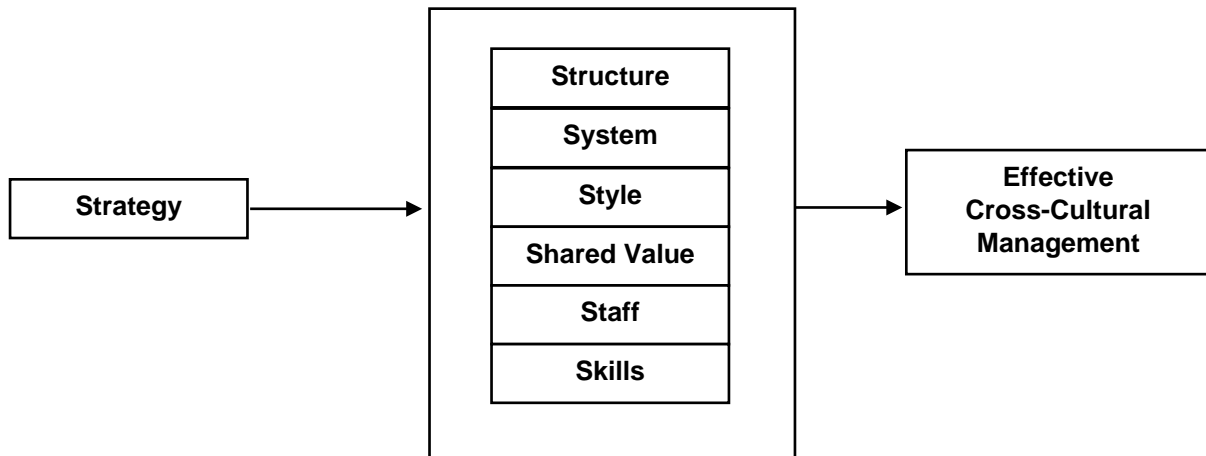


Effective Cross-Cultural Management Framework

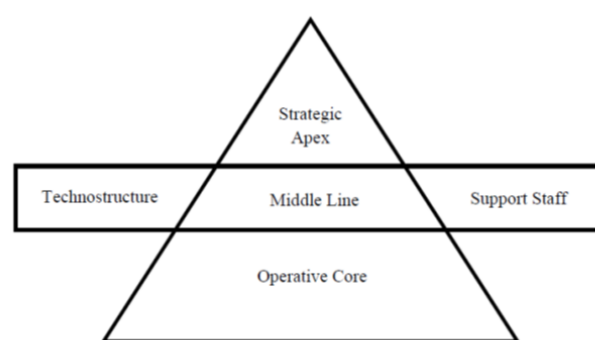
This framework is built upon the McKinsey 7-S model which is a management model developed by well-known business consultants Robert H. Waterman, Jr. and Tom Peters in the 1980s. The model is most often used as a tool to analyze firm's organizational design by looking at 7 key factors in order to identify if they are effectively aligned and allow organization to achieve its objectives. In this context, the objective is the effective cross-cultural management as shown below. ^[1]



1.Strategy - It is the means by which the organization sets out to achieve its desired ends. The strategic framework must be based on organization's mission, vision, and goals. The mission statement explains the purpose of the organization. The vision statement describes what the organization aspires to be. Goals articulate what needs to be achieved by when.

2.Structure - Henry Mintzberg suggests that organizations' structure can be differentiated along three basic dimensions:

(1) the key part of the organization, that is, the part of the organization that plays the major role in determining its success or failure.



- The strategic apex is top management and its support staff. In school districts, this is the superintendent of schools and the administrative cabinet.
- The operative core are the workers who actually carry out the organization's tasks. Teachers constitute the operative core in school districts.
- The middle line is middle- and lower-level management. Principals are the middle-level managers in school districts.
- The technostructure are analysts such as engineers, accountants, planners, researchers, and personnel managers. In school districts, divisions such as instruction, business, personnel, public relations, research and development, and the like constitute the technostructure.

- The support staff are the people who provide indirect services. In school districts, similar services include maintenance, clerical, food service, busing, legal counsel, and consulting to provide support.

(2) the prime coordinating mechanism, that is, the major method the organization uses to coordinate its activities.

- Direct supervision means that one individual is responsible of the work of others. This concept refers to the unity of command and scalar principles.

- Standardization of work process exists when the content of work is specified or programmed. In school districts, this refers to job descriptions that govern the work performance of educators.

- Standardization of skills exists when the kind of training necessary to do the work is specified. In school systems, this refers to state certificates required for the various occupants of a school district's hierarchy.

- Standardization of output exists when the results of the work are specified. Because the "raw material" that is processed by the operative core (teachers) consists of people (students), not things, standardization of output is more difficult to measure in schools than in other non-service organizations. Nevertheless, a movement toward the standardization of output in schools in recent years has occurred. Examples include competency testing of teachers, state-mandated testing of students, state-mandated curricula, prescriptive learning objectives, and other efforts toward legislated learning.

- Mutual adjustment exists when work is coordinated through informal communication. Mutual adjustment or coordination is the major thrust of Likert's (1987) "linking-pin" concept

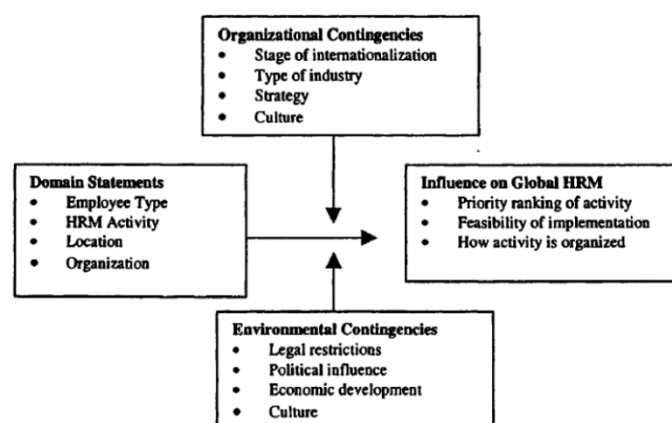
(3) the type of decentralization used, that is, the extent to which the organization involves subordinates in the decision-making process.

- Vertical decentralization is the distribution of power down the chain of command, or shared authority between superordinates and subordinates in any organization.

- Horizontal decentralization is the extent to which non administrators (including staff) make decisions, or shared authority between line and staff.

- Selective decentralization is the extent to which decision-making power is delegated to different units within the organization. In school districts, these units might include instruction, business, personnel, public relations, and research and development divisions.^[6]

3.System - the system of the company is how IHRM works including the worldwide management of people and its study initially focused on the selection, training, appraisal and rewards for international assignees. While the basic activities of human resource management may have remained relatively stable, the context in which the IHRM system must function has undergone significant change. The model, posited by Thomas and Tung, offers a framework for the analysis of IHRM in a global context. The framework shows that organizational and environmental contingencies act to influence on Global HRM.



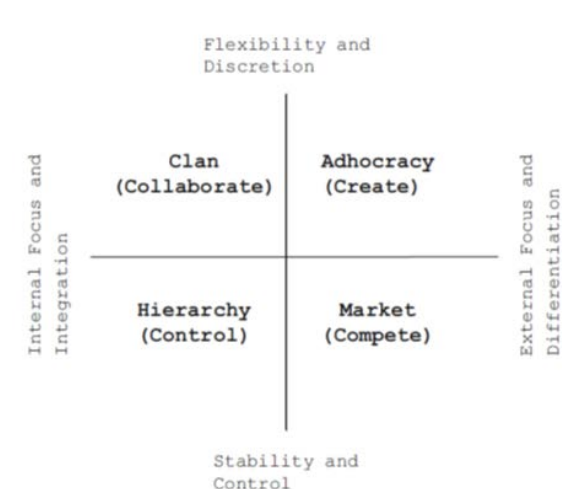
The posited model serves as a vehicle to explain and predict the influence of various contingencies on the HRM domain. By presenting IHRM as a discrete set of domain statements the moderating effect of both organizational and environmental contingencies can be examined in terms of a) the prioritization of a particular domain, b) the feasibility of implementing a particular practice, and c) in the organization of that activity. Each of the contingency variables presented has one or more mechanisms that directly or indirectly influence the specific HRM domain statement under consideration or through an interaction with one or more of the other contingencies.^[9]

4.Style - The characteristics of a leader who carries out the organizational managerial style are the key to success. GLOBE Project (Global Leadership and Organizational Behavior Effectiveness Research) has been identified six leadership styles based on some Hofstede's cultural dimensions.

GLOBE Leadership style

1. Performance oriented style: emphasizes high standards, decisiveness and innovation; seeks to inspire people around a vision; creates a passion among people to perform; and does so by firmly holding on to core values. This includes the facets of visionary, inspirational, self-sacrificial, integrity, decisive and performance-oriented.
2. Team-oriented style: instills pride, loyalty and collaboration among organizational members; highly values team cohesiveness and a common purpose or goal. This style includes the facets of collaborative team orientation, team integrator, diplomatic, (reverse scored) malevolent and administratively competent.
3. Self-protective style: emphasizes procedural, status-conscious and face saving behaviors; focuses on the safety and security of the individual and the group. This style includes the facets of self-centered, status-conscious, conflict inducer, face saver and procedural.
4. Participative style: encourages input from others in decision-making and implementation; emphasizes delegation and equality. This style includes the facets of (reverse scored) autocratic and (reverse scored) non-participative.
5. Humane style: stresses compassion and generosity; it is patient, supportive and concerned with the well-being of others. This style includes the facets of modesty and humane-oriented.
6. Autonomous style: includes only one facet concerned with autonomy. It is characterized by an independent, individualistic and self-centric approach to leadership.^[8]

5.Shared value - it means organizational culture. Organizational culture is the sum of values and rituals which serve as 'glue' to integrate the members of the organization. Applying Cameron and Quinn's Organizational Culture Assessment Instrument (OCAI). The framework introduces the element of cultural evolution and focus on the values held dear by the organization: Flexibility, stability, differentiation, or integration; divided organization culture into 4 forms included Hierarchy culture (control), Market culture (compete), Clan culture (collaborate), and Adhocracy culture (create).



1. Hierarchy cultures emerge because the environment was relatively stable. Due to that fact, tasks and functions could be integrated and coordinated, uniformity in products and services was maintained, and workers and jobs were under control. Clear lines of decision-making authority, standardized rules and procedures, and control and accountability mechanisms were valued as the keys to success. A company with such an organizational culture is a formalized and structured place. Procedures govern what people do. Formal rules and policies hold the organization together. The long term concerns of the organization are stability, predictability, and efficiency. In such environment, effective leaders are good coordinators and organizers. Maintaining a smoothly running organization is important. For examples, large organizations and government agencies are generally dominated by a hierarchy culture, as evidenced by large numbers of standardized procedures, multiple hierarchical levels and an emphasis on rule reinforcement. In general, hierarchy cultures are characterized by a controlling environment.

2. Market culture: the basic assumptions in a market culture are that the external environment is hostile rather than benign, consumers are choosy and interested in value, the organization is in the business of increasing its competitive position, and the major task of management is to drive the organization toward productivity, results, and profits. It is assumed that a clear purpose and an aggressive strategy lead to productivity and profitability". A market culture therefore has to be a "results-oriented workplace". Leaders are hard-driving producers and competitors who are tough and demanding. The glue that holds the organization together is an emphasis on winning, and the long-term concern is on competitive actions and achieving stretch goals and targets. Success is defined in terms of market share and penetration while outpacing the competition and market leadership are important".

3. Clan culture: the tough and demanding leader of the market culture will not last long in a clan culture. A more team-oriented approach is needed: Basic assumptions in a clan culture are that the environment can best be managed through teamwork and employee development, customers are best thought of as partners, the organization is in the business of developing a humane work environment, and the major task of management is to empower employees and facilitate their participation, commitment, and loyalty. Sharing the same values, beliefs, and goals is paramount, especially in rapidly changing, turbulent environments. In general, the clan culture is typified by a friendly place to work where people share a lot of themselves. It is like an extended family. Leaders are thought of as mentors and perhaps even as parent figures. Those leaders hold the organization together by loyalty and tradition, which leads to a high commitment.

4. Adhocracy culture: the root of the word adhocracy is ad hoc—implying something temporary, specialized, and dynamic. Adhocracies can be found in environments that are even more turbulent than those in which clan cultures thrive. A major goal of an adhocracy is to foster adaptability, flexibility, and creativity if uncertainty, ambiguity, and information overload are typical". A number of characteristics are common in this type of organization: No organizational charts due to the frequently and rapidly changing structure, temporary physical space, temporary roles and responsibilities depending on changing client problems, as well as creativity and innovation were the most visible ones. In sum, the adhocracy culture is characterized by a dynamic, entrepreneurial, and creative workplace. People stick their necks out and take risks. Effective leadership is visionary, innovative, and risk oriented. The glue that holds that organization together is commitment to experimentation and innovation. Quite often, the emphasis is on being at the leading edge of new knowledge, products, and services. Readiness for change and meeting new challenges are important. The organization's long-term emphasis is on rapid growth and acquiring new resources. Success means producing unique and original products and services.^[3,7]

6. Staff – Referencing Agency theory, it focuses on the relationship between a parent and subsidiary location and the resulting international assignee pools that are likely to monitor the subsidiary's behavior and performance most efficiently. There are two underlying premises 1) information asymmetry and 2) the goals congruency. Information asymmetry occurs when there is a significant difference in the information needed/available between a parent and subsidiary location. This difference can be related to a subsidiary's increased strategic autonomy or because there is a

significant cultural distance between the headquarters and the subsidiary regarding performance goals. Selection of an overseas assignee is important in these situations. In addition to information asymmetry, the degree to which goal congruence exists regarding performance expectations or the relationship between a specific event and the commensurate performance between a parent and subsidiary also influences the need for monitoring . An organizational goal is defined as a desired state of affairs which the organization attempts to realize as espoused by top management. The parent organization may have various goal configurations, in terms of their scope and breadth while the emphasis ranging from the concentrated (single) goal configuration to the dispersed (comprehensive, multiple) goal configuration. Goal congruence relates to the commitment of the subsidiary's top management to the goal configuration espoused by the parent organization's top management. Goal incongruence may arise in the headquarters subsidiary relationship because the subsidiary may not consistently support the parent organization's resource requirements. Therefore, these two sources of agency can be combined to produce four different types of efficient monitoring options that can be applied to staffing choices included third-country nationals, local nationals, expatriates, and inpatriates.^[5]

Asymmetry in knowledge	Goal Congruency	
	Low	High
Low	Third country nationals	Local nationals
High	Expatriates	Inpatriates

7.Skills – There are two types of skills needed: technical skills and social skills. Technical skills include business expertise, organizing expertise and visioning. They are called “technical” because they are predicated primarily on knowledge and the application of concepts, models and techniques that can be learned, applied and measured. In contrast, social skills are less measurable and difficult to be taught. Social skills center more on human interaction which are traits and attitudes, cognitive orientations and cross-cultural relationship.^[2]

We believe that cross-cultural management happen in various contexts and conditions. So, each organization has to design what works and fits with its own. Having this 7s model in mind, manager can see the broad picture and connect the puzzle that leads to effective cross cultural management.

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