A CULTURAL ANALYSIS OF MANAGEMENT STYLES:
THE UNITED STATES WITH A NEW GENERATION OF MANAGERS IN
INDIA AND CHINA

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Abstract

In this study, the outcome of our research represented an interesting difference with both Hofstede’s and GLOBE’s results. Our focus is on well educated, highly trained managers from the US, India and China. The participants were upwardly mobile, some MBA educated, many trained in the Western style of management - essentially a new generation of managers. Questionnaires were given to managers working in multinationals in each of these countries and/or individuals with advanced education. This study extends the findings of Hofstede, the GLOBE and Level 5 Leadership by focusing on the management styles of the modern sector of emerging economies. The research suggests that there are significant and rapid changes on how to manage and how to compete in the new global economy.

Introduction

The role of culture and its impact on success of international management has become an important area of research in International Business. The work of Hofstede in identifying various types of cultural attributes has entered the mainstream research of international management. Using aspects of social psychology, Hofstede identified five cultural attributes: high power versus low power distance, individualism vs. collectivism, masculinity versus femininity, uncertainty avoidance, and long term versus short term orientation (http://www.geert-hofstede.com/).
Power distance demonstrates the degree to which members of society believe and accept the uneven distribution of power. The higher the power distance, the greater inequalities of power and wealth are accepted in the culture. Individualism focuses on the degree to which members of a society would like to work individually and are concerned with themselves and their immediate families. In a collectivist society, everyone is expected to look after each other and protect them and create a harmonious environment. In a masculine culture, gender roles are differentiated where men are considered dominate, competitive, tough and powerful while women are perceived as being modest, nurturing, caring and concerned with the quality of life. A high femininity rating means the society emphasizes equality between men and women, the characteristics of each are valued and accepted. Uncertainty avoidance focuses on the degree of comfort a society has with dealing with uncertainty and ambiguity. In a culture that has a high degree of uncertainty avoidance, there are many laws, rules and regulations which minimize the amount of ambiguity in the environment. (Hofstede, 1980) Later, a new dimension was added to Hofstede’s framework, the long term orientation. This focuses on how much a society values long term factors such as tradition and social responsibility. In a culture that values short term orientation, the past and present are considered more important and as a result change is more readily accepted.

The initial work of Hofstede was based on data collected between 1967 and 1973 from IBM employees representing 40 countries. However, he later expanded his sample and did the analysis for more than 70 countries.

A more comprehensive study of role of culture in management was undertaken by GLOBE Project which further extends Hofstede’s work.

The GLOBE Project

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research study began in 1993 and is an ongoing study of national culture and leadership. This qualitative and quantitative study utilized 170 researchers and support groups who collected data from 17,000 middle managers from 951 organizations in 62 different countries (House, 2004).

The aim of the GLOBE project is to determine the organizational and societal dimensions of culture and its effect on leadership behaviors, country prosperity (GNP) and the well-being of members of society. Also the research attempted to determine what characteristics distinguish the practices of one culture from another and what leader behavior and organizational practices are acceptable in that culture (House, 2004).

The GLOBE study validates Hofstede’s framework and extends it to include two additional dimensions - performance and humane orientations. Performance-oriented societies value and reward performance, emphasize results more than people and are concerned with individual achievement and excellence. In highly humane cultures, individuals are rewarded for being fair, caring, altruistic, benevolent and kind. The GLOBE study also changes the terminology of Hofstede’s Masculinity – Femininity dimension to Gender Egalitarianism.

Hofstede vs. GLOBE

There have been a number of researchers that have attempted to follow Hofstede either from a theoretical dimension or methodological aspect. There have also been critics of his work. A more comprehensive evaluation of Hofstede focuses on whether or not culture can be measured by a set of attributes, can an aggregation of data by a group of individuals represent the whole society, and how many dimensions should be used to effectively present the culture. One of the main concerns has been its lack of focus on the ethical and long term dimensions (Fang, 2003; Nevine et al., 2006). Fang in particular argues that China’s business and management attitude is shaped by Confucius philosophy which has a more long term approach.

Hofstede is also critical of the GLOBE study for a number of different reasons. He argues that the huge number of researchers involved on a team creates consistency of approach. Also, he argues that the GLOBE study is US centric.
He also argues that GLOBE project was ethnocentric study in nature while his was a decentered research (Hofstede, 2006).

In discussing Hofstede and GLOBE Project, Smith (2006) discusses self reporting, number of dimensions, level of analysis and the national wealth aspect. He concludes that trying to compare a large number of countries as Hofstede and the GLOBE project did creates issues of comparability relative to methodology and data comparability. “We may learn more from sampling 15 to 20 carefully selected sites than we do by taking on practical complexity of maximizing the number of nations sampled” (Smith, 2006, p. 920). In our study we address two of the main issues raised regarding the cultural study and management styles. First we limit our research to a comparison of two countries, India and China with USA, and secondly we focus on a specific segment of society, namely those well educated and working or are involved with “Global” sector of society.

In this paper we further the research in this area by focusing on GLOBE’s seven dimensions in the context of managers in India and China. We also included a section on Level 5 Leadership which identifies competencies of successful leaders. We believe that the new sample would provide interesting insight. Before discussing the seven dimensions and Level 5 Leadership and related propositions, current characteristics of modern managers in India and China and our data collection process will be delineated.

**Characteristics of Modern Managers: India and China**

Culture, we argue, is not a set of static attributes; rather it has dynamic elements that change over time particularly for a subset of a population. This is the case for the emerging economies and for those involved in the “Global” sector of society. As the growth and openness of emerging economies, the cross-culture starts to enter a new generation in terms of management styles, especially in India and China. Managers in India and China who have a Western style of education or have global business experience tend to be more Western style oriented. For example, modern managers are becoming more open-minded, more risk tolerant instead of the traditional risk aversion, and think and act in a western way. The new management styles of the Chinese and Indian populations are beginning to converge. In this paper, we are trying to identify the characteristics of new generation of management styles in India and China using the dimensions from Hofstede, the GLOBE and Level 5 Leadership.

**Data Collection**

A survey questionnaire was developed based on information from Hofstede and the GLOBE. A focus group including individuals from the United States, China and India reviewed the instrument and subsequent changes made. The survey was distributed to students and business people from New England, Chennai and Bangalore, India and Beijing and Guangzhou, China. Individuals were asked for input regarding their views on each dimension. The researchers created eight propositions.

To test the propositions, the primary source data was collected directly from the individuals. Based on the input from each individual for each dimension, the weighted average score and standard deviation were calculated for each dimension (comparative results see Table 1). Then data was analyzed using proper statistical methods. In order to make the results more convincing, the statistical significance of results were tested (See Table 2 and 3 for the statistical analysis).

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<th>Table 1. Comparative Analysis</th>
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<td>Uncertainty Avoidance</td>
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<td>Individualism</td>
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Table 2. Summary of Results with α = 0.05

<table>
<thead>
<tr>
<th>Proposition</th>
<th>Accepted</th>
<th>Rejected</th>
<th>Unclear</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Proposition I: Uncertainty avoidance</td>
<td>✓</td>
<td></td>
<td></td>
<td>This is attributed to the fact that the sample we used was from well educated individuals with considerable exposure to Western business practices. These individuals, while exposed to the traditional value systems of their respective societies, have begun to close the gap in terms of risk taking and uncertainty avoidance with the US sample.</td>
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<td>Proposition II: Power distance</td>
<td></td>
<td>✓</td>
<td></td>
<td>We suggest that the new generation of educated Indian and Chinese with exposure to Western business practices may have a different approach regarding acceptance of power distance than the more traditional segment of society.</td>
</tr>
<tr>
<td>Proposition III: Individualism vs. Collectivism</td>
<td></td>
<td></td>
<td>✓</td>
<td>India and China as societies are highly collective. The focus on family, lower geographic mobility and Communist system of China and the previously socialist system in India are all factors that would create the expectation of more collective social characteristics than that of United States.</td>
</tr>
<tr>
<td>Proposition IV: Gender egalitarianism</td>
<td></td>
<td></td>
<td>✓</td>
<td>As India and China are slowly evolving toward a more free and open society, there is a perception change about the improved status of women - “things are better than they used to be” type attitude.</td>
</tr>
<tr>
<td>Proposition V: Future orientation</td>
<td></td>
<td>✓</td>
<td></td>
<td>US society is highly mobile both geographically and across businesses by changing jobs. The volatility of the stock market and subsequent reaction of businesses make for short commitments to organizations.</td>
</tr>
<tr>
<td>Proposition VI: Performance orientation</td>
<td></td>
<td>✓</td>
<td></td>
<td>Globalization leads the way for this change, requiring higher performance levels for those working in MNEs or the global sector. For those working in the MNEs and competing at the international level, requires organizations to reward for performance because of the high level of competition.</td>
</tr>
<tr>
<td>Proposition VII: Humane orientation</td>
<td></td>
<td></td>
<td>✓</td>
<td>We believe that globalization and urbanization has changed this structure. Our results indicate that the humane index of India and China has converged to that of the US and the differences have disappeared in our sample.</td>
</tr>
<tr>
<td>Proposition VIII: Level 5 Leadership</td>
<td>✓</td>
<td></td>
<td></td>
<td>This is because in general Indian and Chinese societies express more humility, while in the western society; particularly the United States, managers and the leaders take credit for their successes.</td>
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Table 3: Statistical Analysis of Result (α=0.05)

\[
C_L = -Z_{\alpha/2} \sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}} \quad C_U = Z_{\alpha/2} \sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}} \quad Z = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}} \]
Uncertainty avoidance is the degree to which a society or an organization accepts uncertainty in their environment. The higher the degree of uncertainty avoidance the lower is the appetite for risk taking. This also means that the society relies on formalized communication, interactions and policies and procedures and is less likely to break rules.

**Proposition I:** The United States will have lower uncertainty avoidance than India and China.

It is commonly believed that the more traditional societies have higher uncertainty avoidance than the market driven economies. This is because of the dynamic nature of Western capitalistic societies require a culture of entrepreneurship and risk taking. China and India are more traditional in their social and economic structure, therefore, it is expected that they would have higher uncertainty avoidance.

Our results confirm the above proposition. On the scale of 1-5, India and China had 3.20 and 3.18, which showed higher degree of uncertainty avoidance than US with 3.00. However, it is interesting to note that the difference between China and India relative to the US is not very significant. This is attributed to the fact that the sample we used was well educated individuals with considerable exposure to Western business practices. These individuals, while exposed to the traditional value systems of their respective societies, have begun to close the gap in terms of risk taking and uncertainty avoidance with the US sample. The degree of emerging entrepreneurial effort with this group will present opportunity for future business development in these countries and potential for a sustained path toward a market economy.

### Power distance

Power distance is defined as the degree to which a society or an organization accepts that power is unequally distributed. A society high on power distance may have limited upward mobility and status difference. In organizations that accept inequality, hierarchy is embraced and supervisors are relied on to provide direction and decision making.

**Proposition II:** India and China will score lower on power distance than US.

One could argue that the previous caste system in India has led to a rigid social structure. The embedded rigidity in this culture resulted in the country accepting inequality. Similarly China’s Confucian values embrace a hierarchical relationship. In the US, having upward mobility is part of business and its social culture. However, we suggest that the
new generation of educated Indian and Chinese with exposure to Western business practices may have a different approach regarding acceptance of power distance than the more traditional segment of society.

The result of the research confirmed our proposition, India and China scored lower on power distance than the US. This seemingly counter intuitive result can be explained by the structure of our sample. The sample from these countries consisted of individuals who were working in multinational companies and/or were educated in the United States. This segment of society has greater upward mobility within an otherwise rigid social structure. Generally, there is a stereotype of India and China as being inflexible in terms of social mobility in management and status, however, the well educated individuals work in a structure that is less rigid and based on their ability to achieve higher performance as opposed to social strata.

3. **Individualism vs. Collectivism**

Individualism is defined as the degree to which members of the society like to work individually as opposed to collectively and is concerned for individual rights and well being. Cultures that score high on collectivism feel an obligation to the success of the group. Individuals are highly interdependent and make personal sacrifices for the group. A culture scoring high on this dimension tends to be more collective.

**Proposition III:** India and China will have more collectivist tendencies than the US.

India and China as a society are highly collective. The focus on family, lower geographic mobility and Communist system of China and the previously socialist system in India are all factors that would create the expectation of more collective social characteristics than that of United States. This proposition is consistent with the Hořtěde and GLOBE study. Our findings supported this proposition. India (3.5) and China (3.509) both score higher than US, in fact the scores from India and China were practically identical, followed by the US (3.35). Within our sample, the differences seem to be disappearing between the US, India and China. In the United States more and more companies have a growing culture of collaboration and teamwork.

4. **Gender egalitarianism:**

Gender egalitarianism refers to the degree a culture holds distinct stereotypes of men and women. Cultures scoring high on this dimension have a more egalitarian climate and view traditional characteristics of men and women as equally important. They also tend to have more women in positions of authority and greater decision making responsibility. The results of the Hofstede and GLOBE study are not consistent. While the former indicates that India has a more gender egalitarian system of the three countries the latter puts India in bottom of the list.

**Proposition IV:** We believe that the US provides more equal opportunity for women in work place than India and China.

The attempt in Western society toward attaining equality between male and female in terms of equal pay and opportunity has to some extend been successful. With the 1963 Equal Pay Act, the United States has become more egalitarian although women are still lagging behind men. There is a lot of publicity and discussion about women in leadership positions and they are gaining ground. Such efforts are not apparent in India and China. Interestingly India (3.53) and China (3.42) scored higher than the US (2.9) in gender egalitarianism. We attribute this to changing perceptions and awareness of the survey participants.

The business and student participants largely had experience with MNEs and were well educated. They did not represent the views of the more traditional society. As India and China are slowly evolving toward a more free and open society, there is a perception change about the improved status of women - “things are better than they used to be” type attitude. There also appears to be a lack of discussion about gender inequalities in these two societies. We believe
that they are involved with a peaceful evolution toward being more capitalistic following a South Korea trajectory. The results indicate the evolving perceptions in India and China.

Many in the United States are very aware of lack of gender egalitarianism and are frustrated and angered by it. This is apparent in our sample that represents well educated business and student population from the New England.

5. Future orientation

Future orientation indicates the degree to which a society looks towards the future and values tradition and social responsibilities. Cultures scoring low on this orientation are more bottom-line oriented and prone to change. A high score on future orientation means the culture values stability in the organization and has a longer term strategic orientation.

Proposition V: India and China will have a higher future orientation score than United States.

The business structure of United States is very bottom line oriented. Given the ownership structure of businesses in these countries, there is pressure for maximization of stockholder value in the short run. Our finding confirms this and demonstrates that India and China with scores of 3.39 and 3.43 respectively had a higher future orientation than the US (3.0). Part of the reason is that the US society is highly mobile both geographically and across businesses, they change jobs frequently. The volatility of the stock market and subsequent reaction of businesses make for short commitments to organizations.

6. Performance orientation

Performance orientation indicates the degree to which a society emphasizes performance excellence and focuses on process improvements and outcomes. Cultures that score high on this dimension reward performance and value competition. They have a higher degree of innovation, higher standards, reward individual achievement and have performance appraisal systems.

Proposition VI: Managers working in the modern sectors of India and China will have a higher performance orientation ranking than the United States.

The business structure of the United States is a system that provides financial and promotional incentives based on performance. It is commonly believed that Asian countries particularly China and India value other factors such as seniority and personal relationships. In our study, this was not the case both India and China had a higher performance index than the US. Globalization leads the way for this change, requiring higher performance levels for those working in MNEs or the global sector. For those working in MNEs and competing at the international level, require organizations to reward for performance because of the high level of competition. This is the case for Indian and to lesser degree Chinese workers. The scores indicate that an adjustment has been made in India (3.976) and China (3.781). Their ratings are higher than the United States (3.733) suggesting a convergence of this index.

7. Humane orientation

Humane orientation is the degree to which a society or organization supports the values of caring, nurturing and kindness to others. In low humane oriented cultures self interest and enjoyment, power and material possessions are important.

Proposition VII: The United States will score lower on this dimension than India and China.
India and China have a greater family orientation and often have extended families. The socialist system of China in particular is very supportive of this social orientation. In the capitalistic business system of United States, the focus is on individual achievement as measured by financial performance. Our results confirm this proposition. India (3.403) and China (3.48) have a higher index than US (3.4). Interestingly, the difference between US and India was extremely small. We believe that globalization and urbanization has changed this structure. Our results indicate that the humane index of India and China has converged to that of the US and the differences have disappeared in our sample.

8. Level 5 Leadership

In a five year research study, Jim Collins credits Level 5 Leaders with transforming their companies from “good to great”. In his seminal work, what distinguishes one leader from another is a paradoxical blend of genuine personal humility and intense professional will. By this he means one who is modest and also has unwavering resolve; and one who is shy and courteous yet fearless. These leaders achieved extraordinary results and built great organizations without much hoopla (Collins, 2001).

Collins builds his model on transformational/transactional leadership behaviors where a Level 4 leader represents the transformational, Level 3 leader the transactional style (Vera, et al., 2004). Transformational leaders inspire and excite others to pursue a compelling vision, are concerned about others well being and encourage them to be more innovative and creative. Transactional leaders guide others towards established goals by clarifying objectives and task requirements (Bass, 1985; Bass & Avolio, 1990, 1994, 1995, 2000).

Level 2 leaders are oriented toward teams and achieving group objectives and Level 1 relates to being a capable individual (Collins, 2001). Leaders whose style corresponds to levels 1-4 maybe successful but fail to catapult an organization to excellence.

What characterizes a Level 5 Leader? They select great successors and are clock builders not time tellers (Collins & Porras, 1994). They show unwavering resolve to build their companies for future success not just concerned about the present. When meeting or exceeding corporate objectives, these leaders give credit to others or merely suggest the achievement was due to “good luck”. Alternatively, they accept responsibility for poor results. This style maybe attributed in part to the personality of the leader (Hogan & Hogan, 2001; Collins, 2001).

Level 5 leaders surround themselves with people with individuals who are confident but not self-centered (Collins, 2005). The leaders and their direct reports are egalitarian rather than superior in their communication with others. Morris et al. (2005) conceptualized humility as being three dimensional – including one’s ability for self awareness, openness and acceptance of something greater than self.

The teachings of Lao-Tzu in the book Tao Te Ching suggest that leaders and people generally should be humble. Chinese philosophy emphasizes the importance of practicing humility. Historically, India is influenced by Confucian Asia (House, 2004). In this research we present results that are only related to the Level 5 Leadership (results see Table 4).

**Proposition VIII:** China and India will score higher in the Level 5 Leadership dimension than the United States.

<table>
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<th>Table 4. Comparative Analysis of the Leadership Style</th>
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<td><strong>India</strong></td>
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<td><strong>Weighted Mean</strong></td>
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<td>Level 5 Leadership</td>
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</table>
Given the structure of Chinese and Indian societies, we believe that these countries will have a higher Level 5 Leadership index. This is because in general these societies express more humility, while in the Western society; particularly the United States, managers and the leaders take credit for their successes. The result confirms our expectations. China and India have a mean index of 3.623 and 3.484 respectively, while the US has 3.08. Having humility and professional will are personal characteristics and independent of work situations and arrangements. As such, one’s personality is not heavily influenced by globalization.

**Conclusion**

We analyzed the role of culture and its influence on the management style of United States, India and China in the context of Hofstede, the GLOBE and Level 5 Leadership. Data was collected from Indian and Chinese managers working in MNEs and US working in business organizations and students studying in the US. A number of propositions were presented in the paper. Based on our research and analysis, we have found some interesting characteristics of a new generation of managers in India and China. The result is different from previous studies by Hofstede and the GLOBE. While they focus on cultural attributes in general, our study addresses those business managers that are employed by multinationals and/or have been trained in US business schools. In particular we observed that:

- Modern managers in India and China who are well-educated and with considerable exposure to Western business practices tend to be more risk taking considering the small difference in terms of uncertainty avoidance relative to United States.
- Modern managers in India and China have a different approach regarding acceptance of power distance than the more traditional segment of society, and hold a lower power distance attitude relative to U.S.
- Modern managers in India and China have a changing perception about the gender egalitarianism, and they are more aware of the improved status of women.
- Modern managers in India and China are more performance oriented, as well as future oriented and humane oriented.

All these new findings are attributed to the fact that the dynamics of the business environment of China and India have been influenced by globalization. While we are aware of debate on cultural convergence caused by globalization, we do not make any value judgments in this regards. However, we maintain that in order to compete effectively there must not only be a realignment of corporate governance in emerging economies, but also managers and business leaders must have different approaches and behaviors that reflect the integration of the global economic system. Balancing traditional value systems with modern management styles is a challenge that the emerging economies face.
References


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