

| | |
|---|----------|
| 6. CAPITA SELECTA | 2 |
| 6.1 National culture versus organizational culture | 3 |
| 6.1.1 Different aspects of our reality | 4 |
| 6.1.2 Evolution versus change | 4 |
| 6.1.3 Normative versus non-normative | 6 |
| 6.1.4 One-way indirect causal relationship | 6 |
| 6.1.5 One-way direct causal relationship | 7 |
| 6.1.6 Applications | 7 |
| 6.1.7 Conclusion | 8 |
| 6.2 Automation and organizational culture | 8 |
| 6.3 Are Human Resources Obsolete? | 11 |
| 6.4 Remuneration from a cultural perspective | 16 |
| 6.5 Diversity | 20 |
| 6.6 Mergers and acquisitions | 24 |
| 6.7 Health and safety | 31 |
| 6.7.1 Predictable inherent risks | 31 |
| 6.7.2 Predictable external risks | 33 |
| 6.7.3 Unpredictable inherent risks | 34 |
| 6.7.4 Unpredictable external risks | 36 |
| 6.7.5 Some more cultural factors increasing health and safety risks | 37 |
| 6.7.6 Health and safety: the DuPont way | 38 |
| 6.8 Global companies | 40 |
| 6.8.1 Economic and financial success: | 40 |
| 6.8.2 Managerial awareness | 40 |
| 6.8.3 Proper intercultural know-how | 41 |
| 6.8.4 Appropriate personalities | 42 |
| 6.8.5 Proper organizational culture | 42 |
| 6.9 Corruption | 44 |
| 6.9.1 Introduction | 44 |
| 6.9.2 The model and consequences | 44 |
| 6.9.3 How to avoid corruption? | 46 |
| 6.10 The police force | 48 |
| 6.11 Reliable government | 51 |
| 6.12 Nuclear power plants and related industries | 58 |
| 6.13 Traditional mining companies | 62 |
| 6.14 Trends during the past thirty years | 64 |
| 6.14.1 Actual culture: D1 – Effects of increasing automation and decreasing loyalty | 64 |
| 6.14.2 Actual culture: D2 – Decreasing complacency | 66 |
| | 0 |

| | |
|---|-----------|
| 6.14.3 Work paradise: D2 – Increasing complacency | 66 |
| 6.14.4 Work paradise: D3 – From easy-going to more strict work discipline | 66 |
| 6.14.5 Actual culture: D4 – Increase of fear among especially managers | 66 |
| 6.14.6 Actual culture: D7 – Decreasing acceptance of leadership style | 67 |
| 6.14.7 Actual culture: D8 – Decreasing identification with one’s organization | 68 |
| ABOUT THE AUTHOR | 70 |

6. CAPITA SELECTA

In this chapter we will highlight some topics which have received quite some attention in the media and among the general public, next to several noteworthy themes that may shed light on applying the model and interpreting the results of the measurements.

During a certification course, one of the consultants asked why many of the descriptions are phrased negatively. The reason is that we do not want to be politically correct. A lot of good things happen in the workplace, but a lot of bad things also happen and it does not help the client if the bad things are covered up. Here is where the internal normative windows come into the picture, which describe that part of culture that is dysfunctional in any case. The internal normative windows cover on average 30 % of the continuum of the six autonomous dimensions. Scores positioned inside the area of the internal normative windows, point by definition to a dysfunctional part of the culture. The dysfunctional areas are always on one pole of a dimension, so we use them to describe one side of a dimension.

The eight dimensions, alone or in combination, form the toolkit to tackle over two hundred topics. Here we will highlight just some of them, to show that the Model on Strategy, Culture and Change covers a wide area. Apart from giving a clear picture of work reality, the model helps us to enter the deep blue sea. It does not leave us in shallow waters.

In this chapter we will zoom into the following topics:

- 6.1 National culture versus organizational culture
- 6.2 Automation and organizational culture
- 6.3 Are human resources obsolete?
- 6.4 Remuneration from a cultural perspective
- 6.5 Diversity and inclusion
- 6.6 Mergers and acquisitions
- 6.7 Health and safety
- 6.8 Global companies
- 6.9 Corruption
- 6.10 The police force
- 6.11 A reliable government
- 6.12 Nuclear power plants
- 6.13 Mining companies
- 6.14 Trends during the past thirty years

6.1 National culture versus organizational culture

Can a strong organizational culture overrule national cultural differences among employees in a multinational company?

Suppose you are a manager and about to run a project aimed at continuous success for your employer. You can handpick 40 team members. What would your team look like? Will you select your team members from 40 different countries or 20 team members from one country and 20 from another? Assuming that only the cultural backgrounds of the group members differ, which team is more likely to perform better? The team with 40 different national cultures or the team with just 2 different cultures?

You may not expect it, but the group with 40 different cultures will in all likelihood outperform the team with two cultures. In the two-culture team, national culture plays a much more prominent role than in the 40-cultures team. In the two-cultures team, members will flock together with their compatriots and form two cultural blocks, because of the human need to belong. Social control will then make it hard to join the other group. If someone in group A agrees with group B (s)he runs a fair risk to be rejected by his or her compatriots. No one wants to be seen as a “traitor”, so many will comply with the group. The more people with a similar cultural background are acting together, the more they will display their national culture to the other party, and the other way round, which can readily lead to misgivings and frictions.

Does that imply that a strong organizational culture can overrule national cultural differences in a multicultural company? That depends on whether strong emotions are involved or not. When emotions run high, people will fall back on their national cultural programming. When people are put under pressure and conflicts arise, national cultures will override organizational culture. Let’s look at it from a reverse position. In a multinational company for which many people like to work, organizational culture will normally override national culture. Think of Apple. Although Steve Jobs was not the nicest man in the world to work for, working for Apple implies status. Or think of Google - so successful that it pays out very high salaries to attract the most entrepreneurial and the brightest. But in a company with a small competitive advantage where work life is more precarious, national cultural differences will play a more prominent role.

Expats who live in their host country for an extended period, may disagree that the national culture of their host country as a source of friction. They tend to emphasize the importance of organizational culture. On a superficial level, this seems to be a reflection of a smooth adaptation to the culture of their host country. On a deeper level, it can be overcompensating in order to be accepted by their colleagues from the host country.

We often see this in the USA, where decisiveness and assertiveness are considered winning attributes. Without such competences it is difficult to become successful in the USA, although there are, of course, always exceptions. Notably for people from cultures where it is seen as uncivilized to assert yourself openly, it is not easy to adjust. They may lack the feeling how far they have to go to become accepted and start behaving more American than the average American, being called: “going native”. This process is well described for Westerners who are expatriated to African countries, but the same process occurs with expats who are sent to a rather similar culture and then underestimating adjustment issues.

Let us turn to the relationship between national and organizational culture. We will discuss the following:

- Different aspects of our reality
- Evolution versus change
- Normative versus non-normative
- One-way indirect causal relationship
- One-way direct causal relationship
- Applications

6.1.1 Different aspects of our reality

Nations and organizations are totally different entities.

Nations are not created by people who come together with the purpose to create an organization, called a nation state. Organizations, however, are established that way. If you want to establish a company, you simply create a legal entity which, depending on the country in which you are located, may involve a sum of money deposited into a bank account and registration by a solicitor. If nation states could be created as easy as it is to set up a company, there would have been many more nations than there are now.

The core of national culture -its values- is securely set into us by the time we are 12 years old. We only become part of an organizational culture after joining a group, be it our class at school, a scouting club or a work organization.

Whereas it is difficult, if not impossible, to change one’s national value pattern, it is rather easy to switch from one organizational culture to the next. In order to move from one organization to another within the same national culture, there is no need to try the impossible and change value patterns. Only one’s practices should be changed; i.e. the way we do things over here.

6.1.2 Evolution versus change

The change process is another major difference between the two entities -nation states and organizations. National cultures evolve over time and cannot be changed at will because value patterns - its core, cannot be changed at will.

Sometimes people question the impact of World War II on the cultures of the nations involved. There is no indication that five years is long enough to have a significant impact on culture. First of all, parents transfer their values to their children in an unconscious and non-verbal way. This process takes at least twelve years – on from the moment a child is born. But it doesn't stop when a child has turned twelve. Think of Marc Twain who said: "When I was eighteen, my father was incredibly stupid. Once I had reached the age of 38, I was surprised to see how much he had improved" (approximate quote). This process of programming continues throughout our lives. All institutions in society, such as legal systems, are a reflection of the dominant value patterns in society.

During the many intercultural management courses I conducted for German clients participants often raised the rhetoric question: "National cultures change rapidly, don't they?" My answer then is: "No!" and then they may ask: "...But does that mean that we will get another Hitler?" My response then was: "Was there a Hitler before Hitler?" Of course there was not and there is no reason to assume that somebody like Hitler will ever rise to power in Germany again. The only thing that one can assume is that when a majority of the German population feels very, very threatened, Germans may react stronger than, say, the Brits. This is a reflection of the small Power Distance and strong Uncertainty Avoidance in German culture.

There is a reason why Hitler called himself "Führer" instead of "El Duce" as Mussolini did, or "Emperor" as Napoleon did. The German culture has a small Power Distance and in all likelihood this dates back a long time. Already Julius Caesar said that German leaders were incapable of taking an immediate decision. They first had to convene under an oak tree to discuss at length what to do.

Research projects undertaken by Brits and Americans revealed that during the war German sergeants had more discretionary power than British and American lieutenants. The command lines in the German army during World War II were short, which is another sign of small Power Distance.

Organizational culture can be changed at will. It is not always easy, but there are many well documented cases of successful change processes. One such example is IBM, where they really reinvented themselves, or Accenture, that changed from a partnership into a stock-owned company. The same can be said about chemical companies which made the successful transition from producing bulk chemicals to fine chemicals, which required and requires a major overhaul of their culture.

6.1.3 *Normative versus non-normative*

The challenge with national cultures is to look at other people's cultures in a non-normative way. This is of course not easy. It is only human to assess "strangers" based on our own values, since it is very hard to get to know the values of others.

Hofstede defines values as a broad preference for one situation over another situation to which strong emotions are attached and by which one group differs from another group. That means that values, as defined by him, exist only by comparison and do not pertain to exact standpoints. They are not about the way people prepare food and what they prefer to eat. Despite all the emotions often attached to issues as food and cooking, this does not reflect a broad preference, but rather specific preferences. Values are about issues such as placing liberty over equality, or vice versa.

Even if we know the values of others, for example because we studied the work of Hofstede, it does not imply that we can truly understand them. We may still be unable to assess a "foreign" group correctly. Assessing an individual "foreigner" is even more tricky than a group. An individual is not only defined by his/her cultural makeup and the context in which (s)he is in, but also by a unique personality. It is hard to unravel these three components in a way that does justice to the values and norms of someone born and raised in a culture different from ours.

This does not imply that we favor cultural relativism. We may come close to world peace if we pay more respect to the myriad of cultures on this earth, but that does not mean that we should tolerate everything that happens under the sun. We are talking here about values, not about actual behavior. Unacceptable things happen everywhere. The question is not what outsiders think of it, but rather what the people involved think of it. After all, values cannot be changed at will. Outside interventions aimed at making countries more democratic, for instance, will by definition fail unless extremely fortuitously timed. It is not by accident that we are living in times in which Iran and Turkey are becoming more fundamentalist. Two rulers tried to impose acculturation to secular Western values on their people: the Shah in Iran and Atatürk in Turkey which backfired miserably.

In the case of organizational culture, it is not only allowed to be normative, we should even strive to be normative. Organizational culture enables or hinders realization of the objectives of management in an organization. With the questions we use to measure actual culture, certain positions in the model are by definition dysfunctional - as depicted by the "internal normative windows" and therefore should ideally be changed.

6.1.4 *One-way indirect causal relationship*

As discussed in chapter 4, the slow change in value patterns of national culture on a decrease of Power Distance and an increase of Individualism lead to a higher importance of organizational culture as a tool of management.

There is no reason to assume that the organizational culture of any organization, no matter how powerful that organization is, indirectly influences the value patterns of national cultures. Until somebody comes up with a plausible hypothesis that contradicts this statement, we can assume that the indirect relationship is a one-way causal one; i.e. national culture is one of the many factors shaping organizational culture, but not the other way round.

6.1.5 One-way direct causal relationship

Hofstede's research and our follow-up data collection indicate that national culture influences organizational culture. The number of assignments among widely diverse organizations in many different countries is not yet sufficient to conclude with certainty what the exact correlations are. Nevertheless, we can postulate the following in terms of averages:

- In countries with a strong Uncertainty Avoidance, organizational cultures tend to be more closed (D5, open versus closed systems).
- In countries with a large Power Distance, employees tend to prefer a paternalistic leadership style. In countries with a small Power Distance, employees tend to prefer a consultative leadership style. Thus, Power Distance influences the content of D7, acceptance of the leadership style.

It is likely that there are more correlations between national and organizational culture. In order to identify these we need much more data from much more countries.

Here as well, there is no reason to assume that the organizational culture of any organization, no matter how powerful, directly influences value patterns of national cultures. Unless some multinationals become so powerful and its leadership so self-centered and immoral, that they abuse the population in one or more countries for at least one generation. In such a case value pattern may slowly change as follows:

- Power Distance may become larger as wealth and educational levels decrease;
- Individualism may decrease when wealth goes down;
- Uncertainty Avoidance may become stronger due to prolonged misery and increased insecurity.

6.1.6 Applications

Know-how on national cultural differences can be used for:

- Expatriation: to assist expatriates to work successfully abroad.
- Cooperation: to assist those who live and work together, yet were born and raised in different cultures.
- Reduce or rule out stereotyping and discrimination and promote world peace.

Some people criticize the know-how of Hofstede and claim it puts people into boxes and leads to more discrimination. Those people are either malicious or ignorant. Hofstede's work shows that he is a genuine scholar who emphasizes the complexity of mankind. But then of course, it is best to read his books before passing judgment.

Know-how on organizational cultures can be used to assist management and employees to realize their objectives in the best possible way. This goes for productivity, efficiency, internal cooperation and customer focus. It applies to all objectives of which realization depends in part on group behavior as well as on factors that shape group behavior - such as the way managers manage their employees.

Know-how on organizational cultures not only helps companies, but also, of course, governmental institutions or any organization that wants to improve the functionality of its operations.

6.1.7 Conclusion

Considering the differences between national and organizational cultures, it should not come as a surprise that the models describing the two entities differ widely. Claiming that one model can be used to explain both national and organizational cultures is a big mistake.

6.2 Automation and organizational culture

National culture is not the only factor shaping organizational culture. The context in which an organization is embedded also shapes its culture. Based on the research results of Hofstede and our experience, we have developed two questionnaires to measure the external normative windows (see also section 5.3.2).

Continuous innovation and geopolitical developments constantly change the context in which we operate. This obviously impacts organizational culture. This applies especially to e.g. automation by which repetitive, dangerous and dirty jobs are ever more automated. This may create an ever widening gap between the well-educated and poorly educated, with the latter group finding itself increasingly on the sideline. Not only that, but also jobs which require a lot of intelligence and creativity may slowly be taken over by Artificial Intelligence, AI. If authorities and successful citizens do not jointly address the fate of the less fortunate, societal friction may offset all advantages of on-going automation. This is speculative of course: we cannot predict future developments at a macro level.

We can predict developments at the level of organizational culture, notably that the impact of automation and AI on D1 (means versus goal oriented) will be enormous. Robotizing dangerous work affects safety as this will become less of an issue. In that case a focus on productivity can take priority over a focus on safety. This will move organizational cultures ideally - certainly in the industrialized world - in a more goal oriented direction.

The same goes for repetitive work that is taken over by automated processes - something which is happening already for decades. This also moves cultures ideally into a goal oriented direction, for example because competition induces management to increase productivity continuously and management will be more able to adapt swiftly to these changing conditions.

Automation may also impact D3 (easy-going versus strict work discipline). This will in all likelihood lead to a stronger need for functional diversity between the sub-cultures. On the one hand, automation requires a strong control function to ensure that automated processes and robots do what they are supposed to do. The more production is automated, the more disastrous a system failure will be. On the other hand, manpower can be made available for innovation.

As transportation costs are on the rise and robots deployed ever more, outsourced production is slowly transferred back, closer to customers. Other innovations, such as 3D printing, reinforce the repatriation process of outsourced production. This does not invalidate the influence of automation on organizational culture.

This process may widen the gap between the 'haves and the have-nots'. People who prefer a lot of structure in their work may find it hard to cope with a very goal oriented culture. Others, who flourish in a goal oriented culture will be entrepreneurial, self-motivated, dislike repetitive tasks and looking for continuously challenges.

That may sound wonderful to the well-educated and self-motivated. But life can take strange twists and turns. The root causes of the banking crisis of 2008 were bankers who gave priority to their short-term self-interests. They simply knew that many banks had become too big to fail, and that governments would come to their rescue with tax-payers' money if things would go out of hand. That happened indeed. In terms of organizational culture, these banks were not goal oriented but rather means oriented. In this case the cultures of these banks didn't become more goal oriented, but less goal oriented.

Will this scenario be repeated in future, or was the banking crisis a unique event? Whether the trend above will actually set through depends on the scale of competition. Management of companies becoming too big to fail, may use this to such a degree for their personal interest that governmental support is required to keep these companies alive. More precisely, if companies operate ever more in an oligopolistic environment and if simultaneously it becomes harder for the outside world to control what happens inside those companies because of increasing complexity, two parallel trends may emerge. Some companies will develop more goal oriented cultures due to AI, while large complex companies will go into a more means oriented direction if greed is not put under control.

Conclusion:

The best way to insert checks and balances is not simply by making financial audits mandatory. Annual financial audits tell us what happened in the past and what is going on in the present. Cultural audits provide information about the future. Mandatory annual cultural audits can serve as an early warning system.

6.3 Are Human Resources Obsolete?

Soft versus Hard

Often, managers who heard that organizational culture can step up their organization's performance, approach us. Yet, they want to keep the discussion "short and simple". Like their work is complex and important, but ours can be simplified at will.

Such top managers seem to distinguish between a hard and a soft part of work. Most of them see it their task to manage the hard part such as "production, marketing, sales, strategy, finance and shareholders value". Really important stuff. The soft part such as "human resources (also called people), organizational culture and change management" is reserved for softies like us, who are not good enough to be part of top management teams.

In other words, "hard" is considered positive whereas "soft" is often used in a negative way. This negative perception about "soft" is also reflected in the use of the term "Human Resources" where actually "Personnel Management" might be a more appropriate description, as in the good old days.

By coining the term Human Resources, employees are equated with other resources, such as capital, raw materials and IT. The term seems to overlook that people manage all these other resources and not the other way round. It further implies that top managers can treat their employees as assets or resources that can be pushed around at will.

Of course many top managers recognize that their colleagues are creative and social beings. They know that you can buy people's hands, but that is difficult to buy people's hearts, and they manage accordingly. Yet, the overall trend is to look at HR as "soft" and therefore less important.

Certainly, human beings are made of softer tissue than machines, robots or laptops. Funny though that soft tissue objects can be much more complex than hard tissue objects. The human brain is much more complex than most, if not all, services and products produced by organizations managed by managers who prefer to refer to themselves as "tough" guys. Yet, they are made of soft tissue too and we still have to come across the first manager who thinks (s)he can better be replaced by a robot or a software program.

We have met more than one top manager who really believes that it would be best if employees would leave their emotions at home when coming to work. They should just do what they are told to do and stop grumbling. Those top managers are of course not stupid, and therefore such ideas are packaged in sweet sounding ideologies as "balanced work life" or "we care for our people". Whether management is walking the talk or whether such slogans are sweet sounding ideologies can only be verified by measuring their organizational culture.

Their idea that employees had better leave their emotions at home, can be supported by the self-perception of the managers. Tough managers often see themselves as devoid of emotions. They are “resilient, tough and goal driven” and emotions do not affect them negatively, they think...

In our experience many of such managers are in reality rather impatient. Impatience is an emotion. They often like to be praised, as an affirmation against their feelings of insecurity. Here too, we are talking emotions. Their egos can easily be hurt which makes them quite defensive. Now we are really talking about emotions! In other words, they are also full of emotions, which can impact their results negatively. Their emotions are only packaged in a protective wrapping. They can do so and get away with it because they have more power than their direct reports.

Simple versus Complex

We believe that the attribute “soft” is not only a misnomer, it is also disruptive. If those top managers would call human resources (in our world called “people”), organizational culture and change management “fuzzy” instead of “soft”, then we could sympathize with them. After all, a human being represents one of the highest levels of complexity in the system of complexity, only surpassed in complexity by a group of human beings. Thus, managing people is one of the most complex tasks one can envisage.

Therefore we propose to do away with the distinction between soft and hard and talk about the degree of complexity using the system of complexity as described in section 3.7.

From Human Resources to Human Capacity

Some predict that many functions of Personnel Management will be automated in the near future and that 40-60% of all jobs in HR will disappear within the next ten to twenty years... A well-reputed software house, told us that:

“We work closely with our customers to identify where digitized operations can provide the highest added value. The result is a massive wave of simplification and innovation in the core that covers critical business processes in finance, sales, service, sourcing and procurement, manufacturing, supply chain, asset management, research and development, and human resources”.

The message is: repetitive and simple tasks are increasingly automated. This will free employees to shift their focus to innovative and complex tasks and to respond faster to unexpected events. People who are able to continue doing challenging work are those with on average higher levels of education, who are creative and able to adjust to a rapidly changing work environment. That means that human capacity has to be amplified drastically and managerial styles should support them to execute their work successfully. Traditional HR needs to change to Capacity Development.

This new Human Capacity Department will have to manage higher qualified and skilled people, requiring a more sophisticated approach to enable high levels of labor satisfaction and engagement. This directly affects organizational culture, since organizational culture is defined as the way people in organizations relate to each other, to their work and to the outside world.

We maintain that the Human Capacity Department can best upgrade its function by adopting “organizational culture and change management” as core to its business. In doing so it accepts the responsibility to manage the most complex aspects of organizations. It is not for nothing that Peter Drucker, the famous scholar on management and organizational theory, said: “Culture eats strategy for breakfast”. What he meant is that if organization culture is not aligned with strategy, it will be very hard to realize that strategy. And to emphasize culture he later added “and for lunch as well”.

Strategists are reluctant to acknowledge this because it implies recognizing the importance of other professionals in an adjacent field of expertise, which might negatively impact their own standing. Ideally, they should make the topic of organizational culture more important thereby ensuring that their advice on strategy can be successfully implemented.

Up or Down?

But what if organizational culture is really a fuzzy topic? Do top managers have a point here? Can it be true that even if they acknowledge the importance of culture, it is of little help, since it is fuzzy and cannot be deployed to make them more effective? We hope that we have shown in earlier chapters that culture is no longer a fuzzy topic.

If management of Human Capacity Departments want to upgrade their position, they have to take Hofstede’s know-how (or similar know-how) on board. If management wants to change its vision, mission, convictions and objectives, it should be aware that its culture has to be adjusted accordingly. The same applies to a changing environment in which an organization operates: also then culture should be adjusted.

An upgrade of what used to be called Human Resources can only materialize if it is acknowledged that it is not a simple task to construct the best culture to perform, but certainly feasible. HR departments will only survive if they elevate their status by embracing the process of aligning culture with strategy, preferably under the name of Human Capacity Departments or a similar name.

We are not talking about changing the function of the Human Capacity Department, we are talking about upgrading its function. That is not an easy job:

- There is not one best culture, no matter what certain consultants want you to believe. The context in which organizations operate differs per organization and so are the requirements to be met, the objectives, personalities of founders and, most importantly, the personalities of formal or informal leaders. All this has to be taken into account when formulating the best culture to perform.
- An organization of any size and complexity is not characterized by just one culture. It may encompass some or many subcultures. In that case it should be investigated whether these subcultures, for example of marketing and production, are functional or not. The challenge is to create one overriding culture, but also to craft functional diversity where required.
- There are different modalities of culture to be considered when using culture as a tool of management:
 - a. **Actual** culture: the culture as it is now;
 - b. **Optimal** culture: the culture that enables you to realize your strategy in the best possible way;
 - c. **Desired** culture: the culture that people prefer at an emotional level);
 - d. **Perceived** culture: the culture that people think exists here and now.

Dangerous Misconceptions

It is not uncommon for top management to think that the optimal culture as they have defined it and the desired culture coincide. Yet, It is rare for optimal and desired culture to coincide, simply because when managers think in strategic terms they come up with other solutions than when they listen to their emotional preferences.

Some think that actual culture and perceived culture coincide, because they fill out a questionnaire which measures the actual culture. Respondents tend to be subjective, and it is the challenge to design questionnaires that avoid socially desirable answers in as far as possible, called an inter-subjective description of reality. Not many culture practitioners are able to design such methodologies and questionnaires, but it is feasible as Hofstede showed. In that case, the actual culture and the perceived culture will rarely coincide.

Thus, the manager who is interested in culture yet demands from the consultants to keep it simple, should wonder whether such consultants are up to standard, if they comply with such a request. Of course there are simple solutions: on the level of simple systems, not on the level of highly complex systems. It turns out that “soft” is actually “very complex”.

Conclusion:

The answer to the question: “Are Human Resources obsolete?” is: “Of course not”. It would mean that human beings are obsolete. Even when at some point in future robots take over and consider us obsolete, we would probably disagree. The sad thing then would be that we don’t have any longer the power to change their perception about us. Read e.g. the book “Homo Deus” of Yuval Noah Harari.

The answer to: “Are Human Resources obsolete?”, should be: “No, but let’s agree that the term “Human Resources” has become obsolete”.

6.4 Remuneration from a cultural perspective

Every now and then a heated debate is conducted over what is considered excessive remuneration, particularly regarding excessive short-term bonus systems. It is seen as a reflection of unrestrained greed. The debate is both political and moral.

The past decade saw the mortgage bubble, the ensuing banking crisis and the advent of several American multi-billionaires who want to pay more taxes.

Whatever the arguments in this political discourse, remuneration can also be studied from a cultural perspective.

Remuneration from a national cultural perspective

In “Culture’s Consequences”, Hofstede mentions several studies which show that the degree of income inequality is correlated to Power Distance, next to country specific circumstances. For example, Guatemala has one of the largest income inequalities globally, which coincides with its large Power Distance. Malaysia’s Power Distance is even larger than Guatemala’s, yet income inequality is much smaller than in Guatemala, although still large. Possibly the large income disparity in Guatemala originates from the distorted relationship between the indigenous people and the “ladinos”, the latter having Spanish roots.

In countries with a small Power Distance, the dimension Masculinity/Femininity also explains income inequality among those small Power Distance countries. In Masculine countries such as the UK and the USA, income inequality is larger than in Feminine countries such as in Scandinavia and the Netherlands.

Companies as Hay consultants that assist firms to assess the appropriate salaries of top managers, apparently do not take heed of these national cultural differences. Applying salary policies of American companies may not be considered justifiable among the general public in Feminine Scandinavia. But even within the USA, excessive salaries and bonuses are questioned by certain groups in society, as it does not feel right. Whereas in the 1970s CEO’s of big companies earned 20 to 40 times more than employees on the shop floor, this disparity is now a 200 to 400 fold difference.

The question is, what is “right”? There are jealous people everywhere in the world who believe that it is not right that “my neighbor earns more than I do”. Jealousy is not only an individual trait, it is also a trait of national culture. There is more jealousy in Feminine cultures than in Masculine ones. A Dutch CEO may claim that he should earn the same as his American counterpart. If this arouses jealousy among the general public in Dutch society, the CEO may see it as their problem, not his. The issue here is that national culture cannot be changed at will and jealousy should be treated as part of Dutch reality. Not taking this into account may jeopardize the success of a Dutch company in the long-term.

Sri Lanka has possibly the highest jealousy factor globally. Every day people write anonymous letters to the Secretariat of the President, to governors and other high ranking people, in which friends, colleagues and family members are denounced. The USA has possibly the lowest jealousy factor, although this may change if a large majority stops believing in the “Great American dream”.

Remuneration from an organizational culture perspective

Let us now turn to remuneration from an organizational culture perspective, involving the principles of capitalism as formulated by Adam Smith in “The Wealth of Nations”.

One could say that Adam Smith stood up to French mercantilism. At that time, the French state had a lot of power to influence the economic process. Adam Smith stated that the best product would be sold at the lowest price if the market would get its way, without any interference from the state. It was “The invisible hand” which then would create the wealth of nations - unless free competition was hampered by powerful parties.

According to these capitalist principles, salaries and fringe benefits should also be determined by free market mechanisms. A truly free market operates under the following conditions:

- Everybody can apply for the job, as long as they meet well defined criteria;
- Everybody, or a representative body of the general public, is aware what applicants will earn under which conditions;
- Everybody, or a representative body of the general public, is aware whether those receiving a pay rise, promotion or a bonus have truly fulfilled clearly defined criteria.

Under such conditions, the labor market is fully transparent, whether jobs are well-paid or not, and there are no entry barriers. In other words, the market is based on merit and not on an ‘old-boys network’. In other words, what is “right” depends on whether the defendants of capitalism apply the same capitalist principles to themselves. If they favor their ‘old boys network’, they are not applying these capitalist principles. In that case, not necessarily the most qualified candidate will be offered the job, but “the guy we know and trust or the guy we owe a favor and from whom we expect a favor in return” will get the job.

This also goes for other less transparent interventions, such as paying out a bonus although pre-defined criteria were not met, or a pay rise not based on any additional merit. In all such cases reality is not congruent with what is claimed. As a consequence everybody involved -not just the top manager - has to cover up and may need support from “friends” in the process.

What are the consequences on the level of organizational culture of “cover-up” operations?

- Those involved may not tell the truth. As long as it does not become public, it will not affect the organizational culture. But once it becomes known, or when people have misgivings about it, the culture will be pushed into a means-oriented direction (D1). This will impact productivity negatively.
- Political games are played in an inner circle of friends, who safeguard the top manager’s position and income through trade-offs. Once people find out or when they have misgivings about it, the culture will be pushed into a means-oriented direction (D1). This will impact productivity negatively.
- Being secretive and not disclosing requested information will push the culture into a more closed direction (D5), which will obstruct free-flowing information.
- A bonus system based on short-term results, will push the culture into a more local direction (D4), making it harder to build a learning organization.
- Irrespective of whether the income of the top manager and other senior managers is public or not, if many employees feel that the guys at the top earn “too much” - whatever “too much” may mean - the following negative effects can occur:
 - It may decrease the degree to which employees identify with their organization on D8.
 - It may induce employees to steal stuff from their employer. This has a direct negative financial effect.
 - Misappropriation will also push the culture into a more means oriented direction on D1.
 - It may push the culture into a more easy-going direction on D3, since a sloppy environment creates more possibilities for theft than a meticulously well-organized environment.
 - It may push the culture into a more local direction on D4. Not everybody will be induced to start stealing from the employer just because they feel that the top misappropriates resources. Thus, those stealing perceive the “good” guys as traitors, whereas the “good” guys perceive those who steal as the “bad” guys. In such situations, certainly the “bad” guys will try to create a climate in which they will support each other against the rest of the world. Thus creating a more local culture on D4.
 - Stealing is only successful in an atmosphere of secrecy, thus pushing the culture into a more closed direction on D5.

But, are all these influences on culture by definition negative? Possibly management has decided that the culture is too goal oriented (D1) given the safety hazards, or that the culture is too open (D5), given the sensitive information which should not fall in the hands of external parties. “Excessive” remuneration might then be useful to bridge gaps between the actual and optimal culture, isn’t it? We do not recommend deploying such interventions to bridge those gaps.

Safety hazards will not really decrease with an increase in “dishonest” behavior. Not only the scores on the dimensions and the gaps between actual and optimal culture tell us what is appropriate or not, but also the content of the dimensions.

What is “excessive” is in the eye of the beholder. Nevertheless, there’s more to be said about remuneration. So far, we focused on top and senior managers who are on the payroll. They do not run the same risks as entrepreneurs do. Entrepreneurs can be enormously successful, but they can also fail and lose everything they owned. Most people think that successful entrepreneurs have earned their success and there is much less finger-pointing. As a result entrepreneurs do not need political games to justify their earnings.

A last issue to be mentioned in this respect is about subcultures. Theft on the shop floor has a direct effect on the subculture of the shop floor. It may have less impact on other subcultures in the organization. Political games at top level to cover up “excessive” remuneration or to safeguard positions may deeply impact not only on top management’s subculture, but also the subcultures throughout of the organization, if it becomes known.

“Excessive” remuneration may have a negative effect on cultures of organizations in which it takes place, and therefore may have a negative effect on the long-term results. This may be one reason why on average family-owned companies do much better than companies quoted on the stock exchange in the long run.

Conclusion:

“Excessive” remuneration is in the eye of the beholder. Nevertheless, wise top managers take this into consideration, if they feel a need to be secretive about their remuneration. They then should question themselves whether they should go ahead with their “excessive” remuneration. If it arouses negative judgments among employees which are not taken seriously, management may create a less functional culture. This can, in turn, offset all their positive contributions, no matter how boastful they may be about their contributions.

6.5 Diversity

The content of the culture of an organization tells us whether and to what extent people who are different will be accepted or rejected by those in power. Before linking diversity with organizational culture, let us first define diversity.

Within an organizational context diversity can be defined as “the degree to which people who differ from those in power are easily accepted or not”. In this definition, diversity describes a state in which people accept or reject differences.

“Those in power” can be people with formal decision-making power in an organization, such as management. It can also be people with informal power who have as much or even more say about what actually happens to those who are different.

Diversity is about inclusion and exclusion. Exclusion can be extremely painful. In the past, trade unions in the UK were able to exert an enormous power at the shop floor. If you would not go along with the directives of your trade union, you would be completely barred. No members of that trade union would talk to you anymore. That is enough for most people to fall in line as it is very hard to resist total exclusion, or else leave.

From the perspective of organizational culture it doesn't matter what these differences are. It can be gender, ethnicity, age groups, cultural background, religion, behavior, dress codes, and what have you.

Those in power define what is different. The process of rejection can contain all kinds of mechanisms, for example:

- Strengthening cohesion within the mainstream group by creating an outsiders group;
- Emphasizing that the different ones are threatening;
- Perceiving the different ones as a nuisance;
- Making the different ones prove themselves to check out whether they are able to adjust, before allowing them into the old-boys-network.

This does not only apply to gender or ethnicity. It is equally valid for successful integration after a merger or acquisition and for successful internationalization.

The combined scores on a number of dimensions tell us to which degree the actual culture enables or hinders the acceptance of diversity. We use the word enable here to emphasize that organizational culture is not the only influencer regarding diversity. Three other influencers are:

- The personality of the people involved. Some tend to discriminate against others who are different, for whatever reason. This discrimination may target one category of people, such as people of a different skin color or homosexuals. It may also be directed to everybody who does not belong to the group with which these people identify.

- National culture. In some cultures “others” are easily accepted, for example among the Maori’s. In other cultures it is much more difficult to be accepted when not born and raised in such a culture, for example in Japan.
- The situation in which people find themselves. People who feel threatened by newcomers will easily reject them. This is currently happening in Europe towards refugees, especially by people who feel they do not benefit from globalization. Notably the Muslims face this rejection, due to the attention in the media to jihadists and the support of Saudi Arabia and Qatar to Muslim orthodoxy.

The dimensions that influence the degree to which diversity is enabled or hindered, are:

D1: Means versus Goal Orientation

D3: Easy-going versus Strict Work Discipline

D4: Local versus Professional

D5: Open versus Closed Systems

D6: Employee versus Work Orientation

D8: Degree of Identification with the organization

In other words the scores on 6 of the eight dimensions may tell us whether diversity will be easily accepted or rejected.

D1: Means versus goal orientation

In a goal oriented culture, employees identify with the realization of internal goals and objectives. This creates a common purpose and strong work motivation. If employees strongly experience a common purpose and are motivated to do their best, they will not mind the differences so much, for example in behavior and dress code. What counts are the results.

A means-oriented score of 35 or lower implies that the culture is not only means oriented, but also that its culture is located inside the internal normative window which may provoke exclusion. Cultures located in that window display one or more of the following features: People play political games; people only look after their own interests even if this may harm the organization for which they are working; people are creating their own kingdom. In such cultures, people who are not part of the game will be readily excluded, whereas those who work loyally for their “playmaker” can count on inclusion.

D3: Easy-going versus strict work discipline

In cultures that display a strict work discipline, people who look and behave differently will be perceived as a nuisance. And once you are a nuisance in the eye of the beholder you will be excluded. A strict work discipline implies that things are planned in detail and tasks are rigorously implemented. Such a culture is functional when it is essential that people do things right the first time in view of the risks involved when something goes wrong.

The sheer fact that people dress and look differently doesn't necessarily imply that they will also behave differently. But that is often assumed and subsequently it is thought that these outsiders will jeopardize a smooth task execution. It goes without saying that people who not only dress and look differently, but also behave differently will be promptly excluded to safeguard the meticulous task execution, rightly or wrongly.

D4: Local versus Professional

In a local culture, people who look and behave differently run a fair chance to be excluded. In local cultures people are supposed to be loyal towards each other in order to survive in a threatening environment. Threats can be physical as in the case of the army or the police. Threats can also be emotional as in the case of managers who work above their competence level. Such managers feel mentally threatened and may transfer that anxiety to their direct reports. These managers feel emotional threatened and they may transfer feeling of anxiety to their direct reports. If at the same time direct reports are very competent this process may be magnified. Bright direct reports may increase feelings of anxiety among these managers. As a consequence they will try to stop such direct reports in coming up with "clever" ideas and suggestions for improvement. In other words these managers are making their direct reports small, by rejecting initiatives and insightful ideas.

When you look and behave differently you will face distrust in such local cultures as insiders doubt whether they can truly rely on you.

D5: Open versus closed system

In a closed culture newcomers have to prove themselves to the ones in power. Newcomers have to show that they are one of those special persons who fit in the organization. This is especially valid for cultures that score inside the internal normative window running from 70-100. Such high scores are by definition dysfunctional unless secrecy is a key feature of the culture for example, in the free masonry, religious sects, certain motor clubs or organized crime. In the Mafia "omertà" is a code of silence. Candidate members of the Mafia have to prove themselves over an extended period.

This dimension has the deepest impact on whether people feel right away included or excluded. Normally, scores of 0 and 100 reflect the lowest and highest scores in our databank, but not in the case of this dimension. The highest score found so far is 70, just where the internal normative window starts. We assume that there must be organizations which cultures score over 70. It is highly unlikely, however, that we will be ever invited to measure such a closed culture. In a culture scoring 100, there would still be people who do not necessarily experience their culture as extremely closed, simply because they are part of the in-crowd.

D6: Employee versus work oriented

A very employee oriented culture is a friendly culture. In other words, people who are different will be treated more kind hearted in a friendly culture than in a tough culture. There is one exception in the case of D6: If cultures score in the internal normative window, running from 75 to 100, then the higher the score the more people may flock together to fend off management that behaves in a hard-hearted way. We recently identified this pattern in one of our clients, exactly as it has been described in a research paper.

We had assumed that we would never come across scores above 75. We supposed that in such work oriented organizations, employees would be enslaved and that it would be highly unlikely that such a company would permit outsiders to measure its culture. Yet, in this specific case, we measured a score of 85. Of course, there was no question of physical bondage, but a fair number of respondents, notably foreigners, indicated an emotional bondage. These foreigners were completely dependent on the goodwill of the employer as to whether they could continue working or had to leave the country. The CEO abused his power in this respect. The foreigners crept together in a very cohesive group and supported each other against the MD. As the overall culture did not support acceptance of diversity although the team was very diverse, this extreme work-oriented culture overruled all differences among everyone working below top management.

The reason that many of them stayed on board was because they had wonderful work that took them to many countries, so they took this very work oriented culture for granted. It was in their case offset by the content of the job.

D8: Degree of identification with the organization

If people identify with their organization, it is usually because they are proud of it. People who are proud to work for their employer, will gloss over differences. It is an overall feel-good emotion that softens negative thoughts people may have about others who look or behave differently.

Total picture:

Six dimensions affect acceptance(+) or rejection (-) of diversity, but they do not have the same weight. Tentatively we can discern the impact of each dimension from strong to weak:

1. D5: Open(+) versus closed system (-)
2. D4: Local (-) versus professional (+)
3. D1: Means (-) versus goal oriented (+)
4. D4: Easy-going (+) versus strict work discipline (-)
5. D6: Employee (+) versus work oriented (-). If the culture is very work oriented, D6 may have the highest impact in reverse order (+).
6. D8: Degree of identification with the organization. Strong identification promotes acceptance of people who are different (+), whereas weak identification promotes rejection (-).

6.6 Mergers and acquisitions

Mergers and acquisitions are often less successful than anticipated. Most do not totally fail - in the sense that the company or companies involved go bankrupt or undo the merger or acquisition. More often, capital is destroyed in the process because people from the “weaker” party (normally the party that was acquired) leave as they feel they have not received the same respect as their counterparts receive in the “stronger” party. The ones leaving tend to be the most competent, having more options, being received elsewhere with open arms. Not only can this disrupt ongoing operations, but they also take valuable know-how with them. The value of the “weaker” party decreases considerably, both in the short and long run if many competent people leave.

Often, such failures are blamed on a cultural misfit between the two partners. We have never found any scientific proof for this and that is not surprising. It is very hard to do proper research into the causes of failures and successes of these vastly complex processes. Mergers and acquisitions cannot be reproduced in a laboratory. What is surprising is that it is rarely questioned if a cultural misfit is crucial as a cause of failure.

It is not surprising either that the analogy of a misfit between two partners is being used to explain such failures. Incompatibility of personalities is one of the causes for a divorce or for the dismissal of two managers who fail to work well together. Nevertheless, individual reality does not need to coincide with organizational reality. It is for this reason that Hofstede describes the dimensions in his two models with a vocabulary that does not allude to characteristics of an individual, at least in as far as possible.

Next to the absence of scientific proof for cultural misfit, our experience has never supported such an assumption either. Based on our experience, we pose below some pertinent questions and provide some tentative answers:

Question 1: What is meant by cultural misfit or cultural incompatibility?

Answer 1: We assume that it means that the cultures of both parties in a merger or acquisition are so different that the integration fails. In other words, it is believed that similarity of the cultures of both parties is a recipe for success and that this facilitates integration.

Question 2: Why then, is a cultural audit of both parties not part of a due diligence, given that it is accepted that so much destruction of capital is caused by cultural incompatibility?

Answer 2: The answer is at least twofold:

- It is thought that it is impossible to measure in how far the cultures are similar or dissimilar or instead:
- Cultural incompatibility is just used as an excuse. People know deep down that this is not the real cause of failure.

Question 3: How much difference between cultures will hinder successful integration?

Answer 3: As far as we know, there is no information that can be deployed to assess which degree of similarity or dissimilarity will support or hinder integration. Apparently, the assumption of the misfit has not been backed up by measurements which tell us to how similar or dissimilar the actual cultures of parties were or should be.

Question 4: Does a cultural misfit apply to the entire culture of both parties or only to certain aspects of culture?

Answer 4: The protagonists who claim that a cultural misfit is the culprit for failure of mergers and acquisitions cannot answer this question, because most people working with organizational culture are more concerned with processes than with content of culture.

If the answers above are correct, then the implication is that there is no proof that a cultural misfit is the root cause of so many failures. So, let us come up with some alternative ideas. These are not based on any scientific research, but they still make more sense, as they are founded in our extensive experience with the application of our Model on Strategy, Culture and Change.

Within one and the same organization of any size and complexity, one does not normally find just one culture. Instead, we often find many different sub-cultures. These differences may be either functional or dysfunctional. Differences are functional when work requirements are so different that they require that people relate to their work in different ways. For example, if top managers and machine operators relate to their work in the same way, there will be “something rotten in the state”. Top managers need to be proactive, have a helicopter view, be creative and good communicators. Machine operators need to be precise and meticulous. Should they work with complex and sensitive equipment, then preventive maintenance is key. Preventive maintenance requires a certain degree of pro-activity, but of a different nature than the pro-active attitude demanded from top managers.

If these differences between top management and machine operators are supported by different subcultures, then these differences will not be experienced as a cultural misfit, but rather as functional diversity whether consciously or unconsciously.

If top management performs its tasks in a precise and meticulous manner while lacking a helicopter view, whereas machine operators do have a helicopter view but lack a precise and meticulous approach, supported by different subcultures, then we may talk of a cultural misfit. Such a misfit, however, is not defined by the degree of dissimilarity among subcultures per se, but rather by differences in work content which are not supported by the two different subcultures.

In other words, it is possible to talk of a cultural misfit, but only if three requirements are met:

1. We should know what the optimal subcultures of different groups within the same organization should be, so that tasks are properly executed in the best possible way.
2. We should know what the actual cultures of different groups within the same organization are, so that optimal and actual cultures can be compared.
3. We should have access to a model that allows us to measure culture precisely and to create meaningful differentiation.

What is true for one organization is of course also true for parties involved in mergers and acquisitions. In addition to the three requirements above, another requirement must be met to achieve successful integration:

4. Successful mergers and acquisitions come within reach when everyone involved accepts that people think and behave differently. Whether the “others” are really different is not important, since everything is in “the eye of the beholder” (see section 6.5).

If mergers and acquisitions fail, it is usually the dominant party that writes history. It is unlikely that they will tell the world that they failed because they rejected “those buggers who behaved like lunatics” – despite the fact that this was how they experienced members of the other party. A cultural misfit sounds like a much more civilized explanation. Moreover, it does not expose the dominant party. Only brave souls from the dominant party will tell the world that the acquisition failed because “we” were unable to make our new colleagues feel at home and we were unable to accept them because they do things so differently from the way we are accustomed to. ‘Doing things’ may refer to how much is planned, to the way people relate to their boss and vice versa and to such things as how meetings are conducted. It also encompasses trivial, but sometimes particularly emotionally loaded aspects such as the words we use, our behavior during lunch time, open or closed doors in the office and greeting each other in the elevator (or not).

When using the Model on Strategy, Culture and Change we can say in general that functional diversity within an organization is found particularly on the dimensions which tell us how people relate to their work. Dimension D3: easy-going versus strict work discipline, is the strongest connected to how people relate to their work. Next, it is found on D1: means versus goal oriented. D1 describes how we relate to our work and to each other internally. Thirdly, functional diversity can be found on D5: open versus closed system. D5 describes whether we relate to each other inside and outside the company in an open or closed way and whether we use information in a restricted way or let information flow freely.

Functional similarity within an organization, which we also call “corporate identity”, is ideally found on D2: internally versus externally directed. Next, it is found on D4: local versus professional, and on D6: employee versus work oriented.

How much functional diversity is required in an organization depends on the environment in which the various subcultures are embedded, but also on the objectives, tasks and strategies. This applies both inside an organization as well as to parties involved in mergers and acquisitions.

Whether cultures will induce members of an organization to welcome others or encourage them to reject outsiders and newcomers, depends on their position on four dimensions:

- (Sub-)cultures with a clear goal orientation (D1), accept people who are seen as different more readily. The drive to work towards a common internal goal will override differences to a certain degree. When cultures are means oriented, differences between parties will not be compensated by a common drive to make things happen.
- In (sub-)cultures with a strict work discipline (D3), people who behave differently may be seen as a nuisance and will then be more readily rejected. Unconsciously, people working in a strict culture think that the “deviant” behavior of newcomers will frustrate a meticulous task execution.
- In very local (sub-)cultures (D4), people perceive colleagues working in other groups or departments as part of the threatening outside world - to be kept at bay. At the same time, the more local the subcultures, the more small factual differences between groups are experienced as big differences.
- In very closed (sub-)cultures (D5), the dominant party is not inclined to welcome newcomers. Instead, newcomers have to prove themselves for quite some time and even then may not be considered part of the ‘old-boys network’.

You may have noticed that the same dimensions determine diversity and inclusion. For sake of simplicity, we have here left out D6, employee versus work oriented, and D8, degree of identification.

In short, the real question is whether the dominant party is fit to turn the merger or acquisition into a success. If the dominant party’s culture espouses a goal oriented, easy-going, professional and open culture, chances are higher that there will be a healthy fit. If not, and perhaps for good reasons, then we should explore the possibility to create functional diversity inside the dominant party. For teams that have a lot of interaction with colleagues from the weaker party, it may be best to construct a subculture that is goal-oriented, easy-going, professional and open, if not already partly or totally prevalent.

Mergers versus acquisitions

For reasons of political correctness, or to avoid upsetting the weaker party, a merger is often formally announced, while in reality it is an acquisition. Management should realize though, that untruthfulness may push the culture into a more means oriented direction.

The term 'merger' is not only used for the process of integration of two parties which were previously independent, but also to describe the integration of two internal teams or departments into one group.

Here, when comparing mergers with acquisitions, we limit ourselves to parties which were previously independent. It is easier to realize integration in the case of acquisitions than with mergers. In the case of an acquisition there exists only one center of power, meaning that decisions are taken faster. Nothing hurts employees more than indecisiveness, certainly when lay-offs are looming.

Normally one party is more powerful than the other, no matter whether this is formally acknowledged or not. On the bright side, this facilitates a speedy process - unless political correctness or weak leadership thwart decisiveness. On the down side, the dominance of one party may also inhibit successful integration. If dominance is misused, the needs and emotions of the members of the other party are not sufficiently taken into account. This may imply that the dominant party makes no effort to learn from the strengths the weaker party brings to the table. The members of the weaker party will then not feel welcome and particularly its most qualified will be induced to try their luck elsewhere.

In the same vein, management of the acquiring party frequently expects employees of the acquired party to identify immediately with the new owner. Instant loyalty to this new company to which they have been admitted is required. If a company changes owners too often, or if too many major restructuring operations have taken place, the danger is that employees will translate the next merger, buyout or lay-off - rightly or wrongly - as a total negation of their interests. Employees have little reason in such situations to be loyal to their employer, regardless of how often they are told to be so. Management will reap what it has then sown.

This type of loyalty is unrelated to D4, local versus professional. Company loyalty is most related D8: identification with the overall organization.

The ideal sequence

One of the reasons for mergers and acquisitions to take place is to create economies of scale by which e.g. costs can be decreased. The first challenge after the process of a merger or acquisition should, however, not be cost cutting, but rather integrating operations. Without a successful integration, mergers and acquisitions will fail, unless management has no intention to integrate operations, to work more efficiently or to generate other forms of synergy.

But if it is indeed the intention to integrate operations, then why not simultaneously increase efficiency right away? Increasing efficiency tends to lead (sub-)cultures of both parties into a more strict culture (D3). A strict culture may hinder successful integration.

It is therefore that we advise to spend the first six months on promoting successful integration. Only when the integration is rounded off successfully, does it make sense to start increasing efficiency, if at all intended.

International mergers

In an extremely successful multinational, national cultural differences may not pose major challenges for a smooth cooperation across borders. But if there is a potential for conflicts, national cultural differences can raise barriers against successful international cooperation. In other words, if multinationals which used to have few issues with intercultural cooperation become less successful for whatever reason, national cultural differences can play up in cross-border co-operation, even if such differences were never a problem before.

When the culture of the dominant party does not facilitate a successful merger or acquisition, international cultural differences will make integration even more problematic. It is impossible for the weaker party to adjust to the value patterns of the dominant party, although adjustment to different work practices is certainly feasible.

International culture differences can be strengthened by the organizational cultures of the partners. Consider this example of a French-American collaboration: American companies in general espouse a more open communication climate than French companies. This is a reflection of a smaller Power Distance in the USA than in France. In France, employees normally need to make more efforts than their American counterparts to receive the information they need for their work. In France, knowledge is power. In addition, the stronger Uncertainty Avoidance in France makes that newcomers are initially treated with more suspicion and that it takes them longer to become accepted than in the USA.

If the organizational culture of the American partner is particularly open (D5), and that of the French partner more closed even in relation to other French firms, the national cultural differences on Power Distance and Uncertainty Avoidance will be exacerbated by the differences in organizational cultures. This will show in communication patterns, sharing of information and making people feel welcome.

It can also be the other way around. National cultural differences may be softened by differences among organizational cultures. Consider this example: Japanese are on average much more disciplined than Danes, which is reflected in their respective positions on Uncertainty Avoidance. Japanese culture displays a much stronger Uncertainty Avoidance than Danish culture. Let's suppose that the organizational culture of the Japanese partner is more easy-going (D3) in comparison to many other Japanese firms. Suppose also that the organizational culture of the Danish partner has a tighter work discipline (D3) than most other Danish firms. In that case, the national cultural differences on Uncertainty Avoidance are countervailed to a degree by their organizational cultures.

We cannot predict whether the international culture differences of two partners will be widened or narrowed by their organizational cultures. But: to measure is to know. On the basis of the two cultural Models, it is possible to assess in how far and where international mergers and acquisitions will produce major challenges, and what to do to facilitate successful integration.

Conclusion:

Whether mergers and acquisitions succeed or fail depends in part on organizational culture. There is, however, no proof that success or failure is defined by a cultural fit or misfit between the parties concerned. Instead, the crucial question is whether the culture of the dominant party welcomes newcomers who may look and behave differently.

6.7 Health and safety

With help of the model also “Health and safety” is covered as one of the around 200 topics which fall within the realm of organizational culture. The (sub)culture of an organization either enables or hinders realization of health and safety. Please note that we don’t make here a difference between health and safety risks, seen from the perspective of organizational culture.

As “Health and safety” is a broad subject, all six autonomous dimensions play a role. Here, we will distinguish between two kinds of risks:

- a. Risks that are highly unpredictable (“Unpredictable risks”) or highly predictable (“Predictable risks”). In reality of course, there are many shades in-between and:
- b. Risks that employees run due to an unhealthy work environment (“Inherent risks”) or risks that customers and the general public run due to the way an organization handles its work or manages consumer risks (“External risks”).

We could have dubbed inherent risks internal risks, as the opposite of external risks. But inherent risks are not always internal: Police officers run risks at work which is in large part outside on the streets. It does not sound proper to call those risks internal, although the wording is not wrong.

Combining these types of risks, we can differentiate between four categories:

1. Predictable risks which are part of the job: “Predictable inherent risks”.
2. Predictable risks created by organizations by which people who do not work there may be affected negatively: “Predictable external risks”.
3. Unpredictable risks which are part of the job: “Unpredictable inherent risks”.
4. Unpredictable risks created by organizations by which people who do not work there may be negatively affected.

National cultural differences certainly also affect the way people deal with “Health and safety”, but this goes beyond this book. At the end of this section we will examine the “Health and safety” approach developed and sold by the chemical company DuPont.

6.7.1 Predictable inherent risks

For predictable inherent risks it can be calculated what the odds are that “Health and safety” is endangered at work and under which circumstances if no precautions are taken. For example when:

- a. No compliance with rules and procedures that are introduced to avoid dangerous situations such as the danger of explosion or of injury when using equipment improperly, improper handling of poisonous waste, etc.;
- b. Control is insufficient;
- c. Preventive maintenance is neglected.

a. Non-compliance

A very goal-oriented culture (D1), is unlikely to support people to comply with the internal rules to avoid risks. Such a culture will instead induce people to be entrepreneurial; to be willing to run risks in order to become successful. To stress compliance and to ensure that people will follow safety procedures a culture should ideally score between 35 to 55 on D1.

b. Insufficient control

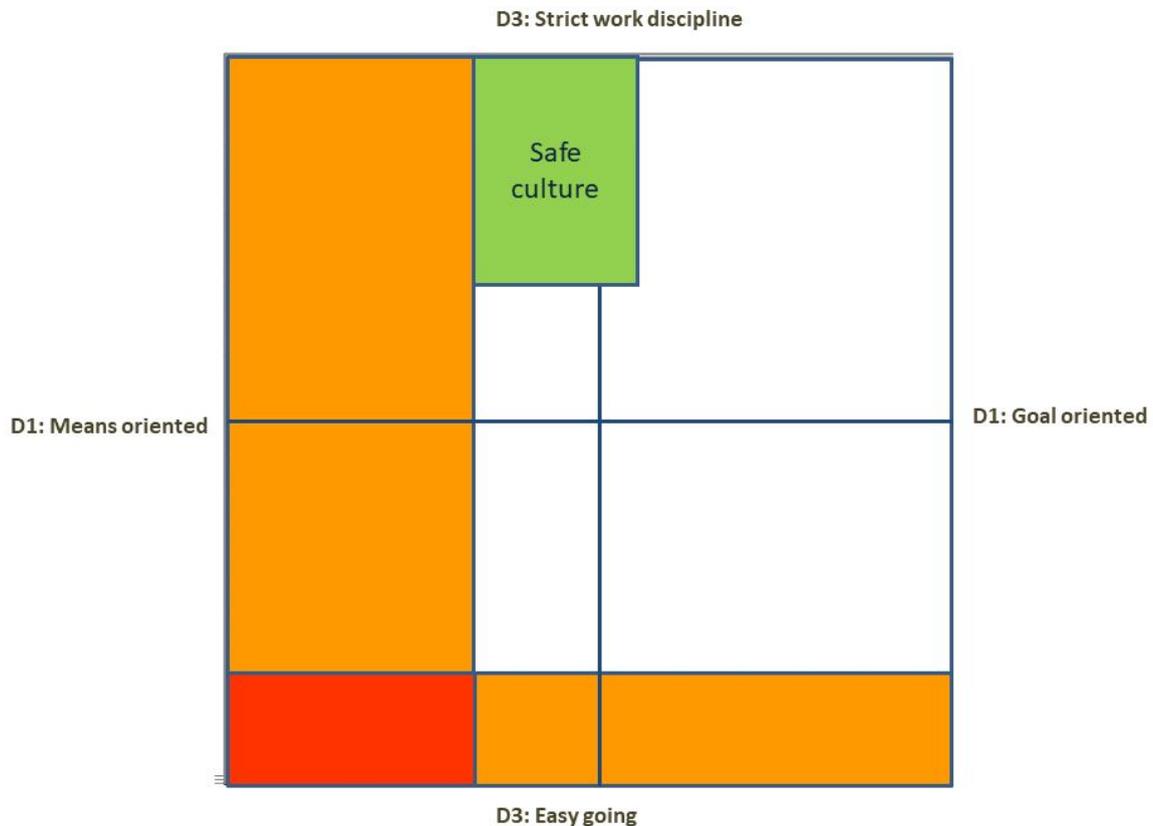
An easy-going culture (D3) does not support people to check, check and double check. What's more, a very easy-going culture will induce people to think out of the box and to cope with unpredictable situations.

But here we talk about predictable situations. In order to avoid safety risks it is important that strict control is exercised. Ideally the culture should score above 70 on D3. In Diagram 55, the optimal cultural area to promote and enforce safety is depicted. It shows that this area is rather small which requires proper stewardship of management and workers alike.

c. Negligence of preventive maintenance

The requirements of the positions on D1 and D3 also apply to preventive maintenance. The subculture of people in charge of preventive maintenance should score in the same green area of Diagram 55. Moreover, if preventive maintenance plays an essential role in avoiding dangerous situations, it should be conducted by people with a caring attitude. Machos would not do a good job in preventive maintenance.

Diagram 55 - Avoiding predictable inherent health and safety risks



6.7.2 Predictable external risks

Predictable external risks are created by organization that may affect outsiders negatively: people who do not work there.

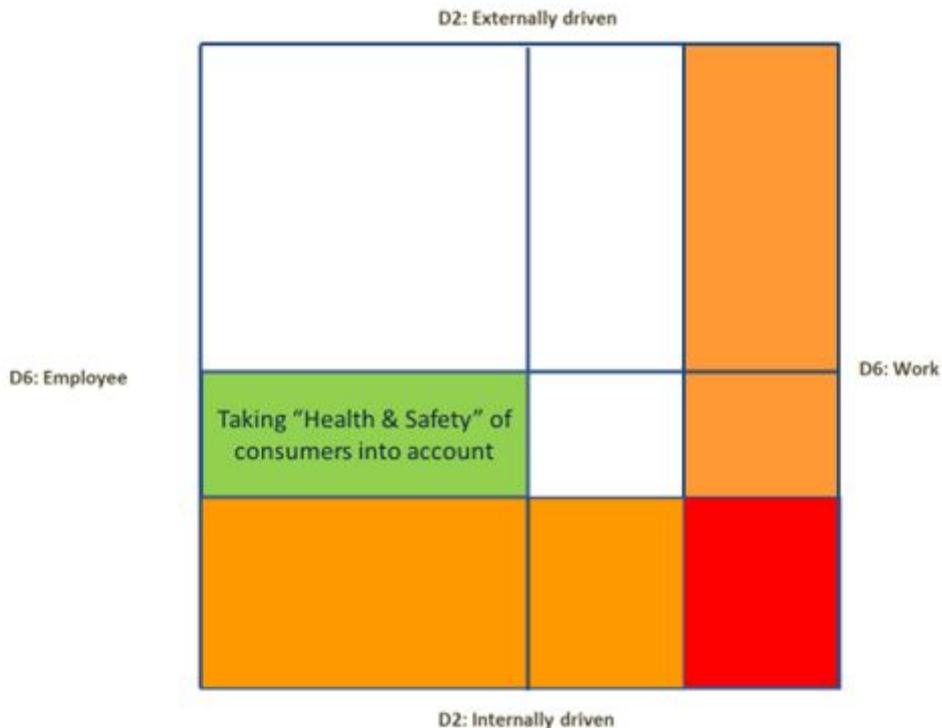
- This can be caused by the nature of consumption goods put in the market. The first thing that comes to mind here is smoking. Smokers may be able to assess the risks they run of lung cancer. It is fairly predictable. It is also an external risk as it affects everyone smoking whether employees or consumers. But, as long as governments do not forbid smoking¹, what is the relation with organizational culture? Nothing of course, were it not that tobacco companies put stuff in their cigarettes to make people become addicted. In other words, creating profit is all that counts. Companies that knowingly sell products which harm the health of their consumers have an extremely externally driven culture (D2). A tobacco company that would strive to minimize the adverse health effects of their products, needs a very meticulous work attitude to process the (tiny) quantities of additives to be decreased, increased or added. To make this happen management needs to be very ethical, giving up part of their turnover, profit and bonuses. Only an internally driven culture will enable such an ethical attitude. The big question is, who will enforce

¹ By the way, the author of this book is a non-smoker, yet would not advocate a ban on smoking. It only would increase the power of the underworld already more than it has now.

this?

When profit is the overriding motivator, this may also be reflected by a work oriented culture on D6.

Diagram 56 - Avoiding predictable external health and safety risks



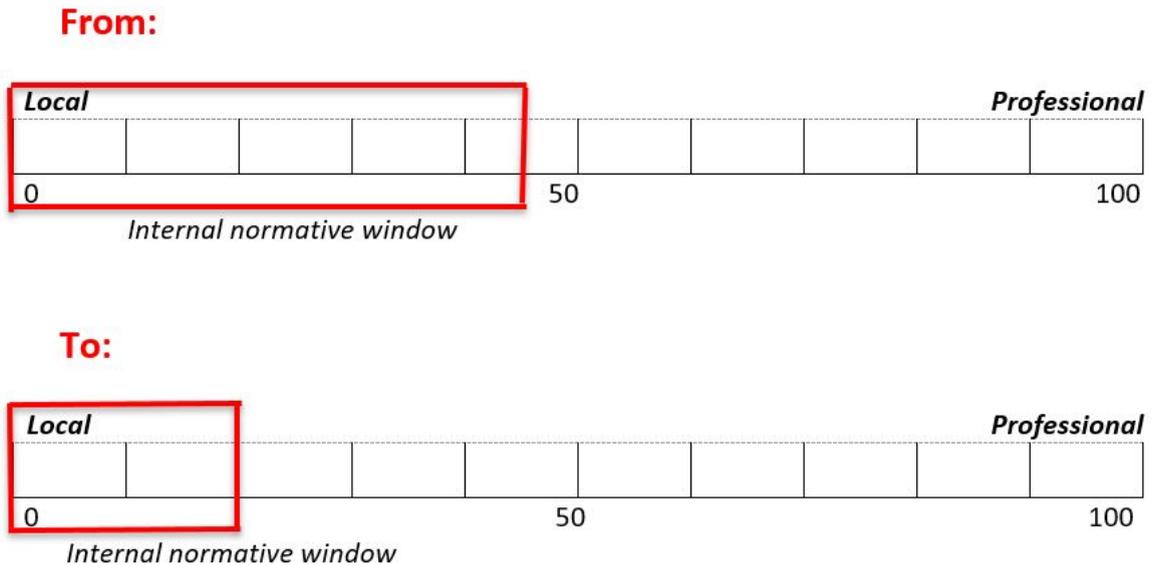
- Next to the risks consumers run when buying and using consumer articles, there are risks which have nothing to do with what people outside work do. Dangers that people are aware of, yet are unable to combat or avoid, belong to the arena of politics. Think of climate change: people may be able to do something about it, but mainly through political action. These risks fall outside the scope of this book.

6.7.3 Unpredictable inherent risks

As discussed before, the most salient aspect of police work is that it can be both exceptionally threatening and unpredictable. Police officers have to deal with people who often behave in an unpredictable manner. It is hard if not impossible to predict behavior of criminals, hooligans and ordinary citizens under stress. Police officers therefore need to be able to rely on one another, to cover each other's back in such situations. This is translated in need for personal loyalty among them, leading to a local culture (D4). For the police, a score of 20-45 on D4 is functional. Diagram 56 shows the decreased normative window in all those cases where people are physically threatened by the outside world. This applies to police officers, soldiers or any group that runs the risk of being injured (or worse) by outsiders.

The internal normative window for such groups does not run from 0-45 but instead from 0-20. A culture that scores below 20 reflects practices of covering up each other’s misdeeds. This certainly runs counter to what the police is supposed to do: maintaining law and order.

Diagram 57 – internal normative windows on D4



If the authorities want to change the police culture from local to professional, for example to encourage women and ethnic minorities to enter the corpuses, it will not help to tell police officers that safety risks are part of the job. Instead, they should be allowed to be who they are. The only way to introduce diversity successfully is to diminish the safety risks so that the need for loyalty decreases.

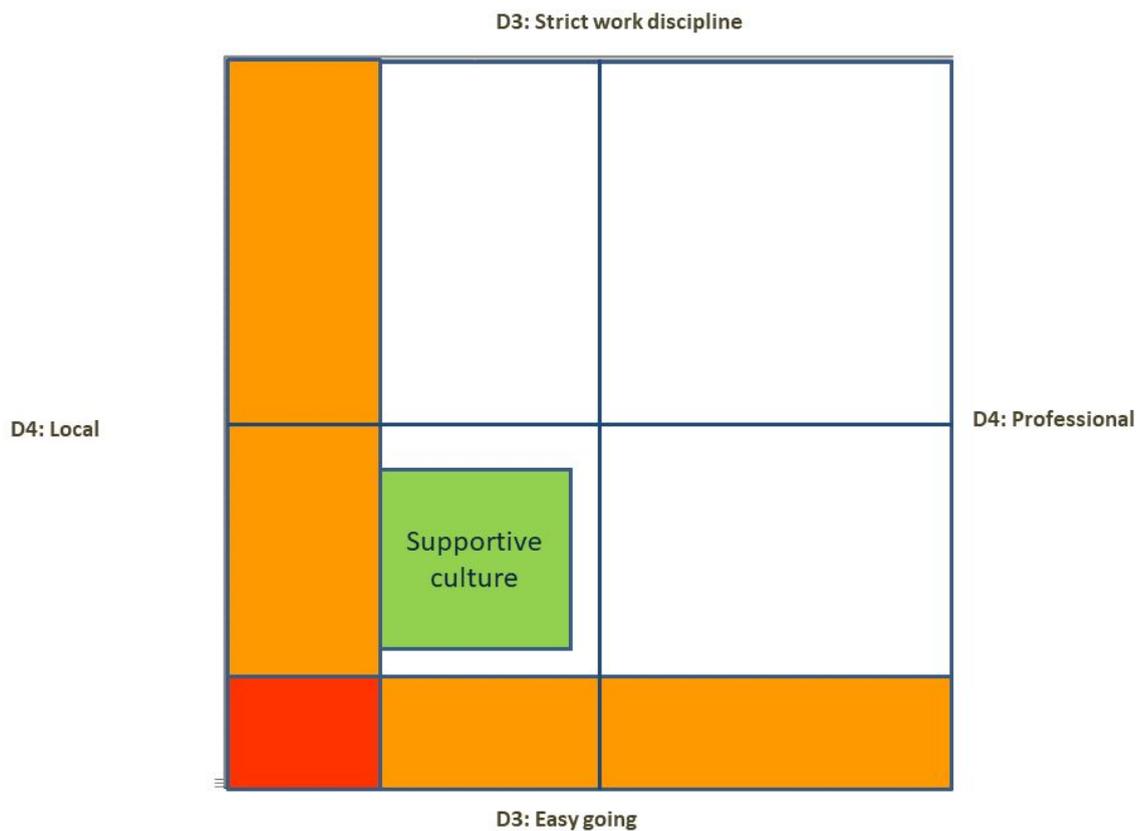
As unpredictability is part of the job, it doesn’t help either if authorities try to create a stricter culture. This would make policemen and women less prepared to react immediately, although being when on call. In that case the culture will make that it is felt that finishing administrative chores has priority.

Diagram 58 below combines the optimal scores on D3 and D4 to enable the police to cope successfully with unpredictable “Health and Safety” situations. The police culture should score inside the green area. Here as well, the cultural area that assists people in coping effectively with threatening situations is small and requires proper stewardship of management and employees alike. It also requires a proper attitude of governmental authorities towards groups dealing with safety hazards on behalf of society.

This does not imply that governmental authorities should accept everything that happens inside police corpses. There is a thin line between a culture that does not support diversity and one in which discrimination flourishes.

Governmental authorities that do not acknowledge the threatening environment and try to impose a dysfunctional culture on police corpses can make their culture more local than necessary. Government then becomes part of the threatening outside world, which may lead to a more discriminatory attitude among police officers.

Diagram 58 - Coping with unpredictable inherent health and safety risks



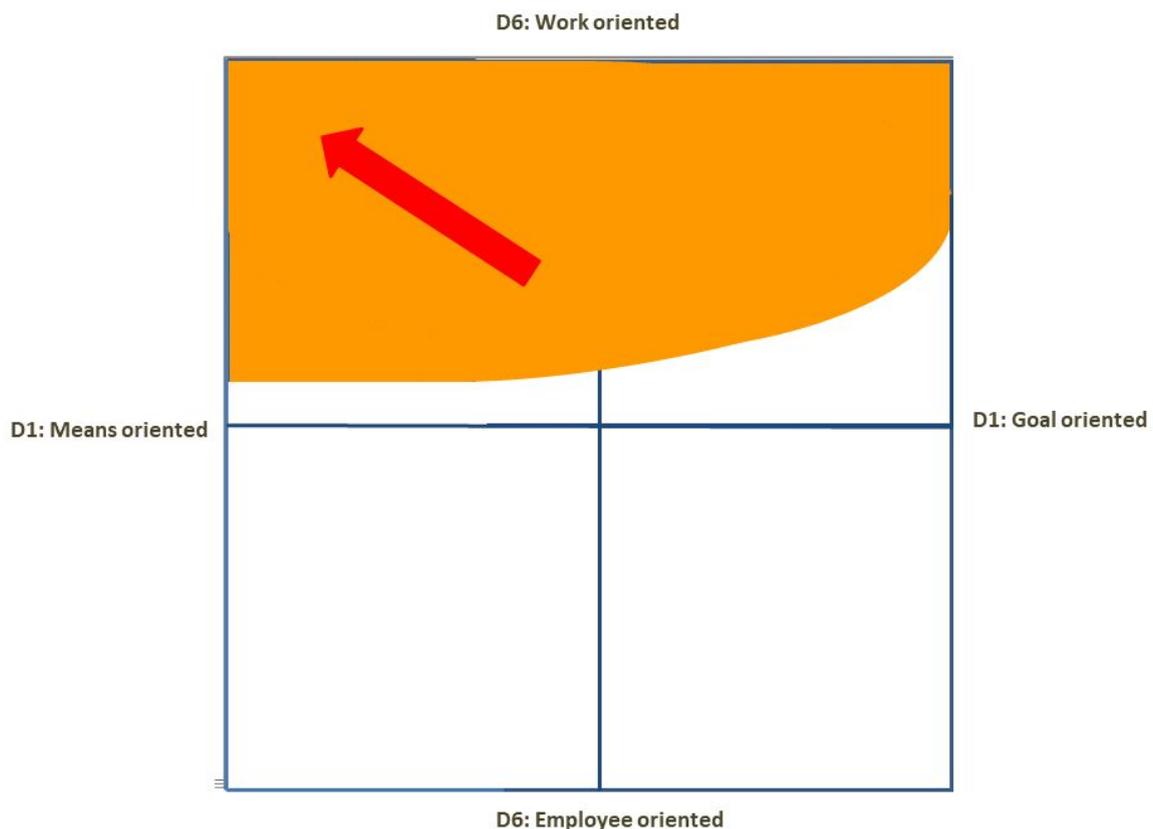
6.7.4 Unpredictable external risks

Nuclear power plants are a prime example of unpredictable external risks. The public at large has no control over what happens inside a nuclear power plant and whether e.g. an explosion takes place or not, is totally unpredictable to outsiders. Yet, this will not affect the culture of a nuclear power plant directly, but indirectly it does. See the potential effect of the attitudes of the general public on the culture of nuclear power plants in section 6.12

6.7.5 Some more cultural factors increasing health and safety risks

There are of course more cultural aspects that affect the safety of employees and as a consequence their health. Diagram 27 in section 3.8 section shows that cultures, in which people are put under pressure during extended periods of time, can create an unhealthy work environment; i.e. in a work oriented culture on D6; employee versus work oriented. This is aggravated if at the same time the culture scores means oriented on D1; means versus goal oriented. Then, it is hard to identify with the internal goals of one's organization. Being put under pressure without a cause makes work life more difficult. This is the more so, the more the score on both dimensions moves diagonally towards the upper left hand corner, as depicted in diagram 59 below.

Diagram 59



Individuals in such cultures who have a penchant for perfectionism run a fair risk of a burn-out.

Closed cultures (D5) that also display means orientation (D1) and a work orientation (D6) can aggravate stress and uneasiness for everyone who is and feels excluded by the in-crowd. Yet, one cannot always avoid such a closed culture. In police corpses an open culture would backfire as that would facilitate easy access to confidential information. Safeguarding confidential information does not need to create exclusion, but the culture has then to be managed in a sophisticated way.

6.7.6 *Health and safety: the DuPont way*

Perhaps it is just nasty gossip, but on several occasions we heard from (former) employees of DuPont that the company no longer applies its very own admonitions regarding health and safety. If that is true, the information we received makes total sense. Apparently, one of the cornerstones of DuPont's training approach is that the entire company must pay a lot of attention to health and safety, even those employees who do not run health and safety risks. The vision behind it is that top management needs to walk the talk to hammer the point home, down to the lower echelons. We have been told that every meeting has to start with information about health and safety, including top management meetings.

As mentioned on several occasions in this book, the problem with core values is that their protagonists claim they should apply throughout an organization. This makes sense if there are no subcultures in an organization, but in any organization of a certain size and complexity subcultures exist and if they do not, they should be created because not everyone should relate in the same way to their work and the tasks at hand.

Health and safety deals to a high degree with how we are supposed to relate to our work. For example, whether procedures are correctly implemented (D1) and a strict work discipline is maintained (D3). In this section we have shown that rather precisely defined cultures have to be put in place to guarantee health and safety, depending on the nature of the risks. It is very unlikely that everyone in a diversified work situation should therefore relate in an identical way to their work.

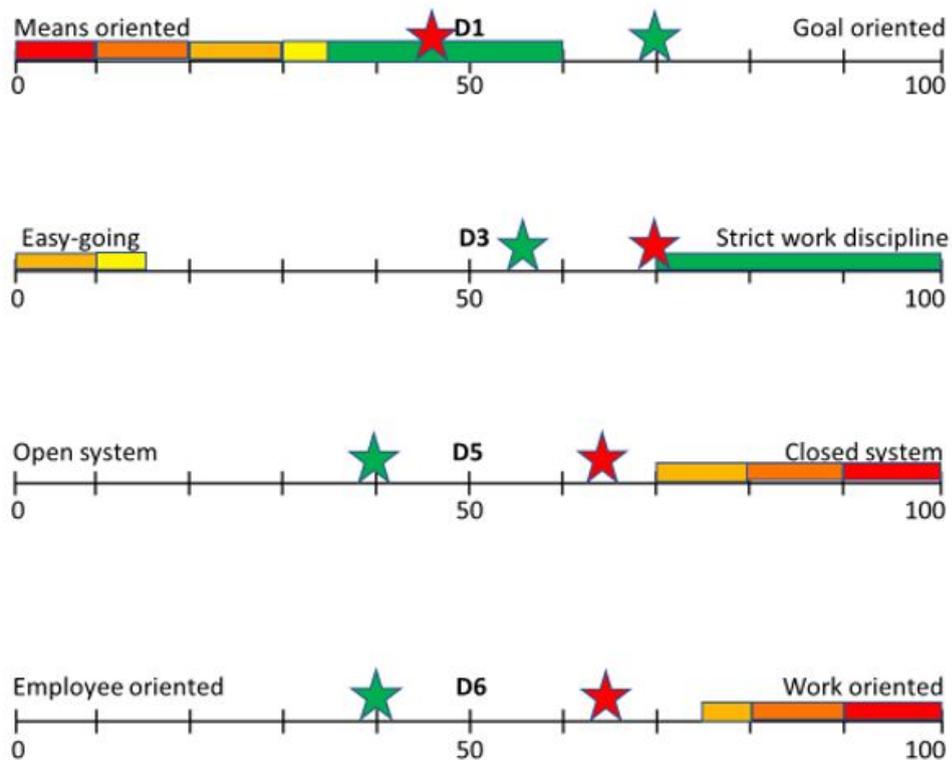
Requiring employees who do not run health and safety risks to start each morning with a mantra in which it is promised that everything is done to lower the number of accidents, doesn't seem a good idea. We experienced this at Head Quarters of a mining company. The mines were located far away and most people at HQ would never visit a mine. Yet, those in charge of health and safety told us that HQ needs to set an example to those working in the mines being located thousands of miles away..

That sounds pretty odd for the following reasons:

- They had not build a prototype of a mine at HQ in which they could exercise;
- Why would they need to set an example anyway? It is of course essential that the subcultures in mines enable health and safety to the highest degree, not necessarily at HQ.
- We were told that if people from HQ would visit their mines, they should know what to do. It was not made clear why, unless the idea was that people from HQ do not like to be instructed and instead want to be in charge in whatever situation. But does that make sense? People responsible for health and safety in the mines should also be responsible for visitors to ensure that they comply with the safety procedures. Whether the visitors come from HQ or from outside the company should not make any difference.

If a lot of energy is spent on health and safety indiscriminately, it may create cynicism among people who do not work in dangerous work environments. For this particular mining company, the average actual scores we found in HQ are indicated with red stars and the optimal culture as defined by management with green stars. This is compared with the optimal scores presented in diagram 59 to avoid predictable inherent health and safety risks.

Diagram 60 - The culture of HQ in this particular mining company to avoid predictable inherent health and safety risks



On the two primary dimensions regarding health and safety (D1 and D3) the culture of HQ scored excellent regarding avoiding predictable inherent health and safety risks. Yet these actual scores were not befitting an ideal situation at HQ but in their mines. Cultures positioned in the green areas of D1 and D3 enable avoidance of predictable inherent health and safety risks. Management acknowledge implicitly that health and safety should be much less of an issue at HQ than their preoccupations with health and safety showed. On two of the secondary dimensions (D5 and D6), the actual culture of HQ was neither in line with avoiding health and safety risks nor with the optimal culture as defined for HQ. In other words, never stop thinking.

We have found similar patterns regarding implementing Total Quality Management, TQM. As with health and safety, nobody can be against the drive to increase and safeguard quality. Yet, if TQM becomes emotionally the final objective to be realized, it may backfire by pushing the culture into a means oriented culture (D1), if it is instead that productivity should be emphasized.

6.8 Global companies

In this context, we define a global company as one that has a presence in several countries - say more than five - in which employees cooperate fruitfully together, irrespective of ethnicity and culture. Fruitful cooperation across ethnicity and culture is part of the topic of diversity as discussed in section 6.5.

The following factors enable successful international cooperation:

- Economic and financial success
- Managerial awareness of the importance of culture
- Proper intercultural know-how
- Appropriate personalities
- Suitable organizational culture

6.8.1 *Economic and financial success:*

People like to work for a thriving company and are willing to take things for granted in return. In other words: employees in other countries than Head Quarters are more willing to adjust to different cultural practices, because of the benefits they obtain in a successful company.

The reverse is also true: in a company in trouble, chances are higher that conflicts will arise. Employees experience pressure to perform, either from their superiors or from themselves. Management may emphasize cost cutting and efficiency, which requires a strict work discipline (D3). In such an organizational culture people who behave differently from the norm are considered a hindrance to realizing a “well-oiled machine”.

Conflicts are emotional events. During such events national cultural programming may take over from organizational culture, even in a strong organizational culture. People have different ways to avoid and resolve conflicts, in part depending on the national cultures they come from. This only adds to emotional hardship.

Economic and financial success, however, is not the only factor that contributes to successful international cooperation. We will see that even financially less successful companies can become or remain truly global.

6.8.2 *Managerial awareness*

Managerial awareness of the importance of cultural differences is a sine qua non to become a truly global company. It is accepted wisdom that such awareness can be best realized by only promoting or hiring managers to top positions who have been successfully expatriated to countries with cultures that differ substantially from their home country.

Some top managers contradict this by stating that they have travelled abroad extensively, so they know the world. In general, however, this is not sufficient to truly understand the extent to which national cultural differences influence work. Short visits to operations abroad by top managers will not give them enough time to find out what is really happening. This makes it hard to really appreciate the effects of differences between national cultures.

In addition, in some countries subordinates may comply nominally with a lot of the demands of a top manager from Head Quarters, in particular in Collectivist countries with a large Power Distance. Once the HQ manager has turned his back, they will revert to “normal”.

Many managers who lack extensive work experience abroad tend to underestimate the crucial effect of national cultural differences on successful cooperation. This is evident in several assumptions that top managers hold, who never worked as an expatriate. For instance:

- Top managers from Masculine countries in particular tend to deny that international cultural differences are of any importance. Taking such differences into consideration, consciously or unconsciously, would make work life “overly complex” and hinder them in being “on the ball” and decisive. They may reject culture outright as something soft and therefore irrelevant.
- All too often, top management at HQ does not only define the expected output in their foreign subsidiaries, but also how this has to be realized. By defining the ‘how’, top management assumes that what works in one country also works in another. Unfortunately, this is not necessarily the case; we are dealing here with human beings and that is reflected in issues such as motivation, remuneration criteria, performance assessment and communication style. By imposing the “how” next to the “what”, top management can cause the culture of their foreign subsidiaries to become less goal oriented than required (D1) and less externally driven (D2).

In short: quite often, top managers think they can only be in control if people around the world execute the work similarly. The problem is that their foreign colleagues may pay lip service to HQ but do it their own way, knowing very well that the demands from HQ are counterproductive. It is hard for top management to know **how** things really are done abroad, certainly when they do not speak the language. It is easy to know **what** has been done by checking the results and indeed, it is the “what” that should really count. The need to be in control is often phrased in terms of “rolling out new work procedures”.

Not only managers need intercultural awareness to make a company truly global. Every employee who interacts on a regular basis with foreign colleagues needs this.

6.8.3 Proper intercultural know-how

People who work abroad and understand the cultural rationale of someone else’s attitudes and behavior, will become less easily upset by these differences. Most people in individualist cultures expect a “yes” to mean “yes” and a “no” to mean “no”, just to give an example. In collectivist cultures this is not necessarily the case. Not because people prefer to lie, but because losing face, or letting others lose face, especially one’s senior, is so threatening that they will not easily say “no”.

Saying “no” can be polite in certain circumstances, for example, when you are invited to dinner in a collectivist culture. Then you ought to decline the invitation at first, to check whether that invitation was not just a mere polite gesture. But in this case too, avoiding loss of face is what drives the interaction.

Once people from individualist cultures grasp this phenomenon, they will no longer take offence at people not speaking the “truth”. We will not elaborate further here why loss of face is such a threatening event in collectivist societies, notably Asia.

Proper insight ensures that employees from different cultures do not denounce each other, plus it ensures that management refrains from culturally counterproductive interventions and take appropriate action instead. The Hofstede Model on National Cultures is a useful starting point to map national cultures and their consequences for successful cooperation.

6.8.4 Appropriate personalities

Know-how alone is not sufficient to become successful in the international arena. It is also important that people who interact with others who think and act differently, genuinely enjoy diversity, rather than feeling overwhelmed and threatened by it.

Several personality tests have been developed to measure how people cope with such differences. Most people are not able to change their personality, so this is a given. There are therefore also tests that indicate how and in how far an individual should change his//her attitudes and behavior to become more successful interculturally. These tests are more about (self-) awareness, and willingness to adjust one’s behavior in crucial situations. They are not about changing one’s personality or one’s values.

6.8.5 Proper organizational culture

No matter how much experience, awareness and know-how people may have, if the organizational culture does not enable “diversity”, a company (or any other type of organization) will never become truly global. From an organizational cultural perspective, no difference can be made between gender, age groups, ethnicity and national culture. The only thing that matters is whether and in how far organizational culture hinders or enables employees to interact successfully with people who look and act differently.

What has been said in section 6.6 about mergers and acquisitions therefore applies here as well. An organizational culture that is goal oriented (D1), easy-going (D3), professional (D4) and open (D5), will be constructive in building a global company.

Keep in mind, however, what was said in section 4.6, “From single issues to focus”. Building a truly global company cannot be the only objective management wishes to achieve. Management usually faces simultaneous major objectives. Only by comparing the requirements for the optimal culture, can management make the proper choices for each identified subculture. Luckily, diversity is a pliable requirement, since it is not necessary to meet the optimal scores on all four dimensions to enable diversity successfully.

Conclusion

Management of companies who want to become or remain successful players in the global marketplace had better take their organizational culture into account. The smaller the competitive edge, in terms of for example economies of scale or innovation, the more critical organizational culture becomes.

6.9 Corruption

6.9.1 Introduction

What is called corruption in one country may not be called corruption in another. In many collectivist countries an exchange of gifts may not be seen as corruption but as a way to establish and cement mutual friendship and business relations and as such, is totally acceptable.

Yet, corruption exists everywhere, based on what people perceive as corruption in their own context.

As the saying goes: "Opportunity makes a thief", but of course not everybody will be seduced to inappropriate acts if the opportunity arises.

The same goes for organizational culture. Some organizational cultures induce employees to accept bribes, whereas other cultures countervail corruption. Dishonesty never depends just on organizational culture, but also on for example, one's moral stance and the degree of deprivation.

In this book we try to cover all kind of organizations. We assume that normally organizations try to eradicate corruption, at least if it is prevalent. Nevertheless there are some to whom corruption is a means to an end to obtain an income.

6.9.2 The model and consequences

With the exception of D7 (acceptance of leadership style), all dimensions of organizational culture influence the degree to which corruption is enabled or hindered:

- D1: Means versus Goal orientation;
- D2: Internally versus Externally driven;
- D3: Easy-going versus Strict work discipline;
- D4: Local versus Professional;
- D5; Open versus Closed systems;
- D6: Employee versus Work orientation;
- D8: Degree of identification with the organization.

D1: Means versus Goal orientation

Cultures that are positioned in the internal normative window of D1 usually contain important (in)formal leaders who put their self-interest before the interest of the owner(s) of their organization. This is even more valid when a culture scores towards zero.

In the case of large banks, this may not only harm owners but also tax payers, as these banks are too big to fail.

People who put their self-interest above the interest of owners or the general public are not necessarily corrupt, but the dividing line between self-enrichment and corruption is very thin.

When it is no longer just the individual who is corrupt, but when corruption comes a means to an end and part of the (implicit) organizational strategy, such cultures can be very goal oriented. Think of some successful organizations engaged in such activities as Ponzi schemes and drugs trafficking, but this is not the place to consider such organizations further.

D2: Internally versus Externally directed

In cultures that score below 70 on this dimension, employees may be guided by ethical considerations. Employees in organizations that score high are more guided by pleasing the client at all cost. If they strongly identify and sympathize with the needs of their clients, they may find themselves on a slippery slope where it becomes ever harder to oppose to requests from their clients, even if it requires illegal activities. Certain accounting firms have to keep a keen eye on this slippery slope when they are also engaged in much more profitable consultancy activities. Governmental authorities try to induce auditing firms to put their consultancy activities into separate entities to avoid that auditors neglect their control function, but so far to no avail.

A measurement of a Ministry of Finance in an African country revealed that its culture was extremely externally driven. It was well known among the public that bribing its civil servants would be conducive to become exempt of whatever taxes formally had to be paid.

D3: Easy-going versus Strict work discipline

Easy-going cultures are characterized by less control.

This dimension does not tell us whether corruption prevails, but when people are tempted to become corrupt it is easier to get away with it in an easy-going culture than in a strict culture.

D4: Local versus Professional

In a very local culture people will not easily unveil corrupt behavior of their “mates”. Such cultures are a response to a threatening outside world, which requires strong loyalty among the group members to cover each other’s back. In extreme forms, this can lead to colleagues standing side by side no matter what a teammate did towards “outsiders”.

D5: Open versus Closed systems

Corrupt people have something to hide. It is easier to do so in a closed culture than in an open one. If corruption is committed by the (in)formal leaders they may be instrumental in building a closed culture. This is irrespective of whether individuals accept bribery or whether it is a means to an end.

D6: Employee versus Work orientation

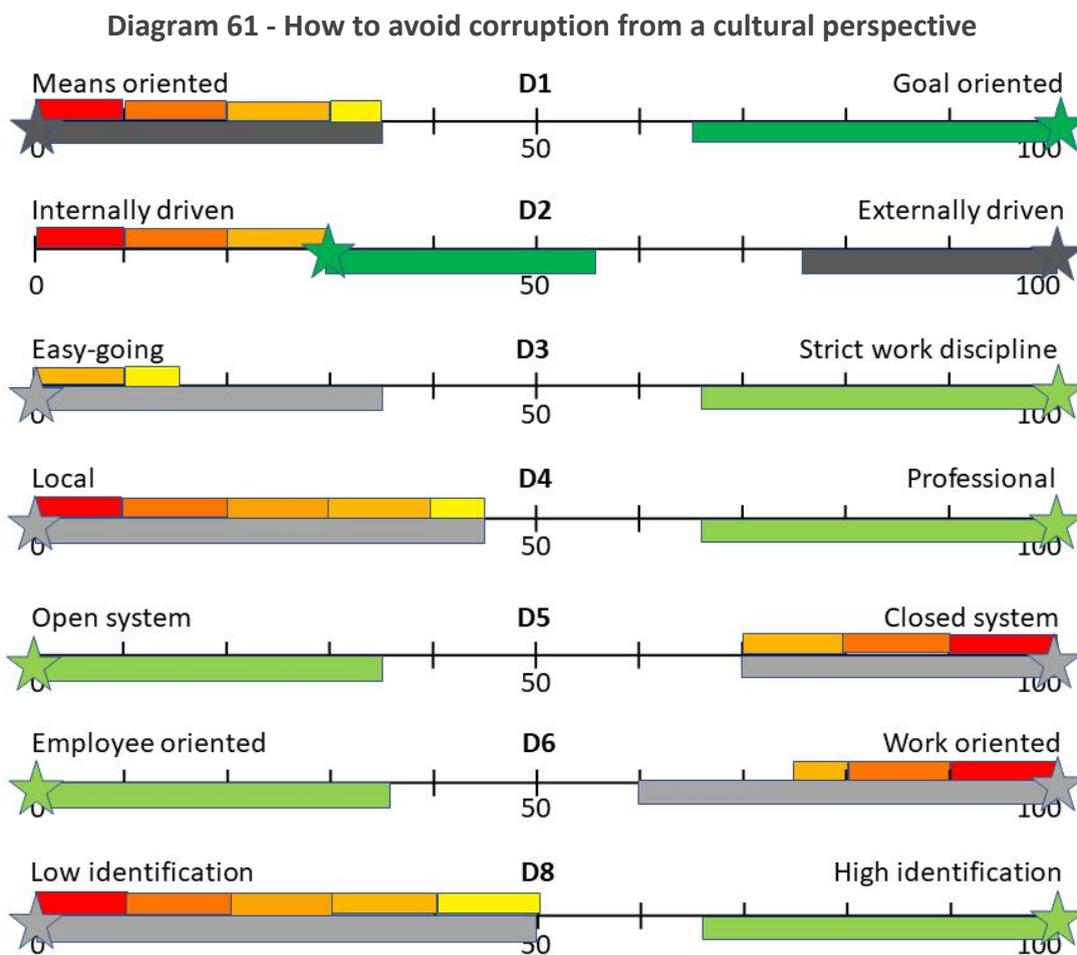
People who are under tremendous pressure for an extended period tend to become less clear about proper and improper behavior. In a very work oriented culture, what counts is to get the job done, no matter how.

D8: Degree of identification with the organization

Employees who do not identify with their organization, are less inhibited to take bribes, unless corruption is a means to an end for the entire organization.

6.9.3 How to avoid corruption?

Diagram 61 consolidates the information on where corruption is most easily enabled. Dark grey lines indicate that scores on these two dimensions, D1 and D2, enable corruption. Light grey lines indicate that such positions play a secondary role in enabling corruption. A black or grey star indicates extreme positions in this respect. In order to avoid corruption as much as possible one simply has to reverse the scores, indicated in green.



Whether corruption will actually take place, once an organizational culture enables it, depends on:

- If people are fundamentally dishonest;
- If people are not well to do and are convinced that this is caused by greed of the very wealthy;
- If people are very poor and live in high Uncertainty Avoidance cultures;
- If people are unsuccessful and live in a Masculine country, where showing success is the norm.

Corruption is especially likely to happen in a context that induces people to accept bribes, for example out of poverty or when there are large inequalities, while not posing severe sanctions.

6.10 The police force

Many examples from the police force have been quoted in this book, in particular about the criminal investigation department. These examples will strike a chord with most of us. We know them from our own experience, from news items, suspense literature, movies and television.

The most salient part of police work is that can be extremely threatening and unpredictable. You never know, as a police officer, what you have to do next. Our audits show that the culture of police corpses can vary tremendously. Yet there are constants: The police in general tends to be easy-going rather than strict (D3) and local rather than professional (D4). Both positions make sense.

The unpredictability of police work makes that a strict work discipline would hinder the officers to do their job well. If their culture would score strict, they would feel an urge to plan their work meticulously, yet being unable to do so. They would also be unprepared for the unexpected, react sluggishly and feel frustrated. In turn the public would resent the sluggish and bureaucratic attitude, when they expect police officers to act on the spur of the moment.

Next to the unpredictability of their work, the menacing work environment makes that police officers seek mutual and personal loyalty, so that they are certain that their back is covered. Personal loyalty is a reflection of a local culture (D4). Whereas local cultures are normally dysfunctional, it is highly functional in a threatening surrounding. Police officers are required to quell riots, to intervene in quarrels between bar brawlers, hooligans or married couples, to chase and arrest criminals and to intercept drug-trafficking.

The consequences of this particular combination of an easy-going and local culture is often not well understood by authorities who are imposing ever more paperwork on the police. Such strict administrative procedures lead to resistance in easy-going cultures (D3). It is not surprising that many a policeman hates this red tape, which is tremendously increasing over time. A police corps needs strong administrative backup to ensure proper preparation of lawsuits, but instead of structuring the work in such a way that police officers are not burdened by administrative duties, central government often treats the police as naughty children who need to be educated properly.

In the same vein, authorities which impose diversity on the police should realize that its functional local culture may hamper this. Differences are felt larger in a local culture than in a professional one. In other words, perceived differences in appearance and behavior may be emotionally magnified by their local culture. Unconsciously officers may wonder whether “we can rely on those different ones in moments of acute danger”.

Women who want to join the police force know that they will be checked out and tested. They will only survive if they are able to beat these “tough” men in a men’s world. That’s even more valid when the term diversity embraces more than gender.

Diversity can be easiest realized in cultures that are goal oriented (D1), easy-going (D3), professional (D4) and open (D5).

From this one can surmise that D4, local versus professional, plays a more important role in the successful introduction of diversity than D3, easy-going versus strict work control. There are continuous concerns about the long-term sustainability of diversity within the police force and for good reasons. Local cultures foster a strong social control to be like the rest in “our” group.

The term ‘easy-going’ seems to contradict the fact that the police operates frequently under threatening conditions. With ‘easy-going’ we refer to a situation in which work discipline is de-emphasized.

Apart from D3 and D4, one cannot predict how the police will score on the other dimensions. On all other dimensions different scores are possible. However, there are interesting observations on how the police force scores on D2, internally versus externally directed.

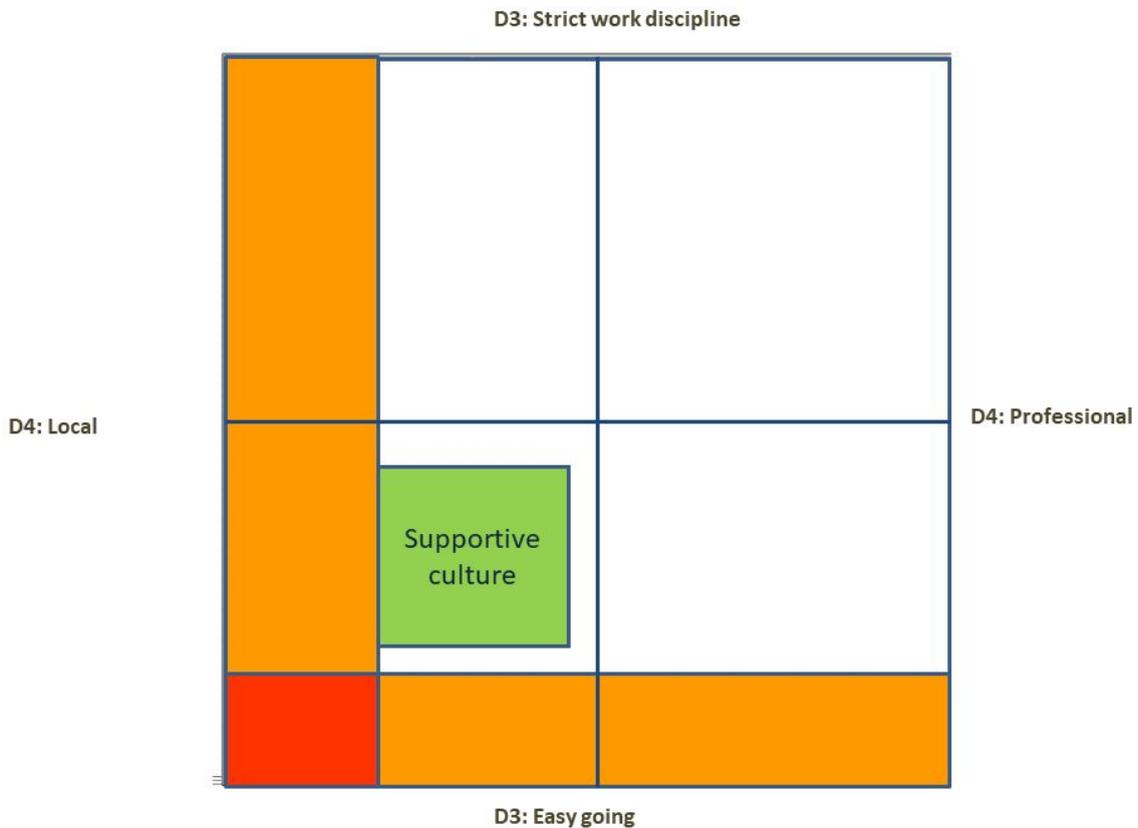
After the student movements in 1968, the public opinion especially in the Netherlands changed about the way the police should operate and behave. Authorities and the higher echelons within the police started a campaign for more customer service. This drive was rather amazing, since the police force is supposed to maintain law and order. Without a proper model to categorize work reality, people easily confuse all kinds of issues. This led to the Dutch police force - and in some other countries as well – became too externally driven and customer oriented (D2). A lack of customer service does not necessarily imply that people are treated in a rude or unfriendly manner. Customer service is about whether and in how far the needs and wishes of clients are taken into account or whether ethical and moral issues take precedence. In the sixties, “minding your manners” was indeed an issue among police officers, but this is related to a culture that is open (D5) and employee oriented (D6). In such cultures people treat each other friendlier than in closed and work oriented cultures.

Were the police positioned within the service industry, then D2 would also have played a role in showing friendliness. In the service industry, consumption starts the moment customers come into contact with service providers. The question is whether the main task of the police is to supply services to individual customers, or whether it should maintain law and order for the general public. We dare to say that it is maintaining law and order. When this is done properly, the police delivers a great service to the public at large. As criminal groups become more professional, the police has to professionalize to keep up, which requires a professional culture. Yet, part of the police force will continue scoring local. In order to solve this, the different functions of the police force, have to be disentangled.

Conclusion:

The demands of quite some governments in Europe on their police forces show that they are often ignorant of the nature and the environment of police work. Police culture is the result of specific requirements: being on call and working in a threatening environment. This makes the combination D3 and D4, easy-going and local, typical for the police forces. See diagram 62, which is the same as the one shown earlier in diagram 58.

Diagram 62 - Coping with unpredictable safety risks



The green area in diagram 62 depicts a culture that supports police corps to do a proper job. Central governments which try to change this cultural position without waging an uphill battle can only do so if they make the work environment less threatening. This applies to all other professional groups in a similar situations, such as ambulance staff.

6.11 Reliable government

How can the culture of a governmental organization support reliability seen from the perspective of civilians? Which requirements come into the picture? In this section, we will explore various kinds of governmental entities, including the central government, municipalities and (semi-)governmental institutions such as the central bank. We will refer to all these institutions as governmental organizations.

By reliability we mean a government that serves the interest of its citizens in a transparent, predictable, cost-worthy and fair way. Fair means that a) citizens in the same situation will be treated in the same way and b) the government will not favor one group of citizens over others by which income inequality will increase. There may be many more definitions of a “reliable government”, but this one serves our purpose well.

Let us now check with help of the six autonomous dimensions which cultural characteristics support politicians and civil servants to treat citizens in a fair manner.

D1: Means versus goal orientation

The first requirement is that politicians and civil servants do not play political games and favor certain people. In other words, nepotism in whatever form, is out of the question. In a very means oriented culture positioned inside the internal normative window of D1 between 0-35, political games are likely to take place. That does not imply that there are no political games in cultures that are less means-oriented and score above 35. Only in very goal-oriented cultures that score above 75, we can assume that political games that are detrimental to citizens, are unlikely to happen. A 100% guarantee cannot be issued: apart from culture, personalities and the context are also weighing in.

Secondly, civil servants should not be entrepreneurial. Citizens should be able to count on a government that creates and maintains a safe and predictable environment. In order to ensure this, the score should not be higher than 60.

In short, the optimal area for governmental organizations on D1 is between 35 - 60. A more specific position depends on whether:

- More predictability towards citizens is needed, which means a score in the lower range of 35-60 or whether a changing environment requires a proactive attitude, which means a higher score in the 35-60 range.
- The tasks civil servants have to execute are more or less repetitive. Ever more repetitive work is taken over by automation, which pushes the optimal culture ideally towards a more goal oriented culture on the high end of the 35-60 range.

It may well be desirable that, regarding scores on D1, a governmental organization makes a differentiation within the range of 35 to 60 between function groups and hierarchical levels, depending on its size and the different tasks of its departments.

A stand-alone score says nothing about functionality. A score of 47,5, right in the middle of the 35-60 range, does not necessarily imply a reliable government. It can also be a reflection of a highly entrepreneurial spirit bogged down by an excessive degree of politics acted out by civil servants at the higher echelons. Though it would be uncommon to encounter such a combination, remember: in the case of culture never say “never”, and never say “always”. Not only the score on a dimension has to be taken into consideration, but also the content of that score has to be taken into consideration.

D2: Internally versus externally driven

One may expect that to civil servants in democratic countries, the main stake holders are civilians. In reality the main stake holder is often the minister. The minister is formally the boss of a ministry, although the boss can also be the secretary general. No matter who is the real boss, the question is whether the minister or the secretary general serve the interests of society at large or of special interest groups, such as their political party, powerful companies or lobbyists. Let’s assume in this book that the stakeholder is the society at large, that is, the civilians who are consumers of governmental services.

Governmental organizations are by definition monopolists, implying that they do not need to be externally driven. Civilians need them anyway, so from that perspective, their culture could score 0. But also here, it is not recommendable that a culture is positioned inside the internal window, which runs from 0 – 30 on D2.

In a culture that is very externally driven, civil servants may try to meet the demands of interest groups as well as those of individual citizens. In order to ensure that citizens can count on equal treatment, civil servants have to follow many rules and regulations. The culture of an governmental organization should therefore not score higher than 50 on D2. The optimal position for governmental organizations on D2 is therefore between 30 – 50, and there should not be much variety within the government. A more specific position depends on whether:

- Maintaining law and order is emphasized to defend the interests of peaceful and less assertive citizens vis-à-vis law-breaking citizens. In such a case a score on the low end of the 30-50 range is recommendable, notably for the police and the Public Prosecutor.
- Assisting citizens who have been treated unfairly or unlawfully is emphasized, for example in the case of complaints agencies and Ombudsmen.

Contrary to D1, where a functional differentiation can be recommendable, the position on D2 should ideally be shared throughout the organization. The research of Hofstede has shown that people cannot make a distinction between internal and external customer orientation, unless these groups are located wide and far apart.

D3: Easy-going versus strict work discipline

The internal normative window of D3 is small: between 0 - 15. Government should not score below 15.

Citizens may expect their government to execute its work well planned and in a cost-conscious, punctual and serious fashion. After all government is spending taxpayers' money. One can assume a culture that reflects a strict work discipline, being ideally located around 75. Higher ranking civil servants may score somewhat lower and desk clerks somewhat higher, stretching the range between 65 to 85. Nevertheless, we all know instances where governmental organizations overdrew their budgets twice or triple, think of public works. This reflects a culture which does not have a sufficiently strict work discipline in place.

Some governmental organizations may host large groups for whom it would, however, not be advisable to score high, given the nature of its work. Think of police officers on call, criminal investigation officers, the military on missions or the Public Prosecutor's Office. In their case it is impossible to plan their work meticulously. They need to be flexible and able to improvise on the spot. The average optimal score for such groups is 35, with those who are 100% on call and don't know what to expect next, scoring somewhat lower and those who also have to conduct administrative tasks somewhat higher. It should be understood that in a very easy-going culture it is almost impossible to conduct proper administrative procedures.

The gap between the optimal scores of 30 and 85 is so large that frequently, central government is not able to manage these "deviant" groups properly, which might be aggravated by a culture that is not sufficiently professional (see next section).

A reliable government should be willing and able to differentiate its culture in line with the different tasks it has to perform. This requires a sophisticated approach, certainly at the higher levels. A differentiation among subcultures in government which run contrary to the expected, leads to a total mess. Imagine that most governmental organizations work sloppy, while the police force is working meticulously and neglects impromptu action. Wouldn't we all want to emigrate to a country with a fair and just government?

Government should score on D3 in the 65-85 range, with the exception of civil servants on call or unable to plan ahead whose culture should ideally score between 30 and 45.

D4: Local versus Professional

Citizens are not a homogeneous group. Every person is unique and so are citizens. In addition, all societies are unequal, but some more unequal than others. Poor citizens may receive more governmental support than wealthy citizens, and wealthy citizens may in percentage pay more taxes than less wealthy citizens.

If in reality it is the other way around, inequality will be increased. In that case it is questionable whether a government can be called reliable.

Citizens do not all share the same attitude towards the law. Imagine someone who murdered his partner out of jealousy. The government has to ensure that this doesn't become common practice and that citizens are not hurting the interests of others unlawfully, even more so when it does not regard individuals but criminal groups. The police force is there to maintain law and order and as discussed, it often does so under threatening circumstances. The optimal culture for the police force is on the local side of this dimension, between 20 - 45 depending on how threatened police officers feel. The same applies to all other governmental organization in which civil servants are being threatened and harassed by citizens and certainly if they are threatened by criminal gangs. If now simultaneously such organizations are managed by fear the degree of threat is even stronger. In that case civil servants not only feel threatened by outsiders but also by their manager(s).

Admittedly, it is not always easy for governments to serve its citizens in a transparent, predictable, cost-worthy and fair way. Government nowadays has to deal with a wide range of issues, from the proliferation of weapons of mass destruction to hackers trying to disrupt society, and internet sources promulgating "alternative facts" or indoctrinating disillusioned people. Dealing with these challenges requires a highly professional culture in order to do the job well. Such (sub-)cultures should score between 70-80 depending on the urgency and complexity of the challenge at hand. If these challenges are not very urgent, the culture could be slightly less professional, in the range of 65-75, which makes the total recommendable range from 65-80. This is so, unless civil servants feel physically threatened.

In the case of D4, the recommended range for governmental organizations runs from 20 to 80. A reliable government should be willing and able to differentiate its culture on D4 in line with the different tasks it has to perform. This requires a sophisticated approach, certainly if in one and the same organization some teams need a local culture to perform well, even when overall, the need for a professional culture is on the rise.

To be more specific, governments in general should have a professional culture located in the range of 65-80. In teams where employees work under threatening conditions, the culture should ideally be positioned between 20 and 45.

D5: Open versus closed system

Transparency requires an open culture, that allows citizens or their representatives to certify that their government behaves in a reliable manner. At the same time, some governmental offices possess a whole lot of confidential data about citizens, which requires a more closed culture to ensure that such information does not fall into wrong hands.

A conflict of interests can be lurking, and the challenge is to set those organizations and functional groups which handle confidential information apart from those who do not. To do justice to a transparent government, groups that handle confidential data should be kept as small as possible.

The internal normative window lies between 70 and 100, implying that no team or office should score above 70 on D5. It is not advisable either to espouse an extremely open culture of 0. There is no reason why citizens should feel very welcome when interacting with governmental organizations. It could well be dysfunctional if just anyone enters the premises of a governmental organization without any controls and roams around. The best range for governmental organizations lies between 35 and 70.

Governmental organizations or functional groups that do not handle confidential data should score between 35 and 45. Organizations or teams that handle sensitive information that could influence negotiations or be harmful to citizens when made public, should have a culture in the 60 to 70 range.

Whether the communication flow is open or closed not only depends on D5, but also to a lesser extent, on D1, means versus goal orientation. Where open communication is desired and feasible, government should make an effort to have an open culture, while limiting closed cultures to teams that handle confidential information and keeping these teams as small as possible. In the latter case such teams should also not score very goal oriented on D1.

D6: Employee versus Work orientation

Ideally, the government serves citizens and not the other way round. Civil servants and their political leaders should be willing to take the personal interests of citizens to heart. They should treat them kindly and to lend a listening ear to citizens who find themselves in insecure situations. To enable such an attitude, government should strive for an employee oriented culture in the range of 25 to 35.

One may wonder what the way citizens are treated has to do with the way managers treat employees, which is essentially what D6 measures. There is an indirect yet strong relation between civil servants who are treated nicely and their treatment of citizens. An employee oriented culture reflects a management that takes both co-responsibility for the welfare of its people as well as for the environment, such as clean air.

The dimensions D6 and D1 are unrelated, at least not in the long run. In the long run productivity and effectiveness are not influenced by D6. In the short run, a more work oriented culture can influence productivity and efficiency positively, but if people are put under pressure for an extended period, they will break-down or pretend to be busy when their boss is watching, without being really productive.

The same applies to D2, internally versus externally directed. Maintaining law and order does not imply that police officers should be unfriendly or rude. That may be difficult if police officers are besieged by protesters, but even then the challenge is to behave correctly.

Summary:

Table 11 and diagram 65 summarize the cultural requirements for a reliable government. These requirements depend, of course on the tasks at hand and on the context in which a specific governmental organization operates.

Table 11 – A reliable government

| Dimension | Range of scores |
|--|------------------------|
| D1: Means versus goal orientation | 35 – 60 |
| D2: Internally versus externally driven | 30 – 50 |
| D3: Easy-going versus strict work discipline | 30 – 45 or 65 – 85 |
| D4: Local versus professional | 20 – 45 or 65 – 80 |
| D5: Open versus closed system | 35 – 45 or 60 – 70 |
| D6: Employee versus work orientation | 25 – 35 |

Diagram 63 - A reliable government

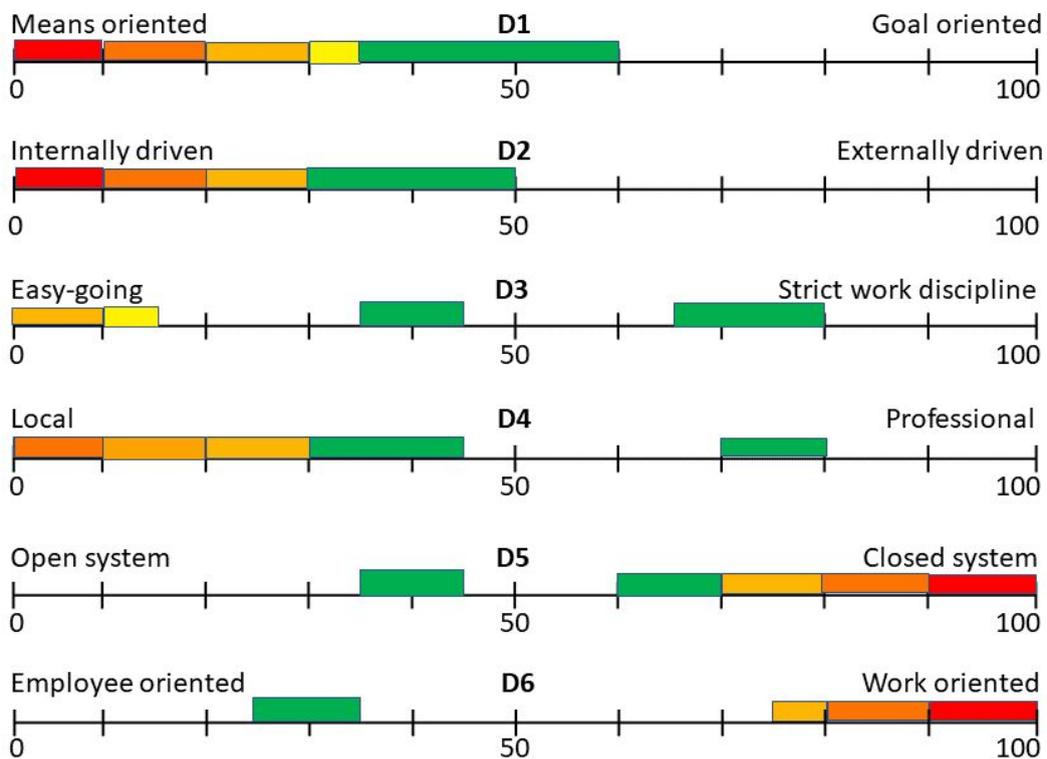


Diagram 63 shows which cultures enable a reliable government.

The strategic windows, in green, are rather small. This implies that the cultures of governmental organizations need to be managed properly to enable civil servants and ministers to do a good job.

Culturally speaking, a reliable government has to meet conflicting demands. This can be solved by creating functional diversity on the dimensions, D3, D4 and D5. In the diagram this is depicted by two strategic windows per dimension. Also here, the strategic windows are small, requiring deep understanding of culture and its ramifications.

Democracy may be a more precarious form of government than people are often aware of. Especially in this era, when inequality of wealth and income is increasing in many countries.

6.12 Nuclear power plants and related industries

We have conducted culture scans in three nuclear power plants in two different countries. In one of them a calamity had happened. In two of them, a large number of scans were performed among different teams. To interpret the results of the scans, a large amount of relevant documentation was consulted. In view of the sensitive nature of their operations, we were explicitly asked not to disclose the names of the plants, nor the full nature of their cultures or details of the calamity. We trust however, that this chapter will still be insightful of the cultures of such plants.

Introduction

The only way to manage the energy production of a nuclear power plant is to make sure that nothing goes wrong and the plant remains in operation, day and night. It is not possible to increase the production of electricity through human interventions. It is even impossible to come close to the core of the area where electricity is produced. Health and safety of a lot of people are at risk if things go wrong. Not only of the people on site, but also of those who work and live nearby and downwind. Making sure that nothing goes wrong is paramount and has to be achieved by control and preventive maintenance.

What to expect

In order to guarantee health and safety, the culture of a nuclear power plant should be:

- Slightly means oriented (D1): A score of 35-45 is required to ensure that everyone in the plant identifies with the how of doing things.
- A very strict work discipline (D3): A score of 80-100 is required to ensure that people work meticulously and disciplined and do things right the first time.
- Open (D5): A score of 20-35 is required to ensure that people inform each other without any hesitation if things go wrong, without becoming overly talkative.

Some lessons learned

Advocates of nuclear energy claim that it is cheaper than any other form of electricity production. This may have led to leaderships of nuclear power plants focusing on:

1. Production of kilowatt per hour at optimal cost effectiveness;
2. Avoiding interruption of production at all cost.

This was certainly the case in the three power plants that we measured.

Cost effectiveness can normally be achieved by high efficiency combined with high productivity. By nature of the production process in nuclear power plants, however, there is not much scope to increase efficiency nor productivity. Productivity and efficiency can be decreased if the operations of a power plant are stopped, but productivity cannot be stepped up.

The drive to be successful led in all three nuclear power plants to a culture that was way too goal oriented, with average scores of around 70. Moreover, the cultures were not sufficiently strict with average scores of 55 on D3. In essence, people in the plants believed that they were fully committed to “health and safety”, but in reality this appeared not to be the case.

Based on our measurements and extensive documentation on nuclear power plants, we discovered that the culture of nuclear power plants tends to be closed instead of open (D5). Obviously, this is because the public in general will react very strongly if it turns out that something went wrong or is unsafe in a particular nuclear power plant, even if it is a minor incident. After all, the potential consequences can be disastrous. Many among us still remember the Chernobyl catastrophe in 1983. No wonder then that there is a large public movement pressing politicians to do something against these dangerous nuclear power plants. In reaction, management and employees of such plants tend to downplay or even conceal accidents and avoid airing dirty laundry, which is a reflection of a closed culture. The research of Hofstede et al. showed that cultures are either open or closed. There are no cultures that are open internally, but closed towards the outside world, or the other way round. This induces leaderships of nuclear power plants who have to manage anxiety among the general public, to make their cultures closed towards both the outside world and internal operations.

In other words, the actual cultures of the three nuclear power plants in our data bank lacked the functional cultures that could guarantee “health and safety”. Too often it is believed that if the right procedures and processes are in place, nothing can or will happen. This is not only true for nuclear power plants, but for every industry where “health and safety” are of prime importance. Certainly, the right processes and procedures must be in place. But if the culture does not fully enable its proper implementation, then “health and safety” cannot be guaranteed.

Here are two examples from our databank:

Example 1:

In a nuclear power plant one expects a culture that is characterized by a means orientation and a strict work discipline, in view of all the risks. Yet, an audit in a nuclear power plant revealed a fairly goal oriented (70) and easy-going (35) culture. This was pretty dangerous for everyone living within a radius of about 100 kilometers of that plant.

Employees of a nuclear power plant may be over optimistic as a rule, but they are not stupid. This high-risk finding begged an explanation. It turned out that all managers were engineers and fully aware of the safety dangers. They constantly came up with innovations to diminish safety risks and encouraged others to do the same. They were continuously busy inventing better procedures or new gadgets to increase safety. They seemed obsessed with

their technical hobby and who would curb this lofty attitude, since safety was the issue, was it not?

Yet, in the process they made the culture ever more goal oriented and easy-going, since it was geared towards facilitating innovation rather than ensuring “health and safety” as such.

Our recommendation was to concentrate safety innovation in the hands of a small team, physically disconnected from the teams running operations and maintenance, so that no “cultural contamination” could take place. Yet, the innovative team should not be put away so far that their improvements no longer fitted actual work situations.

Example 2:

A nuclear power plant called us in after a major disaster had occurred. Three years prior to that, another incident had happened in that same plant. At that time, the electricity company owning the plant immediately conducted an investigation into the cause of this incident. Next to technical issues, it was found that the culture was too closed. Rank and file people were afraid to convey bad-news-messages higher up. To remedy this, all employees were sent on training courses about how to communicate in an open way.

Top management of the electricity company was very committed to ensure that this would never happen again and all employees had to participate in 3 to 6 training courses on communication. It looked like a military campaign to drill participants to communicate in an open way.

There are many ways to change culture, but we believe training is one of the least effective, and we were surprised to see that the training seemed to take root. A repeat audit after three years, showed that overall, the culture of the different function groups and hierarchical levels scored very open. Indeed, we were approached in a very open way in the beginning. All documents about the minor accident three years back were made available to us. However, we soon found out that the culture of the nuclear power plant was not really open. The mother company had forced them to hand over all relevant documentation, but for the rest, our counterparts behaved in a very closed manner.

When assessing the culture of an organization one should look at the organization from as many angles as possible. The interaction with a client also provides relevant information, at least if the information is unequivocal. In this case, the way reports were used, or to put it more exact: not used, and the way we were treated reflected a closed culture instead of an open culture.

What did we conclude from this contradictory information?

- a. Respondents had not lied when answering questions about the openness of their culture. Instead they were brainwashed to believe sincerely that they had an open culture.
- b. The interventions had not really made the culture open.
- c. Our system had not been able to look through “brainwashing”. This time only, we were fooled by a brainwashing experiment, which supports our saying that in the case of culture one should never say “never” and never “always”.
- d. One should never be satisfied by just one way of looking at culture. When different perspectives do not match, find out why.
- e. We cannot assume that the closed culture caused the disaster. In all likelihood this had more to do with a culture that was too goal oriented (D1) and too easy-going (D3). In this case, safety standards had been set at a much too optimistic level. But then, higher safety standards would certainly have decreased cost effectiveness considerably. This would have run counter to the claim that nuclear energy can compete successfully with other sources of energy.

6.13 Traditional mining companies

Many multinational traditional mining companies share two aspects:

1. HQ is located far away from most if not all mining operations;
2. Production is in bulk.

By traditional we mean companies that produce minerals in bulk, such as coal or iron ore.

The consequences of these two aspects are:

1. People at HQ often have no clear idea what happens in the mines and what is needed to assist management on location to do a good job.
2. Customer orientation is much less an issue than, for example, in the service industry. Nobody wants to buy ten tons of iron ore nicely wrapped in gift paper.

The research of Hofstede and colleagues has taught us that at group level people cannot make a distinction between internal and external customer orientation. In other words, if internal units service each other well, external customer orientation will also score high. After all, those servicing external clients well, can expect that they will be serviced well by their colleagues. If, however, internal units service each other poorly, then also external customers will be serviced poorly. It is impossible to service external clients well, if there is no proper internal support.

In one mining company, management of various mines complained bitterly about the poor service from HQ. In quantitative terms they received sufficient support, but qualitatively, it was not what they needed. Despite many requests to attune services to their needs, HQ kept on providing the same superfluous services. The whole company, including HQ, displayed a very internally driven culture (D2).

As a consequence, management of the mines set up their own service departments, notably for HR. There was hardly any cooperation between the mines, that were located far apart from each other, and every mine reinvented the wheel and set up their own service departments. With all the overlap, this was a costly affair. As long as prices of these commodities were high, it didn't really hurt the company. But when we were called in prices were low, yet HQ management believed that they knew better and management of the mines should shut up.

Another interesting finding was that health and safety procedures had been put in place at HQ some years before, when a couple of miners were killed. The subsequent investigation revealed that the cause of the disaster was sloppy implementation of safety procedures. With HQ far away from the mines and few HQ people who had ever visited a mine, we were surprised by the heavy emphasis on internal health & safety procedures. HQ reasoned that they should set a proper example even though office life was devoid of imminent dangers. Another reason was that visitors from HQ at the mines should know how to avoid dangerous situations.

This was a reflection of the same attitude regarding the services made available to the mines. HQ knew best and all others had to follow its admonitions and copy the behavior of those coming from HQ to visit them.

In reality, it would have been better if HQ supported management of the mines to improve health & safety procedures. Management of the mines should be made fully responsible for the safety of everybody working in the mines as well as for visitors, irrespective of where these visitors come from.

We made two suggestions to them:

1. HQ was very big. Just the sheer size of the main building of HQ was impressive. HQ had turned into a true bureaucracy.
Managers who grow the business want to ensure that the company does well. As a consequence they will normally do well. Managers who grow the bureaucracy at HQ ensure that they themselves do well by being in control of more people reporting to them. Whether the company does well is another issue.
In general, D2 should be the same throughout the entire organization, but here we suggested to create functional diversity on D2, internally versus externally driven. The mines could keep their culture as it was: somewhat internally driven (45). HQ would have to move up to a more externally driven attitude (around 70). Only in that way the subculture of HQ would enable people to properly service the mines, and it would diminish bureaucracy at HQ.
In general, it is not easy to create functional diversity on D2. In this case, because the physical distance between HQ and the mines was and still is very big, the different behavioral patterns could not “contaminate” each other.
2. Our second suggestion was to downsize HQ with 75% and delegate many services to the mines. HQ would only define the service objectives and coordinate between the different mines. As the mines were located in different countries, setting up their own HR department made sense. Every country has its own labor laws and regulations. We preferred this second suggestion.

In reality, nothing changed. The CEO had not been involved in the first place. One of his direct reports who had initiated this change project, had hoped that the CEO would come on board once he had seen the power of our approach. This did not happen because an external consultant in our field of expertise became upset when his assignment was not prolonged and he wrote an article in which he denounced the company anonymously. As a consequence the CEO was deadly against anybody working in the field of culture. If only we had known...

6.14 Trends during the past thirty years

Over time, from the mid-1980s when Hofstede and his colleagues conducted the research on organizational culture, to this date, we observed a number of fascinating shifts. These shifts are central tendencies and do not apply to separate measurements. Most measurements have been conducted in Northern Europe and North America. Based on measurements done in lower income countries, it seems that these shifts took place notably in Europe and North America. The shifts we observed are:

- Actual culture: D1 – Effects of increasing automation and decreasing loyalty
- Actual culture: D2 – Decreasing complacency
- Work paradise: D2 – Increasing complacency
- Work paradise: D3 – From easy-going to more strict work discipline
- Actual culture: D4 – Increase of fear among especially managers
- Actual culture: D7 – Decreasing acceptance of leadership style
- Actual culture: D8 – Decreasing identification with one's organization.

6.14.1 Actual culture: D1 – Effects of increasing automation and decreasing loyalty

Two forces have opposite effects on the scores on D1, means versus goal oriented. In spite of this, it will become ever more challenging to realize more goal orientation.

Increasing automation may require action to align a new work reality with optimal culture. We have been witnessing on-going automation for a long time. Automated work leads to less repetitive work. Work will become more challenging for those who are able to stay on board. As a consequence the culture can become more goal oriented, unless safety and health considerations do not allow this. Whether cultures become more goal oriented or not, depends on how far management is aware that culture can be used as an additional tool of management in a changing world.

The second force is the decreasing loyalty between employer and employee, which may require countervailing action to maintain cohesion among those working in and for an organization. When loyalty between employer and employees becomes weaker, the strength of cultures will also become weaker, which in turn decreases goal orientation. When the employees in an organization perceive their work reality differently, it will be difficult to harness them towards a common goal.

Decreasing loyalty between employer and employee happens due to:

- a. Changes in national cultures
- b. Outsourcing
- c. Portfolio management
- d. Temporary workers
- e. Working from home
- f. Moving on

a. Changes in national cultures

In many countries we see that self-interest is emphasized more and more at the cost of loyalty to the group to which one belongs. This is a reflection of a slow increase of "Individualism", coupled with a decreasing respect for authorities as a reflection of a lowering "Power Distance" (see section 4.2.4). These developments slowly weaken the employer-employee relationship.

This type of loyalty is unrelated to D4 (Local versus professional). D4 is about loyalty to one's direct boss or one's work team only.

b. Outsourcing

If companies are planning to outsource certain functions or have already done so, employees may rightly or wrongly infer that their work will disappear. In such situations it is difficult to identify with the goals and objectives of one's company, which leads to less goal orientation.

c. Portfolio management

It has become quite fashionable to buy and sell (parts) companies as if these are products without human involvement. Selling part of one's company implies that the employer considers his or her people dispensable.

Employees of (parts of) companies which have been acquired are told that they should quickly identify with their new employer. Yet, if people are treated like merchandise instead of human beings, it is hard for them to remain loyal. How do they know that they will not be sold off again in the near future? They will have a hard time identifying with the goals and objectives of their new employer.

d. Temporary workers

There is a trend to make more use of temporary workers, as this allows employers to economize. By definition, a temporary relationship will not get the employer a lot of buy-in.

e. Working from home

People who work from home feel less part of the core group running the show inside an organization. Although research shows that people work equally hard from home, it is not easy to stay emotionally connected. This also applies to temporary workers.

f. Moving on

Culture is everywhere. Shifts, slow as they may be, affect employers and employees, in terms of more self-interest and certainly in terms of less respect for authorities. Employees are per definition less loyal to their employer now than in the past. New opportunities or getting bored may induce especially "professionals" to move on.

It is becoming ever more challenging for employers to obtain more loyalty from their employees in order to increase goal orientation, which will make employees work smarter. But, it also implies that employers should become more loyal to their employees in order to make this happen.

6.14.2 Actual culture: D2 – Decreasing complacency

It may not be surprising that it is rare these days to identify companies in which even a minority describes their actual culture as complacent. With increasing international competition, more and more respondents feel that there is always scope for improving things. Here we see how changes in the outside world influence the content of organizational culture. Complacency is a reflection of an internally directed culture.

6.14.3 Work paradise: D2 – Increasing complacency

There is a reverse trend as well, notably in people's work paradise. There, the ideal seems to make way that work life would be best if "we don't need to worry about what competitors do" and that "there should not be scope for improvement as we do already everything the best possible way".

In the earlier days people described their work paradise frequently by a willingness "to make things better". Increasing complacency in people's work paradise might be interpreted as growing fatigue among the ordinary employee.

6.14.4 Work paradise: D3 – From easy-going to more strict work discipline

An intriguing trend we identified relates to a shift in preference for a stricter work discipline. In the late 80s and early 90s of last century, respondents preferred by far an easy-going culture: a relaxed culture in which there is a lot of fun and where work is not taken too seriously, where you can organize your own work and have no worries about costs and timing, and where quality is emphasized over quantity.

On from the early nineties, we see a gradual shift towards a less easy-going work paradise. Nowadays, many respondents seem to be irritated by internal misuse of resources, which they do not want to see in their work paradise. In the earlier days this was not an issue at all, although there is no indication that there was less abuse of company resources in the past. Tentatively, one may conclude that it is an implicit and perhaps unconscious protest against two trends:

- The decreasing loyalty between employer and employee, and its consequences for the way employees are being treated (see under 6.14.1);
- The widening gap in remuneration between rank and file employees and top managers.

6.14.5 Actual culture: D4 – Increase of fear among especially managers

We observed that over the years, cultures are becoming more local and less professional. A trend towards more professionalism would be easier to explain, considering the large-scale internationalization and an emphasis on creating learning organizations.

One of the triggers of this reverse trend is that our cultural audits show less acceptance by managers of a critical attitude of their direct reports.

Why are managers more wary of a critical subordinates than in the past? A tentative answer could be that quite a number of people are promoted above their competence level, the so-called Peter Principle. It is hard to say “No” to a promotion even if you wonder whether you are sufficiently qualified to meet the new challenge. You will receive a higher salary, your status will increase and so is the power you will hold. All attributes which are difficult to denounce by many among us. Not a problem if you receive the necessary support to develop your managerial skills. But when the time lacks for internal support and coaching, work life may become pretty threatening. You may try to improve your know-how and skills in your spare time and independently. But again, this is not often feasible because of lack of time and resources. A critical attitude of direct reports towards you and your suggestions, ideas and decisions is then often unconsciously translated by you, the manager, as a direct attack. One way to handle such threatening situations is to demand personal loyalty from your direct reports.

These days, everything is moving faster than in the past and managers have to manage people who are more emancipated and outspoken, while there is less time to develop their own managerial skills.

A manager who wants to be surrounded by yes-men makes direct reports small.

If a manager exacts personal loyalty from direct reports, they know that it is not wise to contradict him or her. They make themselves small and become yes-men. They know that they are not supposed to stick their head above the crowd.

These are characteristics of a local culture (D4). This does not imply that we frequently find local scores. Other factors compensate for these local characteristics, such as “keeping professionally up-to-date at the individual level”, or “we don’t need to live at home according to the convictions, norms and attitudes prevalent at work”, or “quality is emphasized over quantity”.

While on average cultures in many organizations are now positioned slightly on the professional side (between 50-65), the range used to be clearly on the professional side 60-75.

Some consequences are that:

- Capabilities of direct reports will not be used to its full potential;
- It will be more difficult to create a learning organization;
- Successful introduction of “diversity” will be harder to achieve.

6.14.6 Actual culture: D7 – Decreasing acceptance of leadership style

Once, in management theories, the idea was proposed that by increasing the span of control, managers would delegate more. The assumption was that their style would become more consultative, as it would be very difficult to remain in control of everything their increasing number of direct reports did.

Indeed, in Anglo-Saxon and North European countries with a small Power Distance, most employees prefer a consultative leadership style. More aggressive international competition and privatization of organizations that never faced competition before, increased the pressure on managers to perform, no matter whether the managers put themselves under pressure or outside factors did. This led to:

- Managers are fully delegating “unimportant” tasks. Direct reports performing these tasks may receive no guidance from their managers whatsoever, or they may experience the management style of their boss as consultative.
- At the same time, managers keep decision-making tasks which are important to them, close to their chest. Direct reports performing such tasks may experience their manager as autocratic or paternalistic, but not consultative. Important tasks are normally tasks of which the results form the basis for remuneration and promotion.

The same manager therefore may be judged very differently by those direct reports who have full authority and responsibility and by those who have little say in what they are supposed to do. All in all, the percentage of direct reports who experience their manager as consultative has on average gone down in the Western world according to the data we have collected. This affects the number of respondents who report having a direct boss with a management style which they prefer negatively. The consequences of an overall lower acceptance of the leadership style (D7) is a weaker stay motivation. Moreover, capabilities of direct reports are not used to its full potential.

6.14.7 Actual culture: D8 – Decreasing identification with one’s organization

Many of the factors which negatively affect goal orientation (D1) have the same negative effect on D8. Employers who are not very loyal to their employees, make it difficult for them to identify strongly with the overall organization they work for.

Less identification with one’s organization will also weaken stay motivation, in the same way as has been described in section 6.8.6: a misfit emerges between the leadership style they prefer and the one they get.

Overall conclusion:

Many of the trends and shifts in culture are negative by nature. It could be that these developments slowly result in a dull competitive edge of Western companies. The best way to countervail these developments is by using organizational culture as an additional tool of management.

Not only annual financial audits should be made compulsory but also cultural audits!

Yet, we do not address solely the Western world. Cultural audits conducted in organizations in Collectivist national cultures with a large Power Distance will help management in a different way. The challenge in such cultures for top management is to find out what really happens on the shop floor. Rank and file employees tend to tell their boss what they think the boss wants to hear.

This can only be overcome if such cultures are characterized by a great deal of trust throughout the organization. If no trust exists, it may take many, many years to overcome this, if at all. Another way to find out what really happens is by conducting cultural assessments.

ABOUT THE AUTHOR

Bob Waisfisz was born in 1942 in the Netherlands and studied economics at the University of Amsterdam. On top of this he studied sociology and cultural anthropology.

As a child he lived in Indonesia and after graduation from university, he worked for some years in Turkey and Lebanon. Since 1969 he has travelled extensively for his work and continues to do so today.

Since the 1970s he has been actively involved in institutions who transfer know-how to people in developing countries and are involved in capacity building

From 1980 until 1982 he was managing director of a postgraduate Management Training Institute, associated in those days with the Technical University of Delft, now called the Management School of Maastricht (www.msm.nl). There he gained detailed knowledge of management styles in all their variety. It is there that he met Professor Geert Hofstede in 1980, and they started to collaborate intensively.

From 1983 onwards, companies have called in Bob for training and consultancy on successful international cooperation.

At Bob's request, Geert Hofstede and his colleagues conducted additional research on organizational culture. Bob used this research to develop an integrated approach to measuring and changing organizational culture, as described in this book.

Bob is an avid speed skater (his Dutch self) and skier (his mountainous non-Dutch self). He also enjoys swimming, playing the piano, reading and grows a considerable part of his family's foodstuff himself. As he also enjoys the social side of life, he sometimes feels bewildered and wonders whether one life is sufficient or whether reincarnation offers a sweet solution to cope with his abundance of predilections.