

# Resolving International Conflict: Culture and Business Strategy

Fons Trompenaars

*To minimise conflict between cultures, you must first analyse - measure even - the differences between them. That is the starting point for the third 1996 Stockton Lecture, reproduced here. The author identifies seven dimensions by which cultures can be distinguished from each other which he defines as: Universalism versus Particularism; Collectivism versus Individualism; Affective versus Neutral relationships; Specificity versus Diffuseness; Achievement versus Ascription; Orientation towards Time; and Internal versus External Control. According to Dr Trompenaars, "Culture is the manner in which these dilemmas are reconciled, since every nation seeks a different and winding path to its own ideals of integrity." Not only will conflict be reduced by this reconciliation, he argues, but businesses "will succeed to the extent that this reconciliation occurs."*

Strategy is a systematic way of *acting* on the environment. By definition this process is intimately related to the cultural context in which it unfolds. In fact every human act is in some way or another a cultural process. So is strategy, despite the fact that many scholars have seemed to aim for a culture-free approach to strategy.

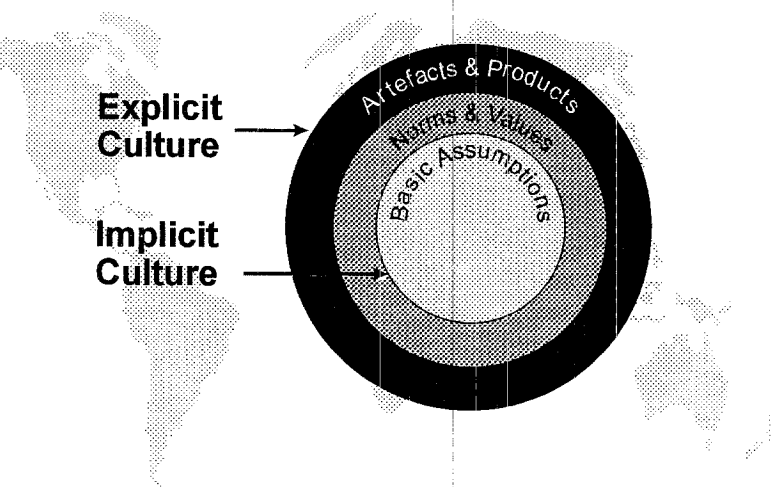
There are four sets of environments I would like to distinguish. Within the organization we talk of the *inner* environment - relationships with colleagues, corporate cultural issues, in short the world of management. The first encounter with the outside world we call the *transactional* environment. This includes interactions with clients and suppliers - in other words the world of business. The next layer to the outside we call the *socio-political* environment: interactions with financial institutions, and political and legal environments. Finally we encounter the *contextual* environment which constitutes the *cultural* environment. Here all other environments are given meaning. It is the context in which strategic processes evolve.

A good way to imagine what culture means is to compare it with the layers of an onion (Figure 1). The *outer* layer is what people principally associate

with culture: the observable reality of clothes, food, language, housing etc. The *middle* layer refers to the norms and values which a community holds: what is considered right or wrong (norms) and good or bad (values). Understanding the *core* of the onion is the key to successfully working with other cultures:

Figure 1

## A MODEL OF CULTURE



the series of rules and methods which a society has evolved to deal with the regular problems that face it. This problem solving has become so basic that, like breathing, we no longer think about how we do it. We refer to these unconscious solutions as basic assumptions.

We owe it to Charles Hampden-Turner to see culture as the way people resolve dilemmas which emerge from universal problems. The reconciliation of these dilemmas constitutes the essence of strategy formulation.

Every country and every organisation faces a) dilemmas in relationships with people; b) dilemmas in relationship to time; and c) dilemmas in relations between people and the natural environment. While cultures differ markedly in *how* they approach these dilemmas, they do not differ in needing to make some kind of response. They share the fate of having to face up to the different challenges of existence.

Once international managers have become aware of the problem-solving process, they will reconcile dilemmas more effectively and will therefore be more successful.

### Using Stories to Manage Change

Management of cultural change which is basic to the process of internationalization is only genuine when the core set of basic assumptions held by the organization is challenged. Changing the explicit elements of culture is symbolically helpful; a necessary but not a sufficient condition. Changes at the explicit level - to organization charts, human resources systems and marketing strategies - need to be intimately connected to changes at more fundamental levels. Otherwise change remains a merely a cosmetic operation, like changing the clothes of a person in order to change his or her personality.

Changing the basic assumptions of an organization means that the organizational actors need to share an awareness of the fact that the organization's survival is at stake. Organizations in serious (financial) trouble are *therefore easiest to change*. For those organizations that are financially sound, artificial techniques must be used to challenge basic assumptions. One method is known as *scenario planning* (Schwartz 1991). Scenarios

have little to do with improving one's skills to predict the future. They are, rather, alternative futures which the manager needs to prepare for. In this process all the "business as usual" attitudes are not valid any more. This is one way to challenge the sets of basic assumptions that have developed over time and slipped out of the organization's consciousness.

An alternative way of managing cultural change is to *create stories* in the organization which keep its members alive and conscious of the need for change. In Shell the "story of the frog" was the most popular one. It goes as follows: "you take a bowl of cold water in which you throw some frogs. They will happily swim. However, if you are preparing a meal you might want to consider boiling the water first. If you throw frogs in boiling water, most will jump out. They sense the need for change. But that does not help in the preparation of the meal. The last experiment tells the essence. If you need to boil the frogs, try putting them in cold water first and then gradually heat up the water up until it boils. You will see that the frogs will stay in the water because they are not able to sense the need for change since the increase of the temperature of the water is too gradual". Shell just tells the IBM story.....

The way a manager challenges the implicit culture of the organization does not matter, as long as it is done regularly. To change the organization into an international firm is ultimately the responsibility of the leaders of the organization. Not just the very top, but the responsibility of all those who are able to connect actions with the survival of any particular organizational activity: it is *multiple leadership*.

In order to solve these dilemmas effectively, an understanding about an organization's cultural profile through which we can analyse its basic assumptions first needs to be developed. When we have analysed the different problems concerning people's relationships with other people, time and nature, we show how to reconcile these dilemmas and look at the strategy that emerges.

### Universalism versus Particularism

Universalist societies tend to feel that general rules and obligations are a strong source of moral reference. Universalists are inclined to follow the

rules even when friends are involved and look for “the one best way” of dealing equally and fairly with all cases. They assume that the standards they hold dear are the “right” ones and they attempt to change the attitudes of others to match.

Particularist societies are those where “particular” circumstances are more important than rules. Bonds of particular relationships (family, friends) are stronger than any abstract rule and the response may change according to circumstances and the people involved.

These extreme definitions have been tested by asking 25,000 managers world-wide to consider the following dilemma (Stouffer and Toby 1951):

*You are riding in a car driven by a close friend. He hits a pedestrian. You know he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There are no witnesses. His lawyer says that if you testify under oath that he was only driving 20 miles per hour it may save him from serious consequences.*

**What right has your friend to expect you to protect him?**

- a. My friend has a **DEFINITE** right as a friend to expect me to testify to the lower figure.
- b. He has **SOME** right as a friend to expect me to testify to the lower figure.
- c. He has **NO** right as a friend to expect me to testify to the lower figure.

**Would you help your friend in view of the obligations you feel having for society?**

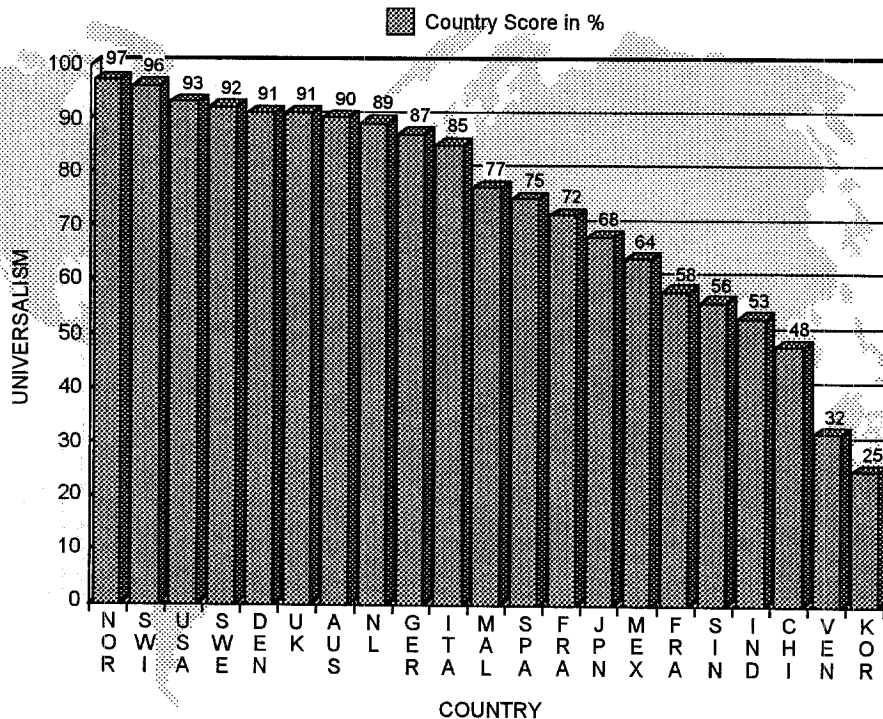
- d. Yes
- e. No

The story above, is part of the questionnaire which we use at the Centre for International Business Strategy (CIBS) and takes the form of a dilemma that measures universalistic and particularist responses.

Figure 2 shows the result of putting these questions to people from a variety of countries. The

Figure 2

**UNIVERSALISM VERSUS PARTICULARISM**  
has no/some right and will not help



more Protestant countries such as Canada, the USA and the Scandinavian countries (including Denmark) are predominantly universalistic in their approach to the problem. The proportion falls to under 70% for the French and the Japanese, while the (South) Koreans would tend to prefer to help the friend rather than to go for the "Ultimate Truth". They would tend to lie to the police to protect their friend.

Time and again in our workshops, universalists respond in such a way that as the seriousness of the accident increases, the obligation to help their friend decreases. They seem to be saying to themselves "the law was broken and the serious condition of the pedestrian underlines the importance of upholding the law". This suggests that universalism is rarely used to the exclusion of particularism, rather that it forms the first principle in the process of moral reasoning. Particular consequences remind us of the need for universal laws.

Universalists are more common in Protestant cultures, where the congregation relates to God by obedience to his written laws. There are no human intermediaries between God and his adherents, no one with the discretion to hear particular confessions, forgive sins or make special allowances.

Predominantly Catholic cultures retained those features of religion which are more relational and particularist. A person can break commandments and still find compassion for the unique circumstances. God will probably understand that you were lying for your friend, particularly one that had the bad luck to have the stupid pedestrian crossing in front of his car.

The high degree of universalism has not always been perceived as facilitating open discussions about adapting products and processes to particular situations and circumstances. Examples that are noted in many corporations are the failure to adapt to local needs in operating companies. HQ has the last say. When you interview HQ you hear that there is an increasing need to universalize products and markets because of globalization, economies of scale and the like. When you interview managers in operating companies you hear that they do not get the support they need to support their end customer. IBM is a beautiful case in point where the universal (the united colours of IBM were BLUE) truth killed so much of the necessary variety in its organization

that it could not cope with the variety in its environment. The universal was disconnected with the particular. The application of the "law of requisite variety" from Ashby (1956) is found if one of the two extremes is separated from the other. If the particular is taken as the point of departure, the final customer might be prepared to put up with the sacrificed economies of scale. In global companies this strategy has not worked either. Any organization has the strategic need to reconcile one orientation with its polar extreme. We can learn a lot from effective parents who take the particular case of the child to upgrade the quality of the universal rules against which they measure their behaviour.

### Reconciling Universalism and Particularism

In all the seven cultural dichotomies we at CIBS have identified, of which universalism versus particularism is the first, the two extremes can always in a sense be found in the same person. The two horns of the dilemma lie very close to each other. This is better understood if, as a universalist, you substitute your father or daughter for the friend who is driving the car. In fruitful cross-cultural encounters both sides avoid pathological excesses. The international manager is very often caught in the dilemma of the universal truth and the particular or local circumstance. On the one hand, he or she needs to listen to the universalities of head quarters. On the other, the particular needs of the local environment ask for responses that do not fit HQ's demands. The most effective manager reconciles this dilemma by acknowledging that the particular instances need universal rules in order not to slip into a local pathology. Intuitively the international manager goes through a cycle in which the middle is held by his talents (figure 3).

Strategic management is not about replacing one orientation by another; going from the universal to the particular. We concluded from our research that the human organizations with the most effective change programs have developed a culture of *dialectics*. This means that change is best initiated by putting one orientation in the context of the other rather than by opposing values. The elegance of this approach is that the existing culture is not threatened but enriched.

Organizations that have developed a strong

position on one of the extremes need to take advantage of the strengths of that orientation. Take for example the view on globalism versus multinationalism.

There are differing views on whether we are becoming more globally *universal* and alike or whether we are becoming more influenced by *particular* and unfamiliar national cultures.

Some believe that international success depends upon a company exploiting new global trends and factors. Just as English has become the universal business language, so no developing part of the world can remain unaffected by global markets, capital flows and world-class standards.

Others, however, support the view that international success depends upon discovering special veins of excellence within different cultures. Just because people speak English does not mean they think alike. That no two cultures are the same is what brings richness and complexity to multinationalism.

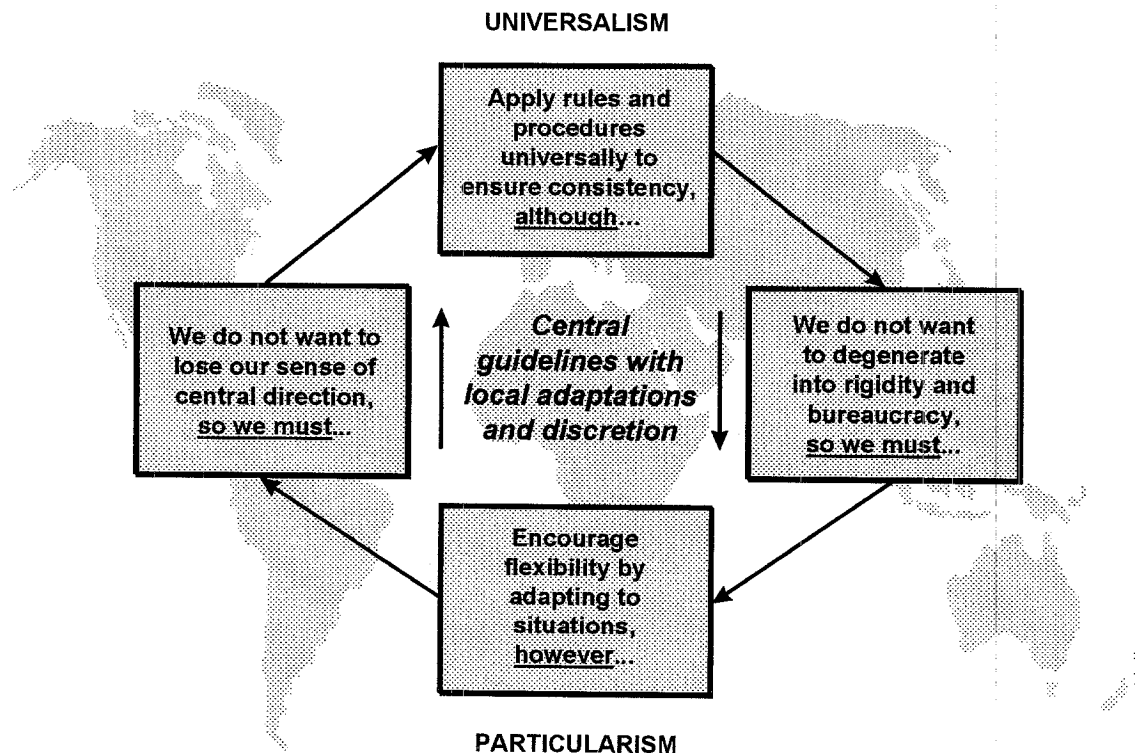
A corporation reconciling Axes A and B must make a conceptual leap. The answer lies in *transnational specialisation*, that is, allowing each nation to specialise in what it does best and be a source of authority and leadership within the global corporation for that particular vein of excellence. The reach is truly global but the sources of major influence are national. Leadership in particular functions shifts to whichever nations excel at those tasks. The reconciliation takes the form of a “virtuous circle”. In this dialectic the best innovative processes are developed, disadvantages made into advantages. However, it is not easily achieved and needs the involvement of the very top.

### Individualism versus Collectivism

The conflict between what each of us wants as an individual, and the interests of the group we belong to, is the second of our five dimensions covering how people relate to other people. Do we

Figure 3

### UNIVERSALISM VERSUS PARTICULARISM



relate to others by discovering what each one of us individually wants and then trying to negotiate the differences, or do we place ahead of this some shared concept of the public and collective good?

Individualism has been described (Parsons 1955) as “a prime orientation to the self”, and collectivism as “a prime orientation to common goals and objectives.” Just as for our first dimension, cultures do typically vary in putting one or the other of these approaches first in their thought processes, though both may be included.

The 25,000 managers who answered the following question show this, although the division here is not quite so sharp as for the example illustrating the universal versus the particular.

*Two people were discussing ways in which one could improve the quality of life:*

*a. One said: “It is obvious that if one has as much freedom as possible and the maximum opportunity to develop oneself, the quality of one’s life will improve as a result.”*

*b. The other said: “If the individual is continuously taking care of his fellow human beings the quality of life will improve for everyone, even if it obstructs individual freedom and individual development.”*

*Which of the two ways of reasoning do you think is usually best, a or b?*

Again we have taken the average of five questions and this results in the scores in Figure 4.

The strategy process is intimately related to the cultural context in which it unfolds. If we look at the Anglo-Saxon literature on the subject it seems that the manager is undoubtedly an individual hero rationally designing the willed future. This is in sharp contrast to many Asian managers. Strategy is ultimately a group process that is decided through a painstaking process, in which many colleagues are involved until consensus is reached about the course to follow.

In cases where we look at the content of the process we frequently observe a communitarian set

Figure 4

**INDIVIDUALISM VERSUS COLLECTIVISM**  
**how to improve your quality of life**

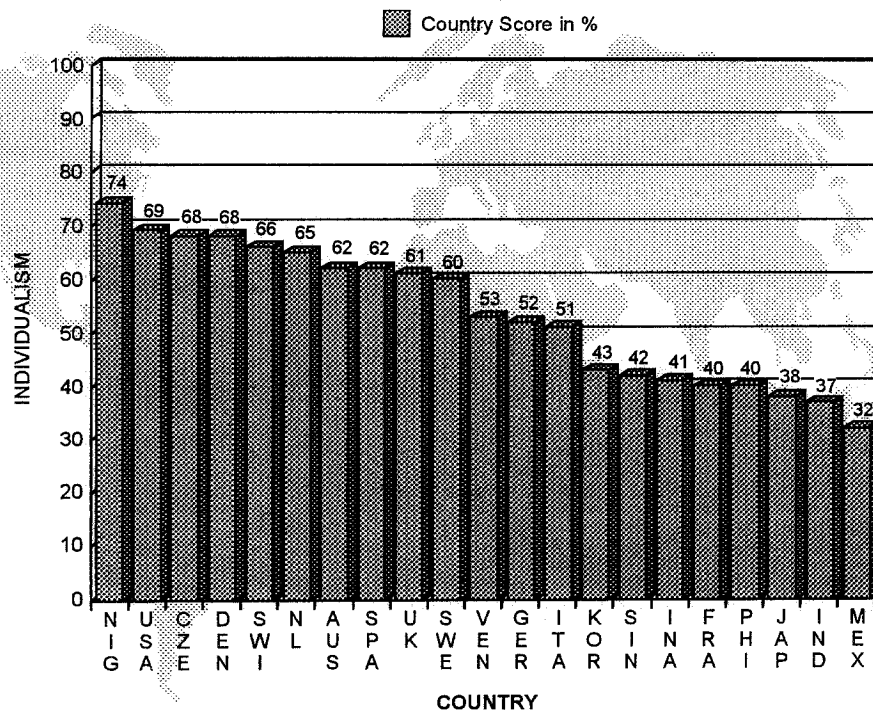
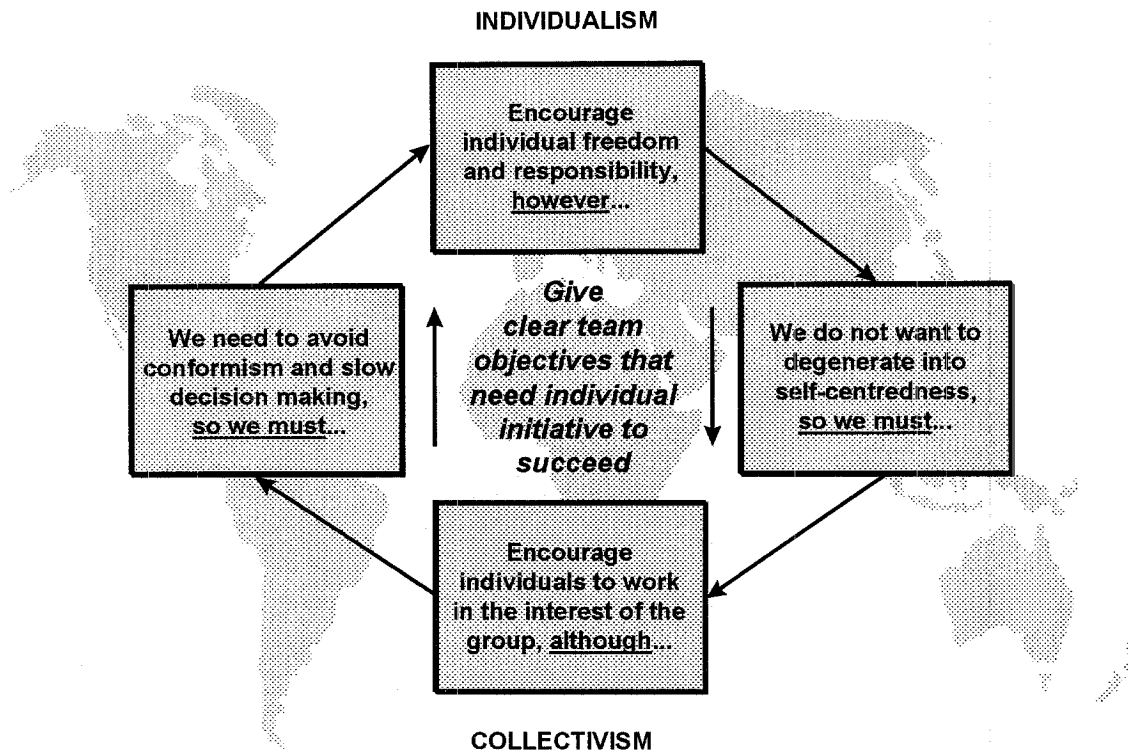


Figure 5

## INDIVIDUALISM VERSUS COLLECTIVISM



of goals in collectivistic cultures, while individualistic cultures focus rather on the desired well-being of an ultimate unit.

### Reconciling Individualism with Collectivism

Charles Hampden-Turner sees the issue as essentially circular, with two “starting points”.

We all go through these cycles; each of us starts from different points and conceives them as either means or ends. The individualist culture sees the individual as “the end”, and improvements to collective arrangements as the means to achieve it.

The collectivist culture sees the group as its end and improvements to individual capacities as a means to that end. Yet if the relationship is truly circular the decision to label one element as an end and another as a means is arbitrary. By definition circles never end. Every “end” is also the means to another goal.

The effective international manager is close to the conviction that individualism finds its fulfilment in service to the group, while group goals are of demonstrable value to individuals only if those individuals are consulted and participate in the process of developing them. The reconciliation is not easy, but possible (see Figure 5).

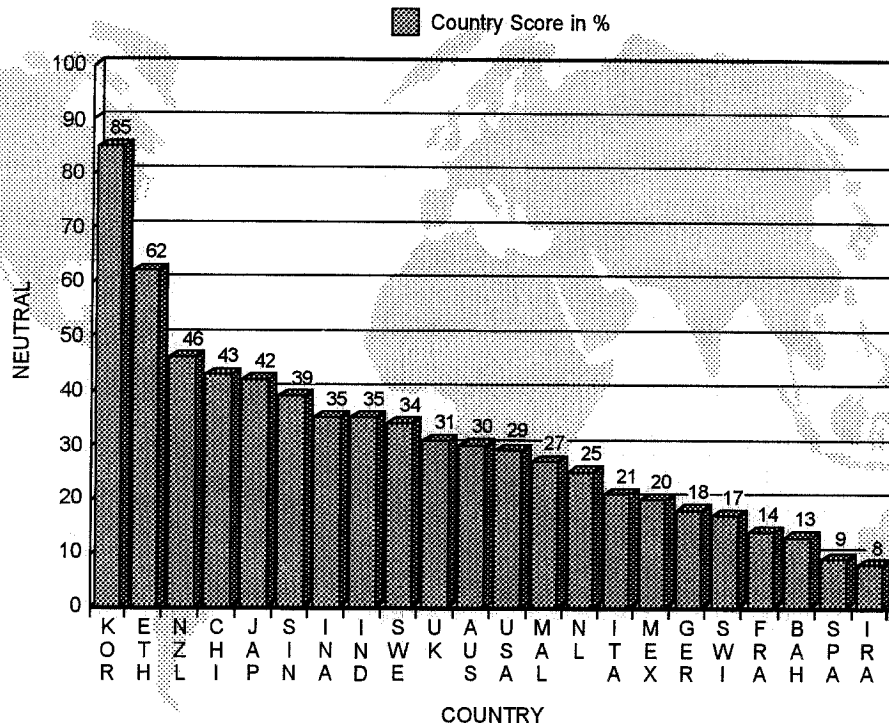
### Do we Display our Emotions?

In relationships between people, reason and emotion both play a role. Which of these dominates will depend upon whether we are *affective*, ie show our emotions, in which case we probably get an emotional response in return, or whether we are emotionally *neutral* in our approach.

Typically, reason and emotion are combined. In expressing ourselves we try to find confirmation of our thoughts and feelings in the response of our audience. When our own approach is highly

Figure 6

### NEUTRAL VERSUS AFFECTIVE would not show emotions overtly



emotional we are seeking a *direct* emotional response: “I have the same feelings as you on this subject.”

When our own approach is highly neutral we are seeking an *indirect* response. “Because I agree with your reasoning or proposition, I give you my support.” On both occasions approval is being sought, but different paths are being used to this end. The indirect path gives us emotional support contingent upon the success of an effort of intellect. The direct path allows our feelings about a factual proposition to show through, thereby “joining” feelings with thoughts in a different way (see Figure 6).

#### Reconciling Affective and Neutral Cultures

Overly affective (expressive) or neutral cultures have problems in relating with each other. The neutral person is easily accused of being ice-cold with no heart; the affective person is seen as out of control and inconsistent. When such cultures meet, the first essential for the international manager is to recognise the differences, and to refrain from making any judgements based on emotions, or the lack of them.

The effective strategic manager does make this reconciliation almost intuitively through the virtuous circle shown in Figure 7.

In an innovative culture both aspects are extremely important. *Inventiveness* is originally an intuitive and emotional competence. However, it needs to be checked by cold reasoning to become an *innovation*.

#### How Far do we get Involved?

Closely related to whether we show emotions in dealing with other people is the degree to which we engage others in *specific* areas of life and single levels of personality, or *diffusely* in multiple areas of our lives and at several levels of personality at the same time.

In specific-oriented cultures a manager *segregates* out the task relationship she or he has with a subordinate and isolates this from other dealings.

But in some countries every life space and every level of personality tends to permeate all others.

National differences are sharp under the headings



of specificity and diffuseness. The range is well illustrated by responses to the following situation:

*A boss asks a subordinate to help him paint his house. The subordinate, who doesn't feel like doing it, discusses the situation with a colleague.*

*a. The colleague argues: "You don't have to paint if you don't feel like it. He is your boss at work. Outside he has little authority."*

*b. The subordinate argues: "Despite the fact that I don't feel like it, I will paint it. He is my boss and you can't ignore that outside work either."*

In specific societies, where work and private life are sharply separated, managers are not at all inclined to assist. As one Dutch respondent observed, "house painting is not in my collective labour agreement".

Figure 8 shows the average of five questions in this area. Diffuse cultures tend to have lower turnover and employee mobility because of the

importance of "loyalty" and the multiplicity of human bonds. They tend not to "head hunt" or lure away employees from other companies with high (specific) salaries.

Take-overs are rarer in diffuse cultures because of the disruption caused to relationships and because shareholders (often banks) have longer-term relationships and cross-holdings in each other's companies and are less motivated by the price of shares.

### Specific and Diffuse Strategies

Diffuse strategies emphasize the importance of a holistic relationship with the organization and its environment. It is aimed at expressions that respect long-term relationships and loyalty to company and suppliers/clients. The strategic process tries to take many aspects into consideration. In organizations in which the degree of involvement is small, task-specific agreements are easily made and are therefore easy to measure. The strategy involves the 'bottom line' and 'best practice'.

Figure 7

### NEUTRAL VERSUS AFFECTIVE

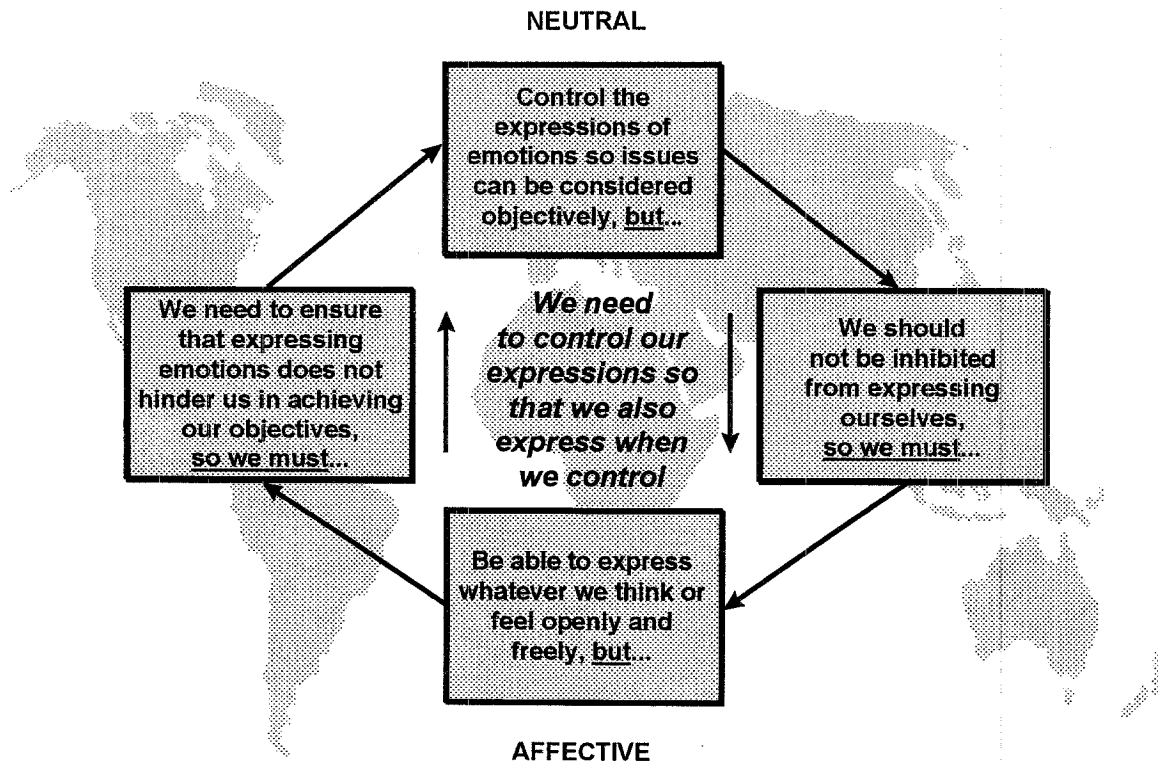
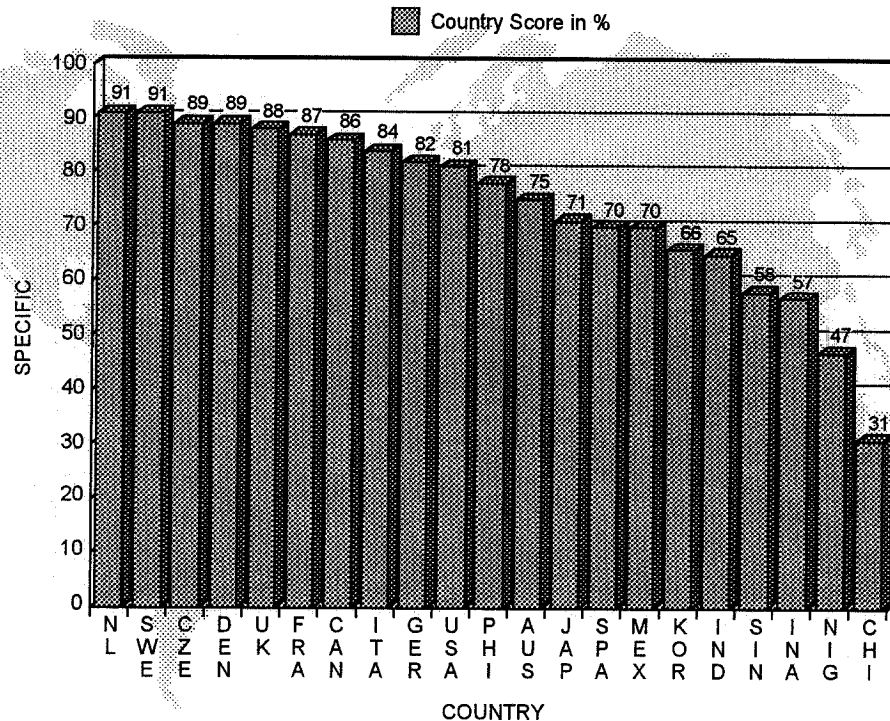


Figure 8

### SPECIFIC VERSUS DIFFUSE painting the house of your boss



### Reconciling Specific/Diffuse Cultures

This is perhaps the area in which balance is most crucial, from both a personal and a corporate point of view. The specific extreme can lead to disruption, the diffuse extreme to a lack of perspective; a collision between them results in paralysis. It is the interplay of the two approaches which is the most fruitful for the strategic manager, recognising that privacy is necessary, but that complete separation of private life leads to alienation and superficiality; that business is business, but stable and deep relationships mean strong affiliations (Figure 9).

### Do we Work for our Status or is it a Given?

All societies give certain members higher status than others, signalling that unusual attention should be focused upon such persons and their activities. While some societies accord status to people on the basis of their achievements, others ascribe it to them by virtue of age, class, gender, education, etc. The

first kind of status is called achieved status and the second ascribed status. While achieved status refers to doing, ascribed status refers to being.

Achievement-oriented organisations justify their hierarchies by claiming that senior persons have “achieved more” for the organisation; their authority, justified by skill and knowledge, benefits the organisation.

Ascription-oriented organisations justify their hierarchies by “power-to-get-things-done”. This may consist of power *over* people and be coercive, or of power *through* people and be participative. There is high variation within ascriptive cultures and participative power has well-known advantages. Whatever form power takes, the ascription of status to persons is intended to be exercised as power and that power is supposed to enhance the effectiveness of the organisation. The sources of ascribed status may be multiple and trying to alter it by promotion-on-the-grounds-of-achievement can be hazardous.

In ascribing cultures, status is attributed to those who “naturally” evoke admiration from others, ie older people, males, highly qualified persons and/or persons skilled in a technology or project deemed to be of national importance. To show respect for status is to assist the person so distinguished to fulfil the expectations the society has of him or her. The status is generally independent of task or specific function.

To measure the extent of achieving versus ascribing orientations in different cultures, we used the following statements, inviting participants to mark them on a five-point scale (1=strongly agree, 5=strongly disagree).

*The most important thing in life is to think and act in the ways that best suit the way you really are, even if you don't get things done.*

Figure 10 shows the percentage of participants who disagree with a series of similar statements, which reflects the degree of achievement orientation.

### Achievement and Ascription in an Evolving Strategy

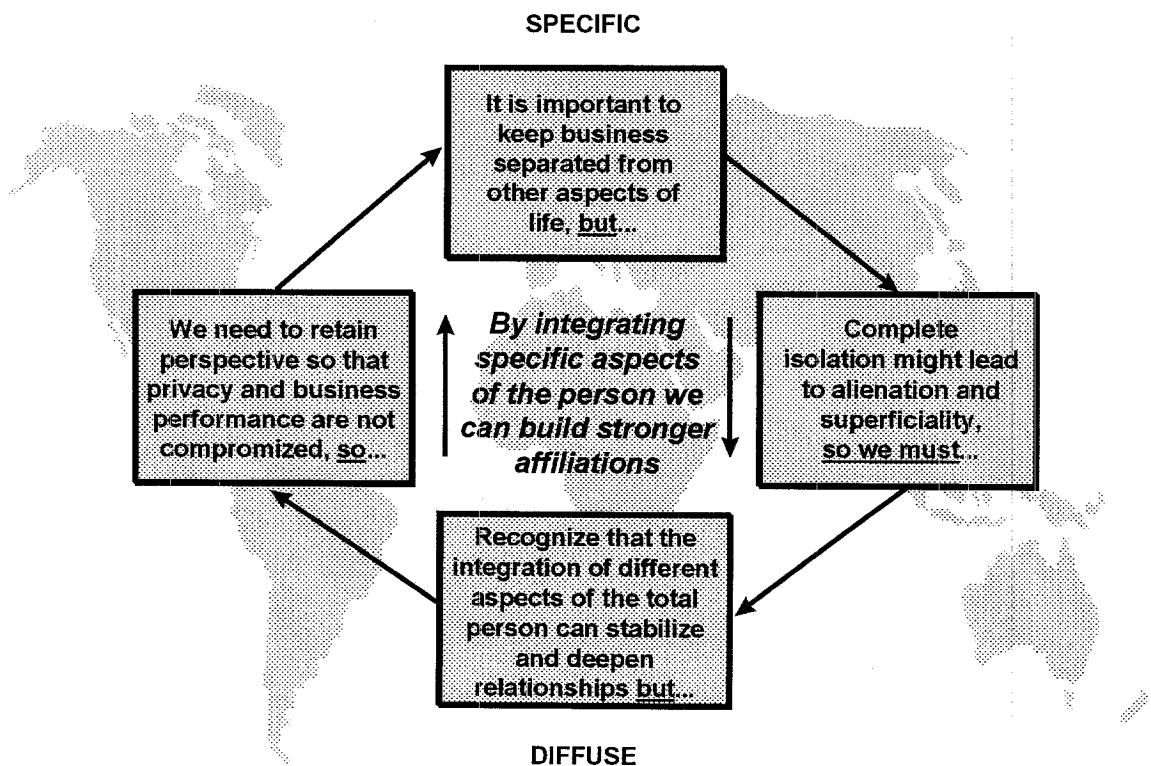
Consider the different strategies that different nations adopt to develop their economies. The North American approach does not include state support for the development of a particular product or industry. This is in sharp contrast to the Japanese state, which views it as part of its role to ascribe status to a product or industry by supporting its development. The Americans' view is that the best chance of achieving competitive advantage is to have products competing so that the reaction of the market will decide their future. Japanese strategize by ascribing status to a product or industry so that it will initially be pushed and protected and gets the stability to “achieve” in the future.

### Towards Reconciliation

Despite far greater emphasis on ascription or achievement in certain cultures, in my view they develop together. Those who “start” with ascription

Figure 9

### SPECIFIC VERSUS DIFFUSE



usually ascribe not just status but future success or achievement and thereby help to bring it about. Those who “start” with achievement usually start to ascribe importance and priority to the persons and projects which have been successful. Hence all societies ascribe and all achieve after a fashion. It is once again a question of where a cycle starts. The international manager again rides the wave of this dilemma as shown in Figure 11.

Both achievement-oriented and ascription-oriented cultures have their limitations. When achievements are detached from any ascribed characteristics it remains a very unstable equilibrium, well expressed by the American saying: “You are as good as your last performance”. Conversely, an overly ascribed culture does not challenge the existing status structure and results in the maintenance of the status quo.

### Past, Present or Future Orientation?

If only because managers need to co-ordinate their business activities, they require some kind of shared expectations about time. Just as different cultures have different assumptions about how people relate to one another, so they approach time differently. This orientation is about the relative importance cultures give to the past, present and future.

In his Declarations, Saint Augustine pointed out that time as a subjective phenomenon can vary considerably from time as an abstract conception. In its abstract form we cannot know the future because it is not yet here. The past is also *unknowable*. We may have memories, partial and selective, but the past has gone. The only thing that exists is the present, which is our sole access to past or future. Augustine

Figure 10

### ACHIEVEMENT VERSUS ASCRIPTION quality of life is not as suits you

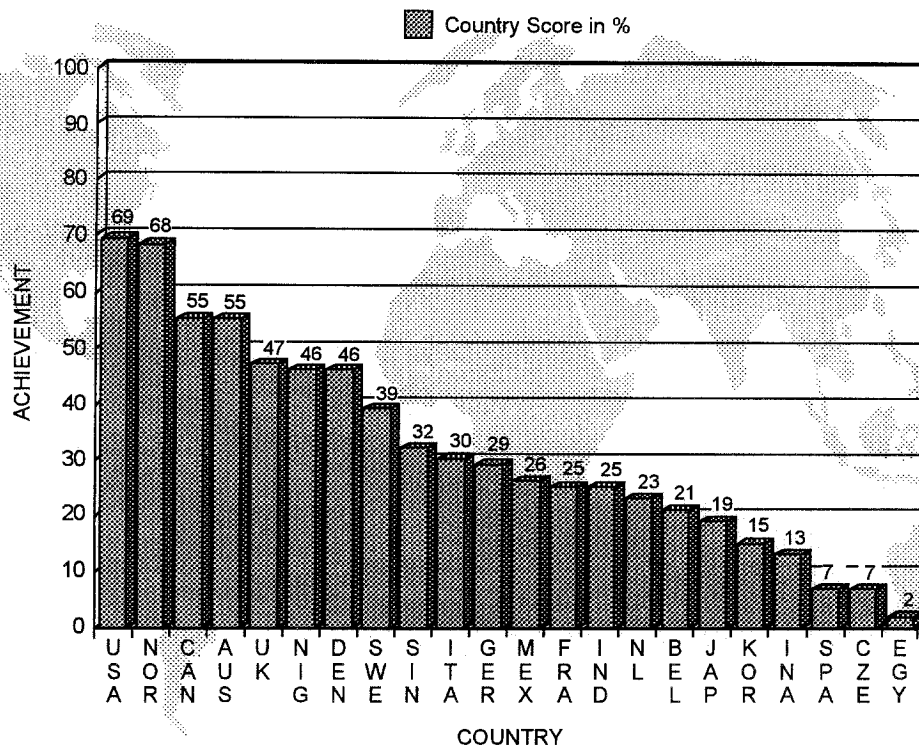
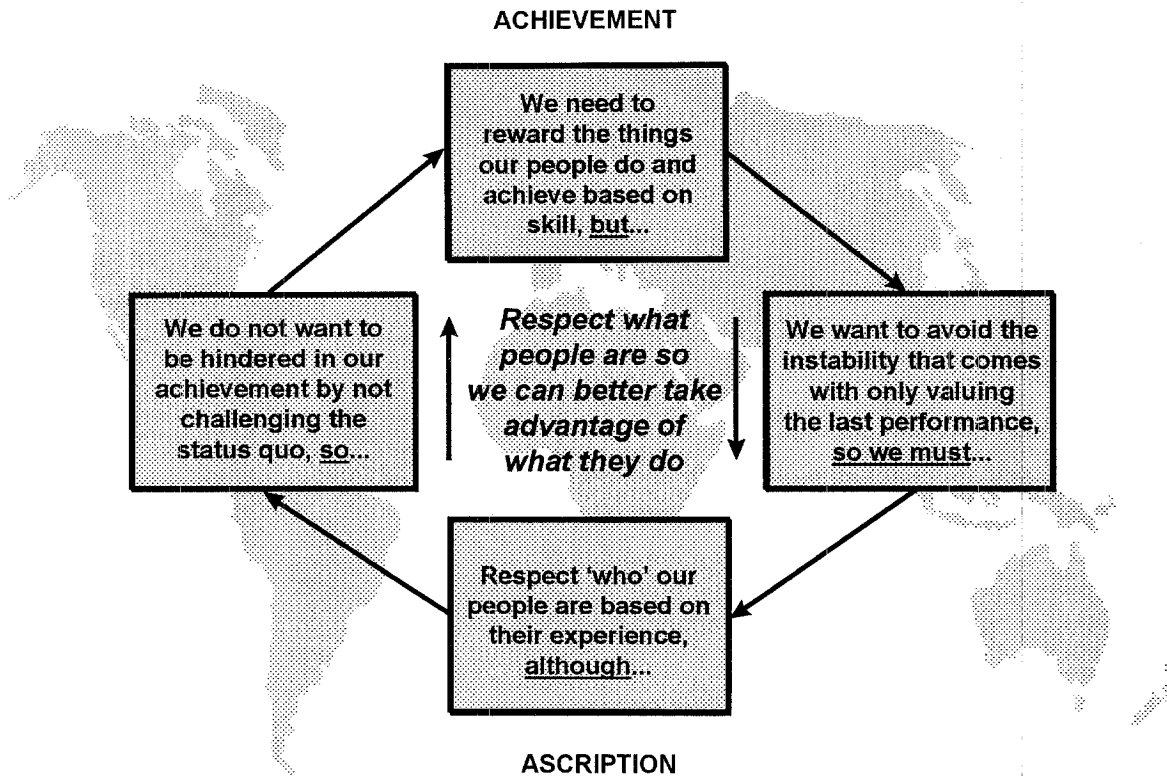


Figure 11

## ACHIEVEMENT VERSUS ASCRIPTION



wrote “the present has, therefore, three dimensions: the present of past things, the present of present things and the present of future things.”

The methodology used to measure approaches to time comes from Tom Cottle (1967), who created the “Circle Test” (Figure 12). The question asked was as follows:

*Think of the past, present and future as being in the shape of circles. Please draw three circles on the space available, representing past, present and future. Arrange these circles in any way you want that best shows how you feel about the relationship of the past, present and future. You may use different size circles. When you have finished, label each circle to show which one is the past, which one the present and which one the future.*

How we think of time has its own consequences. Especially important is whether our view of time is *sequential* - a series of passing events - or whether it is *synchronic* - with past, present and future all interrelated so that ideas about the future and memories of the past both shape present action.

### Time-orientation and Strategy

Time orientation is the most obvious aspect of the strategic process. Two elements need to be considered. What is the predominant link? Is strategy the process that is ultimately linked to the future? Or is strategizing about reviving the past? And what is the time span? Does strategy focus on the near future or is the extended future, like the coming decades, the main perspective. Is strategy an emerging or a conscious and rational

action to affect the environment? Again an ultimately cultural issue.

### Towards Reconciliation

The strategic manager is often caught in the dilemma of the future demands of the larger organization, needing visions and missions and managing change in relation to the past experiences of local populations.

The reconciliation takes the form of a “virtuous” circle, as in Figure 13.

The short termism that plagues western and particularly US companies is often driven by the needs of the stock markets for annual or quarterly results and profits.

### Nature: Control or Subjugation

The last culturally determined dimension concerns the meaning the actor assigns to his (natural) environment. In cultures in which an organic view of nature dominates, and in which the assumptions

are shared that man is subjugated to nature, individuals appear to orient their actions towards others. People become “*other-directed*” in order to survive - their focus is on the environment rather than themselves. The traditional view of nature is dominated by a belief in what Rotter calls *external control*.

Conversely, it has been determined that people who have a mechanistic view of nature, in addition to the belief that man can dominate nature, usually take themselves as the point of departure for determining the right action.

The “*inner-directedness*” is also reflected through the current fashion of customer-orientation.

The mechanistic cosmology triggered in the Renaissance, and which still dominates much of our thinking today, is characterised by a separation of natural relationships from social relationships. The latter, we clearly see in the western society, where the champions of *internal control* are the engineers and the MBAs.

The American psychologist Rotter (1966) working in the 1960s developed a scale designed to

Figure 12

### PAST, PRESENT AND FUTURE

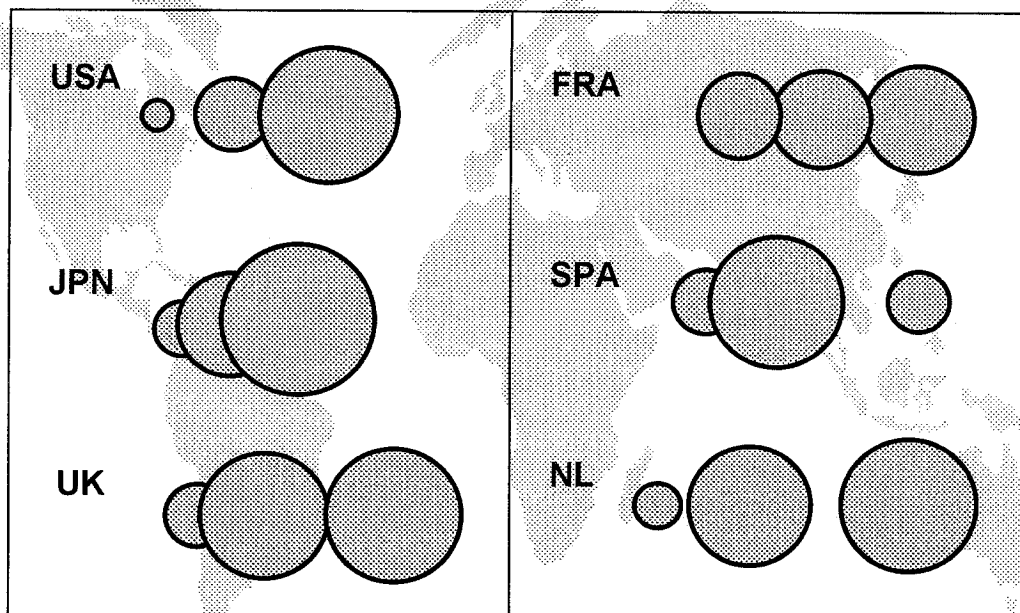
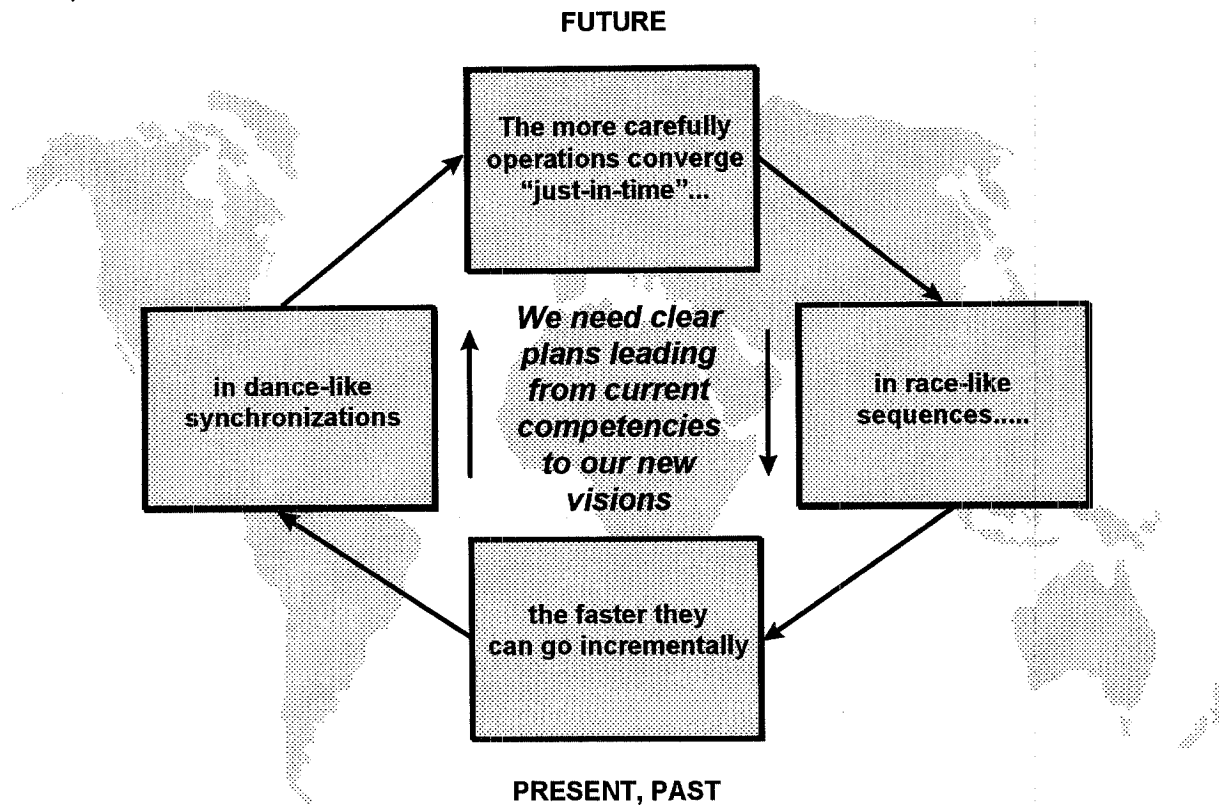


Figure 13

## PAST, PRESENT AND FUTURE



measure whether people had an *internal locus of control*, typical of more successful Americans, or an *external locus of control*, typical of relatively less successful Americans, disadvantaged by their circumstances or shaped by the competitive efforts of their rivals.

We used the questions he devised to assess our 15,000 managers' relationship with natural events. The answers suggest that there are some very significant differences here between geographical areas. These questions all take the form of alternatives: managers were asked to select the statement they believed most reflected reality. The first of these pairs is:

a. *It is worthwhile trying to control important natural forces, like the weather.*

b. *Nature should take its course and we just have to accept it the way it comes and do the best we can.*

Figure 14 shows the percentage of respondents who chose answers like A, ie the inner directors, in the form of an average score across 24 questions.

### Reconciling Internal and External Control

Again we should not go for a discussion of the pros and cons only of sharing a strong sense of internal control, that ultimately leads to a strong sense of inner direction; or merely listing the advantages or disadvantages of developing a locus of external control ultimately leading to outer-directedness. If we look, for example, to the roots of innovation, we might ask ourselves the question of what is essentially more inspiring: The Big Idea or Rapid Refinement? Across cultures there are differing views as to whether the roots of innovation lie in "The Big Idea" or in refining novel ideas faster than your competitors and getting these to market. Some corporations tend to be inspired by the sheer inventiveness of brilliant minds, by an inner-

determination to be the origin of new values, by how many Big Ideas or Systems it can generate. Other organizations tend to the belief that the most successful innovations are “not invented here”, but seized upon, developed and refined to meet customers’ needs. This was done better and faster than rivals could. The key is willingness to be directed from the outside.

A corporation reconciling axes A and B must make a conceptual leap. The answers lie in combining brilliant creative “starts” with fast, refined finishes, so as to constitute a Relay Race in which the “refiners” return from visiting customers with enough money to sponsor more “starts” and inventions. They “hand over the baton” and “give the inventors a head start”. Innovation no longer consists of separate races with starts and finishes, but of continuous circular processes of origination, refinement, origination. In this process everyone can be creative in their own way.

### Reconciling Cultural Differences: a Methodology for Strategic Management

Effective management strives toward riding the waves of intercultural differences rather than ignoring them or leading to one specific culture.

Almost all our problems, and their solutions, are recognisable all over the world. Internationally operating managers are in the middle of these dilemmas.

There is another important respect in which all the world’s managers are the same. Whichever principle they start with, the circumstances of business and of organizing experience require them to reconcile the dilemmas we have been discussing. You can only prosper if as many particulars as possible are covered by rules, yet exceptions are seen and noted.

You can only think effectively if both the specifics and the diffuse wholes, the segments and the

Figure 14

### INTERNAL VERSUS EXTERNAL CONTROL

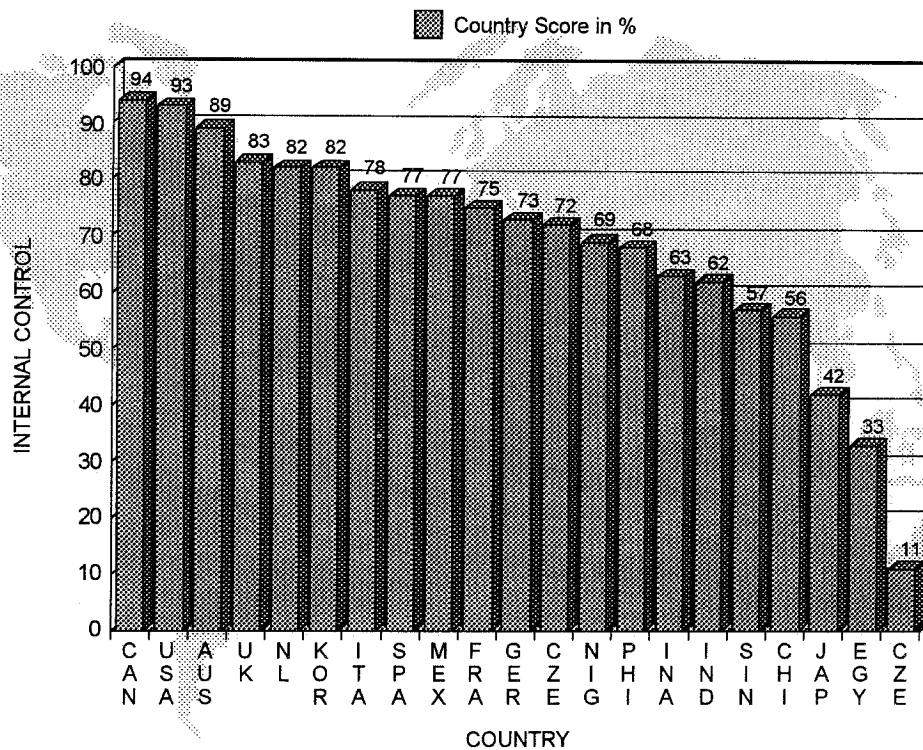
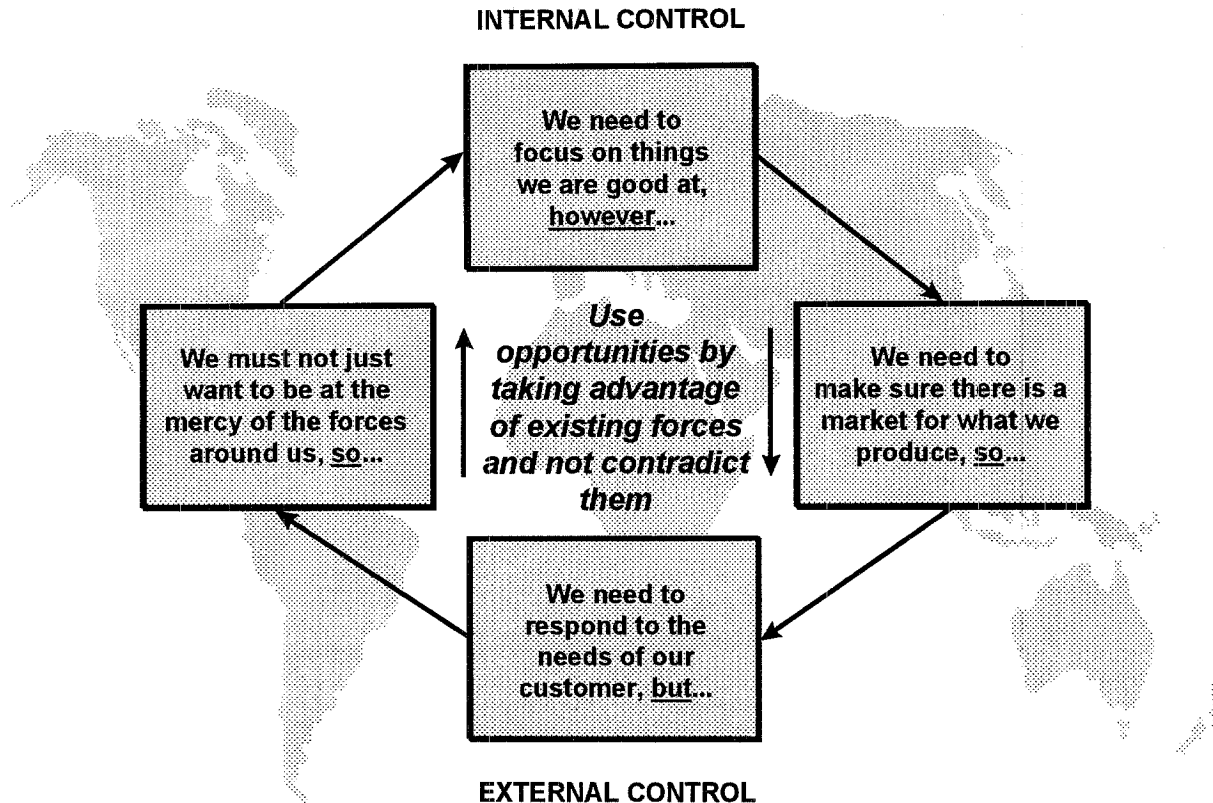




Figure 15

## INTERNAL VERSUS EXTERNAL CONTROL



integrations are covered. Whether you are at heart an individualist or a collectivist, your individuals must be capable of organizing themselves and your collectivities are only as good as the health, wealth and wisdom of each member.

It is crucial to give status to achievers, but equally crucial to back strategies, projects and new initiatives from people who have not yet achieved anything, in other words to ascribe status to these in order to facilitate success. Everyone should be equal in their rights and opportunities, yet any contest will produce a hierarchy of relative standings. Respect for age and experience can both nurture and discourage the young and inexperienced. Hierarchy and equality are finely interwoven in every culture.

It is both true that time is a passing sequence of events and a moment of truth, a "now" in which past, present and future are given new meanings. We need to accept influences both from the depth

of our inner convictions and from the world around us. In the final analysis *culture is the manner in which these dilemmas are reconciled, since every nation seeks a different and winding path to its own ideals of integrity*. It is my position that businesses will succeed to the extent that this reconciliation occurs, so we have everything to learn from discovering how others have travelled to their own position.

I hope that this essay may be read as an invitation to more discussion.

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