The importance of understanding cultural differences

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Socio-cultural differences can lead to misunderstandings that hinder successful collaborations between partners from different cultures.

Today's globalized workplaces require professionals to develop cultural competences that complement their technical skills. What are cultural competences? Are these competences universal or specific? Can they be assimilated into personality traits? Is it possible to develop them? And if so, by what means? How can cultural competences help us understand the way work is organized in different countries of the world?

These are among the various issues explored in the new book *La compétence culturelle. S'équiper pour les défis du management international (Cultural Competence: Preparing for the Challenges of International Management)*, featuring contributions, in French and English, from 18 professors from business schools and universities around the world. The book is organized into two parts: the first focuses on general theories of cultural competences, whereas the second discusses the way people organize and manage work in specific cultural contexts, such as Chinese, Indian, Korean, African, Latin American, French, German, Eastern European and Islamic ones.

Two of the book's editors, Vincent Calvez (Group ESSCA and CRG) and IESE Prof. Yih-teen Lee, begin by proposing an approach of dual cultural identity, which underscores the interplay of identity and context. Cultural identity appeals to the feeling of belonging to a group, and answers the question "Who am I?" They argue that individuals need to develop dual cultural identities that are high on identity both to their culture of origin and to the host

culture, in order to be able to exercise their cultural competences to the fullest extent. In concrete situations of intercultural interactions, the attitude of players from other cultures can influence the reactions of an individual and in turn define his/her identity strategies, thus rendering our understanding of cultural competences dynamic.

Chinese organizational culture

Turning from culture-general to culture-specific knowledge, the second part of the book tackles management issues in French, Franco-German, Korean, Indian, Islamic, African, Latin American, Eastern European and North American contexts. IESE Prof. Lee also contributed to the chapter "Confucian Relation and Chinese Organizational Culture," together with Kwang-Kuo Hwang and Wei-yuan Cheng. The authors analyze how Confucian philosophy has molded interpersonal relationships and how these are developed in the context of Chinese companies, particularly Taiwanese ones.

A central tenet of Confucianism is to show respect and obedience to elders or superiors. Leaders must show kindness, sensitivity, justice, generosity and benevolence, while subordinates should exhibit obedience, submission, deference and loyalty.

Chinese companies are established using a network of contacts (*guanxi*) of the clan, that is, the family or close personal relations. The types of companies that are created depend on whether the management and ownership are held by the same person. In small and medium enterprises (SMEs), most employees are often related to the owner, and their working relations, therefore, are influenced more by Confucianism than by any official state powers.

There are typically two types of organization in Chinese SMEs: patrilineal and patriarchal. Patrilinealism is the structure in which the elder brother dominates as heir. The entrepreneurial father expands his business using his family and initiates new projects for each of his children. The traditional ties are maintained in the decision-making process, in which employees are not included, since they are usually not part of the family.

In companies where patriarchalism dominates, the blood bond is not necessary for the power structure to exist where the father dominates. Here, the leader must look after the welfare of his employees and establish a relationship of friendship with them. In such cases, the working relationship is more horizontal.

When a Taiwanese SME grows, the governance model becomes more complicated - especially because loyalties, competences and the intimacy of the relationship are judged.

Commonly, those in charge are close family members; recommended professionals and other relatives occupy middle management; and the rest of the employees are virtual strangers to these inner circles.

State-owned enterprises, which are not open to free competition and evolve into an oligopoly, tend toward a paternalistic model. The welfare of employees is ensured so long as they obey the authority. The head acts as a moral example who insists upon the value of work to alleviate pressure from the unions.

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