given indicator. For example, the cultural indicator of emotional manifestation shows whether emotional expressions are seen as weak, immature or even irrational. So the outcome may be affirmative or negative. Moreover, there are a subset of conditions that are possible. If emotional manifestation is considered unacceptable, then the analysis ends. However, if it is deemed acceptable in a business situation, further analysis needs to assess whether such displays of emotion are acceptable or not. Therefore, these cultural indicators may not always be binomial, but might rather require different 'layers' of assessment and analysis. Similarly, the indicator of individual or group orientation. Here an analysis might reveal cultural conflict due to personal interest being greater than the collective good, and such conflict may be the result of the manner in which decisions are taken. Therefore, this is not just an individual vs group orientation issue but implies recognising whether decision-making is imposed or reached through consensus. The cultural indicator of material possessions may also produce multiple results: first identifying the importance of personal material possessions whether they be

financial, dress, size of office, car, home and other proxies. Second, an analysis of the effect of that importance on individual's behavioural motivation in a given trans-geographical exchange. Further, cultural indicators such as control of the environment may manifest through leadership and management style, or company organisational structure and policy. Other cultural indicators may not show as many results. For example, invasion of personal space.

Table 3.   Perspectives of Cultural Differences and Relevant Indicators

Sources from the literature review	Cultural Conflict Indicator Identified	Comments
Kluckhohn et al. (1962), Hall (1969, 1983) closely relate emotional manifestation to friendship. Myers (1980), Hofstede (1980,1993) introduces the notion of programming of the minds. Hunt (1990), D'Andrade (1992), Strauss (1997), Fu & Yukki (2000), Ralston et al. (2001), Tinsley & Brett (2001), Heinrich et al. (2001), Tinsley & Brett (2001), House et al. (2007), Kaplan et al. (2009), Abraham-Hicks (2014); Gökçe & Turgut (2017), Anderson & Adams (2015)	*Emotional Manifestation also called:* • *Friendship* • *Conduct related to cultural schemas*	Shahriari et al. (2013) and Jormsri et al. (2005) bring out the cultural environment and the effect that surrounding factors have on values.
Hall (1960, 1983), looks at time as monochronic and polychronic, and these same concepts are further explored and refined by Bluedorn (2002), Levine (2013), Kluckhohn et al. (1962), Ronen & Shenkar (1985), Jackson (1991), Schwartz (1999), Volkema (2004), House et al. (2004) Gerhart (2004), Hoppe (2007), Finch & Lewis (2013)	*Attitude towards Time, also called* • *Monochronic or Polychronic*	Bluedorn (2002) and Levine (2013) termed cultures as M-time (meaning they like to focus on one activity at a time) and P-time cultures are characterized by a strong involvement with people.
Hall (1962, 1983), Kluckhohn et al. (1962), Hofstede (1980) refers to a group as a collective and measures individualism at one end of the spectrum and collectivism at the other. Harstorf et al. (1970), Hofstede (1983), Bond (1988), Early & Erez (1997), Harrison (2000), Gomez et al. (2000), Kirkmann (2001), Zellemer-Bruhn (2001), Bond (1988), Volkema (2004), Anderson & Adams (2015).	*Individual or Group Orientation, which is also referred to as:* • *Humane Orientation* • *Gender Egalitarianism* • *Family Orientation* • *Content* • *In-Group collectivism* • *Assertiveness* • *Long-term versus short-term orientation*	Hofstede (1980) refers to this as Assertiveness, Jackson (1991) refers to it as Content. Luft & Ingram (1961) and House et al. (2004) refer to it as Institutional and In-Group Collectivism, as does Gelfand et al. (2002). House et al. (1991, 2004, 2007) make reference to the influence of religion and beliefs, which relates to the concepts of Humane Orientation and Gender Egalitarianism.
Hall (1960), Kluckhohn et al. (1962), Luft & Ingram (1961), Triandis (1990), Guy & Mattock (1991), Wasti et al. (2000), Giacobbe-Miller (2003), Kirkman et al. 2006)	*Personal space*	Refers to the natural space around a person and whether or not a person feels her personal space is invaded by others.

Kluckhohn et al. (1962), Tinseley & Brett (2001), Huff & Kelley (2005), Hofstede (1980, 2001, 2006) refers to this as Masculinity or Femininity.	*Material Possessions, or* • *Masculinity (e.g. material possessions and money) and Femininity (e.g. quality of life)*	Masculinity is an indicator that measures dominant values in society such as material possessions and money. Opposite it is a society that is caring for others and quality of life (Gelfand et al. 2002).
Hofstede (1980) refers to this as Uncertainty Avoidance, Jackson (1991), Schwartz (1994), Smith (1995), Ingelhart (1997), House et al. (2004, 2007), DeVoe & Iyengar (2004), Hoppe (2007), and Anderson & Adams (2015).	*Control of the Environment also referred to as:* • *Context* • *Uncertainty Avoidance*	Control of the environment relates to trying to reduce uncertainty in any given situation.
Argyris (1973), Myers (1980), Hofstede (1980), Kotter (1982), Bond (1988), Buono (1990), House et al. (1991), Early & Erez (1997), Baumeister (1999), Giacobbe-Miller et al. (1998), Den Hartog et al. (1999), Niles (1999), Nelson (2003), House et al. (2004), DeVoe & Iyengar (2004), Javidan & Carl (2005), Chhokar et al. (2007), and Anderson & Adams (2015).	*Perception of the execution of Power also referred to as:* • *Power Acceptance* • *Power Distance*	Refers fundamentally to how power is observed and/or recognised by individuals and whether the type of structure within an organisation requires more or less supervision (i.e. how hierarchical the structure is or needs to be)
Argyris (1973), Myers (1980), Kotter (1982), Buono (1990), Bennis (1991), House et al. (1991), Early & Erez (1997), Baumeister (1999), Giacobbe-Miller et al. (1998), Den Hartog et al. (1999), Javidan & Carl (2005), Chhokar et al. (2007)	*Leadership Style*	Leadership style is the manner by which I can exercise power as a means of reducing uncertainty (or controlling the environment).
Kluckhohn et al. (1962), Hall (1969), Harstorf et al. (1970), Burgoon et al. (1978), Bond (1988), Hofstede (1980, 1983), Jackson (1991), Trompenaars et al. (2000), Gelfand et al. (2002), Chhokar et al. (2007), Economist (2014)	*Attitudes towards Agreements*	Whether or not written agreement constitute a binding arrangement or a just a starting point for a business relationship.
Guy & Mattock (1991) refer to this as Topography, but they mean the physical environment and how that can affect behaviour and therefore culture. Bada (2003).	*Environment*	Physical environment and how that can affect behaviour and therefore business interactions.
Guy & Mattock (1991), Avruch (1998), Bada (2003), Giacombbe-Miller (2003)	*Historical perspective*	Effect the historical context of a given culture can lead to conflicts within a business situation.

The cultural conflicts identified in the right-hand column respond to the following questions:

1. Emotional Manifestation: Is emotional expression seen as weak, immature or even irrational? Is expressing emotion acceptable in a business situation? Are there any instances when displays of emotion in business are acceptable?

2. Attitude to Time: Is undertaking a task on time and against a prescribed schedule important? Is there flexibility with deadlines?

3. Individual or Group Orientation: When making decisions, does a cultural conflict arise when the group's interest becomes more important than a personal interest? How important is it to reach a decision through consensus or could it be imposed?

4. Personal Space: Can a conflict arise as a result of whether an individual feels her space is 'invaded' when in a different business setting?

5. Material Possessions: Are material possessions considered significant? Is the way you dress, size of office, car and other material possessions a gauge of success? If so, to what degree?

6. Control of Environment: Are there possible conflicts that arise due to the management style that seeks to control the environment and associated risks thus avoiding uncertainty?

7. Perception of the Execution of Power: Do conflicts arise as a result of how individuals perceive power within a management structure? Is there a highly stratified organisation with high levels of supervision required?

8. Leadership Style: Does the type of leadership style lead to potential conflicts?

9. Attitude Towards Written Agreements: Is a written agreement seen as binding or does it constitute only a reference or starting point and can this lead to conflict?

10. Locational factors: Do the landscape and topography in which a cultural business interaction takes place influence behaviour and does that lead to conflict?

11. Historical Context: Does the historical context of a given culture lead to conflicts within a business situation?

5.7   Overview of Case Studies

In this section, I provide a brief summary of the different case studies highlighting the key features of each case and the basis for the business interaction where a cultural interaction occurred. There are three case studies which I have used and are detailed below:

5.7.1   Trinidad & Tobago –US and British Utility Services

Trinidad & Tobago are islands in the Southern Caribbean with a combined population of 1.3 million. Trinidad & Tobago have a healthy economy strengthened by the development of natural gas resources in the 1990s, an expanding industrial base, and a traditional agricultural sector. The Water and Sewerage Authority (WASA), a government-owned entity, provides water and wastewater services to the islands. This case study involves WASA partnering with an international water and wastewater operator and a NYSE-listed construction firm in a three-year Public Private Partnership (PPP) contract. The World Bank (2016, p.17) defined a PPP as "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance".

The customer base of the company ranges from commercial and industrial clients, major towns and residential areas, and dispersed agricultural communities. Although 90 percent of the population had access to water supply, public standpipes, and water tankering were significant elements in the provision of services (Stiggers 1997). Before the PPP contract came into effect, WASA was

characterised by massive under-investment. Although its Board of Directors managed the company, Central Government kept a tight control on tariffs, operational budgets and capital investment (Stiggers 2014). Consequently, the water service had a history of erratic supply and poor quality regarding service reliability and water quality (World Bank 2001). WASA experienced financial losses and technical problems. The actual levels of income generation (from tariffs for providing customers for service) were minimal. Yearly losses were estimated to be up to US$20 million (Water and Sanitation Authority 1995, 1999). Low levels of income from service billing meant insufficient free cash to make capital investments leading to the company being unable to fund its capital investment programme and requiring direct government financial support. Faced with other pressing demands, public capital investments into the sector were minimal. Given those challenges, the Government decided to bring in a private sector partner to help turn around the company. Thus it designed a PPP contract whereby government assigned its responsibilities to operate and run WASA to a private operator but continued to be responsible for raising the significant capital expenditures required (World Bank 2001, 2004). An international tendering process resulted in the selection of an international operator to run the company for three years (Stiggers 1997, 2004). This PPP company was called Trinidad & Tobago Water Services (TTWS) and was a joint venture between a British water utility operator, Severn Trent, and a US-listed construction company, Bechtel.

5.7.2   Cambodia – Multilateral Organisation

Typhoon Ketsana hit Cambodia between September 26 and October 5, 2009, flattening houses, damaging buildings and causing massive flooding. According to the National Committee for Disaster Management (NCDM), 14 provinces (out of 24) were impacted by the storm and subsequent flash floods. The typhoon affected 180,000 people (directly or indirectly), equivalent to 1.4 percent of the population (World Bank 2009). The widespread damage to property, livelihoods and public infrastructure was likely to have a long-term impact on community livelihoods. Past natural disasters have had a substantial impact in the countryside, where an estimated 80 percent of the poor reside (World Bank 2009). About 80 percent of Cambodia's territory lies within the Mekong River and Tonle Sap basins, which are known to have significant fluctuations in water levels between wet and dry seasons. This situation causes an annual cycle of droughts and floods, restricting agricultural production and livelihoods and constraining economic growth and poverty alleviation. It is estimated that floods kill about 100 people annually in Cambodia and cause agricultural losses of US$ 100 to 170 million per year (World Bank 2009, 2014). A World Bank assessment estimated the total damage and losses caused by Typhoon Ketsana to be US$ 132 million (Gu 2014). The Government of Cambodia specifically requested World Bank support to deal with the following sectors: rural roads, housing, commerce and industry, and schools (World Bank 2014; Gu 2014).

The World Bank team and the Government of Cambodia discussed possible instruments to support the rehabilitation works. The proposed intervention was for a loan of US$ 50 million to implement the rehabilitation works needed for the poorest segments of the population (Gu 2014). The Bank and Government agreed on the overall scope of the project, i.e. to provide essential reconstruction support for roads, bridges, schools and small households. Despite having a

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mutual agreement on the extent of the project, there was no consensus on which government entity should be responsible for implementation. The Ministry of Finance (MoF) would have overall leadership and would approve all disbursements. The World Bank, however, wanted the line Ministries to be responsible for project implementation since they could "provide sector-specific experience and as appropriate would help in the implementation of the project" (Gu 2014). In the end, because there was no agreement on who the implementing agency would be, the project did not proceed.

5.7.3 Bolivia, Cochabamba – US and French-based International Operator

This case study involves a long-term concession contract for capital investment and the management and operation of a power and water service company serving a population of half a million in the town of Cochabamba, Bolivia in 1999. A government agency (representing the Bolivian people) contracted an international consortium involving French, British, US and Bolivian companies. The project was a government initiative to provide essential infrastructure services to the Cochabamba region of Bolivia – an area with high levels of poverty and reliant on agriculture.

The water and electricity supplies for Cochabamba were initially provided by a public service company, under government control, and had a record of poor provision relating to reliability and quality of service. Major capital investment was needed not only for rehabilitation of existing infrastructure but also for the construction of new assets, including water pipes for distribution, electricity distribution equipment, as well as assets required to operate electricity and water services such as chemicals, vehicles, machinery, etc. (World Bank 2002). The concession contract handed over control of the public service utility to a private

joint venture company jointly owned by an American construction firm, a UK utility, a Spanish construction firm and four Bolivian construction and engineering companies (Thorpe 2015). Income was to be derived from charging a tariff or service fee to the local population for the electricity and water supplied (Van den Berg 2000). However, within only one year of the contract becoming effective, a major conflict arose between the service provider and the population. Against a background in which service charges (tariffs) were very low, some of the major water users, including local farmers who were customers of the utility, became unhappy with the new charges being applied. While increases in service charge were in line with the concession contract (Thorpe 2015), such increases represented a significant increase from tariffs previously charged. The concern of local farmers was that the official plans for more regulated water use provided for in the concession contract would impinge on their irrigation needs and that there was potential for their use of water to be rationed. There was unfinished work by the concessionaire to educate and sensitise the local population, leading to the formation of an active anti-private sector lobby. This occurred within a context of social tension and unrest in a poor area of the country, where the original idea of introducing the private sector in the management and operation of the power and water service company was unpopular. Furthermore, the population as a whole was not adequately informed of the contract's objectives or the fact that customers (especially famers or agricultural customers) would be required to pay tariffs for services provided. Previously, water services were provided free of charge or at minimal levels and with little enforceability if customers did not pay. Electricity services were also heavily subsidised before the introduction of the private sector (Torres de Mastle et al. 2008). As the contract progressed, the private company proceeded to apply its contractual right to charge for water and to increase electricity tariffs (Thorpe 2015; Tremolet 2002). At the same time, the central government and local authorities that were signatories to the concession contract did little to promote the objectives of the

project. Ultimately, public discontent led to riots, the burning down of the private operator's office, and all expatriate managers having to be evacuated to ensure their safety (Basanes et al. 1999; Olivera 2004; Ringskog 2000).

5.8   Using Case Study Research to derive Cultural Conflict Indicators

In this section, I outline the way in which the long list of cultural conflict indicators applies to the case studies of Bolivia, Cambodia and Trinidad & Tobago. The process is displayed in Figure 6 below and ultimately results in the selection of nine cultural conflict indicators that comprise the CC Framework.

Figure 6.   Identification of Cultural Conflict using Case Studies

Literature Review (shows sources that identify different cultural conflict issues)

Literature review results in 11 Cultural Conflict Indicators and associated Questions

Apply the 11 Cultural Conflict Indicators to Bolivia, Cambodia and Trinidad & Tobago case studies

The recurrence and relevance of the 11 Cultural Conflict Indicators results in 9 Cultural Conflict Indicators to be included as part of the CC Framework

5.8.1 Emotional Manifestation

Literature review: In trans-geographical and transcultural situations, the manner in which an individual reacts to a given situation by expressing or retaining emotions may be a cause of cultural misunderstandings and conflict. This is because some cultures may perceive displays of emotion as a weakness and/or of not being in control of a situation. In other contexts, the display of emotions can be viewed as a sign of trust and honesty. This cultural conflict indicator is defined as how acceptable it is for an individual to show her emotions both in a business and/or social context.

The literature review revealed that the display of emotions plays a significant role in avoiding or encouraging conflict. Freud (1900) and Jung (1921) undertook early studies on emotional manifestation and linked this to personality types. They argue that personality types (i.e. extrovert or introvert) affect behaviour. For example, an extrovert would allow open expressions of emotions, whereas an introvert will restrict displays of emotion considering these not to be appropriate or even unprofessional. But this explanation may be too simplistic as not all extroverts express feelings openly, and some introverts may be more emotional than extroverts. Briggs Myers (1995) claim that personality types are affected by a number of issues related to sensation (how that perception can influence interpretation of things); thinking (the way in which the meaning of what is observed is understood); feeling (the manner its desirability is evaluated); and intuition (drawing conclusions from perceptions). From these issues, Briggs Myers develops personality dimensions such as 'thinking-feeling', 'sensing-intuition' aimed at assessing different types of personality and how personality types affect displays of emotion, which she called the MBTI (Myers Briggs Type Indicators) inventory. She argues that the way we perceive the world is a function of the how the MBTI qualities interact. This gives rise to sixteen different

personality types. For the purposes of my research, I do not intend to delve into the MBTI methodology, as much has been written about it, but rather, to simply acknowledge the influence that this work has had in showing how type preferences tend to correlate with occupational interests. Moreover, the sixteen profile types also suggest how people of each type tend to respond and relate to people with other type dynamics.

Hunt (1990), D'Andrade (1992) and Gökçe & Turgut (2017) posit that behaviour is affected by rules that pre-dispose and pre-determine it (which D'Andrade and Gökçe & Turgut called cultural schemas). Strauss (1997) supports the notion that frameworks of interpretation change the way an individual behaves. Hofstede (1980, 1993) suggests that emotional manifestation is linked to where an individual fit within a group. A group can differentiate itself from another group through common thoughts and behaviours. These shared thoughts and behaviours are what he calls the collective programming of the minds. This means that emotional manifestation is contingent upon the surroundings as well as the individuals within a group (Heinrich et al. 2001). The GLOBE project (House et al. 2007) identifies different countries and whether displays of emotion are seen as weak, childish or irrational. The GLOBE project also examines whether a culture not showing emotions could be interpreted as secretive and less trustworthy.

Kaplan et al. (2009) are concerned with the effect emotional manifestation has on leadership and an individual's performance. Their research focuses on how individuals, and in particular leaders, can use the management of emotions to increase overall performance. This management of emotions implies the use and awareness of emotional manifestations. Kaplan et al. (2009, p.7) develop eight critical characteristics which they posited can lead to positive outcomes. These

are "(1) interacting and communicating in an interpersonally tactful manner, (2) demonstrating consideration and support for employees, (3) using emotional displays to influence employees' behavior, (4) structuring work tasks with consideration for employees' emotions, (5) providing frequent emotional "uplifts," (6) behaving in a fair and ethical manner, (7) managing interactions and relationships among co-workers, and (8) maintaining open and frequent communication by managing emotions".

Abraham-Hicks (2014) identifies 22 emotions, from which he develops an emotional guidance scale to deal with emotional manifestations. He emphasises that expressing emotions is important and develops an emotional guidance system, which is a scale of emotions that can be used to guide individuals in feeling and expressing emotions. Building from this, Tinsley and Brett (2001) look at identifying whether there are differences in what cultures find as 'acceptable' emotional manifestations. In a series of experiments with staff and managers from Germany and the United States, they discovered that German managers prefer using norms and regulations to avoid conflict. When delving into the reasons for such preference for frameworks, they realised that Germans were uncomfortable with openly expressing emotion, so the use of such formal norms and regulations allowed them to minimise emotional manifestations. USA business managers, however, preferred 'talking it out'. What they found is that in the USA, conflict resolution allowed for some degree of emotional manifestation. Fu and Yukki (2000) examine the role of emotional manifestation in Chinese and USA participants. They found very distinct culturally biased responses to showing emotion when doing business. In particular, they contrasted the perspective of USA (Western) and Chinese (Asian) managers. They concluded that major differences were attributable to culture. For example, they found that USA managers had no problem with showing emotions when

doing business, such as frustration or even anger when dealing with a particular situation. In contrast, Chinese managers all confirmed that they would not display any emotion during business as that would be perceived by their subordinates as weak and 'losing face'.

Another seminal research undertaken by Ralston et al. (2001) expands the experiment to include not just a contrast between two cultures, but across six cultures. They show that displays of emotion could change given different cultural constructs. Further, they found that there was a common cultural trait of 'saving face' for Asian cultures. These results are consistent with House et al. (2007) who found that national characteristics and culture do affect how emotions manifest themselves in that particular culture.

Application to case studies:

The Emotional Manifestation Cultural Conflict Indicator responds to three basic questions detailed below. How each case study responds to the questions is summarised in Table 4.

Table 4.   Emotional Manifestation Checklist

Emotional Manifestation	Trinidad & Tobago	Cambodia	Bolivia
Is emotional manifestation seen as weak, immature or even irrational?	✓	✓	✗
Is expressing emotion acceptable in a business situation?	✓	✗	✓
Are there any instances when displays of emotion in business are acceptable?	✓	✗	✓

Note: The ticks denote yes, and a cross means no.

In the case of Trinidad & Tobago, the Trinidadians recognised the importance of emotional manifestation. They felt that showing emotions such as happiness, frustration and even anger were an important part of doing business. Further, they felt that emotional manifestations also demonstrated a measure of an individual caring about the business question at hand. The Trinidadian staff interviewed regarded their British counterparts as emotionally devoid, uncomfortable with open expressions of emotion, which made them appear arrogant and 'colonial' in their attitudes. British staff, however, did not consider displays of emotion necessary but tolerated displays of emotion so long as this did not interfere with regular business. For example, British managers accepted that, in some instances, dealing with the problem could be done in a more jovial manner. Notably, of the British managers interviewed (which included team leaders and senior executives), all agreed that taking a strict position when things were not properly working did not necessarily result in the desired outcome being achieved. They all decided that, when dealing with stressful situations, it

was easier (and more readily accepted by the Trinidadians) to make light of the situation and to use jokes to get specific points across. For example, during one occasion, a distribution pipeline leading to the capital city of Port of Spain suffered a major rupture. This occurred two years into the PPP contract, by which time the British managers had realised that taking a strict or uncompromising position would not necessarily lead to earlier resolution of the problem. In the end, although the situation was serious, its resolution was achieved through a light-hearted approach in which both the local and expat managers found the right solution.

In the Cambodia case study, displays of emotion were regarded as showing weakness. Cambodian staff interviewed considered any display of emotion as a sign of immaturity and a lack of seriousness. This may be due to the Asian tradition of saving face, as was found in the research undertaken by House et al. (2007), Fu and Yuki (2000) and Ralston et al. (2001). In discussions with Cambodian officials, they confirmed they did not find it acceptable to express any form of emotion in any business situation. When pressed about whether there would be any conditions under which displays of emotion could be acceptable, they confirmed that this was not normal. Displays of emotion were only regarded as acceptable when it was within a small inner private circle. No foreigners would be allowed within this circle.

In contrast, The World Bank is an organisation comprised of many different cultures. As a prominent institution of more than 13,000 people, no single country culture prevails its organisational culture. The organisational culture of The World Bank has developed as one which values consensus in decision making (although ironically it is quite hierarchical), is non-confrontational and does not consider displays of emotion during business to be appropriate. In the

case of Cambodia, The World Bank team confirmed that they did not regard displays of emotion in front of a business counterpart as professional. However, when having internal deliberations, participants stated that various team members showed strong emotions. This was particularly the case as negotiations with the Cambodian government became increasingly involved over time. In the various interviews, the fact that there were no displays of emotion in front of the client, and therefore expressing emotion was not considered acceptable, may have been because the task team leader for The World Bank was a Chinese national. When I interviewed the task team leader and specifically queried him about whether the non-display of emotion in the business situation were a 'World Bank trait' or a reflection of his cultural background, Mr Gu – the task team leader – believed that this was more a World Bank style. He said that in his more than ten years as a senior World Bank employee, he had similar experiences in which emotional manifestation was seen as weak, immature and even irrational, confirming the fact that expressing emotion in any business situation was never acceptable.

In the case of Cochabamba, Bolivia, in which American and French staff had to work together with Bolivian counterparts, emotional manifestation was not seen as an obstacle. In the interviews, it appeared that all three cultures – Bolivian, French and American – did not regard emotional manifestations as weak, immature or irrational in any way. In fact, the participant interviews demonstrated that all three cultures viewed displays of emotion as natural and commonplace in doing business. All parties considered showing emotion as a sign of 'being committed'. Transparency of feelings was for all interviewees a sign of honesty. Furthermore, interviews with Bolivians managers revealed that they regarded emotional manifestations as a sign of being trustworthy.

5.8.2 Time

Literature review: The literature review suggests that time can be a differentiator between cultures. Time is a factor that, depending on the culture, might cause conflict (Hall 1960; Jackson 1991). The areas of cultural divergence are discussed below. Hall and Jackson each argue that time appreciation is highly conditioned by the personal interpretations that have been generated or acquired through the experience of living and working in a particular culture or environment. Thus, as previously mentioned in Chapter 3, it is important to recognise that different cultures might value time more than others. Kluckhohn et al. (1962) consider that the appreciation of time was one of the five problem areas faced by most societies when dealing with transcultural and trans-geographical business situations. Jackson (1991) further suggests, as does Hofstede (2001), that time appreciation varies depending on the culture. For example, Westerners tend to see time as finite, and that can be subdivided into precise units. In contrast, Asians seem to perceive time as a kind of cyclical pattern, in which events happen and can recur. These different appreciations can lead to potential conflicts or misunderstandings in transcultural and trans-geographical business situations. Similarly, the GLOBE project (House et al. 2004) recognises the importance of time as a critical cultural indicator because its significance (or lack of) can be the cause of misunderstandings. They contend that different countries and different cultures have distinct appreciations of the concept of time and therefore ascribe different values to it (Gerhart 2004; Hoppe 2007).

Bluedorn (2002) and Levine (2013), based on the initial work by Hall (1983) reason that the way cultures appreciate time can be seen in two dimensions defined as monochronic or polychronic. Monochronic cultures, whereby an individual is uncomfortable with doing various things at the same time, prefer doing one thing at a time and see time as a series of blocks where actions are

organised and appropriately scheduled. In contrast, polychronic cultures imply individuals who undertake more than one task at a time and see time as something flexible without the need for fixed schedules. If a person belongs to a monochronic culture but has to operate within a polychronic one, there are bound to be cultural problems or frictions. For example, the monochronic individual will want all actions performed in a systematic and scheduled manner, but because he is operating in a polychronic culture, his staff may be used to undertaking more than one task at one time without a fixed scheduled. These distinctions suggest that the individual should adapt depending on the tasks at hand so that people who belong to monochronic cultures can operate in polychronic cultures. Despite these group differences, Lenartowicz and Johnson (2003) posit that many stereotypes abound related to the conflicts that can result from the different importance cultures place on time, e.g. 'Latin Americans are usually late' etc. They maintain that attitudes towards scheduling and planning tend to vary across different cultures. House et al. (2004) and Hoppe (2007) argued that culture types develop different tools to use time efficiently. Ronen and Shenkar (1985), Schwartz (1999) and Volkema (2004) examine the notion of appreciation of time variations in different cultures by investigating attitudes to time of different MBA students in nine different countries. They confirm that perceptions and attitudes towards time (amongst other cultural attitudes related to business ethics) are different depending on the country, and therefore time is likely to be an issue where conflicts might arise.

Application to case studies:

The Cultural Conflict Indicator relating to Time responds to two basic questions detailed below. How each case study responds to the questions is summarised in Table 5.

Table 5. Attitude towards Time Checklist

Attitude towards Time	Trinidad & Tobago	Bolivia	Cambodia
Is undertaking a task on time and a prescribed schedule necessary?	✓	✗	✗
Is there flexibility with deadlines?	✓	✓	✗

Note: The ticks denote yes, and a cross means no.

In the case of Trinidad & Tobago, the host country (Trinidad) did not consider time as a valued commodity. A slow pace for doing things was accepted. This was a major source of friction between the host culture and the company culture (British), as the British managers felt that 'time was money', and therefore placed great importance on completing tasks on time and schedule. Trinidadians, however, felt that over-scheduling was a cause for unnecessary stress. Similarly, during the interviews, it became apparent that critical business issues such as reliability of supply of water services – a business metric that British managers regarded as hugely important – was perceived differently by each culture. British managers considered the reliability of supply as a time-dependent issue, i.e. a reliable water supply was one which would provide customers with pre-scheduled times in which water would be provided. They recognised that providing 24-hour supply was technically challenging (Halcrow 1999) and therefore giving customers water at prescribed times was crucial. Interestingly, Trinidadian participants did not regard the provision of water at pre-specified times as an important issue. They felt that being providing with water some of the time was enough. This was an example of a different cultural approach to providing service and how time impacted the provision of service.

In the Cambodia case study, responses by interviewees showed a different approach to time. Participants from The World Bank revealed that time was regarded as an internal measure. What this meant is that The World Bank measured time-based on its internal processes and procedures and not on actual time expended. Project time was measured as "those activities required to meet the World Bank's deadlines to present the project to the Board of Directors" (Gu 2014). Deadlines and associated schedules were driven by the internal deadlines of The World Bank with little or no regard as to what the Cambodians wanted. This was a major source of conflict. Cambodian participants expressed significant frustration with World Bank staff at the length of time it took the Bank to do things. This is especially serious because the whole purpose of the Cambodia-World Bank project was to respond to an emergency resulting from the Ketsana typhoon. It thus appeared to the Cambodians as hugely inconsistent to be driven by a schedule that had no link to the reality on the ground. Interestingly, despite the frustration by the Cambodians of the World Bank's appreciation of time, they were no different. World Bank interviewees also expressed disappointment that the Cambodians had "their internal clock". Cambodian participants confirmed that whilst they were concerned to move things quickly, they – as individuals – were powerless to move things quicker because decisions had to be taken at the upper echelons of government and they had no ability to influence such timings. In a highly centralised and command economy, individual government officials were not empowered. Paradoxically, the cultural situation that both parties were dealing with was in response to a natural disaster and would have therefore normally required both sides to act as quickly as possible. In theory, one would have expected the Cambodians to be under pressure to provide relief to their people in need.

In the case study about Cochabamba, Bolivia, approach to time was a problem and source of conflict between the two cultures as there was frustration on both sides about the value and appreciation of time. Bolivians considered schedules and sequencing as less important; time was viewed as a 'continuum' in which things could be accomplished but not considered a binding constraint. The USA and French managers were more preoccupied with timing and scheduling, considering the achievement of tasks as being time-bound. Meeting deadlines was recognized as a sound management practice. Also, when interviewing both the USA and French managers, there was an interesting dichotomy in the approach to time: American managers were mainly preoccupied with time and meeting different schedules (e.g. for the construction of the main capital works).

When delving into the reasons for this difference, it became apparent that the American managers represented the construction part of the business, which was to make its profit through the construction (and therefore a shorter time horizon). In contrast, French managers were responsible for the operation of the business and therefore their perspectives of time were more 'relaxed', as their activities (and therefore profit) were spread over a larger period. Notwithstanding these substantial differences between the foreign partners, doing things within prescribed time boundaries was important for the US and French managers. Both recognised that timelines and specific milestones might need to be modified to cope with certain circumstances or other unforeseen events. Their Bolivian counterparts were very relaxed about anything to do with time, time schedules, milestones and deliverables. This different approach to time was a major source of contention particularly as it related to the construction of the major capital works.

The more relaxed approach to time by the Bolivians was particularly frustrating to the American managers. This was not just due to cultural differences in time, but the interviews with the CEO of the company, Dr. Geoff Thorpe, confirmed the internal pressure exerted by the shareholders to complete construction on time. The reasons for this as previously mentioned was because the shareholders could begin to make a profit on the building and thus defray some of the high investment cost. Furthermore, there was another aspect that created friction with respect to time. Discussions with various participants revealed that because the company had taken on sizeable loans with commercial banks, these banks were also putting the shareholders under pressure to pay back such loans. Interestingly, when interviewing the Bolivian counterparts, particularly those from the government, there was no recognition that respect for time and associated schedules and milestones were being demanded by third parties such as the lenders. This conflict between the parties is consistent with the findings of the GLOBE project (House et al. 2004) that suggested that, because the United States is classified as an Anglo country as opposed to Bolivia – a Latin American country – there is little commonality in the appreciation of time.

Furthermore, the fact that Bolivians considered time as a continuum speaks to Bluedorn's (2002) and Levine's (2013) polychronic culture, implying that Bolivians were more comfortable with undertaking more than one task at the same time. In contrast, the USA and French managers fell into his monochronic definition: the example above related to the pressure exerted by the commercial banks on the project company made the USA and French managers uncomfortable with undertaking more than one task at a time. The result of the various interviews confirmed the importance that time had for them to have a successful business and therefore it was normal to expect that they saw time as something that should be appropriately scheduled.

5.8.3   Individual or Group Orientation

Literature review: This indicator looks at whether conflicts may arise as a result of a person acting primarily in her own interest, or on behalf of a group. To an extent, this indicator measures the level of 'selfishness' or individual-centric behaviour of a person. By implication, if an individual is not individually focussed, it will look at the importance ascribed to a group or family and family values. The literature review suggested that the notion of individual or group behaviour has been a major concern for humankind since the beginning of group living. During the Age of Enlightenment, individuals such as Grotius (1625), Hobbes (1651), Locke (1689), Rousseau (1762) and Kant (1797) explored the notion of the origin of society, the need for order within it, thus imposing the needs of a group over and above individual freedoms. The effect of their thinking has permeated society.

In social sciences, Hall (1962) and Harstorf et al. (1970) examine this concept from an individual's perspective, which they define as the tendency of people to take care of themselves. It follows that, depending on the type of culture, a person's behaviour will be motivated by either an individual or collective perspective (Kluckhohn 1962). Hofstede (1983) took the notion of the group (which he calls collective) versus individual behaviour one step further: he measured this cultural difference on a continuum, with individualism at one end of the spectrum and collectivism at the other. He identified that a number of countries such as China, Korea and Taiwan have a high degree of collectivism (Hofstede 2006). Early & Erez (1997), Kirkmann (2001) and Zellemer-Bruhn (2001) support this idea by suggesting that the type of culture (i.e. group or individualistic) affects the reward-mechanisms that a given culture (and by implication business or organisation) provide.

The GLOBE project (House et al. 2004) looks at the degree of individual-centric behaviour by incorporating some subtle, distinctive measures to identify the extent of individualism. They further define collectivism (or group behaviour) by dividing it into institutional and in-group collectivism. Thus, institutional collectivism is the extent by which organisational and societal institutional practices encourage and reward the group distribution of resources and associated collective actions. In-group collectivism means the degree to which individuals express pride, loyalty and cohesiveness in their organisations (or companies) and families.

As mentioned above, the dilemma of individual versus group benefit has long been an area of concern that spills over to trans-geographic and transcultural situations. When an organisation that values individual behaviour operates in a host culture with a group orientation, conflicts may arise. The USA, which is considered an individualistic society (Gelfand et al. 2002; House et al. 2004; Chhokar et al. 2007), tends to have a reward system with individual financial bonuses; as opposed to Japan or Denmark where rewards are for the good of the group. Various studies confirmed the different attitudes cultures have with respect to individual or group orientation. Harrison (2000) examined the impact of individual versus team efficacy by assessing cultural factors that may influence employee adaptation to work groups in Taiwan and Australia. He chose Taiwan and Australia: Australia as a country individually oriented and Taiwan more focused on group. He found Australian managers and employees expressed views that reflected high individualism and low group orientation, suggesting the possibility of greater conflict should there not be clear leadership within the working context. Gomez et al. (2000) undertook a similar study that analysed team member behaviour by part-time students in the USA and Colombia (representing individual and group orientation cultures respectively).

Application to case studies:

The table below shows the two critical questions related to this cultural conflict indicator.

Table 6.   Individual or Group Orientation Checklist

Individual or Group Orientation	Trinidad & Tobago	Cambodia	Bolivia
When making decisions, does a cultural conflict arise when the group's interest becomes more important than a personal interest?	✓	✗	✓
How important is it to reach a decision through consensus or could it be imposed?	✓	✓	✓

Note: The ticks denote yes, and a cross means no.

In the case of Trinidad & Tobago, there was a marked difference in the individual and collective approach to the business. The British managers that were interviewed demonstrated a clear focus on their individual benefit. When questioned about this, it became apparent that most of the staff recruited to work in Trinidad & Tobago were at the end of their professional careers in the United Kingdom. They had been enticed into an overseas assignment as a way of supplementing their pensions. Accordingly, staff and managers interviewed, had a clear lack of collective orientation to the business in Trinidad. However, during the consultation, it also became apparent that despite this initial individual focus, there was a definite change in attitude from the individual to the collective as the contract evolved. Thus, something that initially might become a conflict changed with time. By the end of the contract, expatriate managers did feel a group or collective sense, in which the interest of the overall business was greater than

individual benefits. During the interviews, various participants alluded to this recognisable change. When probed about the possible reasons for this change in attitude from the individual to the collective behaviour (i.e. looking for the greater good of the group), they indicated an initial distrust between the locals and expats taking place in a hostile business atmosphere for the expatriate staff to operate. This generated a sense of camaraderie (and to an extent a collective orientation) among expatriate colleagues. For the Trinidadian managers and employees, the situation was slightly different. When interviewed, Trinidadian participants as a whole, considered themselves family oriented. When asked if the fact that the British managers were more individualistic gave rise to conflicts, the general answer was no. This appears counter-intuitive as one would expect that the family-oriented culture (in this case the host culture) would naturally have a conflict with managers that were individually oriented. Interestingly this could be explained by the fact that although Trinidadians are family oriented, such group orientation did not extend to the business itself, i.e. individuals did not take decisions with a group or business benefit in mind but rather protected their individual interests. Family orientation represented itself through individuals taking care of their own next of kin and therefore placing high value on the family but sometimes to the detriment of the business.

The other potential area of conflict related to decision making processes of the business. British managers did not see the need for reaching decisions in a consensual manner. This gave rise to tensions between the Board of Directors of the company (represented by the government) and the British managers. The interviews revealed that British managers felt that they did not have to consult the Board for every decision since they were mandated through a contract to act as responsible managers in the best interest of the company.

In the case of Cambodia, the notion of individual versus family orientation was slightly harder to assess. This is because The World Bank does not have a unique national trait or culture. However, one unifying credo is the alleviation of poverty, and this mission acts as an overriding principle within the organisation. Thus, the collective good and group orientation drive the organisation. World Bank participants confirmed that reaching agreement through consensus is seen as the only way, even if this sometimes means not being able to agree or reaching 'suboptimal' solutions. In the Cambodia case study, in particular, this need for looking at the benefit of a group as being an overriding decision factor manifested itself through The World Bank staff looking at ensuring that its actions would indeed reach those in the greatest need. Dr Gu, the team leader for The World Bank team, confirmed this collective good approach. Further, during the one-to-one interviews, he repeatedly made reference to the need to be able to agree with the Cambodian government through a consensual approach. The Cambodians, when interviewed, revealed that they also had a group or family orientation. Loyalty is seen as a significant factor, and the culture for decision-making is not individually focused but rather through consensus. What is interesting to observe about this cultural interaction is that, despite two cultures accustomed to reaching agreements through consensus, ultimately this intervention failed. While not suggesting that this was the only cause for failure, the cultural conflict indicator suggesting that there should be no conflict did not help the ultimate business outcome: The World Bank and the Government of Cambodia were unable to reach agreement to allow a loan to be used for reconstruction after a typhoon. In the following sections, reference is made to the cultural conflict indicator of power, which was the ultimate reason for the failure in this transcultural and trans-geographical business exchange.

In Bolivia, the situation was quite similar to Trinidad. Participants confirmed that expatriate managers also had to operate in hostile conditions. In the case of Bolivia, the business situation ultimately turned violent (Basanes et al. 1990; Torres de Mastle et al. 2008). Expatriate staff feared for their safety and were evacuated out of the country to avoid being lynched by the local population. Naturally, under such conditions, a sense of collective or group orientation developed amongst the group, despite expatriates being mainly British, American and French (cultures which according to Hofstede and House et al. are predominantly more individual-centric). In contrast, amongst participants from the Bolivian stakeholders (e.g. government officials and local interested parties), there was a common view that their loyalty was limited to their immediate family. As that family unit was perceived to be under threat, a sense of community soon developed. People came together to protect what was perceived as their water resource being managed for profit. Local communities coalesced against foreigners and united (at least temporarily) with a wider group's benefit in mind.

5.8.4   Personal Space

Literature review: This indicator looks at attitudes towards personal space, and whether space is considered important for an individual operating in a given culture. Personal space is defined as the immediate space between two people that are interacting. Thus, the questions related to this indicator are: Can conflict arise as a result of a feeling of invasion of an individual's space in a different business setting?

A lot has been written and researched about personal space. For example, Luft and Ingram (1961) submit that personal space and its appreciation is dependent on values and attitudes in a given cultural context and that in turn affects behaviour. Hall (1960), Triandis (1990) and Reid (1991) among others, examine the different perceptions of space within different cultures. They argue that, in the same way as time, appreciation of space is different depending on the type of culture. Guy & Mattock (1991) and Wasti et al. (2000) are concerned with the individual space that a person needs to feel comfortable when two people are in conversation with each other or are in close proximity. They found that in the United States, for example, regular business is conducted at distances such as 5 to 8 feet; whereas highly personal business is done at approximately 1.8 to 3 feet. He argues that a parallel can be found with British business people possibly due to the similar Anglo-Saxon roots of both countries. Giacobbe-Miller et al. (2003) shared this view in a study that compared American, Russian and Chinese managers and suggested that personal space issues have a historical and even religious implication. They further argued that early in life one learns the conversation distance between two people by copying elders and consequently, the controlling patterns of personal space operate almost entirely unconsciously.

Within trans-geographical and transcultural contexts, there are many areas where possible conflicts may arise. Physical space is important because some people will react either negatively or positively to encroachment of their personal space. For example, Latin cultures typically feel more comfortable with physical contact as part of normal business practice, whereas Northern Europeans would feel that anything other than a handshake is unnecessary (Wasti et al. 2000). Further, a British business person in the Middle East and Latin America is likely to feel overcrowded and personal space invaded (Kirkman et al. 2006).

Application to case studies:

Table 7 below shows the question related to this cultural conflict indicator as well as the results of its applicability in the three case studies.

Table 7. Personal Space Checklist

Personal Space	Trinidad & Tobago	Cambodia	Bolivia
Can conflict arise as a result of a feeling of invasion of an individual's space in a different business setting?	✓	✗	✓

Note: the ticks denote yes, and a cross means no.

In Trinidad, participants indicated that expatriate staff's approach to personal space was important. When queried about whether a conflict could arise if a person feels their personal space is 'invaded' in a different business setting, expatriate managers and staff all confirmed that they saw personal space as essential, and reported a tendency to feel their personal space invaded. As the interviews progressed, it became clear that a certain amount of touching or other form of physical contact was acceptable. Responses from the Trinidadians, in contrast, considered physical contact absolutely normal. Physical contact was not associated with hierarchy and/or position. They conveyed that they found expatriates to be 'cold' at the beginning until friendships were developed.

In the case of Cambodia, the results were less straightforward. This is because of the varying nationalities and cultural backgrounds within the World Bank. However, interviews with The World Bank staff revealed that generally, attitudes towards space have a more 'Anglo-Saxon' perspective. What this means is that, although personal space is not seen as a specific cause of conflict, space is generally considered significant. When Cambodians were interviewed, the results were different in so far as they did not see space as an important factor, and consider physical contact normal. Although the transcultural and trans-geographical interaction was ultimately unsuccessful, the cultural conflict indicator of space did not play a major role in this failure.

The Bolivian case study results are very similar to Trinidad relating to personal space. At the beginning of the contract, expatriate managers and staff agreed that personal space was an important cultural dimension. When the USA, French and Bolivian managers and employees were interviewed, the USA and French managers clearly stated the importance of space initially. Further interviews revealed that as the contract evolved some of these attitudes towards personal

space softened. Participants from the Bolivian side suggested that part of the mistrust that developed between the expatriate staff and the locals was because locals felt that expatriates were aloof and unapproachable. However, this unapproachability was not necessarily due to an issue of space per se, but rather a feeling that the expatriate managers were not part of the community, nor did they wish to integrate into the community.

5.8.5 Material Possessions

Literature review: This indicator relates to material possessions, and the importance individuals of different cultures attribute to physical or material possessions. This is important because cultural conflicts may occur due to different appreciations related to material possessions and the importance a given culture ascribes to a person with whom she is doing business. For example, an individual who considers material possessions important will look to do business with the person of the right 'stature'. This stature is determined by the amount of material possessions that individual has. Thus, I stress the importance given to material issues such as the size of the office, the way a person dresses, the car one drives, etc. as a means to measure success and therefore indicate stratification. The question this indicator answers is, are material possessions a measure of success?

Tinsley and Brett (2001), and Huff and Kelley (2005) argue that the value apportioned to material things is part of the multi-layered behaviour in different cultures. Hofstede (1980, 2001, 2006) deals with the importance of material possessions through an indicator he calls masculinity. This indicator measures dominant values in society such as material possessions and money at one end of the spectrum and.at the other the dominant values are caring for others and

quality of life. This end of the spectrum Hofstede calls 'femininity'. In his studies, countries with a high masculinity index place great importance on earnings, recognition and advancement. Individuals are encouraged to be independent decision-makers, and achievement is defined in terms of recognition and wealth. The workplace is often characterised by high job stress. Within these types of companies, managers believe that their employees have to be kept under some degree of control. Korea and Japan are examples of this. Countries such as Norway, Denmark and Sweden have, according to Hofstede (2001), a low masculinity index. These cultures tend to place great importance on co-operation, a friendly work atmosphere and generally try to provide as much employment security as possible. These cultures favour small to medium-scale companies, place great importance on the conservation of the environment, and provide certain services to employees such as health care, day care and meals for their employees. A further study by Gelfand et al. (2002) confirms some of these notions such as the fact that certain cultures apportion particular importance to the size of their office, besides other material possessions. For example, in Singapore material possessions have become a differentiator within society. Individuals place great importance on status symbols such as the way a person dresses (clothing and accessories' brands are important), the car a person drives, etc. Moreover, in Singapore, it would be inappropriate for a company trying to do business to locate its office in a district of the city that is perceived not to be a desirable area. Office location becomes a key differentiator of desirable companies to provide services or as employers.

Application to case studies:

The table below shows the two critical questions related to the cultural conflict indicator of material possessions and the results of its application in the three case studies.

Table 8.   Material Possessions Checklist

Material Possession	Trinidad & Tobago	Cambodia	Bolivia
Are material possessions considered important?	✓	✗	✓
Is the way you dress, size of office, car and other material possessions a gauge to success? If so, to what degree?	✓	✓	✓

Note: the ticks denote yes, and a cross means no.

The interview of expatriate participants in Trinidad confirmed that material possessions were considered important. As has been mentioned previously, one of the reasons for most of the team to come to Trinidad & Tobago was because they were looking to enhance their pensions. It can thus safely be concluded that material possessions (at least in the form of wealth or money in a bank account) were an important driver for the expatriate team. The interviews with both the expatriate and local staff revealed an underlying conflict related to material possessions. This referred to the allocation and use of company cars. My research revealed that it was company policy to provide cars depending on the grade of the expatriate managers. Subject to a given grade or hierarchy, a specific model of car was allocated. This created a visual hierarchical and status differentiation not only between expatriate staff and managers but also with locals. The make

and model of the car each expatriate was driving would indicate the status and importance of that individual. In discussions with the Trinidadian staff (even those staff that worked for the British company but were Trinidadians), the allocation of cars was a major source of contention. This was because the vehicles had become the distinguishing feature between managers, but local managers were not eligible for such vehicles. What that meant is that some local managers, despite having the same rank as expatriate managers did not have the same vehicle. During the interviews with the British managers, I enquired whether they were aware that such car policy (and therefore material possessions) was causing conflict. Interestingly, only the CEO, Mr David Stiggers, referred to this as a problem. No other manager thought it was important. Interestingly, during the interviews, I also asked about other material possessions that were considered important. The results were quite different between British managers and Trinidadians. Unlike their Trinidadian counterparts, British managers did not regard material trappings such as the size of the office as important. Trinidadians, both managers and staff, identified themselves as giving great importance to material possessions. For them, using material possessions as a means to create hierarchical distinction was normal. When asked about this, they confirmed that in their society and culture, they considered material possessions as a means of stratification and thus differentiating between individuals. This is an interesting point to note as Trinidad & Tobago is a multi-racial country which is not necessarily divided along racial lines, but rather through socio-economic and material stratification.

In the case of Cambodia, the participants confirmed that both The World Bank and Cambodian culture did not regard material possessions as important. Accordingly, it was not evident that this cultural conflict indicator could be the source of any conflict nor that it was the cause of the failure of the transcultural

and trans-geographical business interaction. In the case of the World Bank, interviews revealed that generally, material possessions were regarded as less important. When participants were questioned about this fact, staff agreed that they are working for a development bank and, whilst remuneration is important, it does not constitute the primary driver for their involvement. With such statement, one can conclude that they are not only driven by money and material possessions. When Cambodians were interviewed, it was harder to reach a categorical statement as to whether they considered material possessions important. Some of the participants appeared to provide slightly contradictory responses, in so far as they said that they were not motivated by material possessions, yet one could observe from their dress, size of office, type of watch, etc., that material possessions were indeed important.

In the particular case of the Bolivian example, interviews with both expatriate and local managers and staff suggested that material possessions as a representation of power were felt to be important for the Bolivians but not for the American or French. When questioned individually, the French, in particular, appeared to be less concerned about material possessions although remuneration was considered a high priority. American participants regarded material possessions as generally less critical but with a need for material status symbols such as a big office, fancy company cars, etc. This view was similar to Bolivian participants who apportion great value to the overall material aspects that they consider are an essential feature of power. What this means is that if you are a powerful person, you should have a big office, should dress in expensive clothes, drive an expensive car, etc. It was interesting to note from the various discussions with both managers and stakeholders, that Bolivian society is highly stratified. Such stratification comes from colonial times in which anybody with Spanish heritage was considered superior. Even today this remains. Furthermore, there

is a strong materialistic orientation driven by social stratification and class regimented by caste (Indigenous people vs. mestizo[9] vs. Spanish/European), which manifests itself in material possessions. The rich typically are either mestizo or Spanish/Europeans.

5.8.6   Control of the Environment

Literature review: In this indicator, I look at how strong the need is within a given culture to have control over one's environment. It is necessary to distinguish between what is meant by 'environment' and 'control'. By environment, I mean the surrounding area and conditions in which a cultural interaction occurs. It refers to the setting and background, and other surrounding conditions which may be the locale itself, for example, its physical characteristics, geographical position and/or the associated working conditions (e.g. lighting, whether or not space is cramped, etc.). But physical conditions or features of the environment are not the only things at play: control is about an individual's ability (or inability) to exert influence or control over that environment or situation. At the core of the notion of control of the environment is an individual's desire to avoid unexpected situations and therefore avoid ambiguity or uncertainty. In the context of my research, this refers to the likelihood of conflict arising from the need to control the immediate business setting (which in my indicator I refer to as environment) and borrows from a concept first introduced by Hofstede (1980), which he terms uncertainty avoidance. This represents the need and/or ability of the individual to control and/or influence the surroundings and avoid situations that are out of immediate control or influence. Hofstede defined uncertainty avoidance as the extent to which people feel threatened by

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[9] Mestizo refers to the combination between a person of Indigenous and European origin.

ambiguous situations and have created beliefs and institutions that try to avoid these. In other words, individuals seek a sense of order, stability and predictability. It is up to a particular society to control individual behaviour by imposing rules, regulations and norms to ensure acceptable social behaviour. Thus, he introduced the concept of control of the environment and the need for an individual to sway that environment. Further, the GLOBE project (House et al. 2004) revealed that there are similarities and/or differences in attitudes, values and practices within different societies and that this leads to differences in how each group controls its environment. This work built on the findings by Hofstede (1980), Schwartz (1994), Smith (1995), Ingelhart (1997) and others. Thus, they defined uncertainty avoidance as "the extent to which a society, organisation, or group relies on social norms and procedures to alleviate unpredictability of future events" (Hoppe 2007, p.1). The GLOBE study concluded that countries with people that do not like uncertainty tend to have a high need for security. They believe in experts and their knowledge. Sample countries with 'high uncertainty avoidance' are Germany and Japan. They claim that these countries are characterised by placing importance on structuring organisational activities, written rules, less risk-taking by managers and lower labour turnover. Conversely, the GLOBE project defined cultures with low uncertainty avoidance as those that employ people who are more willing to accept risks that are associated with the unknown. Examples include Denmark and Great Britain. Thus, low uncertainty avoidance societies have organisational settings of less structured activities, fewer written rules, more risk-taking by managers and higher labour turnover. Companies and organisations within this classification encourage personnel to use their own initiative and to assume responsibility for their actions. Anderson & Adams (2015) looked at the concept of uncertainty avoidance through the x-axis between relationship on the left-hand side and task orientated on the right-hand side. The greater the focus on task orientation and achievement of results the higher the need for control.

In trans-geographical and transcultural situations, conflicts may arise when, for example, individuals from a given culture which are accustomed to having a high need to control the environment are operating in one that does not regard complete certainty of the surroundings as a critical element for success. Similarly, an individual or a company's need to avoid uncertainty will condition the approach to a given situation and its level of 'risk'. For example, DeVoe and Iyengar (2004) looked at the perspective of supervisors on the role of their subordinates in four different countries and found that certain managers valued controlling the environment as an important factor to motivate employees more than others.

Application to case studies:

Table 9 below shows the question related to this cultural conflict indicator as well as the results of its application in the three case studies.

Table 9. Control of Environment Checklist

Control of Environment	Trinidad & Tobago	Cambodia	Bolivia
Does a conflict arise due to a management style that avoids uncertainty and associated risks by seeking to control the environment?	✓	✓	✓

Note: The ticks denote yes, and a cross means no.

Interviews with staff revealed that one reason for conflict was the management style (that wishing to control the environment). The Trinidadian participants attributed the causes of such conflict to the fact that most senior managers were Anglo-Saxon. In the Trinidadian's view, Anglo-Saxon managers tend to want to

control the business environment as a means of reducing risk and uncertainty. For example, British managers were keen to understand the exact condition of all underground assets through precise asset condition surveys, something that the Trinidadian managers knew might be desirable, but was unlikely to be achievable in a short period of time. Asset condition surveys are used by water and wastewater utility operators as a means of quantifying and qualifying the exact state of the underground assets. This implies a detailed analysis of the exact age and condition of the underground assets. While this is an ideal situation, undertaking such asset surveys takes time and money. In the case of Trinidad & Tobago, such asset condition surveys were not present. My interpretation of this is that the British company had a specific management style that it regarded as a critical and important risk mitigation tool. Another example was the Trinidadian manager's attitude to managing risk. They were accustomed to a tumultuous political environment where uncertainty needs to be managed on a daily basis. When interviewing Trinidadians, it was clear that this attitude towards risk and control of the environment permeated their everyday approach to business. When probed further, participants recognised that it was impossible to control the environment and adaptation and modification of behaviour was the best way to manage uncertainty and associated risk.

In Cambodia, although both The World Bank and Government were used to managing uncertainty, the parties failed to reach an agreement. The various interviews with different stakeholders suggested that one possible reason for such failure was the World Bank's desire to control the environment in which the loan would be disbursed. My discussions with Dr Gu, the task team leader for the World Bank, revealed that the team (as well as senior management) had serious reservations about the ability of some of the line ministries to implement and execute the loan. Furthermore, my investigations about the relationship

between the Government of Cambodia and The World Bank Group revealed that a few years earlier, one of their projects had been involved in allegations of corruption. Although nothing was proven, Dr Gu conceded that this past baggage did heighten the nervousness and apprehension of The World Bank team and management. The interviews with the Cambodian government counterparts revealed that the government was frustrated with the lack of speed and caution with which The World Bank was proceeding. When I probed further during the interviews about this sensitive topic, it became apparent that the World Bank's desire to control the environment became a major stumbling block for the transcultural and trans-geographical business interaction to succeed. A senior government official (who did not want to be identified) expressed that the government felt that this need for control by The World Bank was impinging on their sovereign rights to govern themselves.

In Bolivia, interviews with expatriate managers and staff revealed that both the American and French staff came from respective organisational cultures that regarded controlling the environment in which they operate as key to their success (Thorpe 2015). Control was therefore seen as a key risk mitigation tool. As with Trinidad, Bolivia has a turbulent history. Accordingly, they are expected to manage risk practically on a daily basis, and therefore regard adaptability as the critical characteristic required to control the environment. This indicator showed a clear distinction between the two cultures. In contrast, Bolivian participants recognised controlling the environment is not always possible. Their attitude to risk was therefore shaped by an ability to shift and manoeuvre when unpredictable situations occurred. They recognised the need to adapt and were also happy to accept certain situations in which they have no control.

5.8.7 Perception of the execution of Power

Literature review: This indicator seeks to assess the way in which individuals perceive power and how it is exercised in a given cultural context. This indicator is primarily based on the studies on how conflict may occur when different organisations exercise power. This is distinct to the indicator related to control of the environment where the notion is one of looking to reduce uncertainty through controlling the surroundings and its associated characteristics. Indeed, one could argue that the way power is wielded in an organisation can reduce uncertainty but in this indicator we are concerned with whether a conflict may arise as a result of how power is observed by individuals within a management structure <u>and</u> the type of structure within an organisation where more or fewer levels of supervision is required (i.e. how hierarchical an organisation is). Morgan (1986), Hofstede (1980, 2001, 2006), and more recently the GLOBE project explore precisely this subtle distinction in their research. Morgan (1986) suggests that the way in which power is applied in a given culture depends on what he calls 'power levers'. These power levers are the mechanisms individuals use within an organisation to exert influence and control and which can be employed either separately or in combination in order to exercise power in an organisation. By understanding power levers, we can understand the power dynamics within an organisation, and identify the ways in which individuals in an organisation attempt to exert influence. Hofstede (1980), through the concept of power distance, examined the extent to which less powerful individuals within an organisation or cultural context accept that power is distributed unequally. Kakabadse & Ludlow (1987) looked at the differences in culture that arise as a result of how power is exercised within them: power, role and task culture organisations. A power culture organisation is typified by a strong central source of power (this would include for example an organisational structure whereby an entrepreneur or a small group exercises a lot of control within the organisation). A role culture organisation is where the definition of roles, functions and rules

predominates, and therefore power is strictly circumscribed through people's job descriptions with little left to intuition or innovation. Formal communications systems and patterns are defined, as are procedures for reporting up and down the organisation. Javidan & Carl (2005) compared Canadian and Taiwanese companies suggesting that Taiwanese companies had high power distance given their monolithic organisational structure, formalised communication systems and strong adherence to hierarchy. In contrast, task culture organisations are based on the need to solve new problems and to innovate. Work is often carried out in teams, where continuity and functioning of the team is paramount. Teams are established quickly and on an ad hoc basis, with no formal working relationships or structures of communication. Examples of these types of companies are Internet start-ups such as Amazon and Google. Nelson (2003) and House et al. (2004) and Chhokar et al. (2007) through the GLOBE project, further examine the notion of power, authority and its use within a given cultural context by undertaking a number of studies of different companies in various countries. Thus, these studies' results confirm that countries in which people blindly obey orders of their superiors have high power distance. However, in societies with high power distance, strict obedience is found even at the upper levels. Organisations will tend to be centralised and have tall organisation, i.e. structures that are highly stratified and hierarchical. Examples of these include Mexico, South Korea and India. Organisations in high power distance countries will have a large proportion of supervisory personnel and the people at the lower levels of the structure will often have low job qualifications. In contrast, organisations in low power distance countries will generally be decentralised, rely on greater delegation of power between layers of management and thus have flatter organisation structures. These organisations will have a smaller proportion of supervisory personnel, and the lower strata of the workforce will often consist of highly qualified people. Examples of these are Netherlands, Scandinavian countries and to a certain extent British organisations.

In the context of trans-geographical and transcultural situations, conflicts may arise when different power structures clash. This basically means the way individuals coming from a particular power structure (whether it is highly stratified or not) apply power within a given culture, and whether this may give rise to disputes, dissatisfaction or inefficiencies in achieving the desired objectives. For example, in a culture where power tends to be concentrated in one or two individuals (i.e. power is not distributed equally), a conflict may happen if a person who is used to a low power distribution (i.e. power is spread equally). This power concentration means that she has to ask for permission to do duties she considers are within her scope of work. Conversely, individuals used to high power concentration structures, when placed in situations where power is distributed equally amongst managers, may feel that this lack of power focus does not provide sufficient guidance and direction, thus not allowing them to perform at their maximum. DeVoe and Iyengar (2004) examine cross-cultural differences related to the acceptance of power structures using samples from six countries in North America, Asia and Latin America. They find that conflicts related to power can be avoided if, for example, both parties recognised that for North American managers, employees require less formal structures to motivate them their Latin American counterparts. This same fact was observed in the Mexican case study example part of this study, where Mexican managers and their British equivalents felt that the organisational structure developed for the local company was too flat. Instead, a structure that was a happy medium, i.e. not too stratified but with sufficient layers would have satisfied the British flat management structure but reconciled with the Mexican managers' need for a more hierarchical structure.

Application to case studies:

Table 10 below shows the questions related to this cultural conflict indicator as well as the results of its applicability in the three case studies.

Table 10. Relationship to Power Checklist

Relationship to Power	Trinidad & Tobago	Cambodia	Bolivia
Do conflicts arise as a result of how power is perceived by individuals within a management structure?	✓	✓	✗
Is a highly stratified organisation with high levels of supervision required?	✓	✗	✗

Note: The ticks denote yes, and a cross means no.

In Trinidad, both participants recognised the importance of power (i.e. in the words of Hofstede both recognised high power distance). The interviews revealed that for the expatriates as well as for the local managers and staff, power and hierarchy were considered essential. For example, interviews with the British managers suggested that expatriate managers saw themselves empowered through the contract and not through the management structure per se. In other words, some of the conflicts that arose were due to the how power is perceived within the management structure. Another example was the tense relationship between the Board of Directors (representing the government) and the expatriate managers. The perception of power by the different actors in the contract was a major source of contention. The Board of Directors saw itself as the primary source of power within the management structure, and to whom the expatriate managers had to be responsive, whereas expatriate managers felt that

daily decisions should be delegated to them and that the role of the Board was to ensure contract compliance. In my discussions with one of the Board Members (who wished to remain anonymous), the board felt that the expatriate managers were obliged to come to them for basic operational decision making. Thus, it can be concluded that the way in which power was allocated within the management structure was inefficient and not conducive to a successful business interaction. The other interviews I undertook looked specifically at whether or not there was a highly stratified organisation requiring high levels of supervision. Interestingly enough, all participants (expatriate managers and staff as well as Trinidadian managers and employees) agreed that the company had and indeed needed a highly stratified or hierarchical structure. When probed about whether this stratification also required high levels of supervision, all parties agreed that it did. In particular, Trinidadians confirmed that flat management structures were not understood or felt to work. Participants continuously made reference to the importance they ascribed to an individual's understanding of where they fit in an organisation. Further, Trinidadian participants, unlike the British, believed that working within a formal structure is important as it provides clarity of direction of the business and unambiguous authority (and therefore decision making).

In Cambodia, the interviews suggest that conflicts arose as a result of how power was perceived. This is because although the transcultural and trans-geographical business exchange was not within a given management structure, the way in which power was seen by individuals within the business exchange gave rise to problems. Participants suggested that The World Bank is a very hierarchical organisation and as such decisions are subject to a detailed and cumbersome procedure. In particular, it was interesting to note that the Cambodians saw the Bank staff as being fearful of taking decisions. As mentioned previously, this was due to the fact that there had been some corruption allegations in the past, and therefore World Bank management did not want to 'expose itself'. Furthermore, when I enquired about the level of stratification in the World Bank, and whether

or not high levels of supervision were required, all participants confirmed that this was the case. This implied that the task team was leading the conversations with government, but had, in practical terms, little ability to manoeuvre. This fact was made clear by Dr Gu, the task team leader for the World Bank. When seeking clarity about the relationship to power seen by the Cambodians, participants saw World Bank employees as powerful because they belonged to the institution. They assumed (wrongly) that Bank employees had decision-making powers and were frustrated by the fact that all decision making was referred back to Washington D.C. When probing about their own approach to power and related hierarchy, the Cambodians themselves recognised a highly stratified decision-making process. It is interesting to note – and rather ironic – that the Cambodians' frustration of The World Bank being slow to make decisions nor being empowered, reflected their own limitations. Further probing also revealed that for the Cambodians (as for the World Bank), power was exercised by position, and top-down decision-making was normal.

In the case of Bolivia, the relationship to power and how individuals within the existing management structure perceived it was a source of conflict. Here it is important to make a distinction between the Bolivians that were partners in the joint venture with the American and French companies. The interviews revealed that this was because American and French managers regarded power as something that was earned, whereas Bolivians felt that power is not necessarily earned but simply exists by appointment, favouritism, etc. This was difficult for Americans and French to come to terms with and required them to modify some of their behaviour particularly recognising that their Bolivian partners had been appointed to senior management and other positions on the basis of favouritism and not necessarily skill or expertise. Both expatriate and locals recognised a high power distance, with decisions made based on position in a top-down way. Other interviews revealed that both expatriate and locals (other stakeholders not part

of the joint venture company) recognised the need for a highly stratified and hierarchical management structure. In discussions with different stakeholders, it became clear that all parties regarded the need for high levels of supervision as a means of avoiding conflict.

5.8.8   Leadership Style

Literature review: This indicator looks at different leadership styles and how this may be a root cause of a conflict. Leadership styles can range from the consultative and persuasive on one end of the spectrum to a domineering, dictatorial and non-consultative on the other. Noticeably, there is a relationship between the cultural indicators of uncertainty avoidance (what I call control of the environment), and perception of the execution of power and leadership. Control of the environment relates to trying to reduce uncertainty in any given situation. Perception of the execution of power relates to the way individuals recognise power and thus seek to identify whether controlling the surrounding and its associated characteristics are deemed important in a cultural exchange. It relates primarily to the structure of the organisation in question. Leadership style is the manner in which power can be exercised as a means of reducing uncertainty (or controlling the environment). Attitude towards leadership looks at specific behavioural issues for an individual to be considered a good manager within a cultural context. Accordingly, this cultural indicator responds whether the type of leadership style leads to potential conflicts? In some instances, for example, there may be a highly stratified organisation (identified under the perception of the execution of power indicator) with a leadership style that is nevertheless consultative.

This indicator builds on work by Argyris (1973), Myers (1980), Kotter (1982), Buono (1990), Early & Erez (1997), Baumeister (1999), Giacobbe-Miller et al. (1998), Javidan & Carl (2004) and Chhokar et al. (2007). Myers (1980) pinpoints that leadership traits consist of certain dominant character features displayed by individuals. These may manifest themselves in features such as confidence and assertiveness and may well be complemented by other traits such as intuition. In research by Kotter (1982) and Buono (1990), leaders are described as being individuals who generally have a positive attitude and see themselves as problem solvers. Baumeister (1999) argues that the way a leader is perceived and considered an effective leader or not will be dependent on previous experiences and future expectations. Bennis (1991), in a study of 60 American managers that were considered to be 'true leaders', defines leaders as people who do the right thing. Early & Erez (1997) posits that leaders are agents of change, have courage, are outspoken, believe in people, are value driven, life-long learners, self-reflective and adaptive, visionary and can deal with complexity, ambiguity and uncertainty. The Army Leadership Field Manual (U.S. Department of the Army FM 6-22 2006, p.1-2) defines leadership as "the process of influencing people by providing purpose, direction, and motivation while operating to accomplish the mission and improve the organization". Chhokar et al. (2007) dealt with leadership in the context of a cultural indicator called assertiveness, which looked at the degree to which individuals are assertive, confrontational and aggressive in their relationships with others. They define an outstanding leader as a person who is exceptionally skilled at motivating, influencing and enabling individuals or groups to contribute to the success of the organisation or task. The GLOBE project data set that looked specifically at leadership traits (Den Hartog et al. 1999) analyses responses of about 17,300 middle managers from 61 countries. Results suggest that regardless of nationality and/or culture there are certain traits that make good leaders and introduce the notion of 'universality' in transformational leaders. Thus, they conclude that perceptions of outstanding

leadership are universally endorsed. Javidan & Carl (2005) confirm this notion of 'universality' by comparing Canadian and Taiwanese leadership attributes that proved to be similar in both countries. Anderson & Adams (2015) assess leadership attributes in two axes. The horizontal axis defines task and relationship, recommending that a leader's effectiveness may be explained by how well they manage tasks and how well they manage relationships. Effective leaders are those who accomplish tasks and establish great relationships. They concluded that no other combination of variables better accounts for a leader's effectiveness.

In a trans-geographical and transcultural situation, conflicts may arise because staff accustomed to a given leadership style (for example a consultative style) may feel that, when this style does not occur, it might be perceived as autocratic or dictatorial, stifling innovation and demotivating staff. For example, Niles (1999) compares Sri Lankan and Australian individuals and whether their different styles of leadership could lead to conflicts, concluding that Sri Lankan individuals tend to respect and follow their leaders without confronting them. Javidan & Carl (2005) explore examples related to leadership and associated conflicts. They compare Canadian and Taiwanese leadership attributes trying to identify those that were common in both cultures. Their inference is that leadership attributes not common to the two cultures might lead to possible cultural conflicts.

Application to case studies:

Table 11 below shows the question related to this cultural conflict indicator and the results of its application in the three case studies.

Table 11. Leadership Style Checklist

Leadership Style	Trinidad & Tobago	Cambodia	Bolivia
Does the type of leadership style lead to potential conflicts?	✓	✓	✓

Note: The ticks denote yes, and a cross means no.

The expatriate managers interviewed in Trinidad made reference to a notion of leadership as a consultative process, non-dictatorial and essential for direction, business development and practice. Trinidadian participants showed a high regard for hierarchical organisations and therefore a hierarchical leadership style. Thus, the interviews of both parties suggested that the type of leadership style could potentially lead to conflict as each party had a different appreciation for the kind of leadership style with which they felt comfortable. In contrast, in Cambodia, the interviews showed that attitudes towards leadership were different between The World Bank and the Cambodian government teams. Investigating the issue of leadership further, the interviews suggested that World Bank managers and staff did not regard leadership as an individual trait but rather something that should be arrived at in a consultative manner. Cambodians recognised the importance of hierarchy and leadership coming from the top. Conflicts arose between the Cambodians and The World Bank as the

Cambodians were frustrated by the Bank's consultative style of leadership. My discussion with a senior government official revealed that in one particular instance when Government wanted to change the geographical area where the funds were to be used, Cambodians felt that the World Bank's consultative style displayed prevarication and weakness.

In Bolivia, expatriate managers responded that leadership style was significant. In their view, leadership must be respected. The discussions about 'strong leadership' were explained as the importance of having a CEO with a strong personality and specific leadership characteristics. They defined these as someone that was not afraid to take decisions (even if not the right ones), had the courage of their convictions, and was somebody whom people would look up to. From this, it could be concluded that they ascribed success to the need for an inspirational and strong leader. The interviews with the Bolivians (the partners of the joint venture company and government counterparts) also respected hierarchical structures and strong leaders. One can conclude that because appreciation of a common leadership style was shared between the expatriates and the locals, no conflicts arose. It is worth noting here that, when interviewing the Bolivian government counterparts, they ascribed the same characteristics of strong leadership as one of the reasons that discontent within the population escalated into full-scale riots. When conflicts arose concerning the rationale behind the contract to provide water and energy services to the region of Cochabamba, participants suggested that one of the contributing facts to the riots was that local leaders with strong charisma were able to mobilise the local population against the private service provider and its staff. When I queried expatriate staff about the leadership style during the riots, they unanimously reported being grateful to their CEO, who was able to act decisively to protect staff and their families.

5.8.9 Attitude towards Written Agreements

Literature review: This cultural conflict indicator seeks to determine the importance a specific group ascribes to agreements in terms of being binding and not open to discussion or change. The literature review suggests that there is a need for societies to have some form of agreements as a foundation for development (Hall 1969; Gelfand et al. 2002). This foundation may be specific rules (such as laws and regulations) and may include unwritten moral practices and informal customs to which everyone conforms. Jackson (1991) advocates for a specific framework of rules, culture and social structure in which people live and work, and that written agreements are a systematic way in which these concepts can be distilled. Gelfand et al. (2002) and Chhokar et al. (2007) review the importance of written agreements by determining the extent to which a society, organisation or group relies on social norms, rules and procedures to alleviate unpredictability of future events. It is important to make reference here to the indicator of control of the environment (or uncertainty avoidance). As the literature review suggests, agreements, especially formal agreements, are an instrument to control uncertainty (Chhokar et al. 2007). But, in the indicator of attitude towards agreements, we looked not at whether uncertainty is reduced by the agreement itself (be it a formal written one or informally agreed upon norms and actions) but rather at how the cultural practitioners (i.e. those individuals involved in the cultural exchange) consider such agreements and the binding nature of those formal or informal agreements.

In trans-geographical and transcultural situations, the value culture gives to agreements has been widely acknowledged. Recently, the Argentina sovereign debt negotiation with a group of the main international lenders (including the IMF) is an interesting example about the value that a country has apportioned to agreements (see The Economist, October 4-10, 2014). The government of

Argentina was hoping that the agreements it had arrived at with some of its debt holders would be a *starting point* for other negotiations with other lenders that had not accepted the original terms (the so-called 'holdouts'). The holdout lenders interpreted the provisions of the *original* debt as the language that should be enforced, and that the position that was being offered was not consistent with the initial conditions of the agreement under which they had lent money to the government in the first place. In contrast, Argentina regarded the new terms of the accord as a starting point for negotiations. This is an example of how one culture regards its contractual obligations and their enforceability.

Application to case studies:

The table below shows the question related to this cultural conflict indicator and the results of its applicability in the three case studies.

Table 12. **Attitude towards Written Agreements Checklist**

Attitude towards Written Agreements	Trinidad & Tobago	Cambodia	Bolivia
Is a written agreement seen as binding or does it constitute only a reference or starting point and can this lead to conflict?	✓	X	X

Note: the ticks denote yes, and a cross means no.

In Trinidad, there was a dispute related to the payment by the government for an extension of water services to a specific region. At issue was the fact that the contract said that it would remunerate the British contractor for the extension of water services to a specific region in the City of Port of Spain. The government wanted to extend services to another area (still within the City of Port of Spain) but that in fact – according to the Operator – was more expensive to provide services to. The government felt that the attitude of the British managers towards the contract was too rigid and that this strict interpretation made the contractual relationship unduly confrontational. During the interviews with public officials, their understanding of the agreement was that it could be modified to suit the circumstances and that the British company should be flexible to respond to their needs as they arose. Clearly, this finding was in sharp contrast to the view held by British managers and staff who regarded the contract as a traditional civil works contract in which any modification had to be dealt as a contractual variation which should be compensated for. British interviewees saw agreements as the cornerstone of the business relationship and once an agreement had been reached this should not be changed. My discussions with senior staff and in particular with the CEO of the British company Mr David Stiggers revealed a slightly puritanical approach to contracts that even surprised me. Their view was that the contract was sacrosanct and if changes were needed this should be done by lawyers and would thus constitute a formal renegotiation of the terms of the agreement. In reality, my own view is a more accurate appreciation would be to provide for flexibility in the contractual arrangement which can appropriately address the changing nature of operating a water and wastewater utility. Unlike a traditional construction contract, this is a longer-term contract where all aspects cannot realistically be incorporated into it, and therefore a degree of flexibility will be required from both parties if the arrangement is to succeed.

In the case of Cambodia, a similar cultural conflict arose because of the attitude towards written agreements. The interviews revealed that The World Bank regarded written agreements as rigid and non-negotiable. Furthermore, when I researched the way in which The World Bank executes its loans, it became apparent that such agreements are made between the sovereign government and The World Bank, even if a sub-national entity were to be the implementer of the loan proceeds. This was a cause of conflict: the sub-national entity responsible for implementing the project (and ultimately using the proceeds of the loan) was not involved directly in negotiations. The negotiations between The World Bank and the Government were done by the Ministry of Finance. My interviews with Dr Gu acting on behalf of The World Bank confirmed that this was a major source of conflict. The written agreement only made reference to the sub-national entity as a project implementer. Furthermore, responses from government staff interviewed seemed to suggest a lack of understanding of the way in which The World Bank operated. For example, when I asked them whether they felt that the agreement was binding and therefore inflexible, most participants felt that the agreement with The World Bank was meant to provide a framework under which the proceeds of the loan would be disbursed. This could not be further away from the reality. Interviews with The World Bank staff confirmed that in fact there was little flexibility in making changes to an agreement and that they tend to be very strict in the interpretation of the agreement. If any material changes are needed, these will require formal approval from the World Bank's senior management[10].

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[10] This is according to the Standard Operating Procedures of the IBRD. See http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf

In the case of Bolivia, the responses received confirmed that the international consortium had a very rigid interpretation of the contractual agreement. What this meant is that they saw the agreement as the basic instrument by which all their rights, roles and responsibilities were defined. When I asked interviewees whether they saw the agreement as a reference or starting point for a business relationship, all participants confirmed that they saw it as an immovable set of arrangements. Ultimately this rigid interpretation of the notion of an agreement was what ultimately led to the collapse of the contractual agreement. The expatriate staff went about blindly applying what it saw as its 'contractual rights' without due regard to political and social sensitivities. This view was confirmed throughout the various interviews with government counterparts and a particular senior government official who did not want to be identified. In the various interviews with the government counterparts, it also became apparent that there was lack of sophistication respecting written agreements. When I probed about the reasons for this perceived lack of sophistication, it emerged that normally in this region agreements were generally verbal, whereby village elders gave their word, and their word was respected. But such agreements were also predicated on the premise of being flexible to circumstances as they may arise. This left Bolivians with a view that a written agreement with an international partner could also be discussed and, if needed, re-negotiated as circumstances demanded. Another important aspect I became aware of through the various discussions and interviews with the different parties to the agreement, was the Bolivian tradition of agreement making, which very formally and deliberately involved the community. My interviews with USA and French senior members revealed, rather shockingly, that little management attention had been given to ensuring that the contract was understood by the public, and explaining to customers and all stakeholders the rationale and objectives of their presence in Bolivia. This view was further confirmed in an interview with a senior government official that conceded that "more could have been done" in this respect.

5.8.10   Locational factors

Literature review: Various authors (e.g. Bada 2003) suggest that the landscape and topography where a trans-geographical and transcultural interaction takes place can affect interactions. Differences exist within given cultures of different regions, topography, religion, climate, etc. It follows, therefore that the cultural conflict indicator of 'locational factors' investigates whether landscape and topography have an influence on behaviour and whether that difference can lead to conflict. Guy & Mattock (1991) argue that the topography of a country has an influence on culture, specifically in its sense of national identity. Geographical, political and historical factors that affect the physical boundaries of a country also impinge on behavioural characteristics.

Application to case studies:

Table 13 below shows the question related to this cultural conflict indicator and the results of its application in the three case studies.

Table 13.   Locational Checklist

Locational Factors	Trinidad & Tobago	Cambodia	Bolivia
Does the landscape and topography in which a cultural business interaction takes place influence behaviour and does that lead to conflict?	X	X	X

Note: the ticks denote a yes, and a cross means no.

The various interviews carried out with both expatriate and local staff and managers in the Trinidad & Tobago case showed that locational factors were not considered an important cultural conflict factor. This is interesting because Trinidad is a small island. Despite this fact, neither the expatriate managers and staff nor the local Trinidadians (both those part of the expatriate staff as well as the government counterparts) felt that the respective locational characteristics, landscape and topography influenced behaviour in a way that led to conflict. As has been mentioned in the previous cultural conflict indicators, a conflict did arise, but nobody attributed the conflict to the cultural conflict indicator of Locational Factors. In the case of Trinidad & Tobago, it is noteworthy to observe that neither the expatriate nor the locals considered the fact that they were both island nations as reasons that might have led to conflict. Similar results were found for both Cambodia and Bolivia case studies. Neither of these could specifically identify any locational characteristic that had a positive or adverse effect on behaviour.

5.8.11   Historical Context

Literature review: This cultural conflict indicator relates to the historical context in which a culture has developed and whether this can lead to potential conflict between cultures (Avruch 1998, Bada 2003, Giacombbe-Miller 2003).

Application to case studies:

Table 14 below shows the question related to this cultural conflict indicator and the results of its application in the three case studies.

Table 14. Historical Context Checklist

Historical Context	Trinidad & Tobago	Cambodia	Bolivia
Does the historical context of a given culture lead to conflicts within a business situation?	X	X	X

Note: the ticks denote a yes, and a cross means no.

Interestingly neither expatriates or local managers and staff, identified historical background as a discernible reason for conflict. In the case of Bolivia, history was perceived to be slightly important by some of the expatriate managers who provided an explanation for the riot based on Bolivia's tumultuous history.

5.9   Cultural Conflict Indicators for Inclusion in CC Framework

As can be seen from Table 15 below, when examining the applicability of the different cultural indicators against each case study, there are a number of cultural issues that kept recurring. For example, the notion of 'Power Perception' was a common and frequent area of conflict in Trinidad, Cambodia and Bolivia. 'Emotional Manifestation' was a source of potential cultural conflict identified in the cases of Trinidad and Bolivia.

Cultural conflict indicators that appeared in at least two of the case studies were deemed relevant to include in the CC Framework. A cross means that that particular cultural conflict indicator did not manifest itself in that case study. For example, when looking at the cultural conflict indicator of topography, it was found that it was not relevant in any of the three case studies. Similarly, historical factors were only found relevant in Trinidad & Tobago and thus appeared to be of little relevance in the avoidance of cultural conflicts.

Table 15. Identifying Cultural Indicators based on Recurrence

Cultural Conflict Indicator	Trinidad & Tobago	Cambodia	Bolivia	To be included in CC Framework
Emotional Manifestation	✓	✓	✗	✓
Attitude towards Time	✓	✗	✓	✓
Individual or Group Orientation	✓	✗	✓	✓
Personal Space	✓	✗	✓	✓
Material Possessions	✓	✓	✓	✓
Control of Environment	✗	✓	✓	✓
Relationship to Power	✓	✓	✓	✓
Leadership Style	✓	✗	✓	✓
Attitudes towards Written Agreements	✓	✓	✓	✓
Locational factors	✗	✗	✗	✗
Historical context	✗	✗	✓	✗

Note: The ticks denote a yes, and a cross means no.

5.10   Data Processing, Analysis and Time-schedule

The process of data gathering was initially done through a desk review of available information. As mentioned earlier, such information was in the public domain and consisted of various reports, including multilateral and bilateral funding agency reports and internal documents, newspaper articles, Internet resources, etc. The qualitative inquiries were made through a series of structured interviews (Rogelberg 2016). These were based on a number of general questions but, depending on the circumstances, I allowed myself certain latitude to explore specific issues that arose. For example, when exploring the reasons why stakeholder consultation was not held in the case of Bolivia, there were no specific questions related to that. I did however use impromptu questions to obtain greater clarification on the results to be reported. The information collected through key informant interviews, in-depth interviews and group discussions were not audio recorded. The reason for this is that when I initially selected the approved different candidates, a number of them expressed some discomfort with being recorded. Therefore, I determined simply to take notes on the main interview topics and events. Several tables were formulated to display the qualitative evidence and to make cross-case comparisons (presented in Chapter 6). In addition, some case histories and testimonies of senior officials (e.g. Government officials, senior managers and CEOs) were briefly summarized and are also presented in Chapter 6.

5.11   Summary and Conclusions

This chapter presented the methodology to identify cultural conflict indicators as well as the rationale behind the selection of the case studies. This chapter concludes by summarizing the nine cultural conflict indicators that are used as the basis for a procedure to avoid cultural conflicts that I call the Cultural Conflict Framework. The CC Framework will be applied in the next chapter.

The cultural conflict indicators have been derived in the following way: Firstly, by summarizing the extensive literature review undertaken in Chapters 2, 3 and 4, grouping references showing their common affiliation in the literature (see Table 1). This constitutes a long list of possible cultural conflict indicators. Secondly, the applicability of this long list is tested against four case studies. Depending on their recurrence within each case study I summarise the cultural indicators that are to form part of the CC Framework. Yet the use of case studies to gain insights into the nature of the indicators to assess the relevance and applicability is often contested by traditional hypo-deductive methodologies. For that reason, the chapter provides a detailed rationale for the use of case studies as a research methodology. It details the pros and cons of using case studies as a research methodology and concludes that case studies do provide a critical role in the empirical cycle as well as a solid foundation within which research can take place (Flyvbjerg 2001). The choice of case studies was based on in-depth knowledge about the particular case study where I, as the researcher, provide explanations and insights based on a deep understanding of the particular context of each case study (Fenno 1996; Mills et al. 2010). This is complemented by available information from various sources such as interviews, written documents, journals and other documents in the public domain. I have taken into account Vanclay et al. (2013) ethical considerations and conclude that whilst

not all of the 18 principles are applicable, others, such as confidentiality and anonymity, prior consent, protecting participants or informed consent etc. do. Other individuals who were interviewed have given their consent to be quoted either directly or indirectly.

The cultural indicator selection was made by assessing each recurrence within the case studies, together with the extrapolations collected from empirical data which further strengthened the rationale for choosing case studies. This approach is consistent with the findings of Haverland & Blatter (2012) and Flyvbjerg (2001). It is important to highlight that some indicators would – at first sight – appear to be similar. For example, the indicators of control of the environment, perception of the execution of power and leadership. Whilst I recognise that these indicators are indeed inter-related, such as in the way an individual exercises power which may reduce uncertainty and therefore implies a greater degree of control of the environment, these indicators are in fact distinct and seek to identify different issues related to possible areas where cultural conflicts may arise. Control of the environment refers to trying to reduce uncertainty in any given situation. Perception of the execution of power relates to the way individuals recognise power within a given organisation. Leadership is the manner in which an individual exercises power as a means of reducing uncertainty (or controlling the environment).

This chapter also clarifies that I do not use quantitative techniques but rather analytic generalisation to make inferences drawn from my case studies that may apply to other situations. Finally, it must be noted that because my study is explorative, there are two important considerations (and some may argue limitations) of my research. The first relates to the weightings of the cultural indicators. At this stage my research is restricted at this stage as the relative

weight of the importance of the indicators is not discussed. All cultural conflict indicators are being treated in essence as equally important. This is a constraint in my research as the indicators are likely to have different weight values which may vary in different cultures. Further assessment of the CC indicators should be considered, and perhaps a rating system developed. Second, testing of the cultural conflict indicators will be required if they are to be used in practice. These two methodological limitations require follow up through other types of research such as surveys, experiments or observations. This follow up research is beyond the scope of this thesis.

CHAPTER 6. APPLICATION OF THE CULTURAL CONFLICT FRAMEWORK

6.1   Introduction

The purpose of this chapter is to apply the framework developed in Chapter 5 to a particular case. The case study selected is that of operating water and wastewater services in Mexico City where Severn Trent Water International Ltd (STWI) – an international water operator based in the United Kingdom was contracted by the government of Mexico City to take over the operation and management of the water and wastewater services for a quarter of the city. The objective of the chapter is to apply and test the CC Framework to a real-life transcultural and trans-geographic business situation.

The chapter starts with Section 6.2 providing an overview of the case study itself, detailing the overall context of the cultural business interaction as well as setting out what was the original rationale for the company in question (STWI) to enter into such business. This case study is based on an actual contract developed and operated by STWI. This contract was in Mexico City and started in the mid-1990s and through its various extensions lasted up to 2008. Some background detail as to the main cultural actor STWI is provided in Section 6.2.1. But understanding the context of which this transcultural interaction took place is important thus I provide the historical and actual contract background. I do this in Section 6.2.2 where the conditions of water service provision in the valley of

Mexico are detailed, and Section 6.2.3 where the contract conditions between the government of Mexico City and the private contract are explained. In Section 6.2.4 I explain in greater detail how the British managers and their Mexicans counterparts were prepared (or not) for possible conflicts before the project started. I chose this case study as it is an example of a business (STWI) that aspires to grow internationally, highlighting the challenges of setting up a business and subsequent operation in a diverse cultural setting. It must be noted, however, that my assessment is ex-post, but its overall intent is to identify through the use of the CC Framework what actions could have been modified or improved upon to avoid cultural conflicts within the business. Thus, the application of the CC Framework is intended to identify what remedial actions should have or where taken to prevent potential cultural divergences that might lead to cultural conflicts. In applying the cultural assessment indicators (Section 6.3), the CC Framework is applied to a real case. I show how the findings from the application of the CC Framework can be used to assess performance, identify potential areas of conflict, and importantly, modify strategies, actions and behaviours (as appropriate) at both the individual and company level to enable successful cross-cultural business interactions.

As noted in Chapter 5, the actual level of detail used in the application of the CC Framework for each case will depend on the specific knowledge of the practitioner as well as the available data at the time. For the case study presented in this chapter, I applied the framework through the perspective of three individuals: one involved in the acquisition of the business (Mr Roe), a person responsible for running the contract (a Senior Manager of STWI that could not be identified for confidentiality reasons) and the Operations Manager of the joint venture company IASA who represented the Mexican partner. This is set out in Section 6.3. In particular, STWI was looking to identify lessons to be learnt from

their Mexico experience to integrate such experiences and thinking into their future business practices. Furthermore, the company was particularly keen to target other major urban centres across the world, which STWI saw as future target markets. Applying the CC Framework for STWI was an additional mechanism by which the company could review its performance ex-post, undertake a detailed evaluation and develop its future international strategy.

The identification of potential areas of cultural conflict within this business interaction, and the assessment of their importance gained from applying the CC Framework is used in my research to (a) demonstrate the usefulness of the CC Framework as a tool to identify areas where cultural conflicts may occur, or where there are areas of similarities that could be built upon to strengthen the transcultural and trans-geographical business interaction; and (b) utilise the findings derived from the CC Framework to inform and assist decision making and development of appropriate strategies for business expansion.

6.2 Mexico Case Study Background

6.2.1 The Leading Protagonist – STWI

Severn Trent Water was a company that resulted from the privatisation of the water and wastewater industry in the United Kingdom in the mid to late 1990's. The company Severn Trent Water derives its name from the two principal rivers in its geographical service area (equally, Thames Water serves the population of London and environs). Severn Trent Water serves customers in the City of Birmingham (United Kingdom) and environs as well as parts of mid-Wales. The total population served in 8 million. This former public utility set up an international division in 1995 called Severn Trent Water International (STWI) and was aggressively looking at becoming an international water and wastewater service provider in the main cities across the world (Severn Trent Plc 2000). It is held by a parent company, Severn Trent Plc, and is listed on the UK stock exchange (FT 100). Although the holding company is a big company, one of the top businesses in the UK, with a strong and well established national water business, it has relatively little international experience. The international experience it has is through its minority ownership of two businesses in the United States and as a shareholder in an existing operating business in Belgium. The experience in the United States was simply as a passive shareholder and not with operational and customer service responsibilities. Its responsibility was limited to oversight of an existing business in a supervisory role. Aquafin BV is an operating company in Flanders, Belgium where Severn Trent Plc, through its international subsidiary, Severn Trent Water International Ltd, holds a minority ownership position. Through the shareholder's agreement, Aquafin management has full management authority, and STWI is represented on its Board of Directors through an STWI Board Member. Aquafin also has the right to request from STWI technical support to be payable at cost.

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6.2.2   The Role of Water in the Development of the Valley of Mexico

The background and historical context of Mexico City provides a good statrting point to understand the business situation STWI found itself in. The development of the water sector in the Valley of Mexico is one steeped in history. Before the arrival of the Spaniards in 1529, the valley of Mexico consisted of a series of lakes interconnected through channels. Water was an integral part of the social structure within the Valley and also served as its communication network. Indeed, the conquest of the ancient Aztec city of Tenochtitlan was achieved not necessarily through military might, but rather through military strategy. At the core of this strategy was the use of the water supply systems into the ancient city of Tenochtitlan as an instrument to gain control and ultimately the capitulation of the city. Hernan Cortes and his generals soon realised that if they could cut off the water supply to the city, they would gain control of their forces (estimated to be around 150 Spaniards accompanied by around 15,000 Indigenous allies) were far outnumbered by the Aztec armies and the population of the Great Tenochtitlan. Tenochtitlan is the name that the Aztecs gave to the City that today is now as the valley of Mexico, the capital of the Aztec empire and which legend suggests was founded in 1325. The city was estimated to have a population greater than 1.5 million, likely to be one of the greatest human concentrations in an urban setting at that time in the world (Sullivan 1997).

The surrender of the city by King Moctezuma was due in the end to sickness and lack of potable water. After the conquest, the strategy by the Spaniards was one of draining the different lakes within the Valley of Mexico. In fact, such drainage has been one of the reasons for the significant subsidence Mexico City has experienced over the past 150 years. Spanish city planners proceeded to the systematic destruction of the old temples and structures replacing them with signs of the new Christian masters. Evidence of this is the fact that the Mexican

Catholic cathedral was built on an ancient Aztec worship temple. However, the discovery of the Templo Mayor during excavations for the new metro line in 1989 has led archaeologists to now believe that the central plaza of the Aztecs is about 450 meters away from the Catholic cathedral (Mundy 1998). The new layout of what was to become the new capital of the New Spain was modelled on the Spanish cities of Madrid, Valencia and Seville. Unlike their Italian counterparts and the old Venetian planners, the Spanish did not utilize the existing system of interconnected lakes that the Aztecs had so masterfully harnessed but instead looked at establishing a traditional land-based urban city.

Under a centralised structure starting from the second half of the 20th century (1948–1983), responsibility for water provision was vested in a Ministry of Water Resources accountable for all aspects of the operation, management, water resources and overall supply and collection. Given the metropolitan area's ever-diminishing aquifer, larger hydraulic projects were designed to provide water conveyance systems, the biggest of which were the Lerma and Cutzamala water conveyancing systems. Of these, the Sistema Cutzamala is the largest and brings water into the city from water resources 130 km away. The Cutzamala System transfers 14.9 m³/s (19 percent of total supply of the water needs of the Valley of Mexico) from the Cutzamala River in the Balsas Basin in the Southwest to Greater Mexico City (Medina 2014). It was initially built in the early 1970s, with the last portions finalised in the late 1990s. What is notable about this system is that it lifts water over more than 1000 meters, through a system of pumping stations (Mandri-Perrott 1995). Decentralisation of the water system occurred in the 1980s whereby the federal government devolved the responsibility for operation management and long-term investment planning to the 32 States across the country. By long-term investment planning, I mean the process by which an entity responsible for the provision of water and wastewater services

has to plan the capital expenditure related to the acquisition, supply, maintenance, rehabilitation and renewal of associated assets. During the 1990s, a central water authority was created (Comisión Nacional del Agua, represented by its Spanish acronym CONAGUA) to provide support to a decentralised structure and to manage the overall water resources. The water decentralisation process delegated responsibility for water and wastewater provision the 32 states. The Federation, through the central water authority CONAGUA has the role of overseer and regulator. These reforms were accompanied in the 2000s by concerted efforts to provide a legal framework and institutional setup that would allow the sustainability of water services in all 32 States including Mexico City through the introduction of a comprehensive tariff structure aimed at full cost recovery in the medium to long-term. CONAGUA's strategy was to gradually introduce a full costs recovery tariff system, i.e. a tariff that would cover the full costs of providing water and wastewater services including collection and treatment and also making allowance for the full amortization/depreciation of capital expenditures (Medina 2014). Policymakers understood, however, that it would be difficult to actually have full cost recovery tariffs from the outset, as this would represent significant increases in tariffs that customers would have to bear. Accordingly, they recognised that the approach to tariff regulation needed to follow a stepwise approach. In practice, this meant tariffs initially only covered the cost of operations and maintenance. Over time, tariffs would be increased to include other costs such as asset replacement and amortization.

The introduction of private sector involvement in the water and wastewater sector of Mexico City started around 1993. This was during the presidency of Carlos Salinas de Gortari (1988-1994), whereby there was a systematic effort by public policymakers to look at bringing in sector efficiencies. Such improvements were aimed primarily at enhanced revenue collection (at the time

water billing and collections were very low, and there was a culture of non-payment) (CONAGUA 1993), the development of a customer cadastre or customer database, coupled with operational and capital investment optimisation. During the interviews held with the Senior Manager of STWI as well as Mr Roe the former Director of STWI as well as with CONAGUA (Ms Gisella Medina), it was explained to me that, for political reasons, it was felt that the government of President Salinas de Gortari would be better placed in starting its water sector reforms in Mexico City, and if successful these could be expanded to the other states. Mr Roe, in particular, was of the view that this was a sound strategy as the population served by Mexico City had the highest population of any other Mexican city. Furthermore, Mr Roe explained that there was a lot of political tension between local politicians of Mexico City and the State of Mexico and that coordinating basic services such as roads was already challenging. In his view, this separation between Mexico City (Mexico D.F.) and the State of Mexico was a wise political move, and therefore fully supportive of the PPP scheme only being based on the geographical boundaries of Mexico D.F. With this in mind, the government of Mexico City (D.F.) launched a series of international bids to attract consortia that would focus on these critical aspects deemed essential policy actions for the improvement in the sustainability of the sector. The strategy to introduce the private sector was predicated on the use of a public-private partnership (PPP) structure whereby the public would partner with the private sector by delegating the responsibility of management and operation to a third party. Notable within the strategy was the idea that these PPP contracts would be 'stepwise'. A stepwise approach is a series of contracts (typically around 10 to 15 years in duration) to be awarded consecutively. Each group of contracts would have a particular risk allocation between the public and private sector aimed at increasing the transfer of responsibility to the private sector gradually as these contracts evolved. Furthermore, fundamental to this strategy of modernisation of the water and wastewater sector of Mexico City was

the notion that international parties would partner with local Mexican groups. At the core of this idea was the authority's belief that for this business to be successful, it required international parties to partner with local Mexican counterpart to enhance the understanding of the cultural settings and business practices of Mexico City. This is an interesting point that was expressed to me when interviewing Ms Gisella Medina of CONAGUA, who had been involved in a working group established at the time by CONAGUA in support of introducing PPPs in Mexico City. Of particular note was the ex-ante recognition by the Mexican authorities and policymakers that doing business in Mexico was difficult (particularly in a sector that was known to be political, with major construction contracts subject to cronyism and other politically motivated actions). Ms Medina confirmed that officials understood very well some of the challenges of the sector and how politicised (and to an extent corrupt) it had become. During the interviews with the Senior Manager of STWI, I asked what he felt about this unambiguous statement that was being made by the Government authorities. His response was that it was a pragmatic approach to doing business and one that he had seen in other international bids in which he had participated. He saw this as a positive move on behalf of the government, recognising that there were inherent difficulties in the water sector and therefore having a good and knowledgeable partner could only be beneficial for the success of the actual PPP contract.

Against this backdrop, the government launched the first of the international bids in which it split the water and wastewater management and operation of Mexico City into four geographical areas. One of those areas was the one that STWI successfully bid for and which is the basis of the application of the CC Framework.

6.2.3   Water Service Business in Mexico City

Prior to the Mexico City contract, STWI had undertaken a number of consultancy type arrangements in which it provided advice on technical and operational issues. STWI had not taken over full responsibility of running –on behalf of a government– the provision of water and wastewater services. STWI's only other international experience was limited being a part owner of a company in Belgium. It must be noted that providing consultancy services is very different from taking over responsibility for water and wastewater services. For one, consultancy services are for a specific function, e.g. advising on how to optimise a water treatment facility. Under this type of contractual arrangement, the private operator is being paid to provide advice and therefore the maximum liability of that contract is the total amount of the contract. In the event of negligence by the private operator, the advice being provided would be covered by the private operator's professional indemnity insurance. In contrast, under a PPP type arrangement for water and wastewater services, the private operator is responsible for the full running of a water and wastewater utility. This involves everything from the employees, to running the day to day operations, planning and mobilising monies for rehabilitations and capital investments. Ultimately, in an extreme case, the private operator may be held responsible for poising customers. Clearly, this risk profile is substantively different to that of a consultancy contract. This point about risk is important as the implications of doing business trans-geographically and the responses that a company and or organisation needs to take, will be dependent on the type of risk they assume.

The Mexico contract was the result of an international bidding process and consisted of providing water services to a quarter of Mexico City. The provision of water and wastewater services in Mexico City had been the responsibility of a public entity called the Departamento del Distrito Federal (DDF) which

delegated the responsibility for water provision only through a Public Private Partnership or PPP. The population served under the proposed PPP agreement was 2.7 million (approximately 390,000 connections). The contract had a potential income for the company of about US$ 20 million per annum (Stiggers 1997). The Mexico deal was the first time this British water operator entered into a PPP agreement. Under the PPP, STWI was responsible for operations, management, government and its own staff and full assets responsibility. The Mexico City case was the first PPP arrangement and involved some new business paradigms for STWI. Firstly, the company was to take full responsibility for operations, maintenance, rehabilitation, planning and capital investment decision-making. Secondly, full asset-cycle accountability was placed on the private operator. Asset-cycle or Life Cycle Asset Management is an integrated approach to optimizing the life cycle of infrastructure assets (Harlow 2016). At the core of this approach is to bring together design, implementation (i.e. construction of new assets), rehabilitation of assets and renewal (including as appropriate decommissioning of such assets although that is not a typical aspect in the water sector). Full asset-cycle allows for the proper planning, analysis and timely execution of all aspects related to the operation and management of above and below groundwater and wastewater (including sewerage) assets through data-driven decision-making to deliver optimum services, including operating and maintenance strategies, organizational structure and staffing requirements, work control/planning and scheduling processes, purchasing and stores processes, maintenance inventory requirements with minimum/maximum stocking levels, and staff development and training plans (Harlow 2016). Placing full asset-cycle responsibilities on the private operator, implied that STWI had to integrate decision-making both from an operational and maintenance perspective as well as capital investment planning. Capital investments in water and wastewater services are typically very high. Revenues derived from customers are insufficient to undertake major investments and therefore require

the private operator to borrow money from commercial banks. This implies not only the risk of operating the business but also the risk of having to repay the commercial lenders the money that has been borrowed, plus at the same time making a profit on the whole business venture. In the case of STWI, the company was a listed company, under a holding company called Severn Trent Plc. listed on the London Stock Exchange. As such, STWI had a profit motivation for its international operations in order to satisfy dividend requirements by its holding company Severn Trent Plc.

As mentioned earlier, one of the conditions of the bidding or tender process for the Mexico City PPP contract, required the private operator to partner with a local firm (World Bank 2000). In the case of STWI, the selection of the local Mexican partner was made in a slightly haphazard way (Roe 2013). STWI recognised that to be compliant with the terms and conditions of the international competitive process they had to identify a partner that met some basic requirements established in the tender documentation. These conditions included a minimum financial capability (defined as a minimum level of turnover and profitability), as well as experience in the implementation of construction programmes[11] (defined as the management of the main civil works that met a minimum threshold value of such contracts) (Gu 2014. At the time, STWI was slightly late in the preparation of its bids. As such, most of the Mexico City-based construction companies had already associated with STWI's competitors. STWI's competitors at the time were mainly the French firms of Vivendi, Suez & Sour, and the British companies of Biwater, International Water Ltd, Anglian

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[11] The actual minimum threshold value was not provided during the interview. I was not able to obtain the official tender documents as these were considered of a confidential nature but it was understood, based on my discussions with Dr Lixin Gu of the World Bank that it is pretty typical for governments to specify in PPP tender documentation a minimum size of contracts by setting a minimum financial value.

Water Ltd, Thames Water International Ltd, and Wessex Water later purchased by the US Group Enron and renamed the company Azurix Water (Roe 2014). For example, the two French rivals to STWI, Suez and Vivendi (known at the time as Suez Lyonnaise des Eaux and Generale des Eaux respectively), had a distinct advantage on STWI as they had an established presence in Mexico City and therefore had already forged their strategic alliances with local constructions firms (Aguilar 2014). Its other competitor, the British company Anglian Water, had started preparations one year before (Wilkes 2013). Because of this, STWI was at a slight disadvantage. STWI employed its local agent to assist in the identification and ultimate selection of a possible candidate partner. The agent identified three industrial groups mainly from outside of Mexico City. After significant consideration of the pros and cons of each group, STWI decided to partner with a group based in the northern city of Monterrey. Interestingly, during the interviews I had with the parties involved, namely Mr Roe, STWI's Senior Manager and Mr Juanes (Juanes 2014; Roe 2013; STWI 2014), all three agreed that one reason why STWI's senior management was rather positive on the partners from Monterrey was that its principal owner, Mr Marroquin-Brittingham, was the son of a British engineer who had immigrated to Mexico in the 1900s. Mr Marroquin-Brittingham had emphasised his British roots during the extensive pre-partnering discussions, and this – in the opinion of all three interviewees – had apparently left a favourable impression with STWIs senior management. Although this was not the only aspect of the decision, it certainly was relevant in so far as a lot was made of the fact that there were "common areas and viewpoints" (Roe 2013) between the Mexican group (which had a British type of culture) and STWI (a British firm) (Roe 2013). In the end, STWI formed a joint venture company with the group from Monterrey and established a company called IASA S.A. de C.V. (for its acronym in Spanish meaning *Industrias del Agua* or Water Industries). The joint venture company was owned on a 50-50 basis. Each partner was required to inject equal amounts of equity

capital into the special purpose company that was established. As such, the legal nature of the company was on a joint and serval basis, i.e. the benefits, responsibilities and liabilities were to be shared on the same footing. The local Mexican joint venture company's responsibilities included recruitment of local staff as well as establishing a management team consisting of both domestic and international staff (Juanes 2014; Mandri-Perrott 2013; Roe 2014; World Bank 2000).

6.2.4 The Parties to the Cultural Exchange and their Cultural Readiness

As mentioned earlier, the Mexico City PPP[12] involved a contract between a private contractor and the government of Mexico City. However, the analysis where the CC Framework is being applied refers to the relationship between the private contractor's constituent parties, specifically STWI (a British company) and its local Mexican partner. In other words, the CC Framework is not being applied to the Mexico City government and IASA but rather the partners (or shareholders) of the arrangement. Both parties formed a special purpose vehicle whose legal form was a joint venture company which they called Industrias del Agua or IASA. Legally, the relationship between the parties is set out in the shareholders' agreement of the joint venture company. Within this agreement, the parties set out their respective roles and responsibilities, the support that each would be providing to meet the obligations set out in the PPP contract with the Mexico City government, as well as the dividend policy expected from undertaking the business in Mexico City.

Each partner in IASA had a different perspective on the business at hand. STWI was an international operator, with international ambitions, whereas the Mexican partner was a Mexican company looking to do business in a different geographical area than its own (namely moving from the state of Monterey to Mexico City). In the case of a STWI, although the company had international ambitions it was not well-prepared for international engagements. This was mainly due to the fact that it had – less than a decade before – been a public company. Its staff (and in particular its senior management) consisted of individuals who had gone through the ranks of the organisation. As such, they

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[12] PPP is referred to as a Public Private Partnership.

were very much technical people, but they had not been exposed to doing business outside of the British Isles, and in fact even limited to a geographical area in the U.K. (as explained in Section 6.2.1). This meant that their business environment was not even the whole of the country but the areas of the Midlands and central Wales, suggesting that the company had not until it started doing business internationally, had to deal with even regional differences. Accordingly, when STWI launched its international operations it really had a small cadre of managers that had been exposed to international business, and these had mainly been recruited to lower managerial positions. What this meant is that the senior executive level of STWI was all former water operations staff with no international experience. Similarly, the Mexican partners were a firm that has developed its operations in the north of the country and successfully built a business empire. Its management was very much localized, and the company had, up until that moment in time, never had interaction with foreign companies or even partnered with entities that were not Mexican. Interestingly, the fact that the business was owned by people of British extraction (a fact that was felt by both parties to be a positive condition for the association between them) did not necessarily imply that the parties understood each other better. In sum, both shareholders of IASA had little if no conscious understanding that there would be problems that would be of a cultural nature. This did not mean that both parties did not recognize that when doing business problems could arise as both entities had experience doing business with different partners. However, some of the cultural divergences within this relationship – which will be explored in the following section – demonstrates how ill-prepared both parties were to enter into a trans-geographical and transcultural business interaction.

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6.3 Cultural Conflict Framework applied to Mexico Case Study

As was mentioned before, the application of the CC Framework was in addition to a detailed evaluation that the Senior Manager of STWI was undertaking to assess the company's performance in the Mexico City contract which I was not privy to. Notwithstanding this, there are some issues of note related to the application of the CC Framework to the Mexico City case study. Firstly, the use of the CC Framework was complementary to the actual review being undertaken by STWI, and although STWI management did not specifically request the CC Framework to be applied to their assessment, they were informed and supportive of this evaluation being done. Secondly, the CC Framework was not designed with STWI in mind, but rather the decision to use STWI as the case study was due to my contacts with one of the former managers of the company (specifically Mr Roe, former Director of Business Development) who made personal introductions to some of the management involved in the Mexico City contract representing both STWI and the Mexican partners. Upon explaining the overall purpose of my research as well as the reach of my findings, both parties agreed to participate. Thirdly, the responses provided were from Mr Roe, STWI' Senior Manager and the Manager of Operations for IASA Lic Miguel Juanes. The STWI Senior Manager did not agree to be personally identified. The reason for this was that STWI's management felt that it was better to make the findings non-attributable to a particular individual, although they did agree to the sharing of the results of the application of the CC Framework. Fourth, it was explained and understood by all participants that applying the CC Framework was part of my research and that the results would be made available firstly to STWI and would also be published. I made it clear that STWI was under no obligation whatsoever to incorporate or include any aspects of the findings and recommendations resulting from the application of the CC Framework.

It is also worth noting that I applied the CC Framework through a series of face to face interviews and follow-up telephone or video/skype calls. Thus, the research relied on a key informant interview (as described in detail in Chapter 5) where the principal informant were individuals intricately involved in the acquisition and running of the Mexico City contract. The in-depth interview involved discussions with the participants about a list of topics to be covered during the interview. Specific issues about the context, background, cultural setting of the Mexico City contract were explored. Questions covered not only those specific matters related to the CC Framework, but I also enquired about the general rationale of the Mexico City contract, the fit of this contract with the overall company's international strategy, the short, medium and long-term objectives of the both shareholders, as well as other questions that provided greater context about the transcultural and trans-geographical business interaction. The aim of these questions, although only responded to by three individuals, sought to understand the viewpoints of the organisation as a whole. The flexible nature of the in-depth interview allowed me to explore and investigate issues with the participants by probing for clarity and thus gaining a deeper understanding of meanings (Bekele 2010). During the interviews, I took notes, but the interviews were not recorded. The reason for not recording the interviews was that STWI management felt uncomfortable about having these conversations recorded. Interestingly, during these interviews, a process of self-reflection and even self-criticism ensued, as the participants were able to articulate and evaluate their respective company's responses to different situations within the Mexico City contract. As mentioned in the methodological chapter of this research, no information presented here is considered confidential or of a sensitive nature.

This same exercise could have been done by asking the Director of Finance, Director of Human Resources and/or other senior managers of STWI to complete the framework and then to compare and contrast the different viewpoints of each assessment against the cultural assessment indicators. Ideally, the case study should have also included other senior, middle and lower level Mexican managers, but this was not possible because most of the Mexican managers were no longer with the company. Therefore, the CC Framework has been carried out from the perspective of a limited number of individuals. This in no way discredits the findings, so long as there is explicit recognition of this fact.

In the following subsections, I set out the findings of each one of the cultural conflict indicators. For the purpose of presenting the contrasting viewpoints, I have set these out in two columns and follow up each with a general discussion and implications for the business exchange in question.

6.3.2 Emotional Manifestation

Table 16. **Comparative Results Emotional Manifestation Indicator**

Organisation Culture (UK)	Host Culture (Mexican)
Emotional manifestation was frowned upon by British managers. There was a feeling of vulnerability when emotions or feelings were shown. Initially, British managers felt that showing emotion was seen as an obstacle to doing business. Initially, managers felt uncomfortable showing their softer side as they felt vulnerable. Similarly, they felt Mexicans wore "their emotions on a sleeve", meaning that they were far too sensitive and emotional to things related to business. As the contract evolved, they recognised that showing some emotion, e.g. showing how pleased they were on achieving certain goals and/or objectives had a very positive effect on their Mexican counterparts and staff.	Mexicans recognised the importance of emotional manifestation when doing business. Mexicans regarded emotional manifestations more as a sign of trust and honesty than British managers did. At the beginning of the contract, British managers were perceived as aloof and arrogant. As the contract evolved, there was an apparent adaptation by Mexican managers who stopped being as jocular and informal in meetings. This attitude helped British managers feel that their local counterparts were taking things seriously. Similarly, they appreciated very much how, after some time, British managers learnt how to be more expressive of their emotions.

As has been seen above, the manifestation of emotions was a major source of disruption at the beginning of the contract. British managers felt that displays of emotion were unprofessional. Mexicans, on the contrary, felt their British counterparts aloof and uninterested. As the contract evolved, the challenges related to emotional manifestation became less pronounced. Disagreements could occur, and both parties would understand each other's position. For example, at the beginning of the contract, significant disruptions occurred with the local Chief Executive Officer, who was a Mexican (a member of the Marroquin-Brittingham family) who was felt by the British managers to be overly emotional and with an explosive personality. Such outbursts of emotion were considered to be highly unprofessional by the British. At the same time, the

Mexicans, and the CEO, in particular, saw these displays of emotion as a real sign of caring and being involved – and more importantly committed – to the business in question. As the contract evolved, both parties modified their behaviours: the British understood that being stoic and unemotional made them be perceived as detached, uncaring and even arrogant. At the same time, the Mexican counterparts also recognised that they needed to reflect on being viewed as more serious and not making a joke out of all situations and that they should control outburst of emotion (especially the CEO).

6.3.3   Attitude to Time

Table 17.   Comparative Results of Attitude to Time Indicator

Organisation Culture (UK)	Host Culture (Mexican)
British managers considered time was of the essence. For them, time was money and must not be wasted. Approach to time is monochronic, i.e. finish one thing before you start another. British managers could not understand how Mexicans could do so many things at the same time and felt that that was one of the reasons why things were not done properly. "If only the Mexicans could focus on one thing alone" was a common complaint of the British managers.	Mexicans felt British managers were inflexible. They felt that this need to complete one action before embarking on another was inefficient, especially when dealing with the day to day running of a water utility. In their view, it was precisely their ability to undertake many things at the same time that made them good managers. They regarded their British counterparts as too slow, overly preoccupied with time and time schedules. For Mexicans, what mattered was to get things done. Their approach to time was, therefore, polychronic.

As can be seen from the table above, this factor is the one that most infuriated and caused most frustrations to British managers. For example, the notion of doing things in sequence and completing a task was deemed by British managers to be good practice, whereas Mexican managers perceived this approach as rather old-fashioned and demonstrated that a manager was incapable. Mexican managers regarded their ability to deal with more than one thing at a time, as a strength and to some extent a measure of their ability as a manager. British managers saw themselves as mostly monochronic, i.e. looking at doing and completing one task at the same time, whereas Mexican managers and employees, on the whole, saw themselves as polychronic, i.e. they were happy doing more than one task at a time, schedules and sequencing were less important and the general approach to time was more relaxed. These two very distinct approaches to managing were the cause of the main frustrations between both parties. One event, in particular, seemed to demonstrate these two different approaches to time: The contract had some very specific milestones on unaccounted for water (UfW). Sometimes people misunderstand leakage and UFW as being the same thing which they are not. UFW is usually understood to cover not only water that is lost through leakage but also includes water loss through illegal connections, and also includes improper billing and collection. In other words, UFW is the difference between water produced and water billed. British managers felt that they had to deal with establishing the customer cadastre first, then implement a new billing and collection system, and only then deal with issues related to the manner in which water was transmitted through the distribution network (including the relevant sectorization of the network). Mexican managers understood the problem to be one of the interconnected relationships. One cannot resolve UfW by only focussing on the customer cadastre/registry, but rather you should develop a bunch of activities at the same time, recognising ex-ante that it would be too little and too late if they were to sequence the activities as their British counterparts suggested.

As time went by (and the UfW deadline was fast approaching), the British managers also under pressure from the home office realised that they were not going to make it, and they had to change their approach. They started embracing a more polychronic approach to their approach to UfW. When the contractual milestone for UfW was met, the confidence of the British managers in their counterparts increased exponentially. They recognised that they would have never reached the milestones successfully where it not for the different approach to doing things that the Mexicans had. In fact, going forward, British managers changed certain operational maintenance activities, whereby activities were less regimented and were done as they were needed, so long as the system to record such events (Roe 2013)[13] was in place. The Mexicans, however, truly valued the British respect for time and schedules and strived to be a bit more organised, more systematic with the meeting of deadlines and scheduled activities as well become more like the Brits. In my view, this shows an interesting adaptation by both cultures, one recognising that they needed to do things at the same time (and not necessarily sequentially) but at the same time ensure that they were adequately recording all actions being done so that there was a semblance of order and systems.

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[13] In the interview with Mr Roe, he stressed that one way in which the different attitudes to time could be reconciled, was the appropriate recording of actions related to the given activity in question.

6.3.4 Individual or Group Orientation

Table 18. Comparative Results of Individual or Group Orientation Indicator

Organisation Culture (UK)	Host Culture (Mexican)
British staff and managers were initially more preoccupied with their individual benefit rather than the good of the group or collective. Thus, they had a more individualistic approach. Furthermore, British managers expressed no real need to belong to a particular group or association. The group collective (or seeking the benefit of the group above their personal benefit) was not seen as essential, and therefore staff felt that they would progress based on an individual's ability. Notwithstanding this fact, loyalty to the company (and by extension to the local company IASA) was seen as an important characteristic. This meant that although British staff had a definite inclination towards individual behaviour, they did display collective behaviour through a sense of loyalty towards the company that employed them. Moreover, loyalty was also expected by managers from their employees and therefore the collective.	Mexican managers and staff had a different approach towards a group or collective behaviour. They were very much collective orientated. Mexican staff expressed a 'need to belong'. This was recognised as important and essential to the success of the business. Mexican managers encouraged team behaviour and the collective good of the company. As such, they undertook activities such as retreats and social activities around the notion of engendering a group and team spirit. Mexican staff considered that loyalty to the company was an important factor.

This can also be thought of as a cultural indicator that measures the degree of 'selfishness' of an individual. In this case, there is an apparent difference between individual benefits and the need to belong to a particular group. For example, Mexicans managers were always concerned about ensuring staff morale was up; they encouraged actions to promote a sense group. British managers did not see this as so important so long as the business was performing well.

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British managers were, on the whole, more individualistic than and as long as their personal bonus or reward system was satisfactory to them as individuals, they felt loyalty towards the business. These two contrasting views became apparent after the first renewal of the contract four years in. At this time, British managers were satisfied with their performance and whilst recognising that the contract had had some problems, they were expecting their loyalty to be rewarded in the form of a bonus. In contrast, Mexican managers were not so driven by the notion of being compensated monetarily for their efforts but rather felt that being part of the company (and by extension their family) was worth more than an individual bonus. Perhaps one of the reasons why Mexicans felt this way was because of the high levels of turnover that companies in Mexico tend to have. Job security was valued and prized. As such, when a company does not do very well, staff are usually grateful to have kept their job and see the fact that they have a good employer (e.g. one that provides a good salary, good working conditions and medical and life insurance) as one to whom they feel loyalty. As the contract evolved, staff from IASA – both British and Mexican – learnt to appreciate the fact that they had a job but also that there were other non-monetary compensations that staff could aspire to.

This last point was particularly important for the Senior Manager of STWI. In his view, one of the greatest lessons learnt from the Mexico City contract was the creation of a company culture that encouraged a more collective and family approach. He recognised that whilst monetary remuneration was important (who would say no to being paid more!), a collective approach engendered in STWI's staff would go much further in giving staff greater satisfaction, a sense of belonging and well-being.

6.3.5   Personal Space

Table 19.   Comparative Results of Personal Space Indicator

Organisation Culture (UK)	Host Culture (Mexican)
Personal space was seen as essential by British managers and staff. At the beginning of the contract, British staff in general (particularly in senior positions) had a tendency to feel their personal space invaded. As a whole, British staff felt little need for touching or other forms of physical contact. They did not regard physical space or contact as a measure of friendship nor of trust between individuals. However, once the British became used to the more tactile nature of their Mexican counterparts, as well as becoming accustomed to the smaller sphere of personal space typical of their Mexican fellow team members, this did not become a problem.	Mexican staff (at all levels including senior management) had absolutely no problem with physical contact. Personal interaction was seen as critical and essential in developing a personal and business relationship. Being tactile and to an extent entering another individual's personal space was seen as a sign of trust. In no way was being nearby perceived as disrespectful. Accordingly, in the early years of the relationship, Mexican managers and staff found the British to be 'cold' and aloof. As the relationship progressed, and in the words of the Mexicans "friendships developed" personal space was not a problem.

The issue of personal space was discussed extensively in Chapter 5 and refers to the area which surrounds a given person, and the sense of personal boundaries is related to intimacy, friendship etc. and also depends on different cultures and their own appreciation of what is considered as personal space. The results indicate the changing attitude between British and Mexicans towards personal space and touching. The difference in appreciation of personal space, sharing personal items and reaction to physical touching is very marked. For example, British managers regarded their attitude towards business as one that did not require to touch or to enter personal space (Hall 1960; Kirkman et al. 2006). Mexicans saw the tactile nature of relationships through, for example, shaking hands and embracing each other as a sign of trust and friendship. British

managers did not regard this as in any way representative of a good relationship or the metric of the strength of the relationship. Mexicans, however, did: having a close relationship with your partner means you are close to them, you shake hands, embrace, and share your personal space. However, it was interesting to note that British managers said that although the 'space' parameter was at the beginning a problem, once they got used to it they found it easy and refreshing. One example of this was the relationship between the senior managers of IASA and one of the Board Members. The Senior Manager recalled an occasion when that Board Member came to Mexico and was received very coldly by his Mexican counterpart – a man who hitherto had been enthusiastic and effusive. Having dealt with him for over five years, the British manager immediately knew from the body language as well as his very distant approach that something was wrong. Another interesting thing to note about personal space is that British managers and staff that stayed with IASA for more than four years and then returned to the UK operating business found the 'British way' very stifling and soon found themselves adopting more a more physical approach emulating their Mexican experiences. One such member requested to be transferred back to the Mexico contract, and when was not afforded the opportunity he quit his job and joined an international company doing business in Mexico.

6.3.7 Material Possessions

Table 20. Comparative Results of Material Possessions Indicator

Organisation Culture (UK)	Host Culture (Mexican)
Material possessions were less important for British managers than for their Mexican counterparts. British managers were less concerned with material possession and money than their Mexican fellow members. British managers and staff felt that overt displays of material possessions were embarrassing. They care for other non-tangible measures such as quality of life.	Mexican managers and staff were more materialistic. They regarded material possessions and money as important. Mexicans were dazzled with material wealth and tended to be ostentatious. This was perhaps a reflection of the stratified nature of Mexican society with a class system regimented by wealth and material possessions.

For Britons, material possessions were less important with less of a need for material status symbols such as a big office, fancy cars, etc. In contrast, Mexicans considered themselves materialistic, e.g. office size, dress sense, etc. Material possessions were regarded as important and a real metric of success. For example, Mexican managers were very preoccupied with the size and neighbourhood of their office. When IASA started operations at the beginning of the Mexico City contract, the British managers were concerned with where the office was located. Primary decision factors for the office site for them were: specific area or neighbourhood represented mainly by a minimal commuting time and proximity to a metro or public transport (these issues considered as prime measures of convenience), practicality and sufficient meeting rooms for both internal team meetings and external meetings. In contrast, for the Mexicans, key decision factors were sufficiently big offices, in particular, an office with a view for the CEO, as well as providing an office to all managers, and open space was staff could congregate and socialize. Interestingly enough, the issue of

convenience through reduced commuting time was not important for Mexican managers. They were prepared to sacrifice commuting time so long as they all had an office, and the office was luxurious and in their words 'befitting an international company such as IASA". In contrast, British managers were prepared to sacrifice the size and whereabouts of the office so long as their convenience (in terms of commuting time and a good area in terms of connectivity to public transport nodes, airport, main clients, etc.) was assured. Furthermore, most British managers had no issue with not having an office and sitting in an open plan office. This fact was deemed unacceptable by their Mexican counterparts. One fact to explain this was perhaps that the United Kingdom moved to a so-called open-plan office in the early 1990s and British managers were accustomed to this. The Mexican managers saw this as a personal affront whereby they were being demoted. In a stratified society such as the Mexican one, sitting in an open area was not considered appropriate as there was no distinction between managers and staff. Mexican managers felt that their staff (and even fellow managers) would not respect them if they had no office. Equally, there was tension between the STWI senior managers and the Mexican CEO who insisted on a massive office with great opulence which the British senior managers felt was wasteful and pretentious.

Interestingly enough, the Senior Manager of STWI felt that these contrasting approaches to material possessions afforded STWI an opportunity to capitalise on. Specifically, he realised that part of the remuneration scheme that IASA could have developed for its expatriate and local staff was to recognise this difference in attitude towards material possessions. In particular, the use of an office could be employed as part of the remuneration scheme offered to both staff and managers. Such approach would be acceptable to the Mexicans, and British managers saw it as a benefit as well. In fact, in his words, "this would be

a much cheaper way to remunerate people, as we don't have to pay pension and other contributions that are based on salary. Just give them a bigger office, and people will feel appreciated, and we can amortize the cost of the office as part of the contract's expenses" (STWI 2014). This shows how a cultural difference that was a problem in a given cultural setting could be used as a positive development in which both the expatriate and local managers and staff would feel appreciated, and the business would benefit as a whole through lower costs.

6.3.8 Control of Environment/Acceptance of the Unknown/Tolerance to Risk

Under this indicator, I am looking at the differing approach British, and Mexican managers might have towards trying to reduce risk and uncertainty. This can be done by pro-actively controlling the conditions and/or circumstances in which the business interactions take place, i.e. the way in which a given culture deals with the surroundings as a means of reducing uncertainty and thus risk (or the perception of risk).

Table 22. Comparative Results of Control of Environment Indicator

Organisation Culture (UK)	Host Culture (Mexican)
British managers saw control of the environment as necessary to reduce uncertainty and associated risk, given that they were new to doing business in Mexico. In fact, they regarded developing a specific mechanism to 'control' (or at the very least influence) their surrounding environment as a sign of good management. In the early years of the contract, British managers felt that they needed to ensure that they had control and understanding of all issues surrounding them. In fact, the measure of good management would be to be "fully in control". As the contract evolved, and with the multiplicity of factors to deal with when operating a water utility serving millions of customers, British managers started to recognise that they could not control everything. They needed to trust their Mexican counterparts. Accordingly, they realised that control of the environment as a means of reducing risk and therefore reducing uncertainty was not entirely possible. They recognised that this could become a stifling process that could hinder the Mexico City contract if taken too far. British management, therefore, developed an approach to risk management based on controlled inputs, predicated on (a) appropriate delegation; (b) identification of possible risk factors, (c) a systematic approach to early identification of risk and its specific mitigation; and (d) development of a systematic procedure to deal with uncertainty and minimise overall risk.	Mexican managers were not as pre-disposed to worry about controlling the environment in which they operated. They understood their surroundings were uncertain by the nature of the water business, and because they regarded uncertainty as a day-to-day issue that did not require the pro-active action, their British counterparts thought necessary. Perhaps because of Mexico's turbulent history, they felt comfortable managing uncertainty and did not seek to take action to control and manage the environment as a risk mitigation strategy. Contrary to their British counterparts, their attitude to risk was not one of avoidance, but rather of embracing it as a fact of life. In general, Mexicans regarded good managers as individuals who were adaptive and flexible and able to deal with uncertainty (and associated risks) as and when they arrived. In the Mexican's mind, this was a just wasted effort, as there were too many imponderable factors that could affect daily operations (especially when providing water and wastewater services to a diverse population). In general, Mexicans regarded themselves as adaptive managers who felt comfortable dealing with uncertainty without the need for proactive planning but rather developing actions and responses as and when needed, good at taking risk provided they could manoeuvre things their way. Thus, they would take risks their British counterparts would not.

As can be seen from the above table, this indicator has contrasting viewpoints. On the one hand, the British managers and staff saw their role as one of actively reducing risk and managing uncertainty on behalf of their ultimate employer STWI. On the other hand, Mexican managers saw their ability to adapt and deal with uncertainty as "a critical feature of being a good manager" (Juanes 2014). The British approach was proactive risk management through appropriate evaluation, measurement and development of systems and procedures to pre-empt such risks, and in the event a risk materialises, to have adequate procedures and processes capable of dealing with that risk. Mexicans were accustomed to take risks on a daily basis. Their history and development have been all about managing uncertainty. Mexicans tended to mitigate uncertainty when it happens rather than proactively. For example, planning and mitigation strategies were not seen as the critical issue, but rather the ability (either as a group or as an individual) to deal with such uncertainty and overcome problems as they arose. At the beginning of the contract, such differing approaches to risk, uncertainty, control of the environment and tolerance to risk threatened to derail the venture. This divergent perspective initially manifested itself during the bid. At the time of bid preparation, the STWI team was very much focussed on identifying all associated risks of the Mexico City contract. In fact, the bidding procedures of STWI required, as part of the decision mechanisms of the company, to complete a detailed risk matrix[14] (Stiggers 1997, 2014). After this assessment, STWI was

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[14] During the interview with the Senior Executive of STWI, I requested a copy of STWI's risk matrix. He was not prepared to share this as he felt that this was of a commercial nature. However, he explained that such risk matrix included issues such as operational, political, commercial and financial issues amongst others. All risks, had to be identified, explained and rated. The rating was not quantitative but rather qualitative i.e. risks were identified as high, medium and low. After the rating, each risk had to have a specific mitigation mechanism/ proposed solution e.g. if the risk was devaluation of the Mexican peso against the US$ dollar, the use of a currency hedge, or the risk of expropriation through taking out a political risk insurance. This approach to risk and its systematic mitigation would allow STWI's bidding team to obtain approval from the STWI Board. This Board was responsible for giving STWI permission to submit a bid, and STWI had an obligation to report to them the progress of the contract itself.

convinced that it needed to take out an insurance policy against the potential for non-payment of government's contractual obligations. The Mexican partners, in contrast, were not prepared to pay for the increased costs to their bid of insuring for such risk. They felt that the government non-payment was the "risk of doing business in Mexico" and that frankly, that was something that they could control through their political connections. In the end, STWI faced with increased costs that might have made their bid uncompetitive decided to trust their local partners and not insure against that particular risk.

Another example of this differing tolerance to risk and therefore control on the environment was during the operational phase of the contract. In the third year of the contract, it became apparent that IASA was failing to fulfil its contractual obligations on the installation and reading of domestic meters. The Mexican partners had suggested that the easiest and most expedient way of undertaking this part of the contract was to outsource the installation of the domestic metres to a local contractor. In developing the outsourcing contract, IASA failed to set out proper reporting of performance metrics by the sub-contractor. STWI – as the technical partner – did not bring to bear its risk procedures for meter installation (something they had lots of practice and expertise from the United Kingdom business where they had implemented an aggressive domestic metering programme in 3 years). This haphazard approach to meter installation ultimately cost IASA time and a penalty for not meeting this contractual obligation. In reviewing its performance, the Senior Manager interviewed recalled the Board meeting in which IASA management realised that, based on the failed domestic metering experience, it needed to find a "halfway house" (STWI 2014) between the strict and inflexible approach of the British and the more lackadaisical style of the Mexicans.

6.3.9   Perception of the Execution of Power

Table 23.   Comparative Results of Perception of the Execution of Power Indicator

Organisation Culture (UK)	Host Culture (Mexican)
British managers and staff perceived the execution of power as something that is shared in a management structure. Their view was that all staff in an organisation have a responsibility, and therefore management exercises power not through the organisational structure (and the different levels within it) but through providing overall direction. The overall leadership of the business is developed jointly by staff and management (through a consultative approach at the senior management level). If staff know what the strategy is, there is no need for formal power to be exerted by managers. Managers are only required for very critical decisions. For British managers, power is exercised through the organisation itself and all staff working to a common goal. This perception of power is represented in the organisational culture and associated management structure as one that is very flexible and flat. There is little need for many levels of supervision. Thus, British staff do not see the necessity for a highly stratified organisation with high levels of supervision required. This is very much contrary to their Mexican counterparts.	Mexican staff and managers have a very traditional approach to how power should be executed. They regard power in a very hierarchical way, where the higher up you are, the more power you have and the less consultative you have to be of decision making. This implies that Mexicans like to have more stratified organisations where high levels of supervision are required (indicating also greater levels of management throughout the organisation). Managers within these highly stratified structures see their roles as clearly defined with highly circumscribed responsibilities. Staff and managers will be careful to respect the other person's area of responsibility.

As mentioned earlier in Chapter 5, varying perceptions of the execution of power in a given culture may lead to disputes, dissatisfaction or inefficiencies in achieving desired objectives. This was an area where significant differences were found between the British and Mexican managers. In this case, British managers were coming from a structure where power is distributed equally with low

stratification (i.e. not many levels of supervision and associated management) to the organisational structure and low levels of controls required. In contrast, the Mexican partners came from a culture where power tends to be concentrated in one or two individuals (i.e. power is not distributed equally) and therefore requires a highly stratified organisation.

These contrasting views meant that at the beginning of the contract there were some teething problems. This related principally to the overall management structure that the joint venture company IASA developed. At the time of the creation of the joint venture company IASA, the decision was taken by the shareholders that the CEO of the company should be a Mexican. There would be two directors, one for operations and one for capital planning, both of which would be STWI employees. After them, other manager positions would be filled by the most appropriate candidate (to be selected by the triumvirate of senior managers), on a case by case basis regardless of nationality but on the merits of the candidate. That starting position was not a point of contention between IASA shareholders. However, I asked the STWI Senior Manager about whether it would it have made sense to have their own person as CEO. His response was that this had been much debated internally. Ultimately, they felt that, given the 'political nature' of providing water, it would be perceived better if the CEO and thus the figurehead and voice of the joint venture be a Mexican national. The Senior Manager went on to explain that STWI had not accounted for local Mexican politics. Apparently, people from Monterrey (where the Marroquin-Brittingham family came from) and Mexico City are rivals. Some of the problems IASA encountered were motivated by rival business groups that were Mexico City based and who did not want to give Monterrey people an entry point into business in Mexico City. Interestingly Mr Juanes the Mexican counterpart agreed with this assessment (STWI 2014; Juanes 2014).

The two directors below the CEO were senior STWI employees who had both come from positions of high rank and responsibility within the operating business of Severn Trent Water in the United Kingdom. They felt they were highly qualified for their respective positions. The CEO, however, had limited experience in running a water and wastewater operation but was an experienced and highly successful entrepreneur. He came from an old, established family and had tremendous personal wealth. His attitude towards management and power was highly hierarchical, and he was a person who believed in social stratification. As the contract evolved, both directors – who were used to a flat democratic approach to management – found themselves in conflict with the CEO. The British managers favoured a less stratified organisation, where different levels of management were not required. In the words of the STWI Senior Manager, one of the problems was that the STWI managers wanted to "replicate the organisational structure of the company back home", i.e. the way it was in the United Kingdom (Roe 2013). After the first six months of operation, the STWI managers (particularly the Operations Director) realised that having a more stratified organisation worked better. Defining middle management positions worked well. He realised that this empowered staff and allowed him better to position staff skills and teams against required tasks. Through the higher layered organisation structure, he was better able to delegate functions and responsibilities. Also, the fact that there were more levels of supervision allowed staff to be rotated between different operational. In addition, this more stratified system had two benefits: first, it allowed greater mobility within technical positions providing for more job variety, development of skills and job satisfaction as well as feeling that staff were progressing (and being rewarded) within the organisation, and secondly allowing IASA to monitor better and identify talent within the company.

6.3.10 Leadership Style

Table 24. Comparative Results of Leadership Style Indicator

Organisation Culture (UK)	Host Culture (Mexican)
British managers and staff regarded leadership style as important but not fundamental for business success. The British see themselves as leaders that would not want to impose their views upon others and would seek the consensus or majority of the group before taking decisions. Leadership is therefore not imposed but rather is recognised by all parties and there is no need for a leader to continuously re-assert herself. As such, the British have a more egalitarian approach to leadership. From the British staff perspective, decisions by superiors can be questioned without implying disrespect or disloyalty to authority, and leaders accept and even solicit other opinions. A leader being decisive was felt to be necessary for both British as well as Mexican staff management.	Mexicans saw leadership as something that needed to be re-asserted and continuously confirmed. Leadership was seen as domineering: a good leader would not seek the opinion of others nor does she make decisions by consensus. She provides clear and unambiguous direction even if that turns out to be incorrect. Leadership is thus a non-consultative process. For them, a good leader was one that was assertive (even overbearing), should be respected at all time, and was rarely questioned. Staff are accustomed to top-down decision making. For Mexican staff, questioning a leader is seen as disloyal or insubordinate. A leader rarely solicits views, and if a junior staff member was to provide such views, this should not be done in public, but in the confines of the manager's office.

The style of leadership gave rise to some disagreements between the partners. For example, the CEO, who was a man who regarded leadership style as dictatorial and not consultative, and did not like the fact that both directors would come to his office unannounced to discuss operational issues. He wanted them to make appointments with his secretary and to schedule their visits. His leadership style was not democratic. He was not accustomed to an open door policy. The two STWI directors felt this was unnecessary and arrogant. They were not accustomed to a leadership style defined by the personality of one individual but rather as a 'shared leadership'. After all, they felt that the CEO did not know about the business, and they were only trying to be consultative in the

spirit of making the IASA partnership work. Furthermore, they were used to an approach to power based on consultation and a relatively flat structure. They felt that at their level of seniority, all views should be respected equally regardless of who was the actual CEO. In the words of the STWI Senior Manager, "I suppose that our managers felt that leadership was a common attribute to all and that they were part of the 'leadership team'. In fact, I suppose the fact that we call it a leadership team already conveys the way we as STWI see leadership" (Roe 2013). As time evolved, both directors starting discussing issues amongst themselves and slowly isolating the CEO, with the CEO only being informed of issues at Board meetings. The CEO exacerbated things by complaining to the Board of IASA instead of discussing things with the two directors. At one point, things got so bad that none of three senior managers were talking to each other and only communicated through internal memos. The Senior Manager confirmed that this situation was so bad that it threatened to disrupt the whole business. STWI had an internal senior management meeting at their headquarters in Birmingham, United Kingdom where they resolved to do two things: first to substitute one of the STWI directors; and secondly to send the new management team to a retreat in Warwickshire where they would do Outward Bound and other bonding activities to ensure the proper functioning of team. They also invited the CEO of IASA to spend two weeks with the Chairman of Severn Trent Plc. This gave the CEO the opportunity to see how other management teams functioned and exposed him to a different leadership style with a more egalitarian approach to power. A year after this, according to the Senior Manager interviewed, the functioning of the team became better. STWI managers needed to recognise the importance the Mexican CEO gave to how he perceived leadership and decision making, but at the same time the CEO became more confident in his authority and did not see the need to continuously re-assert his position.

6.3.11 Attitude towards Agreements

Table 25. Comparative Results of Attitude towards Agreements Indicators

Organisation Culture (UK)	Host Culture (Mexican)
British staff and managers all reported having high regard towards agreements. They are accustomed to consider agreements as binding instruments. Every important agreement that is reached must be put in writing. Once an agreement is reached, it will stand: renegotiations or revisiting agreements is frowned upon as this implies the agreement was not well developed in the first place. They do not see an agreement as the starting point of a relationship but rather something that binds parties. If there are areas that are unclear at the outset of the agreement, this should be recognised ex-ante by all parties, and a detailed procedure for reaching agreement on the contractual structure should be set out. However, British managers regarded this to be exception rather than rule, and even if there was an area in the agreement that was not clear (and thus required use of the negotiation procedure) this did not, in the British mind, give the other party the right to seek to renegotiate or renege on any other part of the agreement. Further, they found the ad-hoc approach to agreements by their Mexican counterparts frustrating and difficult to cope with.	Mexicans had a very distinct approach to agreements, even written ones. They did not consider agreements to be inviolable, rather they saw them as a mechanism in which the underlying intent of the parties was set out, but that this could be modified as and when circumstances demanded. Interestingly, making modifications to agreements in no way diminished the validity of the initial agreement. Mexican managers, therefore, regarded the entering into an agreement as the key milestones, i.e. the starting point of a relationship. The British counterparts saw an agreement as being all-encompassing. For Mexican staff and managers, having informal agreements outside the normal scope of the main agreement was not seen as an area of problems, nor was it seen to be reneging or renegotiating the initial agreement's basic rationale. The overall attitude to agreements was that if the agreement does not explicitly prohibit an action, then it was acceptable to do so.

British managers found the attitude of Mexicans towards agreements frustrating. For British managers, an agreement was a binding instrument that encompassed the basis and framework for which a business relationship was established and intended to operate within and should, therefore, be respected. Agreements are designed to be comprehensive. In the case of the Mexico City contract (and related contractual obligations), the notion of completeness was at the core of enshrining in writing the manner in which the roles, responsibilities, obligations and remuneration were to occur. In contrast, Mexican managers regarded the written agreement as a simple milestone by which the parties embarked on their relationship (Juanes 2014). For them, the agreement is only the start of the relationship, knowing full well that not everything can be set out in an agreement, and therefore the approach to agreements should be one of pragmatism and adaptability.

Nowhere was this dichotomy more evident than in the shareholders' agreement (SHA) between STWI and the Marroquin-Brittingham family. The SHA set out responsibilities of each partner for the joint venture company IASA. It detailed what was expected of each other and how the parties would approach the business. The SHA had specific provisions for dispute resolution, notably the obligation of each party to notify the other in the event of disagreement, the procedures for the settlement of disputes, and the venues for such discussions. It is normal practice for shareholders' agreements to contain detailed provision that regulate the relationship between the shareholders in a joint venture company (Rigby-Delmon 2016). In the case of the Mexico City contract, the bidding documentation developed by the Mexican Government had a specific provision for the parties to form a joint venture company to be joint and severally liable (i.e. both parties have equal responsibility for all aspects and performance of the contract), and that a dispute resolution provision was expected.

Although all these aspects were set out in the agreement, the differences between the parties arose on the second anniversary of the contract (Stiggers 1997). At the time, a particular issue came up related to the hiring of a consulting engineer to help the design of the district metering areas (DMAs). DMAs are areas of the water distribution network that are cordoned off as separate and distinct sections of the network with water valves at the entry and exit points of each zone. The idea behind the setting up a DMA is to understand where the water goes in the network to assist in identifying the water losses occurring in that section of the network. Losses may be due to the physical condition of the network (i.e. leakage) or can be commercial losses (i.e. people stealing from the network). Through the sectioning-off of the network into DMAs, an operator is able to understand where it has losses, what type of losses exist, and the appropriate rehabilitation, replacement and capital investment programmes (Roe 2013; Stiggers 2014) to implement.

In the case of the Mexico City contract, IASA management agreed that developing a sectorization[15] of the water distribution network was necessary and that this should be done by the setting up DMAs. It was thus necessary to employ a consulting engineering firm that would recommend the most appropriate DMAs and, once approved, would proceed with their implementation. The CEO and the Director of Operations clashed on the manner in which the engineering firm should be selected. The main agreement (i.e. the agreement between the joint venture company IASA and the Mexico City government) allowed for the contracting out of third parties for certain aspects of the private sector's obligations. Doing DMAs fell within this purview. However, the contract was silent on whether such DMA outsourcing could be done to a related or affiliated

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[15] Sectorization means to create sections or specific areas of the water distribution network.

company (an affiliated company being defined as one in which one of the shareholders of the joint venture company had a controlling interest, and such controlling interest was defined as one where a company has managerial responsibility or exercises control of the roles, functions and actions of the company in question).

The CEO felt that, because the agreement was silent on this point, IASA was at liberty to grant the sub-contract directly to one of their affiliated companies. The Director of Operations felt that the spirit of the agreement was one that specifically disallowed the local company to provide a contract to an affiliate. When he consulted with STWI's lawyers, they were in agreement with the Director's interpretation and felt it was risky for the company to appoint an affiliate directly. The Mexican counterparts, however, felt that the British were being overly reliant on the interpretation of the agreement and that not doing the business through their affiliate was a wasted business opportunity.

The situation was further exacerbated when STWI issued a notice of disagreement about this point. The Mexicans felt that this was unnecessary and were offended by such "excessively contractual behaviour" (Juanes 2014). The Senior Manager confirmed that STWI completely misunderstood and miscalculated the adverse reaction their Mexican partners had. By issuing a formal notice of disagreement, as per the SHA, they offended their Mexican counterparts who felt slighted and that a bond of trust had been broken. STWI, in fact, only wanted to be "proper" and follow the procedures as per the written agreement (STWI 2014).

Another interesting difference in approach came on the second anniversary of the contract when the local company was unable to meet its meter installation obligations (as part of the main contract between the special purpose company and the Mexico City government there was an obligation within the first three years of the contract to undertake a minimum number of domestic water meter installations). During IASA's Board Meeting the STWI Directors, in particular, were preoccupied with this contractual failing. In contrast, the Mexican Directors were more relaxed about the situation, saying that they did not think that the Mexican authorities would regard this as a major failure and that the non-compliance could be negotiated. As it transpired, the Mexican Directors requested a special meeting with the Mexican authorities to explain the situation. Whilst IASA management did not require the Mexican authorities to waive the contractual obligations, they did, however, ask for a postponement of the milestones for fulfilling the domestic metering contractual indicators. They quoted severe operational conditions, customer opposition, and the fact that domestic meters were being stolen in some instances as fast as they were being installed. This was because one of the geographical areas of the contract was in a socio-economically poor district where there was open opposition towards domestic meter installations given the lack of good service and the hitherto free service. To STWI's amazement, the Mexican authorities were sympathetic to the Company's claims and allowed a dispensation of the contractual penalty. In the words of the STWI Senior Manager: "Never in a million years did we expect them [referring to the Mexican Directors of IASA] to get this. We were delighted" (STWI 2014).

These different circumstances showed that there were different approaches to written agreements. Interestingly enough, this cultural difference could also be attributable to the different legal systems that both countries have: The British have a jurisprudence[16] based on case law, which means that the law evolves as and when cases are brought to court and, as appropriate, statutes are developed. Issues of law are brought to bear based on precedent and the interpretation of what current laws say against the circumstances at the time in which the case occurs. In contrast, Mexico is one of the countries that follow what is called Napoleonic code. This means that all laws and legislations are written, and only those aspects that are specifically written are allowed by law.

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[16] The word jurisprudence derives from the Latin term juris prudentia, which means "the study, knowledge, or science of law". (From https://www.law.cornell.edu/wex/jurisprudence, visited 27 March 2016).

6.4   Conclusions and Assessment of Implications

STWI found that the challenges faced in setting up a new business in Mexico were substantial. This was not only due to the sheer size of the project (supplying utility services in one of the biggest cities in the world) but also because of the big expatriate team sent to Mexico required for the day-to-day operation of the business. It was expected that the number of expatriate managers would reduce as the contract developed. Furthermore, this team of expatriate staff needed to integrate into a team consisting of Mexican managers, engineers and other staff (Juanes 2014; Roe 2014). The contract employed UK managers who in turn were responsible for hiring locals (Mexican managers and other operational, engineering, administrative and other staff). Also, the contract had the complexity of managing the relationship with IASA (the joint venture company between STWI and their Mexican partners), as well as the day to day customers interface that implied interacting with over 8 million residential and industrial customers. All of these issues posed distinct challenges for STWI and their Mexican partners. The results of applying the CC Framework revealed some of the critical implications encountered during the life of the contract. These can be summarised as follows:

- Overall, although the contract was successful, there were some serious problems in its early days. These problems were mainly related to 'cultural misunderstandings', in particular, related to the way in which the joint venture company was organised and the manner in which problems were tackled;

- Expressions of emotion needed to be recognised as sources of potential conflict: the British had to modify their rather unemotional approach, whereas the Mexican had to change their rather jocular approach to business;

- Time appreciation, i.e. the need to develop activities in sequence or parallel,

was initially a problem, with the British staff having to modify their approach to undertaking more activities at the same time, and the Mexicans learning to be more rigorous with schedules;

- A differing view regarding British staff and managers being more individualistic, whereas Mexican managers are looking to engender a collective or group approach, although both British and Mexican managers felt a sense of loyalty towards the company. The implications of such views were that individual bonuses, whilst important, could be considered to be secondary to creating a good sense of group or collective team approach and loyalty towards the company;

- Personal space was found to be an issue at the beginning, but British managers learnt to be more social and friendly, which was positive for building a closer relationship with the Mexican partners;

- The material possessions indicator showed a great difference in approach between the British (less concerned about material issues such as office etc.) and the Mexican counterparts. This could have developed into a major problem as the hierarchical nature of the Mexican staff saw the need for offices as an important factor not only for asserting their personal positions but also regarding the image the company wanted to portray to outsiders. In the end, STWI management learnt that using office space as a compensation measure could be applied as an effective reward system;

- The need for control of the environment as a risk mitigation measure was felt to be a critical supervision tool by the STWI management, whereas the Mexican partners were far more relaxed about dealing with the day-to-day uncertainty of managing the water and wastewater business. In the end, a more relaxed approach to control of the environment and thus avoiding uncertainty using the Mexican partners to deal with some of the areas of concern allowed the British a more relaxed or balanced approach to risk

mitigation by leveraging their local partner's knowledge and expertise;

- Arguments about management style based on what was considered right and wrong were prevalent, rather than individuals looking to have open discussions to arrive at pragmatic solutions to problems. As the contract evolved, there were significant issues between the perception of power between the British and Mexican managers. There was increased suspicion between the British and Mexican management team, leading to a feeling of antipathy towards those from other the other side (both from the Mexican and the British side). Some of the areas of friction related to the very hierarchical nature of the Mexicans and the difficulty British managers had with adapting to a less democratic or consultative approach to management, as well as the flatter management structures they were used to in the UK. Also, if STWI would have known this in advance, it might not have agreed to the CEO of IASA being Mexican and might have preferred to have the CEO position and let the Mexicans have the two other senior director positions. This might have reduced the conflicts in the early years of the contract. Notwithstanding that, the perception of power had been a source of conflict between the parties, the greater stratification of the Mexican management system did benefit the Operations Director. This more hierarchical structure, as well as the higher levels of supervision typical of Mexican management structures, allowed him to improve the operational practice and deployment of teams giving him the degree of confidence and control he wanted. An early recognition of this would have saved STWI time, as it would have developed its structures accordingly, without wanting to export the traditional UK style of management structures and associated teams. Finally, the more stratified and hierarchical approach to the company's management allowed STWI greater mobility within technical positions giving staff a feeling that they were progressing (as well as being rewarded) within the organisation;

- The recognition of the different approach to leadership in the early years of the contract might have reduced tension and difficulties at the senior management of the joint venture company IASA. As mentioned before, STWI might have decided not to allow its local partner to have the CEO position and thus would have been able to influence approach to leadership issue (i.e., being more consultative and less dictatorial) from the early years; and

- If STWI would have understood the very different approach to (written) agreements that the Mexicans had, it could have avoided conflicts early on, both during the development of the partnership agreement as well as during the implementation of the contract.

In a follow-up discussion with the Senior Manager of the UK company, he conceded that the company had paid practically no attention at all to the problems of cultural difference when they had entered into the contract, with the result that there were significant contractual, operational and commercial issues that were never fully resolved. In his words: "the relations with our Mexican counterparts could at one point be described as 'poisonous' by some of the insiders, and as 'very strained' by everyone else" (STWI 2014). This same sentiment was expressed by the Mexican counterpart (Juanes 2014). What some of the results from the CC Framework show is that Managers from both sides must recognise the different styles of management and approach towards dealing with the challenges confronted of doing business in an international context. The early identification of some of these areas of cultural discrepancies where potential conflicts may arise could have changed some of the strategic decisions that STWI would have taken, and hopefully, would have had positive outcomes.

CHAPTER 7.
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1   Introduction

This chapter presents a summary of the research, the results of applying the CC Framework, the main conclusions, and suggestions for further studies. The chapter consists of four sections, with Section 1 being a general introduction. In Section 2, the objectives of the research and its contexts are briefly described. Section 3 presents the main findings. This is organised first by giving answers to the three sub-questions related to my research objective of What is culture and how does it affect behaviour?; How does culture affect business, companies and management?; and How can potential cultural issues that have a potential to be a conflict be identified and avoided? Answering these questions provides the basis and rationale for the CC Framework that I propose can be used as a means to prevent failure of business interactions in transcultural and trans-geographic business settings. Secondly, I provide the results of applying the CC Framework, its pertinence to a real-life business situation and some of the concrete results. Section 4 brings together the general findings, conclusions and recommendations as well as suggestions for further research.

This thesis has explored the sphere of transcultural and trans-geographic relationships, particularly from the focus of business interactions. At the core of this research is the development of a detailed understanding of the many aspects of culture, the inter-relationship between elements that affect culture such as values, attitudes, perceptions and norms, as well as differences that might occur when doing business in trans-geographical and transcultural settings. The study looked at cultural exchanges from the perspective of the individuals who are party to an exchange. Typically, there are two sides to an exchange: the sender (usually the initiator of the exchange) and the receiver. The sender embeds her message in a cultural framework, and the receiver takes and construes the message in perhaps a different context. It is because of this 'interpretation' that a receiver makes within her given cultural context that potential conflicts or misunderstandings may occur. These conflicts are due to cultural differences, and their implications for doing business need to be understood. Cultural conflicts are thus defined as areas of disagreement or incompatibility that have the potential to derail or negatively affect a business transaction. Therefore, the research develops an appreciation of how culture can influence the way of doing business, the particular company management practices and whether the objectives of the business should be modified in light of cultural setting in which it takes place.

7.2   Research Objective

My research aimed to develop a systematic approach to assist individuals and companies in taking the right actions and decisions in cultural interactions. The objective of the research was to explore the effect of culture on management and how human behaviour needs to be modified to take cultural differences into account in such transactions. Ultimately, this answers my research question: *How can staff and managers who operate in trans-geographical and transcultural settings identify the cultural issues that might affect the operations and business success of the firm?*

This research question was answered through three sub-questions drawing on an extensive literature review and the development and testing of a framework which was iteratively developed by analysing a set of case studies. These sub-questions are dealt with in each chapter, and the main findings are presented below.

The study adopted a systematic approach to understanding how cultural issues can give rise to possible conflicts and ultimately best manage them. A detailed literature review revealed that there are a vast number of potential cultural issues (indicators) that can affect transcultural and trans-geographical business interactions. I used literature review and a case study approach as my research method. My unit of analysis is each case. The research design was a multi-case study by which case studies helped further develop the framework. The framework of analysis consisted of a number of cultural issues which I called cultural conflict or CC indicators. The framework was adaptively and iteratively modified to identify the most appropriate cultural issues. In other words, this process was initially based on a detailed literature review that aggregated different

references to show a common base in the literature. This universal core became a long list of possible cultural conflict indicators, which was further summarised into a shortlist. These shortlisted indicators were developed by using three business interactions (Trinidad & Tobago, Cambodia and Bolivia), and iterating between the literature and the case studies to assess how the selected cultural indicators identified in the literature review related to a given conflict encountered in each case study. By understanding how these cultural indicators recurred in the three case studies, I selected the most appropriate cultural conflict indicators which make up my Cultural Conflict (CC) Framework. Thus, my research constructs an argument based on a case study research methodology to justify how the findings of a case might be extended to other cases, instead of using statistical inferences which rely on quantitative techniques. Further, because I use the case study research method, I can explore, describe and explain, complex social issues in a holistic manner, and provide a framework by which a phenomenon (in this case the business situation and the respective interactions) can be investigated within a real-life context. The proximity to reality is a strength of using case study as my research methodology.

7.3 Main Findings

7.3.1 Answers to the Subordinate Research Questions

Question 1: What is culture and how does it affect a person's behaviour when dealing with trans-geographical and transcultural situations?

My study examined the many definitions of culture and recognised that no single definition of culture has achieved prominence in the literature. Therefore, I chose the definition I felt best included the issues of behaviour, values, attitudes, perceptions and norms: "culture is a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behaviour" (Mulholland 1991 cited by Belshek 2006, p.3). I also recognised the role norms have in setting the standards and expectations of behaviour held by members of a group (Bicheri & Muldoon 2014). My research made clear that culture affects behaviour, and that behaviours are an overt manifestation of attitudes and values. Values are important because they provide the underlying convictions that people have on what they consider right or wrong, good or bad, important or unimportant. Attitudes differ from values in that they relate to specific objects and specific situations. Perceptions (a person's representation of reality) and stereotypes (a rigid, oversimplified, often exaggerated belief that is applied both to an entire social category of people and to each individual within) also play a significant role in shaping behaviours and culture. I also revealed that differences in perception occur because perception is selective, and is dependent on a person's cultural background, which will also influence behaviours. But, values, attitudes, perceptions and stereotypes are not the only factors affecting behaviour. Culture is also dependent on norms or rules. I conclude that different

norms, implicit and explicit, conscious and unconscious, and the way these norms are interpreted, also influence a person's behaviour. I also document the effect that the surrounding environment (which some call cultural schemas – see for example Gökçe & Turgut (2017)) had on behaviours and showed how this might motivate and influence people to act in a certain way, thus influencing culture.

My research demonstrates that common behaviours create common cultures and therefore the notion of company culture is defined as shared motives, values, beliefs and interpretations or meanings that are common in a group of people (or collective) that ultimately result in common behaviours. I made a distinction between home and host culture because home culture is where an individual or organisation is located and has developed. Host culture is the culture where the individual or organisation is operating or intends to operate. Making this distinction is important when companies are operating in cross-cultural environments.

Question 2: "How does culture affect business, companies and management?"

Despite the different views about the benefits of globalisation, I found that there does seem to be consensus that trans-geographic interactions are occurring more often, and that business must learn to deal with this reality (see for example Chesnais 2016, Christensen & Kowalczyk 2016, Sholte et al. 2016). But one of the critical things to understand is whether this increased globalisation is leading to more or less cultural conflicts. Cultural conflicts are defined within the context of trans-geographical interactions as areas of disagreement or incompatibility that have the potential to derail or negatively affect a business transaction. This is because within a transcultural and trans-geographical business exchange there is a sender and the receiver. Since the sender and receiver are interacting, the

roles of each may change; a receiver may become a sender and vice versa. Each embeds their respective message in one cultural framework, and the other interprets the message in a different cultural context. It is because of this 'difference in interpretation' that potential misunderstandings and conflicts occur. I call this a cultural divergence. Further, I look at whether different domestic markets will ultimately converge into a single global market for all goods and services (Roudometof 2016), and whether that convergence (or not) will lead to more of less cross-cultural conflicts. I conclude that whilst some aspects such as international capital have no borders and there is a trend towards generalised risk management approaches (Harrington 2016), others still recognise that regional and local differences do matter. Roberts (1980), Svensson (2011) and others argue for what they call 'glocalization' which recognises such differences and suggests the need for companies dealing in trans-geographical settings to develop 'glocal strategies'.

The literature review suggests that companies or organisations that seek to expand their business in a trans-geographical manner must work with and within different cultures. It is recommended that when dealing with transcultural and trans-geographical business exchanges, specific steps for cross-cultural comparison should be followed. These include an understanding of one's own culture, discovering the other culture, and comparing the cultures (Chesnais 2016; Roudometof 2016). This allows for the company culture to be developed with associated individual behaviours to operate best in host cultures.

Various models to analyse cultural differences are reviewed. Because of the vast literature on the subject of culture, management and related issues, I undertook my examination starting from Hofstede (2001) and then by grouping theoretical models based on four non-exclusive perspectives (i.e. sociological,

communicative, perception and pragmatic) borrowed from Chhokar et al. (2007). Accordingly, the study found that culture does affect how a company develops its structure and associated management. Several trans-geographical company structures are evaluated, and it became apparent that no generic company structure applies to all trans-geographical businesses, nor is it possible to have a 'one-size fits all' model of company culture. The study concludes that what matters is the identification of a company's core ideals and how these link into its overall strategy. Accordingly, the idea of corporate competences was identified to be an important part of a company's successful transcultural and trans-geographic strategy. This means that successful companies are those that can maintain the core strengths and competencies that provide the drivers for growth and success whilst adapting those issues to their host culture (Stonehouse & Pemberton 1999). Other such as Verbeke (2013) emphasise matching of internal company strengths (relative to competitors) with opportunities and challenges found in geographically dispersed environments. Other empirical evidence seems to advocate that other factors such as geographical area and looking for improved profitability affect the company's structure (Mallenbaker 2013; Nike 2013). Arising from this, I propose what I call 'cultural competency', i.e. the capacity to deal successfully with transcultural issues in trans-geographical business situations through encouraging the aptitudes of shifting, adapting, listening, engaging etc., that should be over and above an organisation's essential abilities. It follows that cultural competency should be applied at both the individual and company/organisation level, and that effective transcultural and trans-geographical interactions will require a combination of both culturally competent companies as well as staff. Individuals and companies should develop these aptitudes to succeed in the transcultural business world.

It is also evident that culture affects business, companies and management through the way in which these critical factors interact. The definitions of leadership, power and management are therefore presented: *leadership* is a personal attribute that influences, motivates and encourages a group of people and influences their actions or opinions (Buono 1990; Kotter 1982); *power* is the way by which an individual or an organisation wields control over other individuals or a particular situation (Kakabadse & Ludlow 1987); and *management* represents the core skills of organising, delegating and controlling (Drucker 2001). To manage is to secure the effective co-operation of people, whilst a manager is a person controlling the activities of an individual or team (Bennis 2009).

The literature review suggests that the relationship between leadership and the organisation are co-dependent, as is the cultural context within which a leader operates. Belias & Kaoustelios 2014; Chhokar et al. 2007; Gelfand 2006; Nahavandi 2015; and Van de Vliert (2004) look at the way in which power is exercised in and from a particular organisation. This determines the organisation type, the way of doing business, as well as the individual relationships within it. Hofstede (1991), Nahavandi (2015), Belias & Kaoustelios (2014) look specifically at the implications of using power and how power is distributed between individuals also taking into account different cultural contexts. Much has been written about leadership traits or attributes and whether or not they are culturally contextual or can be universally applied. By looking at the comprehensive studies of Chhokar et al. (2007) and Anderson & Adams (2015) and the work by Brimm (2010, 2016) amongst others, the review suggests that they are both, i.e. that there are some universal leadership characteristics that are not dependent on cultural context, for example, giving direction or inspiring action. However, there are other leadership features that will fit better (or not) depending on the cultural

context, for instance being dictatorial as opposed to consultative. This implies that, in some instances, managers will need to modify specific culturally contingent traits, values and associated behaviours to adapt to new local circumstances.
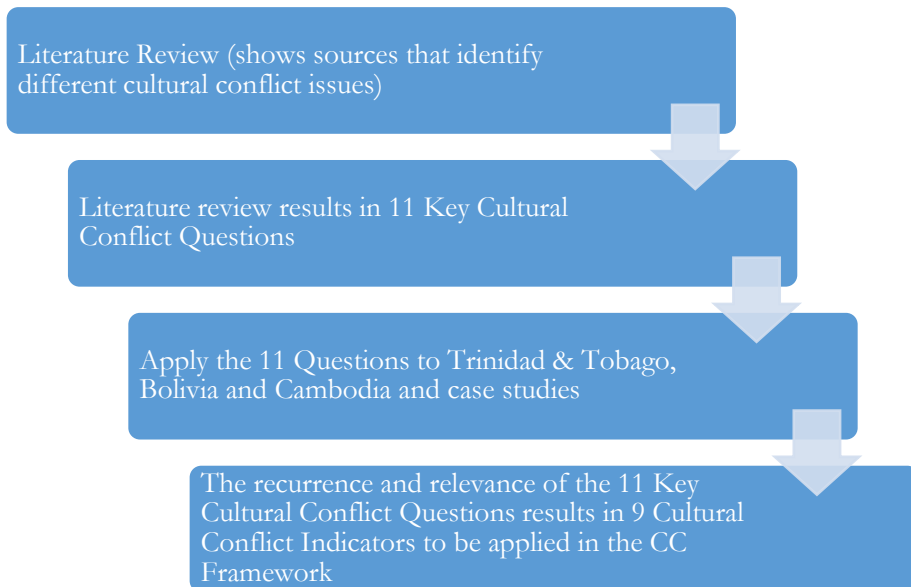
At the same time, the literature draws our attention to the need to control abuse of power, recognising that some of those traits that leaders have (e.g. independent thinking, being decisive etc.) might just be the same traits that could lead to some of the negative consequences of power. I therefore recommend that success in implementing change be based on ensuring congruence between leadership and followers (a term first introduced by Valinkangas & Okumura 1997), meaning that leaders set a direction and that followers take the leaders direction. In addition, the need for companies to manage change effectively is critical, and the literature review suggests that change should be seen as part of a continuum or process (Trompenars & Woolliams 2003; Kotter 2011), that could manifest itself as a cultural divergence which might or might not lead to cultural conflicts. Companies will need to develop appropriate management practices to ensure adequate and efficient business continuity. The challenge will be to reconcile these cultural divergences and to have businesses and or organisational structures that are able and capable of dealing with these differences. Furthermore, the literature review also suggests that leader effectiveness is contextual. This is particularly important in the setting of managers that seek to exercise power in a culture other than their own. In this context, I explore the need for malleability and flexibility of leaders (as well as other individuals) when dealing with trans-geographical situations and to develop the skill of cultural competency. Peterson (2004) and Thomas et al. (2008) introduced the notion of cultural intelligence or GC that has further been developed by the likes of Crowne (2008) and Earley & Mosakowski (2004).

However, these same academics warn that such adaptability, may not be perceived by companies as a positive attribute as they may consider this flexibility to imply lack of commitment or staying power where staying power is deemed to mean the ability of an individual to stay the course and/or to complete a task. This is ironic and shows the reality that our traditional cultural constructs may still limit a company's overall attitude to the recruitment of staff and key leaders. Being cognizant of these potential biases and taking them into account when designing company recruitment policies as well as management practices will be critical. Moreover, my research shows that the need to manage, adapt and acclimatise to new cultural settings and environments is an essential feature for successful business exchanges. The ability to deal with cultural transitions (i.e. an ability to manage, adapt and acclimatise to new cultural settings and environments) are essential features for successful leaders, individuals and organisations. Companies need to develop appropriate management practices to allow them to respond – at both the individual and corporate level – to changing circumstances and ensure business continuity.

Question 3: "How can cultural issues that have a potential to be a conflict be identified and avoided?"

Potential cultural conflicts may happen in transcultural and trans-geographical situations. To identify what are the most relevant cultural issues (which I call cultural conflict indicators), I start by summarising the extensive literature review undertaken in Chapters 2, 3 and 4, then group references by potential cultural conflict indicator, and finally show their common base in the literature. This formed a long list of possible cultural conflict indicators. I then test how these cultural indicators applied in three case studies. Their recurrence within each case study allowed me to summarise the cultural indicators that were to be included in the CC Framework. The figure below shows how this process was done.

Figure 7. Progression for identification of Cultural Conflict Indicators

Literature Review (shows sources that identify different cultural conflict issues)

Literature review results in 11 Key Cultural Conflict Questions

Apply the 11 Questions to Trinidad & Tobago, Bolivia and Cambodia and case studies

The recurrence and relevance of the 11 Key Cultural Conflict Questions results in 9 Cultural Conflict Indicators to be applied in the CC Framework

The three case studies to which I applied the long list of indicators were Trinidad & Tobago, Cochabamba Bolivia and Cambodia. In Trinidad & Tobago, an international water company operated the water and wastewater services. An evaluation from an independent evaluator contracted by The World Bank to review and assess the contract and its performance concluded that the contract had achieved its objectives. Despite the apparent successful outcome, significant disagreements occurred between the government and the private operator. These differences related primarily to the appreciation of the contract's scope and expected results including its associated agreements. For the day-to day operations, issues related to leadership style were also problematic. Ultimately, the deal failed to be renewed arguably due to some of the cultural divergences encountered. The second case study focused on a highly-publicised project in Cochabamba Bolivia, where the international water and electricity operator's contract was rescinded, and the operator was expelled from the country. When examining the cultural indicators that led to such a dramatic exit, the indicator of 'agreements' was found to be one of the critical factors for failure. Although the international operator had a contractual right to increase water tariffs, the Bolivian authorities saw the importance of keeping farmers happy (as they depended on the water for their crops) and did not allow a tariff increase despite it being explicitly provided for in the contract. The government anticipated the international operator to be more understanding of local needs and thus expected a degree of flexibility to the application of the contract. The third case study related to an emergency recovery-funding programme that The World Bank attempted to implement in support of the reconstruction efforts in Cambodia after a major typhoon. The failure to recognise how power was exercised in Cambodia (The World Bank failed to understand the very stratified Cambodian society and organisational structures), as well as a misalignment in the understanding of agreements (and their enforceability), led to the

unsuccessful outcome of this project. The fourth case study was in Mexico where the CC Framework was applied. This is described later in this section.

The reason these case studies were selected was based on the following basic criteria: (a) sufficient data published on the relevant case e.g. through trade journals, periodicals, independent evaluations, multilateral and bilateral reports and assessments; (b) access to relevant stakeholders including senior and middle management of the organisation in question; and (c) availability of other sources of information from third parties directly or indirectly related to the transaction in question (e.g. government officials etc.). All information utilised was historic as all four projects had already been completed and/or the contractual arrangements finished at the time of data collection. All information used was in the public domain. Permission was also granted to refer to said cases and their respective circumstances. Individual interviews with critical persons involved in the reported instances complemented the information, and as appropriate attributions to comments and opinions have been made.

The nine cultural indicators chosen were:

1. Emotional Manifestation: Is emotional expression seen as weak, immature or even irrational? Is expressing emotion acceptable in a business situation? Are there any instances when displays of emotion in business are acceptable?

2. Attitude to Time: Is undertaking a task on time and against a prescribed schedule important? Is there flexibility with deadlines?

3. Individual or Group Orientation: When making decisions, does a cultural conflict arise when the group's interest becomes more important

than a personal interest? How important is it to reach a decision through consensus or could it be imposed?

4. Personal Space: Can conflict arise as a result of a feeling of invasion of an individual's space in a different business setting?

5. Material Possessions: Are material possessions considered important? Is the way you dress, size of office, car and other material possessions a gauge to success? If so, to what degree?

6. Control of Environment: Are there possible conflicts that arise due to the management style that seeks to control the environment and associated risks thus avoiding uncertainty?

7. Perception of the Execution of Power: Do conflicts arise as a result of how power is perceived by individuals within a management structure? Is there a highly stratified organisation with high levels of supervision required?

8. Leadership Style: Does the type of leadership style lead to potential conflicts?

9. Attitude towards Written Agreements: Is an agreement seen as binding or does it constitute only a reference or starting point and can this lead to conflict?

The fact that the cultural indicator selection was done by assessing their recurrence within the case studies, as well as the extrapolations done from them by empirical data collected, further strengthened the rationale for choosing case studies. This approach is consistent with the findings of Flyvbjerg (2001) and Haverland & Blatter (2012). The research found that the indicators of locational factors and historical context were not prevalent in all cases studies (locational factors referred to landscape and topography in which a cultural business interaction takes place influencing behaviour and whether this could lead to conflict, and historical context meant to assess whether a particular historical context of a specific culture may result in conflicts within a business situation). Because of this, I concluded that these cultural conflict indicators should not be included as part of the CC Framework, leaving me thus with only nine cultural conflict indicators.

Upon close examination of the selected cultural indicators, some may appear quite similar. For example, the indicator of control of the environment, or the indicator of perception to the execution of power and leadership. Whilst I recognise that these indicators are indeed inter-related, for example, the way an individual exercises power may reduce uncertainty and therefore implies a higher degree of control of the environment, these indicators are in fact distinct. Each selected indicator seeks to identify different issues related to possible areas where cultural conflicts may arise. In other words, control of the environment refers to trying to reduce uncertainty in any given situation. Perception of the execution of power refers to the way individuals recognise power within a given organisation. Similarly, leadership style is the manner by which an individual can exercise power as a means of reducing uncertainty (or controlling the environment). Another important point related to the indicator of time is that undertaking a task on time and against a prescribed schedule may not necessarily

reflect the reality in question. Even if a culture is in general perceived to be 'more relaxed' about deadlines or time-schedules, there is value in shifting the appreciation of time depending on the characteristics of the individuals and the situations involved. For example, certain activities such as preparing accounts in time for tax submission may require tight scheduling of time, as compared to staff involved in research and development which may be most productive when not subject to tight deadlines and controls (Levine 2013).

It must also be pointed out that the assumption that underpins the use of the CC Framework is that adequately recognising where there are cultural differences is a first step in identifying where potential conflicts may arise. Notwithstanding this recognition, having a difference does not by itself imply a cultural conflict. For instance, two cultures that attribute very different importance to emotional manifestation may still be able to have a successful business interaction despite having these differences. Similarly, a culture that may ascribe more significance to (written) agreements than another may still be successful in that other culture even if not all aspects of a business relationship are clearly set-out in a contract, and thus its success is based on trust and associated behaviours and attitudes towards each other.

Another consideration that became evident as a result of the assessment of the cultural indicators in the different case studies is that the effects of the common cultural conflicts that are identified will rely on a practitioner's assessment of the potential for conflict in any given cultural exchange situation. This highlights the impact that an individual has with respect to a cultural assessment. It means that we cannot underplay an individual's own biases and cultural background when undertaking such assessments.

From this analysis, it is clear that I am not using quantitative techniques but rather an analytic generalisation to make inferences from my case studies that may apply to other situations. Conspicuously, there are two important considerations (and some may argue limitations) of my research. The first relates to the weightings of the cultural indicators, whereby no attention is placed on the relative importance of the indicators. In essence, all cultural conflict indicators have been treated as equally important, and this is not representative of reality as indicators are likely to have different weights and these weights may vary across cultures. Further assessment of the CC indicators should be considered, and perhaps a rating system developed. Second, more detailed testing of the cultural conflict indicators will be required if they are to be used in for more rigorous analysis. These two methodological limitations would require follow up through other types of research such as surveys, experiments or observations. This follow-up research is beyond the scope of this thesis.

7.3.2   Results from the Application of the CC Framework

The case study where the full CC Framework was applied was Mexico City, Mexico. Here, a British international water operator (Severn Trent Water International or STWI) had been awarded a contract for the partial investment, and full operation and maintenance of the water and wastewater systems (including associated networks) serving a quarter of the population of Mexico City.

When applying the CC Framework, critical areas of cultural incompatibilities surfaced. These included, for example, a different approach to (written) agreements, expressions of emotion and time appreciation; or British staff and managers being more individualistic, whereas Mexican managers are looking to engender a collective or group approach. A different approach to material issues

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brought about cultural incompatibilities between the partners. Similarly, the need for control of the environment as a risk mitigation measure created frictions amongst the parties. STWI (and its British management) felt control of the environment to be a critical supervision tool, whereas the Mexican partners were far more relaxed about dealing with the day-to-day uncertainty of managing the water and wastewater business. In the early years of the contract, arguments about management style arose given the different approach to leadership each culture had. In the case of STWI in Mexico, STWI should have recognised that to add value to the transcultural and trans-geographical business situation it must develop an appropriate strategy which recognises host country differences, yet at the same time ensures STWI's core company cultural values of quality of water and service delivery be achieved. STWI should not have been dogmatic about imposing its company culture to the local business. In other words, it needed to develop a 'glocal structure'. Moreover, it could have staffed the project with individuals who were more culturally attune, adaptable and flexible (some of the initial STWI team were individuals who by their own admission did not like foreigners or who had never travelled abroad before their assignment in Mexico). Some general recommendations are extrapolated from the application of the CC Framework in the STWI case and are presented in the general conclusions below. However, broadly these can be summarised as (a) the company had no clear international strategy that recognised differences in culture between the host culture (its company culture) and the culture in which it was operating (Mexico City); (b) the company culture did not recognise that it needed individuals with an adaptive capacity and that were culturally aware; and (c) there was no pro-active management of cultural issues and/or conflicts that arose (see examples described above), including a lack of training and development programmes for staff to deal with the international focus of the company; (d) there was no active human resource strategy that ensured integration back to the traditional business once individuals that had been part of the Mexico contract finished their stint

abroad, thus missing out on valuable lessons and experiences learnt aboard that might have been applicable to STWIs other business.

An important point that must be considered within the case studies is that of the dynamics of culture. The CC Framework fails to specifically address how fast cultural change occurred and whether or not some of the problems identified could have been resolved if sufficient time would have been provided to take into account changes that may occur to a person's values and beliefs – and therefore culture – in response to the environment in which individuals operate. This is beyond the scope of this study.

Finally, it is important to highlight some of the limitations of my research and areas for future improvement. For example, extending the interviews to include local counterparts such as government officials, sub-contractors, etc. could produce more significant insights, and offer a more comprehensive picture of the cultural exchange. This was not done because of limited resources to travel to Mexico and in some instances because some of the relevant counterparts were no longer in place and could not be located. This notion of more local counterpart involvement could also be applied not only to the Mexico case but the other case studies. Furthermore, all case studies suffered from a significant time-lag between when the intervention had happened and when the research findings were recorded. Obtaining the most up-to-date information could provide more significant insights into each case study.

7.4   Conclusions

I have shown that there is considerable evidence, see for example Chesnais (2016); Christensen & Kowalczyk (2016); Harrington (2016); Hofstede (2001), House et al. (2004), Friedman (2005), Tsui (2007), Gerhart (2008); Roudometof (2016); Sholte et al. (2016) etc., that companies doing international business need to adapt their corporate culture and associated practices to take into account underlying host country cultural issues. Awareness of all circumstances that make a particular business interaction successful – some of which are not obvious – will be a critical condition for business success. Specific recommendations can be drawn from this research. For ease of interpretation, I have grouped these in two inter-related perspectives that should be considered in transcultural and trans-geographical   business   exchanges: the   first   relates   to company/organisation, and the second looks at individual aspects and recommendations. These are discussed below.

7.4.1   Company/Organisational Recommendations

From a company perspective, this research has shown that the key challenge for businesses or organisations doing business in a transcultural and trans-geographic context is to maintain the core elements of their home corporate culture – which is the engine of their success – and keep this in balance with the need to succeed in multiple and disparate cultures. My findings suggest that companies must develop and leverage core business competencies (Penrose 1959; Kor 2003; Heene 1997; Christensen & Kowalczyk 2016, Sholte et al. 2016), but also carefully look at how to manage transitions between their corporate culture in the home country with that of the country in which the business interaction is taking place (the host culture). This is important when dealing with

transcultural and trans-geographic business interactions, as companies operating in these environments need to manage these 'transitions' on practically a daily basis and as a standard business practice. Moreover, adequately handling these changes will be important as this affects the way in which leaders manage within those different cultural contexts, and can achieve success for the business (see below recommendations at an individual level). Consequently, companies will need to develop appropriate management practices to ensure suitable and efficient business continuity and growth. My findings suggest that developing the right company/organisation strategy must start by having an international outlook. This viewpoint should be linked to a relevant corporate structure that can sustain a global thrust. What this means is a combination of (a) dynamic and responsive corporate structure, (b) the use of systems, frameworks and procedures (such as the CC Framework) that help understand, assess and interpret other cultures and doing business trans-geographically, (c) changing a company or organisation's set of attitudes, values and beliefs to better adapt to a transcultural and trans-geographic business environment, and (d) appropriate financial resources.

From a financial perspective, the desire of the company to go internationally must be met by the adequate financial resources that can allow it to develop those trans-geographical ambitions. What this means is that international expansion will cost money, and appropriate provisions will need to be made to make the necessary investments. The right balance of time and resources must be allocated until such time as the company starts to make a profit, and experience suggests that sometimes it takes longer to achieve business objectives in a different cultural setting than originally anticipated. Financial resources will not be enough. Companies will need to develop a dynamic corporate structure. This means that the company and its staff must be prepared to deal with the

corresponding change that is required to survive in a transcultural and trans-geographical business situation. The exact structure need not be pre-defined but may be developed as the circumstances require, but encouraging open, transparent and dynamic communication between the home and the host companies. Developing a more open approach to international business becomes just the starting point for success, i.e. wanting to do business trans-geographically is not enough, it must be accompanied with appropriate personnel, data, planning, human and other resources which will make the business a success. Within this, the role of individuals with appropriate cultural awareness will be essential. Acceptance of other cultures and the consequences of doing business with them should be actively encouraged as part of the entity that looks at doing business trans-geographically. This means ensuring that staff are trained and equipped to be sensitive to and understand cultural differences. Continuous, pro-active training will be required to encourage individual staff at all levels of the company to help identify cultural divergences that might become cultural conflicts. Turning cultural differences from a barrier or hindrance, to, for example, looking for synergies that might be used to gain a competitive advantage is one way of bringing about the best of trans-geographical business exchanges. Similarly, a company's ability to re-integrate staff and managers that have done stints overseas and bring them back to the core business needs to be actively encouraged.

But being culturaly adaptable does not mean loosing certain critical core cultural values. In this regard, the promotion of a small set of company values (and as appropriate country values) that are transportable across cultures, for example, loyalty, issues related to quality (e.g. the Toyota example) or a particular attitude towards keeping timetables and time schedules for delivery (as evidenced through the Mexico case study), may play a critical role in developing successful

transcultural and trans-geographical business situations. These aspects should become the key tenets to forming a dynamic and responsive corporate structure.

This approach of embracing cultural differences, together with the inclusion of professional staff at the corporate centre and higher echelons of the organisation's structure and hierarchy that are multi-cultural both in outlook and in reality, will ensure that an organisation can meet the demands and challenges of a globalised business environment. This is consistent with management literature as suggested by the likes of Anderson & Adams (2015), Brimm (2010, 2016), Chesnais (2016), Svensson (2011) and the work by Roudometof (2016) amongst others. Coupled to this is ensuring the organisation develops a management culture that is sympathetic and sensitive to different cultures at both micro (individual and company) and macro (national and international) level (Nahavandi 2015; Belias & Kaoustelios 2014). The organisation must ensure that its company attitudes, values and beliefs are not static. This research has shown that attitudes, values and beliefs can change and adapt depending on the transcultural or trans-geographic business situation without necessarily forsaking critical tenants or widely held beliefs (e.g. quality aspects, or a specific approach to a business endeavour). For example, this shift of a company or organisation's set of attitudes, values and beliefs to better adapt to a transcultural and trans-geographic business environment could be accomplished by focusing on some of the cultural indicators such as control of the environment, avoidance of risk and attitudes towards written agreements. So, empowering the younger generation of staff within the organisation, loosening internal bureaucratic controls and degrees of formalisation, etc. can help provide a corporate culture that is open, pragmatic and responsive to change. Doing this will allow control of the environment to becomes less critical for a given company or organisation, but still ensure alignment (and as appropriate compliance with) the company's

culture and belief system, whilst at the same time efficiently contributing to meeting the business' objectives. Another example could be a better adaptation to towards risk (and its avoidance) when dealing with transcultural and trans-geographic business exchanges. A company with a traditional risk-averse approach could revisit such corporate style by embracing change and not being too conservative towards risk as this may stifle growth. Actively encouraging innovation to keep up with changing market, technology and competitors can also be a good motivator towards achieving the business objectives. Similarly, if the attitude towards agreements can be clarified – whether it be that an arrangement should be formalised more regularly (e.g. by written agreements) or by developing relationships through trust based on an understanding of other cultures etc. These are all aspects that the CC Framework can help organisations look at, to enable them to develop and crystalise solutions whether they be in a regional context or as a general company value.

In summary, the findings of my research suggest that there is a need to pro-actively and deliberately establish a company strategy that can adapt the company culture and its staff (and by inference its leaders and managers) to better align itself with a transcultural and trans-geographical environment. This can be achieved through recognising the limitations of a company's current internal market (in the Mexico case study, STWI's limited UK market) and the need to expand internationally, and thus respond to other exogenous factors such as globalisation of the economy, communication, influence of technology, etc. Developing an ex-ante understanding that doing business transculturally and trans-geographically will require a business or organisation to modify and adapt its existing host company culture and associated practices will be a critical ingredient for success. It is, therefore, important to acknowledge that a change

in the business arena must bring about a change in a company's business focus and implementation approaches.

7.4.2   Individual/Personal Recommendations

From an individual's perspective, the main contribution of my research has been to show that favourable transcultural interactions rest on the need to create the conditions whereby individuals can operate efficiently across borders, adapt to local cultures and minimise the effect of cultural conflict on their business performance. This is particularly relevant in today's business world because more companies are dealing trans-geographically. Also, in transcultural settings, one should look at cultural exchanges from the perspective of the individuals who are party to that transaction. Because there are interpretative challenges between a sender (who embeds her message in a particular cultural framework) and the receiver (that takes and construes the message in perhaps a different context), potential conflicts or misunderstandings may occur. These conflicts are due to cultural differences, and their implications for doing business need to be understood. Such consequences resulting from cultural conflicts may be, for example, the premature termination of a business contract, or the failure to be successful in a business negotiation. Early identification of cultural conflicts and appropriate mitigating actions might avoid such outcomes. Furthermore, there is a growing cadre of expatriate personnel (existing and future leaders and managers) working in cross-cultural environments that must recognise that the people they need to interact with are different and that they are acting in a diverse cultural setting. They must adapt, develop specific mechanisms to deal with such circumstances, and have an appreciation of cultural differences. Because of all

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this, and the inter-related nature of culture, companies and individuals (staff), I propose that when doing business internationally, the following critical factors need to be considered at the individual level: (a) a person's characteristics will affect behaviour; (b) knowing a person's country does not provide a good prediction of her cultural values; (c) national culture could provide guidance when assessing issues that motivate and incentivize people but it is by no means the only factor(s) that should be considered; and (d) individuals gravitate towards organisations/companies that fit their individual characteristics. Appreciation of these issues will help businesses (and their staff) make more successful transcultural and trans-geographic business exchanges.

This research introduced the critical concept of cultural competence, i.e. the areas and behaviours that individuals need to be cognizant of when dealing with transcultural and trans-geographic business situations. Because I firmly believe that 'business is about people', I consider training to be an essential part of the recommendations to develop a workforce with appropriate cultural competency. One can infer from the findings of my research, and especially from the application of the CC Framework in the case study of Mexico, that adequate training can bring about a change in attitudes and behaviours at the individual and corporate level. These, as demonstrated by the literature review, can result in modified company structures and subsequently will affect a company's overall strategy.

The development of a comprehensive human resource strategy should be developed in unison with a company's trans-geographical strategy. At the core of the policy that is designed is the inclusion of a proactive approach to international recruitment, encouraging different nationalities and individuals with extensive international experience. This global approach to recruitment

should seek to address all levels of the organisation and should, therefore, include middle, senior and Executive Board level. As recommended by Anderson & Adams (2015), the process of building international competencies should not be considered a one-off or occasional event but should be an integral part of acquiring and building talent – and leadership – for transgeographical entities. Moreover, there is a need to recognise that there are different competencies for head-office based and overseas staff and managers within an organisation and human resource strategies must also account for this. In addition, such policies should also include a flexible remuneration and benefits strategy which encourages global resourcing within an international development framework and that respects cultural differences such as attitudes to power and material possessions. Finally, consideration should be given to actively developing and exploiting the strengths of individuals, providing the right development opportunities placing them in an environment in which individuals can be most productive, including matching personalities with cultural paradigms of leadership and other personal attributes. In this respect, my research has demonstrated that what makes a competent manager in one environment does not make her necessarily suited to another. Resolving this challenge will involve the company and its respective organisational structures to assess precise personal/individual competencies it requires for home-based and overseas staff and managers, as well as being able to understand the cultural environment where an individual (be it staff or manager) is to operate. The CC Framework provides practical guidance on assessing critical cultural indicators which should then be linked to a person's traits and individual characteristics. Armed with this information, businesses and organisations will be able to take deliberate, positive steps towards ensuring they have managers able, willing and knowledgeable to handle trans-geographical and transcultural situations. Furthermore, one of the conclusions emanating from my research is that organisations should develop management training and development programmes with international impact

by ensuring that cultural differences that exist are not seen as barriers and/or limitations, but more as an opportunity to build upon them, highlighting the strength of that difference and developing effective managerial solutions to deal with them. Moreover, the training programmes that are established must be realistic and practically orientated, but importantly they must continuously be monitored to determine their effectiveness and modified to suit the needs of the workforce and the changing nature of the business environment. The development of training programmes can be done through various methods such as specialist seminars in areas like international negotiations, interpersonal skill building, etc. as well as learning by doing in international assignments. Finally, my research has shown that cultural management is about being able to carry out constant self-assessment and efficiently modifying values, attitudes and behaviours to fit the particular environment. The use of the CC Framework provides a practical instrument to do this.

An important point relates to growing awareness of cultural differences at the individual level. Nowadays people are more familiar with cultural differences. This is because of the prevalence of technology, improved ease of access to information, awareness of different cultures through increased travel, tourism and recreation activities, as well as more research on transcultural and trans-geographical business exchanges. Detailed awareness of cultural differences is particularly true of managers who start working in a host culture other than their home culture. These individuals do not enter an entirely new world. They are likely to bring already specific cognisance and awareness of that host culture. Ironically, that previous knowledge might not be appropriate, let alone enough, to deal with doing business in that host country and as such training and proper preparation will become critical. Of course, coping with the differences is another issue, but the CC Framework provides a structure to deal with this.

7.5   Areas of future research

My research relied on analytic generalisation to make inferences drawn from my case studies that may apply to other situations. As mentioned before, this is a strength of case study research as a research methodology for the use of traditional hypo-deductive methodologies. However, there are some limitations in the approach to the selection of the cultural indicators which merit greater research. For example, the fact that recurrence of the cultural conflict indicators exists in three case studies does not mean they will always reappear. It would perhaps be better to have a greater sample size against which recurrence can be tested. Also, it must be noted, that because my study is explorative, further examination of the cultural conflict indicators will be required if they are to be used in practice and rolled out more systematically. This would mean following up through other types of research such as surveys, experiments or observations. Although the CC Framework is a useful initial tool, combining qualitative and quantitative research methods would allow for more detailed explanations regarding the cultural interaction, including structural analysis of transcultural and trans-geographical issues encountered (not only from the perspective of the company but also from the host country). Furthermore, more attention could be given to developing a weighting system for the cultural conflict indicators. At present one of the significant limitations is the somewhat naïve application of all indicators under the assumption that all have equal value or effect. Naturally, this is not the case in real life business interactions. Further assessment of the CC indicators should be considered, and perhaps a rating system developed.

The notion of cultural dynamics is something that would merit more significant reflexion and further research. As has been detailed in this study, culture develops and in many cases rapidly. This applies especially to the business world. Think, for example, of the objectives of transnational firms or organisations. In Western countries, there has been an evolution from profit maximisation to more broad goals including long-term sustainability, environmental protection, societal responsibility, etc. In socialist countries, we have seen a development from state control to a more prominent role of profit maximisation. Multinational organisations such as The World Bank Group, the Inter-American Development Bank, and the Asian Development Bank, for example, have moved away from merely building infrastructure towards the goal of building better and climate resilient infrastructure. Sustainability of such infrastructure is also critical. These changes have only come about recently. New multilateral organisations have been formed such as the New Development Bank or the Asian Infrastructure Investment Bank. These are a direct response to more appropriately reconciling developing needs, the increased voice demanded by emerging economies and what is perceived as the new economic order. Going forward it could be useful to look at how cultural values evolve, and one might consider re-visiting, for example, some of the case studies to re-assess whether or not there has been a shift in the cultural conflict indicators. Understanding which cultural indicators are, say, more prone to changes could allow different approaches to problem-solving and thus pre-empt conflicts in transcultural and trans-geographical business interactions.

It must also be noted that the field of transcultural research is the subject of continuing study by many institutions. The GLOBE studies, for instance, have been on-going since the early 1990s and have invested significant resources to carry out wide-ranging studies of inter-cultural issues in several countries. Future

research could look at applying the CC Framework in some of the sample countries already done as part of the GLOBE study and compare results. The work by Anderson & Adams (2015) for example that focuses primarily on critical characteristics of effective leaders could be further developed and integrated into the GLOBE methodology to take into account the trend of globalisation. I believe that there would be merit in further research to test and validate my methodology and to explore its acceptability and effectiveness as a management tool in transcultural business decisions.

Finally, I contend that this methodology shows potential to fill a need for a practical link between the theory of transcultural transactions and business needs of trans-geographic businesses. Whilst it was not the research objective to produce a thoroughly tested management tool, the rationale and methodology proposed can be considered successful in the context of this research, bringing to a positive conclusion this research, and meeting the final research objectives.

ANNEX:
THE GLOBE PROJECT

GLOBE is a long-term program designed to conceptualize, operationalize, test, and validate a cross-level integrated theory of the relationship between culture and societal, organizational, and leadership effectiveness. A team of 160 scholars worked together since 1994 to study societal culture, organizational culture, and attributes of effective leadership in 62 cultures. Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies reports the findings of the first two phases of GLOBE. The research is primarily based on the results of the survey of over 17,000 middle managers in three industries: banking, food processing, and telecommunications, as well as archival measures of country economic prosperity and the physical and psychological well-being of the cultures, studied.

GLOBE has several distinguishing features. First, it is truly a cross-cultural research program. The constructs were defined, conceptualized, and operationalized by the multicultural team of researchers. Second, the industries were selected through a polling of the country investigators, and the instruments were designed with the full participation of the researchers representing the different cultures. Finally, the data in each country were collected by investigators who were either natives of the cultures studied or had extensive knowledge and experience in that culture

The GLOBE study parts from Hofstede's four dimensions of cultural variation - power distance, individualism, masculinity, and uncertainty avoidance. A further study builds on other dimensions including future orientation, gender equality, assertiveness, humane orientation, in group collectivism, institutional collectivism, performance orientation, power distance and uncertainty avoidance. Below I briefly describe some of these parameters. However, it must be noted that the GLOBE research is very extensive and has been consulted throughout this research. I have not decided to replicate some of their major findings as this would serve no function. It does provide a valuable source of data, and this PhD thesis builds upon some of the findings.

The GLOBE parameters building upon Hofstede are:

Performance orientation is related to high religious diversity and low concentrations of a single religious belief or religion. Societies that have performance orientation tend to be highly accomplished.

Assertiveness relates to the number of natural resources a society has and how it affects behaviour. Societies with a high assertiveness level do well in global competitiveness comparisons.

Future orientation is related to the large number of trademarks per capita. Individuals in countries with this attribute tend to call before visiting and avoid spontaneous behaviour. Many people use the English language as a means of advancing their individual careers and thus increase their opportunities. People enjoy economic prosperity, and there is significant advancement in democracy, science and gender equality.

Humane orientation relates to the retail outlets per capita. People living in these societies tend to value human interaction, greet each other warmly, show empathy and hospitality is very important.

Institutional collectivism is an attribute mainly seen in Asian societies and relates to societies that are generally less fragmented than in other parts of the world.

In group, collectivism relates to societies more focused on family, where there is no divorce and are generally poor due process???? (this relates mainly to the rule of law).

Gender equality relates mainly to societies where women are paid the same amount for an equal job undertaken by a male counterpart. Here women have access to resources.

Power distance relates to the number of scientists per unit of gross national product and is characterised by societies with a great difference between the rich and poor. In these societies, economic growth typically results in unemployment and in some instances means that despite economic growth the poor do not benefit from this growth.

Uncertainty avoidance is typically shown in societies where there is a high number of home corporations/businesses in national research and development, and where the country generally has considerable development in technology and communications. These societies typically show good economic development and government support for these activities.

One of the reasons why researchers have focused their attention on national culture is that the hypothesis is that it is a constraint on management practice and organisational culture (Gerhart and Fang 2005). Hofstede (1984:84) asserted that management is "culturally dependent" and that effective organisations "adapt foreign management ideas to local cultures". Interestingly there are growing areas of research that are beginning to challenge some of the assumptions underlying the study of national culture differences in management research. One such study used by Gerhart (2008), seeks to question some of the

traditional assumptions used by Hofstede and by implication the GLOBE study, by re-analysing data to challenge the assumptions and relevant evidence for the design and execution of future research on cross-cultural management.

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