AN INVESTIGATIVE STUDY INTO THE ADOPTION OF CROSS-CULTURAL MANAGEMENT PRACTICES IN SELECTED PUBLIC AND PRIVATE SECTOR ORGANISATIONS - A GROUNDED THEORY APPROACH

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A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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May 2005
DECLARATION

The candidate does hereby declare that:

- except where due acknowledgement has been made, the work is that of the candidate alone; and
- the work has not been submitted previously, in whole or in part, to qualify for any other academic award; and
- the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program.

Signed:

…………………………………….
Teodora M Reyes

31 May 2005
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This thesis has been a labour of love. Throughout the lengthy research process, my motivation to contribute a chip, no matter how small it maybe, to the greater good and benefit of other people (leaders, managers, academics and students), served as my guiding light and source of inspiration. When I embarked on this, I felt that life should be concerned with more than pursuing mere personal goals. It was this guiding light and inspiration that primarily saw me through the dark moments and rough travails of the journey.

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ABSTRACT
There are three major factors that contributed to cross-cultural management’s prominence: the growing cultural diversity of the population, globalisation (Adler 2002; Morrison 1996) and fairness legislation (Gross-Schaefer, Florsheim & Pannetier 2003). From the Australian perspective, the multicultural experiences of the U.S. and Canada are relevant. The U.S. was the seedbed in which cultural pluralism was first sown and cross-cultural management pioneered while Canada provided Australia with the policy model of multiculturalism (Salins 1997; Addison 1993).

The American and Canadian multicultural experiences also provided Australia with the key policy lesson that adopting multiculturalism was not enough, nor was legislating fairness sufficient in addressing the continually growing population diversity and globalisation. Cross-cultural management (CCM) emerged as another key strategy. However, while the literature shows that CCM needs to be integral to diversity management (DM), Australian workplace diversity management hardly goes beyond fairness (EEO) legislation compliance. As a result of this, the Australian workplace still fails to mirror the population profile even after thirty-three years of introducing multiculturalism to public policy making.

The reason is simple and easy to comprehend; CEOs of organisations do not have a good appreciation of not only the benefits that can be derived from a culturally diverse workplace (Nicolas 2000) but also more basically the reality that the changing demographics of the population dictate the workforce and customer profiles. While Nicholas (ibid.) found that only 29 per cent of the organisations surveyed in his study were diverse in terms of ethnicity
and that only 18 per cent of CEOs ranked successful diversity management as highly important to Australia’s growth, Bertone et al.’s (1998) findings in their study two years earlier found an almost unanimous support among managers to providing equal opportunity to employees regardless of differences. Despite the contradiction between the CEOs and managers’ perceptions of the importance of workplace cultural diversity, however, only 22 per cent of the organisations surveyed by Bertone et al. (ibid.) had a cross-cultural policy, which is closely similar to Nicholas’ finding.

Karpin (1995) reports that the major cause of the failure to harness cultural diversity benefits is the slow improvement in Australian managers’ education and skill levels. Several studies reveal a negative impact on the economy of this management deficiency (Cobb-Clark 1999; NMAC 1999; Karpin 1995; Masanauskas 1992).

Hinged on the above background, this research was therefore conducted to develop a process (system) theory on cross-cultural management, which utilised data gathered from selected public and private sector organisations using the Grounded Theory method. Besides generating a grounded theory, the research also aimed at investigating the critical mechanisms and social processes at work during the implementation of cross-cultural management in the participant organisations.

This research found lack or absence of knowledge to be at the centre of the occurrence and non-occurrence of attitude change, almost nine years after Karpin’s study and spending of at least $24.8 million to upgrade the Australian managers’ education and skill levels (Innovate
According to the respondents, the presence or lack of certain leadership and management attributes resulted in occurrence or non-occurrence of attitude change, which facilitated and/or stifled cross-cultural management implementation. Knowledge is the main attribute because of its growing depth, explanatory power and encompassing effect on other attributes.

The grounded theory of facilitating adoption of cross-cultural management from this study consists of emergent leadership and management attributes collectively and continually interacting with all the complementary system attributes. In addition to knowledge, the other leadership and management attributes identified are passion and commitment, decisiveness, role modelling, trust and credibility, communicating interactively, consensus and team building and resource provision. The complementary system attributes are organisational structure, integration of CCM to all business plans, system completeness and clarity, language barrier elimination, continual consultation with and participation from managers and employees, responsiveness, inclusiveness, productive diversity, cross-cultural training, accountability, evaluation and improvement, reward for performance/“punishment” for non-performance and integrity and credibility.

Also, during the continual action/interaction, a multidisciplinary general system theory approach was found capable of facilitating comprehensive adoption of cross-cultural management in view of the complementarity of attributes. This aspect of the emergent theory in this study appears unique compared to other grounded theory studies in the sense that the emergent theory is elevated from being a process to a system to better address the respondents’ most basic concern. Thus, this study applied von Bertallanfy’s (1968) general
system or holistic approach because it reveals interrelationships between subsystems and that the behaviour of one subsystem constitutes the behaviour of the entire system. The application of this principle combined with the finding of this research that complementarities exist between leadership, management and systems attributes necessitates a holistic approach in the comprehensive adoption of cross-cultural management.

Additionally, this study applied Shelly et al.’s (1995) concept of a system as a set of policies and sequentially ordered steps to accomplish a specific goal or objective. Facilitating comprehensive adoption of cross-cultural management necessitated this context of system because it captures the attributes and interdependencies through policies and procedures.

Recent events involving Enron, Parmalat and National Australia Bank proved that the need for cross-cultural management does not only arise from a culturally diverse population. Equally important, it arises from the need for leaders and managers to mould an organisational culture that is conducive to continually upholding ethical values among employees that maintain organisational well-being. That organisational culture evolves from national culture is strongly supported by literature.
PART 1

OVERVIEW OF THE STUDY AND METHODOLOGY

Chapter 1 introduces the purpose, significance and objectives of the study; the research questions addressed by the study; and background of the research problem and participant organisations. It also presents the profile of respondents, the thesis structure and the process flowchart in conducting and writing the thesis.

Chapter 2 examines the theoretical underpinnings of the methodology chosen for the study; the rationale for selecting grounded theory and its strengths and weaknesses. It also examines the processes involved in data collection and coding for concepts, near core category, lower level categories and the basic social process.
Chapter 1

INTRODUCTION AND OVERVIEW
OF THE STUDY

1.1 Introduction and context of the study

This chapter presents a brief overview of the study. It provides the purpose of undertaking this work: its justification, the background to problem formulation, research questions, research objectives, and information about the participant organisations and respondents. Finally, it lays down the thesis structure.

The main context of this study is the adoption of cross-cultural management of three Victorian local government authorities, referred to hereafter as Organisation A, Organisation B and Organisation C and two private manufacturing organisations, Organisation D and Organisation E. Further participants to the study were the Chief Executive Officer (CEO) of a private recruitment organisation and a previous CEO of a government agency. The interviews with the two CEOs delved in the present and likely future of Equal Employment Opportunity (EEO) law implementation within organisations and probed their views on the role of middle management in facilitating comprehensive adoption of cross-cultural management.
1.2 Purpose of the study

The purpose of this study was to develop a process (system) theory on cross-cultural management. The data utilised were gathered from selected public and private sector organisations, using the Grounded Theory method.

1.3 Research questions

The following research questions were addressed by this study:

- How did selected public and private sector organisations facilitate cross-cultural management adoption processes?
- What were the critical mechanisms by which a cross-cultural management system is implemented?

1.4 Research objectives

The following are the objectives of this research:

- Generate a cross-cultural management process (system) theory based on the data under examination.
- Investigate in each selected organisation the employees’ perceptions, beliefs and attributes to identify the critical mechanisms during the implementation of its cross-cultural management system.
- Examine the social processes at work during the formulation, implementation and evaluation of each selected organisation’s cross-cultural management system.
1.5 **Significance of the study**

1.5.1 **Contributions to the body of knowledge**

1.5.1.1 **Precedents**

Given the absence of empirical research that addresses processes of cross-cultural management (CCM) or the broader area of diversity management (DM) ‘preceded by a thorough analysis of the tasks, the organization, and the individuals’ . . . and how it ‘should be developed or how it should be evaluated for effectiveness’ (Ivancevich & Gilbert 2000, p.82), this research attempts to provide a clear picture of CCM processes. Applying the general system theory or holistic approach espoused by von Bertalanffy (1968), this research provides a model for implementing a CCM system. It does this by piecing together parts of the system commonly distributed to management areas in an organisational environment for evaluation of its completeness and efficacy. It also unravels the implementation issues in the Australian workplace together with the causes of difficulties and challenges that beset the implementers and their perceived solutions. This research also produced the following outcomes, it:

1) introduces a multidisciplinary system approach in addressing cross-cultural management issues;

2) provides a more comprehensive multidisciplinary concept of cross-cultural management and a clearer perspective of diversity management;

3) reveals the gaps between cross-cultural management rhetoric, workplace practices and situations;

4) strengthens the case for cross-cultural management through examination of its historical background.

The history of cross-cultural management reveals how equal opportunity (or fairness) legislation was strengthened after cultural pluralism or multiculturalism proved inadequate in
addressing basic grounds of discrimination such as race, gender and age. Stronger fairness legislation also spread the focus to other dimensions of diversity, mainly gender and disability. Subsequently, it caused the shift from cross-cultural management to diversity management in the professional literature.

Expanding fairness legislation along these lines however, has not necessarily prevented discrimination, although it has provided legal remedies for people who experience discrimination in their workplaces. In the U.S., there has been a growing number of discrimination cases based on EEO legislation (U.S. Equal Employment Opportunity Commission 2003). These have produced in some cases enormous financial settlement outcomes (Selmi 2003). Given the primary objective of EEO legislation, which is to deter discrimination, the continually increasing number of discrimination cases and amount of settlements could be indications that stronger fairness legislation is a failure.

Indications of EEO legislation failure are paralleled in Australia. The findings of two studies suggest that the extent of discrimination might be worse than perceived in view of organisations’ circumvention of EEO legislation compliance (Bennington 2002; Bennington & Wein 2000). Interestingly, the erstwhile Equal Employment Opportunity Commissioner (EEOC) in Victoria believes that likely developments in ten years might see Australia in the same situation that U.S. faces now in terms of increasing discrimination cases.

Comparison of the American and Australian chronology of events in cross-cultural management and fairness legislation history shows that delay in the Australian developments ranges from 11 to 47 years. The comparison of developments is summarised in Table 1.1 and this is expanded in chapter 5. Even putting the scenario painted by the EEOC aside, the
decreasing birth rate in Australia and borderless movements of people due to globalisation make continual entry of immigrants unavoidable, thus the need for a proactive strategy.

Table 1.1 Comparison of CCM and Fairness Legislation Developments, U.S. and Australia

<table>
<thead>
<tr>
<th>Area</th>
<th>U.S.</th>
<th>Australia</th>
<th>Time lag</th>
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<tr>
<td>Multiculturalism</td>
<td>1955</td>
<td>1972</td>
<td>17 years</td>
</tr>
<tr>
<td>Civil Rights Act</td>
<td>1957</td>
<td>-</td>
<td>47 years</td>
</tr>
<tr>
<td>EEO – affirmative action for public offices</td>
<td>1961</td>
<td>1984</td>
<td>23 years</td>
</tr>
<tr>
<td>EEO legislation – basic discrimination grounds</td>
<td>1964</td>
<td>1975</td>
<td>11 years</td>
</tr>
</tbody>
</table>

Sources: Kallen 1956; Niland & Champion 1990; Global Diversity @ Work 2003; Scaleplus Law Resource 2003.

1.5.1.2 Refocus on cross-cultural management

All the above, singly and combined, render a refocus on cross-cultural management processes worthy. Deming (1986; 2000) and Drucker (1998) strongly advocate the need for organisations to constantly transform to fit the reality of their environment. The environmental contexts of organisations encompass the society, the markets, the customer base and technology fields in which they operate. This complex context is clearly influenced by the make up of the population and only a continually responsive and learning manager can address this. This research provides a means to managers on how to transform organisations in response to a continually changing population profile.

In view of the refocus to cross-cultural management, the term cross-cultural management is used throughout this thesis in most cases. There are two more reasons. First, although the participant organisations use diversity management in their communications and organisational documents, other aspects of cross-cultural management such as addressing
religious and linguistic diversity also occurred. For example, all organisations translated their important communications to languages commonly spoken by their employees and Organisation D provided prayer rooms for Muslim employees. Second, the participant organisations were all aware of the need to address the behavioural aspect of diversity management, which pertains to the deeper aspect of culture or simply cross-cultural management. As discussed in detail in chapter 5, cross-cultural management refers to understanding and improving interactions between employees, clients, suppliers and other stakeholders from diverse cultures (Adler 2002) while culture refers to explicit and implicit behavioural patterns acquired and transmitted by symbols (Kroeber & Kluckhohn 1952) including religious and linguistic symbols.

Despite awareness of cross-cultural management being a subset of diversity management, the implementation of diversity management by participant organisations focused mainly on equal opportunity law compliance brought about partly by the increase in the number of discrimination lawsuits and enormity of settlements (U.S. Equal Employment Opportunity Commission 2003, Selmi 2003). This created the perception that diversity management and equal opportunity law compliance were similar if not identical as confirmed from the extant literature and this research. Organisations’ primary focus on compliance occurred at the expense of cross-cultural management. Discussion details and other underlying reasons are found in chapters 3 and 4.

1.5.2 Advancements in methodology

1.5.2.1 Use of external and internal literature in coding the core category

This research has made significant use of extant related literature in saturating, densifying and integrating the substantive theory or core category of facilitating comprehensive adoption of
cross-cultural management. The conceptualisation process using extant related literature is discussed in detail in chapter 2. Put another way, extant related literature was used to both sharpen the concepts and complement the core category or core process in view of the implementation inadequacies in the substantive setting as discussed in chapter 3. Other grounded theory studies in Australia have utilised literature either after the emergence of theory to situate the theory in the literature (Kriflik 2002; Jamsai 2003) or to sharpen the concepts (Jamsai 2003; Parry 1996) and process during coding (Parry 1996).

1.5.2.2 Use of organisational documents and general system theory

Also, documents in both hard and electronic forms of participant organisations were used in this research, a method uncommon amongst those used by other researchers in other grounded theory studies. Coding for concepts necessitated documentary analysis since a system approach was utilised given the discovery that interrelationships and complementarities exist between leadership, management and system attributes. In a system approach, (von Bertalanffy 1968) the phenomenon needs to be explained by collectively investigating its parts and processes to reveal interrelationships between them, which cannot be achieved if the parts and processes are treated singly.

1.5.2.3 Use of primary data from both private and public sector organisations

The use of primary data from both private and public sector organisations in a qualitative management process study appears to be also unique. No publication was found on qualitative empirical management research involving private and public sector participants on cross-cultural or diversity management during the literature survey. A search of four international journal databases (Proquest, Emerald, EBSCO and Web of Science) and three popular search engines (Google.com, Hotmail.com and Yahoo.com) was conducted to no
RMIT’s liaison librarian for postgraduate business studies confirmed this. Therefore, the results of this study may assist both private and public sector managers. For example, diversity management milestone setting in the performance criteria of the Chief Executive Officer (CEO) in Organisation A could be adapted by private sector participant organisations especially for Diversity Managers.

1.5.3 Bridging theory with practice

That a gap still exists between theory and practice has always been an area of concern. In its general sense, Karpin (1995) airs concern that textbook description of management activities is “folklore” compared with facts or actual situations in the workplace. Geyer (1997) concurs that academic researchers either have little appreciation or understanding of what practitioners are doing. Specifically, Ivancevich and Gilbert (2000, p.82) lament that extant diversity management research is mostly symbolic, meaning it is used to ‘legitimise and sustain a predetermined position’. In contrast, they add that research for instrumental and conceptual purposes is intended for direct application to job performance and knowledge improvement, respectively.

This study addresses the deficiency cited above. Using grounded theory method, actual perceptions, management situations and organisational documents became the bases in categorising or conceptualising the emergent process theory. The researcher’s managerial experience, which equally concentrated on system improvements, aided in confirming the applicability and closeness to workplace reality of the theories provided by the literature. Besides sharpening the emergent theory, the extant related literature also served as the secondary source of data in this study given the inadequacies of and/or limited access to the
organisational systems looked into. This interface and intervention between data and researcher is called theoretical sensitivity, which is discussed in more detail in section 2.5.1.

1.6 **Introduction to the research problem**

In 1990, this researcher worked with a Filipino-Japanese joint venture in the Philippines as Assistant to the Filipino General Manager and concurrently as Assistant to the Japanese Board Chairman. Among her functions, she served as the sounding board of both executives giving her insights into their mental processes and also reconciled often-conflicting ideas on management approaches before they were communicated to and implemented by the respective personnel. The tensions and frictions between the President and Board Chairman occurred almost on a daily basis. Soon after, the joint venture collapsed.

The researcher subsequently worked again as Assistant to the President responsible for consolidating financial reports to the international Board of Directors for two Australian subsidiaries in the Philippines. For two years, she observed how the Filipino managers’ idiosyncrasies conflicted with those of the Australian President. Corporate losses had been unabated for at least four years for failing to pinpoint a workable solution. During the first quarter of 1994, the parent company decided to pull out of its operations in the Philippines.

The extant cross-cultural management and international business management literature is awash with anecdotes similar to the above (Adler 2002; Black & Mendenhall 1990). This researcher wondered that if a culturally different CEO’s failure to manage a workforce with a homogeneous culture could cause such huge losses, what could be expected if both the entire management group and the workforce are culturally diverse? Australia provides a good case to examine in this regard given the continually increasing cultural diversity of its population.
and its workplace’s failure to mirror the population profile (Nicholas 2000; Cobb-Clark & Chapman 1999; Bertone et al. 1998). This researcher felt that in view of the inadequacy of fairness legislation (Bennington 2002) and the popular concept of diversity management (Ivancevich & Gilbert 2000) in addressing cultural diversity as first mentioned in section 1.3.1, a refocus on cross-cultural management is called for.

1.7 Background to participant organisations and respondents’ profile

Of the five organisations that participated in this research, three are from the public sector while the other two are from the private sector. The characteristics of the participant organisations are discussed in turn.

1.7.1 Public sector participants

The main participants from the public sector were city councils in Victoria. The main participant organisations’ cross-cultural management processes were explored through semi-structured interviews and organisational document review and analysis. Table 1.2 shows the comparative demographic data and organisational structure of city councils.

1.7.2 Private sector participants

Two manufacturing organisations also participated in this research. A number of similarities exist between these participant organisations from the private sector. First, they have American offshore parent companies. Second, they both have a part-time Diversity Manager as part of their Human Resource Management Department/Divisions. Third, diversity councils were created in both organisations to facilitate communications between the manufacturing personnel and management.
Table 1.2 Comparative Public Sector Participants’ Demographic and Organisational Data

<table>
<thead>
<tr>
<th></th>
<th>Organisation A</th>
<th>Organisation B</th>
<th>Organisation C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population of area serviced by organisation</td>
<td>127,882</td>
<td>128,201</td>
<td>136,894</td>
</tr>
<tr>
<td>No. of counties represented by population</td>
<td>148</td>
<td>140</td>
<td>120</td>
</tr>
<tr>
<td>% of population from NESB</td>
<td>50.0</td>
<td>52.2</td>
<td>35.3</td>
</tr>
<tr>
<td>No. of languages spoken by NESBs*</td>
<td>105</td>
<td>97</td>
<td>87</td>
</tr>
<tr>
<td>Agreement w/organised community existing??</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>1,000</td>
<td>1,050</td>
<td>1,200</td>
</tr>
<tr>
<td>No. of general/senior managers under the CEO</td>
<td>7</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Location of cross-cultural/diversity management portfolio</td>
<td>Community Planning and Advocacy Section</td>
<td>Community Planning and Services Department</td>
<td>Department of Social Development</td>
</tr>
</tbody>
</table>

Sources: Organisations A, B and C’s 2002 Annual Reports and websites.

* NESB – Non English speaking background

** e.g. association of ethnic communities.

1.7.3 Respondents’ profile

Table 1.3 shows the characteristics of respondents in this research. Among the respondents were the former CEO of the Equal Employment Opportunity Commission in Victoria and the current Managing Director of a recruitment agency. Their participation centred on their assessment of the present situation regarding fairness legislation and its likely future in Australia and the difficulties faced by CEOs in driving organisational changes.
Table 1.3 Respondents’ profile

<table>
<thead>
<tr>
<th>Categories</th>
<th>SECTOR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Private</td>
</tr>
<tr>
<td>A. Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. CEO</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. Director</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>3. Manager</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. Coordinator/Officer</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>B. Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Male</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>2. Female</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Total number of respondents</td>
<td>11</td>
<td>8</td>
</tr>
</tbody>
</table>

1.8 Thesis structure

This chapter introduced the purpose, significance and objectives of the study; the research questions addressed by the study; and background of the research problem and participant organisations.

Chapter 2 describes the theoretical underpinnings of the methodology chosen for the study; the rationale for selecting grounded theory and its strengths and weaknesses. It also examines the processes involved in data collection and coding for concepts, near core category, lower level categories and the basic social process.
Chapter 3 analyses leadership and management elements of conceptual hierarchy derived from coding, the interrelationships between them and intersperses them with multidisciplinary theories and key learnings that sharpen the concepts or categories that emerged.

Chapter 4 examines the system elements of the conceptual hierarchy, the complementarities that exist between the system attributes and how the same complementarities extend to leadership and management attributes.

Chapter 5 traces how cross-cultural management emerged as a discipline and how it evolved to diversity management. It also presents cross-cultural management’s significance and why it is a management concern. It also presents additional theories and key learnings that were directly or indirectly articulated by the respondents in the study. These additional theories and key learnings were integrated into the core category or basic social process (system) that emerged.

Chapter 6 examines the substantive theory of facilitating adoption of comprehensive cross-cultural management. It presents the general system theory and its application to cross-cultural management vis-à-vis other organisational subsystems. It bridges the existing gaps between the workplace situation and the factors that respondents perceived conducive to adoption of cross-cultural management by further integrating the previous theories and key learnings discussed in chapters 3, 4 and 5.

Chapter 7 situates the process (system) theory that emerged in the extant literature to determine its contribution to the existing body of knowledge.
Chapter 8 analytically presents the discussion and implications of the study. It assesses the achievement of the study’s purpose, contributions and implications for practitioners, government and academics for further research.

Figure 1.1 on page 16 graphically illustrates the process observed in conducting the research and writing the thesis. Chapters 3 and 4 were written simultaneously with coding for concepts, literature survey and constant review and improvement/alignment of chapter 2. Chapters 2, 3, 4 and 5 enabled the production of chapters 6 and 7. Chapter 8 discussed the achievement of the study’s purpose and objectives, its contributions and implications. Chapter 1 evolved from all the other chapters; thus, it presented an overview of all the succeeding chapters and the study’s substantive setting.

1.9 Summary

This chapter provided the purpose and justification for the research, its objectives and problem formulation. The background of the participant organisations and respondents was then examined. Finally, it laid down the thesis structure.

It introduced the substantive setting of the participant organisations. Managers and other employees from three city councils and two private organisations, the current CEO of a private recruitment organisation and the erstwhile CEO of a government agency participated in this study.

The purpose of this research was to develop a process (system) theory by investigating the processes involved during the adoption of cross-cultural management in selected public and
private sector organisations. The research used the Grounded Theory method to generate a cross-cultural management process theory.

This research claims significance in giving cross-cultural management a refocus, using multidisciplinary system-approach in analysing and evaluating cross-cultural management processes, the use of external and internal literature in conceptualisation and utilising primary data from the private sector in tandem with that from the public sector. It also highlights the interrelationships and interdependencies of leadership, management and system attributes. Thus, it addresses the questions on what theory could facilitate adoption of cross-cultural management and the critical mechanisms by which it is implemented.

This study also claims significance in giving cross-cultural management a refocus through the following sub-areas:

1) giving a clear picture of cross-cultural management processes and a model for its implementation using the general systems theory;

2) introducing a multi-disciplinary system approach in addressing cross-cultural management issues;

3) providing a more comprehensive and clearer perspective of cross-cultural management and diversity management, respectively;

4) revealing the gaps between cross-cultural management rhetoric and workplace situations;

5) using the extant related literature beyond the usual purposes of sharpening the concepts and situating the emergent theory, specifically utilising the extant related literature as secondary source of data;
6) using primary qualitative data from both private and public sector participant organisations; and
7) bridging theory with practice.
Figure 1.1  Research and Thesis Writing Process Flowchart

Legend:

- **CCM**: Cross-cultural management
- **CCMP**: Cross-cultural management process
- **LIT.**: Literature
- **Basis**: Constantly reviewed and improved/aligned while being done/written
Chapter 2

METHODOLOGY

2.1 Introduction

This chapter discusses the theoretical underpinnings of the research paradigm and method chosen, therefore its relevance in addressing the research problem. It also explains in detail the grounded theory procedures observed from coding for concepts to coding for process. This research examines the social influence of cross-cultural management processes in the participant organisations. It describes how a theory emerged to explain the cross-cultural management processes and how these processes were extended to a system to better address the respondents’ main concern.

2.2 The rationale for the methodology

Patton (1998, p.37) suggests that there are two basic paradigms in conducting research. The first, a logical-positivist paradigm uses quantitative and experimental methods to test hypothetical-deductive generalisations. The second, phenomenological inquiry, which Hassard (1993) also calls an interpretive paradigm, uses qualitative and naturalist approaches to understand human experience in context-specific settings inductively and holistically.
Patton (2002) asserts that phenomenology’s meaning has become somewhat confused and diluted in view of its popularity and wide usage. However, he adds that all the definitions share one common focus, that is, the exploration of how human beings make sense of their lived experiences both individually and collectively.

This study adopts the phenomenological inquiry. Such an approach was chosen because of its suitability to the study’s objectives as discussed in chapter 1, foremost of which is the generation of a cross-cultural management process (system) theory. Thus, this study hinges on the basic assumption of interpretivism, that is, people are collectively involved in interpreting their constantly changing world, socially constructing realities together (Williamson 2002, p.30). Qualitative-interpretive research, according to Viete (1992, p.66), ‘seeks to identify behaviour, beliefs, attitudes or knowledge which are implicit as well as explicit in . . . particular settings’. In this study, the settings involved are private and public sector organisations’ implementation of cross-cultural management. The use of phenomenological inquiry (or an interpretive paradigm) is relevant to the social influence processes of cross-cultural management in the organisational settings selected for this study. Phenomenology asks questions about the essence of the people’s experiences of a phenomenon (Patton 2002).

According to Schutz (1972) phenomenology focuses on capturing the specific meanings of people’s daily-lived experiences in an observational field called social reality. Bryman (2001) echoes that any effort to understand social reality must be rooted in people’s experiences of that reality. In-depth, open-ended interviews lead to an understanding of the meaning that respondents attribute to a phenomenon (Patton 2002). The phenomenon in the present research is the comprehensive adoption process (system) of cross-cultural management.
Another critical dimension of phenomenology is that the experiences of people are analysed and compared in order to determine the meaning of the experience under investigation (Patton 2002). The similarity of the respondents’ experiences is therefore critical to phenomenology. This issue is methodologically central to the grounded theory approach used in the present research since concepts or categories were derived from comparison of research participants’ perceptions of their experiences. To determine the meanings of the participants’ experiences, Dilthey (1958 in Schwandt 2000), Schutz (1972), Winch (1958), Gadamer (1996) and Taylor (1995) suggest ways to develop an interpretive understanding of the meanings of the participants’ experiences. Each of these is examined in turn.

### 2.2.1 Interpretive understanding

There are four ways of explaining the concept of interpretive understanding (Schwandt 2000, pp.192-195). One of the earliest suggestions requires the researcher to empathise with the respondent’s motives, beliefs, desires and emotions to reproduce the meanings. However, Strauss and Corbin (1998) warn that accepting the respondents’ assumptions and beliefs could intrude into the researcher’s analysis.

Inspired by Alfred Schutz (Schwandt 2000, p.192), the second approach is social phenomenological analysis that concerns understanding what constitutes the life world and objective meanings of action specifically in conversations. The objective is to grasp how we interpret our own and others’ actions meaningfully and to reconstruct the origin of individuals’ inter-subjective communications.
The third refers to “language games” coined by Wittgenstein but has been expanded by Winch (1958 in Schwandt 2000, p.192) to include games’ rules or criteria in different cultures that make the human action meaningful. Simply, this is an analysis of language approaches to understand the system of meanings.

There are common features among these three ways of defining interpretive understanding. They consist of a view that human action is meaningful; respect for and commitment to the life world as a socially constructed context of interaction and significance; and the emphasis to contribution of human intention or subjectivity to knowledge without sacrificing objectivity.

The fourth way is distinct from the first three in the sense that firstly, it disagrees that hermeneutics is a way of understanding because understanding is part and parcel of human life experience. Secondly, it holds that biases and prejudices cannot be set aside while interpreting because interpreting without biases and prejudices is in reality unworkable and instead must be activated for examination so that those biases and prejudices that hinder understanding of others can be corrected. Thirdly and finally, it stresses that understanding is primarily dialogical and can only be achieved through a logic of question and answer that is, produced during the conversation in contrast to being reproduced in the first three ways of interpreting as explained earlier (Schwandt 2000, pp.194-195).

In this research, knowledge of the various methods to develop an interpretive understanding facilitated the coding and categorising process. To illustrate, this knowledge assisted the researcher in redefining and restructuring interview questions and overcome initial fear of being subjective. However, she observed caution in respect of the extent of empathy with the
respondents as advised by Strauss and Corbin (1998). Additionally, she exerted efforts to be always conscious that the respondents might be employing cultural “language games” and as such she needed to ask further questions when the perceptive meanings were unclear. She also kept on reminding herself that biases and prejudices needed to be recognised in order to achieve a more meaningful understanding of the respondents’ experiences.

2.2.2 The reasoning style and method employed

Interpretivism employs mainly an inductive reasoning style. In inductive logic, the researcher begins with specific observations, attempts to make sense of the situation, and then continues toward general patterns. This process requires understanding the multiple relationships among dimensions that emerge from the data. Immersion in data is therefore essential. However, the immersion must occur without the researcher imposing pre-existing theories or expectations that do not match the patterns in the data (Urquhart 1997; Patton 1998). Simply, by inductive reasoning ‘a theory is induced or emerged after data collection starts’ (Glaser 1978, p.37).

One of this study’s objectives, that is, the generation of a theory to explain the cross-cultural management processes at work, justifies the use of grounded theory. Grounded theory as defined by Glaser and Strauss (1967) is a theory discovered from data through systematic data collection and analysis. Grounded theory, being principally inductive in nature does not involve the testing of a theory or hypothesis. However, grounded theory should not be considered purely inductive (Strauss 1987). Strauss and Corbin (1998) hold that conceptualisation or interpretation is actually a form of deduction. Effectively then, there is an interplay between induction and deduction in grounded theory.
A unique aspect of grounded theory is that data collection, analysis and theory generation are jointly conducted (Strauss & Corbin 1998; Glaser 1978). This concurrent process central to grounded theory is known as theoretical sampling (Glaser & Strauss 1967). The overarching procedure is to conduct constant comparative analysis as the data are collected. Constant comparison requires that the researcher continually gather more data as he or she analyses them and then decide which data to collect next and where to collect them (Glaser 1978). Maximising comparison of concepts along their properties helps researchers ‘to densify categories, to differentiate among them and to specify their range of variability’ (Strauss & Corbin 1998, p.202).

Grounded theory dictates that the researcher determine core categories and a core social process to explain the phenomenon under study (Glaser 1978). The determination of the core social process is, in effect, the determination of the phenomenological essence of the experiences of the subjects of the research. In this way, phenomenology is the principal theoretical orientation underpinning the grounded theory method.

Strauss and Corbin (1990, p.250) assure that grounded theory meets the criteria of good scientific research such as ‘significance, theory-observation compatibility, consistency, generalisability, reproducibility, precision and verification’ when carried out methodically. However, Strauss and Corbin (ibid.) caution that these scientific canons do not apply to qualitative research in exactly the same manner as they apply to quantitative research because of extreme difficulty in recreating the same conditions and control of variables in socio-psychological phenomena that grounded theory research examines. Generalisability, for example, could only apply to specific situations, which give rise to actions/interactions
pertaining to the phenomenon. Glaser (1978) echoes that grounded theory produces a substantive theory, thus it is generalisable only to the same substantive area of research.

2.3 The population

The population or sampling frame appropriate for this study is the list of organisations that have been either cited in the global diversity management literature as “best practice” or awarded for their innovative and exemplary efforts in some aspects of diversity management locally such as productive diversity and employment of women and minorities (Chen et al. 2000; Cope et al 1994). The list was culled from reference textbooks, international journals and Australian publications available either in hard or electronic copies. These organisations were selected for two reasons. Firstly, they are considered information-rich in respect of cross-cultural management processes. Secondly, it was assumed that being leaders in cross-cultural management, the organisations would have an employee who can attend to the requirements of the research such as provision of pertinent documents, coordination with interviewees and clarification of issues raised about written and electronically available cultural diversity policy. Chances of getting an affirmative response to the request to participate were therefore greater.

Initially thirty-five organisations were identified and invited to participate in this study. Of these, thirty private sector organisations representing various industries were approached while the five public sector organisations were local government entities. The thirty private sector organisations were identified from reports published by Office of Multicultural Affairs, Centre for Workplace Communication and Culture and Fortune’s 50 Best Companies for Minorities. Fortune’s list contained 24 companies that are represented in Australia. The list of five public sector organisations was sourced from recommendations of diversity
management consultants whom this researcher came across during the initial literature review and search for leads.

As well as expert opinion on the standard of diversity management in such companies, which justifies the appropriateness of their participation in the research, the consultants also provided contact names and details of possible key informants. When a key informant failed to respond or indicated they were unable to participate, the consultants identified alternatives. Some leads also provided additional sources of non-technical literature as described in section 2.5.3.3.

2.4 Sampling methods and strategy

The methods used in selecting the organisations and initial interviewees in this research encompassed both purposive and theoretical sampling. Williamson (2000, p.213) proffers that purposive sampling is useful when ‘it is important to include specific groups in a sample.’ The specific group needed in this research consisted of organisations that have documented implementation of diversity management. Purposive sampling was used initially in identifying prospective organisation participants. Hence, the sample was selected based on its appropriateness in addressing the research question or as a representative of the special population as earlier described (Patton 1994) and thus, expected to be ‘information-rich’ (Fenwick 2000, p.107). Patton (2002, p.230) echoes that ‘information-rich cases’ offer a great deal of information central to the purpose of the research, hence the term purposive or purposeful sampling. Theoretical sampling was utilised after data collection had started. Theoretical sampling is the data collection method inherent in grounded theory. This is discussed in detail in section 2.5.1.
2.4.1 Sample mix

At the outset, equal numbers of participants from both the private and public sectors were sought. To achieve more meaningful and beneficial outcomes for this study, the two participant organisations from the private sector were chosen from the same industry, adopting the purposive sampling principle as discussed in section 2.4. Using this reasoning, the three participants from the public sectors are all city councils.

The commonality of industry may prove helpful in the following respects: 1) the applicability extent of lessons to be learned is higher given the similarities in the organisational structure, nature of services or products, management situations and governing regulation bodies or agencies; and 2) the confidence level is higher during the conceptualisation or categorising process since the respondents’ perceptions were developed in similar environments.

2.4.2 Participant access strategy

To gain access to organisations, an invitation to participate in the study was sent to Human Resource Directors and key informants. The letter indicated the broad area of research, the nature of participation required and the estimated time to be spent by the researcher with the respondent. Once the contact confirmed that the organisation met the criteria, and accepted the invitation, a copy of the documented policy and procedures on cultural diversity was requested for an initial review of the selected organisations’ cultural diversity policies and procedures.

The initial interviewees were selected based on the significant role they played in formulating and implementing their organisations’ cross-cultural management policy. Access to these
people became possible through the key informant. A key informant is a person who provides immediate and accurate internal information (Parry 1996) and ‘who directs the researcher to situations, events or people likely to be helpful to the progress of the investigation’ (Bryman 2001, p.297). In this study, the key informant also serves as the initial contact person or as termed by Bryman (2001, p.297) ‘sponsor or gatekeeper’. Thus, the key informant in one case is also the human resource director and in all cases one of the interviewees.

Interviewees in this study came from two private organisations and three city councils. The erstwhile CEO of a government agency and the current CEO of a recruitment agency also participated. However, perceptions on cross-cultural management processes came from only two private organisations and three city councils. The Human Resource Director or Manager and the one responsible for diversity management were requisite interviewees since the research focus is cross-cultural management in the workplace. The number of additional interviewees and the positions occupied varied in every organisation, dictated by the nature and extent of data collected. The determining factor for the need for additional data was the theoretical sampling principle, which states ‘... the analyst jointly collects, codes and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges’ (Glaser 1978, p.36). Hence, when categories have not reached saturation, the researcher sought another interviewee. Saturation occurs when both data coding and data collection imply that further data will no longer illuminate the concept (Bryman 2001; Charmaz 2000; Patton 1998); thus, ‘the relationships among categories are well established and validated’ (Strauss & Corbin 1998, p.212).
2.5 Data collection

Theoretical sampling as a data collection method is consistent with triangulation since triangulation occurs where more than one method, source of data, researcher or perspective is employed to illuminate the research question. Patton (2002) strongly advocates the use of triangulation in qualitative research. For example, in triangulation ‘some studies intermix interviewing, observation, and document analysis’ (Patton 2002, p.248). In this research, effectively triangulation by sources and methods was employed to add ‘rigor, breadth, complexity, richness and depth’ (Flick 1998, p.231). Based on the triangulation principle, sources of data can vary based on the times the data were collected, the place/setting during collection and from whom the data were obtained (Mitchell 1986; Denzin 1970). Data triangulation also provides a comprehensive multi-perspective view (Boyd 2000) and decreases potential biases within the research (Shih 1998). Its benefits also include ‘increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating theories, and providing a clearer understanding of the problem’ (Jick 1979 in Thurmond 2001, p.255).

In this research, data came from managerial and non-managerial employees in different responsibility areas. Also, triangulation was achieved by gathering data through interviews and analyses of policies and procedures taken from written and electronic sources. It also included the review of non-technical literature as described by Strauss and Corbin (1998) such as organisational videos, reports and structures as depicted in the organisational charts.

2.5.1 Theoretical sampling

Theoretical sampling is ‘data gathering driven by concepts derived from the evolving theory’
resulting from constant comparisons to pinpoint places, people, information or events that will help discover concept variations and density of categories (Strauss & Corbin 1998, p.201). In this research, follow-up questions asked of every interviewee varied to determine the saturation level and true nature of concepts and categories. The principle underlying theoretical sampling helped in deciding on the need for interviews with CEOs from a private recruitment organisation, a city council and government agency after sub-categories for leadership and management emerged. Theoretical sampling also determined follow-up interviews and further review of technical and non-technical literature. Adherence to theoretical sampling’s dictum requires the researcher’s sensitivity to the existence of information gaps in the emerging theory.

Grounded theory research is therefore theoretically sensitive to the researcher’s training and education (Glaser 1978). Experiences result in sensitising the researcher to certain kinds of broad questions, which is essential in conceptualising and formulating a theory as data are progressively analysed. Theoretical sensitivity also means that the researcher must be passionate about the research being conducted, must have some familiarity with the area of research and skilled to cultivate the insights either gained from previous experiences or those that will occur (Strauss & Corbin 1998).

In this research, theoretical sensitivity while conducting the interviews was partly achieved through the researcher’s previous educational preparation and managerial experience. Familiarity with managerial functions facilitated understanding of the actual issues faced by interviewees and identification of information gaps. As a consequence, more relevant follow-
up questions were formulated and put to the interviewees. Also, this familiarity was helpful in determining when saturation was achieved during coding of concepts or categories.

The researcher’s prior exposure to issues and difficulties faced by managers in organisations with employees from diverse cultural backgrounds also facilitated theoretical sensitivity. This was coupled with experience working with Australian organisations in the accounting and customer service areas on a part-time basis for almost three years while doing this research. She worked with Australian organisations to observe the processes involving employees from diverse cultural backgrounds among her reasons to understand better the discussions with research respondents. Although her cultural background is different from those of the respondents, she perhaps obtained fuller access to the respondents’ perceptions than might have been the case with other researchers in view of this experience. This “insider’s” role, according to Kemmis and McTaggart (2000) enhances the researcher’s ability to better interpret internal situations. Also, this experience proved helpful while interpreting documents using semiotic and hermeneutical approaches as discussed in section 2.5.2.2. Strauss and Corbin (1998, p.48) concur that personal experience increases sensitivity when used properly.

2.5.2 Sources of primary data

Grounded theory espouses interviews as the major source of primary data. However, since this research aimed at generating a cross-cultural management process (system) model, organisational documents equally served as sources of primary data. These sources of primary data are explored in turn.
2.5.2.1 Interviews

The interview is perhaps the most widely adopted data collection technique in qualitative research because of the great flexibility and depth of data it offers. A semi-structured interview with managers and other employees was utilised since perceptions of personal experiences and opinions on organisational policies and practices are best generated from the persons themselves (Fine 1994). Interviews centred on retrospective accounts and likely situations had the interviewees’ visions of cross-cultural management been implemented. The use of retrospective accounts in organisational research is popular; besides augmenting and enhancing other data sources, in some cases, they are the only available source of information about the past (Miller et al. 1997; Golden 1997). Golden (1997) adds that they can also provide an uncommon opportunity to access organisational events.

However, the use of retrospective accounts has been criticised due to inaccuracies caused by misleading rationalisations, over-simplifications or simply memory lapses and faulty attribution (Miller et al. 1997). Also, the reliability of the data through retrospection may suffer because of the possibility of account manipulation to present socially favourable images either of themselves or their organisations (ibid.). In this study, this problem has been minimised through careful comparison of respondents’ accounts from the same organisation, subsequent clarification of inconsistencies and allowing for uninterrupted recall as discussed next.

2.5.2.1.1 Use of interview guides

In this research, interview guides were prepared to facilitate the discussions. The interview guide contained indicative questions covering areas for discussion on which the participants’ perceptions or observations were sought. The interview guides used in this research are
shown as Appendices 1 to 3 of the thesis. To ensure the clarity of the language and sufficient coverage of the topics, the interview guide was pilot-tested with two independent participants.

Despite the use of interview guides, interviews were allowed to assume their natural course; that is to say, interviewees were allowed to talk uninterruptedly in recalling their perceptions and experiences. In some instances, interviewees discussed their perceptions without looking back at the interview guides. Allowing interviewees to uninterruptedly recall their experiences effectively minimised if not eliminated the possibility of interviewees selecting the information to be provided, which is one of the weaknesses of retrospective accounts. Additionally, where an interviewee’s answers to questions were unclear, questions were rephrased to confirm the meanings attached to the replies and in some cases documentary support for the statement was requested. This helped in determining whether saturation had been reached.

2.5.2.1.2 The interview proper

Following the principle of theoretical sampling, the exact number and identity of the interviewees were not known in advance, with the exception of the key informant and Human Resource Director or Manager, and depended upon the degree of saturation from the initial coding. Further, the number of interviewees depended upon the degree of saturation from the initial coding. This condition applied also to the documents that were requested either during the interviews or as dictated by the degree of saturation as earlier explained.

The interviews commenced with statements assuring confidentiality, indicating the purpose of the study, the context in which it was to be conducted (King 1994; Fontana & Frey 1994) and the participants’ prerogative to withdraw from the research at anytime. Two major topics
were discussed. First, the cross-cultural management processes that the employees experienced and second, what facilitated and hindered the same processes from being implemented or observed in the organisations they represented.

More specifically, initial interviews explored the interviewees’ experiences on the formulation, implementation and evaluation stages of the cross-cultural management process. They also delved in the roles of key people in the adoption of cross-cultural policy and its impact on their own and the focal organisations’ perceived or actual performances in achieving cross-cultural policy objectives. Challenges encountered and overcome were also explored.

Interviews were conducted more than once with some respondents. As with the initial interviews, the number and identity of respondents depended on the saturation level. Also, the topics of the subsequent interviews were determined by the degree of saturation of the categories emerging from the initial interviews.

Private interviews were conducted in the organisations’ offices. Matza (1969) suggests that a naturalistic approach through “in situ” interviewing seizes the climate of the organisation and a freer flow of the social process. Hence, it captures richer and more valuable data.

The interviews were tape-recorded. According to Minichiello et al (1995), tape-recording helps the researcher to become an attentive and thoughtful listener. There was a concern that recording the interviews might affect the result. Sudman et al. (1996, p.32) assure that recording interviews, even on sensitive topics, ‘has been done for decades with no evidence
that it affects response. Virtually, all interviewers report that respondents almost immediately forget the presence of the machine.’

2.5.2.2 Documents

Bryman (2001, p.370) defines documents as materials that:

- can be read (though the term ‘read’ has to be understood in a somewhat looser fashion than is normally the case when we come to visual materials, like photographs);
- have not been produced specifically for the purpose of social research;
- are preserved so that they become available for analysis; and
- are relevant to the concerns of the social researcher.

Documents as defined above include personal documents in both written and visual forms such as diaries, letters and photographs, documents arising from public inquiries, official documents produced by organisations, mass media inputs and internet resources (Bryman 2001). This research mainly analysed organisational documents in written and electronic forms in addition to primary data resulting from interviews.

Bryman (2001) identifies qualitative content analysis, semiotics and hermeneutics as three possible approaches to interpreting documents. Qualitative content analysis comprises of searching-out for the underlying themes. He likens the method with ethnographic content analysis introduced by Altheide (1996, p.16) where ‘a recursive and reflexive movement between concept, development-sampling-data, collection-data, coding-data, and analysis-interpretation’ is observed. Similar to grounded theory, ethnographic content analysis is concerned with constant discovery and comparison of categories and variables throughout data collection, analysis and interpretation.
Semiotics refers to the analysis of symbols or signs in everyday life and is concerned with uncovering the hidden meanings as broadly defined that reside in the texts. The major strength of semiotics is the opportunity it provides the researcher to look beyond the ordinary meanings and manifestations of daily life. However, it is criticised for difficulty during the analysis in avoiding arbitrariness.

Hermeneutics refers to bringing out and understanding the meaning of the text from the author’s perspective. Because of its emphasis on the specific social and historical contexts during the interpretation of the text, hermeneutics effectively requires the researcher to be intimately familiar with those contexts. In this research, the organisational documents taken in hard copy and electronic forms were analysed using grounded theory method for consistency purposes given that grounded theory is also semiotic and hermeneutic by nature. Familiarity with the social and historical context of the participating organisations’ situations was achieved because of the researcher’s background as discussed in sections 1.3 and 2.5.1.

2.5.3 Uses of literature in grounded theory

Glaser (1992) suggests that there are two kinds of literature that the researcher can read when embarking on a grounded theory-based research. The first is the literature unrelated to the topic being researched and the second, the related literature. However, he adds the researcher needs to be careful in the timing of reading. Details are discussed in turn.

2.5.3.1 Unrelated literature for ideas, style and support

Generally, Glaser (1992, p.36) advises that the researcher read unrelated literature before
coding starts such as ‘papers in the publication’ the researcher plans to publish in, dissertations and monographs that ‘stimulates the researcher’s preconscious processing when generating categories and properties . . . and keeps him thinking sociologically’. Various theses using grounded theory published in Australia and overseas were therefore accessed throughout the coding and theory generation process.

2.5.3.2 Related literature to enrich and sharpen emergent theory through integration

Glaser (1992, p.33) also argues that data and concepts of related literature, on the other hand could be integrated during ‘saturation, densifying and sorting’ into the grounded theory to reconcile differences and through constant comparison show similarities. Chapters 3 and 5 of this thesis integrate the related extant literature to enrich and sharpen the concepts coded from respondents’ perceptions on cross-cultural management processes particularly the near core category of attitude change as discussed in section 3.2.

2.5.3.3 Benefits of using related literature

Related literature can either be technical or non-technical. Both technical and non-technical literature was used in this research given the gaps in the emergent process. These gaps were caused by lack or absence of system, leadership and management attributes as identified by the respondents in chapter 3. In this research, technical literature pertains to published materials on diversity management, social psychology, management and leadership while the non-technical literature consists of reports, organisational charts and videos from participant organisations and government agencies.
According to Strauss and Corbin (1998, pp.48-52), on one hand, use of technical literature offers a number of benefits. Firstly, comparisons between technical literature and data at the dimensional level enable the researcher to differentiate and specify the emerging concepts. Secondly, it enhances sensitivity because often it gives ‘accurate descriptions of reality’. Thirdly, being equipped with technical literature aids in knowing how the concepts and the properties that emerged from data extend an extant theory. Fourthly, it qualifies as a ‘secondary source of data’. Using literature as a secondary source of data, Strauss and Corbin (1998, p.50) add, ‘is almost like reading field notes collected by another researcher for the same or another purpose.’ Glaser (1992, p.37) concurs that non-professional, popular and ethnographic literature found in ‘biographies, diaries, comments, manuscripts, records, reports, catalogues, etc. ... related to the substantive area being studied’ could be treated as additional data to be ‘constantly compared for generating categories and properties’. Fifthly, it can be utilised in formulating the questions to be addressed by the research and in the initial stage of data collection. Sixthly, it stimulates creativity since the researcher is driven to explore more when the research findings do not coincide with technical literature. Seventhly, it can provide leads to areas relevant to investigation. Lastly, it confirms the findings and using it during the writing stage of the research ‘demonstrates scholarliness’ and extends, validates and refines ‘knowledge in the field.’

On the other hand, non-technical literature Strauss and Corbin (1998, p.52) add, ‘can be used as primary data especially in historical and biographical studies and supplement to interviews and observations’. Figure 1.1 on page 16 pictorially illustrates the roles played by related technical and non-technical literature in this study; thus, the benefits as cited were confirmed.
Technical and non-technical literature was utilised throughout the research process including sharpening the concepts and basic process in this research. It was also used as a secondary source of data. Thus, this research optimised the benefits cited above.

2.6 Data reduction and analysis

Both the written documents and interview transcripts were subjected to microanalysis or “line-by-line analysis”. Documents and interview transcripts were analysed simultaneously as they were received and completed; thus they were utilised in formulating further questions during the interviews. After the interviews, proceedings were transcribed and replayed for accuracy.

2.6.1 Open coding

Open coding is the ‘process of breaking down, examining, comparing, conceptualizing and categorizing data’ (Strauss & Corbin 1990, p.61). Data are “opened up” to expose and uncover the thoughts, ideas and meanings attached to them to the data to yield concepts. Glaser (1978) recommends that incidents be coded into as many categories that might fit during the early stages of concept or category generation to allow maximum emergence of patterns and core relevancies that best fit. In the present research, the interview transcripts and documents were coded incident-by-incident and also line-by-line to achieve this.

2.6.2 Discovering categories

‘Categories are concepts that stand for phenomena’ (Strauss & Corbin 1998, p.101). Simply, a category is a name assigned to a phenomenon. A category is discovered after concepts have been compared against one another and those sharing commonalities are grouped together
under a higher order, more abstract explanatory term until a core category is derived. This provides an explanation for the phenomenon under investigation (Glaser 1978; Strauss & Corbin 1998).

Glaser cautions (1992, p.40) against creating too many categories by assigning each single incident a concept in the initial coding. Glaser adds that this type of coding results in a ‘helter skelter of too many categories and properties that yield no analysis’ and over-conceptualisation impedes the emergence of higher-level categories. Strauss (1987) echoes that it also inhibits parsimony and theory density. This problem was avoided through observation of two procedures. The first procedure was to create properties and dimensions for each category (Strauss & Corbin 1998). Adding properties and dimensions to categories resulted in more abstraction rather than creation of new categories of lower levels of abstraction. The second procedure was to continually compare the new categories, its properties and dimensions with those previously generated. A new category was created only when it has properties and dimensions different from the existing categories. Comparative analysis was therefore confirmed as essential from the initial data coding and throughout the theory generation process. By observing this procedure, the frequency of category was lessened gradually until the categories and their properties became saturated.

There are differing arguments as to whether or not individual categories should be defined. Glaser (1978) has played down the importance of category definitions because the concepts remain in a state of flux until the categories are saturated and theory is generated. On the other hand, Martin and Turner (1986) favour defining categories because the process of definition forces the researcher to express explicitly and at length the relationship between
themes, which are grouped together into categories. In this research, definitions aided in the interpretation of the interviewees’ perceptions.

2.6.3 Axial and selective coding

Axial coding is so called because ‘coding occurs around the axis of a category’ (Strauss & Corbin 1998, p.123). In this process, categories are analysed in terms of their properties and dimensions to determine linkages and relationships between them aimed at developing a more precise and complete explanation of the phenomenon being examined.

Selective coding is the process of integrating and refining categories (Strauss & Corbin 1998, p.143). Integration refers to the interaction between the researcher and the data, which occurs over time as the researcher’s thinking evolves through immersion in data and the cumulative body of findings (Strauss & Corbin 1998, p.144). It is during integration that a core or central category representing the main theme of the research is decided. The core category is the ‘main concern or problem for the people in the setting’ (Glaser 1978, p.94).

In the present research, a near core category of attitude change became evident from the interpretation of the categories. The concept of attitude change was crucial to management and leadership categories and system categories. Attitude change seemed to explain variation in management and leadership characteristics. It also appeared to explain variation in system characteristics. Finally, attitude change meets the criteria set by Strauss and Corbin (1998) such as centrality, frequent occurrence, explanation consistency and logic, sufficient abstraction, with growing depth and explanatory power, encompassing nature and complete variability.
2.6.4 Process coding

Process is ‘a series of evolving sequences of action/interaction that occur over time and space, changing or sometimes remaining the same in response to the situation or context’ (Strauss & Corbin 1998, p.165). Process is pervasive, fully variable and changing over time. Pervasiveness is fundamental to social processes, which ‘allow sociologists to conceptually order the social world’ and makes them ‘more than just heuristic devices’. The pervasiveness of basic social processes renders them ‘necessary, unavoidable processes, irrespective of variations’ (Glaser 1978, p.100). Process is essential in generating a substantive theory because it acts as the organising thread or central category.

Coding for process starts as coding for concepts begins until the core category is built. It is therefore a part of the entire theory generation process from beginning to end. The difference between coding for process and coding of concepts and categories is actions/interactions, noting movement, sequence and change is being examined rather than properties and dimensions.

There are two ways to code for a basic social process; by discovery and emergent fit (Glaser 1978, p.107). By discovery, the researcher seeks to identify through observation and interviews the most salient problem of the members of a social unit. Upon discovering the core variable accounting for greater variation in behaviour, the researcher then focuses on the process to generate a substantive theory by constant comparison of incidents.

Through emergent fit, the researcher has a pre-conceived basic social process to extend or initiate a grounded formal theory. A social unit is identified to study the basic social process and proceeds thereafter as in the first model. Glaser (1978) favours the first model.
This research intended to develop a cross-cultural management process; however, the continual action aspect of Facilitating Comprehensive Adoption as discussed in chapter 6 was discovered during concept and process coding. The basic process in this research therefore evolved from a combination of discovery and emergent fit models.

Process coding has some advantages (Strauss & Corbin 1998, p.168). Besides giving theory a sense of “life” it helps in integrating and discovering variation. Scrutinising data for process forces the researcher to look for patterns and by relating process to structure, categories are connected.

Glaser (1978, p.108) and Fagerhaugh (1986, p.135) note that there seems to be a tacit rule to express basic social processes as gerunds, which means that in most instances they end in “ing”, for examples, “becoming”, “limiting” and “routing”. A gerund suggests movement and change or process over time. Glaser (1978, p. 108), however, cautions against the over-use of gerunds as ‘they may mask a basic social structural condition’.

Glaser (1978, pp.96-97), Strauss and Corbin (1998, pp.166-167) emphasise that not all core categories can be social processes although most grounded theories investigate social processes. As discussed in chapter 1, the present research investigated a cross-cultural management process. Effectively, the present research generated a near core category of attitude change that led to the emergence of the social process of facilitating comprehensive adoption of cross-cultural management.
2.6.5  Developing a model

A model usually represents the grounded theory that evolves throughout the coding of data. The model develops as the links between and among categories are progressively determined to reflect the relationships. It encapsulates the theory, its functions and relationships with other categories. The depiction of the grounded theory that emerged in a model is the culmination of the entire theory generation process.

In this research, initially a model or diagram illustrated the existing process as presented in chapter 3. This model then facilitated the depiction of subsequent diagrams and models integrating aspects of the process that were not occurring but envisioned by the respondents. This became possible through the use of literature, which provided the secondary data. The models or diagrams facilitated visualisation of the on-going processes and relationships between and among system and management attributes during the adoption of a comprehensive cross-cultural management system. The models and diagrams illustrate the processes and relationships with clarity and precision.

2.6.6  Generating a theory

Since integration is an ongoing process, the grounded theory or more specifically the substantive theory evolves from the time coding of data is commenced. However, the substantive theory takes the final form after the major categories are integrated during selective coding. In this research, the major categories are attitude change, management, leadership and system characteristics. The models or diagrams discussed in section 2.7.5 and described in chapters 4 and 6 aided the visualisation and discussion of the substantive theory of facilitating comprehensive adoption of cross-cultural management in chapter 6.
Theory generation in this research also necessitated the use of related literature in view of the lack of or absence of some system and management attributes and limited access to organisational system documentation. Theoretical underpinnings of these either deficient or absent attributes have to be located in the literature to more completely represent their perceptions because the respondents nevertheless perceived them to be crucial in facilitating adoption of comprehensive cross-cultural management. Completion of the list of attributes also allowed better depiction of the basic process of facilitating comprehensive adoption of cross-cultural management both in its discussion and modelling in chapter 6.

2.6.7 Memo writing

According to Glaser (1978, p.83), recording of memos is the “core stage” and “bedrock” of grounded theory methodology. Memos should be constantly written during the process of data gathering and analysis. In the present study, the researcher kept a set of memos as advocated by Glaser (1978), Strauss and Corbin (1998) during theoretical coding, comparison, reduction and linking of categories. Memos were prepared during and after the interviews, as well as while they were being transcribed both in short and expanded formats. Memos were also written during open coding of transcripts and examination of written documents and in every review of written analysis. Memos were continually changed, expounded and merged as the theory began to emerge from the analysis. Virtually, memos were being written throughout the entire theory generation process.

Memos were also made through matrices. During the process of theoretical coding, matrices helped in illustrating the relationships between categories. As the researcher asked questions about the nature of the categories, and the relationships between them, they aided to clarify
her thoughts and ideas. A matrix was prepared from the coding of the first transcript representing the concepts present and built up during the coding of succeeding transcripts. This procedure enabled the progressive conceptual ordering of categories and the relationships between them.

Besides adhering to the rigorous procedures advocated by Glaser (1978, 1992, 1998), Strauss and Corbin (1998) this research also adopted Bryman’s process and outcome map in grounded theory (2001, p.394) as depicted in Figure 2.1.

2.7 Credibility and rigour

Patton (2002, pp.552-553) posits that a credible qualitative inquiry has three elements: rigorous methods that produce data of high quality through systematic analysis; a researcher with credible ‘training, experience, track record, status and presentation of self; and . . . a fundamental appreciation of naturalistic inquiry, qualitative methods, inductive analysis, purposeful sampling and holistic thinking.’ Credibility thus pertains to how well the interplay occurs between the three elements while rigour refers to the strict enforcement of rules during data analysis. Credibility and rigour results in effective portrayal of the substantive setting in the proposed cross-cultural management process model and its components, which could make sense to the study’s participants and others who are in a similar or relevant situation (Glaser 1992). Glaser and Strauss (1967, pp.237-249) proffer that grounded sociological theories need to ensure that four highly interrelated criteria are met to achieve rigour and credibility. These are the criteria of fit, understanding, generality and control. These are examined in turn.
The first criterion dictates that the discovered theory fit the substantive area to which it will be applied. ‘Fit’ can therefore be achieved when the theory was directly developed and induced from data and when a connection exists between the theory and data. This study gathered data through interviews with multiple participants and documents from different types of
organisations. The researcher ensured that the developed concepts and models were well established and conceptually adequate to fully describe the cross-cultural management practices of the participants. Marshall (1996) echoes that the discovered theory or model fits when the theory or model was developed from and faithful to the substantive area under study.

To improve the ‘fit’ of the theory, the researcher used existing related literature to expound, enrich and sharpen the findings and to translate the benefits of the research findings for others as advocated by Strauss and Corbin (1998). In addition, the findings of this study were discussed with five respondents and the chairman of ethnic communities in one of the public sector participant organisations. The comments derived were used in refining the categories and subsequently the process theory generated.

The ‘understanding’ criterion corresponds to whether the findings resemble the realities of the area studied and are ‘understandable to the people in the substantive area’ (Glaser & Strauss 1967, pp.239 - 240). Understanding also means readiness for use of the discovered theory and the creation of a perception that it can improve the participants’ situation. ‘Understanding’ was achieved in this study immediately upon the initial interviews with some respondents. During subsequent discussions, this researcher noted that changes that correspond to the research findings were made in the substantive area as discussed in chapters 3 and 4.

‘Generality’ means the theory should not be too abstract to lose its ‘sensitizing effect’ yet abstract enough to allow its applicability to multi-conditional and continually evolving situation. Generality of the grounded theory also indicates that it can be applied to the total picture of the substantive area or organisational situation. The theory generated in this study
uses a multidisciplinary system approach, which requires looking at the cross-cultural management subsystem as one of the organisational subsystems. Each of the subsystems is interconnected with other subsystems that are also interrelated and complementary to yet more subsystems. Being interrelated and complementary, these subsystems become equally significant, including the cross-cultural management subsystem to the whole organisational system. Thus, cross-cultural management subsystem emerged in this study as an equal concern of the managers including the CEOs and general managers responsible for a group of departments. These interrelationships and complementarities are depicted in Figure 6.5.

‘Control’ refers to the ability of the discovered theory to enable the participants in the substantive situation to predict changes and their consequences. It also empowers the participants to be flexible in applying and revising the theory as changes occur. The proposed cross-cultural management model and its components (illustrated in figures 6.1 to 6.5) could be helpful in a continually changing process to cope and deal with culturally diverse workforce and clients. They could also be used to identify impediments and solutions for easier implementation of a cross-cultural management system as well as other organisational subsystems since continual evaluation and improvement are integral to them.

In summary, the grounded theory that emerged in this study meets rigour and credibility in terms of ‘fit’, ‘understanding’, ‘generality’, and ‘control’. These criteria served as the guideposts to achieve and strengthen the findings and the proposed cross-cultural management process model. The rigour and credibility of the research findings were achieved through strictly structured data collection and analysis methods under the Grounded Theory approach such as theoretical sampling for selecting interview participants, pinpointing documents for review, conducting follow-up interviews and determining additional data and
its sources; employing semi-structured in-depth interviews; coding and axial coding of data to generate concepts and categories; constantly comparing generated concepts and categories; and enriching findings and data against related literature.

2.8 Strengths and weaknesses of grounded theory

Grounded theory has its own strengths and weaknesses in addition to those associated with other qualitative methods. These are discussed in turn.

Strengths:

1) Grounded theory revolutionised the qualitative research front by countering the dominance of quantitative methods in providing a systematic social scientific inquiry (Denzin & Lincoln 1994).

2) Many of grounded theory’s core processes such as coding, memo writing and allowing theoretical ideas to emerge from data have been hugely influential in the qualitative research arena (Bryman 2001).

3) According to Charmaz (2000, p.522), grounded theory’s strengths lie in:

(a) strategies that guide the researcher step by step through an analytic process,
(b) the self correcting nature of the data collection process,
(c) the method’s inherent bent away from a contextual description, and
(d) the emphasis on comparative methods.

Weaknesses:

1) Bryman (2001) notes that in many cases, it is doubtful whether grounded theory really produces theory and adds that being substantive in character, most grounded theories refer to specific phenomena rather than to broader phenomena.
2) Coffey and Atkinson (1996) aver that fracturing data in grounded theory results in a loss of context and narrative flow.

3) Grounded theory limits understanding because the focus is on analysis rather than on full portrayal of the actor’s experiences (Conrad 1990; Riessman 1990).

Despite the weaknesses though, grounded theory remains to be ‘the most influential paradigm for qualitative research’ (Denzin 1997, p.18) in view of its admonition to comply with specific procedures in generating theory. According to Patton (2002, p.489-491) grounded theory advocates ‘systematic rigour and thoroughness’ throughout the research process making it strive for objectivity. Additionally, he adds that a grounded theory researcher has the abilities to ‘step back and critically analyse the situations; recognize the tendency toward bias; think abstractly; be flexible and open to helpful criticism’; sensitise to the ‘words and actions of respondents’ and be absorbed and devoted to the research process.

2.9 Summary

This research used the subjectivist approach of phenomenological inquiry within an interpretive paradigm, which utilises qualitative and natural approaches to understanding human experiences inductively and holistically (Hassard 1993). Grounded theory, a research method under the interpretive paradigm, fits one of the objectives of this research, that is, to generate a cross-cultural management process (system) theory. Being interpretivist, grounded theory uses mainly inductive logic; however, Strauss and Corbin (1998) argue that since it uses conceptualisation or interpretation, it is also deductive. Grounded theory entails the discovery of theory through systematic collection, analysis and comparison of data.
In this study, the cross-cultural management process data were drawn from five organisations through semi-structured in-depth interviews with human resource managers, diversity managers, operating managers and non-managerial employees. Additionally, data were also drawn from the review and analysis of corporate videos, policies and procedures available in hard copies and corporate websites.

This research used purposive sampling in determining the respondent organisations and initial respondents and theoretical sampling. Theoretical sampling or ‘data gathering driven by concepts derived from the evolving theory’ from constant comparisons to pinpoint places, people, information or events that will help discover concept variations and density of categories (Strauss & Corbin 1998, p.201) is inherent in the grounded method. Following this concept, the need for additional data during and after the interviews and from other sources was dictated by this method until categories were saturated.

After saturation of categories was achieved leading to the emergence of a near core category, a process was coded. Grounded theory method provided the development of a relevant model to represent the theory that emerged.

To achieve credibility and rigour of the research findings and emergent theory, Glaser and Strauss (1967) advocate using the criteria of ‘fit, understanding, generality and control’ as benchmarks. ‘Fit’ dictates the applicability of the theory. ‘Understanding’ connotes that the theory be understandable to the participants in the substantive area to ensure readiness for use. ‘Generality’ means being abstract enough to allow sensitising effect and application to the whole organisational picture or situation. Finally, control refers to the ability given to the
participants in the substantive study to understand, anticipate, alter and provide solutions to implementation problems as changes occur while the theory is being applied.
PART II

ANALYSIS AND FINDINGS

Part two discusses the analysis and findings of this research. There are two chapters that comprise part two.

Chapter 3 presents the conceptual hierarchy that emerged from the interviews that centred on the respondents’ perceptions of their organisational cross-cultural management processes. It also analytically examines the near core category of attitude change, its nature and how it could occur through the use of extant literature. Chapter 3 investigates the attributes identified by the respondents, which were adequate, inadequate or absent in their top leaders and managers and their complementarities. The identification of inadequate or absent attributes completed the respondents’ perceptions of what could make attitude change possible and subsequently the comprehensive adoption of cross-cultural management.

Chapter 4 discusses system attributes, complementarities among them and with leadership and management attributes. Chapter 4 identifies the actual basic social process being observed in the participant organisations in this study.
Chapter 3

ATTITUDE CHANGE AND SUPPORTIVE ATTRIBUTES OF LEADERS AND MANAGERS

3.1 Introduction

This chapter focuses on the near core category of attitude change, the actual basic social process of cross-cultural management in the substantive setting that emerged from this research and the supportive attributes of leaders and managers to attitude change towards facilitating comprehensive adoption of cross-cultural management. The core category ‘represents the main theme and pulls all other categories to form an explanatory whole’ (Strauss & Corbin 1998, p.146).

Based on the interviews, the attitude change needed to facilitate adoption of cross-cultural management was high. Respondents regarded the level of attitude change required ranged from treating cross-cultural management as high priority similar to budgeting and extending the focus to organisation employees in the case of public sector participants to inclusion of its behavioural aspect among all participant organisations. Analyses of both interview data and
organisational documents of participant organisations also revealed that cross-cultural management has to be implemented beyond legislation compliance.

The discussion of attitude change as a near core category revolves around its conceptual lower level categories, which include management and leadership and system characteristics derived through theoretical coding. Theoretical coding means determining the ‘essential relationship between data and theory’ (Glaser 1978, p.55). Preceded by an exploration of the nature of attitude change, attitude change processes and its impact on the implementation of cross-cultural management, all of the sub-categories and their properties were investigated. This conceptual hierarchy is presented as Figure 3.1 below.

3.2 The near core category of attitude change

In almost all of the interviews, the theme that surfaced most repeatedly was that cross-cultural management processes were either facilitated or hindered by the occurrence or non-occurrence of attitude change or in the words of one interviewee-manager, attitudinal shift. Put another way, the category that appeared to be at the highest level of abstraction within the context of the social process of facilitating adoption of comprehensive cross-cultural management was the occurrence of attitude change. The following discussion gives credence to the importance given by the respondents to attitude change in facilitating cross-cultural management processes.

3.2.1 Attitude change – its nature and relationship to behaviour

The near core category under which the subcategories could be subsumed was the conceptual occurrence, or otherwise, of attitude change. Attitude is defined as ‘a relatively enduring
organisation of beliefs, feelings and behavioural tendencies towards socially significant objects, groups, events or symbols’ (Vaughan & Hogg 2002, p.108). It can also be a continuum of positive-to-negative general feeling or evaluation towards a person, object or issue and attitude change is its significant modification (Zimbardo & Leippe 1991; Vaughan & Hogg 2002). According to Eagly and Chaiken (1993), attitudes as behavioural tendencies imply that they can be temporary and changeable especially when considered unimportant.

Figure 3.1 Conceptual Hierarchy

<table>
<thead>
<tr>
<th>Core category</th>
<th>Basic Social Process (BSP) of facilitating comprehensive adoption of cross-cultural management</th>
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<tbody>
<tr>
<td>Near core category</td>
<td>Attitude change</td>
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<td>Lower level categories</td>
<td>Management and leadership</td>
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<td>Properties</td>
<td>Knowledge</td>
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<td></td>
<td>Passion and commitment</td>
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<td>Role-modelling, trust and credibility</td>
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<td>Communicating interactively</td>
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Attitudes can be learned (Campbell 1963; Allport 1935) or unlearned, meaning, genetically sourced (Lumsden & Wilson 1981; Lykken 1982; McGuire 1985). This concept suggests that although learned attitudes are often the focus of social process studies, they can also be acquired biologically (Vaughan & Hogg 2002). Simply put, some attitudes can be changed, some cannot. Being concerned with a social process, this study deals more with learned attitudes.

There are differing arguments on attitudes’ consistency in impacting behaviours. LaPierre (1934) found that the prejudiced attitudes toward Chinese did not elicit discriminatory behaviours at all times. In succeeding investigations, Wicker (1969) and Abelson (1972) confirmed low correlation between behaviour and attitudes. However, Ajzen and Fishbein (1980) contend that the low correlations between attitudes and behaviours were caused by attempts to predict specific behaviours from general attitudes and vice-versa. The findings of the longitudinal study of Davidson and Jackard (1979) on women’s attitudes toward birth control support this argument. In their investigation, the authors found that the more specific the questions asked to measure the attitudes, the more accurate the prediction was on actual use of contraceptives.

The above notion is further underpinned by studies citing attitudes as being helpful in predicting people’s behaviour (Ajzen & Fishbein 1977, 1980; Davidson & Jackard 1979). Gordon Allport (1935, p.810), a noted social psychologist, could not be more emphatic on the impact of attitudes on behaviour, defining attitude as ‘a mental and neural state of readiness . . .exerting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related’. Allport (ibid.) cautions, though, that a unidimensional
view of attitude serving as behavioural disposition alone cannot capture the whole complexity of the attitude concept.

Ajzen and Fishbein (1980) add that predicting behaviour is indeed possible when a person’s intention is known. Based on the theory of reasoned action they generated, a person’s intention is determined by personal and social influence factors. The personal factor is the individual’s evaluation whether it is good or bad to perform the behaviour or the individual’s attitude toward the behaviour. The social influence factor is the individual’s perception of the social pressures exerted whether to perform the behaviour or not and is called a subjective norm since it is based on perceptions. Where both the individual’s attitude and the social pressures favour performing the behaviour, the use of common sense is enough to explain and predict the behaviour. However, when a conflict exists between the attitude and the subjective norm, under the theory of reasoned action the behaviour can still be predicted by knowing the individuals’ intention and the weights people assign to their attitudes and subjective norms. Illustrating how the theory of reasoned action works, Ajzen and Fishbein (ibid., p.8) explain:

According to our theory, the degree to which people like or dislike blacks may have little to do with whether or not they hire blacks. Instead, this behaviour is assumed to be determined by the person’s attitude toward hiring blacks (and his subjective norm). A person who strongly dislikes blacks may nevertheless believe that hiring blacks will lead to more positive than negative consequences. His attitude toward hiring blacks will be positive, and he may therefore intend to hire blacks and actually do so.

Alternatively, Zimbardo and Leippe (1991) proffer that attitude being a summary evaluation of behaviour, behavioural intention, cognition and affective responses could be called an attitude system. All the components are interdependent, so that change in any component
might lead to change in attitude and subsequently cause a new behaviour.

3.2.2 The relevance of people’s attitudes to cross-cultural management

As discussed above, behaviour, cognition, affective responses and behavioural intention can affect attitudes. It is for the same reason, Zimbardo and Leippe (1991, p.36) add, ‘attitudes are pivotal attack points in many influence strategies’. Empirical research supports this concept with the finding that people with strong attitudes resist attitude change (Eagly & Chaiken 1993; Haugtved & Petty 1992). Also as discussed, several theories can guide efforts to effect attitude change.

In the present research, the attitude toward adopting a cross-cultural policy serves to facilitate or thwart cross-cultural management processes in substantive organisational settings. In other words, the positive-to-negative occurrence is on a continuum of this near core category of attitude change. The initial evidence found on how the social process of cross-cultural management adoption was implemented supports this proposition. While there was a general agreement among the respondents that cross-cultural management needs to be adopted in view of the equal opportunity law, there was no consensus as to the priority and extent of adoption. Meaning, the adoption varies from organisation to organisation. Cross-cultural management was not generally regarded as high priority as budgeting or employee bargaining agreements. Further, the public sector participant organisations were still struggling to extend the focus from clients to their employees while the private sector participants had still “a long way to go” to reach inclusion of the behavioural aspect of cross-cultural management. Proofs of these were assertions from the interviewees that the evolving nature of the system was driven by the degree of management support they received. Such support was influenced
either by legislation and pressures from clients in the case of public sector participants, or legislation and unions in the case of participants from the private sector, rather than a real initiative from top management. In the substantive situation, attitude change therefore needs to occur first among members of top management since compliance to legislation is a top-down process that cascades to middle management and then to the rest of the employees.

It has been argued throughout the thesis that there are other equally compelling reasons for cross-cultural management adoption other than fairness legislation compliance. However, given the mandatory need to comply, the participant organisations hinged their cross-cultural management implementation to fairness legislation compliance.

During the interviews, the respondents were asked the processes they observed in adopting cross-cultural management in their organisations and factors they thought facilitated or hindered adoption. Since it was expected that any organisation would encounter challenges during the implementation of any system, respondents were also asked questions on how those challenges were overcome and who played the crucial roles in successful policy implementation (details of the indicative questions are shown on Appendices 1 to 3). Interviewees’ responses indicated that even after ten years or more of implementing cross-cultural management, the participant organisations from the public sector had not adopted it organisation-wide especially in the human resource area, while the participant organisations from the private sector were still in the process of going beyond the equal opportunity law compliance stage. In both cases, the occurrence or non-occurrence of attitude change was central to comprehensive adoption of cross-cultural management.
According to the respondents in this study, the non-occurrence of attitude change impeded comprehensive adoption of cross-cultural management. Attitude change is central to change management and people persuasion is vital to the change management process. Given the span of time that had elapsed since the introduction of cross-cultural management through equal employment opportunity compliance and the status of implementation at the time of research as described by respondents, it appeared that efforts needed were either absent or inadequate to achieve attitude change. The following discussion and theories explain how attitude change can occur.

3.2.3 Attitude change, persuasion and influence processes

During the persuasion process, attitude change involves variables such as the communicator, the message and the audience (Vaughan & Hogg 2002). Hovland and Weiss (1951) found that communicators who are perceived as experts command more respect and are more persuasive. Bochner and Insko (1966) replicated this study with communicator’s credibility as the only variable. They found that greater opinion change occurred with a moderate level of discrepancy between the opinions held by the audience and the source, and that extreme discrepancy may result in resistance from the audience. In the same study, they also found that the more credible source with least discrepant opinion elicited the greatest level of opinion change.

Attitude change also depends on the message. Persuasion is more likely with a hostile and fairly intelligent audience when both sides of the issues are presented and only one side of the issue when the audience is already on side (McGinnies 1966). Fear can also stimulate attitude change. The more fearful the message is, the more attention and interest it generates.
However, extreme fear might cause panic and distraction consequently hindering persuasion or attitude change (Vaughan & Hogg 2002).

Audience is the last factor in a persuasion process. Empirical research supports the concept that an audience with low self-esteem is more persuasible than one with high self-esteem (Rhodes & Wood 1992). Age also plays a role in the audience’s extent of susceptibility to persuasion. According to Vaughan and Hogg (2002, p.154), susceptibility is highest during early adulthood and decreases as age and relevant experience increase. They add that early adulthood is also the stage when ‘core attitudes, values and beliefs . . .are crystallised.’

Zimbardo, Ebbesen and Maslach (1977), posit that a practical outcome from conceptualising attitudes as enduring is that a change in people's underlying attitudes will have long lasting behavioural change. They add it follows that the ‘efficient way of changing many specific behaviours at once would ideally be to change one or two underlying general dispositions or attitudes (ibid., p.22).’ They further argue that to become an effective and efficient attitude change agent, one has to make sure before embarking on the effort to have three sets of questions ready for answering. These questions pertain to the nature of change desired, the kind of control wanted and the consequences of being a change agent. A change agent, according to Zimbardo, Ebbesen and Maslach (ibid., pp.62-81), has one or a combination of the following general theories to consider in effecting attitude change:

### 3.2.3.1 Yale attitude change approach

This approach offers that the key to influencing or changing attitudes is changing the opinions or beliefs of the subjects. To illustrate, to change women’s attitudes towards abortion, their
belief about the stage a foetus becomes a human being or who has the right over their own body needs to change. Thus, this approach also supports the concept that in a persuasive communication, new information changes beliefs. The Yale approach dictates that attention, comprehension, acceptance and retention determine the extent of persuasion. It also argues that attention, comprehension and acceptance of the message or arguments precede the audience’s persuasion and retention of the message is a requisite to effective attitude change. It adds that comprehension and acceptance are dependent on the communicator or the source, the communication or the message, audience and audience reactions. The communicators or the sources have to be credible to influence the audience. Meaning, they need to be perceived as a trustworthy expert or knowledgeable with good intentions. The communication or message has to be well constructed and interesting. Its style and structure of delivery needs to fit the audience for which it is intended. As earlier discussed, it could either be two-sided or one-sided, subtle or frightful or simply short and sweet. The audience reaction whether implicit or explicit, has to be foreseen, prepared for and addressed appropriately to ensure attitude change takes place. A “hard sell”, for example, might create the perception of manipulation and cause disagreement.

3.2.3.2 Group dynamics approach

The group dynamics approach assumes that a member of the audience does not merely process the communication or message through logic. This approach views persons as social beings interdependent on others for knowledge about the world and even themselves. Thus, a discrepancy between one’s beliefs or attitudes and the group norm will result in not getting accepted, approved or recognised by other group members; thus the need for attitude change. This pressure towards uniformity can be better understood through the theory of social
comparison, which argues that people develop an impression of their own abilities and opinions after comparing them with others’. Essential in this theory is the power of the group to punish a member for deviance from or reward for compliance to the group norm. Thus, the group needs to be perceived as an instrument in satisfying a member’s needs or important goals.

3.2.3.3 Cognitive dissonance theory

The cognitive dissonance theory is an extension of the group dynamics theory developed by Leon Festinger. While the idea that attitude discrepancies or inconsistencies cause discomfort in people is retained, it is assumed under this theory that ‘dissonance could be a non-social phenomenon’, meaning the inconsistency is between the different cognitions a person holds. According to this theory, the cognitive elements can be dissonant, consonant or irrelevant. To illustrate, a person smokes because he/she likes its taste; however also knows that smoking is dangerous to one’s health. Thus, smoking is consonant with his/her liking of the taste but dissonant with his/her knowledge of its consequence. An irrelevant belief simply means any other belief that has no bearing with smoking. Critical in this theory to change attitude is changing the behaviour, which comprises one of the dissonant cognitions or attitudes.

To ensure attitude change occurs, it is also important to understand the factors affecting dissonance magnitude such as the importance of each cognitive element and the ratio of dissonant to consonant elements and cognitive overlap. Extending the illustration on smoking, if the person who smokes has a terminal cancer, although he knows smoking is dangerous to health, this dissonant knowledge may not have any importance anymore. Also, if at the same time the people hold other consonant and dissonant beliefs, it follows that whatever weighs more may influence them more. Cognitive overlap occurs when the choices share similar
functions compared with dissimilar functions, thus the more similar the functions the lesser is the dissonance.

Brehm and Cohen (1962) extended the cognitive dissonance theory to include dissonance between one’s public commitment to a course of action and his/her own will or desire. This extension is important, as it is easy to predict which of the two can be changed. Formation of behaviour or public commitment is believed to remain while a private will or attitude can be expected to change to agree with the behaviour.

The cognitive dissonance theory therefore aids in understanding how to increase consonance or decrease dissonance of cognitions to change attitudes. In summary, reduction of dissonance can be done:

(1) by attempting to revoke the decision,
(2) by lowering the importance of the cognitions or decision,
(3) by increasing the cognitive overlap between cognitive elements (searching for or misperceiving aspects of functional equivalence), and
(4) by adding consonant elements to change the ratio of dissonant to consonant ones (Zimbardo, Ebbesen & Maslach 1977, p.69).

3.2.3.4 Attribution theory

Attribution theory is a cognitive theory that explains people’s motives, intentions and causes of actions. It provides an explanation for the inference that people generate for others’ motives, intentions and actions. With attribution theory, causes of people’s actions could either be situational or dispositional. Situational causes refer to those that explain people’s behaviour based on the nature of the situation they are in while dispositional causes refer to the internal properties of the person such as beliefs, attitudes or character traits. Knowledge
of attribution theory helps people to learn how to change attitudes of others because it identifies sources of vulnerability to social influences.

3.2.3.5 Social learning theory

Social learning theory (Bandura 1977) advances the view that people acquire behaviour either through direct experience or observation. This does not invalidate the fact however that biological factors have a role since it is also widely believed that the formation of behavioural results from the interactions between experiential influences and its physiological counterpart. People learn new behaviours through modelling or observing others that later guide them for appropriate action. Learned new behaviours result in attitude change. Bandura (1977) expounds how these processes work as considered in turn.

The attention process simply means learning can take place when there is accurate perception arising from attention paid to the modelled behaviour. Selective observation transpires during the attention process where the amount and type of experiences derived are determined by the observer’s characteristics, the modelled activities and structural arrangement of human interactions. Also, associational patterns or the people with whom one regularly associates by whatever means dictate the type of behaviour that will be subsequently observed and learned.

Retention refers to recall of observed experiences or modelled behaviour that makes learning possible. Response patterns have to be retained in the memory through symbols that come in the form of imaginal and verbal systems. Modelling stimuli produce enduring, retrievable images of modelled behaviour through repeated exposure, which consequently get summoned up when experiences highly correlate with one another. Verbal coding of events is responsible for the speed and retention of human observational learning. In fact, most of the
cognitive processes regulating behaviour are more verbal than visual which explains why behaviour can be acquired, retained and later reproduced accurately through the conversion of the visual information into a verbal code.

Motor reproduction occurs when retained symbols acquired after paying attention get converted into appropriate action or performances through spatial and temporal organisation of one’s responses. Accurate behavioural reproduction can occur only when learners possess complete response components. Otherwise, corrective adjustments based on informative performance feedback have to be done between symbols and execution until perfection is achieved.

Incentives and motivation process suggests that people will adopt the behaviour that results in outcomes they value. Performance occurs after people evaluate which of the observationally learned responses has positive consequences. Incentives play a major role in behavioural performance and learning because they influence attention, retention, reproduction and motivation. Specifically, incentives:

(a) can affect which models are observed and how much attention is paid to them,
(b) can influence the degree to which the modelled behaviour is retained and rehearsed, and
(c) can influence which learned behaviours are emitted (Black & Mendenhall 1990, p.122).

3.2.4 Occurrence of attitude change

Despite the existing challenges still faced by the respondent organisations at the time of interview, it was evident by their selection for this study that they were regarded in their communities as achievers in cross-cultural management. To illustrate their standing, two
organisations had received awards for their innovative and exemplary efforts in the areas of productive diversity and employment of women. Positive attitude towards cross-cultural management initially became possible through the government policy on equal opportunity. Examples of follow-up programs to support equal opportunity were the federal Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) productive diversity program and the Victorian Department of Infrastructure’s best value policy. Additionally, the participant organisations exerted efforts to encourage positive attitude towards cross-cultural management. These governmental and organisational efforts are considered in turn.

3.2.4.1 Equal Opportunity Act 1995

The Victorian government legislated the Equal Opportunity Act 1995, which evolved from the Equal Opportunity Act 1984. The two laws based on Organisation C’s equal employment opportunity policy ensure:

... the conduct of business and service provision without discrimination to the recipients with regard to race, gender, marital status, disability, age, pregnancy, sexual preference, industrial activity, religious or political affiliations, or association with a person who has any of these attributes. . .that activities such as recruitment, promotion and development of employees and the terms and conditions of employment are offered within the principles of equal employment opportunity.

With the Equal Opportunity Act 1995, cross-cultural management gained a limited recognition status. However limited, the authority derived from the legislation initiated implementation of diversity practices and programs. As the diversity manager of Organisation E described:

‘... we’re also talking about legal liability here. If you don’t take action, it could cost you a lot of money in legal cost and lost productivity because of the need to send someone to the hearings and damage to the company’s image.’
3.2.4.2 Productive Diversity Program

This project evolved from a recommendation of National Multicultural Advisory Council in its April 1999 report. According to Diversity Australia (2004, p.1):

"The primary objective of the program is to encourage and assist Australian businesses to use the diversity available in their workforce to optimise performance, promote innovation and to connect with their diverse customers and business partners, and as a key enabler of business success.

Through the program, DIMIA promotes management tools and business case studies developed from examples of best practice organisations in improving their bottom line through diversity. Thus, best practice organisations get public recognition for exemplary diversity management.

3.2.4.3 Best Value Victoria Policy

The Victorian Local Government Act 1989 was amended in December 1999 to replace compulsory competitive tendering (CCT) for local government with the best value policy. The best value policy fosters local government accountability to their communities in the provision of services; holistic organisational response to the implementation of best value policy; measuring and reporting its performance against objectives and targets set after consultation with its communities; delivery of enhanced services and organisational performance; incurring costs that do not outweigh the benefits; and adopting innovative and creative responses to service delivery.

The Best Value Commission was created in December 2002 to monitor and report on best value policy’s implementation and progress (Department of Infrastructure 2004). The best
value policy implementation and reporting therefore require more extensive involvement of communities, which are culturally diverse as shown on Table 1.1 and effectively make city councils legally bound to meet their culturally diverse service requirements. Although the Best Value Commission sets out no deterrents for non-compliance, monitoring of implementation and reporting requirements serve as a motivation for city councils to address the service delivery requirements of their culturally diverse communities. This policy therefore directly or indirectly impacts workplace cross-cultural management. A template of Best Value Report is shown as Figure 4.2 under section 4.2.11.

3.2.4.4 Organisational programs

To encourage positive attitude to cross-cultural management, the participant organisations promoted the benefits of a culturally diverse workforce to improve the services to their culturally diverse clientele. One manager recalled:

There had been quite a bit of kudos ... because the Access & Equity officer had made quite an identity for herself in terms of drawing up some standards around employment. Then we got some senior management just prior to amalgamation who were very anti-diversity, if you like very single-minded about proving diversity could benefit the workplace or shut-up...We had to come up with something measurable. We got a CEO, our current CEO, who is very supportive of that proposition.

Attitude change of some members of the organisations also occurred because of the support from the CEO. A representative description of the kind of support the respondents received was:

A very significant boost from the CEO we have now in what amounts to a personal interest in advancing the progress of our cross-cultural management. . .So it’s very much a top-down process with all those general managers meeting with the Community Council on a regular basis and the CEO being in attendance in those meetings to ensure that the agreements that were made were met.
Participant organisations from the private sector partly attributed gaining positive attitude toward cross-cultural management from the encouragement of their American parent companies, which were in an advanced stage in terms of implementation.

3.2.5 Non-occurrence of attitude change

During the examination, equal evidence was gathered about how and why cross-cultural management process was being obstructed. Most interviewees cited failure of attitude change. A manager described the nature of attitude that prevailed ten years ago, which up to then had not been changed completely:

In the early days, it was difficult to make people understand that “one size does not fit all.” The early feeling was if there was a problem with our performance, it was not our problem. It was the problem of the diverse community. The only way it could be overcome would be them changing and assimilating to the way what was perceived by the majority. So that was the major area of difficulty. In terms of the internal workings of the council ... there wasn’t transparency in the recruiting processes as it is now. The local government had a reputation for hiring and promoting people who were similar to the people who were already in the Council.

Although improvements have been made, the coordinator of the same organisation claimed that some areas still needed a lot of work because people basically felt that diversity or cross-cultural issues do not concern them. She considered general managers who did not consider cross-cultural management a high priority as the most challenging difficulty because they considered cross-cultural management as ‘... just one of those nice things, a luxury.’ The same general managers believed that local government’s role was to deliver basic services - building roads, collecting garbage and taxes under all circumstances. The attitude change needed, according to the respondent was:
How do we get the whole organisation to start thinking that people management is the priority? To me in time of crisis, who’s gonna care about potholes on the road or not? Or how much rates you pay? It is about how we relate to each other as people.

Two studies, which used the grounded theory method, have similar findings. Parry’s (1996) research on the nature of leadership found both leadership and non-leadership manifestations. Likewise, Takeuchi (as cited by Parry 1996), who originally aimed to find out why people used marijuana, instead discovered why others did not use it. While Parry (1996, p.123) and Takeuchi (as cited by Parry 1996) ascribed ‘social constraints’ theory to justify phenomena such as non-leadership and marijuana non-smoking, one of this study’s objectives was to identify impediments to the cross-cultural management process to present a more complete picture of the substantive situation. The discovery of non-leadership and marijuana non-smoking was therefore unintentional, unlike in this study. However, the continuing presence of these situational constraints resulted in the stifling of cross-cultural management processes that prevented optimisation of its efficiency and effectiveness and subsequently benefits.

Given the nature of the indicative questions asked the respondents to explore the difficulties encountered during implementation of cross-cultural management, interviewees discussed both occurrence and non-occurrence of attitude change. Subsequently, the interviews naturally progressed to determine factors that accounted for the degree of success, or non-success, of instances of attitude change.

As reported by interviewees, the major factors in encouraging attitude change were management, leadership and system attributes, which are discussed in turn. Further details of the system attributes were identified in the respondent organisations’ written and electronic policies and procedures. In the case of public sector participants, administrative policies such as ‘A Good Practice Guide for Culturally Responsive Government Services’ and Best Value
Policy were sourced from websites of DIMIA and Department of Infrastructure of Victoria, respectively.

3.2.6 Management and leadership attributes

‘Management is a vital part of making organisations work well’ (Beech 2002, p.35) while leadership is the process of motivating people to perform in particular ways toward the achievement of set goals (Hannagan 1995). Two of Kotter’s (1999, p.6) ten observations on “managerial behaviour” [sic] differentiate management from leadership:

4. Leadership is different from management, and the primary force behind successful change of any significance is the former, not the latter. Without sufficient leadership, the probability of mistakes increases greatly and the probability of success decreases accordingly. This is true no matter how the change is conceptualised - that is, in terms of new strategies, reengineering, acquisitions, restructuring, quality programs, cultural redesign, and so on . . .

6. Increasingly, those in managerial jobs can be usefully thought of as people who create agendas filled with plans (the management part) and visions (the leadership part), as people who develop implementation capacity networks through a well-organised hierarchy (management) and a complex web of relationships (leadership), and who execute through both controls (management) and inspiration (leadership) . . .

Manager and leader attributes therefore play a pivotal role in ensuring policy implementation success. In this research, the interviewees identified the following attributes as requisites in a successful cross-cultural management.

3.2.6.1 Knowledge

Attitude change may be hampered by the lack of knowledge. In a study on characteristics of exceptional leadership involving 1,105 executives in 420 mid-to-large sized firms, it was
found that superior-performing human resource managers maintained in-depth knowledge and expertise in their area (Canadian HR Reporter 2002).

Knowledge is central to success of cross-cultural policy implementation. According to one of the respondents from Organisation B, it was important ‘to continually reinvent the system to maintain interest.’ In describing it, the same respondent noted:

The difficulties I would highlight would be around identifying a framework or structure, which could measure change within the organisation around issues of improved customer service, improved communication, high staffing levels, better policies and procedures, better performance in general. . . Another difficulty was to convince managers and other people across the organisation that this is an issue that is important to them. Other people thought ‘why should we be involved in this activity, it’s not core business for us?’

The above respondent’s concern on how to influence managers in his organisation was well founded. The organisation’s human resource manager when asked about difficulties in formulating cultural diversity policy answered:

In terms of difficulties in formulation, I don’t know of any difficulties that were formulated within council in terms of diverse workforce because since I’ve been here it has been diverse. If there have been any problems, it’s probably been with Australian people more than any other.

Asked further if she thought there was no need for a policy that would focus on cross-cultural management, she added:

Yes, because we don’t have any issue here. What would cross-cultural management policy talk about? What goes for one person goes for another person. We respect differences. We don’t say I have to manage differently because you’re from Italy. I don’t have to manage you differently because you are from Vietnam. . . We treat people the same recognising that there are some cultural differences. We have the diversity unit do an audit each year on the various areas to make sure people are trying to understand cross-cultural type of issues. But we don’t have a policy per se. I don’t think we’ll have it. I wouldn’t even know what to say in a cross-cultural policy.
The above indicates not just “colour blindness”. While the human resource manager might have meant she believed everyone has to be treated equally, by conceptual deduction it also meant intentional or unintentional failure to recognise not only the employees’ skin colour but also more importantly their values, beliefs and principles. Ironically due to lack of knowledge, the human resource manager did not only fail to identify people’s values, beliefs and principles as the core of cross-cultural management but also as a subset of all management areas, including her own.

Lack of knowledge could also be the reason why despite the fact that diversity management evolved from cross-cultural management with culture at its core as discussed in chapter 5, all the respondent organisations have not addressed the behavioural aspect of cross-cultural management. Ironically, most respondents identified attitude change as necessary to facilitate adoption of comprehensive cross-cultural management. Attitude change as explained in sections 3.2.1, 3.2.2 and 3.2.3 is a key to behavioural change. Having failed, it may also be lack of knowledge that hindered the respondent organisations from realising the latent benefits of doing so, as discussed in chapter 5.

Lack of knowledge indeed prevents the realisation of the benefits of implementing comprehensive cross-cultural management. As discussed in section 3.2.6.3 below, improved productivity either through more harmonious relations between employees and management or among employees may lead to prevention of higher manufacturing costs.

The respondents’ perceptions on factors that hinder comprehensive adoption of cross-cultural management imply that managers need to have at least the basic grasp of knowledge
management, change management, social psychology and human resource management. However, in the case of the Human Resource Manager of Organisation B, there is a need to have more than basic knowledge of her responsibility area to encourage attitude change as discussed in sections 3.2.1 and 3.2.2. This exception also applies to the Learning and Development Manager of Organisation D in relation to knowledge management. These additional management areas are discussed in turn.

3.2.6.1 Knowledge management

Knowledge management is not only about managing knowledge within the organisation but also building a learning organisation since it is an integral part of organisational success. Buhler (2002, p.20) argues that:

Building a learning organization is all about acquiring knowledge from the external environment and bringing it into the organisation to be used to adapt and make changes. It is the acquisition of knowledge and its subsequent management within the firm that can be the source of an organisation's competitive advantage. Both knowledge acquisition and knowledge management have become more important as a core competency for every organisation across all industries. The effective management of knowledge ensures everyone has the information they need, can apply it and then share it with others.

According to Gurteen (1998, p.6), knowledge management is ‘an emerging set of organisational design and operational principles, processes, organisational structures, applications and technologies that helps knowledge workers dramatically leverage their creativity and ability to deliver business value.’ Knowledge management is beyond file and data management although information technology is an important enabler. Davenport and Prusak (1998) admonish emphasis on information technology at the expense of its social and cultural aspects. Buckman (1998) asserts that knowledge management facilitates communication and dissolves organisational boundaries. Under this notion, knowledge management is recognised as a business practice, not a technology (Angus, Patel & Hardy
1998; Hibbard & Carrillo 1998). Consistent with this view is the definition of knowledge as the ‘fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information (Davenport & Prusak 1998, p.5).’

The knowledge-based view of the organisation posits that knowledge produces long-term sustainable competitive advantage because knowledge-based resources are usually difficult to imitate and socially complex. This view implies that competitive advantage comes from the firm's ability to create new knowledge and to take action based on existing knowledge rather than plain knowledge existence at any given time.

Organisations can have unlimited benefit from knowledge. Allee (1997) argues that the collective knowledge of organisations could be unlimited and beyond measurement therefore priceless. Hibbard (1997) asserts that by utilising and sharing available knowledge most importantly that held by employees, organisations have increased their profitability through cost reduction and increased revenues to drive greater efficiencies and launch new products.

However, the most effective and successful sharing of the more elusive tacit knowledge fundamentally comes from cultivating a corporate culture that encourages sharing among employees. Angus et al. (1998) found that knowledge management implementation requires a philosophy shift for most organisations, including the identification of how employees behave and work together. Research also indicates that cultural issues could impede successful knowledge management strategies (Hibbard & Carrillo 1998). To encourage knowledge sharing, a culture of respect and trust needs to be cultivated so employees do not feel that it could mean loss of their competitive edge and organisational value (Angus et al. 1998;

Knowledge management involves knowledge processes including creation or construction, storage and retrieval, transfer and application. This view of organisations as knowledge systems represents both the cognitive and social nature of organisational knowledge, their interconnectedness and interdependencies. Organisational knowledge creation involves developing new contents or replacing existing contents within the organisation's tacit and explicit knowledge. Through social and collaborative processes as well as an individual's cognitive processes, knowledge is created, shared, amplified, enlarged, and justified in organisational settings (Lehr & Rice 2002; Nonaka 1994).

An important aspect of the knowledge-based theory of the firm is that the source of competitive advantage resides in the application of knowledge rather than in the knowledge itself. Technology can support knowledge application by embedding knowledge into organisational routines.

Lastly, for knowledge management to succeed, managers need to ensure free-flow of information among employees since knowledge sharing can thrive only in such an environment. Simply, communication is the bedrock of knowledge management.

Communication is indeed the bedrock of knowledge management. Conversely, knowledge management could also be the bedrock of communication. Communication is the medium for knowledge to be created and shared. Equally, knowledge could be the enabler of good
communication. In this research, Organisation B encouraged employees in their performance evaluation form to which areas they required further training. The performance evaluation is a subsystem of human resource management. The Organisation B respondents who were at the forefront of diversity management would find themselves in a very precarious situation had they requested to upgrade their diversity management knowledge given the lack of knowledge of the HR manager in the same discipline. In other words, how could the same respondents convince the HR manager to facilitate the knowledge upgrade in a discipline the latter did not even recognise?

3.2.6.1.2 Change management

According to Worren, Ruddle and Moore (1999, p.273) change management ensures organisations ‘create the right management disciplines and processes, organisation structures, culture, competencies and capability . . . for superior human performance so that change goals are achieved and sustained.’ They add that essentially, change management is about building human performance since it is at the core of organisational performance.

Change is pervasive so is change management. On an almost daily basis, organisations continually cope with change, internally and externally, natural and man-made, planned and unplanned. While members of an organisation need to adapt individually to change, managers have the added responsibility for the organisation to adapt as a whole. Simply, this means that the organisation through appropriate management adjusts to change with minimal operational interruption and negative repercussion. Thus, the managers’ performance is critical to change management’s success. For this reason, Paton and McCalman (2001) contend that change is synonymous with management. Nadler and Tushman (1999) support
this argument. In their study of organisational archives, they found that organisations undergo regular continual and discontinual changes and the rate of change is increasing.

Change being inherent in organisations and its management one of managers’ functions whether implicitly or explicitly, managers’ performance in change management is therefore critical to organisational success. Paton and McCalman (2001) argue that for change management to be successful, managers need to be knowledgeable about the circumstances surrounding the situation, the interactions involved and potential impact of the related variables. Success of change management can also be achieved by recognising it as basically the introduction, implementation and maintenance of change.

Buchanan and McCalman (1989) suggest that for planned changes, organisations observe four sets of interlocking processes. These interlocking processes are identified as layers of trigger, vision, conversion and maintenance and renewal. The trigger layer requires that the change agent fully understands the causes of change and communicates it clearly throughout the organisation. The vision layer follows once the trigger for change has been recognised by members of the organisation. The vision layer consists of clearly identifying and explaining the change necessity as an effective response to the trigger, how the organisation expects to be affected by the change or the direction the organisation is taking in response to the change and creating a challenge to stimulate cooperation and participation.

Conversion occurs when cooperation and participation start. Members of the organisation share the ownership of ideas about the need for the change, its vision and mechanics for implementation. This stage is also ideal for appointing change coordinators or disciples, triggering the progress to maintenance and renewal stage. This last stage addresses the
“moving goalpost” nature of change. This is the stage where the events that triggered the change either lose or decrease their relevance, the change agents or originators have moved to other projects and are not as committed and the change itself has become the norm in the organisation. Thus, the maintenance and renewal layer is about reigniting the trigger or rekindling the passion for the change and its vision complemented by environmental developments, therefore repeating the entire change management process.

Attitude change is central to change management, which this research found to be the key to comprehensive adoption of cross-cultural management. Since attitude change in respondent organisations was either absent or inadequate as discussed in sections 3.1 and 3.2.5, it follows that change management knowledge among the managers charged with the responsibility was also either absent or inadequate. Theories that underpin how attitude change could be achieved are mainly socio-psychological as discussed in sections 3.2.1, 3.2.2 and 3.2.3.

3.2.6.1.3 Social psychology

Vaughan and Hogg (2002, p.2) define social psychology as ‘the scientific investigation of how the thoughts, feelings and behaviours of individuals are influenced by the actual, imagined or implied presence of others’. Social psychologists, they elaborate, study behaviour because it can be observed and inferred from thoughts and feelings. The relevance of social psychology to cross-cultural management in this study hinges on attitude change as discussed in sections 3.2.1, 3.2.2 and 3.2.3.

Social psychology Vaughan and Hogg add (ibid., pp.3-4), interlinks with cognitive psychology, individual psychology, social anthropology, sociology, sociolinguistics, language and communication, organisational psychology and sports psychology. Hofstede’s cultural
dimensions and Gudykunst, Young, Berry and Bocher’s acculturation concepts as examined in sections 5.2 and 5.4 have sociological underpinnings while the concepts of national culture and organisational culture as explored in sections 5.2 and 5.2.2 have socio-anthropological and organisation-psychological strains. These interlinks further reinforce the multi-disciplinary nature of cross-cultural management.

3.2.6.1.4 Human resource management (HRM)

As mentioned in section 3.1, an attitude change identified by respondents from the public sector in this research is the extension of cross-cultural management to organisational employees; meaning, attitude change initiated and driven by human resource management. One of the ten tenets of 21st century HR (Laabs 2000) encapsulates a major role of human resource management as recruiting, retaining, developing and motivating employees to help them achieve their optimum productivity. It is in the retaining and motivating functions that cross-cultural management becomes most significant given the increasing cultural diversity of the workplace in the participant organisations.

The traditional role of human resource management is evolving strategically. The traditional role of human resource management that revolves around the functions of personnel planning, recruiting, job analysis, performance review, compensation, training and legislative compliance are planned, implemented and linked to the organisational goals and objectives to result in a competitive advantage. Gratton and his colleagues (1999, p.17) confirm that the central feature of strategic human resource management has evolved toward ‘integration between the overall strategic aims of the business and the human resource strategy and implementation.’ Earlier, Golden and Ramanujam (1985) identified this integration of HRM and strategy. They found that there are four HRM linkages such as the administrative linkage
where HRM administers people management, one-way linkage where strategy affects HRM, two-way linkage where both HRM and strategy affect each other and the integrative linkage where HRM is an integral part of the business.

Strategic human resource management can add value to the organisation. To add value to the organisation, Ulrich (1997a) prescribes that human resource managers need to identify themselves as strategic partners, change agents, employee champions and administrative experts. They add that this can be achieved by delivering results in the areas of managing strategic human resources, transformation and change, employees and administration. In a succeeding study, Ulrich (1997b) argues that HRM’s value lies in its contribution to business and benefits to employees rather than the nature of its functions. Replicating the work of Ulrich to a degree, Buyens and De Vos (2001) conducted a study of 313 managers including 98 top managers, 97 HR managers and 178 line managers on their perceptions of HRM’s value. They found that top managers consider HRM’s role in transformation and change management as most important. HR managers perceive it is employee management while line managers believe it is selection and training.

Strategic human resource management indeed adds value. Huselid (1995) in his study of 1,100 organisations found that strategic HRM practices as enumerated above with the addition of intensity of recruiting efforts, promotion criteria and average annual training hours per employee have statistical significant effects on turnover, productivity and corporate financial performance. This finding was confirmed in another study involving 590 profit and non-profit organisations where a positive correlation was established between training and staffing selectivity and firm performance (Delaney & Huselid 1996). In the same vein, Koys (2001) conducted a study using the data gathered from employee surveys, managers’ surveys,
customer surveys and organisational records. Through cross-lagged regression analysis, the results imply that organisational citizenship behaviour or employee commitment affects profitability and employee satisfaction could result in customer satisfaction. Similarly, Guthrie’s (2001) findings indicate a positive association between use of high-involvement work practices and employee retention and firm productivity. High-involvement or high-commitment human resource practices include those that enhance employees' levels of skill, motivation, information, and empowerment.

3.2.6.2 Passion and commitment

Knowledge may lead to passion because it is from knowing the “good” of what one believes in that the value system is developed. According to Rokeach (1973), a value system is an enduring set of beliefs about what kinds of behaviour and lifestyle are preferable or “good”. Values are relevant to attitudes and consequently to people’s behaviour because they form an attitude that reflects and reinforces their values (Zimbardo & Leippe 1991). The lack of passion to implement cross-cultural management may have led to the failure to sufficiently address attitude change toward cross-cultural management and subsequently for the slow progress in implementing or not implementing it the way the interviewees preferred. Passion drives managers to take at least another step to achieve the goals set and leads them to fight for it when the situation warrants. Passion, the emotional investment of dynamic leaders and managers is essential to commitment. Passion is the ‘compulsion to excel, coupled with fearlessness’ that enable them to complete projects and visions (Segil 2002, p.5) while Higgins and Kram (2001) define organisational commitment as the emotional, behavioural and cognitive consistency that characterizes the psychological bond the employees have with their organisation driven by strong belief in and acceptance of its goals and values.
In this study, when asked who played the crucial role in adopting cross-cultural management one manager expressed in no uncertain terms: ‘The team, we’re actually all at it. We love the field. We love the challenge. I personally love the call from working with people, educate them, it is our passion.’ Recalling the situation, which she considered conducive to success when her team started, the same manager added, ‘I guess their values around diversity and some guts to stand a fight when you need it to cover some issues.’

3.2.6.3 Decisiveness

Another factor in failing to address attitude change may be lack of decisiveness, another subcategory of management characteristics in this research. In this research, the respondent CEOs’ and some of the managers, although described as supportive or even very supportive, failed to sufficiently emphasise the message that the adoption of cross-cultural management throughout the organisation was a high priority. A representative indication of this came from a manager in Organisation A:

The hindrance in implementation is by those managers and non-managers that don’t want to take the broader issue into play particularly recruitment and selection. ... I think there’s a lot of things happening in the organisation so this is seen as another thing. It is perhaps seen sometimes as not as high priority as doing a budget or whatever’s up. So that’s one of the hindrances to the system. It’s not as prominent in their thinking as perhaps we want it to be.

This lack of decisiveness could be a factor in the slow rate of implementation of cross-cultural management. This slow implementation can be very costly for some organisations. For example, at the time of the interview, one of the private sector participant organisations has not addressed the issue of religious diversity appropriately. Thirty to 40 percent of the Chinese workers from their engine plant have consistently used leave provisions during the
Chinese New Year leaving the plant undermanned for one or two days. The cost not only constituted direct losses from lower production output of the department the interviewee headed but also from the domino effect on other areas of manufacturing in the organisation. Moreover, production make-up costs were further exacerbated by overtime and weekend work premiums. Asked the follow-up question ‘After you have brought up to higher level management how productivity is affected by the non-responsiveness to religious diversity, what did they do?’ The manager answered:

For two years they did nothing. What would happen was, when the Chinese New Year was coming about and we knew we would have a fairly big contingent of people away from work during the period, we would bring that up. Every time afterwards, we lost a lot of our people that didn’t come to work. At this point in time, we begin negotiating with our unions industrially about how we could have a cultural holiday type like programmed days-off that fall during that time. So we can have the entire workforce out because it’s not really productive when you got 30 to 40 percent of people away in one area.

3.2.6.4 Role modelling, trust and credibility

Role modelling is another characteristic ascribed to making implementation of comprehensive cross-cultural management possible. Role modelling is important in policy implementations initiated from the top. Being largely introduced and implemented because of legislation in the participant organisations, cross-cultural policy fits the description. Also known as “leadership by example”, managers and leaders who role model are also described as “doing what they are preaching”. This alignment between managers’ words and deeds, a critical antecedent to trust and credibility, is getting more recognition in the current management literature. Trust and credibility are critical managerial and leadership attributes because they are likely sources of influence (Simons 2002).
Martin (1998) argues that employees with trust in their management may identify with their managerial values and would be more supportive of organisational changes. Weber and Weber (2001) concur that trust in management, perceptions of supervisory support for improvement and organisational readiness for change are correlated. This implies that attitude change being a requirement among all members in the participant organisations for comprehensive cross-cultural management to become possible, managers and leaders need to show they will be the first to adhere to cross-cultural management principles, policies and procedures to develop trust. Knowledge transfer could also be facilitated when there is trust as discussed in chapter 6. Therefore, achievement of better organisational outcomes may be possible when managers or leaders are perceived to be trustworthy and credible.

3.2.6.5 Communicating interactively

Resolving hidden conflicts between actions and words is one of the ten competencies identified by 80 managers and leaders to become a good communicator in a study conducted by Boone (2002, p.12) along with:

- making people and knowledge accessible to others;
- sharing power with people;
- designing on-line and physical environments to enhance collaboration;
- creating effective rituals and experiences that build cultures;
- using key interpersonal skills effectively;
- making information available, useful and enticing to the stakeholders;
- encouraging pervasive listening;
- engaging people across boundaries.

In a nutshell, Boone (2002) describes these ten competencies as prerequisites to communicating interactively or connecting, informing and engaging people in new ways through a comprehensive, multi-directional and inclusive approach to create an environment where communication flows freely. In this research, communication inadequacies appeared to have contributed to unsuccessful implementation of cross-cultural management. The diversity manager of Organisation E claimed that proving the business case for cross-cultural
management had to be limited to intangibles and negative measure, the latter being the number of complaints received. However as discussed in section 3.2.6.3, Organisation E had been incurring manufacturing losses directly due to the organisation’s failure to address religious diversity appropriately. It appeared therefore that the diversity manager and the plant manager were not communicating interactively.

The lack of interactive communication among management members could also explain why the Diversity Manager of Organisation D was not confident that her efforts were paying off quantifiably because her organisation had very low employee turnover and absenteeism rates. Employee turnover and absenteeism measures were the common yardsticks used in diversity management’s success.

Organisations from the public sector also experienced the same gaps in communication. A respondent from Organisation A noted that whilst the CEO’s championing of cross-cultural management was crucial to program implementation, it was not enough because:

It should infiltrate, drive down. Sometimes you find those issues at the bottom of the organisation and they don’t filter up. Sometimes they are up there but they don’t filter down either because while the CEO is very committed and he tells his general managers what to do, he still expects them to go and do their part in communicating that to the rest of their areas and departments. Sometimes we find that this is not happening as comprehensively as it should. ... There is still lack of proper communication between the general managers and the rest of their departments.

3.2.6.6 Consensus and team building

Built consensus and team cohesion could be acid tests of interactive communication’s success. Consensus and team building skill is an attribute that managers and leaders, especially the CEO need to have to ensure everyone is “dancing to the same tune.” In this
research, all interviewees cited their CEOs’ full support to their diversity program, however other managers including those next in rank to the CEOs’, have either lukewarm or negative perception of the need to adopt cross-cultural management organisation-wide. For example, when asked if there was still reluctance or lukewarm reception to cross-cultural management, a manager from Organisation B noted:

> There are three group managers. One is ignorantly afraid. The other is almost obviously racist. And the third one is such a bloke. All he wants to do is get this thing done. ... We agree to disagree.

On how the above respondent went around a very supportive CEO and the types of group managers described, the respondent added:

> I don’t know how to describe it. Those group managers still have to deliver to the system. I guess the system delivers at that level given that they are not as supportive as one would hope. The sort of messages that those group managers send to their teams is often unhelpful messages from our point of view.

Lack of consensus among managers and leaders particularly at executive level stifles cross-cultural management implementation. Simply put, they lack a “shared mental model”. A shared (or team) mental model refers to the extent to which a group of individuals shares similar cognition of some situation or phenomenon (Cannon-Bowers et al. 1995). This shared cognition or mental model could relate to the way an organisation implements a cross-cultural management system. The shared cognition and team mental model principle dictates that the key to successful team performance is a similar manner of perceiving, encoding, storing and retrieving of information among members (Cannon-Bowers et al. 1998). Bosstad and Endsley’s (1999) study confirms that team performance could be improved when members have a “shared mental model.” In their study, team members’ performance was enhanced through provision of sufficient information of each other’s task and goals. In another study, Stout et al. (1999) found that greater “shared mental models” on informational requirements
could be achieved through high quality planning, resulting in advance provision of information and lesser errors during high workload periods.

According to Knight et al. (1999) “shared mental models” on strategy among top management members is the degree to which the “mental models” overlap, which they term strategic consensus. Empirical research supports the existence of relationship between mental models and strategies, strategic actions, interpretations of and responses to strategic issues (Day & Lord, 1992; Thomas, Clark & Gioia 1993; Dutton & Dukerich 1991). “Mental models” are more critical to a manager because they ‘determine to a great extent the effectiveness of his decisions (Mintzberg 1973, p.183).’

The erstwhile CEO of the Equal Employment Opportunity Commission confirmed how her decisions and efforts were rendered ineffective by the lack of “shared mental models” among next in rank managers. She identified limited tenure of CEOs to be the root cause. Next in rank managers either could play a “deaf ear” or delay implementation of projects until the next CEO was appointed and this indicates that the real power base belongs to middle management. The CEO also argued that the same concept applied to governments in power, which is an added reason for the slow progress in the genuine implementation of EEO law. The status of Australian EEO law implementation is presented in section 5.2.2.1.

3.2.6.7 Resource provision

Another management and leadership attribute that facilitated implementation of cross-cultural policy was the ability to provide resources. Most respondents, particularly those from Organisation A and Organisation B, cited being sufficiently “resourced” as one of the keys to
cross-cultural management’s success. However, a respondent from Organisation E reported that cross-cultural management’s implementation in her organisation would be improved with the addition of another staff member to assist her. Although the respondent did not elaborate on the impact of part-time status as diversity manager, it was implied that more time was needed to accomplish the program’s objectives.

3.3 Summary

Attitude change is the near core category that emerged from this research. It is the theme that surfaced most repeatedly in the basic process of facilitating or stifling comprehensive adoption of cross-cultural management. The concept that attitudes can influence behaviour has empirical support.

Through theoretical coding, the near core category of attitude change subsumed two lower level categories namely management and leadership and system. This suggests that positive attitude toward cross-cultural policy may be possible with the supportive attributes of management, leadership and system.

The management and leadership attributes that support the adoption of cross-cultural policy and its subsequent management are knowledge, passion, decisiveness, role-modelling, interactive communication and resource provision. Each was crucial and the absence of just one attribute reduces the opportunities for successful implementation of cross-cultural management process. Knowledge management is central to leadership and management attributes. Meaning all other management and leadership attributes evolve from knowledge.
Chapter 4

SUPPORTIVE SYSTEM ATTRIBUTES TO ATTITUDE CHANGE AND COMPREHENSIVE CROSS-CULTURAL MANAGEMENT

4.1 Introduction

As discussed in chapter 3, the respondents in this study identified certain leadership and management attributes that facilitated or thwarted the comprehensive implementation of cross-cultural management. The respondents also perceived certain cross-cultural management system attributes worked in tandem with leadership and management attributes. In the same manner, the presence or absence of system attributes either aided or stifled cross-cultural management.

The identification of leadership, management and system attributes also provided the interrelationships between them and, when related to the organisational documents, resulted in the emergence of the actual cross-cultural management basic process as depicted in Figure 4.4. If the leadership, management and system attributes are inadequate or incomplete, so is the basic process. The system attributes, the complementarities among them and their complementarities with attributes of leadership and management are in turn explored.
4.2 Cross-cultural management system attributes

Shelly et al. (1995, p.1.2) define system as a ‘set of procedures and policies used to accomplish specific results’ and procedure as ‘a series of regularly followed steps in a sequential order to accomplish an end result.’ The role of system in the successful implementation and sustenance of cross-cultural management is as important as the management’s role. It is system that sets out the rationale and parameters of a policy and ensures that said policy would be complied with or adhered to through clearly set out procedures culminating in the regular preparation of management reports. While an adequate system complemented by supportive management and leadership characteristics is basic to a system’s delivering the expectations from the policy, it is from the manner an adequate system is implemented that middle level management and employees take a cue whether they will support it or not. An adequately good system is a medium where the organisation delivers the message “this is what we have to do, why and how”.

With the right system, attitude change toward cross-cultural management could be facilitated since evaluation of its progress would be central to it. In the present research, the adequacy or inadequacy of the system either led to efficiency and effectiveness or otherwise of some aspects of the cross-cultural policy, which are examined in turn.

4.2.1 Creation of CCM/DM as a responsibility area

Creation of cross-cultural/diversity management as a responsibility area is the first system attribute that could help achieve attitude change toward its comprehensive adoption. It would send the message to managers and employees as the first indication of the value that the top
management attaches to it. Its creation as a responsibility area means a person is responsible and accountable for its formulation as a policy and subsequent implementation, evaluation and improvement.

The appointment of a responsible and accountable person is basic to making cross-cultural management a subsystem since coordination of its activities and interrelationships with other organisational subsystems could only be possible when there is a “driver”. A “driver” is a person who ensures that the responsibility area and its corresponding subsystem is continually being implemented, evaluated and improved to achieve its objectives. A “driver” also sees to it that the synchronicity demands of other subsystems and ultimately the entire organisational system are met by the CCM/DM subsystem.

In this research, all the participant organisations had appointed an employee to be responsible and accountable for cross-cultural/diversity management, who acts as CCM/DM subsystem’s “driver”. The participants from the public sector had the Coordinator for Multicultural Affairs, Diversity Officer and Access & Equity Officer while those from the private sector had a Diversity Manager addressing CCM/DM concerns.

In some organisations, the importance or value given to CCM/DM may not be as easily determined as that in the participant organisations. In the list of contact persons for multicultural issues among city councils in Victoria, for example, the position title of the person responsible and accountable for multicultural issues varies. The Yarra City Council deemed it appropriate to include it in the portfolio of the Coordinator for Youth and Community Support Unit while Wyndham City Council chose to make the Social Development Coordinator responsible and accountable for them. Other city councils assigned
the responsibility and accountability for multicultural issues to the Community Project Manager, Policy & Regional Officer, Program Development Officer, Family Day Care, Senior Citizens Liaison Officer and Coordinator for Cultural Development, to name a few.

The use of position titles clearly describing CCM/DM might depend on the size of the organisation, which consequently affects the numbers of employees and responsibility areas assigned to them. However, how an organisation treats the CCM/DM responsibility area in designing positions and organisational chart impacts on the kind of support it commands, which is discussed next.

4.2.2 Organisational structure

The organisational structure indicates the hierarchy of positions and/or functions in an organisation. Usually depicted in an organisational chart, the organisational structure shows the span of control and reporting channels among members of management. Being so, it also presents the areas of responsibility of each manager and consequently accountability areas. Thus, the Board of Directors for private organisations or Councillors for local government sits at the top of the organisational structure followed immediately by either the Chairman of the Board or the CEO as the case may be. For some CEOs, organisational structure can also be a representation of management style as observed by one manager:

One of the things that was done with this current CEO is a restructure that went from having a CEO and four general managers to CEO with seven general managers. Also, it used to be the CEO with four managers meeting every fortnightly. What happens now ... a full day a week in five days spent in meeting the CEO. . .The fact that there are seven general managers meeting rather than four means that each of those seven is a lot more involved in the ongoing business in their areas. So it is not just an occasional meeting with request from the CEO on what is happening and the general manager has to find out. It’s a matter of the CEO having reports and questions, which can be answered by and large immediately.
The organisational structure is one of the basic and significant components of any system in general and cross-cultural management in particular because it clearly spells out the value or importance the top management gives to a given area of responsibility. The higher the position prefixed by the area of responsibility, it is implied, the bigger value the top management attaches to it. It therefore clearly ranks the different responsibility areas according to its importance and indicates reporting channels and consequently accountabilities.

To illustrate, if an organisational chart shows the position of the general manager for finance immediately under the CEO, it signifies that the CEO (or Board) regards financial matters as one area deserving immediate attention and the expertise of a general manager. In some cases though, the importance of the area of responsibility is shown not by the position title but by the graphical proximity to the CEO in the organisational chart, which implies that the CEO considers it as of immediate concern. This closeness could also create the perception that the actions of the people directly under the CEO’s position carry approval making their actions “untouchable” by other members of the organisation. This may have been one of the reasons why the human resource manager of Organisation B, who reported directly to the CEO had acquired status that allowed hindering cross-cultural policy’s extension to human resource management as discussed in section 3.2.6.1.

Conversely, using the same illustration, the lower the organisational chart shows finance in the hierarchy, the more insignificant it is to the CEO. In a snapshot, the organisational chart not only documents the level of significance an area of responsibility enjoys but also defines the amount of power and influence that resides in the responsible person. This could account
for the fact that some of the respondents who were not close to the CEO by virtue of their position were not as influential in effecting the attitude change they were hoping for, despite being knowledgeable and passionate.

In the present study, the responsibility over cross-cultural management, a subset of diversity management, resides in the coordinator and officer for public sector participants and part-time diversity manager for private sector participants. In local government organisations, the order of organisational ranking for the area of responsibility was manager, coordinator and then officer. Thus, the organisational charts of the participating public sector organisations showed neither diversity nor cross-cultural management. This may partly explain why, as described by respondents, there were members of top and middle management who did not regard cross-cultural management as a high priority and thus offered at the most, partial support.

Further, there is some variation in the organisational structure treatment of cross-cultural management, or its broader version diversity management, by participant organisations. Private sector participant organisations considered that it was appropriate to categorise the area of responsibility under human resource management, while the public sector participant organisations preferred the community planning and services department. The respective subsystems that fit the function therefore operated from two different perspectives and foci, human resource services and customer services, respectively.

The comparison between practices of private and public sector participant organisations in respect of cross-cultural management perspective and focus also illuminates their strengths and weaknesses. As strengths, the human resource management perspective and focus
underpins the value of employees to organisations. It also centralises responsibility making it easier to pinpoint accountability; thus increasing the chances of success. However, these same strengths could also be weaknesses. The human resource perspective and focus for cross-cultural management could be interpreted as relevant only to the human resource management department; thus only the human resource management department is accountable for its success.

To illustrate, follow-up interviews were requested from Organisation A’s organisational development (OD, the equivalent of human resource management in other participant organisations) manager and the general manager with OD among the departments under his jurisdiction. The interview was intended to obtain some ideas on how EEO law was implemented by the organisation. The general manager declined the invitation because he believed the OD manager could articulate his perceptions. This general manager’s perception implied that he was unaware of cross-cultural management’s relevance to other departments for which he had responsibility and that interdependencies exist between organisational subsystems; thus rendering his perceptions different from those of the OD manager’s.

The lukewarm reception accorded by management next to the CEO to cross-cultural issues seemed to be common among participant organisations. The erstwhile CEO of Equal Employment Opportunity Commission Victoria admitted that this as one of the reasons for the failure of optimum EEO law implementation. The limited tenure of CEOs, common to most organisations, both private and public, renders the next level of executive actually more powerful than the CEOs since they usually stay longer.
Along the same line, a customer service perspective and focus among public sector participants had the same strengths for implementation of diversity programs as that of the private sector. As for weaknesses, this study found that a customer service orientation concentrates cross-cultural management too much on organisational clients to the detriment of their own culturally diverse employees. Participant organisations from the public sector therefore missed the point that a well cross-culturally managed workforce could better address the needs of a culturally diverse clientele. This blindness to employees’ cultural diversity is discussed in more detail in section 3.2.6.1.

4.2.3 Integrating cross-cultural management to all business plans

For cross-cultural management programs, being integral to the organisation’s business plans means being a necessary part of operation of every unit in the organisation. Integration can start from including cross-cultural management in the organisation’s vision, usually found in the Council Plan for local government units and Strategic Intent Plan or similar for private organisations then cascading it through the business plan of each responsibility area. The diversity coordinator of Organisation A described how she envisioned integration of diversity/cross-cultural management:

I want diversity to be in the Council Plan. It is not an add-on. It is not something that is an attachment. It is there. . . It is so much part of everything and it is explicit in everything that we’re doing. So people don’t have to do what they think is the core and say, ‘oh, okay now I look at NESB issues or other issues’. It’s mainstreaming it.

Mainstreaming diversity and effectively cross-cultural management could help achieve consensus throughout the organisation. As one manager described it, mainstreaming makes cross-cultural management an ‘integral part of business processes.’ Integrating diversity or
cross-cultural management to responsibility areas extends to the subsystems that operate them. This is explored in more detail in chapter 6.

4.2.4 Clarity and completeness of policies and procedures

A policy is a statement of course of action formulated for compliance by all members of the organisation. A policy may reflect an agreement with employees such as the employee bargaining agreement and memorandum of agreement for ethnic communities as in the case of one respondent organisation in this study. A policy may have been triggered by legislation as in the case of equal opportunity law or an operating principle that the top management decides to adopt. A policy could be also a blend of various pieces of legislation, principles and agreements with employees and ethnic communities. For example, the diversity policy of Organisation B as shown in its policy documentation has the following key linkages:

<table>
<thead>
<tr>
<th>Legislation</th>
<th>State</th>
<th>Federal</th>
<th>Policies</th>
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<tr>
<td></td>
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<td>State</td>
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<td>Federal</td>
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<td>Policies</td>
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</tbody>
</table>

- Heritage Act 1995
- Home and Community Care (HACC) Act 1985
- Aged and Disabled Persons Act 1954 (amended)
- Children and Young Person’s Act 1989
- Sex Discrimination Act 1984
- Racial Discrimination Act 1975, 1983
- Disability Discrimination Act 1992
- Disability Services Act 1986
- Native Title Act 1993
- Australian Heritage Commission Act 1975
- Aboriginal and Torres Strait Islander Heritage Protection Act 1984
- Archaeological and Aboriginal Relics Act 1972
- ATSIC Act 1989
- Deaths in Custody Act 1989
- Aboriginal Affairs Victoria Koori Services Improvement Strategy
• Aboriginal Employment Development Policy
• Corporate Plan and Community Charter 1998-2000
• Public Participation in Decision Making
• EEO Policy
• Access and Equity Standards and Code of Practice
• Disability Policy
• Municipal Health Plan

Clarity of policy implementation could be achieved through system completeness and by ensuring ambiguity is avoided in documentation and dissemination. As shown above, the diversity policy of Organisation B evolved from a comprehensive range of internal and external policies. By doing so, Organisation B ensured that all legal compliance requirements were covered; at the same time, internal policies were integrated to avoid confusion in the implementation. Ironically however, the participant organisations from the public sector including Organisation B barely addressed cross-cultural management as part of human resource management rendering its policies and procedures incomplete.

Incompleteness of policies and procedures means incompleteness of subsystems and the entire organisational system, which could lead to confusion and ambiguity. Ambiguity could also be avoided in the cross-cultural policy documentation and dissemination through full explanation of jargon such as “diversity management” as opposed to “cross-cultural management” and “multiculturalism”.

4.2.5 Language barrier elimination

Clarity in policies and procedures could be facilitated through elimination of language barriers among employees, clients and other stakeholders both in spoken and written communications. Although the majority can understand English, there is still benefit in using languages relevant to the stakeholders’ cultures given that all participant organisations had a
large client base as well as employees who were more comfortable speaking in their native tongues. Especially in early stages, cross-cultural management implementation could be more readily absorbed if communication barriers are eliminated.

In this study, participants from the public sector addressed language barriers by providing interpreting services and preparing selected policies in languages spoken by a majority of their clientele. The participants from the private sector were also undertaking translations of some policies and day-to-day written communication to major languages.

4.2.6 Continual consultation with and participation from employees and clients

As discussed earlier in section 3.2.6.5, communicating interactively, one of the properties of management and leadership category is significant in the successful implementation of cross-cultural management in particular, or any policy in general. However, while it has been empirically proven that it is one of the competencies required from managers, interactive communication requires a good system to back it up. Such system back up could be in the form or a combination of regular report preparation either by hard copy or electronically, posting it in the organisation’s web-site or bulletin boards; appointing diversity contact officers from among employees; and holding meetings regularly instead of on an ad-hoc basis with critical stakeholder groups such as community councils and diversity councils. Ensuring accessibility or availability of information and creating the opportunity to be heard through meetings and consultations encourage feedback and cooperation since ownership of ideas is broadened to include all stakeholders.

In this study, Organisation A was regularly conducting a meeting with its community council and ensuring their diversity and best value reports were accessible through the website.
Organisation B used to conduct a regular diversity audit, which served as the policy evaluation and creation of an opportunity where the parties discussed and agreed on a common action plan. In the private sector arena, diversity contact officers were appointed in each department by the participant organisations and HR representatives were plant-based making them readily accessible to employees. Also, they had diversity councils where unions were represented and meetings were conducted regularly.

4.2.7 Responsiveness

Responsiveness refers to flexibility in terms of meeting the needs of all those involved in or affected by the policy. Those involved in or affected may be employees or clients. Simply put, being responsive means being able to assist employees or clients within the parameters of the policy. ‘Responsiveness is about working with clients to meet their needs in an appropriate and timely way’ (Ausinfo 1998, p.12). The Federal Government (Ausinfo 1998, p.13) enumerates in the checklist for responsiveness:

- Have measures in place to ensure staffs are able to deal effectively with clients from different cultural or linguistic backgrounds (eg. cross-cultural training and maintenance of staff language skills)?
- Cater for different needs, especially those from priority groups? (For example, do any educational programs you run cater for a range of learning modes, such as through outreach programs?)
- Offer, and make available, the services of appropriately trained interpreters when needed?

4.2.8 Inclusiveness

Inclusiveness refers to inclusion of everyone regardless of race, ethnicity, age, gender, sexual preference, religion and anything that makes a person different from others within advisory and decision-making processes. Inclusiveness means equal focus on employees, clients and
other stakeholders both from English and non-English speaking backgrounds. Inclusiveness is a critical system characteristic because widely based cooperation may only be possible when equal ownership of ideas exists. Thus, inclusiveness works in tandem with continual consultation with and participation from employees and clients.

In this research, it was found that all participant organisations were not focusing equally on employees and clients from an English speaking background. This may explain in part why cooperation and support were more difficult to gain from this group. As the human resources manager of Organisation B said, ‘the only problems I’ve had, have been with the Australian workforce.’ In a more problematic situation, the perception of non-inclusiveness may lead to formation of informal groups driven not only by similarities but also the intention to wield more power and influence, physical and otherwise. In Organisation E for example, when one member of the ethnic group was bullied, the situation degenerated to ethnic groups physically fighting on the shop floor.

The notion that employees and clients from non-English speaking background need to be given more attention may have been developed by the Equal Employment Opportunity Law itself. The focus of this legislation was that women and people from non-English speaking backgrounds should be given equal opportunity both in the workplace and for government service access, as recognition of their civil rights. As this legislation was instrumental in the development of diversity/cross-cultural management policies and programs, the focus imbalance continued through implementation. This focus imbalance may also have been triggered by some government reports based on empirical research. Empirical research found that the inability of people from non-English speaking backgrounds to get employed using the skills they developed from their country of origin as quickly as those whose first language is

The experience of the human resource manager of Organisation B in respect of focus imbalance has another dimension in the observation of the multicultural affairs coordinator of Organisation A, a woman. As she said, ‘I have an ongoing battle with parking officers. Forget about running cross-cultural training for parking officers. If I am running it, they won’t come. They want a bloky type of person.’

Understanding how men and women think is one of the pillars of cross-cultural management. Hofstede (2001) confirmed that the duality in gender extends to the social and emotional roles through masculinity versus femininity index as discussed in 5.3.1. In the cases of Organisation A and Organisation B, male employees’ indifference to diversity management front liners who are women may be explained by the traditional roles of women they believe in. A comprehensive cross-cultural training could resolve this tension between male and female employees as detailed in section 4.2.6.10 below.

### 4.2.9 Productive diversity

Productive diversity means ‘exploiting the productive potential of diversity, plus an orientation to markets and a management mindset which comes with openness to negotiate diversity’ (Kalantzis & Cope 1997, p.9). Simply put, productive diversity is making use of all the talents and skills available brought about by having employees, clients and other stakeholders from diverse cultural and linguistic backgrounds. Among the participant organisations, Organisation A has a leading edge in employing productive diversity principles
proven by the three awards they received in the area. The benefits of productive diversity principles as cited by a respondent are:

... That multilingual communication service has really taken three years to develop and launch. ... but the returns, the benefits to the organisation are tremendous not only in the monetary way, saving money, but also in the role of the language aides. Because they come from different departments, they are like people who generate a lot of awareness in their departments about issues to do with cross-cultural communication and cross-cultural interaction. So they are like ambassadors or advocates.

4.2.10 Cross-cultural training

According to Kalantzis and Cope (1997), cross-cultural training is central to cross-cultural management. However, despite the cultural diversity of the workforce, four participant organisations in this research conduct cross-cultural training as a one-off affair. Specifically, it is part of induction for new employees, which lasts for one day at most. Organisation D conducts training on cross-cultural issues on a regular basis; however, the focus is more on harassment issues rather than the behavioural aspect of culture. The succeeding definition of cross-cultural training, its benefits and components suggest that it needs to be conducted for more than one day and on a regular basis.

Landis and Brislin (1983, p.36) define cross-cultural training as ‘educative processes that are designed to promote . . . the acquisition of behavioural, cognitive, and affective competencies associated with effective interaction across cultures.’ Empirical studies support this definition. The review of 29 studies since 1966 on its efficacy made by Black and Mendenhall (1990) found that cross-cultural training has either a positive or significant relationship with the dependent variables examined, that is, work performance, cross-cultural adjustment and cross-cultural skill development.
Similarly, Landis and Brislin (ibid., pp.7-8) cite 12 empirical research studies that found cross-cultural training improves people’s thinking, affective reactions and behaviour. Specifically, the benefits are: (1) better understanding of host nationals leading to better working relations, (2) improvement in the negative stereotyping, (3) increased knowledge about other cultures resulting to better relationships, (4) development of ‘world-mindedness’, (5) improved understanding of own culture, (6) enjoying the overseas assignment, (7) better adjustment to common life stresses in another culture and greater ease while interacting with hosts as observed by the hosts themselves. These findings were generated after comparing people who underwent cross-cultural training with those who received either none of it or if they did, it was irrelevant.

After looking into the cross-cultural training programs of 3 out of Fortune 500 firms, Ellis and Sonnenfeld (1994) report that cross-cultural training offers five significant benefits. Firstly, it provides legitimacy to women’s and minority group members’ enhanced voice in the workplace, whose interests have been historically stifled. Secondly, the program replaces myths and stereotypes with knowledge and facts thereby promoting more understanding and teamwork. Thirdly, cross-cultural training shifts the corporate philosophy to a higher level, one that embraces the strategic advantages of cultural diversity rather than succumbing to the dictates of affirmative action and civil rights legislation. Fourthly, it makes the workforce an informed lot, affording the opportunity to understand their own biases and their fellow workers’. Lastly, the free flow of ideas on diversity within the organisation converts it as a corporate challenge from being a marginalised group issue.
According to Cope et al (1994, p.8), while cross-cultural management is central to efficient and competitive workplace culture, cross-cultural training is an integral part of it. Bhawuk (1998) comments that, in light of the empirical evidence confirming the efficacy of cross-cultural training and the phenomenal growth of the cross-cultural training industry, the question whether it is indeed effective has become less relevant. While some studies fail to explain why cross-cultural training is effective, Black and Mendenhall (1990) propose the social learning theory as a theoretical framework for understanding cross-cultural learning and training. Social learning theory is discussed in detail in section 3.2.3.5.

Black and Mendenhall (1990) proffer that failures of American expatriates may be attributed to lack or absence of cross-cultural training. American expatriate failure rates reached 10-30 percent in developed countries (Tung 1984) and 70 percent to developing countries, which was three to four times higher than that experienced by their European and Japanese counterparts (Shneider & Asakawa 1995).

4.2.10.1 Cross-cultural training implementation and evaluation

As empirically proven, cross-cultural training is an effective strategy to underpin cross-cultural management both for domestic and international organisations with multicultural employees and other stakeholders. The basic components of cross-cultural training are considered in turn.

4.2.10.1.1 Culture audit

In general, an organisational culture audit is a comprehensive attitudinal and behavioural
assessment among employees (Denniston 2002). A culture audit is needed because as Denniston (ibid.) argues, often the top management’s perception of behaviours and beliefs operating within the organisation is not consistent with the employees’ perception. In some cases, it is a reality-check on whether the organisational philosophies, which the top management would like to imbibe among employees, are really sinking in to achieve long-term goals and objectives.

According to Thomas (1991, p.33), ‘a culture audit is at the heart of managing diversity.’ It is about determining the basic elements of corporate culture that influence the organisation’s philosophy about diversity in general. Specifically, it is a pre-requisite to attitude change towards cross-cultural management among individual employees and eventually cultural change organisation-wide. Culture audit is a process that may involve employee in-depth interviews, attitude surveys, and reviews of documents, policies and procedures.

**4.2.10.1.2 Cross-cultural training design and implementation**

After the culture audit, it is only then that cross-cultural training has to be designed and implemented. There are varying arguments on whether it is cross-cultural training rather than cross-cultural education that employees need to undergo to improve cross-cultural workplace interactions. To determine the relevance of each, it is important to look at their meanings. On an abstract level, Miller (1979, p.3) views training as the process of changing an individual’s behaviour to facilitate acquisition of limited job related skills and education as learning of ‘orderly, logical systems for processing new information.’ Miller (ibid.) adds that as to scope, training covers specified tasks while education includes attitudes, skills and values. Looking at business and industry perspectives, Nadler (1970, p.40) refers to training as ‘activities, which are designed to improve human performance on the job the employee is presently
doing or is hired to do’. He distinguishes it from education as activities ‘designed to improve the overall competence of the employee in a specified direction and beyond the job now held’ (ibid., p.60).

Gudykunst and Hammer (1983, p.119) contend that in relation to cross-cultural training, the best way to distinguish training from education is to analyse them in the aspects of communication, decision-making, commitment, ideals and problem solving. In training, it is required that participants:

understand and communicate through verbal and nonverbal communication channels ... develop the ability to make decisions based on inadequate and conflicting information and to be able to trust feelings or attitudes as well as facts when making a decision ... commitment is to the people of other cultures and to the development of interpersonal relationships.’

Carnevale and Stone (1995) proffer that there are two types of diversity training processes evident in the literature: awareness-based training and skill-based training. Awareness-based training stresses employee knowledge, awareness, and sensitivity to diversity issues whereas skill-based training stresses a behavioural approach. The mix of skills covered in such training depends on the trainer's beliefs about the importance of particular skills and the approach to diversity inherent in a particular organisation.

However, Day and Glick (2000, pp.338-352) found that gaps exist not only between actual education and training but also between education, training and its literature. They assert that the literature’s methods in how diversity education and training are delivered to employees vary greatly. They further argue that most literature using the business perspective stresses the importance of individual differences, effective workplace interactions, meeting special needs of workers, conflict management and communication. On the other hand, the literature that
focuses on the academic perspective ‘often stresses cultural understanding and change, even
to the extent of altering power relationships in the society as a whole.’

Day and Glick’s (2000) study further found that skills that were commonly covered in
corporate training include team building, communication and listening, domestic and
international diversity management and supervision, legal diversity context, and to some
extent understanding specific groups and cultures. Also, the most frequent knowledge, skills
and abilities (KSA) taught in courses tended to be exploration of values and organisation,
diversity and special group knowledge. However, the skills addressed by corporate training
were not exactly filling the gap left by college education. It also appeared that only a minority
of the organisations surveyed attempted to fill the diversity KSA gaps through corporate
training. For optimum positive results, Black and Mendenhall (1990) suggest a combination
framework of social learning theory and cross-cultural training. Social learning theory brings
about cross-cultural skill development, adjustment and performance through its component
processes: attention, retention, motor reproduction and motivation and incentives. Social
learning theory is examined in detail in section 3.2.3.5.

4.2.10.1.3 Cross-cultural training evaluation

Training evaluation refers to the systematic process to determine training’s effectiveness (Noe
2002). This definition relates to evaluation of outcomes and method. However, Brown and
Gerhardt (2002) lament that research generally advocates assessments of learning or business
outcomes but it seldom yields specific prescriptions on how to improve training. They also
note that outcome evaluation enables discovery of trainees’ failure to gain knowledge but fails
to pinpoint the root cause of the problem, which maybe existing at the time of training
development or formation. The problem’s root cause maybe lack of management support,
inconsistency of subject matter with participants' needs, inadequacy of activity to motivate learners or stimulate deep-level processing or faulty evaluation measures.

Brown and Gerhardt (2002) also note that formative evaluation differs from summative evaluation in terms of purpose, timing, and outcome. Summative evaluation is conducted after all materials have been developed to determine its readiness for continued and in some cases broader use. A report providing suggestions whether to continue or discontinue the program is usually the product. In contrast, formative evaluation aims to identify instruction weaknesses to develop prescriptions for improvement and occurs throughout the development stage.

Camp et al. (1986, p.131) provide a merger of both formative and summative functions in training-related evaluation:

Training evaluation will provide (1) information about the processes that have occurred, (2) the trainees’ reaction to the training, (3) the amount of learning that has occurred, (4) the changes in job behaviour that have resulted from training, and (5) organisational outcomes that can be attributed to training.

Brown and Gerhardt (2002) echo that combining the many advantages of formative evaluation with summative evaluation seems likely to result in the largest gain in training effectiveness. They add that the summative approaches in particular are useful for establishing and assessing metrics such as absolute post-test scores, gain scores or pre-post design or higher scores relative to control group designs. The formative approaches are useful for collecting quantitative and qualitative data that determine the discrepancy between effectiveness level and expectations and how to eliminate it.
4.2.11 Accountability

Another pillar of any policy implementation success is accountability. Accountability means answerability for a given outcome. Thus, it also means responsibility for the success or failure of the policy. Hence, when a policy succeeds or fails, an adequately good system automatically pinpoints who is responsible. For government organisations, the Federal Government (Ausinfo 1998, p.17) defines accountability as being ‘open to scrutiny by its clients, the government, and its staff’ and prescribes the following courses of action to achieve it:

- Focus on outputs and results.
- Include information about access and equity obligations in tender advertising.
- Be aware of your ongoing responsibilities under any third party arrangements.
- Specify relevant access and equity obligations in your funding contracts with third parties. Have the third party service provider:
  - give information in a form understood by clients;
  - train its staff in cross-cultural communication; and
  - disaggregate its customer statistics.

Accountability is a “problematic” area for participant organisations from the public sector. While there is clarity in respect of who is responsible for a given task, the system does not address the next step to take in case of non-delivery. A respondent commented:

What happens, okay, the CEO is committed. The general managers say, yeah, yeah we will do it. They promise to do such and such. Then you agree on certain outcomes. We sit down, have a meeting, sign-off a strategy. What will happen if it does not occur? What’s the consequence of that? At the moment, I do not really know.

4.2.12 Evaluation and improvement

Evaluation and improvement is an integral part in the implementation and documentation of the system. To ensure its success, a policy needs to be complemented by procedures
culminating in the regular preparation of an evaluation or progress report. An evaluation or improvement report contains the progress of implementation. Such reports may include the outcomes from the policy’s implementation, quantifiable and otherwise, actions to be taken to improve the outcomes, anticipated problems and the plan to address them showing people responsible for each task and its target completion date. On the whole, evaluation is conducted to ensure the improvement outcomes expected from the policy are achieved.

Similar to training evaluation as discussed in section 4.2.10.1.3, policy evaluation can be formative or summative in its functions. Goldstein (1986, p.140) proffers the formative dimension of evaluation as ‘the systematic collection of descriptive and judgmental information necessary to make effective decisions related to selection, adoption, value and modification of various training activities.’ In the same vein, Spencer (1986, p.10) describes evaluation’s formative role as ‘measuring something to make a decision about it, for example to stop, modify or expand it to increase its benefits’.

Another group of evaluation theorists addresses its summative dimension. Scriven (1991, p.1) views evaluation as ‘the process of determining the merit, worth and value of things’. There are evaluation practices that explicitly focus on prescribing improvements to training interventions. Program evaluation researchers distinguish evaluation of program utility from evaluation of program concept, design, and implementation. Similarly, most instructional design models distinguish summative and formative evaluation (Dick & Carey 1996). Summative evaluation describes efforts that assess the effectiveness of completed interventions in order to provide suggestions about their use. The primary purpose of formative evaluation, on the other hand, is to improve the quality of the program being
developed so it will be as likely as possible to achieve the objectives for which it was designed (ibid.).

There are at least two other benefits of using formative evaluation methods, based largely on the degree to which these practices involve a broad array of stakeholders, including customers, managers, subject matter experts, and instructional experts. First, involving stakeholders in policy design and development helps to reduce apprehension regarding evaluation. This shift in emphasis can reduce the fear that many designers and organisational decision- makers typically have of evaluation. Reducing this fear is one way to increase the base rate of evaluation activities and stimulate continuous improvement. The second benefit of involving stakeholders is that it builds commitment toward implementation. If stakeholders are involved, they will feel a sense of ownership in the program and its outcomes. Such sentiments increase the probability of implementation. Moreover, a sense of ownership can serve to build partnerships among stakeholders that foster transfer and consequently improve effectiveness (Broad & Newstrom 1992).

In its entirety, the policy, procedures, evaluation and improvement documentation makes up the policy implementation system and its clarity is critical to achieve its objectives. Clarity may be achieved by: (1) ensuring all important aspects of the policy and its procedures are reduced in writing; (2) explaining fully accompanying procedures to those who will implement and get involved; (3) using consultations to get the feedbacks on the implementation system of those who will be directly involved; (4) ensuring progress reports were prepared with inputs from all involved; and (5) communicating results to the rest of the organisation.
To illustrate, the diversity action plan of Organisation B embodies its cross-cultural management system, containing policy and procedures. The system is regularly evaluated through the audit process, which requires:

- interviewing staff in each defined unit by a minimum of two diversity staff;
- subsequent review of answers and rating by Diversity Unit staff;
- agreement to ratings by staff of audited unit;
- development of a draft action plan to enhance areas where audit results indicated an opportunity to do so existed; and
- action plan negotiated and agreed by Diversity Unit and operational unit and incorporated in unit’s business plan.

Business units were audited on the key result areas of policies and procedures, service delivery, staffing, communication, data collection, decision-making and physical access. Under each key result area, the diversity and business units’ representatives collectively evaluated the outcomes, measures, targets and responsible areas. The details are shown in Figure 4.1 below.

Formal evaluation and improvement of diversity policy like the above among local government organisations is not common. For example, Organisation A was still in the process of formulating it. However, Organisation A annually prepares the diversity report, which contains the implementation progress of the agreements with its community council and the best value report as a requirement of the local government best value policy. Organisation C had not yet addressed best value policy reporting. Both the diversity report
Figure 4.1 Audit Guide for Policies and Procedures

Policies and Procedures

Audit Criteria
♦ Availability of copies of relevant legislation.
♦ Existence of diversity action plan.
♦ Evidence of attitudinal acceptance and understanding of diversity concepts by staff and volunteers.
♦ Processes for identifying discriminatory elements of program and service delivery practice.
♦ Mechanisms for informing customers of their rights.
♦ Annual diversity audits undertaken.

<table>
<thead>
<tr>
<th>Output Area</th>
<th>Measure</th>
<th>Targets</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity Action</td>
<td>Existence</td>
<td>All business units have a diversity action within their business plans by the end of March ‘99</td>
<td>All Units</td>
</tr>
<tr>
<td>Plans</td>
<td>Currency</td>
<td>All action plan items are reported monthly</td>
<td>All Units Diversity Unit</td>
</tr>
<tr>
<td></td>
<td>Implementation</td>
<td>All business units are audited annually</td>
<td>The Executive &amp; Diversity Unit</td>
</tr>
<tr>
<td>Attitudinal change</td>
<td>Existence</td>
<td>All staff understand their responsibilities under the action plans and relevant training and communication strategies are in place.</td>
<td>All Units</td>
</tr>
<tr>
<td></td>
<td>Implementation</td>
<td>The Diversity Unit revisits Units and checks progress against targets. Units are also accountable to senior management for the achievement of their general outputs.</td>
<td>The Executive &amp; Diversity Unit</td>
</tr>
</tbody>
</table>

and best value report exemplified some aspects of evaluation, notable of which was the Best Value Timetable presented as Figure 4.3.

Evaluation of policies can be undertaken simultaneously to achieve synergies. To illustrate, in Organisation A’s “multicultural charter”, the common principles and policy frameworks between the federal government’s Charter of Public Service in a Culturally Diverse Society (Ausinfo 1998), the Victorian Government’s four key policy pillars and Best Value Principles (Department of Infrastructure 2000) were mapped in Figure 4.2 to identify the synergies.
Evaluation and improvement of cross-cultural policy could also be done through surveys. Organisation D was conducting employee satisfaction survey where a section dealt with diversity issues while Organisation E’s employees regularly participated in their parent company’s biannual global survey where diversity issues were addressed.

4.2.13 Integrity and credibility

Another system attribute is its integrity and credibility. Integrity refers to moral excellence and honesty while credibility means reliability, respectability and believability. For a system’s implementation to be reliable and respectable, honesty is a necessary value in conducting and eventually reporting outcomes. Asked how an organisation managed the cross-cultural management progress, one manager described the predicament they faced:

It’s difficult. It’s difficult. Keeping track of the progress is really just a system’s issue. I mean that comes out in the result of the review. But the review is always difficult because usually it is not very politically palatable. In the last that we did, we showed the bullying issue in the depot. That needed to be handled very sensitively in the sense that you don’t deny that bullying is happening but also I don’t want that to fly in the face of the management. The management in the depot is very good in magnifying issues. It is difficult to say in the one hand that in your review you have been totally sort of honest in reporting what you found. Then you got people who are protecting their territories ... I’ll be quite honest that the review we are doing and the conversation that we have are not totally the same with the evaluation tool.

The issue on evaluation and improvement’s integrity may be partly responsible for the lacklustre support cross-cultural policy was getting. Just like managers and leaders, a system has to be credible to earn respect and support. Improvement as a result of evaluation is a tangible way of achieving evaluation’s integrity.
4.2.14 Reward for performance/“punishment” for non-performance

The extant management literature supports the concept that rewards motivate performance. For example, Vroom (1964), Porter and Lawler (1968) suggest through expectancy theory model that individuals driven by self-interest adopt courses of action, which maximise the probability of self-accruing desirable outcomes. Bandura (1977) confirms rewards or incentives can influence attention given to, retention and reproduction of modelled behaviour, which is part of social learning theory discussed in detail in section 3.2.3.5.

In this study, one interviewee termed the relationship between reward and the need to perform as the “the carrot and stick approach”. Describing the key to getting three awards for their innovation in multilingual communication services, she noted ‘. . . we reward our staff by giving them a language allowance to be committed to the scheme’.

At the other end of the spectrum, based on the theory of reasoned action as discussed in section 3.2.1, mere perception of social pressures exerted could affect an individual’s...
behavioural performance. The social pressures may occur through a person’s evaluation by superiors and other employees drawn through interactive communication and continual consultation or in writing through performance evaluation. These possible avenues are taken up in sections 3.2.6.5, 4.2.5 and 4.2.13.1, respectively. By conceptual deduction, positive attitude toward cross-cultural management could be facilitated by the inclusion of “punishment” for non-performance, which is the stick equivalent in the “carrot and stick approach”.

4.2.14.1 Employee performance evaluation

That employees’ job performance dictates organisational performance has long been established. Thus, most organisations as part of their human resource management continually seek performance motivators for their employees. Empirical research supports the link between job performance and rewards. Put another way, employees tend to perform better when they know they will be rewarded for it; thus, the importance of job performance evaluation. In addition to the motivational aspect, Woodford and Maes (2002) argue that performance evaluations are essential in ensuring employees understand their roles and that they are performing their jobs in alignment with the organisation's overall strategies and objectives. Beamish and his colleagues (2000) note that an effective performance evaluation ensures overall strategic plan’s achievement since it normally guides each profit centre to developing a local strategic plan that accounts for centre’s output. By making it clear that each employee’s job emanates from the overall strategic plan effectively empowers the employees and creates the feeling of unity with the organisation.
Figure 4.3 Best Value Timetable

<table>
<thead>
<tr>
<th>Service Area</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<tbody>
<tr>
<td>Aged &amp; Disability Services</td>
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<tr>
<td>Food Services</td>
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<tr>
<td>Home, personal &amp; respite care</td>
<td>100%</td>
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<tr>
<td>Community transport</td>
<td>100%</td>
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<tr>
<td>Centre dementia care &amp; day centres</td>
<td>100%</td>
<td></td>
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<tr>
<td>Social &amp; community support</td>
<td>100%</td>
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<td>Home maintenance</td>
<td>100%</td>
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<td>Housing support</td>
<td>100%</td>
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<tr>
<td>Assessment &amp; Care Management</td>
<td>100%</td>
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<tr>
<td>Community &amp; Aged Care Packages</td>
<td>100%</td>
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<td>Fleet Management</td>
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<td>Parkland &amp; Open Space</td>
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<td>Open Space Planning</td>
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<td>Parks &amp; Gardens</td>
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<td>Traffic &amp; Transport</td>
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<td>Traffic &amp; Transport Services</td>
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<td>Traffic Enforcement</td>
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<td>School Crossings</td>
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<td>Family &amp; Youth Services</td>
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<td>Early Childhood Services</td>
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<tr>
<td>Children's Services</td>
<td>40% complete</td>
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<tr>
<td>Maternal &amp; Child Health and Outreach services</td>
<td>40% complete</td>
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<td>Family Support Services</td>
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<td>Youth services</td>
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<td>Immunisation</td>
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<td>Family Day Care</td>
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<td>School Holiday Program</td>
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<td>Community Health &amp; Safety</td>
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<td>Waste Management</td>
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<td>Collection Services</td>
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<td>Resource Recovery</td>
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<td>Street Cleansing</td>
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<td>Litter Management</td>
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<td>Animal control</td>
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<td>Local Laws</td>
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<td>Building Services</td>
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Legend:
- Complete as planned
- Planned extension to review
- Planned review period
- Schedule over-run
- Target
- Date of reporting
Woodford and Maes (2002) suggest four key elements in the performance evaluation process. First, job review agreement where the employee and manager review the job description and job key elements; second, development and agreement of specific standards of performance that constitutes satisfactory level of performance and performance metrics; third, establishment of employee goals and objective aligned with the manager’s; fourth, honest performance discussions where employee progress and improvement needs are discussed with the manager. The implementation of these four elements depends upon the overall corporate culture as well as the wider economy and this knowledge both support management and the workforce to focus on achieving the corporate mission.

A difficult but important role for managers is giving honest feedback on employees’ performance. If conducted improperly, besides failing to achieve its objectives, performance evaluation could result in lawsuits for possible discrimination. Thus, an effective comprehensive evaluation system provides training for managers to ensure full understanding of the purpose and process of employee performance evaluations. Peters (2000) proffers managers’ training needs to include these aspects to ensure that performance evaluations have an overall positive effect on the employee, including matters such as creation of the right setting for evaluations, utilisation of self-feedback in the evaluation process, creation of an atmosphere for both manager and employee to comment on the employee's behaviour or productivity, identification of problem behaviour interspersed with positive feedback, clearly communicating expectations. Equally important, managers need to be trained on cultural differences such as work ethics, communication styles, and business customs to ensure that cultural differences do not adversely affect the performance evaluation process.
The various management, leadership and system attributes function interdependently. Their interfaces and interdependencies affect the cross-cultural management processes of the respondent organisations, which follow in the next section.

4.3 The Existing Basic Social Process

According to Strauss and Corbin (1998, p.165), a social process is a continually evolving sequence of action or interaction where ‘interruptions or problems . . . tended to be resolved as part of the ongoing flow of action’. The basic social process being ‘the most salient problem of the people’ (Glaser 1978, p.107) in the participant organisations relating to cross-cultural management, the discussion in this section draws upon the findings of the study as presented in chapters 3 and 4.

As discussed earlier, the most basic problem is facilitating the comprehensive adoption of cross-cultural management through attitude change. Since the seed of cross-cultural management implementation is legislation, making it a top-down process so does attitude change. Meaning, managers and leaders have to role model attitude change for the rest of the organisation to follow.

The data as analysed in sections 3.2 also revealed that there were certain management and leadership attributes that support attitude change and that these attributes have to be complemented by particular system attributes as examined in section 4.2 to achieve cross-cultural policy’s objectives. In addition, interdependencies appeared among leadership and management and system attributes and also between the two groups of attributes. It is important to note however, that some of these attributes were either lacking from participant organisations’ programs or non-existent, resulting in an incomplete or stifled implementation
of cross-cultural management. The discussion of the complete process and the diagrams depicting it are found in chapter 6. The complementarities and interdependencies of attributes were revealed and are discussed in turn.

4.3.1 Complementarity among management and leadership attributes

As discussed in section 3.2.6.1, other management and leadership attributes such as passion, commitment and decisiveness may follow knowledge acquisition. Besides being a possible trigger for passion, commitment and decisiveness, knowledge has been found to be one of the ‘determinants of attitude formation, arousal and change in relation to type of function’ (Katz 1960, p.192). Zimbardo, Ebbesen and Maslach (1977) add that knowledge is one of the persuasibility factors along with the person’s intelligence, self-esteem, dogmatism and authoritarianism. This means that knowledge and the other factors mentioned have some effect on the level with which a person can be persuaded.

During the persuasion process, attitude change involves variables such as the communicator, the message and the audience (Vaughan & Hogg 2002). Hovland and Weiss (1951) found that communicators who presumably know all the facts and perceived as experts are more persuasive. Triandis (1971) echoes that a communicator commands more respect when regarded as an expert with knowledge, skill and ability.

Primarily getting things done through people, a manager who is a leader may not achieve as much as he could if he does not provide his subordinates with the resources – another leadership and management attribute, that they need.
4.3.2 Complementarity among system attributes

Complementarity of system attributes equally plays a significant role. Creation of CCDM/DM as a responsibility area is a prerequisite to showing it in the organisational chart. Similarly, policy and procedural clarity cascades down through the organisational structure and all the business plans. Additionally, clarity requires the elimination of language barriers and continual dialogue with employees. However, elimination of language barriers could not be optimised if there is no continual participation from and consultation with employees and clients. Conversely, continual participation from and consultation with employees and clients would be hindered if language barriers were not eliminated. Finally, all the system attributes may not optimise its benefits without integration of evaluation, improvement and rewards for performance. Other illustrations of complementarity between system attributes are explored more in section 6.4.

4.3.3 Complementarity of management and leadership attributes and system attributes

A respondent noted that having a very supportive CEO is not enough to ensure the success of cross-cultural management and there is need for a system that underscores compliance. Further, the management and leadership attributes discussed in section 3.2.6 that could facilitate comprehensive adoption of cross-cultural management need to be integrated in the organisation’s policies and procedures, which is a system attribute. To illustrate how some management and leadership attributes could complement system attributes, a manager from Organisation D described how their top management ensured adherence to cross-cultural policy:

We have very, very strong policy statements and very strong backup. There are policy statements on particular cross-cultural issues. Let’s say, for argument’s
sake, harassment issues. As an example of that, we have a zero-tolerance policy within the organisation. We run training and refresher training on a continuous basis to continuously highlight that to people. We have a range of reminder notices around the place, for argument’s sake, the wall behind you: diversity, the recognition of diversity within the organisation. We quite strongly highlight that in regular communication sessions. Even the top-level person of Organisation D-Australia will continuously, in regular communication sessions throughout the organisation, talk about zero-tolerance policy and importance of diversity and the business case for diversity within the organisation. So it’s a money issue as well as a cultural issue, as well as a human issue covered in the organisation. And we enforce that zero-tolerance policy. If somebody breaks that zero-tolerance policy, then they can be brought up on disciplinary issues within the organisation. So it’s not something that’s written on a piece of paper once and then we forget about it. It’s something that is continuously coming to the fore.

In addition, Organisation D had a semestral performance management process where core leadership behaviours for managers including diversity were assessed. If, for example, a manager was not sufficiently supportive of Organisation D’s diversity policies, that behaviour will have the potential for being raised as a negative key result area during the semestral performance appraisal. Being included in the performance evaluation, a positive behaviour would expectedly gain a good rating and a negative behaviour a bad rating. This consequence expectation has its roots in the theory of reasoned action as discussed in section 3.2.1 and social learning theory as examined in section 3.2.3.5.

Knowledge, another management and leadership attribute could also be facilitated through system intervention. Cross-cultural and other related management knowledge and skills could be an integral part of the position description or performance criteria of managers. This position description in turn forms one of the bases for recruitment. As the CEO’s performance criteria of Organisation A showed, some of the key goals for 2003/2004 were:

- Achieve an enhanced organisational capacity to manage diversity and make significant progress toward Organisation A being nationally recognised as Australia’s pre-eminent local government body in its responsiveness to and engagement with its culturally and linguistically diverse residents. (ECC Memorandum of Understanding, August 2000).
Ensure that diversity management embraces all forms of diversity and includes action programs for the City’s Koori Community and for disabled people.

However, the position description of Organisation A’s OD Manager did not include similar criteria, thus breaking the connection between performance imperatives for the position and that of the CEO. This renders the system inconsistent and incomplete, which could defeat the purpose of the performance goal inclusion in the CEO’s position specifications.

Knowledge could also be gained or improved through in-house or organisation-sponsored training and/or education. As an illustration, Organisation B’s staff development scheme required employees to indicate the training they needed to meet their performance objectives. In the same vein, Organisation D sponsored an MBA qualification for its employees, a responsibility of their Learning and Development Manager. The creation of this position falls under organisation structuring, a system attribute.

The organisation’s efficacy in achieving the requisite attributes of knowledge, passion, commitment, decisiveness, role modelling, communicating interactively and resource provision among its leaders and managers needs to undergo evaluation and improvement, another system attribute. Along the same line, evaluation and improvement need sufficient time – time is one of the organisation’s resources and a management and leadership attribute.

Through conceptual deduction, knowledgeable, passionate, committed, role modelling, interactively communicating managers are not necessarily leaders. As section 3.2.6 on management and leadership attributes discussed, managers who are leaders motivate people to achieve the set goals through plans, visions, inspiration and controls utilising an implementation network hinged on well-organised structure and a complex web of
relationships through interaction communication, consensus building and continual consultation with and participation from stakeholders. Organisational structure, interactive communication and consensus building are also leadership and management attributes while continual consultation and participation from stakeholders is a system attribute.

4.3.4 How the present process works

Figure 4.4 graphically illustrates the implementation of cross-cultural policy of respondent organisations. Triggered by equal opportunity legislation, implementation is initiated by top management through the creation of Diversity Officer or Coordinator’s position for public sector participants and diversity manager for private sector participants. In all participant organisations, formulation and implementation of cross-cultural management was driven by the incumbents of these positions. Evaluation was being conducted in only three organisations. However, in one of the three, the evaluation of cross-cultural management rested in another area of the organisation instead of the Diversity Officer or Manager. While CEO initiated the implementation of the system making it a top-down process, the actual evaluation of the system was limited to middle managerial level.

In this study, it was found that no organisation completely addressed all the perceived management and leadership attributes that support attitude change toward cross-cultural management in their system nor were all the system attributes present in any organisation. This could partly explain the existing deficiencies in the implementation of cross-cultural management as discussed throughout chapters 3 and 4. This inadequacy impedes smooth and complete cross-cultural management process flow since some management and system attributes are missing most notably sufficient knowledge on the part of the CEOs on how to
drive a cross-cultural management subsystem that covers more than equal opportunity law compliance. Knowledge being the driver of other leadership and management attributes, it follows that other attributes of CEOs in participant organisations could also be inadequate. Nicholas’ (2000) finding that majority of CEOs surveyed in his study were unaware of the benefits of a culturally diverse workforce additionally implies these inadequacies.

The lack or absence of some management and system attributes detracts from achieving maximum complementarities and interdependencies. For example, due to insufficiency of knowledge, and despite their level of support for diversity, CEOs from the public sector may not have been aware of the implication of the ironic situation that their own human resource departments were not implementing cross-cultural management for their own workforce. Diversity management or cross-cultural management efforts were mainly client-focused and overseen only either by the Coordinator or Officer.

4.4 Summary

Management and leadership attributes cannot stand on their own, cross-cultural management being basically a process. A system back up is a requisite. The attributes of a system to complete the process are organisational structure presentation, integrating cross-cultural management to all business plans, policies and procedural clarity and completeness, language barrier elimination, continual consultation with and participation from employees and clients, responsiveness, inclusiveness, productive diversity, cross-cultural training, accountability, evaluation and reward/”punishment” for performance and non-performance. In the same manner that management and leadership attributes are interdependent, the inclusion of all attributes and interfaces between these system attributes is important, otherwise the benefits from cross-cultural management may not be optimised.
At the core of system attributes is cross-cultural training. Cross-cultural training is central to cross-cultural management. Empirical evidence shows that comprehensive cross-cultural training is an effective strategy to managing a culturally diverse workforce. Although central, knowledge and cross-cultural training need to be complemented by other attributes to facilitate comprehensive adoption of cross-cultural management.

**Figure 4.4 The present cross-cultural management process**
PART III

BACKGROUND, SIGNIFICANCE
AND AUSTRALIAN DEVELOPMENTS
OF CROSS-CULTURAL MANAGEMENT

Part three discusses the background, significance and Australian developments of cross-cultural management, the basic social process (system) theory that emerged in this study, the comparison between literature and emergent theory and implications of study. There are four chapters that comprise part three.

Chapter 5 examines the concept of culture, its dimensions as expanded by Hofstede (2001). It traces the historical background of cross-cultural management, and how the developments in the U.S. and Canada paralleled and impacted on Australia as well as underscores the compelling reasons for adoption of comprehensive cross-cultural management.

Chapter 6 discusses the emergent theory of facilitating comprehensive adoption of cross-cultural management, why the usual process theory that results from a grounded theory study needs to be extended to a system theory and the basic sub-processes. It further explains the complementarities between leadership, management and system attributes. Chapter 6 presents models representing the process and system theories that emerged in this study.
Chapter 7 situates the emergent theory in the literature to determine the contribution to the body of knowledge.

Chapter 8 discusses the achievement of purpose and objectives of the research, the study’s contributions and implications for practitioners, government, academic sector and future research.
Chapter 5

CROSS-CULTURAL MANAGEMENT – BACKGROUND, SIGNIFICANCE AND AUSTRALIAN DEVELOPMENTS

5.1 Introduction

This chapter analyses the concept of cross-cultural management and how it achieved prominence and significance. Cross-cultural management’s expansion to diversity management is also explored, together with the impact and effect of overseas developments on Australia's experience and the eventual weakening of its focus due to expansion. This chapter therefore reinforces and sharpens the need for adoption of a comprehensive system to regain an organisational focus for cross-cultural management.

The chapter is divided into nine sections. The first section examines the context of cross-cultural management, its incidence and dimensions in various cultures and its relevance to organisational culture. The second section traces the roots of multiculturalism, fairness legislation, and population diversity in the USA, Canada and Australia and globalisation trends. The third section discusses acculturation theories and how they relate to cultural convergence, divergence and crossvergence. The fourth section discusses the basic reasons
why population diversity is a management concern. The fifth section investigates how the coverage of cross-cultural management expanded and was converted to diversity management. The sixth section explores factors involved in shifting the focus from cross-cultural management and the reasons for such a shift. The seventh section looks into the status of Australian multiculturalism. The eighth section investigates the need as a discipline, for cross-cultural management to be responsive to managers. The final section discusses the standards of Australian management.

5.2 The concept of cross-cultural management

To understand the concept of cross-cultural management, it is necessary to define culture. Kroeber and Kluckhohn (1952, p.181) reviewed 164 definitions and concepts to define culture:

Culture consists of patterns, explicit and implicit of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditioning elements of future action.

More recently, Lim and Firkola (2000) posit that the most widely used and referenced definition is probably that of Hofstede. According to Hofstede (1997, p.5) culture is ‘the collective programming of the mind which distinguishes the members of one group or category of people from another’. Hofstede (1997, pp. 9-10) explains that much of culture is derived from the social environment during early childhood when learning and assimilating are most conducive. He adds that this definition is a cross between the anthropological definition given by Kluckhohn, since the ‘mind’ stands for the head, heart and hands for
thinking, feeling and acting with consequences for beliefs, attitudes and skills and the psychological definition of personality by Guilford, since culture fits human collectivity in the same fashion that personality fits an individual. Culture, Hofstede (1997, p.10) expounds, differs from human nature on one hand and from personality on the other; human nature being that which is common to all human beings and personality being that unique set of mental programs which is both partially inherited and learned.

5.2.1 Hofstede’s cultural dimensions

Hofstede (2001) further argues that there are specific and general dimensions of culture. The specific dimensions are unique to each culture while the general dimensions are comparable with other cultures. Hofstede (2001, p.31) builds upon the three standard analytic issues of national societies as found by Inkeles and Levinson in 1954 such as relation to authority, individual’s concepts of oneself, masculinity and femininity and the primary dilemmas confronting individuals and their coping methods. Hofstede’s study identified four independent dimensions of national culture using survey data gathered from IBM employees in 53 countries. Later in collaboration with Michael Bond, they added another one. These five dimensions are discussed in turn.

5.2.1.1 Power distance

Hofstede (2001, p.79) describes power distance as the interpersonal power and influence between a supervisor and an employee as perceived by the latter. He adds that although the supervisor is perceived as having power, power distance is actually determined by the value systems of both supervisor and employee, with the support of their social environment. Thus,
power distance is the difference between the extents each other’s behaviour can be determined and directed by both the supervisor and employee. For better understanding, Hofstede (2001) clarifies that power distance resembles the relationship between a parent and a child or a teacher and a student. Also, he adds the concept is rooted in inherent societal inequalities in physical and mental attributes, social status, prestige, wealth, laws, rights and rules.

Applying the power distance concept, managers can be guided on the kind of organisational structures and managerial styles, which have better chances of succeeding. Among the attributes of organisations in low power distance societies, according to Hofstede (2001, p.107), are ‘decentralised decision structures, flat organisation pyramids, managers relying on personal experience and subordinates, consultative leadership leading to satisfaction, performance and productivity, innovations needing good champions and openness with information.’ In high power distance societies, the organisational hierarchy dictates concentration of authority, tall pyramids, dependence on formal rules by managers, authoritative leadership and close supervision for satisfaction, performance and productivity and information constraint.

**5.2.1.2 Uncertainty avoidance**

Hofstede (2001, p.145) derived the uncertainty avoidance index for represented societies in relation to rule orientation, employment stability and stress. Uncertainty avoidance relates to feeling of uncertainty about the future, creating anxiety for the organisation. Cyert and March (1963) explain that organisations avoid uncertainty by being reactive rather than proactive, especially in respect of distant and uncertain future events.
In organisations where the uncertainty avoidance index is low, employees tend to have lower seniority in jobs since they are more likely to leave for another employer, openly admit dissatisfaction, seek promotion more and do not regard loyalty as a virtue. However, they are more supportive of changes and culturally diverse managers and are generally more reliable. These employees tend to control stress, but are unsuccessful at hiding their feelings. On the other hand, employees who work for organisations with a high uncertainty avoidance index have the opposite attributes of low uncertainty avoidance organisations (Hofstede 2001, pp.180-181).

5.2.1.3 Individualism versus collectivism

This dimension ‘describes the relationship between the individual and the collectivity that prevails in a given society’ (ibid., p.209). The relevance of this dimension to management extends to societal norms and is important in understanding how institutions, including organisations, are structured and operated. The level of individualism or collectivism also dictates the person’s personality that could fit in organisations. An organisation in a collectivistic society, for example, will seek inward-looking members and firms in an individualistic society will prefer outward-looking recruits.

Among the value connotations found in Hofstede’s (ibid., pp.226-227) study and other similar works in collectivistic societies include a reliance on organisations for resources; higher regard for education, training and skills; equal importance for an interesting job and salary; better decisions by a team-based group; using social connections to further one's career. Conversely, the value connotations in individualistic societies are life-work balance; freedom and challenge make jobs attractive; higher regard for salary compared with work
content, high performance standards to further a career, self-orientated, a greater emphasis on individual initiative, achievement and hedonism.

5.2.1.4 Masculinity versus femininity

The relevance of this duality in gender lies in the social and emotional roles associated with each. The dominant gender role patterns among societies fit the biological roles in procreation. Thus, men are expected to be assertive, competitive and tough while women's role was that of carer, especially children. Bearing children, Hofstede (2001, p.280) adds, is regarded as an ‘irreversible sense of achievement’ for women, and in this concept, males supplant those tasks not attributed to females to balance the role distribution. In the same vein, men have been found to give more importance to ego goals such as career and reward, while women attach more value to social goals including relationships and helping others. Within organisations, women may have leadership potential due to their propensity for interpersonal relationships. More women in managerial jobs may also mean better responsiveness of the organisation since women tend to favour interaction facilitation while men are perceived to be better at goal setting.

Societies with a high masculinity index tend to offer fewer opportunities to women. Especially in affluent countries, men believe they are more competitive; however, women believe they are as competitive as men; men make major purchasing decisions and women accept their place in this society to a certain extent. Thus, the value connotations and attributes in organisations include ‘live in order to work, managers are expected to be decisive, firm, assertive, aggressive, competitive and just; fewer women in management’
(ibid., p.318), and employees prefer male supervisors, larger companies and higher paying, secure and interesting jobs.

In feminine societies or those with a low masculinity index, there is a small gender culture gap, more equality in terms of opportunity, women believe they are more competitive, men can show characteristics attributed to women, and buying decisions are shared. Employees and managers in feminine societies regard work as a means to live, consider intuition, feelings, consensus, relations and working conditions as important, resolve conflicts through problem solving, compromise and negotiation, prefer smaller companies and fewer work hours.

**5.2.1.5 Long-term versus short-term orientation**

This dimension resulted from the study conducted by Michael Bond using the Chinese Value Survey. The study opposes ‘persistence and thrift to personal stability and respect for tradition’ (Hofstede 2001, p.351). In societies where long-term orientation is high, people tend to have either full confidence or no confidence and therefore disregard uncertainty; believe in government by men; and oppose complementarity and structured problem solving. On the other hand, people in low long-term orientation believe in ‘probabilistic thinking, absolute guidelines about good and evil, need for cognitive consistency, analytic thinking and immediate need gratification’ (ibid., pp. 366-367).
5.2.2 Organisational culture

That national culture and organisational culture are highly similar, or organisational culture cascades or evolves from national culture, can be deduced from Eldridge and Crombie’s (1974, p.19) definition of organisational culture. Accordingly, it is ‘... the unique configuration of norms, values, beliefs, ways of behaving and so on that characterise the manner which groups and individuals combine to get things done.’ Van Mannen and Schein (1979, p.210) elaborate that organisational culture:

... consists broadly of long-standing rules of thumb, a somewhat special language, an ideology that helps edit a member’s everyday experience, shared standards of relevance as to the critical aspects of the work that is to be accomplished, matter-of-fact prejudices, models of social etiquette and demeanour, certain customs and rituals suggestive of how members are to relate to colleagues, subordinates, superiors and outsiders, and a sort of residual category of some rather plain “horse sense” regarding what is appropriate and “smart” behavior within the organisation and what is not.

Organisational culture differs from national culture inasmuch as it is often shaped and influenced by the dominant personalities at the management helm. Dinges and Maynard (1983) suggest that should there be confusion on which definition to choose, the definition from the anthropological literature is preferable because of its pervasiveness. The analysis of organisational culture is useful to managers especially since workplaces in immigrant-receiving countries like Australia have employees who differ significantly in their socialisation, an outcome of their original culture. Dinges and Maynard (1983) support this view, finding that organisations need to address domestic subcultures as well as organisational subcultures, an issue that is almost untouched by the relevant literature.

Organisational cultures vary through the values and beliefs of members' subcultures, members’ socialisation experiences and the manner dominant personalities shape the
organisation. Handy (1976) found that organisation cultures can vary based on deep-set beliefs on work organisation methods, authority exercise mode, employee reward and control strategy, planning, timing and extent of desired conformity and initiative among employees; decision-making and control processes; employees’ career aspirations, social status, professional and educational background; and the physical layout of the organisation. Knowledge on how organisational cultures vary is significant because the vision and mission of an organisation have to be consistent with its culture.

Culture can be a major catalyst or a major hindrance to knowledge creation and sharing. A knowledge-friendly organisational culture has been identified as one of the most important success factors of knowledge management initiatives in organisations (Davenport & Prusak 1998). Cultural barriers to knowledge management such as organisational norms that promote and encourage knowledge hoarding require a major cultural shift to change employees' attitudes and behaviour so that they willingly and consistently share their knowledge and insights. Attitudes form part of organisational culture. Thus, a change strategy is also influenced by organisational culture. Attitudes, attitude change and change management were examined in detail in chapter 3.

Drawing from culture’s definition and Hofstede’s cultural dimensions, Adler (2002) contends that cross-cultural management explains people’s behaviour in organisations whose employees, suppliers and clients are from several cultures. Cross-cultural management, Adler (2002) elaborates, also attempts to understand and improve the interaction between employees, clients, suppliers and other stakeholders across countries and cultures. Cross-cultural management is therefore a responsibility area both in domestic and international
organisation management. The following discussion explores the origins of cross-cultural management.

### 5.3 Cross-cultural management’s beginnings

The continual growth of population diversity and globalisation drive workplace diversity and subsequently cross-cultural management’s prominence (Adler 1997, 2002; Cox 1991, 1993; Jackson et al. 1992; Sanchez & Brock 1996). More commonly known as multiculturalism in public policy parlance, cross-cultural management actually evolved from assimilation or the ‘melting pot’. Introduced through Zangwill’s 1908 play, the ‘melting pot’ symbolised the perceived mystical potency of democracy, where everyone from anywhere was to “melt” into a single national “alloy”. It was alternatively called “Americanization” (Salins 1997).

Cultural pluralism is the antecedent to multiculturalism. Kallen (1956, p.26) argues that under the principle of cultural pluralism, ‘we should have to respect the different, should have to labor to understand and appreciate it, should have to orchestrate our own felt uniqueness with a singularity not less but even more demanding.’ Kallen (ibid.) adds that assimilation is ‘the enemy of the good, the true and the beautiful’ because under its principles, those who cannot be converted are expelled, isolated and destroyed. While Kallen’s argument received some support, it was not until 1960 when Glazer and Moynihan (1970) challenged the premises of ‘the melting pot’ that the concept became popular. Subsequently, the literature introduced additional metaphors such as the “salad bowl”, “rainbow coalition”, “gorgeous mosaic” and “kaleidoscope” to emphasise that people from different cultures remain unchanged despite exposures to and interactions with one another (Salins 1997).
The Americans therefore introduced first the principle of cultural pluralism. However, Canada first used multiculturalism as a nomenclature and strategic policy to cultural diversity in 1971, legislated through the *Canadian Multiculturalism Act 1988*. The policy aims to ‘foster mutual respect among Canadians, to encourage equitable participation in society of citizens of all ethnic and racial backgrounds, and to promote a sense of attachment and belonging to Canada among Canadians.’ (Department of Canadian Heritage 2000, p.1)

Multiculturalism in Australia saw its fullest development in 1972 when Al Grassby, then Minister for Immigration of the Whitlam Government adopted the Canadian model (Addison 1993). Multiculturalism was first defined in the 1977 report of the Australian Ethnic Affairs Council hinging on the ‘principles of social cohesion, equality of opportunity and cultural identity’ [National Multicultural Advisory Council (NMAC) 1999, p.108]. The federal government finally made it a policy through the National Agenda for Multicultural Australia in 1989.

Al Grassby’s adoption of Canada’s multiculturalism concept is understandable, as Australia and Canada shared a number of similarities prior to adoption of multiculturalism. Both countries: 1) were originally settled by Britain, (and the French for Canada); 2) allowed immigration of non-western cultures despite some anti-immigrant sentiment; 3) later expanded immigration to include professionals as a result of economic expansion; 4) managed racism by previous waves of migrants as “foreigners”, “different” and even inferior because of their race, colour, religion or customs; 5) embraced assimilation policy (also known as “Australianisation” and “Canadianisation”); 6) adopted multiculturalism after ethnic and racial barriers were removed and greater immigration from non-western countries ensued (Zelinka 1996; NMAC 1999; Department of Canadian Heritage 2000).
Unlike Canada, Australia experienced an integration phase prior to the adoption of multiculturalism policy. This phase, although characterised by cultural tolerance to a certain extent and a de facto recognition that non-English speaking migrants were disadvantaged in a way, did not in reality encourage cultural diversity since ‘everyone was expected to adopt the integrated culture’ (NMAC 1999, p.9). It differs from multiculturalism in that the latter recognises the migrants and their children’s right to retain their language and culture.

5.3.1 The fairness legislation imperative

The adoption of multiculturalism policy did not prove sufficient to address the mounting pressures and prevalent discrimination, especially in the workplace. As an added measure, the USA, Canada and Australia legislated fairness. The USA created the President’s Commission on Equal Employment Opportunity under Executive Order 10925 in 1961. The regulation required the contractor in every federal contract to take affirmative action that would ‘ensure that applicants are employed and employees are treated during employment without regard to their race, creed, colour or national origin’ (Global Diversity @ Work 2003, p.1). This principle was broadened and restated in Title VII of Civil Rights Act 1964, which does not only prohibit an employer from discriminating on the grounds of race, colour or national origin, but also specifically states that the Act was not designed ‘to grant preferential treatment to any group.’ In 1967, President Lyndon Johnson issued an amendment order that included sex or gender in the discrimination grounds. It was in November 1991 that the Civil Rights Act 1991 was passed, which made damages available to those who successfully sued under the Civil Rights Act 1964 for the first time (Selmi 2003).
Perhaps learning from the American experience, Canada immediately included ‘preferential attention for four groups: women, racial minorities, person with disabilities and aboriginal people’ in its fairness and equity legislation in 1984, creating the Royal Commission on Equality on Employment (Global Diversity @ Work 2003, p.2). The creation cited ‘restricted employment opportunities, limited access to decision-making and little recognition as contributing Canadians’ as the reasons in eliminating discrimination and viewed as a strategy ‘to obliterate then present and residual effect of discrimination’. In 1986, Canada introduced the Commission’s first Employment Equity Act, which applied to federally regulated employers and companies providing goods and services to the federal government (ibid.).

About three years after adopting Canada’s multiculturalism model, Australia legislated the Racial Discrimination Act 1975, which ‘rendered it unlawful to make distinctions, exclusions, restrictions or preferences based on race, colour or national or ethnic origin’ (Niland & Champion 1990, p.19). Almost simultaneously, the commonwealth government formed an Equal Employment Opportunity (EEO) unit within the Public Service Board to encourage public service departments to voluntarily develop EEO programs until it was made compulsory under the Public Service Reform Act 1984. This amended version of the principal act legislated in 1922 incorporated the Racial and Discrimination Act 1984 precluding discrimination on the grounds of political affiliation, race, colour, ethnic origin, social origin, religion, sex, sexual preference, marital status, pregnancy, age or physical or mental disability (Scaleplus Law Resource 2003). It also defined an EEO program as a program that ensures:

(a) appropriate action is taken to eliminate unjustified discrimination against women and persons in designated groups in relation to employment matters in the Department; and

(b) measures are taken to enable women and persons in designated groups to-

(i) compete for promotion and transfer in the Department and in the Service generally; and
(ii) pursue careers in the Department and in the Service generally, as effectively as other persons; . . . (Scaleplus 2003, p.13)

Two other pieces of legislation, the *Human Rights and Equal Opportunity Commission Act 1986* and the *Affirmative Action (Equal Opportunity for Women) Act 1986*, have similar impact as the Public Service Reform Act 1984. The former enabled the Race Discrimination Commissioner to investigate racial discrimination cases and undertake programs that enhance relations and multiculturalism, while the latter encouraged employers to highlight programs for immigrant women (Niland & Champion 1990).

Inherent in the initial implementation of the fairness legislation for USA and Canada was the assumption that numerical representation, or achievement of hiring quotas was the proper evaluation tool to determine compliance. However, the use of quotas caused an enormous backlash, prompting both countries to repeal it in 1980 and 1995, respectively. Australia’s legislation and implementation did not include hiring quotas (Global Diversity @ Work 2003).

**5.3.2 The demographic imperative**

The continuing efforts of USA, Canada and Australia in ensuring fair treatment of immigrants are well founded. The population trends show that the influx of people from other cultures will continue to grow. In the USA, the foreign-born population increased from 2.2 million to 14.2 million from 1850 to 1930. The estimated foreign-born population in 2000 was 28.4 million or 10.4 percent of the total population of 273 million. For the four-year period 1994-1997, the immigrants’ average share in the total USA population growth was 32.5 percent annually (U.S. Census Bureau 2000).
In Canada, the immigrant population with ethnic origins, or those other than British Isles, French or Canadian, represented 28 percent of the total population of 29.7 million as of the last census in 1996. The proportion of Canada’s net immigrant population growth to total population growth has grown from 28 percent in 1986 to 52 percent in 1996. Immigrants represent 17.4 percent of the total population, the largest proportion in more than 50 years (Statistics Canada 2000).

In Australia, the preliminary population estimates for 1999 identified 24 percent of the population as born outside the country. In addition, the 1996 census showed another 27 percent of persons born in Australia had at least one overseas-born parent [Australian Bureau of Statistics (ABS) 2000a]. ABS reports (2000b) that 48 percent of Australia’s population growth came from net overseas migration as of June 1999.

The diversity of population will continue to grow, as shown by net immigration, as a consequence of significant indicators. One of these indicators is the fertility rate or the number of children born to every woman. As of 1997 in the USA, the fertility rate was estimated at 2.03, which has remained fairly constant since 1989 (U.S. Census Bureau 2000). Canada’s fertility rate stood at 1.55 children per woman in 1997. This, according to Statistics Canada (2000c), was the lowest ever recorded and expected to decline further if the 1998 data were confirmed. In Australia, the Australian Bureau of Statistics (2000c) cites that the number of children born from an average Australian woman has declined to 1.78 in 1997 from 3.6 in 1961.
5.3.3 The globalisation imperative

Besides population diversity, the surge in globalisation has catapulted cross-cultural management (Adler 1997; Cox 1991, 1993; Jackson et al. 1992; Henderson 1994; Sanchez & Brock 1996). World trade grew from US$51 billion in 1948 to US$415 billion in 1972, then to US$1 trillion in 1980 and US$6.2 trillion in 2000. The growth in globalisation increased world trade and capital movement, and as corollary, cross-country movements of labour resources. Globalisation provided another compelling reason for American organisations to consider cross-cultural management. Their expatriate failures noted at section 4.2.9 directly cost American companies US$2 billion annually according to Copeland and Griggs (1985). Besides quantifiable costs, expatriate failures also cost ‘loss of time and business opportunities; damaged relations with the firm’s constituencies in the foreign country and even a long-term negative impact upon the firm’s reputation in the regional area’ (Ashamalla & Crocitto 1997, p.106).

Given the demographic imperative, the growth of globalisation and industrialisation led debate on cross-cultural transfers resulting in cultures becoming more similar (convergence), distinct (divergence) or integrated (crossvergence). Under the convergence thesis, globalisation and industrialisation bring about a behaviour that embraces free market capitalism (Ralston et al 1997; Sassen 1991). Further, this notion implies that since free market capitalism, as an offshoot of industrialisation and globalisation, is equated with western countries, non-western countries will assimilate ideologically driven values of western countries. However, Hofstede (2001, p.34) considers cultural convergence as ‘naïve and wishful thinking’. He cited Feldman and Moore’s point that the inconsistency of pre-
industrial system elements did not simply disappear without a trace; they are ‘still evident in the political field’.

On the other hand, the divergence thesis postulates that national culture will remain largely unchanged despite capitalism and industrialisation (Hofstede 2001; Guillen 1994; Cummings & Schmidt 1972). Trompenaars and Hampden-Turner (1999) reinforce this notion of divergence with an observation that although many products, services and even holidays are becoming common among countries, the meaning attached to the purchase of products and services and observance of holidays differs with culture. Interestingly, Child’s (1981) review of cross-cultural studies sheds light on the issue. He found that the researchers who argue that globalisation produces a convergence of cultures were focusing on the structure and technology of the organisations while those that argue for divergence were focusing on the organisational behaviour under which culture falls. Crossvergence, as defined by Ralston et al. (1993) is the middle ground between divergence and convergence. It is argued under this thesis that a unique value system will result from the interaction between national culture and economic ideology.

5.4 The social process of adaptation

A review of acculturation theories sheds light on whether cultures are indeed converging, diverging or integrating. Bochner (1982) groups the outcomes of contacts in culture into two levels, group and individual. He offers group level outcomes as genocide, assimilation, segregation, self-segregation and integration. He adds that genocide occurs when the majority or technically superior group eliminates all members of another group with whom they come into contact. He continues that assimilation happens when a group or an entire society
gradually adopts, or is forced into adopting the dominant culture until the members become culturally and physically indistinguishable from the mainstream. Segregation or separate development can be enforced or self-imposed. It is enforced when a majority group demands for a separate state, cultural enclaves, special schools, etc. or when protectionist policies are introduced that leave out the minority group. It becomes self-imposed, on the other hand, when the minority voluntarily excommunicates themselves from the majority.

Berry (1990) conceptualised another useful framework on the acculturation process. He identifies four varieties of acculturation, varying along two dimensions, retention of the original culture and acceptance of the host culture: (1) assimilation or accepting the host culture and rejecting the original culture; (2) separation or rejecting the host culture and retaining the original culture; (3) integration or accepting the host culture and retaining the original culture; and lastly, (4) marginalisation or rejecting both the host and original cultures.

Berry (1990) acknowledged that assimilation and integration were being used interchangeably in some literature and that the latter differs from the former in that it entails maintenance. Of significant interest, he adds that acculturation may be a combination of two or more of its varieties. For example, one may opt for assimilation at work and integration in terms of language.

Berry (1990) echoes Bochner’s (1982) observation that integration is erroneously used instead of assimilation. Both also believe that integration involves retention of the original culture and acceptance of the host culture. However, Bochner (1982) does not expound on the kind of interaction immigrants will have with the host culture, while Berry (1990) stresses that
different groups will choose to maintain some aspects of their original culture and simultaneously adopt the host culture in some respects.

Gudykunst and Young (1997, p.337) describe the interplay between assimilation and integration in an acculturation process:

When strangers move into a new and unfamiliar culture and interact in it, the process of resocialisation or acculturation, occurs. Gradually, strangers begin to detect similarities and differences within the new surroundings. As acculturation takes place, however, some unlearning of old cultural patterns occurs as well, at least in the sense that new responses are adopted in situations that previously would have evoked different ones. This unlearning of the original cultural habits is called deculturation.

As the dynamic interplay of acculturation and deculturation continues, newcomers gradually undergo a cross-cultural adaptation process. Of course, a change in their basic values is extremely difficult, slow and rare.

Drawing from the acculturation theory and Hofstede’s (2001) finding that work-related dimensions of uncertainty avoidance, masculinity/femininity, individualism/collectivism and power distance differ along national cultures, it follows that the work-related dimensions may change over time although the change may be extremely difficult, slow and rare. However, cross-cultural training could hasten the acculturation process. Details of cross-cultural training are discussed in section 4.2.9.

5.5 Growing cultural diversity of population as a management concern

The relevance of growing population diversity to management is fundamental because inevitably, the cultural diversity of population extends to both the workplace and marketplace not only domestically but also internationally. In its most basic form, management is the
coordination of man, money, machine and material to achieve the organisational objectives. Kiel (1985, p.2) echoes this concept when he defined management as ‘the coordination of human resources, natural resources and capital towards achieving human goals’.

The study conducted by Wentling and Palma-Rivas (1998) on the current status and future trends of diversity initiatives supports the demographic imperative. One of the study’s 6 research questions addressed the major factors influential in initiating diversity management efforts in organisations. Eleven of the 12 diversity experts they interviewed put changing demographics on top of the list followed by global marketplace, greater ease in being different experienced by the minority groups and diversity of domestic customers.

The recognised marketing expert, Philip Kotler (1997, p.151), affirms that ‘the first macro-environmental force that marketeers should monitor is population because people make up the markets’. Kotler (1997, pp.151-155) continues that marketing people are ‘keenly interested in the size and growth rate of population in different cities, regions, and nations; age distribution and ethnic mix; educational levels, household patterns; and regional characteristics and movements . . . because each population group has certain specific wants and buying habits.’ On the impact of the recent demographic changes, he avers that the population profile caused the dramatic shift from mass marketing to micro marketing because it is highly reliable for the short and intermediate run.

The growing population diversity and subsequently the workplace and marketplace entails constant ‘finetuning’ for some organisations and perhaps a complete overhaul for others. Drucker (1998, p.3) succinctly points out that the root cause of most business failures is neither ‘things are being done poorly nor wrong things are being done’. In fact he adds, in
most cases ‘the right things are being done- but fruitlessly’ because the assumptions on which
the organisation was built, which he otherwise calls ‘the theory of business’, are no longer
realistic. The ‘theory of business’, Drucker (ibid., p.9) expounds, consists of 3 parts: the
first is the assumption about the organisational environment broken into society and its
structure, market, customer, and technology. The other two are assumptions about the
organisational mission and core competencies. To ensure the validity of the ‘theory of
business’, Drucker (ibid., pp.10-11) specifies that all the assumptions must be realistic,
congruent with one another, known and understood throughout the organisation and tested
constantly.

Precisely because of the continually growing population diversity and globalisation, cross-
cultural management is a sub-field both of domestic and international human resource
management. What human resource management is about is encapsulated in John Sullivan’s
10 Tenets of 21st Century HR (Laabs 2000, pp.55-56):

1. It is a solver of business problems. It directly impacts the business, its products
   and its profitability.

2. Its primary role is to be a productivity consultant that helps managers recruit and
   retain the best workers and to develop and motivate all employees so they are the
   most productive they can be (per dollar spent) return on investment (ROI).

3. It is forward looking. It monitors the environment and it anticipates business
   opportunities and problems.

4. It is metric and reward driven. It proves and rewards the business impact of
   everything it does.

5. It shifts ownership of people issues to managers and employees. It influences
   managers to make hard people decisions.

6. It coaches managers and gives managers choices but it does not actually solve
   manager’s people problems.

7. It uses HR tools to increase the organisation's capability to beat the competition.

8. It builds a sense of urgency and of continuous learning and improvement.
9. It uses technology and “e-management” to manage people “remotely” and do all faster, better and cheaper.

10. It is agile. It can rapidly redeploy resources (people, information and talent).

Consistent with the above tenets, Thomas (1991) posits that managing diversity should mirror the empowerment model. Managing diversity, Thomas (ibid., p.7) adds, is the task of ‘enabling employees to behave in ways required to achieve the business objectives’. Ellis and Sonnenfeld (1994, p.82) support Thomas (ibid.) with this definition of diversity management:

the challenge of meeting the needs of a culturally diverse workforce and of sensitising workers and managers to differences associated with gender, race, age, and nationality in an attempt to maximise the potential productivity of employees.

Despite the growing cultural diversity of population, globalisation and fairness legislation, it is still argued that for cross-cultural or diversity management to become a “business case”, it must first and foremost be proven that it can contribute to the organisations’ profitability (Ivancevich & Gilbert 2000). Thus, several empirical studies investigated the economical benefits of workplace cultural diversity. The findings support the concept that a culturally diverse workforce when managed well creates and improves competitive advantage, business growth and cost effectiveness (Robinson & Denchant 1997; Watson et al 1993). McLeod and Lobel (1992) echo that ethnically diverse groups solve problems more creatively. Robinson and Denchant (1997) specify the quantifiable benefits from diversity such as cost savings arising from low employee turnover, absenteeism and litigation brought about by racial, sexual and age discrimination. Robinson and Denchant (1997) add that harnessing diversity results in qualitative benefits as well like better marketplace understanding, improved
creativity and innovation, higher quality problem-solving, increased leadership effectiveness and global relationships.

This researcher holds the view however, that the argument on promoting “business case” is at the least unrealistic. By adding that cross-cultural management or diversity management must be primarily linked to profitability contradicts the very basic tenets of management since it implies that human resource and marketing management is an issue separate from rather than contributory to profitability.

5.6 Cross-cultural management’s expansion and “explosion”

The high rate of American expatriate failures, the fever-pitched debates on hiring quotas under affirmative action in the USA and Canada, the enormous settlement cost of discrimination lawsuits and Johnston and Packer’s (1987) publication of the projected 2000 workforce composition in the USA caused the avalanche of interest in cross-cultural management in the 1990s. The period also ushered in the broader area of diversity management covering not only cultural diversity but also other forms of difference between individuals. Johnston and Packer’s (1987) report cited statistics that immigrants or minorities would contribute the greater proportion of the increase in population and the workplace, white males (sic) will account for only 15 per cent and women would comprise 61 per cent of the new entrants to the workforce, respectively. In Canada, the Canadian Advertising Foundation estimated that the minorities’ combined purchasing power would contribute 20 percent to the Canadian gross national product by 2001. Moreover, Statistics Canada reported that 32 percent of its self-employed population would be women by 2000 (Edwards 1996).
Judy and D’Amico (1997) updated Johnston and Packer’s projections to the year 2020 and confirmed the accuracy of the previous predictions. Citing the data from the USA Bureau of Statistics, they estimated that two-thirds of the US population growth would come from immigration between 1990 and 2040. They add that the increasing and decreasing trends for women and men’s workforce participation, respectively, will continue.

However, Thomas (1991) argues that limiting diversity management’s view to gender and race would result in an incomplete transformation of organisational culture. Ivancevich and Gilbert (2000) echo that the demographic imperative has resulted to a narrow perspective of diversity management. The narrow perspective, they add, triggered organisations’ commitment ‘to recruit, retain, reward, and promote minority and female employees’ instead of a ‘heterogeneous mix of productive, motivated and committed workers including people of color, whites, females and the physically challenged (ibid., p.77).’

Perhaps as a result of the above, the terms “cross-cultural management” and “cross-cultural training” were replaced with “diversity management” and “diversity training” in the literature. Simultaneously, usage of various diversity definitions has emerged, ranging from the condition of being different or having differences to differences not only across physical ability, sexual orientation, religion, skills and tenure in the organisation beyond the usual race, gender and ethnicity (Joplin & Daus 1997). Later inclusions to the definition included personality, career background, grade (Watson 1997), function, education, lifestyles and geographic origins (Thomas 1991). This researcher noted during the interviews and literature review that the word “diverse” seemed too popular that its use list has become almost endless.
Recognising the merits of a comprehensive diversity management concept, Morrison (1996) observes that too much expansion of the diversity management concept can result in a thinning of focus and resources. In the same vein, while there is no direct empirical evidence that identifies diversity management concept’s complexity as one of the causes of the confusion or slow adoption of cross-cultural policy in the workplace, the same may not be far-fetched. Thomas (1991), the pioneering proponent of the concept admits that diversity management is so complex that it may take 15 to 20 years before organisations can fully implement it on a sustainable level.

This researcher agrees that the expansion of cross-cultural management to diversity management has its own merits. However, following from Morrison’s observation (1996), diversity management’s expansion may have diminished the focus and resources for cross-cultural management. The “explosion” has also further diminished the focus on its behavioural aspect as found in this research. It has to be recalled that at the core of cross-cultural management is managing the impact of culture on people’s behaviour, which was already minimal before the introduction of diversity management even in view of documented expatriate failures as noted by Adler (2002), Morrison (1996) and Black and Mendenhall (1990). One of the keys to improving the adoption level of cross-cultural policy could be therefore employing an evolutionary approach in terms of focus on the dimensions of diversity management starting with the most basic: cultural diversity. Besides, an examination of culture’s context and its dimensions in section 5.2 reveal that all the other differences could have emanated from cultural diversity. Thus, a focus on cross-cultural management would cover other differences between individuals.
5.7 The root of behavioural aspect’s focus thinning

While it was cross-cultural management’s “explosion” that led to a diversity craze in the literature, the fairness legislation could have triggered the thinning focus on the behavioural aspect of diversity management: cross-cultural management. Organisations might have concentrated on compliance due to the enormous cost associated with discrimination settlements. Although the fairness legislation started in 1964 in the USA, compliance among organisations gathered steam from mid 1980s (Bendick et al. 2001) up to the 1990s to avoid getting embroiled in employment discrimination lawsuits. Covering the period between 1974 and 1984, the largest settlement based on fairness legislation was for US$531 million for 1,100 women employees of Voice of America (VOA) and its parent, the USA Information Agency (Glasser 2000).

The above amount was surpassed by the aggregate value of the settlements made by publicly listed companies, which totals more than US$1 billion from November 1991 to August 2001 (Selmi 2003). Only the third to the largest settlement of class action lawsuits at US$176 million, Texaco’s was the best known because of media attention. Other substantial settlements involve Coca-cola: US$192 million, State Farm Insurance: US$157 million, Shoney’s: US$105 million, Home Depot: US$104 million, Publix Markets: US$81 million, Denny’s: US$54 million, Mitsubishi Motors: US$45 million, Lockheed-Martin: US$183 million, Interstate Brands: US$120 million and WinnDixie: US$33 million (ibid.).

The enormity of settlement costs’ aggregate value arose from the quantity of lawsuits filed. Selmi (2003, p.4) estimates that there were ‘approximately 75 employment discrimination lawsuits that include class action allegations compared to approximately 20,000 individual
cases’ in any given year between 1991 and 2001. While the largest class action settlement involving a publicly listed organisation costs US$192 million, most individual cases were resolved under US$25,000 (ibid.).

Again in USA, the figures on discrimination cases filed with the Equal Employment Opportunity Commission (EEOC) are equally compelling. In the USA, filing of discrimination charges with EEOC is a prerequisite to filing lawsuits in federal courts as mandated by section 118 of the Civil Rights Act of 1991. ‘After investigation, the EEOC can attempt to settle the case, issue a right-to-sue letter, or sue in behalf of the plaintiff’ (Sherwyn 2002, p.4). The EEOC therefore settles out-of-court discrimination cases, which were not included in the figures discussed above. From 1992 to 2000, the number of cases resolved by EEOC was between 68,366 and 106,312 each year. Of these, 7 to 13.2 percent were settled or withdrawn with benefits to the plaintiff (US EEOC 2003). Meaning, in addition to the 75 class action lawsuits and 20,000 individual cases filed in federal courts every year (Selmi 2003), there was a minimum of 4,786 to a maximum of 14,033 cases settled out of court. Sherwyn (2002) adds that EEOC’s investigation may cost an employer between US$2,000 and US$10,000 depending on the complexity of the case and litigation cost could be at least US$50,000 and could exceed US$500,000.

Besides settlement and litigation costs, involvement in discrimination case has a domino effect on stock price. For example, Texaco’s discrimination controversy caused a direct economic impact on the value of its stocks estimated at US$1 billion (ibid.). Selmi (ibid., p.7) further found discrimination case filings against Albertson’s, CBS, Metlife and Microsoft ‘had statistically significant effects on the stock prices, although these four cases display no obvious pattern.’
The focus shift from cross-cultural management to EEO compliance was recently found to be ironical. An empirical study supports cross-cultural management’s relevance to EEO law implementation. Gross-Schaefer et al. (2003) found in their study of 100 female employees in public and private organisations in USA that 85 of them believed that men harass women to exert authority over them. Robert Mitchell, a psychologist consulted by the researchers during the study on the issue, said that ‘men continue to harass women because of cultural confusion arising from the prevalence of multicultural workforces’. Mitchell added that ‘men are confused as to what they can say and cannot say to women because what one woman deems a flattering remark, as when a man complements her physique, another woman finds offensive (ibid., p.51).’

A closer look at available information on the composition of complainants in the USA class action lawsuit involving 1,100 women of VOA supports the above finding. Among the complainants were Shirley Hill Witt, noted for being the first American Indian woman to earn a PhD. in anthropology, Michal Shekel and Jahanara Hasan (Glasser 2000). Poupart (2002) argues that American Indians were among indigenous peoples whose traditional cultures were devastated and up to this day still struggle to cope with the domination and oppression they have been subjected to since the 15th century. A google.com search has indicated that Shekel and Hasan might have Israeli and Iraqi origins, respectively.

### 5.8 The status of Australia’s multiculturalism policy

As a result of the increasing cultural diversity of the population, globalisation and enormity of discrimination lawsuit settlements in the USA as discussed above, the Australian Government
continually promotes multiculturalism as part of its national agenda. Specifically, the Department of Immigration & Multicultural & Indigenous Affairs (DIMIA) oversees the implementation of the Charter of Public Service in a Culturally Diverse Society. This charter ‘represents a nationally consistent approach to ensuring that all government services (commonwealth, state, territory and local) are delivered in a way that is sensitive to the language and cultural needs of Australians’ (DIMIA 2001, p.1). In addition, several studies have been continually made both under DIMIA’s supervision and sponsorship (ibid.).

Despite the Australian Government’s continual efforts however, there are indications that much is still to be desired. Bertone et al. (1998) confirm that only two-fifths of 1,814 organisations they surveyed at that time had a policy on cultural diversity. The majority of organisations that responded cited employment of few non-English speaking background (NESB) employees as the reason for the absence of policy. The responses given for another question revealed that more than two-thirds of the respondents, including those without a cultural diversity policy, perceived difficulties in managing a diverse workforce. In the same study however, the researchers found an almost unanimous support for providing equal opportunity to employees, regardless of their origins.

Nicolas (2000) later confirmed the low level of cultural diversity adoption in the workplace. Among the executives, mainly CEOs, of the 227 firms surveyed, only 29 percent are diverse in terms of ethnicity. The lack of support for cultural diversity by the respondents is further confirmed when only 18 percent of them ranked successful diversity management as highly important for Australia’s growth, and 16 percent strongly linked workforce diversity with their firms’ profitability. Surprisingly, the CEOs’ opinion on the significance of diversity to
the country’s growth is in sharp contrast with the managers’ perception noted above by Bertone et al. (1998).

Despite the continual support by governments and its acceptance by the community, multiculturalism in the workplace, managing productive diversity or cross-cultural management is not well understood. Firstly, there appears to be a perception that cultural diversity means the presence of NESB employees. From this maybe inferred that only NESB employees have a different culture. Secondly, assuming that employment of NESB employees is what cultural diversity is all about, incoherence remains between the spoken philosophy and the actual intake of NES employees as empirically found.

The incoherence in the perception of Australia’s multiculturalism is consistently described in government reports and academic research (NMAC 1999; Bertone et al. 1998; Addison 1993). Collins (1984) notes that most of the Australian literature on the general socio-economic indicators clearly shows that non-Anglophone migrants are disadvantaged compared to their Anglophone and Australian-born counterparts. Fifteen years later, the situation has not changed. Cobb-Clark and Chapman’s (1999, p.45) further analysis on the first and second waves of the Longitudinal Survey of Immigrants to Australia indicates that the unemployment rate of NESB individuals speaking English “very well” is two-and-a-half times more than native English speakers even after 18 months from arrival.

Zelinka (1996, pp.13-14) traces the roots of the above predicament of NESB immigrants to the difficult economic times after World War I when workers’ unions were resisting non-Australian labour. She adds the resistance was fuelled when NESB immigrants were used as strike breakers, although often unwittingly.
Cobb-Clark (1999) refuted the perception that immigrants increase aggregate unemployment. She noted that although entry of immigrants increases job competition and consequently decreases the job prospects of unemployed Australian residents at the onset, immigrant spending of past savings increases labour demand and job vacancies. This finding is paralleled by similar studies in Canada and the USA. Samuel and Conyers (1987) estimated that from 1983 to 1985, business migrants to Canada alone would have created 24,000 new jobs. A separate estimate of new jobs created was attributed to spending of immigrants. In the USA, Altonji and Card (1991) concluded that there is small evidence that immigration affects the employment level of less-skilled natives. All studies in 3 countries therefore consistently disassociate immigration from higher levels of unemployment.

Perhaps another way to resolve the debate is to distinguish immigrants from “Australians” to confirm whether “Australians” are indeed disadvantaged by the influx of immigrants. However interestingly, to distinguish between immigrants and Australian nationals, the Australian Council on Population and Ethnic Affairs (1982, p.1) considers ‘ninety-nine percent of the Australian population as immigrants or the descendants of immigrants . . . starting with the British settlers and convicts who first came to colonise Australia.’ The crux of the debate is therefore not being immigrant per se but being classified as NESB, as confirmed by Cobb-Clark and Chapman (1998, 1999).

For the above reason, the recent NESB immigrants continue to find it difficult to obtain work within their competencies. The National Multicultural Advisory Council (1999, p.74) admits that the inability of Australia’s NESB immigrants to attain work in the jobs they were trained
in their home country is a hidden economic cost. Masanauskas (1992, p.18) reports that Australia’s misuse of migrant skills is costing the country $1 billion annually.

5.9 The need for cross-cultural management literature to cater to managers

The Australian managers’ inability to recognise the basic reality that the country’s population dictates the workplace and marketplace profiles may be partly attributed to the scarcity of literature that specifically addresses their needs. In its general sense, Karpin (1995) airs concern that textbook description of management activities is “folklore” compared with facts or actual situation in the workplace. He (ibid., xii) adds that managers’ needs must be addressed because ‘good managers are the key to a more competitive economy and higher performing enterprises.’ Geyer (1997) concurs that academic researchers either have little appreciation or understanding of what practitioners are doing. In USA, Day and Glick (2000) echo that little evidence exists regarding how college diversity courses can best support the needs of the business community.

Also, while much has been written about cross-cultural training’s efficacy in addressing a culturally diverse workforce, as discussed in chapter 4, the available literature on cross-cultural management appears inadequate for managers to introduce and implement it in the workplace. Morrison (1996, p.8) echoes this literature’s deficiency. She observes that despite the soundness of the theory on multicultural approach as a solution to cultural diversity in the workplace, ‘little guidance is available to carry it out.’ Fine (1996) supports this argument. After reviewing strands of research, she discovered that scholarship on cultural diversity in the workplace falls into only three broad categories: general overviews of diversity and related issues, essays that offer theoretical perspective and research directions and studies specifically on diversity in organisations. Fine (ibid.) comments that while this literature is
also significant since it introduces diversity-related issues, perspective for understanding organisational behaviour of members from diverse cultural backgrounds and foundation for further research, the literature outside these subjects remains sparse. Ivancevich and Gilbert (2000, p.82) also support this and note that:

the literature fails to reveal a single diversity management training program that is preceded by a thorough analysis of the tasks, the organisation, and the individuals. . . There is no evidence that an analysis of how the diversity management training program should be developed or how it should be evaluated for effectiveness is ever conducted.

Ivancevich and Gilbert (ibid) further argue that despite the proliferation of research studies and some interesting case presentations on diversity management, new theoretical and practical approaches still need to be developed. Not surprisingly, the extant literature’s inadequacy to assist managers in implementing cultural diversity management’s concept in organisations extends to its failure to encourage research on cross-cultural management as a system or process. Thus, there appears to be no study yet on the area although mention of diversity management as a process was made. A system being a ‘set of procedures and policies used to accomplish specific results’ (Shelly et al. 1995, p.1.2) and a process a ‘continually evolving sequence of action or interaction’ (Strauss & Corbin 1998, p.165), managers need as much practice-grounded information as possible from the literature for it to become sufficiently relevant to them.

Absence of evaluation is another deficiency of the extant cross-cultural management literature. No evaluation of its efficacy and maintenance is offered (Ivancevich & Gilbert 2000, Black & Mendenhall 1990). According to Patton (1986, p.14), program evaluation is undertaken to ‘inform decisions, clarify options, reduce uncertainties, and provide information
about programs and policies within contextualised boundaries of time, place, values and politics’. More details about evaluation are discussed in section 4.2.11.

5.10 Quality of Australian management

Perhaps partly due to the scarcity of literature that caters to managers in general, Kiel (1985, pp.12-16) notes that since the mid-50s, the inadequacy of Australian managers’ skills leads to failure in capturing the potential of international markets, aligning efforts into wealth creation, emphasising the long-term perspective and initiating business problem solutions that consequently limits the nation’s economic growth potential. Ten years after Kiel made the comment, Karpin (1995, p. xiv) echoes that while the best Australian managers can parallel the world’s best, the majority do not have the education and skill levels comparable and competitive with those in the major trading nations. Karpin (1995) reports that management quality in Australia is not improving quickly enough to be at par with global standards. To emphasise the point, he also cites the 1994 statement of the OECD that ‘world-class management culture may have been slow to develop in Australia . . .’ Management quality is a major concern not only of the business sector but also equally the government because the business sector’s performance directly affects the national economy.

Clearly, there is a host of reasons for the slow adoption of cultural diversity in the Australian workplace as discussed previously. The 24 research studies supporting Karpin’s (ibid.) report indicate that management quality is one of them. Of these, one report (ibid., xxxiii) confirms that ‘capitalising on the talents of diversity’ is one of Australia’s five key challenges. While the present cross-cultural management literature is inadequate to address managers’ needs,
there are theories and key learnings from the extant multidisciplinary literature, which complement the discussion of data analysis and findings in chapter 3.

‘A theory is a set of abstract statements or rules designed to “fit” some portion of the real world (Zimbardo et al. 1977, p.53).’ Zimbardo et al. (ibid.) further assert that theories provide guidelines in understanding, relating and simplifying complex concepts and processes, enable prediction of results even before the events happen and may partly bridge the gap or deficiencies between the literature and actual workplace situation.

Managers may consider theories and key learnings from empirical research in various disciplines among which are general management, human resource management, cross-cultural psychology, social psychology and knowledge management. The use of multidisciplinary theories and key learnings will not only help in filling the inadequacies of cross-cultural management literature but also enrich one’s interpretation of management situations and facilitate subsequent actions. Apart from being a tool in formulating management actions, a multidisciplinary approach prevents overspecialisation, which according to Hofstede (2001, p.20) causes ‘compartmentalisation, restriction of inputs, restriction of methods, and triviality of outputs.’ Thus, theories and key learnings from empirical studies were considered in enriching and sharpening the concepts derived throughout this thesis in developing the models for cross-cultural management process and system as pictorially illustrated in Figures 6.1 and 6.5.
5.11 Summary

There are three major factors that contributed to cross-cultural management’s prominence and significance: the growing cultural diversity of population, fairness legislation and globalisation (Adler 1997; Cox 1991, 1993; Jackson et al. 1992; Henderson 1994; Sanchez & Brock 1996). While it was globalisation that provided the key, it was in reality the phenomenal increase in demographic changes that triggered interest in cross-cultural management both in the private and public arenas. From an Australian perspective, the multicultural experiences of the USA and Canada are relevant: the USA where the seed of cultural pluralism was first sown and cross-cultural management pioneered; and Canada, since it provided Australia with the multiculturalism model (Salins 1997; Kallen 1956).

The American and Canadian multicultural experiences also provide the lesson that adopting multiculturalism policy is not enough, neither legislating fairness in addressing the continually growing population diversity and globalisation. In the review and comparison of equal employment opportunity legislation achievements in Ireland, Canada and Australia, Saha et al. (2002) found that visible minorities, natives, aboriginals and disabled persons remain the most discriminated against. Empirical research supports cross-cultural management’s relevance to EEO law implementation.

In Australia, thirty-one years after multiculturalism’s introduction to public policy making, the Australian workplace still fails to mirror the population profile. The reason is simple and easy to comprehend; CEOs of organisations do not have a good appreciation of not only the benefits that can be derived from a culturally diverse workplace (Nicolas 2000) but also more basically the reality that the changing demographics of the population dictate the workforce
and customer profiles. Karpin (1995) also reports that the major cause of the failure to harness cultural diversity benefits is the slow improvement in Australian managers’ education and skill levels. Several studies reveal a negative impact on the economy (Cobb-Clark 1999; NMAC 1999; Karpin 1995; Masanauskas 1992) of this management deficiency.

Besides the inadequacy in Australian managers’ education and skill levels, the extant cross-cultural management or the broader diversity management literature does not address the needs of managers. There appears no research on cross-cultural or diversity management processes. However, the multidisciplinary theories and key learnings in social psychology, sociology, change management, human resource management and knowledge management complemented by the findings of this research may bridge the literature gap that presently exists as discussed in the next chapter.
Chapter 6

FACILITATING COMPREHENSIVE ADOPTION- A GROUNDED THEORY OF THE CROSS-CULTURAL MANAGEMENT PROCESS (SYSTEM)

6.1 Introduction

This chapter discusses the grounded theory of Facilitating Comprehensive Adoption of Cross-cultural Management Process (System) that emerged from the discussions in chapters 3, 4 and 5. It integrates the cross-cultural management process analysed in chapter 4 and some of the theories and key learnings from the extant literature discussed in chapters 3, 4 and 5. The use of the literature as a secondary source of data is detailed in chapter 2. It is noteworthy that unlike other grounded theory studies (Parry 1996; Kriflik 2002), which culminated in a process, the emergent theory in this study is extended to a system to better address the respondents’ most basic concern. In a grounded theory study, the core category or basic social process is commonly the most basic concern of the respondents (Strauss & Corbin 1998; Glaser 1978). It became apparent that facilitating comprehensive adoption of cross-cultural management necessitated a system. A system captures attributes and interdependencies through policies and procedures.
6.2 Extension of a process to a system in grounded theory

On one hand, Strauss and Corbin (1998, p.165) define a process as ‘a series of evolving sequences of action/interaction that occur over time and space, changing or sometimes remaining the same in response to the situation or context.’ A system on the other hand, is a set of policies and sequentially ordered steps to accomplish a specific goal (Shelly et al. 1995).

As depicted by Figure 6.1, attitude change, which the respondents identified to be requisite to comprehensive cross-cultural management (CCM), could occur only with the collective operation of management, leadership and system attributes. Development, possession and upgrade of management and leadership attributes need to be embedded in the system. In the same manner, the managers and leaders need to possess or develop attributes that will make possible a system that has the characteristics required in the comprehensive implementation evaluation and improvement of a cross-cultural management system. To illustrate, managers and leaders have to be knowledgeable to make all the system attributes continually operational and relevant and possession of knowledge needs to be required by organisational subsystems. Figures 6.4 and 6.5 pictorially illustrate these interdependencies between organisational subsystems.

It is also important to note that the occurrence of attitude change could only be expected with all management and leadership attributes, system attributes and the resultant interfaces between and among the attributes working in tandem. As discussed in chapters 3 and 4, the non-occurrence of attitude change was attributed to the incompleteness of both management and system attributes that hindered the comprehensive adoption of cross-cultural
management. Figure 6.3 depicts the complementarities between management, leadership and system attributes.

With the definitions of process and system above, a system therefore necessarily covers or includes a process. These definitions, combined with the basic concern of the respondents in this study, necessitate the extension of the process theory to a system theory.

Furthermore, the theory generated in this study adopts von Bertalanffy’s (1968, p.54) general system theory. Von Bertalanffy advocates interdependencies among organisational subsystems just like the human body subsystems because ‘the behaviour of the system may be derived from the behaviour of the parts.’ The leadership, management and system attributes discussed in detail in chapters 3 and 4 have to be embedded in the organisational system and as such need to be implemented by all the departments or responsibility areas. For implementation to occur, the leadership, management and system attributes that support comprehensive adoption of cross-cultural management have to be also embedded in other organisational subsystems. To illustrate, the goal of having a continually relevant and comprehensive cross-cultural management subsystem needs to be imputed in recruitment and subsequent performance evaluation of managers, which are parts of the human resource management subsystem. Figure 6.5 pictorially illustrates this interconnectedness.

Embedding the attributes requires policies and procedures to ensure consistent and continual implementation by responsibility areas in the organisation through its documentation. Documentation of policies and procedures is a prerequisite to evaluation of performance of employees including managers, in particular and the organisation in general. From complementing processes with policies and procedures and its subsequent documentation
evolves documentation of organisational transactions, which is the first step to instituting accountability.

Figure 6.1 – Cross-cultural Management (CCM) Process Model

Additionally to establish accountability and for monitoring purposes, regulatory bodies that oversee operations of organisations such as the Departments of Local Government and Infrastructure for public sector participants and Australian Securities and Investment Commission for private sector participants have reporting requirements that are prepared from documented organisational transactions. Along the same line, reportorial and monitoring requirements of Equal Employment Opportunity Commission and Australian Tax Office necessitate both sectors to document EEO-related matters and financial transactions,
respectively. Documentation of processes and organisational transactions is therefore inherent in an organisational system.

6.3 Facilitating comprehensive adoption of cross-cultural management

Throughout the interviews and coding for concepts and process, it was clear that the respondents’ basic concern was to facilitate comprehensive adoption of cross-cultural management organisation-wide beyond fairness legislation compliance. As described by most respondents, their organisations did not exactly reflect their own perceptions of a supportive environment to comprehensive cross-cultural management. The concerns of participants from the public sector were a preoccupation by HR with equal opportunity law compliance, the lack of a cohesive system that would see through the smooth implementation of a cross-cultural management system, and clear-cut implementation accountability on the part of top management next to CEO. For respondents from private organisations, the concerns were with basic implementation of a system that addresses the behavioural aspect of cross-cultural management.

While the cross-cultural management processes in the participant organisations were still incomplete and evolving at the time of the study, the theory on the process (system) of facilitating adoption of comprehensive cross-cultural management emerged just the same since the respondents were able to articulate either directly or indirectly what they perceived could have made the system more implementation-friendly. Discussion of future scenarios had the appropriate conditions been present was aided by literature as discussed in sections 2.5.3.2 and 2.5.3.3. The process of facilitating comprehensive cross-cultural management consists of the sub-processes of inculcating supportive leadership and management attributes
and developing and improving complementary system attributes that will make possible the first sub-process and continual evaluation and improvement of a cross-cultural management system. The interrelationship between this basic process and two basic sub-processes is depicted in Figure 6.2 and their details are considered in turn.

**Figure 6.2 – Interdependencies between basic social process and sub-basic social processes**

Legend:  interdependent  dependent

6.3.1 Inculcating supportive leadership and management attributes

According to Kriflik (2002, p.91), there are three types of leader strategies in terms of focus. Kriflik adds strategies may focus on the subordinates, the wider work environment or themselves. Subordinate-centred strategies aim to satisfy needs and expectations for optimal work performance while those that centre on environment and leaders themselves ensure the conduciveness of the work environment to employees and leaders’ improvement, respectively. Inculcating supportive leadership and management attributes relates most to the leader-centred strategies; however, it is also relevant to employees and work environment in view of its subsequent impact on them.
“Inculcating” appeared most appropriate in “giving life” to the acts of continually imbibing, practising and improving the leadership and management attributes in view of the importance respondents attached to them in facilitating adoption of cross-cultural management and the cyclic nature of the process. Inculcating connotes persistence that managers and leaders need to have to initially imbibe and subsequently develop as values the attributes perceived to be important by the respondents to the point of putting them in practice naturally when the situation arises. Becoming values eventually, the attributes may therefore become part of the organisational culture. Being managers and leaders as the possessors of the values, they wield power and influence. Vaughan and Hogg (2002, p.178) define power as the ‘capacity or ability to exert influence; and influence is power in action’ thus they are indeed capable of moulding or changing organisational culture.

The power of managers and leaders to mould or change organisational culture has received great interest and concern in management literature in the recent past. Cohan (2002, pp.276-277) traces back how the US firm Enron’s implosion occurred:

Top Enron officials told employees that the company’s stock price would continue rising at the same time other officials were raising serious questions about the stability of the company’s finances. The optimism of the company’s chairman, Mr. Lay occurred even while Ms. Watkins, who was a senior Enron employee, explicitly warned him that several years of improper accounting practices threatened to bring down the company.

... Jeffrey McMahon, Enron’s new president, told a congressional committee that Enron had a corporate climate in which anyone who tried to challenge questionable practices of Enron’s former chief financial officer, Andrew S. Fastow, faced the prospect of being reassigned or losing a bonus. Ms. Watkins described a culture of intimidation in which there was widespread knowledge of the company’s tenuous finances, but no one felt confident enough to confront Mr. Skilling or other senior officials about it.

... Enron is widely reputed to have had a “go-go” culture, in which senior officials cast aside traditional business controls. The corporate culture was such that top officers
were unaware of financial details, and cast a relaxed attitude about conflicts of interest of executives.

... Commentators are concerned that other bombs like Enron’s may be ticking. The possibility exists that ignorance streams such as these are not confined to a small range of cases, but that the modern American corporation harbors millions of individuals who operate in a state of communication myopia throughout their careers.

Commentators were right about “other bombs”. But what they might have not foreseen was the “bombs” would explode both inside and outside the USA. Recently, “bombs” exploded in Italy and Australia. Parmalat found itself at the centre of the biggest European financial scandal ever involving $16.38 billion (The Age 2004). The biggest bulk of the shortfall represented non-existent funds in the bank. Unlike at Enron where fraud involved its own top management, there are indications in the case of Parmalat that its “bomb” explosion might create a chain effect on Deutsche Bank, one of its major banks and institutional shareholders. Deutsche Bank ‘reduced its holding in Parmalat from 5.1 percent to 1.5 percent in mid December shortly before the dairy group was shown to be in a financial crisis’ (The Age 2004, p1), which Italian investigators and magistrates are investigating.

In Australia, the biggest bank joined the fray of “bomb” explosions. National Australia Bank admitted after a special audit of its records that the initial $180 million estimated loss on foreign exchange trading doubled to $360 million. In a televised interview of a trading analyst involved in the scam, the analyst mentioned that the management was aware of what they were doing and that the system is to blame. Kohler (2004, p.1) adds that ‘the bank’s cultural hubris has caught up with it.’
6.3.1.1 Updating knowledge

Updating knowledge is a basic leadership-centred improvement strategy. Leaders and managers are always confronted with situations that necessitate decisions or actions either at the spur of the moment or at a later time. Mumford et al. (2000) support the need to update knowledge among managers and leaders. They assert that knowledge gained from past and present work experiences needs to be reshaped and reformed to generate new solutions. Generating new solutions is one of the skills required in creative problem solving, which extant leadership research identifies as important to leader performance.

While leaders and managers are expected to have expertise in particular management areas, their jobs also require a certain amount of knowledge in management areas outside their specialisation. This acquisition of knowledge outside one’s expertise enables managers and leaders to “walk the talk” with managers of other management areas in coordinating their activities for support since interdependencies among management areas in organisations are common. Within this context, managers and leaders need to continually keep abreast of developments in their own management area and other areas as well. Using analogy, Cohan (2002, p.281) describes this aspect of updating knowledge as:

... like the various members of a symphony orchestra, each one having specialized tasks but nonetheless needing to have some understanding of how one’s colleagues’ instruments work and interplay with their own sounds; and they must closely coordinate their work in order to make the whole piece come out right. The various members of a surgical team all have different specialized tasks, but each must have some understanding, even expert understanding, of the other members’ functions.

The results of Cheetham and Chivers’ (2001, p.280) study that updating knowledge could be assisted with ‘multidisciplinary working.’ Respondents in their study, who either worked or
trained closely with people from other disciplines either currently or in the past, found their experiences very formative. Respondents claimed ‘such experiences exposed them to different ways of doing things’ made possible by different perspectives and situational interpretations. Respondents suggested that multidisciplinary working also encouraged them to be more positively critical of their own professions by challenging established practices, which subsequently resulted in using multidisciplinary approaches. Multidisciplinary working also brings about other formative benefits such as:

- a cross-fertilisation of ideas leading to more effective problem solving or more creative brainstorming;
- a more holistic view of professional activity which can promote better "dovetailing" between professions; and
- a cross-transfer of skills between professions leading to more multi-skilled individuals.

This continual updating of knowledge is a sub-process of inculcating supportive management and leadership attributes. Knowledge acquired either through self-study or formal education by managers and leaders is being accessed while in the pursuit of their functions and effectively being sharpened either through feedbacks from employees or outcomes from the project where the knowledge was applied. Updating of knowledge could also be achieved through regular solicitation of colleagues’ input into local projects, described as consultation in section 4.2.5. Thus, this approach also accomplishes wider participation and ownership of ideas and improved implementation.

The more frequent certain knowledge is accessed involving the same or similar situation, the more sharpening or polishing it gets. However, since workplace situations are rarely exactly the same, the nature and extent of knowledge required also differs, which makes continual updating of knowledge a necessity in the organisational lives of managers and leaders.
6.3.1.2 Improving passion, commitment and decisiveness

As discussed in chapter 3, management and leadership passion, commitment and decisiveness may all be dependent on knowledge. The extent of passion, commitment and decisiveness may be dictated by the managers and leaders’ level of knowledge. Besides having knowledge as the common denominator, passion, commitment and decisiveness could also evolve from social self-confidence. Sosik and Lee (2002) proffer that ‘individuals who possess social self-confidence present themselves with self-assurance, voice views that are unpopular and go out on a limb for what is right’. This concept supports Mumford et al.’s (2000) view that individuals with social self-confidence make decisions despite uncertainties and pressures. These notions advanced by Sosik, Lee and Mumford further reinforce the interdependence between passion, commitment and decisiveness.

6.3.1.3 Honing role-modelling, trust building and resource provision skills

The interdependence of management and leadership attributes extends to role-modelling, trust building and resource provision. Role-modelling is hinged on one aspect of social learning theory that behaviours may be learned through observation and imitation (Bandura 1977). Managers and leaders, who want to pass on goals and values to employees and across their cohorts to mould or change organisational cultures may apply this theoretical underpinning. Put another way, managers and leaders should lead by example. Employees emulate as role models managers and leaders who are perceived to be trustworthy.

Trust as an essential element of effective management and leadership has long been the subject of research, so does trust building (Kerkhof et al. 2003; Tan & Tan 2000; Butler et al.
Tan and Tan (ibid.) found that trust in supervisor and trust in the organisation or top management are distinct in terms of antecedents and outcomes. They add that while employees seek ability, integrity and benevolence in their supervisors to develop trust, they require organisational justice and support to trust the organisation or top management. As to outcomes, trust in supervisor results in satisfaction with supervisor and innovation while trust in organisation or top management results in psychological attachment or commitment and employee turnover reduction.

Distinguishing trust in supervisor or line manager from trust in top management or organisation is significant since it reveals the likely causes of potential problems in supervisor-subordinate relations, innovation, commitment and employee turnover. Knowing the potential problems in advance enables leaders and managers to be proactive in respect of preventing the problems from occurring and formulating the solutions that may suit the problems. Preventing the problems and formulating their possible solutions would require leaders and managers to seek subordinates’ ideas, which effectively could result in improving their role modelling and trust building skills.

Despite the distinction though, this research focuses on upward trust, which could be trust in line, middle or top leadership and management depending on the hierarchical location of the subordinate. For purposes of this research therefore, leadership and management could be viewed as any level of management.

Trust being defined as ‘a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another’, trust in organisations therefore refers to the willingness of subordinates to risk their vulnerability to
people like leaders and managers (Rousseau et al. 1998, p.395). Butler et al. (1999) assert that six leadership behaviours could improve the subordinates’ trust. First, vision articulation by demonstrating competence, consistency and integrity. Second, role-modelling by converting beliefs and words into deeds or actions. Third, promoting group goals by encouraging team cohesion, collaboration and oneness in direction. Fourth, setting high performance standards by inspiring while at the same time insisting on the best performance. Fifth, customising attention to individual needs and feelings of subordinates. Sixth, providing intellectual stimulation by guiding subordinates to new ways of thinking.

Besides supportive leadership behaviours, subordinates need to be provided with the resources that they need to achieve the goals their managers and leaders set. Thus, resource provision skill is as important as supportive leadership behaviour provision skill. Subordinates may need additional manpower or man-hours, equipment, technology and financial support, which they cannot access without a supervisor's intervention. Leadership behavioural attributes aside, resources are crucial to the outcomes of a project.

6.3.1.4 Building trust and commitment through interactive communication

As mentioned above, empirical research supports the concept that trust can build commitment. Since communication is the ‘essence of social interaction’ (Vaughan & Hogg 2002, p.422) and trust could be built through frequent or regular interaction (Tyler & Kramer 1996), the link between the two is therefore inevitable. Whitener et al. (1998) confirm that communication is among the factors that impact trust in management.
Watson and Papamarcos (2002) likewise found interdependencies between trust, commitment and communication. Their empirical study of the nuances of social capital theory along with other theories on social exchange and human capital among 469 sales professionals reveals that both trust and reliable communication positively and significantly influence employee commitment level. ‘Social capital refers primarily to resources accessed in social networks . . .’ and the theory ‘focuses on the instrumental utility of such resources’ (Lin 1999, p. 472). Social exchange theory states that the individual’s motivation to cooperate is influenced by reciprocal benefit while in human capital theory the individual is simultaneously the actor and the object of exchange (Watson & Papamarcos 2002).

### 6.4 Developing and improving complementary system attributes

In the same manner that knowledge is central in leadership and management attributes, it primarily drives development and improvement of system attributes. This is in view of the interdependencies that exist between leadership, management and system attributes. Also, as explored in chapter 4, complementarities exist between system attributes. This means that any change or improvement that occurs in one attribute will consequently impact on other attributes. Hypothetically for example, realising cross-cultural/diversity management requires greater focus the public sector participants improve its location in the organisational structure to a department level. This change will result not only in better focus on the area but also eventually, more active consultation and participation from employees and clients, another system attribute. It will also have a concomitant effect on the level of accountability (also a system attribute) of the person charged with the responsibility. As a result, from being accountable to a manager during the interview, the coordinator or officer would be promoted to manager and become accountable to a general manager. The position therefore becomes
the immediate concern of the general manager, which also means it could be brought to the attention of the CEO faster.

As a corollary, more active participation from and consultation with employees and clients could result in better elimination of language barriers, responsiveness, inclusiveness and adherence to the productive diversity principle. Similarly, during evaluation of a subsystem (a system attribute), each of the system attributes is subsequently also evaluated in terms of its contribution to ensuring that the subsystem as a whole is functioning well. Any decision to improve the subsystem will therefore impact on one, some or all of the system attributes.

Viewed in association with Figures 6.1 and 6.2, Figure 6.3 pictorially presents the web-like interrelationships between the groups of attributes and among the attributes within the groups. Metaphorically, each circle or group of attributes draws from and provides each other strength to maintain its form through the threads separating it from another circle. Besides giving form and strength, the threads also connect the circles to continually maintain and support the innermost circle represented by cross-cultural management subsystem. Details of the attributes were examined in sections 3.2.6 and 4.2.

6.5 General system theory and cross-cultural management subsystem

As discussed in chapter 4, a system is a set of policies and steps, usually in a sequential order to accomplish results. According to Gharajedaghi (1999, p.15), systems theory ‘puts the system in the context of the larger environment of which it is part and studies the role it plays in the larger whole.’ McElyea (2003, p.58) explains that organisational systems are like human body systems:
... From the neurons in the brain requiring neurotransmitters to carry the neurons all the way to the skeletal system that is required to maintain vertical positioning – the human body performs its functions in a perfect system. In the analogy of the human body being a system, further examples include the circulatory system, nervous system, digestive system, and endocrine system.

Figure 6.3 – Web-like interrelationships between attributes

The comparison between human body systems and organisational systems extends to the importance of the role each of the subsystems plays to make the entire gamut of subsystems normally operate. A failure of one subsystem causes a dysfunction in another. In case of neglect, mistake or delay in identifying the causes of failure, the dysfunction spreads to other subsystems until the person dies. In organisations, several subsystems exist such as a human
resource management system, a management reporting system, an administrative system, a financial system, a production system, a change management system, a knowledge management system, etc. Just like in the human body, the dysfunction of one system has a chain-effect on others, which, if left unresolved, could eventually lead to the demise of the organisation.

Another similarity exists between the human body systems and organisational systems. Some systems are less complex than others. In organisations, the management reporting subsystem is usually straightforward. Its policies and procedures are embedded in each of the departmental subsystems and the generation and distribution process usually are clear-cut. In contrast, the financial subsystem is more often than not complex. It may consist of several subsystems on revenue generation, cash disbursement, cash receipt, portfolio investment and risk management.

The complexity of organisational systems may actually exceed that of human body systems. While the human body systems rely only on the involuntary synchronicity between subsystems, organisational systems have to rely not only on the operational subsystems per se but also on human beings that run them. Unlike the human body systems that can function without intervention or force from outside the human body, organisational subsystems need outside intervention of people in the environment for them to continually come into existence, operate and become relevant.

The comprehensive multidisciplinary concept of looking at organisational systems stemmed from Ludwig von Bertalanffy’s general system theory where he proposes that the phenomenon needs to be explained by collectively investigating parts and processes because
the approach reveals interrelationships between them and customarily treating them singly does not (von Bertalanffy 1968). The need for systems or holistic thinking, von Bertalanffy (ibid., p.29) adds, is necessary in view of the ever-increasing specialisation of modern sciences driven by the ‘enormous amount of data, complexity of techniques and of theoretical structures within every field.’

The cross-cultural management subsystem fits the description of a human body system in respect of its dependencies on other systems. It can only operate or be implemented smoothly and its goals achieved when all the other systems in the organisation are completely functioning well. Of note is the description “completely” because all the organisations that participated in this research have some areas with incomplete functional support to the cross-cultural management system. For this reason, as stated in chapter 2 and section 6.2 above and depicted in Figures 6.4 and 6.5, the cross-cultural management subsystem model borrows theories and key learnings from the extant multidisciplinary literature. For the same reason, “developing and improving” appears the most suited in describing the actions/interactions that involve leadership and management attributes in facilitating adoption of comprehensive cross-cultural management, which is depicted in Figure 6.1.

The cross-cultural management subsystem is similarly a complex system. Besides being directly affected by the condition of other organisational subsystems and dependent on people for formulation, implementation and improvement, it is also highly associated with equal employment opportunity (EEO) law compliance, which is equally a complex subsystem. ‘Employment equality or equity is simultaneously an emotional, legal and socio-political issue’ (Saha et al. 2002, p.1).
Perhaps because of the complexity of equal employment opportunity law implementation itself, the human resource management (HRM) departments of participant organisations in this research focussed more on equal opportunity law compliance, inadvertently setting aside the comprehensive adoption of cross-cultural management. Lutz (2001) confirms that equal opportunity law compliance is one of the most serious issues that confront HRM. The seriousness of the issue does not only lie in its emotional, legal and socio-political implications as Saha et al. (ibid.) noted. The seriousness also lies in whether organisations honestly comply with it and the real attitude of managers and leaders’ toward it.

The study conducted by Bennington and Wein (2000) precisely addresses the issue of equal employment opportunity compliance honesty of Australian organisations. Employers in their study admitted of being able to “find a way around” the EEO law, thus making discrimination still very much alive during employee selection and recruitment despite legislation, leading Bennington and Wein to conclude that employers did not appear to find anti-discrimination significant or relevant. In what appears to be a “light at the end of the tunnel”, Bennington and Wein view that circumvention of the EEO law might be due to employers’ misunderstanding of its ramifications and that discriminatory practices might have been made unconsciously. In other words, circumvention of the law and subsequently employment discrimination is not systemic and therefore could change for the better when managers and leaders develop deeper knowledge of the law.

6.5.1 Cross-cultural management subsystem and other organisational subsystems

As discussed in chapter 3, what facilitated and stifled cross-cultural management implementation in this research is the occurrence and non-occurrence of attitude change,
respectively. According to the respondents, the presence or lack of certain leadership and management attributes resulted in occurrence or non-occurrence of attitude change. Knowledge is important because of its growing depth, explanatory power and encompassing effect on other attributes. Knowledge management (KM) therefore plays a pivotal role in cross-cultural management and the interplay between its system and that of cross-cultural management is a requirement for comprehensive adoption of the latter and vice-versa. Similarly, this interdependency also exists between the cross-cultural management subsystem (CCMS), the change management subsystem (ChaMS), the human resource management subsystem (HRMS), etc. It is acknowledged that there are other organisational subsystems of equal importance, however, the discussion focuses on those with immediate impact and influence on cross-cultural management subsystem. For example, since resource provision is one of the key leadership and management attributes, the financial system also bears on cross-cultural management subsystem. The financial subsystem and all other subsystems are identified as “Other Subsystems” in the cross-cultural management subsystem and as accounting and finance management subsystem in the organisational system as shown in Figures 6.4 and 6.5, respectively.

The lack of interdependencies or interlinks in the organisational subsystems of some of the participant organisations was clearly described by a manager of Organisation B:

... Coming back to HR, we have an HR manager. I find now there’s a lip service paid to diversity management system and acknowledgement on the surface. The HR management systems that we’re in at the moment are more about IT systems. They’re about on-line learning. They’re about packages, management packages. For example, occupational health, in fact, is being on-line. I don’t believe that you can make a workplace safe by having a system like that. I believe in people to people stuff.

Equal treatment of the subsystems is essential for interdependencies to occur and promote implementation of organisational policies including cross-cultural policy. Put another way,
the subsystems need to be placed on the same priority level or importance in the substantive setting in this research. As stated in section 4.2.1, private sector participant organisations designate cross-cultural management under human resource management division while their public sector counterparts treat it as an adjunct function of a community planning and services department. In both cases therefore, cross-cultural management is a sub-management area. A clear concept of cross-cultural management’s location in the organisational structure is relevant since it dictates the nature of its interface or interrelationship with other subsystems. The interdependencies between subsystems of equal significance are discussed in turn using the theories and key learnings in chapters 3, 4 and 5 and section 6.3. Figure 6.5 graphically illustrates these interdependencies.

6.5.2 Interrelationships between cross-cultural management subsystem and other subsystems

For better understanding, organisational subsystems may usually be embedded first in the functional grouping like cross-cultural management, next in the departmental/divisional subsystem then in the general system. This three-way (it could be more in bigger organisations) view of subsystem or responsibility area grouping facilitates visualisation of subsystems’ interconnectedness as shown in Figure 6.5.

Big responsibility areas may have one or more major functions under their jurisdictions. To illustrate, in this research, diversity management in private sector participant organisations is but one area among many responsibility areas in human resource management division. The Human Resource Management Division of Organisation D, for example, has responsibility for learning and development management and recruitment in addition to cross-cultural/diversity management. Thus, it is rare for an organisational subsystem like that of
cross-cultural management or diversity management is separately or exclusively the province of only one responsibility area in view of the subsystems’ interconnectedness. Because of this interconnectedness, the cross-cultural management subsystem is also a concern of learning and development management and recruitment management since cross-cultural training is under the direct supervision of the learning and development manager and recruitment necessarily covers EEO law compliance. Recruitment and EEO compliance are primary responsibilities of the recruitment manager and diversity manager, respectively.

To illustrate a different aspect or level of interconnectedness, Organisation D’s Human Resource Management Department conducts the employee satisfaction survey where diversity management concerns are a section of the entire survey instrument. Results are tallied by department and smaller responsibility areas. Any unusual pattern in the survey is coordinated with different department managers, who in turn discuss it with their supervisors.

Knowledge management subsystem implementation presents another unique aspect of organisational subsystems’ interdependencies. Knowledge management, according to Buhler (2002, p.20), relates not only to internal knowledge but also:

... acquiring knowledge from the external environment and bringing it into the organisation to be used to adapt and make changes ... The effective management of knowledge ensures everyone has the information they need, can apply it and then share it with others.

Based on the above prescription, there are two sub-areas of knowledge management, that is, management of internal knowledge and acquisition of external knowledge. Database management is one sub-area under internal knowledge management and overall responsibility over this function usually rests in Information Systems or Technology Department while
internal and external knowledge acquisition like training is usually under the care of the Human Resource Department, as in the case of Organisation D. Therefore, in this illustration, there are two responsibility areas concerned with knowledge management. In some cases however, HR and IT functions are grouped under Corporate Services.

The processual and systemic nature of knowledge management is further underpinned by the concept that management of internal knowledge and acquisition of external knowledge may consist of creation or construction, storage and retrieval, transfer and application. This processual and systemic nature applies to other organisational subsystems as well. A further illustration is the change management subsystem. As discussed in section 3.2.6.1.2, Buchanan and McCalman (1989) suggest that organisations observe four interlocking processes on trigger, vision, conversion and maintenance and renewal during planned changes.

It follows then that to have a clear picture of a subsystem, one has to get each part of the subsystem distributed in various responsibility areas to complete the whole subsystem. It is important that the operational and structural aspects of subsystems are clear to ensure the applicability of Figures 6.4 and 6.5 and the attainment of the benefits they espouse. This function of “piecing together all puzzle-parts” is equally important during the subsystem evaluation and improvement as depicted in Figure 6.1. Continual evaluation and improvement hold the key in ensuring all the subsystems are operating and achieving the required outcomes.

As Figure 6.4 clearly shows, existence of subsystems precedes interdependencies. However, some of the subsystems shown in this diagram are either absent or inadequate in the
substantive setting in this study. This absence or inadequacy explains the non-occurrence of attitude change and subsequently the absence of comprehensive adoption of cross-cultural management.

Due to the inadequacies described above, this chapter details the importance of the role played by each subsystem and the underpinnings of multidisciplinary theories and key learnings, which it necessarily associates with. To illustrate, the theories on cultural dimensions from Hofstede’s (2001) study and acculturation by Gudykunst and Young (1997) in sections 5.2.1 and 5.4, respectively, justify cross-cultural training, which is integral to cross-cultural management subsystem. Accordingly, theories on attitude change, persuasion and influence processes as examined in sections 3.2.1 and 3.2.3 give credence to the change management subsystem. Knowledge management and human resource management theories and key learnings were presented and examined using the same principles in sections 3.2.6.1.1 and 3.2.6.1.4.

Continuing, the subsystems shown on Figure 6.4 are dependent on larger group subsystems as shown on Figure 6.5. A cross-cultural management subsystem thus interconnects with other subsystems in HRM. As a group, the lower subsystems comprise the human resource management subsystem (HRMS), which is interdependent with other functional subsystems such as the Marketing subsystem (MarMS), the manufacturing subsystem (ManMS), the accounting and finance management subsystem (AFMS), the research & development subsystem (R&DS), etc. In turn, all these group subsystems comprise the organisational system (OS) or general system (GS). The linkages between the group subsystems are graphically illustrated on Figure 6.5.
Respondents in this research indicated that occurrence or non-occurrence of attitude change facilitates or stifles comprehensive adoption of comprehensive cross-cultural management. Respondents’ retrospective accounts also reveal that occurrence or non-occurrence of attitude change depends on certain leadership and management attributes. The absence of any comprehensive cross-cultural management system in the participant-organisations is due to either lack in intensity of or incomplete leadership and management attributes. Leadership and management attributes play a key role in developing a complementary system with other attributes. With incomplete or less intense leadership and management attributes, the process
to facilitate a comprehensive adoption of cross-cultural management is hindered. Theories and key learnings from the extant literature address the inadequacies as discussed in chapters 3, 4 and this one.

Facilitating adoption of comprehensive cross-cultural management necessitates the continuing actions/interactions not only between the attributes but also the subsystems as pictorially presented in Figures 6.4 and 6.5. The general system theory as advocated by von Bertalanffy (1968) provides a model for cross-cultural management. The substantive theory dictates a holistic approach in formulating, implementing, evaluating and improving organisational subsystems to ensure their synchronicity. This holistic approach extends to continual evaluation and improvement and updating of knowledge makes the application of a holistic approach possible.
Figure 6.5 – Three-way view of interdependencies between organisational system and subsystems

Legend:

- OS – Organisational system
- MarMS – Marketing management subsystem
- ManMS – Manufacturing management subsystem
- R&DS – Research & development subsystem
- HRMS – Human resource management subsystem
- AFMS – Accounting & finance management subsystem
- CCMS – Cross-cultural management subsystems
- CCTS – Cross-cultural training subsystem
- CoMS – Communicative management subsystem
- KMS – Knowledge management subsystem
- HRS – Human resource subsystem
- WBAS – Wage & benefits administration subsystem
- ETDMS – Employee training and development subsystem
- PMS – Performance Management subsystem
- EEOIS – EEO Implementation subsystem
- Other subsystems

- Continually evolving interlinks mainly driven by knowledge, policies and procedures
Chapter 7

COMPARISON BETWEEN LITERATURE AND EMERGENT THEORY

7.1 Introduction

Following discussion of the theory in the foregoing chapter, this chapter situates the grounded theory of facilitating comprehensive adoption of cross-cultural management in the extant literature. The purpose is to establish its contribution to the existing body of knowledge in cross-cultural management, which is the general objective of this study. In situating the emergent theory, similarities and differences were analysed. Thus, this chapter also identifies other areas for future research in addition to what Glaser (1998) suggests as discussed in detail in chapter 8. However, since it has been established earlier that the extant literature does not appear to contain a study on cross-cultural management processes, the following discussion focuses on certain aspects of cross-culture management, rather than the emergent theory as a whole.
Therefore this chapter locates each aspect, or part of the emergent theory such as application of general system theory and multidisciplinary system approach in management and employee attitudes’ impact on management. The emergent theory is illustrated in Figures 6.1 and 6.5 supported by Figures 6.2, 6.3 and 6.4 To make comparisons clear, the emergent theory is first summarised and then its aspects compared with the extant literature.

7.2 Facilitating comprehensive adoption – a grounded theory of the cross-cultural management process (system)

As discussed in chapter 6, the grounded theory of facilitating adoption of cross-cultural management from this study consists of emergent leadership and management attributes collectively and continually interacting with all the complementary system attributes. The leadership and management attributes identified are knowledge, passion and commitment, decisiveness, role modelling, trust and credibility, communicating interactively, consensus and team building and resource provision. The complementary system attributes are organisational structure, integration of CCM to all business plans, system completeness and clarity, language barrier elimination, continual consultation with and participation from managers and employees, responsiveness, inclusiveness, productive diversity, cross-cultural training, accountability, evaluation and improvement, reward for performance/“punishment” for non-performance and integrity and credibility.

Additionally during the continual action/interaction, a multidisciplinary general system theory approach was found capable of facilitating comprehensive adoption of cross-cultural management in view of the complementarity of attributes. This aspect of the emergent theory in this study appears unique compared to other grounded theory studies in the sense that the emergent theory is elevated from being a process to a system as discussed in section 6.1. The
general system theory as espoused by von Bertalanffy (1968) advocates interdependence between all organisational subsystems for each of them to continually accomplish its functions. The accomplishment of subsystems’ functions contributes to the achievement of the larger organisational system’s functions. It follows then that leadership, management and system attributes need to be embedded in a cross-cultural management system to ensure achievement of its objectives. In this study, a system is defined as a set of policies and regularly followed sequential steps meant to achieve a specific goal or objective (Shelly, Cashman & Adamski 1995).

7.3 General system theory vis-à-vis its application in the emergent theory

An initial comparison has been made already between the general system theory as advocated by von Bertalanffy (1968) and cross-cultural management system in section 6.2. However, certain aspects of the emergent theory such as the existence of system attributes, system attributes’ complementarity with leadership and management attributes and three-way view of organisational systems remain to be compared. These comparisons are analysed in turn.

7.3.1 Existence of system attributes and complementarities between attributes

As to similarity, the continual nature of the actions and interactions between the enablers and their attributes is similar to the dynamism of the parts or aspects of disciplines as elaborated in the general system theory. Further, the general system theory also recognises that the interconnectedness of various disciplines makes all the disciplines a larger whole, thus creating a general system, with each of the disciplines a subsystem. By analogy, the organisational system is the general system in this study.
In contrast, mainly advocating multidisciplinary interrelationships or interlinks, von Bertalanffy’s (1968) general system theory does not postulate that disciplines such as biology, physics, psychology, economics and so on need to have attributes to activate the occurrence of interrelationships or interlinks. Additionally, for interrelationships or interlinks to occur, all that is needed in the general system theory is for the scientist or specialist to make use of the knowledge provided by other disciplines. From another perspective, the general system theory encourages interdependence between disciplines since each one inevitably needs others for more relevance and meaning. Thus, the concept of ‘wholeness’ is postulated since ‘there appear to exist general system laws which apply to any system of a certain type, irrespective of particular properties of the system and of the elements involved’ (ibid., p.36). It is with this view that von Bertalanffy advocates ‘wholeness’ because solutions to problems or challenges of one system could apply to others.

Further, the Grounded Theory of Facilitating Comprehensive Adoption of Cross-cultural Management Process (System) has two main enablers, the champion and the system, that rely heavily on two sets of attributes as detailed in sections 3.1 and 6.2. Furthermore, besides possessing the leadership and management complementing attributes, drivers or champions of cross-cultural management need to ensure that the system that supports CCM has the respective attributes that will not only make possible its continual implementation and improvement but also see to it the champions continually possess the leadership and management attributes. The interrelationships therefore do not only centre on interdependence per se but importantly on the continued existence and improvement of the attributes of the champion and the system, making the latter a “living” system.
Checkland’s systems thinking concept (1981, pp.13-17) resembles more the emergent theory in this study in the sense that it recognises not only a systems paradigm concerned with wholes but also its properties. He adds that the system concept involves ‘problems of systems design; problems in which the task is to define and implement changes knowing that different actors have different values.’ He also notes that in system implementation, structural, procedural and even attitudinal changes might have to be introduced. Checkland (ibid., p.180) specifies that structural changes could mean changes in ‘organisational groupings, reporting structures or functional responsibility’ and procedural changes could refer to changes in the ‘processes of reporting and informing verbally or on paper all the activities which go on within the (relatively) static structures.’ However, a systems thinking concept fails to bring forth the properties of the wholes and the specific structural, procedural and attitude changes required. The need for a subsystem “driver” is not also mentioned in this discussion, as well as a three-way view (there could be more in bigger organisations) of subsystems’ interrelationships, which are examined below.

7.3.2 Three-way view of organisational system and subsystems’ interrelationships

As mentioned in the preceding section, von Bertalanffy’s general system theory mainly advocates multidisciplinary interrelationships, which this study confirmed as one way of viewing the organisational subsystems’ interrelationships. The emergent grounded theory as shown in Figure 6.5 above, presents the cross-cultural management subsystem, continually interlinking with human resource management subsystems, knowledge management subsystem, change management subsystem, etc. Also, subsystems in organisations do not operate in isolation as mentioned in section 6.5 in the same manner that disciplines do not
come into existence and evolve in isolation. People are a necessary part of the subsystems and general systems both in the emergent theory and von Bertalanffy’s theory.

This study found however that there are two more ways of looking at organisational subsystems, that is, their being functions and that as one of the functions they are viewed as parts of the different group of functions and these same group of functions form part of the overall organisational system. For example, the conglomeration of human resource management subsystems on recruitment and selection, job performance evaluation, wage, salaries and benefits administration, diversity management (which includes EEO law compliance), etc. as a whole makes up HRM as shown by Figure 6.5. Further, HRM is only one of the larger subsystems in the organisation as shown by the same diagram. Accordingly, the subsystems on revenue generation, cash receipts and disbursements, investment portfolio, risk management and so on are grouped together to pertain to the Accounting and Finance function. The functional aspect of the emergent theory is not shared by general system theory.

The three-way view of organisational subsystems’ interrelationships signifies that in applying the general system theory, the cross-cultural management subsystem has to be viewed as a subsystem per se, as one of the functions of the group accountable for it and as one of the functions in the entire organisational system. Pinpointing accountability is important since as mentioned earlier, a subsystem needs to have a “driver”. A “driver” is a person who takes the initiative to ensure the subsystem continually gets implemented, functions effectively and evolves to fit other subsystems and consequently the organisational system. To illustrate, diversity management, to which cross-cultural management system belongs, is one of the functional areas under HRM among the private sector participant organisations in this study.
A vice president and a director headed the HRM departments of Organisation D and Organisation E, respectively. Under the vice president and director was a diversity manager serving as diversity management’s “driver.” The concept of pinpointing accountability is unique to the emergent theory, compared with the general system theory.

Moreover, the three-way view makes it clear that the subsystem interlinks with other subsystems, and may be placed in many different conjunctions within the immediate section, the group and the organisation itself. It is important to establish the accountabilities for cross-cultural management, especially in times of change, as it is not uncommon that different employees are responsible for different subsystems and functions. In other words, the subsystem’s “driver” may have to coordinate with at least two sets of people who represent different functions and specialities. This also implies that the “driver” needs to consider the fit and synchronicity of the change or improvement with at least two sets of subsystems.

7.3.3 Parallel applications of general system theory

An investigation into the above complexity of general system theory’s application is paralleled to a certain extent by other studies when compared with the application in the emergent theory. Boland and Fowler (2000) examined the systemic aspect of performance measurement and performance improvement initiatives in the public sector in the U.K. using related concepts to identify which combination would likely lead to success or failure. Utilising economy, efficiency and effectiveness as evaluation criteria, Boland and Fowler concluded that the control location versus resultant action matrix model offers the best ‘framework within which attitudes and policies towards performance management in the public sector can be reconsidered and possibly refocussed’ to clearly reflect output (ibid.,
The control/action matrix model gives rise to four combinations of control and action decisions depending on the situation, thus increasing the likelihood of successful performance.

Ravichandran and Rai (2000, p.381) conducted a study among Information System Managers of Fortune’s Top 1000 corporations on the impacts of top management leadership, management structure, process management efficacy and stakeholder participation. Their study resulted in a model interrelating these elements with software quality performance. Specifically, the study found that the highest level of software quality could be best achieved ‘when top management creates a management infrastructure that promotes improvements in process design and encourages stakeholders to evolve the design of the development processes.’

General system theory was also applied to evaluation of service quality. Johnson, Tsiros and Lancioni (1995) examined predictors of service quality in two separate studies involving 262 business students. Respondents’ participation hinged on previous experience of the services under study. The researchers' findings suggest that customers consider input, output and process, with process getting the most consideration in both studies; thus the two studies strengthened the argument for general system theory application.

Ruekert and Walker, Jr (1987) investigated how and why marketing employees interact with other employees in other functional areas among 151 managers in 3 different divisions of Fortune’s Top 500 companies and developed a framework using social systems theory and resource dependence models. The framework suggests that functional interactions between marketing employees and employees from manufacturing, accounting and research &
development results from and influenced by resource interdependencies. In particular, ‘the more the members of one department perceive themselves to be dependent on the resources, information or functional performance of another department in successfully carrying out their jobs, (1) the greater the amount of interaction and resource flows between individuals in the two departments and (2) the greater the influence of the departments that holds the needed resources over the decisions and actions of the individual who is dependent on those resources (ibid., p.13).’

Broedling (1999, pp.269-277) presented a case study on how a system approach could be applied to HRM reinvention in her own organisation, McDonnell Douglas. Recognising that reinventing the group required substantial support, she started with examination and improvement of the compensation system ensuring that it was aligned with overall organisational values and practices. Thus from being only individual-centred, she initiated the creation of pay programs based on ‘organisation-wide success, work team success and individual success’ since the leadership espoused teamwork. She then proceeded to upgrade the HRM function by integrating all the HR information systems, instituted partnership with the Communications Department, had the employee-centred policies updated by employee council and HR staff and fostered overall HRM as a joint responsibility of line management in all by submitting the updated policies to them for endorsement.

Wilkinson and Pedler (1996, p.38) conducted a systems thinking literature survey from the time of its first manifestation in the early 1950s in the U.K. and applied the concept to the corporate planning processes of Wallsall Metropolitan Borough Council (WMBC). During the design stage of the plan, 280 people representing all units at WMBC and its service users were assembled, placed in groups of 8-10 people and then encouraged to give their input
relevant to the CEO’s vision. Five key ideas to a successful whole system development emerged from the case:

- the principle that ‘anyone who will be affected by the change should also be an architect of it;
- whole system development derives its power from public evidence of learning and commitment from “everyone in the room”;
- whole system development builds on maximum diversity. The full range of functions, professional groupings, grades and status, gender, ethnic composition, age . . . and a full array of stakeholders are included;
- effective small-group working; and
- follow through . . .’ or ‘continuing support for action and learning should be provided to make sure that the new ways of doing business and delivering services are brought to life.’

7.4 Employee attitudes’ impact on management

In this study, non-occurrence of attitude change was discovered to be the stumbling block to the comprehensive adoption of cross-cultural management. However, according to Brief (1998, p.82) ‘no body of organisational literature on attitude change exists.’ Rather, the extant literature shows a plethora of studies on the impacts of attitudes on management. A search of Proquest and EBSCO databases yielded a total of 8,445 abstracts using the keyword “employee attitudes”. Some of the studies covered in this abstract search are discussed in turn.

Fairfield-Sonn et al. (2002) investigated the long-term impact of hostile and friendly division mergers and acquisitions on employee attitudes among 651 multi-level management
employees of a multi-divisional organisation. The findings of the study show that employees’ attitudes were influenced by how well their expectations from the mergers or acquisitions were met, which served as indications of their attitudes towards human resource management policies and practices, organisational commitment and job satisfaction.

Coyle-Shapiro (2002, p.70) examined the effects of Total Quality Management interventions on attitudes of 118 employees. Her study specifically evaluated the employees’ orientation to continuous improvement in view of the ‘perceived link between employee-driven change and organisational effectiveness.’

Riordan et al. (2001) looked into the effects of new employees’ pre-entry experiences and socialisation tactics on their work attitudes and turnover. The study was conducted given the pervasiveness of interest in high costs associated with recruitment and training. A related study by Cooper-Thomas and Anderson (2002) explored how an intensive socialisation process conducted by the military training staff with new recruits developed positive attitudes to determine the organisational adjustment success rate.

Tremblay et al. (2000, p.269) studied how perceptions of 285 employees in 3 Canadian organisations on distributive justice and procedural justice in terms of pay and benefits affect their work attitudes. Perceptions on distributive justice explain employees’ reactions to the amount and form of compensation while procedural justice refers to the process or the means by which the compensation was determined. This study found that distributive justice perceptions are better indicators of ‘job satisfaction and satisfaction with the organisation.’
Investigations on the effects of job performance appraisal on employees’ subsequent attitudes and how managerial attitudes influence performance appraisal are also common. Taylor and Pierce (1999) made a longitudinal evaluation and found a fluctuating pattern in terms of employee commitment. The commitment of employees increased during the performance goal setting stage, decreased during the succeeding year and ended higher than the one during planning stage. At the other end of the spectrum, managerial attitudes toward performance appraisal and their organisation were examined to determine discrimination toward ratees and the differences in the mean ratings given to ratees (Tziner and Murphy 1999). Managers who have lower confidence in the appraisal system, a higher discomfort level or a high level of instrumental commitment were found to be more likely to give ratees higher ratings and did not discriminate.

Along the same line, Riketta (2002), Siders et al. (2001) and Somer and Bimbaum (2000) looked into the relationship of attitudinal commitment and job performance. Attitudinal commitment is defined as the ‘relative strength of an individual’s identification with and involvement in a particular organisation’ (Mowday et al. 1979, p.226). Riketta (ibid., p.257) posits after a meta-analysis of 111 samples from 93 published studies that the true correlation was 0.20 between attitudinal commitment and job performance and that the correlation moderators were ‘(a) extra role performance as opposed to in-role performance; (b) white-collar workers as opposed to blue-collar workers; and (c) performance assessed by self-ratings as opposed to supervisor ratings.

The findings of Siders et al. (ibid.) suggest that the internal foci of attitudinal commitment or those concerning organisation and supervisor are related to job performance and externally focussed commitment influences job performance related to customers while Somers and
Bimbaum’s (2000) study found that employees with a high level of commitment to their organisation and career exhibited the most positive work attitudes.

Similarly, Elangovan and Xie (2000) found that perceived supervisory legitimate and coercive powers were related to subordinate stress while supervisory legitimate and rewards powers were predictors of employee motivation. Their findings also indicated that supervisory expert and referent powers were positively correlated to employee satisfaction while perceived coercive power was negatively associated with employee satisfaction.

7.5 Summary

This chapter situated the emergent theory in the extant literature to establish its contribution to the body of knowledge. The contributions of this study are detailed in section 7.3. The chapter also analysed how the emergent theory expanded the general system theory by citing the complementary attributes for the enablers, the three-way view of system and parallel applications in other studies. Accordingly, due to the sparsity of organisational literature on attitude change, some studies on attitudes impact on management were presented.
Chapter 8

DISCUSSION AND IMPLICATIONS OF THE STUDY

8.1 Introduction

This final chapter evaluates the achievement of the purpose and objectives of the research set out in chapter 1. It also discusses the findings, the contributions of the study and implications for practitioners, government, the academic sector and further research.

8.2 Achievement of the purpose and objectives of the research

The purpose of this research was to generate a cross-cultural management process (system) theory through investigation of the processes involved during the adoption of cross-cultural management in selected public and private sector organisations, using the Grounded Theory method. This research also aimed to investigate the critical mechanisms and social processes in the formulation, implementation and evaluation of a cross-cultural management system.
This research achieved its purpose of generating the substantive process (system) theory of facilitating comprehensive adoption of cross-cultural management, which is presented in chapter 6, and the objectives set in chapter 1. Two sub-processes, inculcating and imbibing leadership and management attributes and developing and improving system attributes subsume the core category or basic social process. Besides generating the process (system) theory, this research also discovered the interrelationships between attributes under each of the sub-processes and between the two groups of attributes in both sub-processes.

8.3 Contributions of the study

This thesis contributes the following to the body of knowledge:

1. It generated the new basic social process or substantive theory on facilitating comprehensive adoption of cross-cultural management. This substantive theory gives a clearer and more comprehensive picture of cross-cultural management processes. The generated theory provides the critical attributes of both leadership and management and system, and its interrelationships, which could serve as checkpoints or audit areas during evaluation. In view of the systemic nature of the generated theory, it sets out the principles to be considered when implementing and evaluating a cross-cultural management subsystem and also other organisational subsystems and/or management policies. Under the general system theory principle, the singular or collective condition of the subsystems extends to the condition of the whole organisational system (von Bertalanffy 1968).

2. It provided an application model on holistic or general system theory approach as espoused by von Bertalanffy (1968) to cross-cultural management system, preparing the platform for a comprehensive evaluation of its completeness and efficacy. It has to be recalled that only 2 of the 5 participant organisations were evaluating their diversity management efforts. One of
these 2 was even having difficulty with how to go beyond the usual yardsticks used while the other one had a problem with achieving integrity and credibility of some evaluation reports.

3. This research showed organisations the inevitability of the general system theory in implementing and maintaining cross-cultural management subsystem, its interrelationships with other subsystems and the entire organisational system. In particular, the general system theory affords a solution to situations encountered by respondents where some of them felt a “dead end” (implied by a manager’s statement “we agree to disagree.”) was reached insofar as implementation of cross-cultural management is concerned. Under the general system theory, evolution of the discipline must continue since every subsystem is interconnected within a continually changing environment. Applying this principle to this situation, a subsystem or a combination of subsystems could always present a solution for a difficulty in one subsystem or group of subsystems provided the leadership, management and system attributes identified by the generated process (system) theory in this research are continually operational.

4. It identified the cross-cultural management implementation difficulties, challenges and their causes in the Australian workplace, which beset the implementers, and their perceived solutions. This contribution effectively demystifies cross-cultural management or the broader area of diversity management and perhaps would lessen the fear factor in introducing it to organisations.

5. It introduced a multidisciplinary approach in addressing cross-cultural management issues. Specifically, this research reinforces human resource management’s major role in organisational cross-cultural management, regardless of whether the organisation was in the private or public sector. The application of a multidisciplinary approach also revealed that some of diversity workplace practices lack substance because they were based on popularly
accepted theories. For example, a focus on national dances, foods and costumes or addressing linguistic diversity as a “celebration” of cultural diversity did not adequately make cross-cultural/diversity management because the most important aspect of diversity, values and beliefs, had not been addressed. Such cultural practices were, however, helpful in the formulation and implementation of a more comprehensive cross-cultural management since they manifested deeply held values and beliefs.

6. It showed how the gap between practice-based corporate and theory-laden academic worlds could be bridged by setting an example on the use of multidisciplinary theories and key learnings in addressing workplace cross-cultural management issues. An important aspect of this contribution is how national culture could impact organisational culture and the sensitivity of the role that leaders and managers play in moulding the latter. By conceptual deduction, this research thus highlighted that the leaders and managers’ national cultures could also play a significant role especially when their knowledge is inadequate.

8.4 Implications for practitioners

This research has important implications for organisational leaders and managers. Firstly, it confirms that good corporate governance requires them to be more responsive in transforming their organisations to fit the reality of the environment if they are to remain relevant.

Secondly, it supports the concept that cross-cultural management or diversity management is more than fairness legislation compliance or an industrial relations issue. Cross-cultural management is a multidisciplinary concern that calls for a multidisciplinary solution.
Thirdly, being a CEO does not only mean having power and influence at disposal. Power and influence would be meaningless if they are used either with outdated and/or insufficient knowledge.

Fourthly, transformation of organisations requires individual internal “revolution” among leaders and managers as what the manager from Organisation B stated to develop the attributes identified in this study. By this, she meant leaders and managers need to rise above their own biases and prejudices that hindered comprehensive adoption of cross-cultural management. Equally important, this study implies that a holistic, comprehensive and system-approach needs to be utilised in implementing cross-cultural management and the broader area of diversity management. Besides those stated in section 8.3, a system-approach requires a “driver” for the entire system, each subsystem and subsequently, its interfaces with other organisational subsystems.

Fifthly, in addition to quantifiable costs of turnover, absenteeism and potential litigation and unquantifiable costs of negative corporate image and poor employee-management relations that could arise from allegations of discriminatory practices, the failure to address cross-cultural issues of employees could directly impact manufacturing costs as experienced by Organisation E. Also, customer services and quality standards could be affected.

Sixthly, the inadequacy of managerial and leadership skills in the Australian workplace as reported by Karpin (1995) eight years ago still holds true at the time of this research. This implies that more work needs to be done by all sectors, equally by the government and the academic sectors as explored in turn.
8.5 Implications for the government

As discussed in sections 3.2.4.1, 3.2.4.2 and 3.2.4.3, the state and federal governments through Equal Opportunity Act 1995, Best Value Victoria Policy and Productive Diversity Program have continually exerted efforts to encourage organisations both from the public and private sectors to conduct business and provide services without discrimination to employees and clients.

However, in view of the slow progress as examined in chapter 5 and lack of a publicly known mechanism that ensures policies introduced continue through succeeding governments, the government may be well advised to adopt a multidisciplinary system approach as well in terms of formulation, implementation and evaluation of the initiated programs.

To illustrate, this researcher tried in vain to communicate directly with the office of Simon Crean, then the Employment, Education and Training Minister responsible for initiating Karpin’s study. Alternatively, a web search was conducted and Innovate Australia’s website was found. One of the materials accessed through the website was a press release dated 6 December 1995 on a $24.8 million package in response to Karpin’s report. The amount was earmarked for ‘a wide range of measures in industry and education supporting the training and development of Australia’s future managers’ for a five-year period (Innovate Australia 2003, p.1). Specifically, the measures targeted development of training packages for ‘80,000 frontline managers and action to support firms to increase senior management opportunities for women and for people from NESB’ [abbreviation and italics provided] (ibid.). Besides this, there was nothing else found through the web.
In view of the above, it would be interesting to know the following: 1) the details of the training packages and how they impacted on participating managers’ skills and subsequently, job performance; 2) how the government supported organisations to “increase senior management opportunities for women and for people from NESB”; and 3) whether the succeeding governments had taken over the cudgels and how.

Also, it might be worthwhile for the government to consider the leadership, management and system attributes that emerged in this study as the entire government represents another system equivalent to an organisational system. While the system attributes may not exactly apply given the complexity of the government system, the principles that underpin each attribute might stimulate a better way of addressing continuing cultural diversity of the Australian population.

Furthermore, since the governments have direct supervision of the universities in view of the subsidies and research grants, they could influence research directions and efficiency setting in terms of their relevance to the industries. Again, to ensure continual interconnectedness and improvement between the academe and industries, a multidisciplinary system approach might be useful.

Finally, the American EEO legislation experience, the studies conducted to date on organisational attitude toward it and the former EEO Commissioner’s impression on its status in Australia beckon the governments to conduct a review and upgrade of its own EEO legislation and implementation. History shows us, as discussed in chapter 5, the American experience’ likely influence on the Australian situation both in management and governance.
8.6 Implications for the academic sector

Academics could be analogous to leaders and managers and the students to the employees. Academia is also an organisation, which runs with a system and subsystems just like the participant organisations in this research. The parallels could extend to the need for academics to have the attributes of leaders and managers. Similarly, the academic system and subsystems could adopt the system attributes and the process and system models that this research generated.

Along the same line, the multidisciplinary system approach could be utilised in monitoring whether the knowledge acquired by students who graduated or finished their courses have been relevant to the workplace and if not, how the same knowledge could be upgraded to better address workplace situations. Given Australia’s emphasis on research, the corresponding funds made available by governments on a regular basis and Australian universities’ motivation to excel in research to be at par with world-class universities, this recommendation may be workable.

Additionally, this researcher realised during the literature survey that the academic sector might be better positioned as a catalyst to industries rather than a “bandwagon rider”. Note was made that DIMIA – sponsored studies were done mostly by academics in well-known Australian universities. It remains difficult to understand for this researcher therefore why none of the studies stuck to the “continual transformation to fit environment reality” concept; that is, the continually changing population profile is the primordial and most compelling reason for organisations to consider cultural diversity of the workplace rather than the “business case” or positive effect on profitability. While profitability has always been the
high priority of most private sector organisations, recent events involving Enron, Parmalat, and National Australia Bank indicate that this no longer applies. The recent experiences in the corporate world proved that the profitability motive has to be toned down in favour of well-monitored culture-centred system. This further implies that the academic sector has to take an honest hard look at its skill inventory, system and subsystems.

8.7 Implications for further research

Glaser (1998, p.199) posits that appeals for further research traditionally stated at the end of the thesis need to be based on ‘natural leads’. Natural leads, according to Glaser, are aspects relevant to the substantive theory but were not covered during the study due to limited resources. He adds that these ‘natural leads break down into “comebacks”, “left outs”, practical implications of the theory that was just presented, elevation of the substantive theory to formal theory, applying the basic social process (BSP) to other research, ‘organising the substantive literature in the area and using the theory for incremental advancements of the methodology (ibid., p.200). These natural leads to further research are explained in turn.

8.7.1 “Comebacks”

“Come backs” are sub-core categories within the substantive theory that emerged as less relevant but are interesting topics for research just the same. There are two sub-core categories in this research: inculcating and imbibing leadership and management attributes and developing and improving system attributes. Thus, any of these two sub-categories or simultaneously both of them could be looked into more deeply in future research along the
line of facilitating comprehensive adoption of cross-cultural management or diversity management.

Also interestingly, two participant organisations in this research have implemented improvements in cross-cultural management during their participation. It would therefore be worthwhile to know what exactly prodded the change agent to introduce the changes (for example, was it higher intensity of leadership and management attributes identified in this research?), what changes were introduced, how the organisations introduced them and whether the changes delivered the desired outcomes or goals.

8.7.2 “Left outs”

“Left outs” are literally aspects of the substantive theory that were either set aside or forgotten, thus left untouched or undiscussed and could no longer be included because of lack of time or any other resource. In this research, executives next to the CEO were not interviewed, thus their perceptions were not included. The perceptions of leaders and managers toward facilitating comprehensive adoption of cross-cultural management in this level of management would be an interesting subject of inquiry because the respondents identified them as the ones making cross-cultural management implementation difficult.

Similarly, a deeper look into the role of government in facilitating comprehensive adoption of cross-cultural management and diversity management is another area that was “left out”. It would be interesting to examine what government leaders and managers plan to pursue next since both the public and private sector participants in this research actually hinged their diversity management implementation to fairness legislation compliance, which is a government initiative.
8.7.3 Practical implications

As implied in chapter 7 and section 8.4, the following may be subjects of future research:

1) leaders and managers perceptions’ on how to transform their organisations to fit the reality of the environment, that is, a continually growing diversity of population;
2) other organisational management areas’ contributions to the implementation of cross-cultural management;
3) effective leaders and managers’ methods in updating their knowledge and their perceptions of its impact on their performance;
4) use of general system-approach in any management research to improve their usefulness.

To illustrate, if research on effective leadership attributes has to be replicated among Australian leaders and managers, readers would benefit if the research also considers the manner in which the attributes became useful in ensuring cohesion among responsibility areas and in management subsystems. Along the same line, the research may be extended to include the government as part of the system or its inclusion could be a subject of another study.

5) quantification of benefits from a culturally diverse workforce as perceived by employees in all organisational levels; and
6) inquiry into what motivates managers and leaders to update their skills and knowledge.

8.7.4 Elevation to formal theory of the substantive theory

According to Glaser (1978, pp.144-145), formal theories originate from data of diverse systematic research and substantive theories. He adds that a formal theory could be
formulated through ‘one substantive area formal theory, which uses “rewriting-up”
techniques’, or ‘data from diverse substantive areas where no substantive theory exists’, or an
existing substantive theory expanded with comparative data of other areas then analytically
comparing it with other existing substantive theories.

The substantive theory, facilitating adoption of comprehensive cross-cultural management,
derived from this research does not fall under any of the categories cited by Glaser. For this
substantive theory to be elevated to a formal theory, similar future studies in different
industries and government settings have to be conducted.

8.7.5 Application of the BSP to other research

In this research, the BSP is “facilitating comprehensive adoption”. This BSP could apply to
any management area. For example, a study may address “facilitating comprehensive
adoption” of human resource management in the public sector in view of the limited functions
the area pursues as discovered in this research. Another study could consider “facilitating
comprehensive adoption” of general system theory since there were gaps in its application in
all the participant organisations.

8.7.6 Organising substantive literature in the area

Although the extant literature was comprehensively researched, there is possibly other
material that is relevant to cross-cultural management. For example, it could be useful to
integrate findings of empirical studies on recent female discrimination cases both in the USA
and Australia. Additionally, it would be interesting to know whether these incidences relate
to English speaking or non-English speaking backgrounds of the complainants. It remains to
be seen therefore if Hofstede’s femininity/masculinity cultural dimension is responsible for the upsurge in the number of gender-related discrimination cases.

8.7.7 Incremental advancements of methodology

As discussed in chapters 1 and 7, this study claims significance in the active optimum use of related literature both within and without the substantive settings in generating the substantive theory. This study also extended the basic social process generated to a system level where policies and procedures are integral, since they were necessary in addressing the main concern of the participants. It would therefore be worthwhile to see future studies elevating the generated core category or basic social process to system level because policies and procedures always complement processes in actual organisational settings.

8.8 Substantive theory evaluation against grounded theory criteria

Glaser (1992, 1998) prescribes the criteria of fit, relevance, workability and modifiability to evaluate the substantive theory derived from research, that is, facilitating adoption of comprehensive cross-cultural management. The last three criteria evolve naturally from fit.

Fit, according to Glaser (1998), is equivalent to validity, which means that concepts or categories represent the data. Glaser (1978, p.4) adds that grounded theories automatically meet the criterion of fit because ‘categories . . . are generated directly from data’. The criterion of fit could be confirmed by reviewing the procedures observed in generating the categories and ultimately the theory. These procedures are detailed in chapter 2 of this research. This research carefully adhered to the procedures advocated by Glaser (1978, 1992,
1998) and Strauss and Corbin (1990, 1998), it therefore meets the fit criterion and also the other three criteria set by Glaser.

**8.9 Summary**

This chapter reviewed the purpose and objectives of the research and compared them with its contributions to check whether they have been achieved or not. With grounded theory, the principal aim is to discover the main concern or problem of the participants within the substantive area of cross-cultural management. The substantive cyclic theory of facilitating adoption of comprehensive cross-cultural management explains how it resolves this main concern, which is also illustrated in diagrams. This chapter also discusses the implications of this research for practitioners, government, academic sector and further research and evaluates the substantive theory against the grounded theory criteria advocated by Glaser (1978, 1992, 1998).

The implications for organisations, governments and academic sector showed that the three sectors have system-related interdependencies similar to those that emerged in this study. Put another way, improvements in organisational systems could be not left on their own. System supports from the government and the academic sector are required for the improvements to optimise its impact on organisations in particular, and on Australian people in general. Karpin (1995) clearly indicated that the improvement in the Australian managers’ skills could have direct impact on the Australian economy and concomitantly on the lives of Australians.
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APPENDICES
Appendix 1- Interview Guide-Managers

This interview will look into the formulation, implementation and evaluation processes on cross-cultural management. Cross-cultural management processes (hereinafter called ‘cross-cultural management system’ or simply ‘the system’), as used in this interview, refer to policies and procedures on understanding and improving interactions between employees, clients, suppliers and other stakeholders for better organisational performance.

Interviewees are requested to use the following guide-questions in making their retrospective accounts of the processes as they went through them, if possible, in a sequential manner. The interview will be tape-recorded to ensure accurate transcription and analysis of data. However, should the interviewees find tape-recording uncomfortable, they may choose to answer the guide-questions in writing, after which a meeting with the researcher can be set for the clarification of the written answers without using a tape-recorder. The interview is estimated to last for 60 minutes or 1 hour. Confidentiality will be ensured by not mentioning the interviewees’ names or their organisations during the interview and subsequent identification of the record.

The researcher will aim at making the interview as free flowing as possible, asking additional questions only when there is a need to clarify.

A. Formulation

1. How did the idea of introducing cross-cultural management system come about?

2. What were the initial difficulties encountered during the formulation of the system and how were they overcome?

3. Which of the difficulties encountered proved to be the most challenging? Why?

4. How long did the formulation of the system take?

5. Who played the crucial role in finally making the system take-off? What specifically did this official/manager do that catapulted the policy to implementation?

B. Implementation

1. How did you know it was time to implement the system?

2. How did other managers help in implementing the system?

3. How did non-managerial employees react to the system implementation?

4. How did the managerial and non-managerial employees’ reaction/s impact the implementation?

5. What were the system ‘bugs’ discovered during implementation and how was each of them dealt with?
C. Evaluation

1. How does the top management ensure the system is being adhered to?

2. What were the evaluation difficulties encountered and how were they overcome?

3. How does the system impact the organisation’s performance?

D. Others

1. Is there something important in ensuring the success of the cross-cultural management system that we have not discussed? If yes, please give the details.
Appendix 2 - Interview Guide- Non-managerial Employees

This interview will look into the formulation, implementation and evaluation processes on cross-cultural management. Cross-cultural management (hereafter called ‘a cross-cultural management system’ or ‘the system’), as used in this research project, refers to policies and procedures on understanding and improving interactions between employees, clients, suppliers and other stakeholders of diverse cultural and linguistic backgrounds so as to enhance organisational performance.

You are requested to use the following guide-questions when giving your account of the formulation, implementation and evaluation of the cross-cultural management system in your organisation. The researcher would like (with your consent) to tape-record the interview to ensure accurate transcription and later analysis of information. However, should you be uncomfortable about using the tape-recorder, you may choose to answer the guide-questions in writing, and a subsequent meeting with the researcher would allow for any clarification or expansion regarding your written answers.

Confidentiality of any information you provide will be assured, consistent with RMIT’s Research Ethics guidelines. Neither your name nor that of your organisation will be identified in any written record or account of the research project.

The researcher will aim at making the interview as free flowing as possible. Additional questions maybe asked, but only when there is a need to clarify a particular matter covered under the guide questions.

Thank you for your cooperation in this research project.

A. Formulation

1. How would you describe your contribution to the formulation of the cross-cultural management system?

2. What were the initial difficulties encountered during the formulation of the system and how were they overcome?

3. Which of the difficulties encountered proved to be the most challenging? Why?

B. Implementation

1. How was the cross-cultural management system introduced to you?

2. Who played the crucial role/s in finally making the system take-off?

3. How was the involvement helped secure an effective and efficient implementation?

4. What was your initial impression about the system? Why?

5. What aspect/s of the system motivates you most to do your job well? Why?
6. As the policy has been fine-tuned and up-dated, did you feel an improvement in your job performance as well? How?

C. Evaluation

1. How does your manager ensure the system is being adhered to?

2. How does the monitoring of the system contribute to the maintenance or improvement of your job performance?

D. Others

1. Is there something important in ensuring the success of the cross-cultural management system that we have not discussed? If yes, please give the details.
Appendix 3 – Interview Guide with CEOs

This interview will look into cross-cultural management processes. Cross-cultural management (hereafter called ‘cross-cultural management system’ or ‘the system’), as used in this research project, refers to policies and procedures on understanding and improving interactions between employees, clients, suppliers and other stakeholders of diverse cultural and linguistic backgrounds so as to enhance organisational performance.

The following will serve as the guide-questions when giving your account of the formulation, implementation and evaluation of the cross-cultural management system in your organisation. However, you may choose to divert from them anytime and discuss instead what you think is more relevant. The researcher would like (with your consent) to tape-record the interview to ensure accurate transcription and later analysis of information.

Confidentiality of any information you provide will be assured, consistent with RMIT’s Research Ethics guidelines. Neither your name nor that of your organisation will be identified in any written record or account of the research project.

The researcher will aim at making the interview as free flowing as possible. Thank you for your cooperation in this research project.

A. General

Please discuss your organization’s policy on cross-cultural management and how it is separate from or the same as equal employment opportunity law compliance.

B. Formulation

1. What were the difficulties encountered during the formulation of the system which were still present when you joined the organization and how were they overcome?

2. Which of the difficulties encountered proved to be the most challenging?

C. Implementation

1. How did managerial and non-managerial employees, suppliers, clients, unions and community organisations help or hinder the implementation the system?

2. If any system ‘bugs’ were discovered during implementation, how was each of them dealt with?
D. Evaluation

1. What evaluation methods are being used in fine-tuning and assessing the impact of the implementation?

2. How does the top management ensure the system is being adhered to?

3. What are the reports being prepared, submitted and analysed by managers to evaluate the efficacy of the system?

4. What were the evaluation difficulties encountered and how were they overcome?

5. How does the system impact the organisation’s performance?

E. Others

1. Is there something important in ensuring the success of cross-cultural management system that we have not discussed? If yes, please give the details.
Appendix 4 – Invitation to Participate

(Date)__________

______________
______________
______________

Dear ____________:

I am Tessy Reyes, taking up PhD in Management at RMIT University. I am writing to seek your assistance to participate in a personal interview with a research project on “Making Cross-cultural Management a Reality – The Australian Experience”.

The purpose of the project is to determine the formulation, implementation and evaluation processes of the cross-cultural management system in some Australian organisations. It is anticipated that the interview will last for approximately one hour and a half. Should you agree, the interview will be conducted at time and location of your choice.

I would like to assure you that all individual responses are strictly confidential and the identities of the interviewees and the organisations they represent will not be included in the report. The summary of the research will be published and made available on request of the participant. Participation in the research project is voluntary. If you wish to withdraw from participating, you may do so at any time and any unprocessed data may also be withdrawn.

If you require any further information or clarification, I may be contacted through any of the following: 9925-1686 at RMIT, mobile 0405-266-063 or e-mail tessy.reyes@ems.rmit.edu.au. This project has received ethics approval from the RMIT Business Sub-Committee on Ethics. Should you have any questions, please do not hesitate to contact this researcher or Professor Robert Brooks, Chair, Ethics Committee, RMIT Research Development Unit on 9925-5593 or e-mail him at robert.brooks@rmit.edu.au.

Sincerely yours,

Tessy Reyes