Managing in an international context

Much of the world's economy is now transnational, international or global by nature. Several of the hospitality industry's major companies have long been large-scale international players. Specific sectors of the hospitality industry have, for many years, been international by nature. Most deluxe hotels and many top restaurants anywhere in the world expect that a significant proportion of their visitors will be foreign. Much of the industry in Britain, as it is today, has been significantly influenced by overseas managers and staff. Some of Britain's top hotels and restaurants of the last hundred years, such as the Savoy and the Ritz, were designed and run from over the Channel – by people such as Cesar Ritz. The former Forte plc, one of the world's foremost hospitality companies of the twentieth century (taken over by Granada in 1997), was founded by Charles Forte, of Italian origin, and the Stakis group (now part of Hilton) was formed by Reo Stakis of Cypriot origin. Significant companies and also small independent businesses in the hotel, restaurant, brewery, fast food and takeaway sectors are run by people of Asian origin. Furthermore, many of the managers and staff in certain sectors of the industry are of foreign nationality or origin. In turn, leading British-based hotel companies such as Hilton International and Holiday Inn run hotels throughout the world. One crucial point about the industry which has made this possible is that the knowledge and skills necessary to work in the industry are readily exportable or importable. As a result,

most people joining the industry can anticipate working with people of nationalities and cultures very different from their own – be they customers, staff, managers or, increasingly, owners – in their own countries or abroad.

The globalization of the marketplace, which the hospitality industry serves, will accelerate this process even further and have far-reaching implications for HRM (see Baum, 1993: also Lashley and Watson, 1999), as will the establishment of the single market within the EU, together with its expansion into Central and Eastern Europe. In addition, the growth of tourism, estimated to triple around the Mediterranean basin alone over the next 25 years, as just one example, will increase the demand for staff with international capabilities, such as those with cultural awareness and an ability to adapt to different environments.

The range of issues that differ from one country setting to another is vast, and it is beyond the scope of this book to go into any detail. However, the major differences can be identified and evaluated using a systems thinking approach (see Chapter 17). Figure 21.1 illustrates some of these points with a few very simple examples, intended to highlight some dimensions on which countries differ in ways significant for HR management. Figure 17.2 can be used to identify and evaluate a full range of dimensions on which countries differ.

Figure 21.1 is intended to emphasize that when people go abroad to manage businesses the challenges they face are not just cultural. There are likely to be many very obvious differences, such as those of a legal nature. There are also likely to be some very subtle ones as well, many of a clearly cultural nature, such as attitudes to authority or the opposite sex. This chapter therefore concentrates on cultural differences likely to be encountered by hospitality managers. An understanding of such cultural differences may well provide the competitive advantage that many companies seek.

Political	Stable/unstable? Business friendly/unfriendly? The UK attracts substantial inward investment because the UK has a reputation for being a stable economy and business friendly, which results in job creation. Some countries deter investment because of government policies, particularly on taxation, sometimes encouraging their own domestic companies to consider moving abroad (e.g. Sweden).
Legal	Business friendly/unfriendly? Compared with countries such as France it is easier to set up and to run a business in the UK. From the human resource viewpoint some countries are extremely protective of working people (e.g. France), which tends to slow down job creation, whereas other countries will adhere to free-market principles (e.g. UK), believing that a healthy market economy will result in job creation.
Social	The social environment, generally speaking, shapes the attitudes and behaviour of the workforce. Attitudes to work, to religion and to authority derive from the social environment, as Hofstede has shown. Western companies entering Central European markets have encountered serious staffing problems because of the lack of a service culture.
Technological	The level of development of technology and attitudes to its adoption and use vary widely between countries. Some countries have a well-educated and developed workforce, so the adoption of new technology is relatively simple, whereas some other countries have attitudes towards machines and technology which will slow down their adoption. For example, when McDonald's entered the Russian market a major challenge to be overcome was the lack of suitable suppliers plus a lack of staff adapted to a service culture.

Figure 21.1 Some dimensions for evaluating differences between countries

As a leading authority on intercultural management, Geert Hofstede (1989) states, 'cultural awareness is one of the subtle features of competition in world markets, and firms which are better at it have a distinct advantage over their competitors'.

Cultural awareness is much more than the ability to speak a foreign language or two, although this in itself may be vital. In Britain now, efforts are being made through the national curriculum and the design of many higher education courses to improve the overall foreign language ability of the British. In this respect Britain compares unfavourably with some of its continental partners and competitors. In Belgium, for example, it is estimated that around 90% of hotel managers can work in four languages. In several European countries it is a requirement of all higher education courses, and the Baccalaureat ('A' level equivalent), that at least one foreign language is studied.

Cultural awareness is the ability to anticipate, to recognize and to respond to cultural differences. This may include not only the ability to communicate correctly with staff, customers or potential customers in both written and spoken form but also to anticipate and to meet their particular cultural expectations.

Besides language there are many other differences that exist between cultures. These may include differences in values, attitudes, behaviour, communication, personal space, technical differences, dress, religion, etc. Hofstede, in a study of over 1000 IBM employees employed in over 70 countries, identified 4 key dimensions that help to distinguish one culture from another. These are shown in Figure 21.2. (Although IBM is not a hospitality company it has many features that are similar to those of multinationals operating in the hospitality sector, including Accor, Sheraton, Holiday Inn, Marriott and Hilton.)

The power-distance dimension sets out to differentiate to what extent a country's organizational culture encourages supervisors to exercise power. France, for example, was found to have a high power-distance culture. This explains to some extent why many British students, accustomed to relatively close relationships with English managers or lecturers, when on industrial placement in France, have difficulties with French managers. Conversely, French students sometimes have difficulty adjusting to the relatively relaxed, first-name style of lecturers in English colleges and universities.

The uncertainty-avoidance dimension is concerned with the degree to which people in a country prefer structured or unstructured situations. Where uncertainty-avoidance

Dimension	High	Low
Power-distance	Supervisors are distant from their staff	Supervisors are close to their staff
Uncertainty-avoidance	High risk taking is encouraged	Risk taking is discouraged
Individualism	Individual initiative/and private life valued	Individual initiative discouraged, collectivist culture significant
Masculinity	Assertiveness valued	Warm, caring values significant

Figure 21.2 Dimensions for comparing cultures
Source: Hofstede (1991).

is strong (e.g. Japan, Greece), people need clear guidelines and support. In weak uncertainty-avoidance cultures, structures and rules are less important.

The individualism dimension is concerned with the degree to which people in a culture learn to act as individuals as opposed to as members of a group. Britain, Australia, Canada, New Zealand, Ireland and the USA are described as being high on individualism. This encourages personal initiative and achievement and a right to a private life. Countries low on the individualism dimension tend to have collectivist cultures where the extended family and the clan are more significant than the individual.

The masculinity dimension is concerned with values such as assertiveness, performance and success as opposed to feminine values such as warm personal relationships, quality of life and caring for others. Countries high on the masculinity dimension include Italy and Australia, whereas those at the other extreme include the Scandinavian countries and The Netherlands.

Hofstede analysed each country using these four main dimensions and then grouped countries with similar sets of dimensions into eight clusters which tend to have historical developmental similarities rather than simple geographical connections. These are shown in Figure 21.3.

Fons Trompenaars

Trompenaars, another Dutchman who has contributed considerably to the literature of international business culture, writes that 'culture' comes in layers like an onion (Trompenaars, 1998). He suggests that the outer skin is the observable, such as buildings, language, dress and food. The middle layer consists of norms (what is right and wrong?) and values (what is good and bad?); When norms reflect values, a society can be described as stable. The innermost core contains the assumptions about existence which he describes as the 'unquestioned reality'.

Trompenaars writes that cultures distinguish themselves by the way they solve particular problems. He groups the problems under three main headings: relationships with others, treatment of time and relationship with the environment as given below. He then divides these three into a total of seven dimensions, as follows.

Relationships with people

Universalism versus particularism.   This dimension contrasts those cultures in which there is an abstract notion of what is good and right to those cultures where relationships and unique circumstances may come before abstract societal codes. In many Latin countries, for example, obligations to the family will override any obligations to adhere to strict legal or societal codes.

Individualism versus collectivism.   This dimension is concerned with how people perceive themselves; as individuals or as members of a wider social group.

Neutral versus emotional.   This dimension is concerned with how people behave in their interactions. Is it permissible to express emotions? In northern European cultures the whole purpose of business is about achieving objectives whereas in many other cultures business is about relationships – expression of emotions in such cultures is quite in order.

Diffuse versus specific.   This dimension is concerned with the extent to which the business relationship is concerned only with achieving the narrow business objective or is concerned with a wider-ranging relationship.

I: More developed Latin
high power-distance
high uncertainty-avoidance
high individualism
medium masculinity

BELGIUM
FRANCE
ARGENTINA
BRAZIL
SPAIN

II: Less developed Latin
high power-distance
high uncertainty-avoidance
low individualism
whole range on masculinity

COLUMBIA
MEXICO
VENEZUELA
CHILE
PERU
PORTUGAL
(former) YUGOSLAVIA

III: More developed Asian
medium power-distance
high uncertainty-avoidance
medium individualism
high masculinity

JAPAN

IV: Less developed Asian
high power-distance
low uncertainty-avoidance
low individualism
medium masculinity

PAKISTAN
TAIWAN
THAILAND
HONG KONG
INDIA
PHILIPPINES
SINGAPORE

V: Near Eastern
high power-distance
high uncertainty-avoidance
low individualism
medium masculinity

GREECE
IRAN
TURKEY

VI: Germanic
low power-distance
high uncertainty-avoidance

medium individualism
high masculinity

AUSTRIA
ISRAEL
GERMANY
SWITZERLAND
SOUTH AFRICA
ITALY

VII: Anglo
low power-distance
low to medium uncertainty-
     avoidance
high individualism
high masculinity

AUSTRALIA
CANADA
BRITAIN
IRELAND
NEW ZEALAND
USA

VIII: Nordic
low power-distance
low to medium uncertainty-
      avoidance
medium individualism
low masculinity

DENMARK
FINLAND
NETHERLANDS
NORWAY
SWEDEN

Figure 21.3 Country clusters and their characteristics
Source: Reproduced by courtesy of G. Hofstede.

Achievement versus ascription. This dimension is concerned with the way society ascribes status. Does status derive from what you have achieved or gained from class, birth, gender and age?

Attitudes to time

Trompenaars writes that the way societies perceive time varies considerably. For some societies what was achieved in the past may be more important than what is achieved now or will be achieved in the future. Links between the past, the present and the future are also perceived differently, so such things as forward planning and strategy may present serious problems for managers in cultures with which they are unfamiliar.

Attitudes to nature and the environment

Trompenaars also identifies very different approaches to the environment. He writes that in some cultures individuals are very concerned about their impact on others and the environment and will take measures to reduce their impact. For example, the Japanese wear face masks in winter, not to protect themselves from infection but to protect others from being infected. In other cultures, in contrast, individuals take measures to protect themselves from the effects of the environment.

Using these seven main dimensions Trompenaars shows how societies differ and that preconceptions about a universal science of management ignore one major element – the culture within which management functions or attempts to function.

John Mole

Another writer, John Mole, identifies two main dimensions, organization and leadership, as cultural differentiators.

The organization dimension is based on the degree to which rational order is imposed. At one end of the dimension, the systematic end, is the belief that organizations 'are coordinated by well-defined, logical relationships' whilst at the other end of the same dimension, the organic end, 'is the belief that organizations are like living organisms growing out of the needs of their members, their environment and the circumstances of the moment'.

The leadership dimension has at one end the individualistic (even absolutist) approach and at the other end the group (even collectivist) approach to leading others. At the 'individual end of the dimension is the belief that individuals are intrinsically unequal'. The group end of the same dimension is based on the belief that 'everyone has a right to be heard and to contribute to all decisions that affect them' (ibid.). The two dimensions are then divided into subdimensions. Some examples from Mole are shown in Figure 21.4.

The main conclusion from research is that even if business practices within one type of business or company are similar across international boundaries there may be significant differences in culture. It follows that if countries have different values, then similar management styles used across different cultures will not necessarily work. For example, MbO, which involves managers negotiating targets and taking personal risks, may well succeed in Britain or the USA but not in France, Spain or Portugal.

In human resource policy terms the different approaches have been categorized by Watson and Littlejohn (1992) into three broad categories:

- *ethnocentric* – in which all strategies and practices are the same in all countries, based on head office's own national practices
- *polycentric* – HR strategies and practices are decentralized on a country-by-country basis
- *geocentric* – HR strategies and policies are managed on a global basis.

Human resource policies are shaped as indicated earlier in this chapter by the environments in which an enterprise operates. These push policies to emphasize particular issues. Figure 21.5 illustrates how particular environments shape human resource policies.

	Organic	Systematic
The organization dimension		
Forecasting	Plans based on hunches	Plans based on analysis
Decision-making	Decisions evolve	Decisions are made
Supervision	Who you know?	What you know?
Control	Criticism is personal	Criticism is objective
Communication	Informal	Goes through the formal hierarchy
Reward	Success depends on luck	Success depends on skill
Motivation	Pride in status	Pride in achievement
Style	Rules are to be circumvented	Rules are to be obeyed
The leadership dimension		
Forecasting	Plans made by those involved	Plans made at the top
Decision-making	Made by groups	Made by individuals
Supervision	Leaders are one of us	Leaders are different
Control	Groups are accountable	Individuals are accountable
Communication	Meetings are for sharing	Meetings are for briefing
Reward	Teams strive	Individuals strive
Motivation	Individuals work for the collective	Individuals work for themselves
Style	Hierarchy, status, titles are a convenience	Hierarchy, status, titles are essential

Figure 21.4 Mole's dimensions

Cultural differences, however, should not be seen as being confined to differences between nationalities. Obviously each country has its own cultural inheritance, which differs to a greater or lesser extent from other countries' cultures. However, cultural differences also exist within national cultures. Some socioeconomic groups from different countries have more in common, in some respects, than with different demographic or socioeconomic groups from their own country. For example, 20-year-olds from Britain are more likely to share tastes in music, clothes and leisure with 20-year-olds from other countries than with 50-year-olds from their own country.
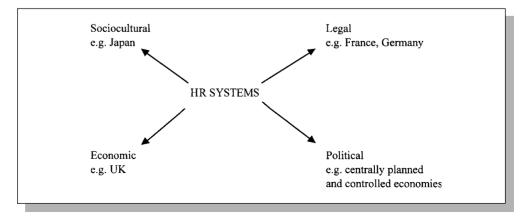
Figure 21.5 An example of the focus of HR systems

How individual hospitality companies demonstrate or develop cultural aware-ness varies considerably. In many cases nothing whatever is done to accommodate the needs of other cultures. For example, no staff may be able to speak another lan-guage and menus may not be translated even where significant numbers of foreign customers are served. At the most basic, it may be that brochures, tariff displays, menus, etc., are translated. At the next level, employers may translate important signs or at least use internationally recognized symbols. They may employ staff of appropriate nationalities or who are able to speak appropriate languages. Some employers will actively promote acquisition of language by paying 'language bonuses' and/or paying for or providing language tuition. Good language educa-tion not only equips people with basic communication skills but also introduces key cultural issues such as forms of addressing others. Some employers may go further by researching key cultural issues concerning potential and actual customers and setting out to meet these needs, such as the provision of a copy of the Koran in the bedroom rather than a Gideons Bible. Finally some employers train staff through role play, etc., in how to meet the needs of people from many different cultures.

The purpose of this chapter is not to produce a list of cultural differences. Instead it is intended to create the awareness that cultural differences do exist, that they are important, and that they are ignored at the risk of giving offence at the very least and of losing business at worst. When working with people of other cul-tures, whether as managers, employees, customers or owners, the relationship is likely to be more successful if cultural differences are anticipated and accounted for. Figures 21.6 and 21.7 illustrate some of the areas where significant differences are likely to be encountered.

Aspects of culture	Some dimensions
Values, e.g.	
individual's place in society	autonomy valued .... collective effort valued
social status	material wealth .... social contribution
	ascribed at birth .... acquired through personal effort
religion	restrictive .... relaxed
	intolerant .... flexible
concern for others	caring .... unconcerned
Attitudes, e.g.	
towards work	economic necessity .... personal identity
towards authority	formal, respectful .... informal, unconcerned
towards those in subordinate social roles	demanding, superior .... relaxed, egalitarian
towards the other sex	strong gender .... weak gender role role differentiation differentiation
towards alcohol	alcohol consumed as .... alcohol consumed in adjunct to a meal order to get drunk
towards food & meals	important, symbolic .... unimportant, functional
towards time	punctuality .... punctuality
	very important .... unimportant
	one thing at a time .... several things at a time

Figure 21.6 Examples of cultural differences

Behaviour, e.g.

relationship at work	formal .... informal
manner of dressing	formal .... informal
for work	important .... unimportant
personal space	close .... distant
forms of address	very formal .... informal
	important .... unimportant
non-verbal communication (e.g. gestures)	important .... unimportant
meals, eating habits	very formal .... informal
	important .... unimportant
meetings and conversations	only one person .... several talk at a time talks at a time

Figure 21.6 *continued*

Forms of greeting	Continental Europeans tend to be more formal than people from the UK or USA, and may address one another as 'Mr' or 'Mrs' throughout their working lives. First-name terms may be reserved for genuine friends or family. The familiar *tu* in France and its equivalents in other countries may have to be avoided.
	Some continental Europeans tend to shake hands the first time they meet each day and when they finish work.
Meals	In some cultures meals are extremely important; some cultures 'eat to live whilst others live to eat'.
	Staple elements of diet – e.g. rice, pasta, potatoes – vary between cultures.
	Courses may be in a different order. The French take cheese before dessert. Meals may consist of more courses, each of one item.
	Meals may contain different items. A Nordic breakfast may contain cheeses, hams, salami-type sausage. Asian breakfast may contain curry-like dishes.
	Table lay-ups may be different. The French may eat continental breakfast, using large cups, with no plate on the table. Side plates may not be used at other meals either. The same cutlery may be used throughout a meal.
	Many ingredients have local characteristics which can be important, e.g. the Latins drink much stronger coffee than do Anglo-Saxons.
	Meal times may be different, e.g. southern Europeans tend to eat for a longer period and later than the British.
	Children are not just tolerated but are welcome in most continental restaurants. Children tend to eat meals at the same time as their parents.
Drinks	Attitudes may be very different towards drink: in some cultures it is forbidden, other cultures view alcohol as an accompaniment to a meal, whilst other cultures may see drinking as an end in itself, with status connotations, e.g. a macho thing to do.
	Drinks may be used differently, e.g. port may be used as an aperitif, whisky as a digestif/liqueur.
Accommodation	Some nationalities prefer twin beds to doubles, showers to baths, duvets to blankets.
	Some ethnic groups require the Koran rather than the Bible in the bedroom.
Complaining	Some nationalities complain readily but are satisfied if the cause is rectified. Others, e.g. the British, tend not to complain but do not return.

Figure 21.7 Some examples of cultural differences of interest to the hospitality industry

How multi and transnational firms manage their human resources of course varies as much possibly as does their approach to marketing. Watson and Littlejohn (1992) write of alternative approaches adopted by such firms. The different approaches include Ethnocentric, Polycentric, Geocentric and Regiocentric.

An ethnocentric policy implies the same HRM strategies in all countries, a strong head office role and home country's managers occupying all key roles.

A polycentric policy implies that HRM is decentralised country by country, decision-making is devolved to local managers and local managers trained and developed.

A Geocentric policy implies that HRM is managed on a global basis, harmonises from the centre and allows for the best people to emerge irrespective of origin.

Finally a Regiocentric policy implies that HRM is managed on a regional basis.

Each of these approaches may be adopted in the hospitality industry.

Human Resource Management – the international context

The globalization of the hospitality industry and the development of worldwide groups such as Starwood Lodging and Accor have implications for the quality and effectiveness of HRM within an international context. At one level, there might seem little difference in that employees need to be resourced, trained, developed, managed and the like. However, there are serious and subtle questions for HRM practitioners to address. Cultural issues and national characteristics and regulations have been mentioned above and clearly these need to be considered. Some UK-based hospitality firms with little or no experience of dealing with trade unions have found that their expansion plans take them into countries where hotel and restaurant workers are 100% unionized. In other words, HRM needs to address all the particular factors prevailing on the workforce in each and every country in which the firm operates (see D'Annunzio-Green, Maxwell and Watson, 2002: also Beardwell, Holden and Claydon, 2004). Such firms need to be more aware of the salary and benefit packages expected by truly mobile international personnel, and need to plan issues not normally part of the host country operations such as language and culture training, schooling for management's families, taxation and legal aspects. There will be different types of employees with different terms and conditions and situations, such as expatriates, local workers and temporary secondments, and truly global, multi-site organizations will need to develop highly sophisticated succession planning systems in order to monitor and plan the future management of the business (see Goss-Turner, 1993, and Chapter 22 in this book).

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Questions

1 Describe, with examples, various ways in which one culture may differ from another. Apply your answer to the hospitality industry.

2 Describe different aspects of the hospitality experience which management needs to consider when providing for people from different cultures. Consider first customer needs, then staff needs.

3 Give examples of lack of cultural awareness which you have observed. Choose a particular setting such as at work, on holiday or at college.

4 Describe the measures that you believe would be necessary in order to develop an effective cultural awareness programme for a group of employees with whom you are acquainted. (You may find it useful to refer to Chapters 22 and 23.)

5 Discuss how cultural differences may lead to the need for different approaches to management style.

6 Discuss the proposition that cultural differences may be greater between socioeconomic groups within a country than between similar socioeconomic groups from different countries.