

Analyzing Effects of Cultural differences on leadership role with respect to implementing rules, conducting ethical codes and accomplishing goals

a cross-cultural analysis between United States and Japan

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Abstract

Purpose – The purpose of this paper is to analyze cultural differences between United states and Japan using Hofstede’s 6-dimensional model and Rokeach value survey to identify beneficial strategies for managers. To identify a cross-cultural comparison model, this paper reviews Hofstede’s model and its importance which led us to choose it as our comparison basis. Furthermore, it examines how cultural differences can be linked to each nation’s values. This research evaluates importance of considering cross-cultural differences as a manager in implementing rules and code of ethics.

Design/methodology/approach – The data for this research comes from Hofstede’s 6-d cultural model, and his publications, Rokeach values survey and also by analyzing previous research studies in cross-cultural study of U.S. and Japan.

Findings – The paper arrives at the conclusion that Hofstede’s 6-d model is reliable to be the basis for comparison. And analyzing U.S and Japan differences based on Hofstede’s dimensions and Rokeach values survey show that people from these two cultures show different attitudes towards accepting new rules, code of ethics and also have different styles in business communication and processes. Therefore based on learning this knowledge, managers can take more efficient steps to accomplish policies and manage cross-cultural differences and Identify those managerial actions that will most likely result in ethical behavior of employees.

Originality/value – The paper contributes to literature by demonstrating how managers can be more effective by learning cross-cultural differences and increase leadership speed and efficiency.

Keywords: Hofstede’s cultural dimensions. US. Japan. Cross-cultural differences. International leadership, Rokeach values survey

Paper type: Research paper

Introduction

In today's multinational business relationships, cross-cultural differences are affecting the quality, speed and efficiency of businesses. Specially there are more and more Japanese and American corporations building businesses and exchanging goods. The more managers know about these differences, the better they can control them and take more considerations how to design strategies to direct these differences to approach goals.

Based on Hofstede's cultural dimensions, U.S and Japan have different scores on all dimensions but are remarkably different in Individualism, uncertainty avoidance and long-term orientation. Studies show how this difference among employees and businessmen, influences creating and implementing policies and communication in business world. In this paper, we reviewed literature with respect to this topic. There are several studies looking at different aspects of this subject including effectiveness of considering cultural differences on business communication, applying ethical policies and team management. And also, this paper reviewed related case studies with Japanese and American samples which gives good insight on these two cultures. Finally analyzing different cultural dimensions and results of research studies in this area, shows effective ways of managing cultural differences and gives useful suggestions on how to cope with these differences as a leader. At last, there are suggestions for future research on this topic.

Literature review

Hofstede's 6 dimensions

Hofstede argues that different cultures differ along six major cultural dimensions: power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence (Hofstede, 1984, 2011). Hofstede's doctrine created an extremely popular way in cross-cultural psychology research. Hofstede's model has been under evolution for the last several decades since he initiated it. He started his research around 1970 based on surveying IBM employees from 72 countries and started his doctrine with 4 cultural dimensions and expanded it through his other researches to 6 dimensions later (Hofstede, 1979, 1980, 1983, 1984, 2010).

The fact that his doctrine has the capability of expansion is worthy in nature (Minkov & Hofstede 2011). However, there are criticisms against his doctrine arguing that it is fundamentally flawed because of different reasons; For example, saying that his method of surveying is not an appropriate way to measure culture (McSweeney 2002). Although the model has been criticized by some, it was mostly

appreciated by many global researchers such as Michael bond, one of the world's best researcher's in cross-cultural psychology (Bond, 2002). Also, still there is a vast opportunity for future research to further analyze and expand Hofstede's model. In this paper, we used Hofstede's model to explore US and Japan cultural differences.

Hofstede defines his dimensions as follows: (Hofstede, 1984, 2011)

1-power distance: the extent that less powerful members of institutions in a country expect and accept unequal distribution of power.

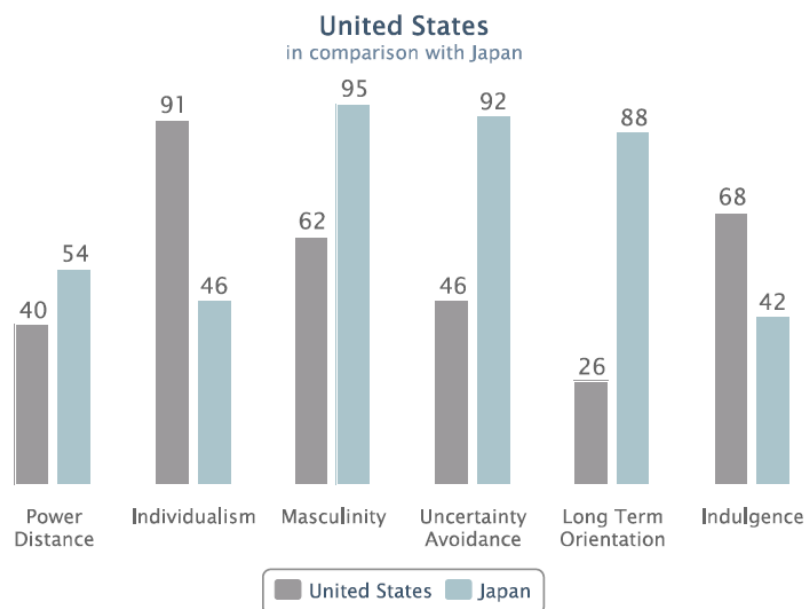
2-Individualism: the extent in which members of a society has independence.

3-Masculinity: It stands for the preference in society for achievement and material success versus femininity which stands for preferring quality of life and caring for others.

4-uncertainty avoidance: Is the extent in which members of a society feel threatened by unknown situations

5-long term orientation: The extent a society is attaches to its past and can accept new ideas to deal with future.

6-indulgence: The extent to which people tend to control their impulses and desires.



US. Vs. Japan, Hofstede's 6-d comparison chart (graph generated by <https://geert-hofstede.com/>)

Cultural comparison between United States and Japan based on Hofstede's model (Hofstede)

1-power distance

United States has a fairly low score on power distance. Which means Americans believe in equality, and hierarchy exist for management convenience. Japan scores 54 on this scale which means it is a slightly hierarchical society. Interestingly while Japanese business perform under multilayered hierarchy, no manager has higher power and all managers on different layers must approve decisions.

2-individualism

United states with the score of 91 is one of the most individualistic countries in the world. It means Americans only take care of themselves and their direct family. They are not shy to approach for their needs and are best joiners, but it is hard for them to make deep friendships. In business, American employees are expected to be initiative and self-reliant. On the other hand, Japan has a low score of 46 on individualism which means it has characteristics of a collectivistic country such as considering group values above personal preferences. But still Japan is the least collectivistic nations in comparison with other Asian countries because it doesn't have extended family system such as china. Japan scores much lower than United States on individualism and this indicates a big difference in Japanese and American attitudes in business world.

3-Masculinity

United States scores 62 on masculinity and Japan scores 95. Both countries are masculine countries. But Japan is one of the most masculine countries in the world and U.S has more feminine characteristics in comparison with Japan. Because of its high masculinity, there is a severe competition among Japanese and also, they seek production perfection but since they are mildly collectivist, there isn't aggressiveness among them.

4-uncertainty avoidance

U.S. has score of 46. It means for Americans, accepting new ideas is fairly acceptable. And are tolerant of novel ideas or people. But Japan scores 92 on this scale. This shows that Japanese people remarkably avoid uncertainty. And it has been linked to their natural disasters. They use to prepare for unusual situations. It means for Japanese people it's not easy to accept new ideas. So, for example they are slower in accepting new Technology as Straub also proves this in his research (1994). Overall everything in Japan has a detailed prescription including ceremonies, behavior etiquette and decision-

making. Managers need so much information in Japan to take any action. All these are reasons why changes are very difficult and time taking in Japan.

5-long term orientation

In this dimension, also U.S. and Japan have very different scores. Us with score of 26 has a low score. It means Americans as a normative society has strong believes about what is good and what is bad. American also care about short-term profits in business and assess profit 4 times a year. In the other hand, with the score of 88, Japan have a very high long-term orientation score. Japanese high score of long-term orientation highly shows itself in their businesses and corporation. They are not concerned about short-term quarterly profits like Americans. They care too much about more durable long-term oriented profits such as investing in R&D as much as possible and increasing market share. They want the business to bring profit for generations.

6-indulgence

with a core of 68, U.S. is an indulgent society. Interestingly Americans are both normative and indulgent and they believe in statements such as work hard and play hard. They work to gain money to be able to advance in material aspects. On the other hand, Japan with score of 42 on indulgence, is a restraint country. Japanese people tend to control their desires and don't put too much time for leisure activities.

U.S. And Japan Value system

American and Japanese cross-cultural differences have showed to effect managerial behavior and business attitude tremendously. These cultural differences are linked and to value system of each country. In order to assess the link between U.S. and Japan value systems and cultural differences that affect their business approaches, a research study assigned American managers and Japanese managers to take a questionnaire measure of upward mobility desires (Sarnoff) and Rokeach values survey to see why Japanese managers were tend to be more productive. (Howard, Shudo, Umeshima, 1983) The results were as follows:

- A- Japanese emphasis is on socially beneficial values in contrast with Americans which attached greater importance to individual values and straightforwardness
- B- Japanese valued accomplishment, advancement, money and forward striving more than Americans.

- C- Achievement and Advancement maybe is a fuel for Japanese managers productivity and their collective action discipline and reward it.

The Japanese attitude to value Achievement and advancement more than Americans can be linked to their extremely high masculinity in Hofstede's 6-d model. Also, it can be linked to their higher long-term orientation which leads them to invest on long-term capitals and R&D as much as possible. So, the results are compatible and support our Hofstede's analysis.

There is a fact that individual's cultural values can be changed or reshaped by accepting organizational culture (Karahanna, Evaristo & Srite, 2005). In fact, values can be changed by learning about new values (Grojean, Resick, Dickson and Smith, 2004, p.226). A possible solution for managers, in order to implement organizational values is to encourage employees to change or reshape their values by considering incentives for the change. For instance, if a manager faces a clan culture in organization and wants to implement equality value, he can start rewarding behaviors that increase equality such as cooperation, caring for welfare of colleagues and not hurting good relationship or work atmosphere (McLaurin, 2008)

Further studies on U.S. and Japan cross-cultural differences Analysis

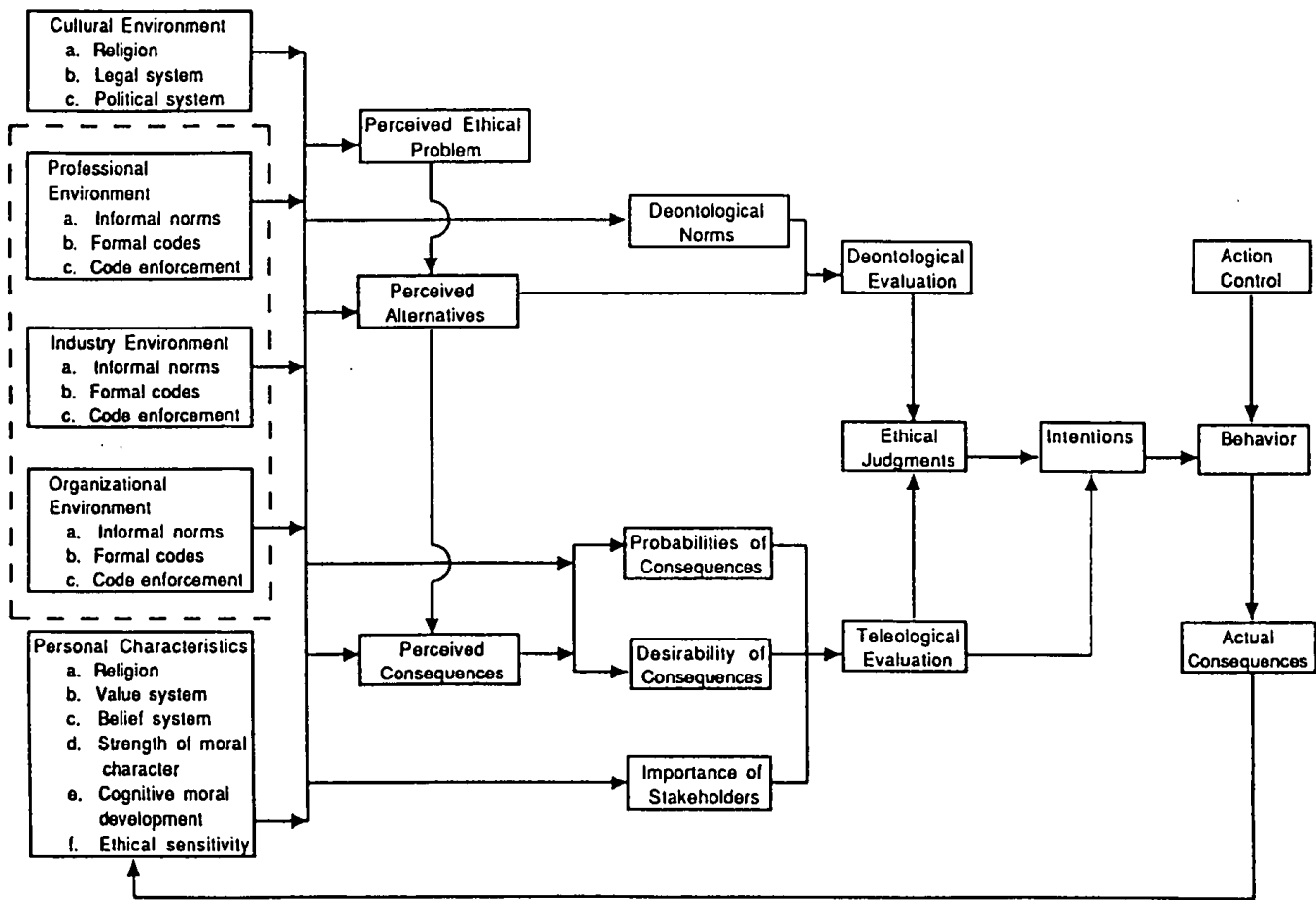
American managers and Japanese managers tend to plan differently

A cross-cultural research study, linked effect of cross-cultural differences to manager's urban planning approach of 6 different countries including U.S. and Japan. In this study, they found that managers were different on all dimensions of Hofstede model and they had different value orientation. Because each managers plan based on their values, so these differences affect their planning approaches and latterly to different cultural products. (Rodriguez & Brown 2012)

Effects of culture on ethical decision making

Hunt and Vitell in their general theory of marketing ethics suggested that cultural norms of each country affect perceived importance of staked holders, perceived ethical values and desirability of consequences (1986). Because ethical values of each country are affected by its culture, learning their relationship help managers to identify those managerial actions that will most likely result in ethical behavior of employees (Vitell & Nwachukwu & Barnes, 1993).

When looking at Theory of Hunt and Vitell, cultural, personal characteristics and professional, industry, and organizational environment affect ethical behavior but in the scope of this paper, we only considered cultural environment as an effective element.



Source: Hunt and Vitell (1992) revised from Hunt and Vitell (1986). The portion of the model outside the dashed lines constitutes the general theory. The portion inside the dashed lines individuates the general model for professional and managerial contexts.

Fig. 1. Hunt-Vitell theory of ethics.

Based on Vitell et all research, Effects of different elements of some 4 dimensions of Hofstede's model on ethical behavior can be summarized as follows:

- a- Power distance: Based on differential association, individual's behavior is learned through interacting with those people who are in scope of person's intimate groups (Sutherland and Cressey,1970). Ferrel and Krugman used differential association to explain ethical behavior. Based on research outcomes, Differential association with peers were the strongest predictor of ethical/unethical behavior (1983). It can be concluded that because American people have low power distance they don't consider undue reverence for people in higher position. So, in order to choose their ethical norms, Americans look to their peers and informal relationships than looking to their superior norms. They may also get influence from superiors but is less than Japanese people who live in a high-power distance culture and tend to look at their superiors and do what is

common. Also since United States is individualistic besides having low power distance, other researches support this idea that because of this cultural characteristic, Americans are not influenced much by organizational ethical rules (Robin and Reidenbach, 1987).

So, managers should take this fact into consideration before implementing ethical codes. It's better to stress informal codes for employees in a low power distance culture while formal codes tend to be more effective for people in high power distance in comparison.

- b- Individualism/ collectivism: since in individualist cultures, group members are more self-reliant and less committed to groups, American people as an individualist culture are not influenced much by corporate ethical rules. Also, they when they commit unethical behavior it is mostly because of self-interest rather than interest of the group. On the other hand, Japanese people as having a collectivistic culture are most affected by corporate ethical codes.

- c- Masculinity

Since masculine cultures tend to encourage individuals for more and more material success, it can vastly push individuals to engage in unethical behavior. In a feminine country such as Sweden, both men and women have social roles and any of them are not expected to be very ambitious for material success but in America and Japan people are under more pressure for material achievement. Another important point here is that, some characteristics such as pressure selling is considered ethical in masculine cultures while it may be considered unethical in feminine cultures. So, when managers are planning strategies for a business in a foreign country, must take this fact into consideration that some ethical practices in their view might not be considered ethical in the foreign country.

- d- Uncertainty avoidance: In countries with a high uncertainty avoidance culture such as Japan, deviance from organization norms is not tolerated in any kind. On the other hand, countries with low uncertainty avoidance are more tolerable of some deviance. So, in high uncertainty avoidance cultures, members tend to act based on common good. So, Japanese people tend to consider formal ethical codes more than American employees by average. Therefore ethical behavior of people in high uncertainty avoidance cultures is more predictable and it is expected from all members to have ethical behavior if they want to continue being part of an organization. So, it is much more common for a Japanese CEO to resign from his position if he thinks that his conduct was harmful for the organization. An American CEO resigns only when obliged to do so.

Also, there are other research studies in literature to explore which cultural elements effects people's ethical attitudes. Griffith, Myers and Harvey in a research found that Japanese people believe that two people must be committed to whom they trust and also, they must share information to whom

they commit. So, they do so and expect their business partner to do so. But Americans don't believe in this fact necessarily. So, they may not consider this when interacting with their Japanese business partners. And if the Japanese partner realize that their American partner is not behaving accordingly, they would consider it unethical and boycott their American partner (2006).

Cross-cultural differences in business communication

Communication is another area that cross-cultural differences play a crucial role. Different studies in literature explain how cross-cultural differences affect style, content and the medium people choose to communicate. Adair and Okumura in their research compared communicative behavior of American and Japanese businessman (2001). Their study identifies a relationship between direct and indirect information sharing behavior during negotiations. They also found out that these direct and indirect information sharing relates to low-context communication pattern of Americans and high context communication pattern of Japanese businessmen.

Although Japanese negotiators somehow adapted to American negotiation style and decreased the amount of indirect information sharing in comparison with their intra-culture negotiations, several characteristics of Japanese were different than the American negotiators. Japanese used power tactics and because of The idea that their position is right and fear of losing their face makes Japanese to push other party towards their goal. Graham and Sano (1989) American negotiators used direct information sharing and didn't use influence tactics. Also, Adair and Okuma found that Japanese who come from a more hierarchical culture, made more clarifying statements and were focused on sending and receiving clear messages. So, Japanese negotiators understood the priorities of American negotiators but American negotiators didn't understand priorities of Japanese negotiators. (Brett and Okumura,1998)

Finally, Adair and Okumura by comparing their results to Hofstede's diminution of individualism and available literature (Triandis, 1989) found that collectivistic cultures will negotiate cooperatively with in-groups but competitively with outgroups (here individualistic American negotiators).

In another research about complications of cross-cultural communications, Oblander and Daniel interviewed American and also Japanese lumber traders and asked them about implications of their communications (1997). They found that those traders who are more flexible and try to better understand their trading parkers and adapt to their expectations will participate in international business more than those who will not or cannot adapt. After their interview, traders from both countries gave suggestions on improving communication with other culture. The following chart is the summary of their suggestions:

TABLE 3. — *A checklist of tips to improve communication in international lumber trade.*

For Americans

- _____ If your partner is willing to tell, find out who are your partner's clients (i.e., other companies who will handle your product) in Japan.
- _____ Avoid dealing directly with your partner's customers.
- _____ Find out how your product is ultimately used in Japan.
- _____ If possible, give the Japanese buyer as much time as he needs to accept or reject an offer.
- _____ Invite the customer to visit your mill operation.
- _____ Develop personal relationships by spending non-business time together.
- _____ Have one or two individuals on staff (customer account representatives) who are familiar with and can serve as contacts for a specific customer. (The customer likely prefers to contact an individual rather than a department.)

For Japanese:

- _____ If possible, indicate how long a decision to buy may take.
- _____ When rejecting a product, state your reasons directly.
- _____ Do not demand extra value (such as millwork) without paying a higher price.
- _____ Stay in contact with the partner during the decision-making process.

For both Japanese and Americans:

- _____ Learn as much as possible about the trading partner (i.e., company history.)
 - _____ Become familiar with market conditions in your partner's country.
 - _____ As much as possible, eliminate the problem of language competence; make sure both sides can speak one or the other language competently.
 - _____ Keep written records of meetings and share these with your partner, having them translated if needed.
 - _____ Communicate in writing (memos, fax) as much as possible, especially when numbers are involved.
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American and Japanese International traders and also managers who send expatriates to the other country can benefit from this checklist to enhance their communication quality.

Conclusion

According to Hofstede's cultural model, U.S. and Japan have very different cultural dimensions specially in individualism, uncertainty avoidance and long-term orientation. By analyzing cross-cultural differences and based on available literature, American and Japanese employees respond differently to implementation of new rules and code of ethics. Managers must learn about their cultural differences to understand them, avoid confusions, increase efficiency and choose the best strategies. Learning about relationship between cross-cultural value differences help managers to identify those managerial actions that will most likely result in ethical behavior of employees. For instance, it's better if management emphasize formal codes of ethics for some counties (collectivistic countries with high power distance) and highlight informal codes for some other (individualistic countries with less power distance.)

In the case of values, manager might be able to change employee's values to meet organizational values. For example, when facing prejudice, discrimination and bias between employees, a manager can encourage value of equality by rewarding behaviors which lead to accomplish this value.

Suggestions for future research

Because there are controversies and criticism around Hofstede's cultural model because of his initial method of measuring culture by survey, further research to design proper methods to measure culture is suggested. Conducting further studies using proper methods to assess, expand or improve Hofstede's model is recommended. Also, further case studies in Japan and United States can better clarify understanding my research to help managers and entrepreneurs better benefit from understandings. Specifically, in United States and Japan

As an application of this study, further cross-cultural case studies on big multinational corporations which are based in Japan, can identify cultural differences among employees so that managers can use better strategies to get most possible output and increases efficiency in implementing rules or code of ethics. Also, further research on Japanese international business behavior can help U.S. Corporations deciding to send expatriates or stablsh new plants in japan. So, further research can focus on common glitches and issues between Americans and Japanese business people. Hence, case studies using sample and consider findings can be helpful for ease of action.

Also, all big companies, multinational corporations can sponsor research for each country that they have employee or only for those that have highest percentage then by having the knowledge they can better adapt to culture of each county.

Also, to enhance national level of ethics a research project can be designed to create a data bank of guidelines that what are the best and easiest way to implement ethics in a multidimensional atmosphere and for different employees from different cultures so that all managers can implement the guidelines.

Based on (Vitell & Nwachukwu & Barnes, 1993) article, it is suggested that future research evaluate their designed propositions preferably by using surveys to assess how accurately Vitell et al. linked Hofstede's cultural dimensions to ethical behavior.

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