

LEADERSHIP DECISIONS THROUGH CHANGE

HOW DO NATIONAL CULTURAL DIFFERENCES EFFECT THE OUTCOME OF A STRATEGIC ORGANIZATIONAL CHANGE IN AN INTERNATIONAL CONSULTANCY FIRM

**“When I am at Milan, I do as they do at Milan; but when I go to Rome, I do as Rome does.”
(St. Augustine 354-430)**

STUDENT NAME: Veronika Etelka Utasi

STUDENT NUMBER: 850841033

SUPERVISOR: Marc Coenders

Table of content

Preface	2
Summary	3
1. Introduction.....	6
1.1 Research question.....	6
1.2 The relevance of the study.....	9
2. Literature Study.....	10
2.1 Introduction	10
2.2 Culture	10
2.2.1 The definition of culture.....	10
2.2.2 The importance of national culture.....	11
2.2.3 Modeling and measuring national culture	11
2.3 The impact of culture on Leadership	14
2.3.1 The cross-cultural definition of Leadership	14
2.3.2 The impact of national culture on leadership	15
2.3.3 The impact of culture on leadership decisions during strategy formation	15
2.4 Communication.....	18
2.4.1 The definition of communication in change processes	18
2.4.2 The impact of culture on communication	18
2.5 Conceptual Model.....	21
3. Methodology	23
4. Results	29
4.1 Introduction.....	29
4.2 The description of the HR Transformation	29
4.2.1 Implementing strategic change in the Netherlands.....	31
4.2.2 Implementing strategic change in France.....	32
4.2.3 Operational Integration of processes	34
5. Conclusion	40
5.1 Research outcomes	40
5.2 Limitations and future research	43
5.3 Implications for managers	44
Bibliography	45
Appendix 1: The relationship between strategy formation and culture	50
Appendix 2: Observations on French and Dutch communication during online meetings	51
Appendix 3: Interview Questions	52
Appendix 4: Structuring answers.....	53

Preface

The Global Management Consultancy Company where I work, is changing constantly. The Human Resources (HR) department is part of a global transformation project, based on the model of Dave Ulrich and Justin Allen (Ulrich, 2009).

This paper aims to investigate how national cultural differences affect the outcome of a strategic organizational change through leadership decisions and what companies need to take into account when they introduce change management efforts that involves several countries.

In order to increase the quality and efficiency of HR processes, the HR Services became centralized by region. The Gallia region consists of Belgium and Luxembourg (together as a sub-region they called Belux); France and the Netherlands. Prior to the HR Transformation I only worked with Dutch colleagues. In the new organization, I work on the streamlining of processes across the countries, in a virtual team made up of various nationalities. I was not prepared for this experience.

Being Hungarian from origin, and living in the Netherlands for nine years now, I had adopted Dutch values, behaviors and ways of working. At the time my Manager and Careers Adviser were French, my Team Lead came from Belgium. I worked on transitioning reporting to Argentina and China from the Netherlands together with colleagues from the shared service center in Buenos Aires and Dalian. It was a new, exciting and sometimes challenging experience. I discovered that despite us all working for the same company and sharing the same goals, there are differences in the way we communicate, the way we manage people, the way people look at processes, and more. I came to realize, that culture effects everything and reached the conclusion that in order to work together in an efficient way, we have to be aware of each others culture and be open about how we see things. This sparked my interest in looking at the impact of cultural differences on the outcome of a strategic organizational change.

In most organizations, HR provides guidance on how the organization should manage its diverse human capital in order to reach competitive advantage. What if the HR department is transforming to an international department where HR people work with colleagues from diverse countries, and are managed by a manager with a different cultural background to themselves? Who helps HR itself through the change process? Now that countries operate across the borders and HR Services are centralized, staff turnover within the Gallia HR organization is high and engagement is low. Gaining an insight into how diverse cultures are perceived will help in coaching and motivating employees with a different value systems and reduce turnover.

I would like to thank my mentor Marc Coenders his input and coaching. I also would like to express my gratitude to my colleagues who have contributed to the research process of my study.

Summary

The purpose of this study is to investigate how national cultural differences affect the outcome of a strategic organizational change through leadership decisions in an international consultancy firm.

Strategic change is defined as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Hofer and Schendel, 1978).

When an organization is changing from a given state to a desired one, there are various factors influencing the success of a change project. Several authors state that leadership and communication are key to bring a change process to accomplishment (Kotter, 1996; American Management Association, 1994). Leadership needs to motivate and reward the individuals, to encourage them to put the effort to change. In case of strategic change, leadership needs to lead the organization in the right direction by taking decisions on the actions needed to resolve issues, measuring these actions, choosing the right organizational structure and also deciding how the strategy should be communicated. There is an extensive amount of leadership literature on the importance of communication through change (Luecke, 2003; Denning, 2005; Lewis, 2006; Gilley, 2009). In this study I raise the possibility that when more cultures are involved in a change process, national cultural differences can influence leadership decisions.

Two main decisions points were formulated during a strategic change process:

1. Leadership decisions related to strategy formation
2. Leadership decisions related to communication

Evidence was looked for in literature relating to how national cultural differences impact leadership behavior, and communication between cultures. Several authors identified national cultures based on differences in values. Hofstede identified national cultures through five value dimensions. The various cultures were measured on a five point scale. If I compare France and the Netherlands on the official website of Geert Hofstede, the three value dimensions, where France and the Netherlands differ the most are Power Distance (PDI), Uncertainty Avoidance (UAI) and Masculinity versus Femininity (MAS). The GLOBE study (House, 2004) measured the impact of national cultural differences on leadership processes. The study found three culturally contingent leadership dimensions -leadership attributes that are seen as positive in some cultural contexts and negative in others- related to Power Distance and Uncertainty Avoidance. These three leadership dimensions are the followings:

Status conscious dimension: It reflects a consciousness of one's own and others' social position; holds an elitist belief that some individuals deserve more privileges than others. Status-conscious leadership was viewed as contributing to outstanding leadership in cultural contexts that highly valued UAI and PDI.

Bureaucratic (formerly labeled procedural) dimension: It emphasizes the following of established norms, rules, policies, and procedures; habitually follows regular routines. Bureaucratic leadership was considered as contributing to outstanding leadership in societal cultures that highly valued UAI and PDI.

Internally competitive (formerly labeled conflict inducer) dimension: It reflects the tendency to encourage competition within a group and may include concealing information in a secretive manner. Internally competitive leadership was viewed as contributing to outstanding leadership in societal cultures that highly valued PDI.

How do these leadership attributes relate to leadership decisions? Based on literature, I formulated and tested hypotheses using a case study at an international management consultancy company that was going through a global strategic change. One of the main goals of this top-down change was to increase efficiency of HR Services by operational integration between France and the Netherlands. In the case study I compared leadership preferences at decision points in France and the Netherlands throughout the change process. The methodology was semi-structured interviews with leaders and employees in both countries.

Regarding decisions related to strategy formation, I assumed that PDI influenced who is involved in the formation of the strategy and the sources of information accessed by leadership. In my research I stated that in high PDI context cultures, which prefer status conscious, bureaucratic and internally competitive leadership, those positions of power are expected to be the decision makers and they tend to enjoy easy access to information. The case study showed that in the Netherlands where the PDI is low, representatives from different levels in the organization were invited for formulating the strategy. In the Netherlands, leadership collected information from all levels and followed a more egalitarian approach. This led to a longer change process and go-live one year later than the deadline given by the Headquarters. In France, due to the lower involvement and discussions, the change was implemented on to global go-live date.

I assumed that UAI impacts how leadership designs the management control system. Evidence was found in literature that in countries where UAI is high, bureaucratic leadership prefers formalized policies and procedures to reduce uncertainty. The case study has supported this statement by comparing different points of views on forecasting and managing employee engagement.

I assumed that cultural differences may impact the organizational structure. The case study suggested that managing with a country focus can be more efficient than managing cross border when there are differences in PDI between the operationally integrated countries.

Regarding decisions related to communication, I assumed that cultural differences may impact the communication. It was presumed in a county where PDI is high, such as in France, introducing changes starts with gaining support of the top-leadership. Communication lines are centralized and must be top-down. The case study showed that top-management must be involved and supportive from the early

stages of the change. In a high PDI country, if only the team is supportive of the change and not the top leadership, this can be a breaking point.

In a high PDI country like France, due to a respect for hierarchy, leadership will be followed even if the overall population is not convinced about the change. The case study identifies a different way of implementing change in low and high PDI countries. In a low PDI country like the Netherlands, reforming the organization took longer as the whole group first needed to agree the approach.

In France, the organizational structure was reformed on the global deadline, but it did not mean that employees accepted and supported the change by the deadline.

It is human to resist to the uncertainty change can bring. Within cultures where UAI is high, the natural resistance is combined with years of generational programming. Individuals from high UAI cultures are not automatically oppose the introduction of new ideas, but they need more reassurance and feeling of security that their future is under control. UAI and the resistance to change can be reduced if the guiding coalition is explicit regarding objectives and deadlines and proposes a modest level of change with a well-communicated strategy. Providing detailed documentation of the Q&A sessions, and maintaining a website for Frequently Asked Questions are techniques to decrease UAI.

Presenting open-ended instructions and vague deadlines should be avoided as it can increase uncertainty further. In a country with high UAI, friendly negotiations need to take place prior to introducing a new plan. When the guiding coalition introduces a new change program, it is important to understand and anticipate the questions that may be raised, and eliminate ambiguity and uncertainty using a well-reasoned rationale. In a countries with low UAI index, like the Netherlands, leadership should emphasize the advantages that change will bring for the individual, for example the new skills they can build, new career paths that will open up to them. The case study shows that even if the responsibilities of the new role are not completely clarified, but the advantages for the individual are emphasized, employees make the step easier towards change in the Netherlands then in France.

1. Introduction

In order to achieve competitive advantage, companies are keen to constantly find more effective ways of operating in this rapidly changing environment. Change is seen as a variable to reach competitive advantage (Florida, 2005; Friedman, 2005).

The question is what are the key factors that influence the outcome of any change? To answer this question, literature was used to identify evidence. Several authors state that leadership and communication is key to bringing a change process to accomplishment (Kotter, 1996; American Management Association, 1994).

Strategic change is explained as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Schendel, 1983). Strategic change starts with a group of leaders discussing where the organization is now and which actions should be taken to reach the desired situation. The decisions will impact the firm's operating model and its resources.

What are the important decisions that need to be taken by leadership during a strategic change? On the one hand, leadership decisions are categorized as activities related to strategy formation. The steps of strategy formation are identified based on the theory of Bob de Wit (2005). During strategy formation, leadership decides on which actions should be taken to resolve the current issues, how these actions should be measured, which organizational structure should be chosen. On the other hand, leadership also needs to take decisions on how to communicate the new strategy through the change process.

Regarding the leadership decisions relating to communication, extensive literature is available on the importance of communication in general change management (Elving, 2005; Kitchen, 2002). Elving considers communication as great essence for effective implementation of organizational change. According to Ann Gilley, using the right communication channels and techniques can enhance readiness of change and triggers the recipients to act. *“Leading change requires the use of a diverse set of communication techniques to deliver appropriate messages, solicit feedback, create readiness for change along with a sense of urgency, and motivate recipients to act. Leaders are responsible for communicating to the organization the risks in clinging to the status quo and the potential rewards of embracing a radically different future”* (Ann Gilley, 2009).

1.1 Research question

Leadership and communication are considered as key factors that influence the outcome of an organizational change. If the local leadership of the countries had identified the same strategic change, would national cultural differences impact the decisions of leaders through the strategic change process and the outcome of the change?

Over the past 40 years, researchers have been offering different dimensions to compare national cultures and represent the differences by these models (Klunckhohn & Stodtbeck, 1961; Hofstede, 1980; Hall & Hall 1990; Trompenaars, 1993; Schwartz, 1994, House, 2004). The majority of these models are used as a base to emphasize the fit between a given culture and managerial practices.

Researchers argue that there is a high congruence between national culture and management practices (Laurent, 1983; Hofstede, 1993; Tayeb 1994; Newman & Nollen, 1996; House, 2004). This concept of divergence of national cultures has been challenged by studies demonstrating the convergence of cultures. Researchers following the convergence dichotomy argue that organizational characteristics between nations can be free of particulates. Literature has emerged that offers evidence for the convergence of management practices (Adler, 1986).

In this study the possibility is raised that when more cultures are involved in a strategic change process, cultural differences can influence leadership decisions and the outcome of the change.

Regarding leadership decisions in strategy formation, according to Schein (Schein E., 1985) national culture may play an important role in strategy formation as it derives from assumptions regarding relationships with the environment as well as relationships among people.

Power Distance (PDI) and Uncertainty Avoidance (UAI) has been seen as the origin of differences between cultures (Hofstede, 1984; House 2004). PDI refers to the extent to which members of a society believe that it is acceptable when superiors are treated with respect, to be obeyed and have extra privileges (Hofstede & Hofstede, 2006). According to Hofstede (1984) the UAI dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. The GLOBE study (House, 2004) also uses PDI and UAI as dimensions to distinguish cultures, but there is a difference in the definition of UAI. In case of Uncertainty Avoidance, the GLOBE study focuses on the degree in which societies try to reduce uncertainty. Hofstede focuses on the degree of tolerance to uncertainty.

Hofstede states that: *“Power Distance relates to more or less centralization of decisions...we can expect more formalization, standardization and ritualization in strong Uncertainty Avoidance countries than in weak Uncertainty Avoidance countries”* (Hofstede, 1984:93). The GLOBE study (House, 2004) highlighted that some attributes of leaders related to Power Distance and Uncertainty Avoidance, are seen as contributing to outstanding leadership in certain countries. In other countries, the same attributes are seen as inhibiting outstanding leadership. The three leadership attributes related to Power Distance and Uncertainty Avoidance are: Status Conscious, Bureaucratic and Internally Competitive Leadership. These are contributing to outstanding leadership in high Power Distance and high Uncertainty Avoiding countries. In low PDI and UAI countries the same behavior restrains outstanding leadership. Status conscious Leadership reflects a consciousness of one's own and others' social position; holds an elitist belief that some individuals deserve more privileges than others. The Bureaucratic Leadership dimension prescribes following established norms, rules, policies, and procedures. The Internally Competitive Leadership dimension reflects the tendency to encourage competition within a group and may include concealing information in a secretive manner. This type of leadership was viewed as contributing to outstanding leadership in societal cultures that highly value PDI.

Hofstede (1984) describes management communication as a symbolic activity. The manager as sender communicates effectively if the receiver understands him and is motivated to take the requested steps. *“Management is a symbolic activity: that is, managers influence other persons through wielding symbols that have meaning for these persons and motivate them toward the desired actions. An example of such a symbol is a memorandum written by the manager to announce a change in procedure. Its effect depends on the a complex set of pre-programmed interpretations by the receivers: whether they can read, whether they understand the language used, whether they respect the legitimacy of this decision by this manager, whether they consider the style of the memo appropriate to their status, whether they are accustomed to react on written messages, whether they consider themselves as competent to take the requested steps, etc.”* (Hofstede, 1984:82).

The purpose of this study is to research how national cultural differences affect the outcome of strategic organizational change through leadership decisions in an international consultancy firm. It leads to the following formulated research question and sub-questions:

How do national cultural differences effect the outcome of a strategic organizational change through leadership decisions in an international consultancy firm?

Sub-questions:

1. How do differences in leadership behavior impact decisions in a low Power Distance and low Uncertainty Avoiding country, compared to a high Power Distance and high Uncertainty Avoiding country, in relation to strategy formation and communication?
2. How should leadership communicate to ensure the message is understood correctly in low and high Power Distance and Uncertainty Avoiding countries?

If there is a high congruence between national culture and management practices, I presume that due to the national cultural difference, leadership in a high PDI and UAI country will make different decisions than the leadership from a low PDI and UAI country, throughout a strategic change. In the literature chapter, the researcher defines the steps in strategy formation and per step the decisions leadership needs to take through the process. The type of decisions is formulated in questions, which can be seen as sub-questions within each of the research questions. For each decision points/sub-research questions assumptions are formulated representing the preference of a leader from a high and low PDI and UAI culture. Assumptions will be tested using a case study at an international consultancy firm, which is implementing a new strategy. The case study will research how the change was implemented by the local management in France and in the Netherlands.

1.2 The relevance of the study

Global organizations are primarily concerned with economical and legal issues when implementing a strategic change in the different countries. The impact of national cultural differences on the implementation is often neglected, even though in recent studies it has been shown that national culture impacts managerial practices, the commitment and readiness to change, and turnover intentions (Rowlinson, 2001; Herscovitch & Meyer, 2002; Aldulaimi, 2012). So far there has been little discussion about the impact on leadership decisions throughout strategic change and their impact on the outcome of the change. The goal of this study is to contribute to change management and leadership literature by researching the impact of national cultural differences on the outcome of strategic change. This paper does not intend to neglect the influence of other important variables on the outcome of strategic change (e.g. type of change strategy, branch, external environment, organizational structure, preferences based on personality), but attempts to shed light on the possible influence of national cultural differences.

Regarding practical relevance, the study aims to advise companies about the elements they need to take into account when introducing change management activities involving different countries. By understanding the differences and similarities of societies in terms of work-related values, managers are likely to communicate more efficiently, to motivate their team-members and to make the right decisions in order to lead the organization towards a successful change.

In the subsequent literature section in chapter two, all aspects of the research question will be elaborated on, including assumptions formulated based on the research questions and the conceptual model. Chapter two begins by laying out the theoretical dimensions of the research and looks at how national cultural differences could impact leadership decisions on strategy formation and communication through strategic change. Chapter three describes the choice on methodology, the way the data is collected, captured and analyzed in order to meet validity requirements. The results of this study are presented in chapter four, which includes information on the HR Transformation program and the implementation in France and the Netherlands. Finally, the conclusions and discussion are presented in chapter five.

2. Literature Study

2.1 Introduction

Strategic change is defined as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Schendel, 1983). A strategic change moves the organization in a new direction. The internal organization (culture, priorities) and the way of operating need to change as part of this shift. When an organization is changing from a current state to a desired one, there are factors influencing the success of a change project. The first step is to identify the variables that may influence the outcome of a change process. The presumption is that even if there is only one national culture involved in a change process, there are certain factors that influence the outcome of the change. Several authors state that leadership and communication are key to the successful implementation of a change process (Kotter, 1996; American Management Association, 1994). In these studies, leadership is central - decisions leaders make during strategy formation, the way the leaders communicate the change and reward the right behavior. Poor communication and failure by management to reward or recognize individuals who make the effort to change is recognized as barrier to change in the literature (Kotter 1996; Ulrich 1998). Leadership and Communication are chosen as the main factors influencing the outcome of a strategic change. These areas are the starting point for this research.

What if the same strategic change has to be achieved in different countries? What impact will national cultural differences in leadership behavior, communication and the leadership decisions , have on the outcome of the change?

This chapter will look into those factors identified as important according to existing literature and how these factors are influenced by national culture.

2.2 Culture

2.2.1 The definition of culture

Culture is a broad and popular conception that has been researched by different fields of science such as psychology, sociology, anthropology and management. Hofstede (1980:13) defined culture as the collective programming of the mind, and the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study as *"Shared motives, values, beliefs, identities, and interpretations of meanings of significant events that result from common experiences of members of collectivities and are transmitted across age generations."* (House, 2004:3). Taras, Rowney & Steel (2009) in their study, 'Half a century of measuring culture', analyzed the definitions of culture and found several common elements in them. First, that culture is a complex multi-level construct. Second, culture is shared among individuals

belonging to a group. Third, culture is formed over a relatively long period. Culture can be measured at different levels, for example national, organizational and individual.

2.2.2 The importance of national culture

Are cultures becoming more similar (converging) or are they diverging? Those who support the convergence or Universalist perspective argue that organizational characteristics across nations are mostly free of particularities. Convergence dichotomy states that in the future standard business practices will emerge and inefficiencies associated with divergent practices will disappear (Bayias, 2004). Levitt (1983) has related convergence to technology improvements and globalization. Adler, Doktor and Redding (1986) demonstrated that as national cultures are converging, managerial practices are also converging. Those who support the divergence perspective, argue that organizations are culture bound. Hofstede and Laurent state that different cultures lead to different management practices (Hofstede, 1993, 2007; Laurent 1983). Newman and Nollen (1996) found that there is no one best way to manage the business. Differences in national cultures call for differences in management practices.

Most cultural models are arising from the divergence perspective and assume cultural stability. These models emphasize the fit between a given culture and managerial practices. Researchers argue that there is a high congruence between national culture and management practices because these are more likely to yield predictable behavior, self-efficiency and high performance (Erez & Earley, 1993; Newman & Nollen, 1996; Tayeb 1994). Adler & Bartholomew's analysis (1992) of 28,000 articles related to culture concluded that culture is important and does make a difference. Bhagat (2003) showed that globalization does not necessary leads to the convergence of culture. He states that there are different reactions to globalization, such as adaption, rejection, creative synthesis and innovation. Through globalization, cultures influence each other and might change, but whether these changes will bring cultural convergence is not evident.

2.2.3 Modeling and measuring national culture

Researchers including Fred Strodbeck (Klunckhohn & Strodbeck, 1961), Hofstede (1980), Hall (Hall & Hall, 1990) Trompenaars (1993), Schwartz (1994) and the GLOBE study (House, 2004) are offering dimensions for comparing national cultures. As a result of an anthropological research, Kluckhohn and Strodbeck, in their book, 'Variations in Value Orientations', presented the variances within cultures by defining six cultural dimensions: human nature; relationships among people; relation to broad environment; activity; time; space. Four dimensions were tested in five subcultures in Southwest America: two native American tribes, a Hispanic village, a Mormon village and a farming village. Each dimension is represented on a three-point scale. The work of Klunckhohn and Strodbeck was a basis for distinguishing cultures. Hofstede was moving forward along the same path. His study was based on the assumption that cultures can be distinguished based on differences in values. The framework proposed by Hofstede (1980) was based on a study that he conducted with managers of IBM across forty

countries. He compared cultures based on four value dimensions (Power Distance, Uncertainty Avoidance, Individualism & Collectivism, Masculinity-Femininity). Later in 1991 he added a fifth dimension to his research with Michael Bond (long-term versus short-term orientation). Edward T. Hall has conducted ethnographic research in Germany, France, the US and Japan, which focuses on how cultures vary in interpersonal communication, personal space and time. Fons Trompenaars has focused on variations in values and personal relationships across cultures identified by seven dimensions.

The first five dimensions focus on relationships among people, the last two on society's relationship with nature (Trompenaars, 1993). Shalom Schwartz distinguished societies based on the motivational goals of individuals. He identified ten human values: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security. At the cultural level of analysis, he identified three dimensions: conservatism and autonomy, hierarchy versus egalitarianism and mastery versus harmony. Finally, Robert House, with an international research team (GLOBE study) focused on understanding the influence of cultural differences on leadership by collecting data in sixty-two countries. The researchers of the GLOBE study identified nine dimensions. While several dimensions have been discovered previously (Power Distance, Uncertainty Avoidance, Institutional and In-Group collectivism), the dimensions Gender Egalitarianism, Assertiveness, Performance Orientation and Human Orientation were new. The GLOBE researchers measured both cultural practices (the way things are) and values (the way things should be) at an organizational and societal levels of analysis. The GLOBE research focused on differences in actual patterns of leadership behavior across national cultures. The sample consisted of 17,370 middle managers in 951 organizations within 62 societal cultures. This sample represents local (non-multinational) organizations within the telecommunications, food processing, and finance industries. The GLOBE study showed that national culture influences how managers evaluate their leaders, what they expect from them, and what they consider as facilitators of outstanding leadership.

Comparing the above models of national culture, the similarity is that all of these offer a set of dimensions to compare national cultures. The models are based on different beliefs and values. The difference is in the definition of the dimensions and how they are measured. The Hofstede, Trompenaars, Schwartz and GLOBE models use numeric scores for rating cultures, the model of Strudback and Hall's models use qualitative measures. The ongoing debate in science revolves around the measurement of culture (methodology) and the dimensions. Critics like MacSweeney (2002) have questioned the use of quantitative measures in distinguishing cultures. Oyserman (2002) has questioned the value of distinguishing cultures through dimensions and argued for greater use of qualitative measures. Perter B. Smith states: *"if our focus is upon the most basic and normative aspects of culture, then the Hofstede and GLOBE procedures are equally appropriate. However, if our focus is upon these aspects of culture where the GLOBE and Hofstede measures of values diverge, a choice is required. The Hofstede measures may prove more useful in predicting behavioural frequencies. The GLOBE value dimensions could prove more useful in studying aspects of intergroup and international relations."* (Smith, 2006:917)

Hofstede's criticism on the GLOBE study is that values defined in the GLOBE study are too abstract. Also, for Hofstede (2006) national and organizational culture is of a different order. The GLOBE study deals

these concerns and points out that national and organization cultures being from different order has no theoretical or empirical basis. (Javidan, 2006)

In the introduction, the following question was asked: What if the same strategic change has to be achieved in different countries? What would the impact of national cultural differences be on the decisions leadership makes throughout the change and therefore the outcome of the change? As in the case study comparison will be made between how the same change process worked out in the Netherlands and in France. The dimensions where the difference between France and the Netherlands is the biggest according to the study of Hofstede (2011), are explained below.

The dimensions are categorized, and per category the definitions of different researchers are highlighted. The fact that the dimensions above were included in the scope of different researchers when distinguishing cultures, can increase understanding of the dimensions and their importance when comparing national cultures:

Power Distance (PDI)

According to Hofstede, Power Distance (PDI) can be described as the emotional distance on higher and lower hierarchy (boss – employee). Power Distance refers to the extent to which members of a society believe that it is acceptable when superiors are treated with respect, to be obeyed and have extra privileges (Hofstede & Hoofstede, 2006). Power Distance also refers to the concentration of authority. Hofstede defines high Power Distance as cultures where it is natural or beneficial for leaders to have high control over their subordinates. Subordinates are expected to do what they are told, without questioning or advising their superiors. Other cultures practicing a more egalitarian approach, where subordinates are expected to be advisors, and more frequently involved in decision making. Here subordinates expect to be consulted on issues that can affect them. Schwartz (1994) has identified a similar dimension called hierarchy and egalitarianism. This dimension stands for the unequal distribution of power. The GLOBE study also included a dimension, which is referring to the distribution of power, and addition to this it raised the issue of gender egalitarianism.

Uncertainty Avoidance (UAI)

Hofstede defines this dimension as follows: *“The Uncertainty Avoidance dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. The fundamental issue here is how a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? Countries exhibiting strong UAI maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles.”* (Hofstede, 1984:83). Hofstede focuses on the degree of tolerance to uncertainty. The GLOBE study has the same dimension, but they focus on the degree societies try to reduce uncertainty.

Individualism – Collectivism (IDV)

The dimension known as Relationship with People, was first defined by Kluckhohn and Strodtbeck (1961), and it relates to how individuals relate to each other across cultures. The dimension has three scales: individualistic, collateral and lineal. In individualistic cultures people more readily look out for their personal interest, in collateral and lineal cultures individuals see themselves as part of a group.

Hofstede defines this dimension as follows: *“The high side of this dimension, called Individualism, can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only. Its opposite, Collectivism, represents a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty. A society's position on this dimension is reflected in whether people's self-image is defined in terms of ‘I’ or ‘We’.”* (Hofstede, 1984:83). This view is supported by Trompenaars (1993). Schwartz (1994) has defined individualism and collectivism through a dimension called autonomy-conservatism. The GLOBE (House, 2004) made a distinction between in-group and institutional individualism-collectivism. In-group refers to the extent to which individuals relate to their organization and family. Institutional refers to the extent to which society encourages it.

Masculinity – Femininity (MAS)

“The masculinity side of this dimension represents a preference in society for achievement, heroism, assertiveness and material reward for success. Society at large is more competitive. Its opposite, femininity, stands for a preference for cooperation, modesty, caring for the weak and quality of life. Society at large is more consensus-oriented.”(Hofstede, 1984:84). Hofstede argues that this dimension has a relation to the role of men and women in societies. According to Hofstede, genders in different societies acquire different programs. In some countries men supposed to be practical. Women should be tender and concerned with the quality of life. In terms of MAS index on the scale of Hofstede, the difference between USA and the Netherlands is the strongest. The Netherlands is one of the most “feminin” countries in the world. Schwartz's dimension “Mastery-Harmony”, is comparable to Hofstede's Masculinity-Femininity dimension. In Mastery cultures, individuals try to change the world by seeking achievement and control. In Harmony cultures, individuals accept the world and try to preserve it.

In summary, comparing the several models of national culture, which all offer a set of dimensions, I conclude that these models all distinguish cultures based on the differences in values. However while all of the reserchers can claim to discover all the dimensions, several authors have raised the hierarchy versus equality issue and the issue of uncertainty. Also other dimensions such as Individualism versus Collectivism, Masculinity versus Femininity have been identified in the several models of culture. For this reason we should consider these dimensions as key for understanding differences in cultures.

2.3 The impact of culture on Leadership

2.3.1 The cross-cultural definition of Leadership

Hofstede (1984) described the work-related aspects of national cultural differences. Next to Hofstede (1984), the researchers participating in the GLOBE Study also suggested that national culture has influenced leadership in many ways. The GLOBE study (House, 2004) focused on understanding the influence of cultural differences on leadership processes.

In the GLOBE study, leadership has been defined cross-culturally: *“Leadership is the ability of an individual to influence, motivate and enable others to contribute towards the effectiveness and the success of the organization of which they are members.”* (House: 1997:184).

Leadership has different meanings in different countries. The goal of the next paragraph is to understand what leadership means in different countries, according to the current literature, and what kind of impact leadership can have on the decision making and the outcome of the change.

2.3.2 The impact of national culture on leadership

Several authors see the cultural dimensions Power Distance and Uncertainty Avoidance as the origin of differences between cultures (Hofstede, 1984; House 2004). Hofstede states that Power Distance relates to the centralization of decisions and Uncertainty Avoidance to standardization: *“Power Distance relates to more or less centralization of decisions...we can expect more formalization, standardization and ritualization in strong Uncertainty Avoidance countries than in weak Uncertainty Avoidance countries.”* (Hofstede, 1984:93).

Culture is an additional factor, that can influence leadership (how to lead, which style to use). Both Hofstede (1984) and the GLOBE study (House, 2004) highlight that not only personality, but also culture can influence the type of leadership style employees prefer. Certain leadership behaviors can be viewed differently depending on the national culture of an individual. *“In a small PDI country the ideal superior to most is a local democrat. In a large PDI country the ideal supervisor to most is a benevolent autocrat or a paternalist.”* (Hofstede, 1984:259).

According to the GLOBE study, what managers consider facilitators of outstanding leadership can be predicted by the influence of national values. The GLOBE Study uses Hofstede’s definitions of Power Distance and Uncertainty Avoidance. One of the outcomes of the GLOBE Study was that in countries where both Power Distance and Uncertainty Avoidance is high, there is a preference for three types of leadership style: status-conscious, bureaucratic and internally competitive leadership. These leadership styles viewed as disadvantaged in countries where Uncertainty Avoidance and Power Distance are low.

Status conscious reflects a consciousness of one's own and others' social position; holds an elitist belief that some individuals deserve more privileges than others. Bureaucratic (formerly labeled procedural) emphasizes following established norms, rules, policies, and procedures; habitually follows regular routines. Internally competitive (formerly labeled conflict inducer) reflects the tendency to encourage competition within a group and may include concealing information in a secretive manner.

2.3.3 The impact of culture on leadership decisions during strategy formation

A principal function of management is to make decisions concerning the future direction of the firm. Decisions related to future direction are the strategic decisions. According to Schein, national culture could play an important role in strategy formation as it derives from assumptions regarding relationships

with the environment as well as relationships among people. (Schein E. , 1985). Several authors state that organizations embedded in different countries can be expected to manifest alternative structures and managerial practices to achieve equivalent goals. Schneider states the strategy formation process cannot be culture free (Schneider, 1989:149). Chandler (1990) argues that culture is a reason for the differences in operational and strategic decision-making. The steps in strategy formation are described based on the theory of Bob de Wit (Wit, 2005). After the steps in strategy formation are clarified, evidence will be reviewed from existing literature on the impact of national cultural differences at each step.

Assumptions regarding the impact of national cultural differences on strategic leadership decisions will be formulated based on the outcome of the GLOBE study on leadership behavior in countries where the Power Distance and Uncertainty Avoidance is high.

De Wit (2005) defined several steps in strategy formation. First of all, management starts with identifying what the strategic issue is; why should the company change its operation or its resources. In the second phase called diagnosing, leadership is trying to understand the underlying causes of the strategic issue. This can be done by internal and external assessment. Internal assessment is directed to the functioning of the internal organization, external assessment takes measure of the environment, assessing which trends can be observed. Gathering information internally can be done via relations from the direct line like subordinates and superiors or from horizontal sources such as other departments. External information can be collected from external advisors, customers and competitors. It is critical where, when, and how information is sourced. In summary, who is considered as a source for collecting useful information and who can be ignored.

In the following phase, management needs to decide on how to solve the identified “problem”. *“Conceiving refers to activities that contribute to determining which course of action should be pursued.”*(Wit, 2005:52). Finally, the strategic problem/issues can only be resolved if concrete actions are undertaken. Management will need to decide on how to monitor and measure these. In the following section, assumptions will be formulated on the impact of national cultural differences on leadership decisions throughout strategy formation. I assume that leadership behavior relates to the decisions of the leaders throughout the change process.

After defining the steps in strategy formation, the following section defines the decisions leadership needs to take through the process from strategy formation to communication. The type of decisions are formulated into questions, which can be seen as sub-questions of the main research questions. For each decision point/sub-research question assumptions are formulated representing the preference of a leader from a high and low PDI and UAI culture.

Q1: How does culture affect leadership decisions relating to who will carry out which activities in the strategy formation?

Who carries out the actions in the strategy formation process can vary. My assumption is that PDI has an impact on who is carrying out which activities. The assumption is based on literature written about PDI,

where in such cultural contexts, those in positions of power are expected to be the decision makers, they tend to enjoy high levels of privilege and have easy access to resources (Hofstede, 1980, 2001; Javidan, 2006). According to House, societies and organizations that value gender egalitarianism are postulated to discourage status-conscious leadership because they tend to encourage not just gender egalitarianism, but egalitarianism in general. In low PDI countries, the individuals will enjoy more participation in decision making, than individuals in a high PDI culture. (House, 2004)

A1a: In a country with a high PDI index, strategy formation is the exclusive domain of the top leadership. The decision-making is centralized.

A1b: In a country with low PDI index, different levels of the organization are involved in the strategy formation. The decision-making is collaborative.

Q2: How does culture affect leaders preference for sources of information in the strategy formation?

Preference for the source of information (external/internal assessment as described previously) can reflect the attitude towards hierarchy . Regarding the sources of information used when defining the strategy, it is expected that in countries where PDI is high, opinions will be sought from executives. In contrast, in countries with a low PDI index, it is expected that the guiding coalition within the countries will rely on group members, involving all levels of the organization.

A2: In countries with a high PDI index, when defining the strategy, opinion will be sought from executives, rather than involving all levels of the organization.

As previously mentioned, one of the outcomes of the GLOBE study was that there is a correlation between a high PDI and status-conscious leadership behavior. GLOBE's concept of status-conscious leadership is associated with an elitist view of individuals and relationships. Status-conscious leaders are aware of their own and others' social position and are strongly motivated by the prospects of an elevated position in their organization. Their behavior toward others is moderated by the other person's position in the society or in the organization. They tend to focus on building stronger ties with those who wield a high level of power or status around them. (House, 2004)

Q3: How does culture effect the way leadership designs the Management Control System?

The Management Control System (MCS) is a process by which managers influence other members of the organization to implement the organizations strategy (Anthony, 2007). The strategic problem/issues can only be resolved if concrete actions are undertaken. Managers must measure whether the actions being taken are in line with the strategy. Through MCS, management can gather and use information to evaluate the performance of the organization. The amount and type of information gathered and measured can vary. Micro-measurement is when detailed performance indicators are measuring all aspects of the organization`s performance. Managers can prefer less measurement, quantitative (financial metrics) or qualitative (client satisfaction). Some managers prefer a more extensive measurement system (balanced scorecard). In the GLOBE study (House, 2004) bureaucratic leadership is associated with following the established rules and procedures.

Based on literature about bureaucratic leadership, it is postulated that Bureaucratic leadership tends to encourage formalized strategic planning because such cultural contexts tend to prefer formal rules and procedures. They encourage their members to abide by the rules and avoid uncertainty (Brodbeck, Frese and Javidan, 2002).

A3a: In countries where UAI is high, leadership prefers a more formalized strategic planning process, than in the low UAI countries.

Several authors expressed that Uncertainty Avoidance relates to formalization. Hofstede (1984) states that in countries where Uncertainty Avoidance is high, we can expect more formalization, standardization and ritualization than in weak Uncertainty Avoidance countries. Crozier (1964) stated that in France formalized policies and procedures are used to reduce uncertainty. Schneider (1989) on the other hand recognized that in Sweden (considered as a low UAI country) the informal, personal interaction used in making decisions creates too much ambiguity, according to complaints of non-Swedish.

A3b: In countries where UAI is high, leadership has a higher priority on forecasting, than in countries with a low UAI.

Uncertainty expresses the degree to which members of the society feel uncomfortable with ambiguity (Hofstede, 1984). This implies that the more members of the society feel uncomfortable with uncertainty, the more they will try to reduce it. Forecasting relates to the estimation of values at a future date, it gives a prediction for the future. Our assumption here is that as forecasting helps to reduce future uncertainty by giving an indication on the future state, it has higher priority in countries where UAI is high compared to countries where UAI is low.

2.4 Communication

2.4.1 The definition of communication in change processes

Communication can be described as the sharing of change specific information during the implementation of the change (Wanberg J.T. and Banas, 2000). In this study, communication is seen as one of the most critical aspects when working in a team with different national cultural background, due to language barriers, often missing face-to-face communication (due to distance communication is mainly via phone and e-mail, internal chat), communication style (high-low context).

2.4.2 The impact of culture on communication

In order to distinguish among cultures, Edward T. Hall (1976) proposed a set of parameters to help situate cultures along a dimension spanning from the high-context/low-content category to the low-context/high-content category. His model was based on ethnographic research, which focuses on how cultures vary in interpersonal communication. According to Hall, interactions can be characterized based

on the quantity of low or high-context statements. The content of the communication stands for the words of the message, context stands for the way, how the message is delivered (voice, body language). High-context messages are when information is internalized in the person or in the physical context, and there is little information in the explicit part of the message.

A culture can be characterized as low- or high-context according to the predominance of high- or low-context statements in daily interaction. Hall scales Scandinavian countries, US and Germany as low-context cultures vs. Japan, China and France as high-context. (Hall, 1959)

By using scales to conceptualize the difference between high- and low-context communications, Gudykunst (1996) identified high-context communication to be indirect, ambiguous, maintaining of harmony, reserved and understated. In contrast, low-context communication was identified as direct, precise, dramatic, open, and based on feelings or true intentions (Gudykunst, 1996).

Culture influences how the person communicates with others. If we wish to communicate efficiently in different cultures, it is important to understand how culture effects communication. The communication is effective if the receiver understands the message transmitted by the sender. According to Hall, low-context cultures are described as linear, individualistic, and action-oriented. Solving a problem means lining up the facts and evaluating one after another. Discussions end with actions. And communicators are expected to be straightforward, concise, and efficient in telling what action is expected. To be clear, senders strive to use precise words and intend them to be taken literally. High-context cultures emphasize interpersonal relationships. Developing trust is a first step to any cooperation. According to Hall, these cultures prefer group harmony and consensus to individual achievement. Words are less important than the context, which might include the speaker's tone of voice, facial expression, gestures, posture, and even the person's family history and status. High context groups can be difficult to enter for an outsider due to verbally less explicit communication and close relationships.

Q4: How does culture effect communication through a strategic organizational change?

There is an extensive amount of leadership literature on the importance of communication throughout change. It is highlighted that the right communication can create readiness for change and can motivate individuals to take actions towards change (Luecke, 2003; Denning, 2005; Lewis, 2006; Gilley, 2009).

In this study I presume that when more cultures are involved in the change, communication should be approached differently in different countries. Preferences in a certain culture can be affected by national cultural differences. There must be a difference in the way the message is delivered by the leadership. Through the case study, my aim is to find out how national cultural differences have impacted communication throughout the change. Communication is an essential factor for the success of a strategic change process where different cultures are involved. It can be challenging to decide on how to communicate the right messages and to ensure that the communication is understood correctly.

Change brings many uncertainties to the individuals, including leadership. Individuals might get new colleagues, or their work environment and daily work activities might change. The impact of change on circumstances of the individual are often difficult to accurately predict. Here, I presume that the more a culture is uncertainty avoiding, the more individuals would like to be reassured about their future circumstances. Aldulaimi states (2012: 186) that UAI values increase levels of change phobia.

A4: Given the UAI index of France and the Netherlands, when communicating change, in France focus should be on reassurance and in the Netherlands on the new opportunities the change can bring to the individual.

2.5 Conceptual Model

The following model shows the variables used in this research. According to literature, leadership and communication is key to succeeding with change. Evidence can be found in literature that some leadership attributes related to Power Distance and Uncertainty Avoidance can lead to outstanding leadership in some countries, and that the same attributes can inhibit outstanding leadership in other countries. Does this mean that the decisions of leaders differ across the countries throughout change? To what extent do these differences relate to national cultural differences? What consequence do these decisions have on the outcome of the change? Concerning strategic changes, leadership will need to make many decisions. This study will examine the decisions related to strategy formation and communication. The model below is a result of literature study. The assumption is that national cultural differences can influence leadership behavior and decision making throughout a strategic change process. Consequently, the impact of national cultural differences on leadership behavior, communication and decision-making will impact the outcome of the change.

This model it will be used as the basis for researching how national cultural differences affect the outcome of a strategic organizational change through leadership decisions in an international consultancy firm. The global consultancy firm is implementing a new strategy across all countries.

The following research questions and assumptions were formulated:

How do national cultural differences affect the outcome of a strategic organizational change through leadership decisions in an international consultancy firm?

1. How do the differences in leadership behavior impact decisions in a low Power Distance and low Uncertainty Avoiding country compared to a high Power Distance and high Uncertainty Avoiding country in relation to strategy formation and communication?
 - 1.1 How does culture affect leadership decisions relating to who will carry out which activities in the strategy formation?

A1a: In a country with a high PDI index, strategy formation is the exclusive domain of the top leadership. The decision making is centralized.

A1b: In a country with low PDI index, different levels of the organization are involved in the strategy formation. The decision making is collaborative.
 - 1.2 How does culture effect the preference for sources of information of the leaders in the strategy formation?

A2: In countries with a high PDI index, when defining the strategy, executives will be asked for their opinions, rather than involving all levels of the organization.
 - 1.3 How does culture affect the way leadership designs the Management Control Systems?

A3a: In countries where UAI is high, leadership prefers a more formalized strategic planning process, than in the low UAI countries.

A3b: In countries where UAI is high, leadership has a higher priority on forecasting, than in countries with a low UAI.

1.4 How does culture affect communication throughout a strategic organizational change?

A4: Given the UAI index of France and the Netherlands when communicating change, in France focus should be on reassurance and in the Netherlands on the new opportunities the change can bring to the individual

2 How should leadership communicate to make sure the message is understood correctly in low and high Power Distance and Uncertainty Avoiding countries?

In the case study it will be researched how the global change was implemented in France and the Netherlands by the local management. The assumptions formulated in the literature chapter will be validated through case study.

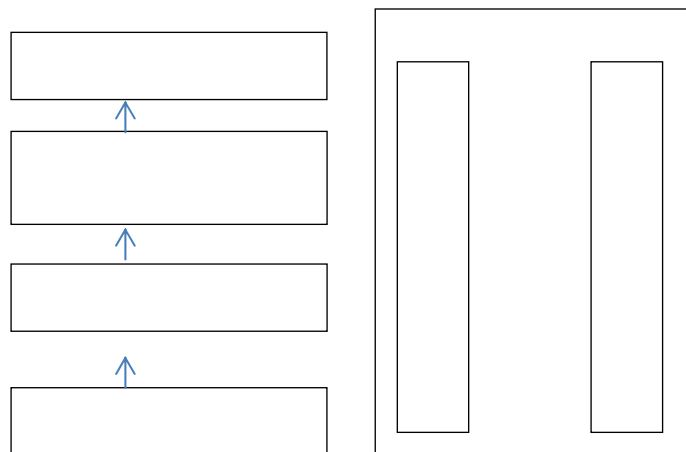


Figure 1: The Research Model. A number of decision points are formulated through the change process. Evidence for leadership preference through decision points will be researched through literature study. Based on literature, assumptions formulated and tested through a case study.

3 Methodology

In the previous chapter, from literature study it was concluded that national cultural differences impact leadership behavior and decision-making. In countries where both Power Distance and Uncertainty Avoidance are high, there is a preference for three types of leadership behavior: status-conscious, bureaucratic and internally competitive leadership. These three types of leadership behavior are viewed as disadvantaged in countries where Uncertainty Avoidance and Power Distance is low.

1. How do differences in leadership behavior impact decisions in a low Power Distance and low Uncertainty Avoiding country compared to a high Power Distance and high Uncertainty Avoiding country in relation to strategy formation and communication?
2. How should leadership communicate to make sure the message is understood correctly in low and high Power Distance and Uncertainty Avoiding countries?

To answer these questions, literature study was used to define the kind of decisions leadership needs to take throughout the process, from strategy formation to communication. When the decision points¹ were defined, per decision point there were two types of leadership preferences formulated in assumptions: on the one hand the preferences of the leader representing a high Uncertainty Avoidance (UAI) and Power Distance (PDI) culture, on the other hand the preferences of the leader representing a low UAI and PDI culture. The decision points and the assumptions are listed in the literature chapter on page 16-19.

The following section describes how the research is executed through empiric research. It goes into detail on how data is gathered and analyzed.

Qualitative research focuses on discovering the *why* and *how* factors. Qualitative methods are found to be more flexible than quantitative measures, such as surveys. The number of units in the case studies are fewer than in a survey, but the breadth of detail available is greater. *“As compared with an experiment, the case study researcher has much less control over the variables, than if an experiment were used to investigate the situation.”* (Rowley, 2002:17). Laboratory experiments isolate the phenomena from its context. The advantage of the case study is that it enables the researcher to investigate a phenomenon in its context (Rowley, 2002). Case study research can be a mix of quantitative and qualitative approaches. Data sources used in case studies include observations, interviews and documents (Rowley, 2002; Eisenhardt, 2007).

Qualitative research was the chosen method. On one hand it helps to understand complex situations such as change processes and on the other hand it brings new knowledge to what is already known. The study focuses on the *how* question: how national cultural differences impact the outcome of a strategic change through leadership decisions at an international consultancy firm.

¹ Decision points were formulated in a question form and can be seen as sub-research questions

For testing the previously formulated assumptions on leadership preferences per country, the researcher has chosen to conduct a case study at a Global Management Consultancy company in the IT sector. Case study is defined as *“an in-depth examination of a particular case—a program, group of participants, single individual, site, or location. Case studies rely on multiply sources of information and methods to provide as complete picture as possible.”* (Taylor-Powell, 1996:3).

The research object

Within a context of a top-down global transformation, the company in this case study is transforming its Human Resources (HR) Operation in order to increase process efficiency. On the one hand, this involves the standardization of HR processes around the globe and on the other hand, the centralization of HR processes in regions. Based on geographical location, the Netherlands belongs in the same region as France. And as a consequence, the HR Department in the Netherlands merges its operation and processes with France. In cultural definitions, France can be described as a country where PDI and UAI are high, whereas the Netherlands scores significantly lower in these two dimensions. As previous literature study showed, these dimensions have consequences to leadership behavior, communication and decision-making.

Data collection

Below, when describing the research methodology, the researcher strives to give a detailed explanation to demonstrate the reliability and validity of the research. Reliability stands for consistency between the research method, the context and the results. Validity means that the researcher measures what she needs to measure.

Data collection for the case study started with requesting and reviewing internal documents on the change process, looking for facts, but also reading between the lines. Here, the goal was to get an insight into the process globally and specifically to the Netherlands and France.

Based on the literature study, the researcher concluded that there is extensive literature on culture, but literature was not found on its impact on the outcome of a strategic change. To collect information on the outcome, interviews were conducted. Interviews were used as the main source of information during the case study. Interviews are defined as *“information collected by talking with and listening to people.”* (Taylor-Powell, 1996:3). Interviews were used to test the assumptions defined through literature study and observation. To be able to increase knowledge, the interviews were not completely structured. The information gathering was semi-structured. Semi-structured interviews also offered sufficient flexibility to approach different respondents while still covering the same topics.

The initial literature study provided a solid basis for my assumptions on the differences during the change process and whether those related to national culture. Conducting interviews has not only added to knowledge about the change process and the differences between the two countries, but also provided a clear insight into the reasons why certain decisions have been made and how the employees received them. When defining the method of data collection, observation was not considered sufficient as it could not provide an insight into the motives of the individuals to take certain decisions or act in a certain way during the change process. There are several important aspects affecting reliability that the

researcher took into account when preparing for the semi-structured interviews: ambiguity and confidentiality.

To eliminate ambiguity, the researcher prepared emails introducing the research topic and established rules of confidentiality. Baarda states: "*Vertekening van de informatie kan optreden door sociale wenselijkheid (angst voor de chef, ontslag en dergelijke). Ook omgevingsfactoren kunnen de betrouwbaarheid van de antwoorden beïnvloeden.*"(Baarda, 2001:223).

Before conducting the semi-structured interviews, questions were designed to provide coverage for the purpose of the research. The researcher formulated two lists of questions², one for leadership participating in strategy formation and one for employees participating in the change from the beginning until the end. The researcher wanted to have certain questions on paper and pilot them first, in case modifications were required as the study progressed. In a later stage of the study the questionnaire was modified to a shorter and simpler version with more focus on the research questions. The reason for testing was to make sure the standard questions are clear and easy to interpret. If the questions are interpreted on different ways, this can influence the reliability of the research. "*De verkregen informatie is niet altijd betrouwbaar, doordat mensen zich soms niet bewust zijn van de motive van hun gedrag. Dit probleem kan ten dele worden voorkomen door zoveel mogelijk naar feiten en zo min mogelijk naar indrukken te vragen.*" (Baarda, 2001:225). The guidelines of Baarda (2001:237) were followed: only one topic was handled at any one time, the questions were easy to understand, and they were not leading.

To increase reliability the interview questions were related to facts. When the person interviewed had described his impression about the other culture, the researcher asked for a concrete situation to understand what lay behind this impression and whether the impression was fact based. The researcher was aware that sources had to be collected and stored systematically in a format that could be referenced and sorted, so that patterns could be identified. The interviewee confirmed the notes, in order to guarantee construct validity. (Braster, 2000).

Employee selection and sample

As previously mentioned, the two types of key-players identified were the management involved in strategy formation, and employees who had experienced the change process from start through completion. Fifteen employees from the Netherlands were interviewed face to face, and ten employees from France via telephone. As the interviewees were asked to share their personal experiences, only one colleague was interviewed at a time. A single interview took between 30 and 60 minutes. The advantage of face-to-face interviews is that the interviewee's body language can provide the interviewer with useful additional information that can be added to the verbal answer. This would have been particularly interesting when interviewing the French colleagues, but due to budget restrictions and a lack of time for travelling, phone interviews were chosen. Dutch colleagues were interviewed in Dutch, the French colleagues in English.

² The list of questions can be found in Appendix 3

The employees participating in the change from the beginning until the end were selected randomly. The criteria was to have a heterogeneous sample, interviewing people from different HR domains (Compensation and Benefits; Learning and Development; Field HR; Talent Supply Chain; Recruitment; Shared Services; People Services) to provide an objective view on the change process. According to Holt, common factors that emerge from heterogeneous samples tend to provide a more complete understanding of a phenomenon (Holt, 2010).

The management involved in the strategy formation consisted of three country HR Leads, from France (level: Senior Manager), Belgium and Luxembourg (level: Senior Manager) and the Netherlands (level: Senior Manager). The interim HR Lead of the geography came from Australia (level: Senior Executive). The lead from the Netherlands has left the company and the lead from Australia has transferred to a global role. Next to the lead of Belux³, the former HR Lead from France and the successor of the Dutch HR Lead were also interviewed. The former HR Lead of Belgium & Luxembourg came from the Consultancy practice and had been previously involved in change management projects.

Interview Location

The Dutch employees were interviewed at the office during working hours in a meeting room or in the espresso bar. The French employees were interviewed via the phone during working hours. Some of the employees were working from home and others were dialing in from the French office.

Performing Interviews

For management interviews, open questions were used, related to decision making throughout the strategy formation process and the communication.

When employees were interviewed, open questions were used to understand the perception of the organizational change, focusing on leadership and communication variables. The interview questions were formulated around these variables and additional questions were asked during the interview to get a more in-depth information.

There was a ranking of questions during the interview. The interview started with an icebreaker and the introduction of the research. The interviewee was then asked to introduce their role within the change process and what their involvement was with other cultures within the company. After this, the questions were introduced by category.

Capturing data

Before conducting the interviews, a decision was taken on how to record the data. The researcher considered tape recording in order to capture everything that was said during the interview and to avoid the risk of missing anything. This option was rejected for two reasons. Firstly, the company's data policy prohibits tape-recording of work related topics, and secondly the researcher's fear was that people would be more reluctant to reveal their true opinion if the information was tape-recorded.

³ Belux is referring to Belgium and Luxembourg

The data was captured by taking notes during the interview. Immediately after the interview it was typed in Microsoft Word to guarantee that no details were omitted and to expand the context and observations made during the interview, which could not be written down due to lack of time. Only the role of the individuals was captured on paper, personal data such as the name of the person was excluded.

Data analysis

The data entered in Microsoft Word was used as the source of data for content analysis. To categorize the extensive data, the researcher needed to identify categories under which the data could be grouped.

According to Miles (Miles, 1984), qualitative analysis involves looking to see which things fit together and which do not. The categories may be pre-existing or may emerge from the data. The data in this study was arranged into pre-existing clusters based on the research questions. The clusters identified by ordering the questions were: leadership behavior, leadership decisions through strategy formation and communication. All of the clusters (topics) were grouped in subcategories based on where the researcher expected the impact of national cultural differences within that category as a result of literature study.

The research questions were mapped to the subcategories, interview questions were formulated to test if the assumptions were grounded. For example, the communication cluster is categorized in subcategories such as the process and style of the change communication, and the challenges people experience at work when communicating with each other. Based on initial literature study, differences are expected in these categories due to national cultural differences such as PDI and UAI.

The researcher assumed that in France where the UAI index is high, the focus in change communication should be on reassurance. In the Netherlands where UAI is low and Individuality (IDV) is high, focus should be more on the opportunities the change can bring to employees. For each category, questions were formulated to test the assumptions of the researcher. The basis of the data analysis was the answers to the pre-determined questions asked by the researcher and as well as the information provided by the interviewee not directly as a result of pre-determined questions.

Throughout the data analysis, besides identifying answers to the hypothesis, the researcher remained open to new insights. Through the semi-structured interviews, the employees not only provided an answer to the original research questions, but their input also led to new clusters. If the new insights were different for the two countries and they did not fit into the existing clusters, they were captured in additional subcategories. For example in the communication cluster, new categories were created outside of the predefined subcategories as the result of data analysis. These are based on the differences in answers found during the interviews in France and in the Netherlands.

The additional subcategories within the communication cluster are the importance of personal contact, the extend of information. If one of the people interviewed brought up a point of difference in terms of communication, it was brought up by the researcher in the following interviews and the interviewee was asked if they recognized the same. The more people recognized it, the more it got confirmed through the analysis, the more relevant it became to mention in the results of the data analysis. Also the more a

certain topics were brought up, the more it became important for the analysis. Within the clusters the answers from the two countries were compared through cultural dimensions.

In addition to comparing the answers per cluster in both countries, it was researched if the different views have impact on the outcome of the change. Of the additional clusters, only the cluster called 'detail of information' was found to be relevant to the outcome of the change. During the interviews some examples were given that in France the Human Resources employees are required to provide more detailed data analysis in their daily work than in the Netherlands. The need for extensive detailed information in France has led to a different fulfillment of the roles across the countries. An overview of the clusters is shown in Appendix 4. Next to each cluster, interview quotes are supporting the existence of the cluster.

4 Results

4.1 Introduction

The results section shows the findings of this study. This section provides background information on the global transformation project based on internal documents, as well as the answers to research questions with HR managers and HR employees during the semi-structured interviews. Interview quotes will support the assumptions of the researcher on the expected outcomes. Following this, the change implementation and the process of operational integration will be described.

The categories defined by the researcher in the overview below are the leadership decisions related to strategy formation and communication. Regarding the leadership decisions related to strategy formation, decisions were categorized in phases, based on the theory of Bob de Wit (Wit, 2005). For each phase questions were formulated on the impact of national cultural differences. Based on literature study relating to national cultural differences, the researcher has previously identified where and which dimensions will lead to a different approach of strategy formation in France and in the Netherlands. Interview questions were formulated to test these assumptions or to obtain additional information relating to the context of this strategic change. Internal documents provided extensive information on the goals and phases of the strategic change, however there was no written documentation shared with the researcher on guidelines and targets local management needed to meet. These open ends needed to be closed by interviewing local leadership in order to gain a full understanding of all aspects of this specific strategic change. It is important to note that in the overview below only the pre-determined interview questions and their answers are captured.

Structured Topics	phases in strategy formation	dimension	Subcat.	Q	Assumptions of the researcher	Related Interview Questions	Answers NL	Answers FR	Impact on outcome of the change
leadership decisions through strategy formation	Identifying		Issue	Why is this strategic change necessary? What is the issue?	No	why do we need to transform the HR Organization? What is the strategic issue?	did not ask during interview , info collected through internal documentation	did not ask during interview , info collected through internal documentation	

Figure 2: this overview shows how the leadership decisions related to strategy formation were categorized in phases. Each phase has its management activities. Within the phases the researcher has defined subcategories, within each subcategory questions were formulated where she expected a different management approach due to the impact of national cultural differences. The expected differences are described through assumptions. Interview questions were formulated to test these assumptions. The answers are listed as quotes per country.

4.2 The description of the HR Transformation

The research was conducted in two countries at a Global Consultancy Firm: in France and in the Netherlands. The HR Transformation was a top-down strategic change initiated by the Headquarters in the US in 2010. The motive for this change was that the current HR Organization and HR processes became too complex and expensive. The HR employees were trying to meet the needs of the business,

by struggling with high workload and pressure to do more with even less. The goals of this strategic change were to provide differentiated services at differentiated costs to meet the different needs of the business.

They also included simplification, and design processes “fit for purpose” by better balancing customization with standardization-while maintaining quality client service and realizing cost savings. For diagnosing the strategic problem (Why should we change?), several internal sources and an external benchmark was used by the founders of the change program in the US. Regarding internal assessment, the HR stakeholders, the Business Leaders and the employees of all the Geographic Units (GU`s) were asked via different surveys. In an HR Survey HR employees were asked about their work responsibilities and how much time they spend on these. This gave an indication of efficiency of processes. In the Quality Assessment Survey Human Resources business leaders and senior business leaders (COOs, group chief executives, service line business leaders) where asked what is important to them, and how well Human Resources was meeting their needs. Last but not least, in the Global Employee Survey all employees were asked to rate the service they receive. The external screening was focusing on benchmarking the companies services with those offered by peers.

The go-live date given by the Headquarters was on 1 May 2011. The guideline (target) the Geographic Unit Gallia needed to meet by this date was a headcount ratio (employee versus HR Advisor) and the new definition of roles. The implementation approach was different in the Netherlands than in France.

The French and Dutch management described the strategy formation process during the interviews. The different Geographic Units were designing the new organization within the guidelines provided by the Headquarters. The Australian interim HR Lead of the Geographic Unit called Gallia was responsible for the fulfillment of the transformation in this region. The four countries (France, The Netherlands, Belgium and Luxembourg) needed to design the new organizational structure, defining the new roles and responsibilities, in line with the guidelines.

Within the program, the main strategy and the new HR processes were defined by the top-leaders in the US Headquarters. The change process was considered as a project with phases and deadlines. There was a pressure from the Headquarters to meet those deadlines. Many processes were either not known, or done differently across the countries. Before redesigning the new organization, the local processes had to be stabilized on a very short time frame to meet the given timelines.

Based on findings in literature, leadership was key to ensuring change to a succeeded. So HR Leadership in France and in the Netherlands had a key role in implementing the changes determined by US and increase efficiency by integrating their processes as much as possible. According to the GLOBE study, leadership behavior in a low PDI and UAI country is seen as disadvantaged in a high PDI and UAI country. I presumed that national culture impacted leadership decisions. Leaders from different cultures might take different decisions on how to achieve a strategic change and these decisions or their approach could have an impact on the outcome of the change. Based on literature study relating to culture and culture specific leadership behavior (see chapter two) in the literature section, I have formulated several assumptions on what kind of decisions leaders take from a high UAI and PDI culture compared to a low UAI and PDI culture in order to achieve a strategic change in their country. I assumed that if the

preferred leadership behavior is different this will implicate differences in leadership decisions. In the following section the main research questions will be answered and my assumptions will be tested by interviewing management and employees in a high PDI and UAI country such as France and in a low PDI and UAI country like the Netherlands. The implementation approaches will be described per country and additional findings will be listed.

The formulated sub-questions including my assumptions on leadership decisions, defined in chapter two are covered below.

1.1 How does culture affect leadership decisions relating to who will carry out different activities in the strategy formation?

A1a: In a country with a high PDI index, strategy formation is the exclusive domain of the top leadership. The decision-making is centralized.

A1b: In a country with low PDI index, different levels of the organization are involved in the strategy formation. The decision-making is collaborative.

1.2 How does culture affect leaders preference for sources of information during the strategy formation?

A2: In countries with a high PDI index, when defining the strategy, opinion will be sought from executives, rather than involving all levels of the organization.

1.3 How does culture affect the way leadership designs the Management Control Systems?

A3a: In countries where UAI is high, leadership prefers a more formalized strategic planning process, than in the low UAI countries.

A3b: In countries where UAI is high, leadership places a higher priority on forecasting, than in countries with a low UAI.

1.4 How does culture affect communication throughout a strategic organizational change?

A4: Given the UAI index of France and the Netherlands, when communicating change, in France focus should be on reassurance and in the Netherlands on the new opportunities the change may bring to the individual

The questions will be answered through narrative on the implementation in the Netherlands and France in part 4.2.1 and 4.2.2. Section 4.2.3 explains the cultural challenges facing the two countries were when integrating their processes. The operational integration part provides unexpected, additional insights on the impact of national cultural differences and brings us closer to answering the main research question.

4.2.1 Implementing strategic change in the Netherlands

The approach to implementation of the new strategy defined by the Headquarters was different in each country. In the Netherlands, team leads were involved (defining the organizational structure and the type of roles) and a limited number of employees were invited to think about the realization of the strategy. As one of the Dutch Senior Managers involved in the program told: "*In the Netherlands 1 Senior Manager, 2 Managers were involved and a Specialist*".

Even though new roles were defined, there was still ambiguity on tasks and responsibilities. In the Netherlands team leads involved all their team members in further defining the responsibilities per role. This happened during team meetings or via brainstorm sessions. In the Netherlands, workshops were also organized with the whole HR population where the lead shared the latest information on the transformation and asked for input and opinions from the participants. During interviews, employee involvement was highlighted in the Netherlands as one of the possible success factors of the change.

I assumed that management in the Netherlands prefers a less formalized strategic planning process than management in France. During the interviews leadership was asked about their preferred method of monitoring. It was asked: "What kind of analysis would you expect from your team member in case the chargeability is decreasing within a certain entity?". An example of the answer given by a Dutch manager: *"It depends, but not necessarily much detail needed, the focus should be on discussion and the actions we need to take to reach the desired result"*.

From the interviews conducted it can be concluded that the HR organization is positioned differently in France than in the Netherlands and this had an influence on the communication around the change. Based on the input of the HR employees in the Netherlands, the business leads in the Netherlands have readily accepted the change. Only two leads were not initially satisfied, as they had two HR contacts instead of one due to the change. The overall impression of the HR employees in the Netherlands about the communication by Dutch HR Leadership can be described as transparent, democratic and pragmatic. The Dutch HR Lead responsible for the change transformation in Gallia, shared the same Power Point slides with the employees in the Netherlands that were shared and dedicated to Gallia HR Leadership. In the Netherlands, the full change journey was communicated.

The approach for meeting the global target was different in France than in the Netherlands. In the Netherlands they negotiated to meet the global targets 1.5 years after the go-live date. The HR Advisor role in both countries was split in two roles, one role fell under organization A and the other under organization B. In the Netherlands employees were given the possibility to think about which role they wanted and in which HR organization they would like to work. The issue was, that 80% of the HR professionals wanted to work in organization A and only 20% in organization B. There was a great deal of resistance for joining organization B so the open positions needed to be filled via external vacancies. In the Netherlands, in order to maintain continuity and employee satisfaction, the approach was to solve the headcount ratio by unmanaged attrition and by believing the people will make the choice themselves to move to organization B. Slowly when the roles and responsibilities became clearer and more stable, the advantages of career opportunities within organization B were highlighted, and several people made the step themselves to join this part of the organization. In the end there was still a shortage in organization B and an excess in organization A. To solve the shortage in organization B, four positions were filled by external vacancies.

4.2.2 Implementing strategic change in France

In France where PDI and MAS are both high, leadership committed to meet the global targets in the timeline given by the Headquarters. Based on the information provided during the interviews, only management discussed the realization of the strategy. *"In France leadership figured out how the new*

organization will look like, how it is going to be". The level of employee involvement was lower than in the Netherlands.

According to the input of employees interviewed in France, they were not involved in defining their responsibilities per role. French leadership gathered information from subordinates via middle-management. Regarding their preference for monitoring strategic actions, in France there was a preference to more detailed information. As a manager said: *"When it is concerning strategic actions, I would like to have a detailed analysis. The details give confidence on making the right decision".*

In France during interviews employees highlighted that the business leadership in France was less supportive of the change. Two years after the go live date in France, HR Leadership is still promoting and explaining what HR transformation is, and its advantages to the business leads.

When the HR roles got split in two (Advisor and Scheduler) it was still not clear how the responsibilities were going to be divided between the two roles and how they should cooperate with other HR departments such as Learning & Development, People Administration, Recruitment. The left hand did not know what the right hand was doing. The business was used to having one contact for all HR questions. After the transformation the one contact could not answer a question on processes falling under a different HR department.

When the HR Advisor role got split in two, also in France employees were given the possibility to apply for a role. Just like in the Netherlands, the interest to join organization A was higher than to join organization B. To meet the headcount ratio targets, in France the higher career levels were transferred to expert roles and the junior positions needed to be fulfilled by recruitment. If there was an excess in organization B, people needed to transfer to organization A. There was an increase of unmanaged attrition. The French HR leads asked the advisors in France if the unmanaged attrition increase was due to HR Transformation and the answer was no. The recruited newcomers in organization A had to go through a steep learning curve to be able to give the service the business was used to receiving. This has led to a less positive view of the business on the success of the HR Transformation Program in France.

In the Netherlands, the whole change journey was communicated, in France it was more ad hoc and in smaller steps, it was assumed that due to the power of the Unions, the communication was received as less transparent by the employees.

The overall communication from the Headquarters towards the Geographic Unit such as Gallia was mainly via emails and webcasts and was described by the French employees as intense but not concrete. It was not clear for the employees what the change would mean for them, what the impact on their daily jobs would be. The communication style was Anglo-Saxon, very excited and energetic but too vague for the French. This combination made people in France suspicious and question if this was a way of covering something up. As one of the employees said: *"During the last HR meeting, consultants held a presentation on how they transferred HR to Romania, you could feel in the room that people were broken".* HR Advisors were afraid that their role was being split into two roles to make it easier to outsource. As an employee mentioned: *"People feared that cutting the job into smaller parts is a way to*

outsource activities and downsize the team". In France the HR Transformation got the nickname 'HR Termination'.

The timing of this strategic change further increased uncertainty in France. HR Transformation took place just after the transformation of the Finance Department, which resulted in downsizing. Furthermore the economic situation in France should not be neglected. The unemployment rate in France is higher than in the Netherlands. In France it is more difficult to find a new job and the resignation period is also longer in France (3 months) compared to the Netherlands. As one of the employees said during the interview: "Economic uncertainty is high in France, only negative news on TV, high level of unemployment, to get a new job is a 3-6 months process". These are all factors which have increased the feeling of uncertainty around the HR transformation.

4.2.3 Operational Integration of processes

Kotter (1996) defines organizational structure as a possible obstacle to change. During interviews it became apparent that the new organizational structure changed shortly after the implementation of the transformation. The reasons for this change are described below. The description is a result of interview of different HR stakeholders involved and impacted by this change.

Making a choice of managing Supply and Demand cross-border or on a country level and its impact on the daily operation

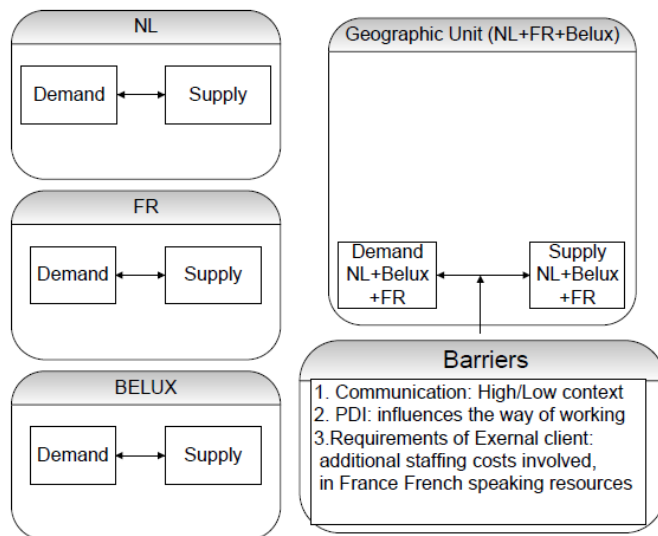


Figure 3: The impact of HR Transformation on primary work processes. Transforming Supply & Demand management from a country level to a Gallia level has created several barriers

To bring balance and focus in supply and demand management, supply⁴ management was separated from demand⁵ management in the first design of the organization. Demand management was brought

⁴ Supply means the number of people available for scheduling

⁵ Demand means the number of open positions

to a Gallia level from a country level. Demand was divided between five Industry Groups (IG)⁶ within all the countries. In the Netherlands, before HR Transformation, the demand for all five Industry Groups was managed by one Demand Lead, who had weekly calls with all the business representatives from all five industries. The goal of the calls was to discuss staffing issues in an efficient way with Project Managers. The calls functioned as a meeting place for the Schedulers and Project Managers where they could match the available resources (supply) with open roles (demand). After HRT, the demand per industry was managed across whole Gallia by a Demand Lead of the specific industry. The five Gallia Demand Leads got a team-lead. The central/strategic coordination of the demand was pulled on a Gallia level, in order to enable the leads to better anticipate the demand trends and to increase cross-border staffing. As demand management was working efficiently in the Netherlands, the formal Demand Lead in the Netherlands shared its best practices and introduced the staffing calls in the new structure. In the new structure the industry calls were organized at a Gallia level.

All project managers of a certain industry in the Netherlands, France, Belgium and Luxembourg were discussing the open demand in all these countries. The disadvantage was that due to the bigger volume, the calls became slower, more complex and less efficient. People needed to get used to speaking in English. Understanding a foreign language in a virtual context required more focus. Participants were often difficult to understand and needed to repeat themselves often. The calls lost its structure and strategic importance and the number of participants were decreasing. This initially led to frustration. Next to this, the distance between the Project Managers and Demand Leads was increasing due to the bigger volumes. Before HR Transformation, the Project Managers used to have regular contact with the Demand Lead in the Netherlands. The demand lead was not only an administrative help for the Project Manager setting the open roles in the system, but he was also advising on the right sourcing channel, defined actions and helped to find the best candidate within the given time frames. This way of working was business as usual in the Netherlands, but difficult to implement in the new structure. The reason for this was firstly the higher volume of the demand, and secondly there were other differences between the countries on how they were managing their demand. In the Netherlands, where the PDI index is low, the Demand Leads were contacting the business representatives directly if they had any questions or issues. In France where the PDI index is high, it was a no go. Also cross-cultural staffing seemed to be more difficult than first thought. France was facing high demand, which could not be filled by the other countries due to language requirements and higher costs involved. For the clients in France it was important that the demand is filled by French speaking resources. In France, the company only employs people coming from a certain university, the diversity is low. If Project Managers would have taken a person outside of France to do the job, there were additional costs involved (travelling, eating, accommodation).

⁶ The clients of the company are categorized in industries groups based on their activities.

Making a choice of managing Supply and Demand cross-border or on a country level and its impact on the HR team members

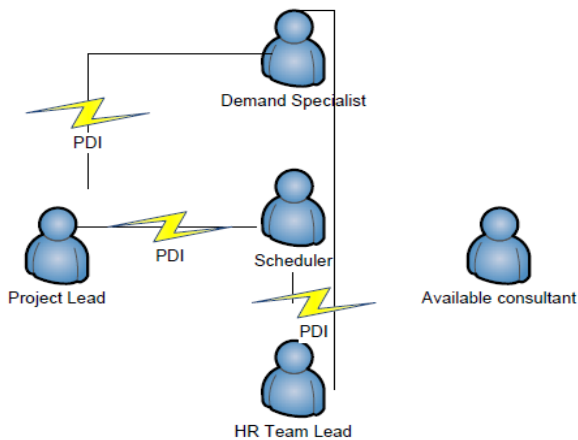


Figure 4: This figure shows where was an impact of national cultural difference (Power Distance) in working relationship in the new structure after transformation

The team members of the Supply team were placed in a cross-cultural team. One lead was responsible for one Supply Pool per country. From the interviews it was understood that as the employees were new in the role, they needed more intensive coaching. Due to the above mentioned barriers, the new structure, where supply and demand were managed on a regional level, did not bring the advantages expected. To reconcile these barriers a matrix structure was introduced. Two layers were created: Operational and Tactical/Strategic. Operational Level had a county focus, where operational leads were focusing on management and coaching Supply and Demand employees within the countries. Tactical/Strategic level had a cross-border focus, where leads were concentrating on supply and demand forecasting. Under the lead of the operational managers, supply and demand management has been brought back to a country team, this way giving higher visibility to the team-members which has contributed to a more fair performance feedback.

The team operating on a tactical/strategic level got cross-border responsibilities across the region. Cross border responsibilities imply that the manager of the employee comes from another country. From the interviews it is concluded that due to the lack of personal contact and cultural differences it is often found challenging to build a trust relationship. To build trust and speak out personal expectations constant open communication was needed. Besides cultural aspects, the dynamic business environment and the geographical distance were additional variables which made open communication even more challenging. For this reason, people were given the possibility to choose their career counselor in their home country. Employees stated that they prefer to have their career counselor locally because they find it is easier for communication as they speak the same language. Also for the performance

management process visibility is vital. The career counselor represents the employee during the performance meetings where employees are ranked based on their performance.

Management forecasting

Through sub-question three I presumed that in countries where Uncertainty Avoidance(UAI) is high, forecasting has a higher priority than in other countries where UAI is low. Forecasting relates to the estimation of values at a future date; it gives a prediction for the future. My assumption here is that as forecasting helps to reduce future uncertainty by giving an indication on the future state, it has higher priority in countries where UAI is high compared to countries where UAI is low.

After HR Transformation, within Gallia forecasting on a Geographic Unit level is driven by a French HR lead and a French Business Lead. In this research I compare the forecasting activity on a GU level between Gallia and the Nordic region.

All Geographic Units of the company in the case study are using a tool for predicting supply (available resources) and demand (chargeable roles at the client) situation for the coming 6 months. The forecasting of two Geographies (Nordic region & Gallia⁷) were compared and several differences were discovered on the way leadership manages the forecasting process: in terms of the number of people who are forecasting, and in terms of sources they gather information from. In the Nordic countries where UAI is low, there are less people involved in forecasting. In France dominated Gallia where UAI is high the opposite is true. Here leadership preferred to build in additional checks to increase the accuracy of the forecast. The disadvantage of the checks is that they are slowing down the process and do not necessarily increase accuracy. Too many checks can lead to a lower sense of responsibility and if a process gets too complex, people need to maintain detailed documentation to be able to follow what they need to do and when.

In the Nordic region where UAI is low, next to quantitative information, qualitative input is asked from business leads who have full knowledge of external and internal conditions. The focus is more on the trend than on the hard figures. In Gallia, the focus is on the accuracy of the figures. In France where UAI is high, the forecasting tool should represent the actual figures with a well-reasoned plan behind. It is a time consuming activity to retrieve the different types of information from different data sources, consolidating it in one view and inputting it in the forecast. It is expected that this workaround and additional checkpoints will increase the accuracy of the forecast. Accuracy is closely monitored.

The example below shows the impact of culture on the way leadership manages the forecasting process. It is surprising that these two ways do not necessary impact the accuracy of the forecast.

⁷ The Nordic region consists of Finland, Sweden, Norway and Denmark. The Gallia Region consists of France, the Netherlands, Belgium and Luxembourg

Forecast Accuracy - Current Month			
May			
GU / Entity	Demand Accuracy	Supply Accuracy	Chargeability (B/W Prediction - MTD)
GUs	100.2%	99.8%	0.2
Gallia	102.7%	100.1%	2.2
Nordic	100.0%	100.3%	(0.8)

May Accuracy – Chargeability

- Within 1 point if forecast: Nordic
- More than 1 point of forecast: Gallia

May Accuracy – Demand

- $\geq 98\%$ or $\leq 102\%$ - Nordic
- $< 98\%$ or $> 102\%$ - Gallia

May Accuracy – Supply

- $\geq 98\%$ or $\leq 102\%$ - Gallia, Nordic

Figure 5: forecasting accuracy between Gallia and Nordic

Impact of culture on the fulfillment of roles

What is the impact of culture on the information shared or communicated? The detail of information required is already a point which was raised in designing the management control system, where French leadership in the case study had preferred a more extensive measurement. From the interviews conducted I can conclude that there is also a difference in the preferred level of detail of information in daily work activities between France and the Netherlands. It was confirmed by several HR employees who both work with French and Dutch leaders, that in France the management prefers more detailed analyses than in the Netherlands. One example of this is the productivity analysis.

Productivity of the groups is measured bi-weekly by a certain group of HR employees called Schedulers. If the productivity percentage is low in one of the groups, the Scheduler needs to report this to the business lead. In France Schedulers prepare a detailed data-analysis showing which employees charged what. If hundred people are in the group, a detailed analysis will follow for all the hundred employees. In the Netherlands, a short email is considered sufficient, to which declarations should be corrected and which actions the Scheduler will follow up. One of the managers in France working with both French and Dutch teams said *“if I ask the French and the Dutch team to make a presentation, I know I can trust all the figures and information is correct till the last detail. When the Dutch prepare the presentation I rather check the details”*.

Regarding the accessibility of information, based on Hofstede’s theory, in countries where PDI is low, information is more easy to access for everyone, than in countries where PDI is higher. The case study shows that national cultural differences can influence the decision about what kind of information we share and with whom. Data privacy can vary per country. Before HR Transformation in the Netherlands, within HR everybody could easily access to sensitive data about the employees. The philosophy was that we are all HR colleagues and conscious of how to deal with sensitive information. By having easy access to information HR can react faster. In France only a specific group of individuals had access to sensitive data, and they decided if they needed to share the info with the requestor. The reason was as the HR population in France is much bigger and the fluctuation is higher, so there was a fear of losing control which can lead to data abuse.

Following HR Transformation all sensitive employee information of France and the Netherlands was available for the whole HR Population. The policy was revised when an HR employee in the Netherlands accidentally shared sensitive info with the business. A new policy was created by the HR leadership of the Geographic Unit Gallia. Sensitive data, such as information on pay, address, reason for separation, performance management and age is now only available for a very limited group of HR people.

Additional security protection was created, the data sheet including sensitive information got protected with a password. Communication was also sent out to all HR employees within Gallia to increase their awareness on protecting data privacy. HR employees were asked to be conscious of the risks of sharing sensitive data and always check the content of the message they are sending out. Sharing information on how the local processes work and sharing best practices is essential when the countries need to integrate their operation processes.

The impression in the Netherlands was that France is often protective of their own processes. As of providing knowledge about a certain process would mean losing power.

In the daily work between French and Dutch teams, the need of the French are higher in terms of amount of information, however the willingness of providing information is in some examples less. In the Netherlands, leads are more used to giving a strict deadline and even if they do not have all the information about the whole topic, they will start with a project. During the process they find new information and solve issues. The French need the time to work out the plan in detail, to elaborate information before they start with the process. This example was given by one of the leads working in the Netherlands with both French and Dutch team members. One of the Dutch people who knows the French culture well has described the difference between the Dutch and the French with an anecdote. If you ask a French and a Dutch team to go from A to B by using any kind of transportation, the Dutch will take an old bike and start to cycle immediately. The French, on the other hand, will start to build a fantastic TGV. When the French finished with building, the Dutch are already at the destination. Nevertheless the French will benefit from the further advantage of the TGV. These examples describe the result oriented approach of the Dutch and the process orientation of the French. The Dutch are result oriented and the French are focused on the best way to solve something.

5. Conclusion

This study set out to determine how national cultural differences effect the outcome of a strategic organizational change through leadership decisions in an international consultancy firm. To answer this question semi-structured interviews were conducted with the participants of the change process in France and the Netherlands.

This research supports the divergence dichotomy by saying that culture changes very slowly (Hofstede 2001) and that different cultures lead to different management practices. The research model I created assumes cultural stability. It supports Hofstede`s statement in his book called Culture`s Consequences, on that organizations are culture-bound and this applies to behavior of people and the functioning of organizations as a whole. It supports Schneider`s statement that the strategy formation process is not culture free.

I am in line with the view of Hofstede (2001) that culture changes very slowly, and I treat it as a stable characteristic reflecting variability in values, behavioral norms and patterns of behavior. Through the case study the reader could get insight on what the impact of national cultural differences was on the process of transforming the HR Organization at this global consultancy firm. HR and Business stakeholders both in France and in the Netherlands have their cultural preferences and this is reflected in the decisions they made when implementing strategic change. These preferences have impacted the fulfillment of roles and the achievement of deadlines in the Netherlands and France.

5.1 Research outcomes

The case study showed that leadership decisions are impacted by natural cultural differences throughout a change process. It was presumed that Power Distance (PDI) has an influence on who is involved in the formation of the strategy and the sources of information used by leadership. This is based on literature which says that in high PDI context cultures those positions of power are expected to be the decision makers and they tend to enjoy easy access to information. The case study showed that in both countries only top-management was involved in formulating the strategy.

It is presumed that PDI has influence on the sources of information used for formulating the local strategy. I presumed that in France where PDI is high, opinions will be asked from the executives, rather than involving all levels of the organization. The case study supports this assumption, in the Netherlands leadership has collected information from all levels of the HR population by following a more egalitarian approach. This led to a longer change process and go-live one year later then the deadline given by the Headquarters. In France where there was less involvement asked from the employees, the change was implemented on the global go-live date. A Dutch manager stated: *"we invited the team to think about the implementation and fulfillment of roles"*. A French manager stated: *"The leadership team was liaising with the global center of expertise"*. As also Hofstede (1984) states, in the Netherlands where PDI is lower, there is a sympathy with models of management where initiatives are taken by subordinates.

It was presumed that Uncertainty Avoidance (UAI) has an impact on how leadership designs the Management Control System in the new organization. Hofstede stated that in France where UAI is high, formalized policies and procedures are used to reduce uncertainty. *“Planning represents an attempt to reduce uncertainty; control implies the exercise of power”* (Hofstede, 1981:263). Next to this he also states: *“A stronger UAI norm supports a need for more detail in planning and more short-term feedback. A smaller PDI leads to the feasibility of control systems based on trust in subordinates; in large PDI countries such trust is missing”* (Hofstede, 1984:264). These statements were supported in the case study where the different point of views were compared on management forecasting and managing employee engagement. The forecasting of two Geographies (Nordic region & France driven Gallia) were compared and several differences were discovered on the way leadership manages the forecasting process: in terms of the number of people forecasting, or in terms of sources they gather information from. In the Nordic countries where UAI is low, there are less people involved in the forecasting. To the opposite in the countries where UAI is high, leadership preferred to build additional check points to increase the accuracy of the forecast. In the Nordic region where UAI is low, next to quantitative information, qualitative input is requested from business leads who have full knowledge of external and internal conditions. The focus is more on the trend than on the hard figures, accuracy is less closely monitored than in Gallia. One of the Dutch HR advisors expressed disagreement on how his lead from France wanted to manage engagement of the individual employees through a detailed scorecard.

It was presumed that cultural differences can impact the shaping of the organizational structure. The case study showed that the differences in PDI can impact the working relationship between stakeholders, the employee's motivation and indirectly impact the efficiency of processes. In the Netherlands where PDI is low, HR employees are directly liaising with the Senior Executives on future business expectations and actively advising them on the sourcing channels. In France where there is a respect of hierarchy this is not the common way of working. After the HR Transformation, the demand was managed on a Geographic Unit level. French employees started being responsible for the demand in the Netherlands as well, the volumes got higher. In demand management where close connection with the business is crucial for an optimal demand forecasting, the distance between HR and the business was increasing. The growing distance could result in HR not being able to allocate the right amount of resources and if the company cannot fill the open roles there is a revenue leakage. The combination of these barriers led to a less efficient way of working. Also, personal network and the visibility of the employee by the team lead can influence the further career of the employee. As one of the Dutch employees stated: *“in France personal network is very important from a career perspective”* To eliminate these barriers, the cross-border focus was brought back to a country level.

It was presumed that cultural differences can impact the communication. It was presumed that PDI has an impact on the communication lines when implementing HR Transformation. In a country with a high PDI index like France, introducing changes starts with gaining support of the top-leadership. Communication must be top-down. The case study shows that top-management must be involved and supportive from the early stages of the change. If in a high PDI country only the team is supporting the change and not the top leadership, it can be a break-point. To the opposite, due to a respect for hierarchy, leadership will be followed even if the overall population is not convinced about the change.

In the Netherlands leadership agreement is not sufficient, leadership needs to reach consensus with the employees, involve and convince them that this is the right thing to do. The case study shows a different way of implementing change in a low and high PDI country. In the low and high PDI country reforming the organization took longer as the group as a whole needed to agree first on the approach. In France the organization was reformed from the outside on the global deadline.

It was presumed that UAI impacts the extend of information people require. Hofstede (1984) has highlighted that precision and punctuality comes more naturally the more Uncertainty Avoiding countries than among less Uncertainty Avoiding ones. The case study shows that in France where UAI is high, leadership requires a more detailed information and analysis, then in the Netherlands where UAI is low. As one of the Dutch manager said: *"if we have a strategic call with a French lead, he asks questions on why some figures are low, instead of asking us what do we think of these figures being low"*. As one of the Dutch employees said: *"in Nederland zijn leads geïnteresseerd in de lijnen van het verhaal en de acties die worden ondernomen. In Frankrijk moeten mijn collega's zeer gedetailleerde analyse maken op persoonsniveau"*. An other employee who is working with French colleagues said: *"Fransen duiken in de details"*. One of the French managers said: *"The Dutch have a high level approach, they are not necessary interested in the details. In France the details are important"*. As consequence of this, overall in France, HR employees seem to spend more time on reporting activities and making detailed analysis than in the Netherlands.

It was presumed that PDI and UAI has impact on who can access certain information. The case study shows that national cultural differences can influence the decision about the kind of information we share and with whom. Before the HR Transformation, dealing with data privacy was different in France than in the Netherlands. In the Netherlands, everybody within HR had easy access to sensitive data of the employees as the philosophy was that HR is trained and conscious of how to deal with this. Accessibility makes HR react faster. In France only a group of individuals had access to sensitive data, and they decided if they need to share the info with the requestor.

Regarding the implementation of the HR Transformation program in France and in the Netherlands, in the early stage of the change when uncertainty was still high on what the new organization will mean for people, there was more emphasis on employee involvement in the Netherlands, than in France. The approach in the Netherlands was reflecting a low value in the cultural dimension Masculinity. The Netherlands is feminine type of culture which values cooperation as sign for caring for the individual. The decision was made to go live 1.5 years after the global deadline. The advantage of this approach was the continuity, stable attrition and relatively high employee satisfaction compared to France. The disadvantage was on the promotion opportunities and possibility for vertical career growth in organization A, where the headcount was too high. As promotion slots and budgets are divided by organization, this has led to less promotion possibilities and had consequences on the further career path of the employees in organization A. Still, a conscious decision was made in the Netherlands for a democratic approach. In a country where PDI low is and Femininity high is, employees needed to be convinced and given the possibility to decide themselves.

5.2 Limitations and future research

A number of important limitations need to be considered. First, the case study has showed that leadership decisions differ per country. But does this really have to do with cultural differences? Leung (2005) states that research practice provided numerous examples in which the impact of culture was overshadowed by unique personalities, strong leadership or uniformity of practices (Maznevski and Chudoba, 2000; Earley and Gibson, 2002). As Leung (2005) states, while researchers are able to draw implications for managers, they cannot reach precision regarding the specific impacts and the circumstances in which culture should be a central focus, or when it might be less critical. Research should address the issue of how and when culture makes a difference.

Moderating conditions should be addressed in order to advise managers on implementing global changes. Gibson identified a set of moderating conditions (individual, group and situational) that moderates the impact of national culture on individual perceptions, beliefs and behavior. Leung (2004) describes three moderators of national culture: social identification, stage of group development and technological uncertainty. An amplifier on the impact of national cultural difference is the degree to which the individual identifies with the culture (social identification). So, culture matters more when a person identifies with the culture. Another amplifier is the group moderator: the stage of group development. So the earlier we are in the stage of group development, the bigger the influence of culture (Chatman and Flynn, 2001). Additional amplifiers identified by Gibson are the situational characteristics, such as technological uncertainty. When there are less tools, rules or procedures, national culture will have more impact. Most substantial cultural clashes occurred when the team confronted implementation of new technology. (Gibson and Cohen 2003).

In the early implementation of the global HR transformation described during the case study the team was in the early stage of development and management and employees both had low familiarity with the program. Based on Gibson's statement I can conclude that the impact of national cultural differences were significant in this stage. More research on amplifiers would help us to establish a greater degree of accuracy on this matter.

Secondly, it should be noted that the information presented in this study is from an analysis of the notes of interviews and includes judgments of individuals. The emphasis in this research has been to allow individuals to tell their story. While sampling was random, it is not claimed that these views are indicative for all HR Employees within the region.

Further work needs to be done to establish whether certain change approaches are more successful in one country than in another. The results of this study indicate that in the early stage of the change, in the Netherlands the change implementation was more participative than in France. But would the same participative approach bring the same success in France? According to Newman and Hofstede, business performance is better when managerial practices are congruent with national culture (Hofstede, 1980; Newman 1996). Denison found that in the US (low-PDI) involvement lead to efficiency and faster growing firm (Hansen and Wernerfelt 1989; Denison 1990; Newman, 1996). Morris and Paret (1992) found participative management to be positively related to performance in the US but not in Mexico (high-PDI), where more authoritarian management practices were effective.

Further research in a public company could take a larger sample to see if the results of this research could also be indicated in another research . It would be interesting to measure the degree of influence of the different decisions on the outcome of the change and the relation to the commitment to change.

5.3 Implications for managers

Based on the above, in the section below the researcher would like to highlight several practical implications for organizational change process in comparable contexts.

It is human to resist to the uncertainty change can bring. Within cultures where UAI is high, the natural resistance is combined with years of generational programming. Individuals from high UAI cultures are not automatically opposed to the introduction of new ideas, but they need more reassurance and feeling of security of having the future under control. It can reduce UAI and the resistance to change if the guiding coalition is explicit regarding objectives and deadlines and makes modest proposition of change with a well-communicated strategy. Build a detailed documentation of the Q&A sessions, maintain a website for Frequently Asked Questions are techniques to decrease UAI. Presenting open ended instructions and loose deadlines should be avoided as it can further increase uncertainty. In an early stage of the change, when the new processes are not stabilized yet, from a coaching perspective it would be advisable to assign a lead from the country where the employee is working. This to make sure the team members will receive sufficient guidance and they can easily approach their lead for questions and advice. Leadership has an important role in bringing change to success. Just as preferred leadership, also preferred way of planning and control can vary across culture, the values in the individual country should be taken into account in order to succeed in realizing a strategic change. There is no best way of realizing change as certain ways and behaviors are more accepted in one country than in another. For this reason local leadership should have the freedom to implement change initiatives according to their own culture specific way.

Last but not least, following Leung (2001), I would like to warn managers for stereotyping based on nationality and assuming that all individuals in a certain country will behave in accordance with that stereotype. Next to this, managers should not assume that all employees share the same orientations and will respond similarly to managerial practices.

Bibliography

- Adler, N., Doktor R. and Redding, G. (1986). "From the Atlantic to the Pacific century: Cross-cultural management reviewed", *Journal of Management*, 12(2), 295-318.
- Aldulaimi, S. H. (2012). The National Values Impact on Organizational Change in Public Organizations in Qatar. *International Journal of Business and Management*, 182-191.
- American Management Association. (1994). *Survey on Change Management*. New York: AMA.
- Gilley, A. (2005). *The manager as change leader*. Westport: Praeger.
- Gilley, A. (2009). Organizational Change: Motivation, Communication, and Leadership Effectiveness. *InterScience*, 75-94.
- Anthony, R. and Govindarajan, V. (2007). *Management Control Systems*. Chicago: Mc-Graw-Hill IRWIN.
- Baarda, D.B., de Goede M.P.M. (2001). *Basisboek Methoden en Technieken*. Groningen: Wolters-Noordhoff bv.
- Bayas, P., Assimakopoulous, V. (2011). About the Significance of National Culture Differences for Domestic Companies that Expand to the International Environment. *International Journal of Business and Management Studies Vol. 3(2)*, 327-347
- Bhagat, R.S., Baliga, B.R., Moustafa, K.S. and Krishnan, B. (2003) *Knowledge in Cross-Cultural Management in Era of Globalization: Where Do we Go from Here?*, in D. Tjosvold and K. Leung (eds.) *Cross-Cultural Management: Foundations and Future*, Ashgate: England, 155-176.
- Braster, J. (2000). *De kern van casestudy's*. Assen: Van Gorcum.
- Brodbeck F. C., Frese M, Javidan M. and Kroll F. J. (2004). Leadership Made in Germany: Low on Compassion, High on Performance. *The Academy of Management Executive*. 16(1), 16-30
- Calori, R., Lubatkin, M., Very, P., & Veiga, J. F. (1997). Modeling the origins of nationally-bound administrative heritages: A historical institutional analysis of French and British firms. *Organization Science*, 8, 681-696.
- Chandler, A. D., Jr. (1990). *Scale and scope*. Cambridge, MA: Harvard University Press.
- Chatman, J.A. and Flynn, F.J. (2001). The influence of demographic heterogeneity on the emergence and consequences of cooperative norms in work teams, *Academy of Management Journal*. 44(5), 956-974.
- Crozier, M. (1964). *The Bureaucratic phenomenon*. New Jersey: The University of Chicago Press
- Clark, P. and Mueller F. (1996). Organizations and nations: from universalism to institutionalism?, *British Journal of Management*, 7, 125-139.
- Denison, D. R. (1990). *Corporate culture and organizational effectiveness*. New York: John Wiley.

- Denning, S. (2005). Transformational Innovation. *Strategy and Leadership*, 12.
- Earley, P.C and Erez, M. (1997). *The Transplanted Executive: Why You Need to Understand How Workers in Other Countries See the World Differently*. Oxford University Press: New York
- Earley, P.C. and Gibson, C.B. (2002) *Multinational Work Teams: A New Perspective*, NJ: Lawrence Earlbaum and Associates:
- Eisenhardt, K. M. (2007). Theory Building From Cases: Opportunities And Challenges. *Academy of Management Journal*, 25-32.
- Elving, W. J. (2005). The role of communication in organisational change. *Corporate Communications: An international Journal*, 129-138.
- Florida, R. (2005). *The flight of the creative class*. New York: HarperCollins.
- Friedman, T. L. (2005). *The world is flat*. New York: Farrar, Straus & Giroux.
- Fruin, W. M. (1992). The Japanese Enterprise system: Competitive strategies and cooperative structures. New York: Oxford University Press
- Gibson, C.B. and Cohen, S.G. (2003). *Virtual Teams that Work: Creating Conditions for Virtual Team Effectiveness*, San Francisco: Jossey-Bass
- Gibson, C.B. and Zellmer-Bruhn, M. (2001). Metaphor and meaning: an intercultural analysis of the concept of team-work, *Administrative Science Quarterly* Vol. 4(6), 274-303.
- Gilley, A. (2005). *The manager as change leader*. Westport: Praeger.
- Gudykunst, W. (1996). The influence of cultural individualism-collectivism, self-construals, and individual values on communication styles across cultures. *Human Communication Research*, 510-543.
- Hall, E. T. (1976). *Beyond culture*. New York: Anchor Press–Doubleday.
- Hall, E. T. (1959). *The Silent Language*. New York.
- Hall, E. T., & Hall, M. R. (1990). *Understanding Cultural Differences*. Yarmouth, Maine 04096 USA: Intercultural Press.
- Hansen, G. S. & Birger W. (1989). Determinants of firm performance: The relative importance of economic and organizational factors. *Strategic Management Journal*. 10, 399-411.
- Herscovitch, L. & Meyer, J. P. (2002). Commitment to Organizational Change: Extension of a Three-Component Model. *Journal of Applied Psychology* 87(3), 474-487.
- Hill, C. W. L. (1995). National institutional structures, transaction cost economizing and competitive advantage: The case of Japan. *Organization Science*. 6, 119–131.
- Hofer, C. W., & Schendel, D. (1978). *Strategy formulation: Analytic concepts*. St. Paul: West.

- Hofstede, G. and Bond, M.H. (1988). The Confucius Connection: From Cultural Roots to Economic Growth, *Organizational Dynamics*, 16(4), 5-21.
- Hofstede, G. & Harzing, A.W. (1996). *Planned Change in Organizations: The Influence of National Culture*. London: Jay Press.
- Hofstede, G. (1980). *Culture`s Consequences: International differences in work-related values*. London: Sage Publications, Inc.
- Hofstede, G. (1984). Cultural Dimensions in Management And Planning. *Journal of Management*, 82.
- Hofstede, G. (2001). *Culture`s consequences: Comparing values, behaviors, institutions and organizations across nations*. CA: Sage: Newbury Park.
- Hofstede, G. (2006). What did GLOBE really measure? Researcher`s mind versus respondents`minds. *Journal of International Business Studies*, 882-896.
- Hofstede, G., & Hoofstede, G. (2006). *Allemaal anders denkenden*. Amsterdam: Contact.
- Hofstede, G. (2007), "Asian management in the 21st century", *Asia Pacific Journal of Management*, 24, 411-420.
- Hofstede, G. (2011, December 27). <http://geerthofstede.com/netherlands.html>. Retrieved on December 27, 2011.
- Holt, J. M. (2010). Readiness for Change. *Journal of Change Management*, 45-447.
- House, R. J., Wright, N. S., & Aditya, R. N. (1997). *Cross cultural leadership or organizational leadership: A critical analysis and a proposed theory*. In P.C. Earley, ed. & M. Erez (Eds.), *New perspectives in international industrial organizational psychology* (pp. 535–625). San Francisco: New Lexington.
- House, R. J. (2004). *Leadership, Culture and Organizations: the GLOBE Study of 62 societies*. London: Sage Publications.
- Javidan, M. (2006). Conceptualizing and measuring cultures and their consequences: a comparative review of GLOBE`s and Hofstede`s approaches. *Journal of International Business Studies*, 897-914.
- Kitchen, P. J. (2002). Internal communication during change management. *Corporate Communications: An International Journal*, 46-53.
- Klunckhohn, F. R., & Strodtbeck, F. L. (1961). *Variations in value orientations*. Oxford: Peterson.
- Kotter, J. P. (1996). *Leading change*. USA: Harvard Business School Press
- Laurent, A. (1983). The cultural diversity of Western conceptions of management, *International Studies of Management and Organisation*, 8(1-2), 75-96.
- Lewis, L. K. (2006). Advice on Communicating during organizational change. *Journal of Business Communication*, 113-137.
- Lewin, A.Y. and Kim, J. (2004). *The national state and Culture as Influences on Organizational Change and Innovation*. New York: Oxford University Press.

- Lewin, A. Y. (1982). *Public enterprises, purposes and performance: A survey of Western European Experience*. In W.T. Stanbury & F. Thompson (Eds.), *Managing public enterprises* (pp. 51-78). New York: Praeger
- Levitt, T. (1983). The globalisation of markets, *Harvard Business Review*, 61(3), 92-102.
- Leung, K., Su, S.K. and Morris, M. (2001a) *Justice in the Culturally Diverse Workplace: The Problems of Over and Under Emphasis of Culture*, in S. Gilliland, D. Steiner and D. Skarlicki(eds.) *Theoretical and Cultural Perspectives on Organizational Justice*, Information Age Publishing: Greenwich, CT, 161-186.
- Leung, K., Wang, Z.M. and Smith, P.B. (2001b). Job attitudes and organizational justice in joint venture hotels in China: the role of expatriate managers, *International Journal of Human Resource Management*, 12, 926-945.
- Leung K., Bhagat R.S (2005). Culture and International Business: Recent Advances and Their Implications for Future Research *Journal of International Business Studies*, 36(4) (Jul., 2005), 357-378.
- Luecke, R. (2003). *Managing change and transition*. Boston: Harvard Business School Press.
- Maznevski, M.L. and Chudoba, K. (2000). Bridging space over time: global virtual team dynamics and effectiveness, *Organization Science* 11(5): 473-492.
- McSweeney, B. (2002). Hofstede`s model of national cultural differences and their consequences: A triumph of faith - a failure of analysis. *Human Relations*, 113.
- Miles, M. B. (1984). Qualitative Data Analysis. In M. B. Huberman, *QUALITATIVE DATA ANALYSIS A sourcebook of New Methods* (pp. 215-243). London: Sage.
- Morris, T. & Pavett, C. M. (1992). Management style and productivity in two cultures. *Journal of International Business Studies*, 23(1), 169-179.
- Newman, K. and Nollen, S. (1996). Culture and congruence: the fit between management practices and national culture, *Journal of International Business Studies*, 27(4), 753-779.
- Oyserman, D. (2002). Rethinking Individualism and Collectivism: Evaluation of Theoretical Assumptions and Meta Analysis. *Psychological Bulletin*, 3-72.
- Porter, Michael (1990). The competitive advantage of nations (cover story), *Harvard Business Review*, 68(2), 73-93.
- Rowley, J. (2002). Using Case Studies in Research. *Management Research News*, 25, 16-26.
- Rowlinson, S. (2001). Matrix organizational structure, culture and commitment: Hong Kong public sector case study of change. *Construction Management and Economics*, 19, 669-673
- Schein, E. (1985). *Organizational Culture and Leadership*. San Fransisco: Jossey Bass.
- Schein, E. (1990). Organizational Culture. *American Psychologist*, 45(2), 109-119.
- Schendel, C. G. (1983). An empirical analysis of strategy types. *Strategic Management Journal*, 153-173.

- Schneider, S. C. (1989). *Strategy Formulation: The Impact of National Culture*. Fontainebleau: EGOS.
- Schwartz, S. (1994). *Beyond individualism/collectivism: New cultural dimensions of values*. Sage: Thousand Oaks.
- Smith, P. B. (2006). When elephants fight, the grass gets trampled: the GLOBE and Hofstede projects. *Journal of International Business Studies*, 37(6), 915-921
- Steensma, H.K., Marino, L. and Dickson, P.H. (2000). The influence of national culture on the formation of technology alliances by entrepreneurial firms, *Academy of Management Journal*, 43(5), 951-973.
- Taras, V., Rowney, J., & Steel, P. (2009). Half a century of measuring culture: Review of approaches, challenges, and limitations based on the analysis of 121 instruments for quantifying culture. *Journal of International Management*, 15(4), 358.
- Tayeb, M. (1994). Organisations and national culture: Methodology considered, *Organization Studies*, 15(3), 429-446.
- Taylor-Powell, E. (1996). *Collecting Evaluation Data: An Overview of Sources and Methods*. University of Wisconsin-Extension.
- Trompenaars, F. (1993). *Riding the Waves of Culture: Understanding Cultural Diversity in Business*. London: Economists Book.
- Ulrich, D., Allen, J., Brockbank, W., Younger, J., Nyman, M. (2009). *HR Transformation. Building Human Resources from the Outside In*.
- Ulrich, D. (1998). *Champions of change: How CEOs and their companies are mastering the skills of radical change*. San Francisco: Jossey-Bass.
- Wanberg J.T. and Banas, C. R. (2000). Predictors and outcomes of openness to change in reorganizing workplace. *Journal of Applied Psychology*, 85(1), 132-142.
- Wit, B. d. (2005). *Strategy Synthesis*. Hampshire: Cengage Learning EMEA.
- Whitley, R (1996). The social construction of economic actors: Institutions and types of firms in Europe and other market economies. In R. Whitley & P. H. Kristensen (Eds.), *The changing European firm: Limits to convergence* (pp. 39-66). London: Routledge
- Yukl, G. (2006). *Leadership in organizations* (6th ed.). Upper Saddle River, NJ: Pearson-Prentice Hall.

Appendix 1: The relationship between strategy formation and culture

Strategy Formulation	National Culture
1. Environmental scanning <ul style="list-style-type: none"> - active vs passive - broad vs focussed -systematic vs nonsystematic 	relationship with environment (control, activity and uncertainty)
2. Selection <ul style="list-style-type: none"> - type of information sought: quantitative vs qualitative - sources of information: personal vs impersonal subjective vs objective 	nature of truth and reality (facts vs principles) uncertainty avoidance task vs social power and status individual or group
3. Interpretation <ul style="list-style-type: none"> - analytic vs intuitive 	'truth and reality' uncertainty avoidance
4. Validation <ul style="list-style-type: none"> - personal edict - bureaucratic - historical precedent - political coalition - consensus 	hierarchy uncertainty avoidance time orientation individual vs group task vs social oriented
5. Establishing priorities <ul style="list-style-type: none"> - importance - urgency - certainty 	task vs social time orientation uncertainty avoidance

(Schneider, 1989)

Appendix 2: Observations on French and Dutch communication during online meetings

Hall	Direct (Low-context)	Indirect (High-context)
Hofstede	Low PDI Index	High PDI Index
Country	The Netherlands	France
General observations	Meetings must start on time, delay perceived disrespectful. If no attendance cancellation is expected in advance, no matter with whom you have the meeting	Meetings can start later than scheduled. Starting later is not perceived as rude. If the meeting has low priority, sometimes no cancellation from the participant if not able to attend.
Context	Goal/Results/Message first, context later.	Important to know the why? and how?
Content	Focus on the goal, key point and the objective of the meeting	Background information is important
Content	Judging sentences can come across rude: "what they say in the shared service center is not true".	More indirect way of communication, cooperative, patient, takes the time to explain
Content	Less words to convey meaning	Longer sentences
Observations in calls with subordinates	The lower levels interfere in the discussion of leadership	The lower levels interfere when their opinion is asked.
Findings from interviews	Schedule and results have priority above personal relationship building. More focus on goals, which can be perceived as bluntness	Importance at establishing a relationship & trust.

Appendix 3: Interview Questions

Example: Interview questions For Leadership:

Please describe the HR Transformation Process including timelines.

Please describe your role in the HR Transformation.

How would you describe the communication done by the local leadership in your country?

Which important decisions needed to be made by leadership during the change process?

When formulating the local strategy based on the global guidelines, who were the participants in the formation of the strategy and what were their responsibilities?

When deciding on the operating model (organizational structure, roles and responsibilities, etc.) which sources did you use for collecting information for decision making?

When it comes to monitoring the strategic actions, what is your preferred way of monitoring? (qualitative or quantitative measurement, if quantitative what kind of tools)

Why did we change our org structure bi-monthly? Is it because certain organizational structures are more efficient than others when more national cultures are involved in a strategic change?

How was HRT received by the business and the HR Employees in your country?

How would you describe your communication of the Global organization on HRT towards local leadership?

How can the leadership decrease uncertainty during the change? How did it happen in your country?

Why do you think the HRT took longer in the Netherlands (NL) than in France (FR)?

What is the difference between leadership in France and in the Netherlands?

What should be the qualities of your ideal superior?

What do you find challenging/remarkable when working with people in the opposite country (NL/France)?

Example: Interview questions for employees:

Please describe the HR Transformation Process including timelines.

Please describe your role in the HR Transformation. What was your role before and what did change after?

What do you find challenging when working with the opposite culture? (NL versus FR) Can you give an example?

Which qualities should have the ideal supervisor in your country?

How is decision making described in your country? (by whom decisions should be validated, when do we concern decisions to be valid, are you encouraged to make decisions)

Who has communicated HRT in your country and how would you describe the communication?

What would you have done differently if you were the project lead of HR Transformation?

What would you have done differently if you were in the local leadership team during HR Transformation?

Appendix 4: Structuring answers

Structured Topics	Related Questions	Subcategory	Answers NL	Answers FR	Dimensions Discussed in answers	Impact on outcome of the change
leadership decisions through strategy formation	When formulating the local strategy based on the global guidelines, who were the participants in the formulation of the strategy and what were their responsibilities?	Roles in strategy formation	"In the Netherlands 1 Senior Manager, 2 Managers were involved and a Specialist"	"Leadership figured out how it is going to be"	FDI	
	When deciding on the operating model (organizational structure, roles and responsibilities, etc.) which sources you used for collecting information for decision making?	Sources used in strategy formation	"Invited the team to think on the implementation and fulfilment of roles"	"The leadership team was talking with the center of expertise"	FDI, IND	
	When it comes to monitoring the strategic actions, what is your preferred way of monitoring? (qualitative or quantitative measurement, if quantitative: what kind of tools)	Management Control Systems	"It depends on the topic, but not necessarily much detail needed, the focus should be on discussion and the actions we need to take to reach the desired result"	"When it is concerning strategic actions, I would like to have a detailed information. The details give confidence on making the right decision"	USA	fulfillment of roles,
	How did you define the roles in the new organization?	Defining roles in the new organization	"In France many people have left during the implementation, the attrition in NL was minimal" "In France people left as they had less choice than in NL" "van gabel hebben we instructie gegeven voor het uitvoeren van rollen. In verschillende departe- ren in de twee landen wordt anders ingevuld"	"Management roles were appointed, to all other roles you could apply through open application" "we did not do broad mapping or to ask anyone to leave" "In the US HR is set to downsize, it has increased then of similar situation in France"	FDI	
	What were the global guidelines?	HCT Ratio	"Headcount ratio to be met (nr. of employees per HR Advisor and the type of roles needed to be finalized"	"Headcount ratio to be met (nr. of employees per HR Advisor and the type of roles needed to be finalized"		
	What were the timelimits?	Timelimits	"In NL we committed to have the organization final per September 2012, 1.5 years after go live" "we samen samen avuis" "wij wilden consistentie en richting houden met de individui" "In NL we zijn productiever" "In NL heb ik had democratisch gegeven. Mensen kregen voorbereiding op om na te denken wat ze willen, in FR werd gezegd, we hebben 2 maanden, dit moet gebeuren, maak ik keus" "In NL moeten medewerkers zijn overtuigd"	"Before May 1st 2011 people needed to make their choice"	FDI, IND	

	What do you find challenging/remarkable when working with people in the opposite country (NL/France)?		"Als het team in Frankrijk moeit een presentatie, je kunt blind vertrouwen op de inhoud" "Nederlanders zijn vaak als niet beslizaand, koppig en arrogant gezien. Frans zijn arrogant in de zin van hun moedige, maar niet zo in hun eigen carrière" "Nederlanders zijn handelsgestent. vind ik dit een goed idee" "Fransen zijn subvinder" "Fransen kunnen met hun communicatie style makkelijk mensen meenigen, beter in oplossingen te bieden. In Nederland zijn wij meer gefocust op de doel" "Fransen zijn minder direct. De taal is een barriere wat misverstanden kan veroorzaken"	"Dutch are pragmatic, they go straight to the point to solve the problem. In France that is not the most important. In France it is important how you solve the problem" "I think a lead does not need to explain everything. In the Netherlands everybody needs to know everything about each other, people want to be involved everywhere. So it is difficult for a boss to decide and say we are going to do this." "The Dutch are result-oriented" "In France you already learn in school to consider hierarchy. To talk to equal to a lead is difficult" "France have fear to speak as they do not want to be judged" "In France hierarchy is seen as the last word of the car. HR is not recognized by the business. In France if you have not studied at a certain school, you are nothing" "French is not an enterpreneur society, they are attached to the past and keep what they have"		
	Why did we change our org structure bi-monthly? Is it because certain organizational structures are more efficient than others when more national cultures are involved in a			the global team has asked to copy paste the design, options were given on a high level criteria. At the end we did our own design. In the beginning we have limited flexibility on this		
	What are the qualities of a good leader?		"Stel hij vertrouwt in mijn kunnen en mijn werk niet controleert", "Dat hij mij inspireert", "Openheid, duidelijkheid en eerlijkheid"	"... listen, feel you comfortable, be patient... who tells you do not worry it will be fine" "Burocratic and status conscious leadership is accepted. They think, I suffered a lot to get there, now it is my turn. In France they realized that women do not help each other career wise an I'll never" "most of the leaders need represent burocratic and status conscious roles, however some members of the new generation expects a different style. For the leaders it is difficult to adapt" "Our company is not representative for a typical leader. Secrecy of information is impossible here. Information runs around the corner. If you have a trusted relationship with someone, he will share the information with you". "Give a vision. Like when a boss raises the responsibility to make a decision. Also give if he involves me in the decision making". "Building trust relationship is very important in France. You need to prove yourself to your lead first", "the ideal leader protects its team, it is like a mother figure", "give a vision on where we are going"		

	How would you describe decision making?		"In Frankrijk alken mensen niet met een mandaat zijns meeting samen te gaan beslizaand, ze staan daar om een oplossing te vinden. Later na de meeting wordt beslizaand genomen" "Meetings zijn moeilijk bestuurbaar, je kunt moeilijk beoordelen hoe de meeting was, of iedereen mee eens is wordt niet uitgepraat" "er zijn kleine opvatting, soms is het moeilijk om de discussie centraal te houden"	"In FR als je in een meeting om een oplossing te verdienen, beslizaand doe je tussen de regels door" "In FR we meer a priori, hoe goedvul je weet" "In FR we meer positief, met wie je goed is belangrijk" "I led a FR and NL team, I noticed the difference. In NL the employees are strict, they dare to say if they disagree. In FR they are listening and tell their opinion, but only if that is asked" "In When we start to implement the same process in FR and NL, in NL they will consider if their process is efficient enough it will be difficult to convince to do a differently. In FR the team seems to be more open to see how the new process goes and what to do different"		
	Not related to questions		"In Frankrijk kun je een beslizaand top-down makkelijk doorvoeren. In Nederland de top leadership wil met zijn leeds eerst overleggen"			In France Hierarchy impact Decision making. If there is no support of top leadership/considered as decision makers, change cannot be realized. From the moment the top agrees on the decision, the decision is final. In the Netherlands leadership agreement is not sufficient, leadership need to reach consensus with the employees. involve and convince them that this is the right thing to do. The different kind of decision making has impacted the timeliness, the new organization structures was formed faster in France.
	Not related to questions		"In NL zijn we veelbieder, daarom duurt het proces ook langer" "De allen consensus en zelf willen ze ook iets leuk voor de eigen carrière"	"In FR als het beslizaand wordt, hoewel ze zeggen dat ze niet mee eens zijn, gaan ze wel mee. Fransen alken geen consensus" "French are less opportunistic, they are obsessed doing a good job and serve their customer. In FR is not well accepted to show your ambition"		

	Detail of Information	Not related to questions	Reporting	"In a call the lead does questions on why some figures are low, instead of asking us what do we think of these figures to be low" "In NL zijn leeds geïnteresseerd in de cijfers van het verloop en de actie die worden ondernomen. In Frankrijk moesten de Talent specialisten meer getalenteerde analyse maken op persoonlijkheid" "Fransen duiken in de details"	"In NL they have a high level approach, not necessary interested in the details. In France the details are important" "Dutch just want to run their business and do not want that Carlo or Ghislai to tell them how to do it. France is often seen as a country who do not want to work the global way, but I think the Netherlands is the same"		yes in the fulfillment of roles
	Combining private life with work	Not related to questions	work-life balance	"De indruk van Nederlanders is dat we nonchalant zijn en dat we graag lang op vakantie gaan" "In Frankrijk wordt part-time werknemers geaccepteerd dan in Nederland" "zoms heb ik het idee dat er perceptie is dat we minder hard werken dan in Frankrijk" "Als je carrière wilt maken in een organisatie gefield door Fransen, kun je beter niet met L&G gaan"	"In the Netherlands there is more respect for work-life balance"		not directly