
Cross-cultural competence and management – setting the stage

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Abstract: At start up of our new journal we provide a frame of reference supporting reflections on the domain of cross-cultural competence and management and on future research. Referring to basic epistemological and ontological considerations, the article differentiates between various levels of analysis and gives examples for fruitful research avenues for these levels:

- 1 'classical' issues in cross-cultural competence and management research
- 2 the epistemology of a system with values, beliefs (stereotypes) and knowledge (memory), the ontology of a system with personality (decision making processes) and the phenomenology of a system with action and observable patterns of behaviour
- 3 relations of societal culture to structural, demographic and ecological characteristics of societies and to their historical experience, to national policies or distributions of individual attitudes, values, behaviour, etc. within societies
- 4 issues related to the time dimension
- 5 methodological issues such as meaningful cultural distance measures or mixed language use.

Keywords: epistemology; culture; values; culture standards; personality profiling; cross-cultural competence in management; research into cross-cultural competence in management.

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1 Introduction

Induced by the launch of the *European Journal of Cross-Cultural Competence and Management*, inspired by the critique on ‘state of the art CCM research’ by Tsui et al. (2007), Wong et al. (2008) and most notably McSweeney (2002, 2007), relying on broader views on the field as e.g., provided by Yolles’ knowledge cybernetics (Yolles, 2006) and his insights into pathologies of systems (Yolles, 2007) and reflecting on our own research and 15 years of experience with training of young European scholars and doctoral students we want to present our own views, stimulate research, but also encourage publication of important insights and experience from training, cross-cultural encounters and intercultural action.

The mere existence of a huge network of intercultural trainers and consultants who cooperate in SIETAR is a clearly visible indication of widespread beliefs and experience that behaviour of individuals and by that culture can be changed. It may take patience, time and a lot of efforts, but change is possible. These ‘micro views’ of cross-cultural trainers find their ‘macro’ counterpart in the theory of (long term) value change as developed by Inglehart (1997, 2008) and implemented as a long term research effort by the teams of world values survey (www.worldvaluessurvey.com) and their publications (e.g., Welzel and Inglehart, 2008). Setting the stage for EJCCM we attempt to reconcile the assumption that culture is a relatively stable phenomenon and a single major cause of human behaviour (Hofstede’s paradigm: the software of our mind) with the view that culture is changing and can be changed by intercultural interaction and cross-cultural learning, supported by training.

Tsui et al. (2007) strongly criticise the use of national value aggregates in organisational studies. Behaviour of individuals in organisations cannot be causally explained by the aggregates of national value dimensions, because national value dimensions are a statistically distributed phenomenon and there is no guarantee that the sample of individuals within an organisation is representative for the national sample. Wong et al. (2008) critically point out that in organisational studies more often than not broad constructs are replaced by selected components (dimensions) without specification how these components (dimensions) constitute the construct: The notion of culture is in widespread use. However, not culture, but cultural dimensions and more often than not the average values of a few cultural dimensions substitute the aggregate ‘culture’ in

so-called rigorous analyses. [McSweeney \(2002, 2007\)](#) might have put it in the following way: it is 'rigorous' in terms of econometrics, but non-sense in terms of culture.

However, it might go too far when blaming the master for faults of his apprentices. Geert Hofstede tried to illustrate with his onion model that his four, later five dimensions and from 2008 onwards seven dimensions are not an exhaustive description of all cultures¹. Hofstede did claim that different culture dimensions may apply to different levels of investigation or units of analysis, notably to organisations and professions. [Hofstede et al. \(1990\)](#) delivered a distinct set of value dimensions of corporate cultures. The 'predicted' existence of professional values still waits for researchers to undertake the effort (Hofstede and Fink 2007).

This article is structured as follows. In the next section, we briefly deal with epistemological core principles of theory building with reference to Maruyama (1965) before presenting the social viable system (SVS) model ([Yolles, 2006](#)), which shall serve as an ontological view of the field 'cross-cultural competence and management'. After that we differentiate various levels of analysis that are crucial for identifying key areas of future research. A summary concludes the article.

2 Epistemological and ontological background

In this section we first briefly touch upon issues of theory building. These are related to the nature and scope (limitations) of knowledge (issues related to epistemology) and on questions concerning what entities exist or can be said to exist and how such entities can be grouped, related within a hierarchy and subdivided according to similarities and differences (issues of ontology). These considerations should help us to structure research approaches towards cross-cultural competence and management in a coherent manner. First, we deal with a worldview attributed to Maruyama (1965) and next we extend our view onto the SVS model of Yolles (2006).

2.1 *The Maruyama universe of classification, relation and relevance*

In all theory building we are concerned about structure, relation (correlation) and relevance. Accordingly, Maruyama (1965) distinguishes three related epistemologies which help us to understand the world: the classificational universe, the relational universe and the relevantial universe². The latter also has strong motivational aspects.

The *classificational universe* is static. A conceptual construction in this universe generates classificational, i.e., structural information. Within a hierarchical structure, mutually exclusive categories are to be specified as narrowly as possible. This universe is organised into a set of superdivisions and subdivisions (Ionesco, 1989). Members of the universe are also considered to be substances (material, spiritual, etc.). Categories can be combined or divided into a schema that leads from the general to the specific and which also invites ranking ([Meyers, 2003](#)).

The *relational universe* is an event and occurrence oriented (Ionesco, 1989). Thus, it is concerned with events and their interconnections rather than with substances (Huchingson, 2001). It drives the basic question of how events may relate to or correlate with others ([Meyers, 2003](#)). From that viewpoint, relational linkages and their effects are of primary importance ([Stein, 2007](#)).

The *relevantal universe* for Maruyama (1965) is existential and dynamic in nature. It is socially connected, since it concerns individuals with shared needs and desires. It consists of individuals' concerns about themselves, about others, about situations, relations and about existence (Meyers, 2003). Thus, it has a strong *motivational* aspect, but it is also interpretation-oriented. A meta-view of phenomena and the ability to identify redundancies and variety in a system create views of patterns of change as well as capabilities to adapt to new challenges by self-organisation (Stein, 2007).

Wong et al. (2008) address issues related to the structural and the relational universe: What is culture? Is it the whole? What are its components, dimensions or structure? and How do dimensions relate to the construct of the whole? They suggest that the relation between the whole and its parts can be defined in three ways: a latent model, an aggregate model or a typological model. Within the latent model, the link of the components to the whole is given by a latent factor behind the variables which constitute the components. A sort of overlap, a common domain or smallest common denominator is assumed to exist. Aggregate models may comprise not only simple additive aggregation, but also multiplicative or weighted aggregates. A possible form of weighted aggregates would be constituted by a regression function that weights independent variables to constitute the whole, i.e., an estimated dependent variable. Typologies may comprise an n-dimensional orthogonal set of dimensions, e.g., the Hofstede dimensions, but also an n-set of partly correlated dimensions, like the dimensions in the Schwartz value inventories. Wong et al. (2008) strongly refer to the Myers-Briggs Type Indicator (MBTI) as a typology at the personal level.

Even more complexity comes in when we simultaneously deal with constructs that apply to different levels of analysis. For example, on all levels we have to deal with culture and its dimensions: national culture and its dimensions, corporate cultures and their dimensions, personalities and their characteristic traits. From that ontological position it seems worthwhile to investigate the relations between cultures at different levels: national, corporate, teams and individuals' cultures³ (including traits); but also on the relations between national culture and its dimensions, corporate culture and its dimensions and personality and its traits and finally between cultural dimensions as carried by individuals and their personality traits.

All these constructs and their components or dimensions are assumed to be helpful in predicting human behaviour or at least patterns of behaviour. We are confident that people in their behaviour are not mechanistically determined by values, norms and personality traits, but rather guided in their behavioural choices and also are willing and capable to learn. Thus, we need a concept that embraces the influence of values on our thinking, but also the capability of learning and of adjusting values when deemed appropriate.

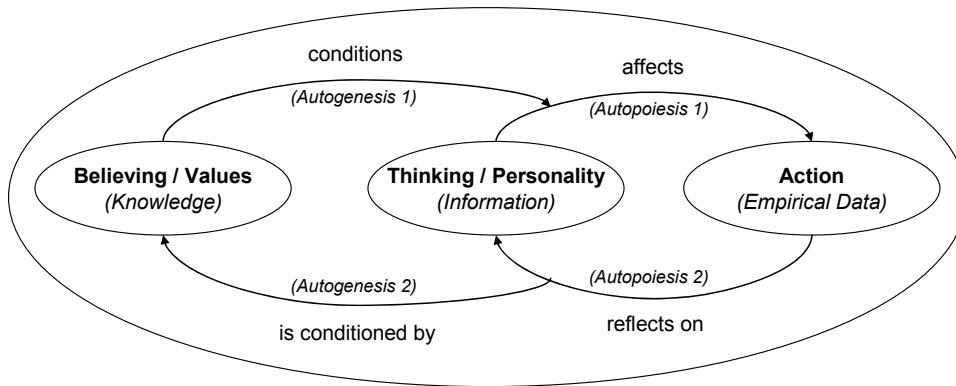
2.2 Yolles' (2006) SVSs model

In contrast to Wong et al. (2008) who emphasise the classificational universe, Yolles' (2006) SVSs model (embedded in his knowledge cybernetics) also embraces the relational and relevantal universe which are at the core of our considerations (see Dauber and Fink 2008).

Figure 1 illustrates the SVS model based on Schwarz (1997) and extended to the social context by Yolles (1999). It illustrates how values and personality influence human

behaviour. Generally speaking, the SVS model refers to three types of reality: believing (epistemological level), thinking (ontological level) and action (phenomenological level) and their interactions.

Figure 1 SVS model



Source: Adapted from Yolles and Iles (2006, p.628)

According to this metaphorical systems model, all actions set by an individual are seen as manifestations of its way of thinking, which is represented by 'images, systems of thought, imagination, rationality and intentions, subconscious [and] information' [Yolles, (2007), p.36]. But this process should be understood as a recursive rather than a linear one since feedback on actions can lead to changes on the ontological level. This represents a cybernetic relationship called autopoiesis. The epistemological level, includes our 'culture, worldviews, paradigms, understanding, unconscious [and] knowledge' [Yolles, (2007), p.36] conditions and is conditioned by the autopoietic process. The interaction between believing and the autopoietic process is called autogenesis and communicates the guiding principles for the interaction of thinking and action. The feedback circles [Autopoiesis 2 (AP2), Autogenesis 2 (AG2)] secure the adaptability and the dynamics of systems, what is a precondition for survival.

Within this model we distinguish three domains: the domain of values and beliefs (knowledge), which can be related to epistemology and morale (How can we know and how should we act?); the personality domain, which can be related to ontology (What is the case? What can be applied?) and the action domain, which relates to phenomenology (What can we observe?). The latter also makes clear that in our context only action and behaviour can be directly observed, but not values and motivations that drive the decisions and action of individuals.

We also can distinguish four processes: Yolles und Iles (2006) define Autopoiesis 1 (AP1) as the processes through which individuals make decisions and set action; and AP2 as the (feedback) process of reflection on action and its outcomes. These reflections influence future thinking and action (individual learning processes). Autogenesis 1 (AG1) entail the processes that determine how knowledge, beliefs and values influence our thinking and decision making; and AG2 is the evaluative perception of thinking and acting, which may lead to confirmation of values and beliefs or in case of undesired outcomes trigger adjustments of values and beliefs (collective or social learning processes, theory of value change).

Values, personalities and action are coherent in a well functioning and viable social system. Processes of shaping action and reflection on action are effective and can lead to adaptations and change. That is a necessary condition for solving well known tasks and creative solution of new tasks.

States or corporations as SVSs have sufficiently coherent domains of values, personality and action, which are suitable to take effective action as needed and to adapt to new challenges. Different SVSs distinguish between each other in terms of values, personality and action. [Kroeber and Kluckhohn \(1952, p.181\)](#) found that ‘culture systems may, on the one hand, be considered as products of action, on the other hand, as conditioning elements of future action’.

Taking these insights as a yardstick, we observe that most research into cross-cultural competence and management is addressing a segment of the field rather than the whole.

From an ontological point of view, we can structure research into cross-cultural competence and management by referring to at least one of the three domains or at least one of the four processes.

- Domains:
 - 1 ‘values and beliefs’
 - 2 ‘personality’
 - 3 ‘action and behaviour’.
- Processes:
 - 1 How values, beliefs and knowledge influence thinking and action?
 - 2 How thinking leads to decision making and action?
 - 3 How and what individuals learn from the outcomes of their behaviour?
 - 4 How social systems adapt to new challenges and opportunities?

For any of the three domains or four processes or a combination thereof, the epistemological principles of the Maruyama universes apply: research belongs either into the classificational, relational or relevantial universe or a combination thereof.

3 Levels of analysis to be addressed

In the context of this paper, we use the terms cross-cultural competence and cross-cultural management – or both – as a synonym for all forms of management in a culturally diverse setting. ‘Competence’ emphasises the link between the unit of analysis, e.g., an individual, a group, an organisation and its context by outlining that it is only in relationship to that context that one can speak of competence. For example, an individual qualification such as speaking *Putonghua* (Mandarin Chinese) only becomes a competence in a specific context, e.g., building up a subsidiary in Shanghai. Likewise, a team’s proven ability to integrate new members from other cultures into the team only becomes a competence in a setting where this is required. ‘Management’ underlines the relationship between underlying assumptions such as values and beliefs, thinking/communicating and outcomes through resulting action at the individual or collective level. It is linked with purposeful action and influencing individual and collective actors to reach goals.

Cross-cultural competence and management research implicitly or explicitly has to clarify what it is that the research primarily looks at, i.e., the level and the units of analysis. This is the most critical issue which is of utmost importance for further developments in the field. Hence, the remainder of this paper deals with this issue *in extenso*. To be sure, three other aspects do play a role and have to be addressed in a comprehensive discussion, but go beyond the scope of this paper. First, there is the issue of why the comparison is conducted and how the results are explained. Behind that lie different types of reasoning in choosing the perspective of comparison, the specific level and unit of analysis and explaining results. Second, the question about thematic research topics arises, i.e., identifying core themes of the analysis. Third, cross-cultural competence and management research is embedded in time, leading to the question of when to compare and acknowledging development and change. Finally, new knowledge generated by research should be transferred and adopted to contribute to enhanced cross-cultural competence in management.

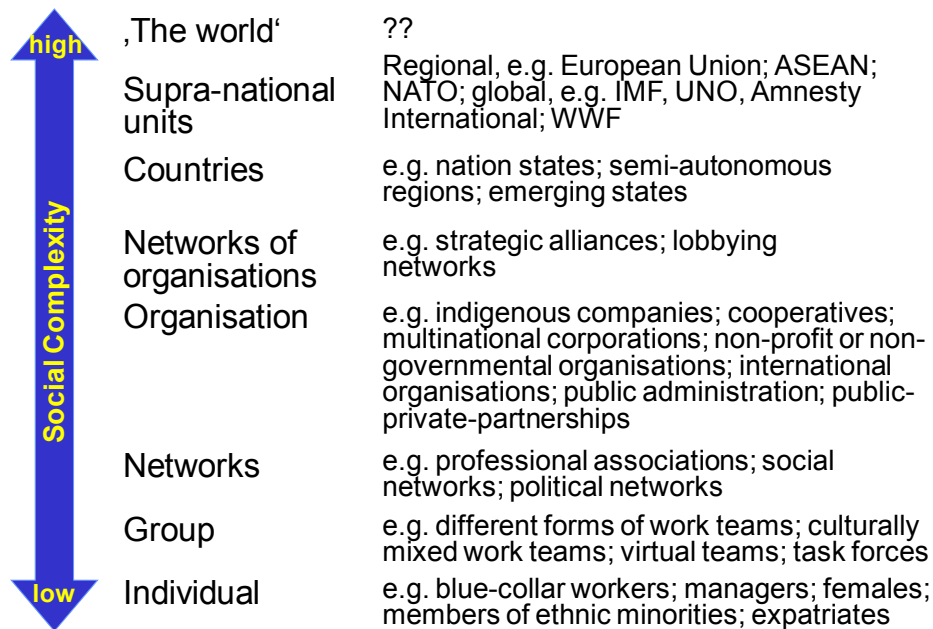
Addressing the level of analysis implicitly relies on an actor-related view of research into cross-cultural competence and management. Individual as well as collective actors of various kinds as well as the respective structures and processes are seen as central for culture and its analysis. In order to group these actors, the degree of social complexity constitutes a useful main differentiation criterion. On the one hand, these actors are characterised by low social complexity. The emerging social relationships within these actors are either non-existent as in the case of individuals or have comparatively little complexity, e.g., in face-to-face groups. On the other hand, collective actors such as countries or supra-national units show high social complexity. The internal environment of these collective actors is constituted by a complex fabric of social relationships.

Management research in general and research cross-cultural competence and management in particular can address various units of analysis located at different levels of social complexity. The following figure outlines the resulting continuum of possible levels of analysis and illustrates it with some concrete examples (see Figure 2).

The illustrations demonstrate the broad variety of possible levels and related units of analysis, many of them spanning across different kinds of boundaries. As usual, the concrete choice is determined by the various factors influencing the context of discovery. They include financial incentives by sponsoring agencies, economic or political relevance, personal interest of the researcher, assumed importance in the scientific discourse or contribution to a political, ideological or personal agenda.

Against this background and Yolles' SVSs model, we start with studies that fit into the first domain of the SVS model: value dimensions and move down from the more aggregate level to smaller units of analysis, addressing some aspects of the personality sphere (research into traits) and observable and predictable patterns of behaviour. However, it is important to keep in mind that values, beliefs and knowledge influence how thinking affects action.

Figure 2 Levels and units of analysis in cross-cultural management research (see online version for colours)



3.1 Dimensions of culture

In current research into cross-cultural competence and management, Hofstede's paradigm of cultural dimensions (Hofstede, 1980, 2001) dominates at the macro level. It belongs to the classificational Maruyama universe and is typological by its nature. There is no need to further explain the Hofstede approach with its five cultural dimensions – power distance, individualism, masculinity, uncertainty avoidance, long-short-term orientation – as the concept and its criticism is widely known within the research community. The emergence of that paradigm has a long history. One can refer back to Kluckhohn (1953) who had the idea that there are universal problems of any sort that are relevant for any society. Kluckhohn and Strodtbeck (1961) based their theory on three fundamental assumptions:

- 1 There are a limited number of common human problems. For these problems all individuals have to find solutions.
- 2 Individuals can choose from a differentiated set of possible problem solutions.
- 3 All possible approaches for solutions of problems are available in all societies at any time, but preferences to use them are different. In perspective, we hasten to add that new solutions need to be found, too.

Hofstede's great success can be attributed to a simplification of the approach to culture. He could create a new paradigm, because he gave guidance with the metaphor 'culture is the software of our minds'. He made it easy to learn only five dimensions and provided readymade data conveniently applicable in econometric analyses. This proved

particularly helpful for those who believe in the illusion of rigour in quasi-quantitative management research. Hofstede showed that values are a statistically distributed phenomenon and that national values play a role even within an organisation with a very strong corporate culture.

Although Geert Hofstede would not exclude that his paradigm would be replaced by another one (Hofstede and Fink 2007), there is still some way to go to exhaust the classificational paradigm of cultural dimensions. One alternative route of trying to conceptualise cultures is via societal values. The research group around Hofstede also acknowledges this when proposing a model of societal value dimensions. When Hofstede et al. (2008) announced the values survey module (VSM) 08 (<http://stuwww.uvt.nl/~csmeets/VSM08.html>, <http://stuwww.uvt.nl/~csmeets/ManualVSM08.doc>; last access Nov 21, 2008) they indicated the inclusion of two more dimensions on an experimental basis: indulgence versus restraint and monumentalism versus self-effacement, which were derived from Minkov's (2007) reinterpretation of data from the world values survey (<http://www.worldvaluessurvey.com>). The first new dimension is not correlated with the original five Hofstede dimensions. Monumentalism versus self-effacement is only modestly correlated with short-term orientation.

By contrast, Schwartz's (1992, 1994, 2006) concept of culture and value systems is theory based: Values are beliefs, refer to desirable goals, transcend specific actions and situations, serve as standards or criteria and are ordered by importance. Consequently, the relative importance of multiple values guides action. In that sense and similar to Rokeach (1973), 'values represent broad, desirable goals that serve as standards for evaluating whether actions, events and people are good or bad. Individual values are goals that derive from what it means to be human, to be a biological organism who participates in social interaction and who must adapt to the demands of group life. Cultural values, in contrast, are goals that derive from the nature of societies, from the 'functional imperatives' (Parsons, 1951) with which societies must cope in order to survive' (Schwartz, 2009). He developed theory based dimensions. The most recent model has only three dimensions: mastery vs. harmony (which addresses the issue of economic and social viability), hierarchy vs. egalitarianism and embeddedness vs. autonomy (intellectual and affective autonomy).

Schwartz' data are easily applicable in econometric analyses. However, specific attention has to be paid to the fact that dimensions are partly correlated, requiring specific ways of analysis. He shows that corporate cultures are embedded into a national value system and that situational values map the influence of task on values and behaviour while personal values are trans-situational.

Both Hofstede and Schwartz are frequently quoted and have had tremendous impact on the field⁴. Many studies have used their concepts or have built on them.

The Global Leadership and Organisational Behaviour Effectiveness (GLOBE) project (House et al., 2004) shares with Hofstede – as does Schwartz – the perception of culture as something rather stable. However, it is also unique in its differentiation between 'is' and 'should be'. Schwartz emphasises the importance of a network of partially correlated dimensions that spread a sort of universe. His research originally was based on samples of teachers and students, thus representing views of two generations from outside the business world. The GLOBE project emphasises the distinction between the actual work situations as perceived by middle managers within 62 societies/cultures and their wishes how work situations should be. One could assume that the 'should be' dimensions would

indicate some potential for change, but there is no guarantee that middle managers, when they become top managers, would not behave the same way as top managers today.

By contrast, Inglehart's (1997) theory of value change explicitly assumes that values are changing at least in the long run by cohort changes within societies, i.e., younger people share different values than elder people. Welzel and Inglehart (2005) operate with two aggregated value dimensions: survival vs. self expression values and traditional vs. secular-rational values (Esmer and Pettersson, 2007). They find that since the 1920s or 1930s most societies moved from survival and traditional values towards self-expression and secular rational values. Thus, societies move from constraint to choice. Based on empirical evidence from more than seventy societies, Welzel and Inglehart (2005) argue that democracy emerges and survives in a setting of widespread participatory resources and self-expression values. To be sure, this is by far not a linear development, but can be 'zigzagging' during the years in this period as developments in Germany during the Nazi-regime or in the Soviet Union and its satellite states painfully indicate. These findings had an important impact on the value dimensions studies by Hofstede, Schwartz and the GLOBE project. If raw data of value perceptions are sensitive for the influence of per capita GDP, then there is need to control for the impact of wealth (per capita GDP) on the scores of value dimensions (cf. Hofstede and Fink 2007, Sagiv and Schwartz 2007).

Similar to Welzel and Inglehart (2005), Schwartz (2006) also offers a dynamic interpretation of his universal value structure along two major dimensions: personal vs. social focus and self-protection vs. self-expansion (anxiety based vs. anxiety free values).

This is not the place to discuss the correlations between the dimensions from those outstanding research efforts. That is repeatedly done by these eminent scholars themselves and is published elsewhere (see e.g., the special issue in JIBS 2006, Vol. 37, No. 6; see also Hofstede and Fink 2007, Sagiv and Schwartz 2007). There is a warning that can be derived from that experience: a mixture of dimensions from different sources is not an appropriate methodological approach in international management studies (including selections from Rokeach 1973, Hall and Hall 2000, Trompenaars and Hampden-Turner 1997 or others).

3.2 Culture-organisation interface

Changing the focus from the national level to the organisation level, Hofstede et al. (1990) were musing about the difference between national culture and corporations within a culture. They derived six dimensions of organisational values, which are not correlated to the national value dimensions: process-oriented vs. results-oriented; job-oriented vs. employee-oriented; professional vs. parochial; open system vs. closed system; tight vs. loose control; pragmatic vs. normative.

By contrast, Sagiv and Schwartz (2007) chose a different point of departure: If culture is felt as a pressure on individuals and organisations within a society, then there must be some similarity between corporate cultures and national cultures. Hence, the question arises: which dimensions do best describe the corporate values which are dominated by societal pressure? They identified three bipolar dimensions where 'a societal emphasis on the cultural orientation at one pole of a dimension typically accompanies a de-emphasis on the polar orientation with which it tends to conflict' [Sagiv and Schwartz, (2007), p.180]: hierarchy vs. egalitarianism, mastery vs. harmony and embeddedness vs.

autonomy. They also find it useful to distinguish between intellectual and affective autonomy. These dimensions

- 1 define the boundaries between the person and the group and the optimal relations between them
- 2 ensure coordination among people to produce goods and services in ways that preserve the social fabric
- 3 regulate the utilisation of human and natural resources (Schwartz, 2009).

We note that both concepts of organisational values belong to the Maruyama's classificational universe and are considered to be either typological or latent by their nature. The distinction is:

- a Hofstede et al. (1990) address cultural differences between organisations within the same culture, controlling for the influence of national values on behaviour within the organisation
- b Sagiv and Schwartz (2007) emphasise the embeddedness of organisations within societies, i.e., the influence of national values on behaviour of organisations
- c Schwartz (2009) assumes that culture is a latent variable, which is only measurable through its manifestations.

3.3 *Group level*

At the group level we may refer to the leadership values of the GLOBE project [Chhokar et al., (2007), p.23, Table 2.1]. Based on 18,000 interviews the GLOBE project team identified six major dimensions of leadership values which are relevant for team cultures, too:

- Charismatic/value-based
 - Charismatic 1 visionary
 - Charismatic 2 inspirational
 - Charismatic 3 self-sacrifice, integrity, decisive, performance oriented
- Team-oriented
 - Team 1 collaborative team orientation
 - Team 2 team integrator, diplomatic, malevolent (reverse scored), administratively competent
- Self-protective
 - Self-centred
 - Status-conscious
 - Conflict inducer
 - Face saver
 - Procedural

- Participative
 - Autocratic (reverse scored)
 - Nonparticipative (reverse scored)
- Humane-oriented
 - Modesty
 - Humane oriented
 - Autonomous.

Differences identified at the level of value based behaviour are of importance. For example, in the USA the following behaviour is expected from team leaders: stand out, inspire, stand up for your beliefs, focus efforts, strive for excellence, seek change and act quickly. These observable phenomena are in sharp contrast to the Austrian leadership culture. In Austria the following behaviour is of importance: participation of team members, involve followers in decision-making process, leaders should not interfere with group internal matters and strategic decisions are in the sole discretion of management. That pattern of behaviour corresponds to the high scores of Austria on the Schwartz dimensions of intellectual autonomy and egalitarianism and high scores of the USA on mastery [Sagiv and Schwartz, (2007), p.181].

3.4 Personality profiling approaches and decision making

As can be seen from the SVS model we stand firm to our assumption that personality is a different domain from culture. Studies at the personal level address personality characteristics. In addition to personality traits, the personal parameter value of a national culture dimension or other group culture dimension might give a more complete picture of the personality. Yet, this is not about 'culture' but personality, which is the main concern of this section. Similar to the discussion about the relationship between national and organisational culture, there is a discussion about the link between national culture and individual behaviour (see also the discussion about cultural intelligence, e.g., Earley and Ang, 2003). Inevitably, this brings personality and individual decision making into view.

'Personality characteristics predispose humans to behave in certain ways, given particular situations, to accomplish goals and so forth' [Caligiuri, (2000), p.71]. Personality profiling encompasses numerous models that arise from personality trait theory. In the context of this article, four models deserve special attention due to their importance in personality research and/or their appropriateness for the topic: Socionics (founded in the 1970s by Aušra Augustinavičiute, e.g., Augustinavičiute, 1994, 1998); cybernetic mindscape theory (Maruyama, 1980; Boje, 2004); the five factor model (FFM), commonly called the 'big five' personality trait model (Costa and McCrae, 1992); the personality type theory of the Myers-Briggs type inventory (MBTI, see McKenna et al., 2002). These models are independent and unrelated, though Boje (2004) made an attempt to connect MBTI and mindscape theory.

Socionics by Augustinavičiute (1994, 1998) parallels MBTI because of its Jungian base of the theory, but also includes Freudian ideas of the conscious and subconscious mind. Different combinations of psychological functions result in different ways of

accepting and producing information, which in turn lead to distinct behavioural patterns and different character types.

Mindscape is traditionally a term that refers to a mental or psychological scene or area of the imagination. Maruyama (1980) who was interested in epistemological structures connected these structures with the way that people process and interpret information and his explorations resulted in a theory of 'epistemological types'.

Both Socionics and mindscape play no role in the management literature. Yet, they are of importance for a theoretical understanding of the relevance of personality theories in general. Both concepts are primarily concerned with the ways persons accept, process, interpret and produce information which, in turn, is supposed to lead to distinct patterns of behaviour. These different patterns then can be attributed to different character types.

In management studies, the FFM (Goldberg, 1993) and its extensions and adjustments as NEO-FFI or NEO-PI-R (Costa and McCrae, 1992) are in widespread use. The '*big five dimensions of personality*' are basic dimensions of normal personalities (Mount and Barrick, 1995). They consist of:

- openness – appreciation for art, emotion, adventure, unusual ideas, imagination, curiosity and variety of experience
- conscientiousness – a tendency to show self-discipline, act dutifully and aim for achievement; planned rather than spontaneous behaviour
- extraversion – energy, positive emotions, surgency and the tendency to seek stimulation and the company of others
- agreeableness – a tendency to be compassionate and cooperative rather than suspicious and antagonistic towards others
- neuroticism – a tendency to experience unpleasant emotions easily, such as anger, anxiety, depression or vulnerability; sometimes called emotional instability.

These factors were discovered through empirical research. There is considerable consensus among psychologists about the usefulness of these instruments. The results of the surveying instruments are considered to be objective, reliable and valid and ultimately allow measurement of the traits on a scale from 0–100% which, among others, fits nicely into the framework of regression analysis. In a large-scale study, Barrick and Mount (1991) examined the results of over 200 separate studies in which at least one of these dimensions was related to job performance.

As a descriptive model of personality and a typology it belongs to the classificational Maruyama universe. It is often criticised that it is supported only through inadequate post-hoc theories that neither explain personality nor operate statistically in ways that satisfies some critics. The concept is perceived as being incomplete, i.e., that there exist more than five factors/traits that describe a personality profile.

We may take it as a confirmation that numerous additional traits were identified in different contexts. Specifically pointing towards different cultures, Hofstede (2007) suggests the inclusion of a sixth major personality trait called 'dependence on others'. This suggestion is based on follow-up studies of McCrae's work in countries of East Asia and on Bond's analyses as well as looking at other European data (Hofstede and Fink, 2007). In the context of research into expatriate adjustment, expatriate success and expatriate effectiveness, more personality traits have been identified. Cultural empathy, open-mindedness, flexibility were identified as important traits that are helpful for

individuals to adjust better to the challenges of an international assignment. This knowledge allows people to select who are considered to be *ex ante* better equipped for an international assignment (Caligiuri, 2000, 2000a). Looking at intercultural effectiveness, Hammer et al. (1978) identify three crucial traits: ability to deal with psychological stress, ability to effectively communicate and ability to establish interpersonal relationships. In some 20 often quoted publications in the international management literature Fink et al. (2004) found 17 different traits: agreeableness, allocentrism, collectivism (cultural dimension), contact, conscientiousness, cultural empathy, emotional stability, empathy, extroversion, flexibility, idiocentrism, individualism (cultural dimension), open-mindedness, openness, patience, sociability, tolerance for ambiguity. Once more, this demonstrates that the lack of theoretical foundation is a weakness of the concept and new traits again need a convincing explanation.

The MBTI is one of the most popular personality profiling approaches for non-clinical populations. McKenna et al. (2002) find that there is still a need to find hard evidence that any such approach has real validity. Despite doubts, instruments of personality type have become important to many human resource environments because they are believed to be helpful in dealing with a variety of individuals and creating more cohesive organisational cultures.

The MBTI is a hierarchical on/off model:

- a person is either extrovert (E) or introvert (I)
- and follows a lifestyle (a structure) based either on
 - perceiving (P) or
 - judgement (J).
- perceiving (information gathering) functions are further divided into either
 - sensing (S) or
 - intuition (N);
- judgment (decision making) functions into either
 - thinking (T) or
 - feeling (F).

Perceiving (= information gathering) relates to how new information is understood and interpreted. A preference for sensing relates to information that is in the present, tangible and concrete and intuition indicates a preference for information that is more abstract or theoretical and comes up as flashes of the mind. Judging (= decision making) relates to how to make rational decisions. A preference for thinking indicates a preference for reasonable, logical or causal decision making processes. Feeling emphasises empathy, consensus and fit. The understanding of the concept is that in the end each person uses more dominantly either sensing or intuition or thinking or feeling.

A yet unexplored advantage of the MBTI model is that it could be more easily linked to Yolles' SVS model:

- Extraverts direct themselves to the phenomenal domain, while introverts direct themselves to the existential domain. Thus, extraverts prefer autopoiesis (AP1 and AP2) and introverts prefer autogenesis (AG1 and AG2).

- In information gathering, preference for sensing relates to the tangible and manifest, thus emphasis is put on AP2. Intuition, which connects to the unconscious, tends to accommodate the abstract and conceptual and directs towards a preference for AG1.
- In structure, preference for judging relates to a personal need of planned processes and regulation. Highly structured lives and adhering to plans indicate a preference for AP1.
- Preference for perceiving relates to flexibility in a spontaneous way. Individuals feel energised by resourcefulness, they are more interested in their surroundings than their own original intentions. Thus, they emphasise AP2.
- In decision making, a preference for thinking involves an assessment of the logical consequences of choices of action and connects to judging rather than intake of simple information. Before action (AP1) is taken an individual seeks to anticipate outcomes of AP2, by consciously referring to and evaluating of previous knowledge (AG1).
- A preference for feeling is associated with emotional responses. Connects with a purely subjective perspective of situations, AP1 is based on spontaneous reaction to AP2 by unconsciously referring to AG1.

In the management context it is important to note that the NEO-PI-R five factors correlate with Hofstede dimensions (Hofstede and McCrae, 2004). The correlations between the Hofstede dimensions and the big five factors cause specific problems in econometric analyses. The sign of estimated coefficients may change when personality traits are employed in regression analyses in addition to Hofstede dimensions.

Hofstede and McCrae (2004) also discuss the issue of causality. Does the aggregate of individuals' traits determine group culture or are the personality traits the result of acculturation within a group in childhood? Actually, Hofstede and McCrae (2004) could not agree on the one or other (Hofstede and Fink, 2007).

Another example of a two-way causality can be found with Jessup (2002): on the one hand, we might assume that a corporation with a strong corporate culture would have an impact on personality characteristics of its staff. On the other hand, Jessup (2002) shows that the results of MBTI tests for individuals could be aggregated to the organisational level. The aggregate results in something called 'organisational character' – a sort of organisational personality as proposed by Bridges (1992).

More recently new personality models emerge that differ from the traditional psychometric measures. These relatively new models are based on the assumption that people are able to regulate their own behaviour through efforts of willpower. The idea is that people's actions are not directly determined by the personality traits, but depending on the perceived importance of an issue, individuals decide to allocate more or less resources to information gathering, decision making and action planning and implementation. Perception, memory, thought, judgment and behaviour are at the core of this theory.

Dewberry and Narendran (2007) structure the decision making process into 'proactive cognition' (including allocation of cognitive resources), 'deciding' (choice related variables) and efficient 'action control' (implementation of behaviour). Interpersonal differences in allocation of resources to the three processes proactive cognition, deciding and action control result in different patterns of strengths and weaknesses of individuals:

people who allocate relatively large resources to proactive cognition will tend to find new solutions and will have impact and influence on their social environment. Conversely, individuals allocating relatively small resources to proactive cognition will rather react to events and are also less likely to seek power or influence. Decision making can be either done quickly with limited conscious thoughts, relying on mental short-cuts based on traditional behaviour from memory or stereotypes or alternatively, more slowly and deliberately, based on collected relevant information and consciously considering the available options. Efficient action control involves the effective planning of actions and self-discipline to ensure that actions are executed. Decisions making is not postponed and once made decisions are implemented without unnecessary delay.

In this context it has to be noted that the relevant research fields are quite dynamic and most of the research which is used as an input in management science possibly would be considered by some psychologists as outdated. New traits are developed in specific cultural contexts, which possibly could be worth testing in a cross-cultural context, too. For example, in their research into deviant work behaviours Diefendorff and Mehta (2007) distinguish ‘approach and avoidance motivational traits’. Approach motivation consists of three traits: personal mastery, i.e., desire to achieve; competitive excellence, i.e., desire to perform better than others and sensitivity to behavioural activation system, i.e., responsiveness to rewards. ‘Avoidance motivation’ reflects one’s sensitivity to negative stimuli and the desire to escape such stimuli.

3.5 Culturally determined patterns of behaviour – cultural standards

‘Value dimensions’ and ‘personality traits’ as the two major strands of literature at best only partly embrace the actual problems emerging in business and management encounters, how these encounters are perceived and how and why managers and staff react in specific ways that either help to solve the interaction problems and to achieve desired goals or make interaction problems worse and lead to failure from the perspective of desired goals. When we put these strands into perspective of the Yolles SVS model and also consider the Dewberry and Narendran (2007) decision theory, then we have to note that not only beliefs and knowledge (about prevailing rules, available solutions and also stereotypes), but also personal interest and organisational goals have an influence on actual decision making and consequently on behaviour. We may expect that patterns of behaviour to some extent are influenced by culture and traits, but that individual behaviour also may deviate from such patterns depending e.g., on personal interest. We also have to expect that behaviour might change in course of the process of interaction with others, because feedback and reflection processes (SVS: AP2 and AG2) make change worthwhile in the light of personal or organisational interest.

Nevertheless, in cross-cultural encounters it is of importance or at least worthwhile to know the local flavour of patterns of behaviour. Some scholars who attach high importance to detailed knowledge of local behavioural appearances do not shy away from being eventually accused that they might produce only stereotypes. But, as Lewis (2003) would argue, when ‘cultures collide’ it is better to know than not to know. In the next section we devote some thought on how to identify culturally determined patterns of behaviour, i.e., what Alexander Thomas termed ‘cultural standards’.

Behaviour of individuals is difficult to predict because it is basically driven by personal interest and by expectations how a counterpart possibly would react, all this

embedded in the concrete context of action/interaction patterns. ‘An acting person is always considering possible views and judgements of their counterparts as well as own experiences and assumed experiences of others. The reacting person always will consider the context and the desirability or necessity to achieve a consensus with a specific partner and also the norms of judgement of his own culture’. [Boesch, (1980), p.135]. However, referring to Yolles’ SVS model we find that norms of judgment depend to some extent on values of a given group. Thus, we may expect that within a given culture certain patterns of behaviour emerge, which can be traced back to values (societal culture dimensions), context (e.g., organisational values and practices in a management context, at corporations, universities, etc.) and memory (traditional modes and norms of behaviour in a given culture and context). Even if values would be the same, typical patterns of behaviour can be different in different cultures because a specific convention may serve the purpose as much as another convention, but both are exclusive to each other, e.g., driving on the right hand side or left hand side in the streets. Thus, we may not be able to predict the behaviour of individuals, but we may be in a position to predict certain collective patterns of behaviour (Fink et al., 2006).

Thomas (1988, 1993, 1996, 2002) based his theory of predicting critical incidents in cross-cultural encounters on Piaget’s (1962 and 1976) developmental psychology and Boesch’s (1980) cultural psychology and concept of action. Thomas coined the term ‘cultural standards’ for culturally determined patterns of behaviour:

“By cultural standards we understand all kinds of perceiving, thinking, judging and acting that in a given culture by the vast majority of individuals for themselves and others are considered as normal, self-evident, typical and obligatory. Cultural standards regulate behaviour and guide individuals to assess observed behaviour.” [Thomas, (1993), p.381, translation by Fink]

In the models of culture of Hall and Hall (2000) and Trompenaars and Hampden-Turner (1997) we find reference to both values and ‘typical’ patterns of behaviour: time related behaviour (polychronic and monochronic), space related behaviour (close and distant) and forms of communication (specific/diffuse, low/high context).

Research into cultural standards brings some local flavour into the picture (McSweeney et al., 2008) and embraces the actual problems emerging in concrete business related encounters, how these encounters are perceived and how and why managers and staff react in a specific way that helps to solve the interaction problems or makes them worse.

In case of cultural clash, critical incidents emerging in cross-cultural encounters are the dependent variable which can be explained by cultural standards as independent variables, i.e., cultural norms that strongly influence the mode of action of an expatriate and the mode of reaction of a counterpart from a different culture. In turn, cultural standards are based on the values in a given culture, but also on traditional modes and rules of behaviour (norms of behaviour in a given context or organisation) that comply with these values.

The culture standard method delivers a much more differentiated picture of the impact of culture on observed, experienced and perceived behaviour than the culture dimension studies. Since the ‘practical experience of actors is always located or uneasily resident within a particular set of local rules and practices’ [McSweeney et al., (2008), p.1], even small differences in culture may matter and may make critical incident emerge. For example, in all ‘nearly global’ value studies, the Germanic cultures (East and West

Germany, Austria, German Switzerland) are statistically merged easily into one cluster (Brodbeck et al., 2002; Welzel and Inglehart, 2008; Schwartz, 2009). However, in bilateral encounters between members from those relatively close cultures, individuals instantly note that their counterpart is from another ‘Germanic cluster’ country and unless experienced and well prepared more often than not individuals encounter remarkable critical incidents. By contrast, members from distant cultures (e.g., Spaniards) often cannot distinguish between members from closer cultures such as Austrians and West Germans (see, e.g., Brück, 2001; Dunkel, 2001).

Given its complexity and in contrast to research into value dimensions and personality traits, research into cultural standards so far is based on interview techniques with a four stage validation process: consistency within interviews, consistency within and between interview series, validation of results with counterpart culture experts, consistency between independent research undertaken in counterpart cultures (Fink et al., 2005). Basically, we learn little about the actual patterns of behaviour in the interacting cultures, but we learn a lot about perceived differences. Based on previous work of the first author we can group the findings from about 900 interviews relating to interaction situations with individuals from various European countries into several broad categories: issues of time use; communication (critique, motivation and conflict management); the role of rule obedience; the notion of privacy and personal relations. In order to illustrate the insight gained by this concept, we take a few examples from cultural standard research addressing selected broad categories and one country comparison (Fink et al., 2006).

Issues of time can point towards a slow speed of solving tasks and extreme length of negotiations and decision making processes. Managers from Anglo-German cultures tend to reduce inter unit conflicts by scheduling time use and by increasing productivity of time. Managers from France and Italy exhibit strong individuality. They reduce scarcity of their ‘own time’ that is valued very highly by simultaneously dealing with different affairs, low punctuality and not following schedules. They do not bother to waste the time of others (‘their time’). The behaviour of managers in East Central European cultures is dominated by organisational features: working in collectives (not in teams) and priority setting by supervisors. Risk aversion, harmony seeking and saving one’s own face are values that also help to understand the time consuming discussion and decision making behaviour in Central and Eastern Europe (CEE). Wasting time of West European counterparts is also of no concern for CEE Managers. It weights much less than harmony within the collective.

Issues in communication refer, among others, to voicing critique. For example, Hungarians, Italians and Spaniards perceive Austrian communication style as blunt; vice versa, Austrians perceive communication styles of Hungarians, Italians and Spaniards as allusive. Austrians perceive West German style as straight forward, often even blunt; West Germans perceive Austrian style as oblique (Fink and Meierewert, 2004).

A comparison of Hungary and Austria provides an example for analysing culture standards through critical interaction situations with members from two countries. Compared with Hungary, normal behaviour in Austria, e.g., the way of criticism, is more direct and matter of fact which is not the case in Hungary. In Hungary, criticism is voiced in an indirect way, with the question of honour and not loosing face playing an important role (Meierewert and Horváth-Topcu, 2001). The Austrian style of criticising is often perceived as oblique but finally direct criticism by Hungarians, while Austrian managers

often perceive the Hungarian style as illusive, i.e., criticising takes place between the lines. Why is this of importance? Styles of communication and of criticising, in particular, have a direct impact on motivation (Watzlawick et al., 1982; Schulz von Thun, 1982). Unprepared Hungarians perceive the Austrian way of criticising as improper and offensive. Austrian managers, however, often unintentionally discourage their subordinates or team members because of their communication style. On the other hand, Austrian managers find the Hungarian allusive style of criticising sometimes time wasting and inefficient and hard to understand (Fink and Neyer, 2005).

4 Distinct areas for future research in cross-cultural competence and management

Against the backdrop of the different levels of analysis addressed over the previous decades, some distinct areas for future research in cross-cultural competence and management emerge which we regard as especially fruitful. Each of them follows a basic logic of its own, but also has some connection and overlap with the neighbouring fields.

First, 'classical' issues in cross-cultural competence and management research can be named which cross different levels of analysis are of constant and overarching interest. They include, for example, cultural intelligence, cross-cultural knowledge management, cross-cultural communication and relationship management, cross-cultural barriers, cross-cultural issues in international business, multinational work teams, cross-cultural careers or expatriates and other internationals and their cultural (reentry) problems. Related to a more technical aspect, one can mention new methods of cultural comparison, different aspects and the development of intercultural competence or intercultural training methodology.

Second and related to the basic epistemological perspective chosen in this paper, a number of issues emerge. They include more research into the three major domains, i.e., the epistemology of a system with values, beliefs (stereotypes) and knowledge (memory), the ontology of a system with personality (decision making processes) and the phenomenology of a system with action and observable patterns of behaviour; the interaction between systems, i.e., same level systems vs. hierarchical level systems (organisations embedded into society) which leads to issues such as various forms of cultural interaction between organisations (separation, marginalisation or hybridisation in the context of assimilation or integration); research into the four processes identified by the SVS model with a specific focus on objective knowledge (i.e., knowledge that is available at the society level) as the core component of culture in complex and open societies (Magala, 2005), on personality and how personal interest determines action and on cognitive as well as relational and emotional knowledge; research on cross-cultural learning and how experience shapes learning and the subtle structures and processes that shape acculturation and cultural change. Related to this level are also issues around the pathologies of systems, i.e., blocked processes AG1, AP1, AG2 and AP2, which express themselves, among others, in collective culture shock or cultural stretch.

Third and closely related to different views of culture and cultural levels, one can identify a number of issues such as relations of societal culture to structural, demographic and ecological characteristics of societies and to their historical experience, to national policies and actions and to traits or distributions of individual attitudes, values, behaviour, etc. within societies; societal culture as a mediator of the effects of other

societal characteristics on one another or as a moderator of associations between individual-level variables. In particular, issues of integration and differentiation do play a role, including identification of cultural difference or cultural similarity, prediction of patterns of behaviour and/or behavioural outcomes, alleviating or resolving cultural conflicts and interest conflicts across-cultures and handling cultural similarity and difference at different levels, e.g., organisational culture or organisational employees.

Fourth, issues related with the time dimensions seem especially fruitful as, like all other research, cross-cultural management research is embedded in time. Time is a core dimension of research in social sciences which is often neglected or only implicitly acknowledged. In terms of conceptual inclusion of time into the research design, there are two basic options. On the one hand, cross-sectional ‘snapshot’ studies look at the chosen level and unit of analysis at a specific point or short period in time. On the other hand, longitudinal studies, sometimes even using a panel design, follow the units of analysis over an extended period of time and can detect changes and trends within and between them. Concrete issues include snap shots vs. constant comparative method vs. processes over time; time in cross-cultural management interaction; cross-cultural careers; adjustment processes and hybridisation or alleviating cultural shocks; system pathologies, hybridisation, assimilation, integration, separation, marginalisation in cross-cultural interaction of organisations, learning processes, migration of management knowledge and cross-cultural tacit knowledge management, all of this especially linked with mergers and acquisitions; longitudinal studies related to a macro theory of global value change or a micro theory of emerging group cultures; global shifts in values and norms.

Fifth, with a more methodological emphasis, issues such as meaningful cultural distance measures or progress in solving the problems emerging in culturally mixed research groups which among themselves use English as their *lingua franca* and have to process and qualitatively analyse texts in different local languages which are unknown to most members in the group.

5 Concluding remarks

This article illustrates that a clear understanding of different levels of analysis is crucial for the fruitful further development of the field as well as for individual research efforts. While neither the outlined framework of different levels of analysis nor the issues identified for concrete future research are exhaustive, of course, they do – this is our hope – provide researchers with a stimulating impulse for their own work and relate it to what has been done in the past.

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Notes:

- 1 The 2008 extension to seven dimensions by inclusion of 'Indulgence versus Restraint' and 'Monumentalism versus Self-Effacement' on an experimental basis is the result of cooperation with Michael Minkov. (See <http://stuwww.uvt.nl/~csmeets/VSM08.html>).
- 2 We cordially thank Maurice Yolles for helpful advice about the Maruyama universe.
- 3 Individuals themselves do not 'have' a culture, of course, but they 'carry' with them elements of higher level cultures.
- 4 Geert Hofstede is the most quoted present day European author in social sciences: 27,600 citations of 460 papers and publications, 7,500 citations of 'cultures consequences' (1984) and 3,000 of 'cultures consequences' (2001). Citation indexes identified with Publish or Perish © Anne-Wil Harzing 2008 are higher than that of some Nobel Prize winners: h-index=43; g-index=164. Shalom S.H. Schwartz is the second highly quoted present day author in the field. He records 10,000 citations of some 250 papers and publications, 1,500 citations of his work 'Universals in the content and structure of values: Theory and empirical tests in 20 countries'. (1992); h-index=44; g-index=92 identified with Publish or Perish © Anne-Wil Harzing 2008.