Introducing Change across Cultures: Insights from the GLOBE Study

By Marian Stetson-Rodriguez, Charis Intercultural Training Corp.

A U.S. semiconductor company wants to introduce a tiered pay-for-performance compensation system in Malaysia, but is resisted by local managers who say, “We like our peanut butter approach, we spread the raises around evenly.” Malaysians predict that the U.S.-style ranking system will undermine teamwork and damage local relationships. How do you introduce change when employees feel strongly that their familiar pay system works best, and everybody talks about compensation openly?

Dutch leaders want their Indian software engineers to take initiative in ideas and product improvements. The Dutch model is “rondvraag” (questioning everybody to speak their minds) during their project teleconferences. The Indians say the Dutch are too blunt and critical and fear their ideas will be shot down in meetings. Now the Dutch CIO will be introducing changes at an “all-hands” meeting in Bangalore next month. What can be done to prepare Indian employees and the CIO to generate beneficial exchanges in the face-to-face Q & A?

Global companies face many challenges when introducing change to achieve their strategies and create collaboration with shared systems across worldwide operations. While it is human nature to resist change, the degree to which change is resisted and the manner to overcome resistance can be culture-specific. This article will draw upon the most recent and comprehensive research on global leadership and cultures, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study, compare cultures in the construct that deals with change, e.g., Uncertainty Avoidance (UA), and give specific applications to introducing change in policies, staffing and innovation.

The GLOBE study identified nine culture constructs, with UA addressing how cultures approach change. The GLOBE study defines UA as “the extent to which members of societies seek orderliness, consistency, structure, formalized procedures, and laws to cover situations in their daily lives.” By examining the culture construct of UA, change agents can tailor their approaches to effectively introduce and manage change.

This research states that cultures that are high in UA show more resistance to change, while cultures that are more uncertainty tolerant (low UA) show less resistance to change. With rigorous research, the GLOBE community of scholars measured UA practices or “what is” for 62 cultures (see Table 1). These are useful to frame strategies for introducing change in various countries.

For Higher UA Cultures

Higher UA cultures have strengths in building infrastructure and controlling their environments. Cultures that want to avoid uncertainty (those in Bands A and B) favor having clear rules and policies, explicit communication, formalized relationships, documented agreements, more calculated risk-taking and stronger process control. The desire to establish rules allows predictability of behavior, and following rules leads to trust. When planning change, the facts, thorough analysis, ROI, benchmarking, company policy and legal requirements, and other objective points have to be prepared and all of these points have to be presented in writing. In addition, the “how-to” procedures, specifications, and plan of implementation will be required to give the plan of change substance that earns respect. An error in data or omission of how the change will apply locally will drain the proposal of its credibility. High UA cultures are less tolerant of breaking or bending rules. In high UA countries, it is imperative to work with local works councils, legal advisors, or trusted insiders to know the laws, locally established norms, rituals and bureaucratic practices. Those practices that have most strongly contributed to order, consistency, etc., are likely to be the most challenging to change.

In these highly structured and formalized environments, titles (position and academic) are important as equals talk to equals. If you do not have a high rank, having a highly placed sponsor is critical to introduce you and endorse the change. When I delivered a new training
program for a software company in China, the vice president introduced me to participants, and I had a letter of introduction from the president on company stationery as the first page in the training manual. The message was clear from the top that the high-potential managers were expected to start applying the learning right away.

Table 1. GLOBE Study of 62 Societies Uncertainty Avoidance: Society Practices

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<th>Country</th>
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<td>France</td>
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Footnotes refer to “societies” in the GLOBE study that had significant enough variation to be identified as:

a. Germany (West); Former FRG
b. Germany (East); Former GDR
c. Switzerland (French-speaking)
d. South Africa (Black sample)
e. Canada (English-speaking)
f. South Africa (White sample)

For Lower UA Cultures

Lower UA cultures have developed strengths in flexibility and adaptability, may share a history that includes political upheaval, hyper-inflation, invasion, natural disasters and turmoil, but they endure and develop shared norms of resilience. Some of these cultures, such as Japan, do not consider ambiguity or uncertainty a bad thing, as it can provide a cushion while decisions are being made. Cultures that are more tolerant of uncertainty (those in Bands D and C) show less resistance to change, less desire to establish rules that dictate behavior (and more tolerance for breaking rules), are more informal in interactions with others, rely on the word of others they trust rather than on contractual agreements, and are less calculating when taking risks. There is less need to document agreements if the parties have developed a relationship, and over time (with dining, gift exchange, getting to know each other) they have developed trust. In fact, contracts may intentionally be "loose" to allow for changes that are likely to evolve as projects develop, as an American client recently found in developing a joint venture with Samsung in Korea.

What is critical in introducing change in lower UA cultures is the change agent's commitment, shared with conviction, supported by his or her track record, and unwavering intent to see it through for the success of the people in the local environment. Managing the change with personal control will be effective, while sending over a detailed plan, even in the age of virtual collaboration, may be ignored. Close monitoring is required in these environments, as “rule-bending” can be the flexible way to get results, but they may not be the results intended.

Introducing Changes in Policies

Higher UA cultures formalize new policy announcements, and the higher the UA, the longer-term the scope of the policy is. If new policies are going to include more record keeping and reporting, which culture will more likely comply? You probably guessed the higher UA cultures will, and if you provide a good template that can be completed electronically, even better! Higher UA cultures are more likely to seek data and feedback, such as conducting surveys or holding focus groups, especially in highly uncertain situations.

Lower UA cultures tend to see rules more situational and apply them with broader interpretation. While there is more openness to change, the challenge lies in making the change stick if the environment does not support it. For example, when my husband worked in an oil refinery in Venezuela (Band D in Table 1) there were safety rules and equipment, but it was up to each engineer or technician to decide whether he was going to wear the heavy boots, safety straps, and hard hat in the hot and windy environment. The industrial engineer in charge of safety tried to enforce the rules with mixed results, and most employees seemed to accept that accidents happen. Without reinforced training and consequences for non-compliance, change would not happen.

Staffing Growth and Reduction

Leveraging how cultures view uncertainty regarding a very personal issue, one’s employment, we can introduce staffing growth opportunities and reductions with informed strategy. When hiring in higher UA cultures, explicit job descriptions and requirements are the norm. Internships and apprenticeships provide a structured path to becoming known and hired. Lower UA cultures may take into account the relationships that bring the candidate to the job, and employees may feel obligated to give preference to a trusted friend or relative when all are qualified. Requiring job tests that are frequently changed will ensure that job candidates are qualified. Close nurturing supervision during the first year assures that performance standards are met.

Making employees redundant, or reductions in force, is never easy; however, perhaps UA can help us to announce it in ways that are better accepted. With higher UA cultures having a longer-term focus and need for structure, they will appreciate a clear rationale for downsizing, plan of implementation, and future steps to alleviate their uncertainty. Immediate dismissal is a huge shock to
someone who avoids uncertainty. On the other hand, lower UA cultures often have highly developed informal communication systems (grapevine) that get messages out before the organization has made announcements. Controls on what the messaging actually is will benefit everyone. Redundant employees may compare exit packages with one another, and negotiate to see the flexibility of the organization. It behooves the organization to have consistency. Leadership that shows personal concern and sympathy for exiting employees, and refers to outside forces, e.g., government, competition, headquarters, as the cause for downsizing will be appreciated and better understood.

**Best Practices for Innovation**

Looking at the Global Innovation Index for 2011, five of the top six countries are in Band A, the highest UA, with the top three being Switzerland, Sweden and Singapore, ranked equally in both studies! Innovation is certainly about change, and GLOBE found an interesting application. Lower UA cultures are more adept at facilitating the inceptions of innovation, new product development, through higher risk-taking and minimal planning and controls.

Higher UA cultures tend to inhibit new product development, but are better at facilitating the implementation stage through risk aversion and tight controls. To counter the early stage disadvantage, an effective strategy in high UA cultures is to isolate the product development group, and have a champion that will defend the group’s autonomy during the inception stage. Google gives engineers 20 percent of their work week to work on any ideas that might become a project or product one day. Higher UA cultures also tend to have a longer-term focus and belief that results take time; they do not want to be rushed.

**Do Cultures Change?**

Lower UA countries recognize the economic benefits enjoyed by the higher UA countries, and to manage uncertainty, members may be encouraged to use long-term planning, which leads to better management of technology and information. In addition to testing cultural practices, GLOBE also tested cultural “values,” i.e., what participants said “should be.” In UA, an interesting finding was that Switzerland and Germany UA values were inversely correlated to UA practices; in other words, participants indicated that there should be less structure in their society. Many Swiss and German workers are embracing working from home or flextime. I have been asked by Chinese working for Western companies in Shanghai, with up to a two-hour commute to work, why their U.S. colleagues can work from home, but Chinese must come in to the office. Although China’s values for UA correlated to UA practices (both highest band), the younger generation is requesting more flexibility in organizations. Thus, as cultures increase in context, the driver toward higher UA appears to be increased technology and information, which are potential motivators in adopting change. Meanwhile, in higher UA cultures, GLOBE researchers postulate that boredom may result from high predictability and a more flexible workplace is motivating.

**Other Cultural Dimensions to Consider**

While this article has focused on UA and its effect on change management, it does not operate in isolation. The other cultural dimensions worth exploring in the GLOBE study are **Future Orientation, Institutional Collectivism, and Performance Orientation**, which positively correlate with UA. **Power distance and in-group collectivism** are negatively correlated with UA practices. The GLOBE report states, “These relationships suggest that, in societies scoring high on GLOBE Uncertainty Avoidance practices, uncertainty is reduced through institutional collectives; however, with less reliance on in-group collective practices. This tendency toward collective institution interests helps manage technology and information, as well as skills and knowledge. The managing of uncertainty and risk creates an outlook that promotes long-term thinking. This, in turn, allows societies to focus on performance, with less of an inclination for societal power differential status.”

Finally, **Assertiveness, Gender Egalitarianism, and Humane Orientation** complete the nine cultural dimensions.

**Closing Thoughts**

“If communication is the key, make sure your door isn’t locked from the inside,” said Gary E. Maddox, executive director of the Southwest Center for Independent Living. He has worked with people with disabilities for over 25 years, and draws parallels to working across cultures.

In the Malaysian pay-for-performance scenario, the U.S. parent company gave a three-year phase-in period, sent a senior HR director as an expatriate the final year, and over the course of the change emphasized how the Malaysian operations were so critical to the long-term future of the company that consistency worldwide needed to be achieved. The earlier norm of sharing salary information gradually changed within the company.

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Bangalore. He said that further details would ensue, after hearing their ideas. He built rapport by sharing a bit of his personal and professional background with the audience, and spent a few extra days to experience Indian culture and talk with people informally. Local HR prepared the audience ahead of time for the key points that the CIO would address, so the employees could prepare their questions. If we discover our own cultural preferences, and then look at our clients’ and stakeholders’ cultures, we can introduce change in ways that are better aligned with the local culture, are met with less resistance and are, ultimately, more successful.

Endnotes

1 The GLOBE study was conducted in 62 countries, with 117,000 mid-level managers in 951 organizations in three industries (financial services, telecommunications, and food processing) from 1993 to 2003. Surveys and interviews were conducted in the local language.


3 Ibid, p. 622

4 Those familiar with Hofstede’s Uncertainty Avoidance Index (UAI), which has Japan high in UAI, are surprised that Japan is mid-UA in GLOBE. The GLOBE report contrasts Hofstede’s seminal work with their results at length and discusses the points at which these two bodies of research did not measure the same items.


6 Personal conversations with Google engineers in Graduate Engineering classes at Santa Clara University.


About the Author

Marian Stetson-Rodriguez, president of Charis Intercultural Training Corporation, a global leadership development and intercultural communication and consulting firm, has served high-tech clients for more than 20 years. She has consulted to companies with international acquisitions and international startups, growing and downsizing international operations, managing a culturally diverse workforce, building sales and managing distribution to customers overseas, and managing global teams in more than 20 countries. Charis’ staff of 25 consultants in 11 countries delivers cross-cultural training for leaders and employees with global projects. She is adjunct faculty at Santa Clara University Graduate Engineering and MBA programs, where she teaches how to work in global teams. She has a M.S. in Organizational Development, is fluent in Spanish and English, and conversant in French and Italian. She and her Venezuelan husband have three bilingual children. She can be reached at m.s.rodriguez@chariscorp.com.