

Management Development Across Cultures— A Transitions Perspectives

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ABSTRACT

The globalisation of business has increased the demand for reliable knowledge about managerial skills, adjustment and effectiveness across cultures. The challenge to scholars in Organisational Behaviour centres on three areas: role differentiation and integration in international companies; international alliances, projects and ventures; and adjustment to cross-cultural mobility. Theory and practice need to come closer together to achieve tangible advances in these areas. This will involve more culturally eclectic and innovative concepts than have been commonplace in the field to date. The paper reviews current cross-cultural conceptions and the need for change in terms of the core issues in the field OB: individual differences; person-job fit; group dynamics; inter-group relations; organisational design; and the management of change. Taking a developmental perspective is viewed as essential, so that our knowledge can be a tool for improving the qualities of working life across cultural boundaries.

I. INSIGHT

Insight is both a starting point and an end point for our efforts. As an end point, insight is what research is able to reveal. As a starting point insight means “appreciation” of experience, and a better understanding of the perceptual filters and implicit theories through which individuals and organisations experience the world. Experiential instruction and descriptive research are the methodologies which lead toward this kind of insight, by aiding reflective thought. In the classroom at London Business School, where over 60% of our students are non-British, we use various instruments and exercises for this purpose. On the first day of the MBA they find themselves assigned to multinational student groups of 6-7 people, with whom they will have to work cooperatively for the duration of their studies. Our role is to choose the instruments and design the group tasks which will help students gain a deeper appreciation of how they differ from each other in their interests and values; and sensitise groups to their own intercultural dynamics. We augment this with behavioural skills training. Our approach assumes that whatever the value of what we teach them on the formal curriculum, some of their most lasting insights will be what they learn about themselves and about each other. The core percept underlying these strategies for insight is an article of faith which is central to OB: the idea that self-awareness makes systems (i.e. people, organisations, societies etc) more effective, because it gives them greater control over their own destinies. This principle lies at the heart of management development.

In relation to my own research and consulting the idea that self-aware systems have heightened powers of self-determination, guides the survey-feedback unit I have established at London Business School. Most companies know much about their markets, technology and finances, but are woefully ignorant about their human resources. Our employee attitude surveys hold a mirror

up to organisations, since integral to all our surveys is high quality feedback to all participants. The scope of the surveys is wide. Companies learn about how their people feel about jobs, careers, management, divisional climate, h.r. systems, and company strategy. The results are always surprising, most of all for the people at the top of companies who typically hold untested and inaccurate beliefs about what their employees think. The result is a learning process which is often painful, but if approached constructively culminates in real human resource innovations, such as actions to improve upward and downward communications, and the reform of other management systems. Many of the companies with whom we do this are international, and many of the insights they achieve are multicultural. This does not mean trying to smooth out management style so that it is the same in Calcutta as California, but helping companies to appreciate how developmental needs might differ across continents (Hofstede, 1991). Our task is to sensitise companies to their own subcultures, and help them draw upon their diversity.

Management development repeatedly emerges as the most difficult and critical challenge facing the companies with which we deal. There are several reasons for this. First it is probably the most keenly felt concern of employees - almost everyone wants to have a sense of progress and growth in their working lives. At the same time is a prime sources of employee frustration - the supply of opportunities for promotion, mobility and education is almost always considerably less than the demand; an increasing problem as companies de-layer and decentralise. As a result companies find themselves caught in various dilemmas, e.g. appraisal for reward and control vs. review for personal development and planning; mobility of employees as a cost vs. mobility as a benefit; education for the employees' benefit vs. training for the company's benefit. It is at this point that insight reaches its limits. Sharpening companies' awareness fo these dilemmas may only cause confusion. Analytical tools

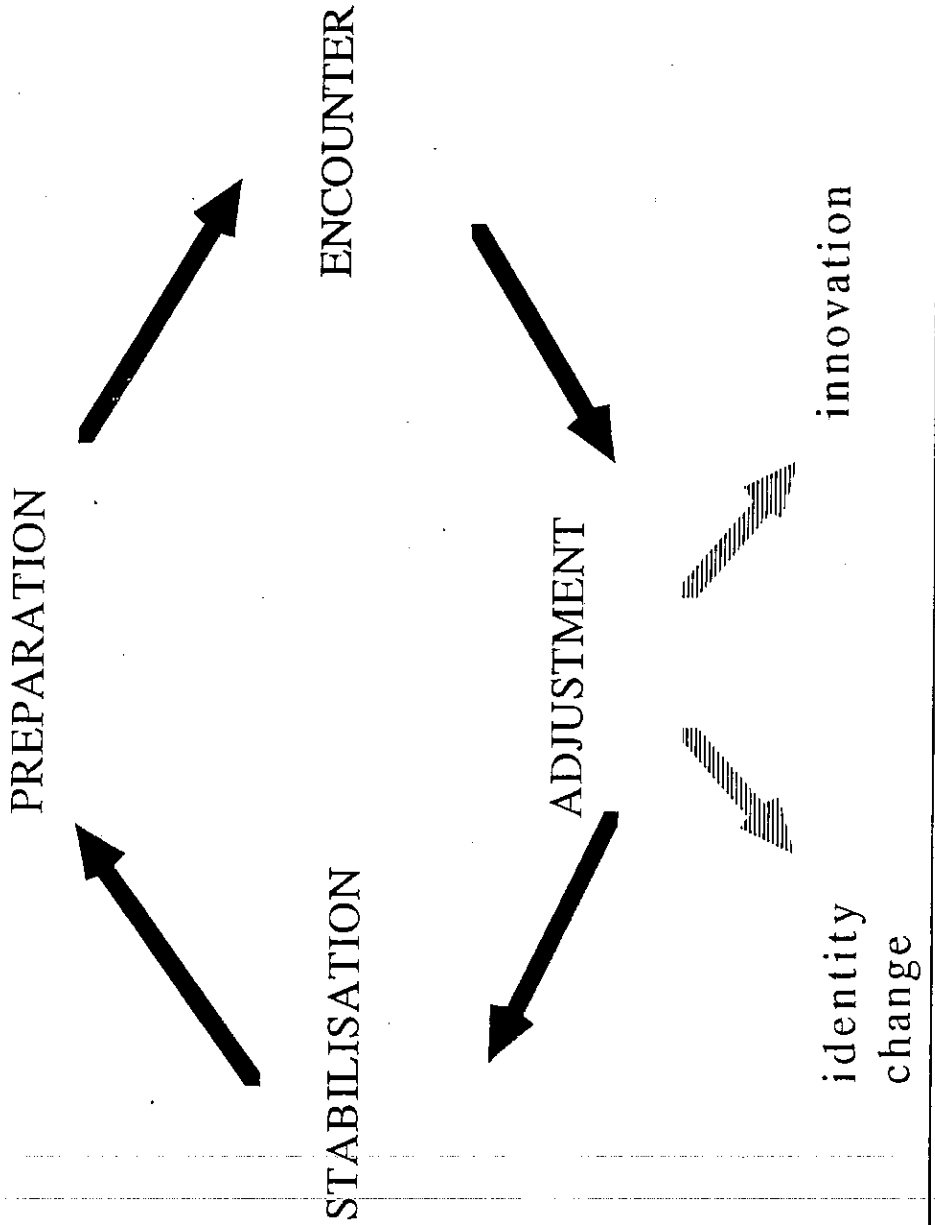
are needed to resolve them.

II. ANALYSIS

The central issue in the analysis of management development is explaining and predicting what happens to people when they are exposed to varying environmental influences. In my work I have found the concept of transition to be a powerful tool for this purpose. Instead of trying to understand management development in terms of lifetime careers, or the long distance effects of education, which just yields a profusion of dissimilar case histories and competing generalisations, a transitions approach means looking at what happens to people or to organisations as they travel through specific change events. This demands a closer focus on the dimension of time than is common in most theories of Organisational Behaviour.

The starting point for my research into transitions some 12 years ago was an interest in the neglected issue what happens to people when they change jobs. Building on the work of previous scholars I developed the idea of the Transition Cycle [Figure 1] to capture the three key principles associated with the time dimension of change (Nicholson, 1987; 1991). These are recursion, interdependence and distinctiveness. Recursion means viewing change not as an occasional interruption of stable patterns of life and work, but as a continual adaptive cycle - a view more harmonious with Eastern than Western traditions of thought, perhaps. It recognises that each one of us, and every organisation, is at any point in time located at one or other of these stages, and sometimes more than one simultaneously. Either we are preparing for possible change, encountering the first shocks of new circumstances, adjusting to change, or striving to maintain stabilised functioning. Even in states of apparent stabilisation we are, consciously or unconsciously preparing ourselves for the next wave of change. Human and organisational life cycles dictate that

Figure 1: The Transition Cycle



the process will be continuous. If we attempt to stand still, the world will persist in changing around us. The recursion principle is simply illustrated in the case of expatriate assignments: the stabilisation stage, after encountering and adjusting to a new culture, poses a new challenge: to be ready for the next transition - the return home. As anyone who has been through this cycle will testify, the re-entry transition is often much harder than was the initial entry transition (Fontaine, 1989). The common error is to view it as a familiar and easy journey; failing to recognise how adjusting to a new culture may have altered our perspectives.

The example also illustrates the second principle, interdependence. This means that what happens at one point in the cycle affects what will happen at subsequent stages. How well an organisation prepares for a joint venture, or a manager prepares for an expatriate assignment, will determine just how much culture shock there is at the Encounter stage (Tung, 1981; Black et al., 1991). The severity of the Encounter shock in turn will effect what confidence and sense of direction is brought into the tasks of Adjustment. Strategies enacted in the Adjustment stage determine what kinds of stabilised performance the individual or organisation is able to settle into. It will be apparent that the principle of interdependence also applies on a larger scale. How successfully we negotiate the path around a transition cycle will affect our readiness for future transitions. This leads to the prediction that future ability to adjust and perform does not depend on whether a manager has had previous expatriate assignments, but on the quality of their previous adjustment experience. The same logic applies to organisational change, and research bears out both these predictions (Brett et al., 1992). As a philosopher once remarked, "experience is not what happens to a man, it is what he does with what happens to him". In short, we need to view managers and organisations as learning systems (Hedburg, 1981), whose early experience of transitions influences the pattern

of future development. In this vein, research confirms how critical is early career experience to later success. This prompts a piece of immediate advice to companies: pay close attention to what kinds of early assignments you give to your graduate intake, rather than concentrating on elaborate induction programmes (Nicholson & Arnold, 1989a & b).

The third principle, distinctiveness, means recognising that we face different kinds of challenges as we pass through the transition cycle, which also implies that we may need different theories and models to analyse each stage of the change process, rather than searching for single unifying theories of change. To understand what is happening when people are at the Preparation stage, as people anticipate change, we can draw upon cognitive and motivational theories to analyse sources of perceptual bias in what they anticipate, what are their blindspots, how their needs and fears influence their decisions, and how well resourced they are to enact constructive strategies for preparation. These are likely to be theories which analyse the rationalities of effort and cognition in terms of perceived risk, utilities, and outcomes. Expectancy-valence motivation theory is one such - there are others, such as behavioural decision theory which apply equally to organisations preparing for major transitions. Individuals and organisations facing objectively similar transitions, have differing perceptions of their scope for choice and proactive preparation, even when they had no control over the onset of the transition - as in most cases of redundancy, promotion and expatriation for individuals, and mergers and acquisitions for companies.

Turning to the Encounter stage, different models are like to help us. Here the characteristic of experience is not so much anticipation and choice, as it is load and coping. The individual is faced with the challenge of assimilating high volume cognitive and behavioural demands, under conditions of social stress (Furnham, 1990). Entering a transition, our foremost concerns are typically

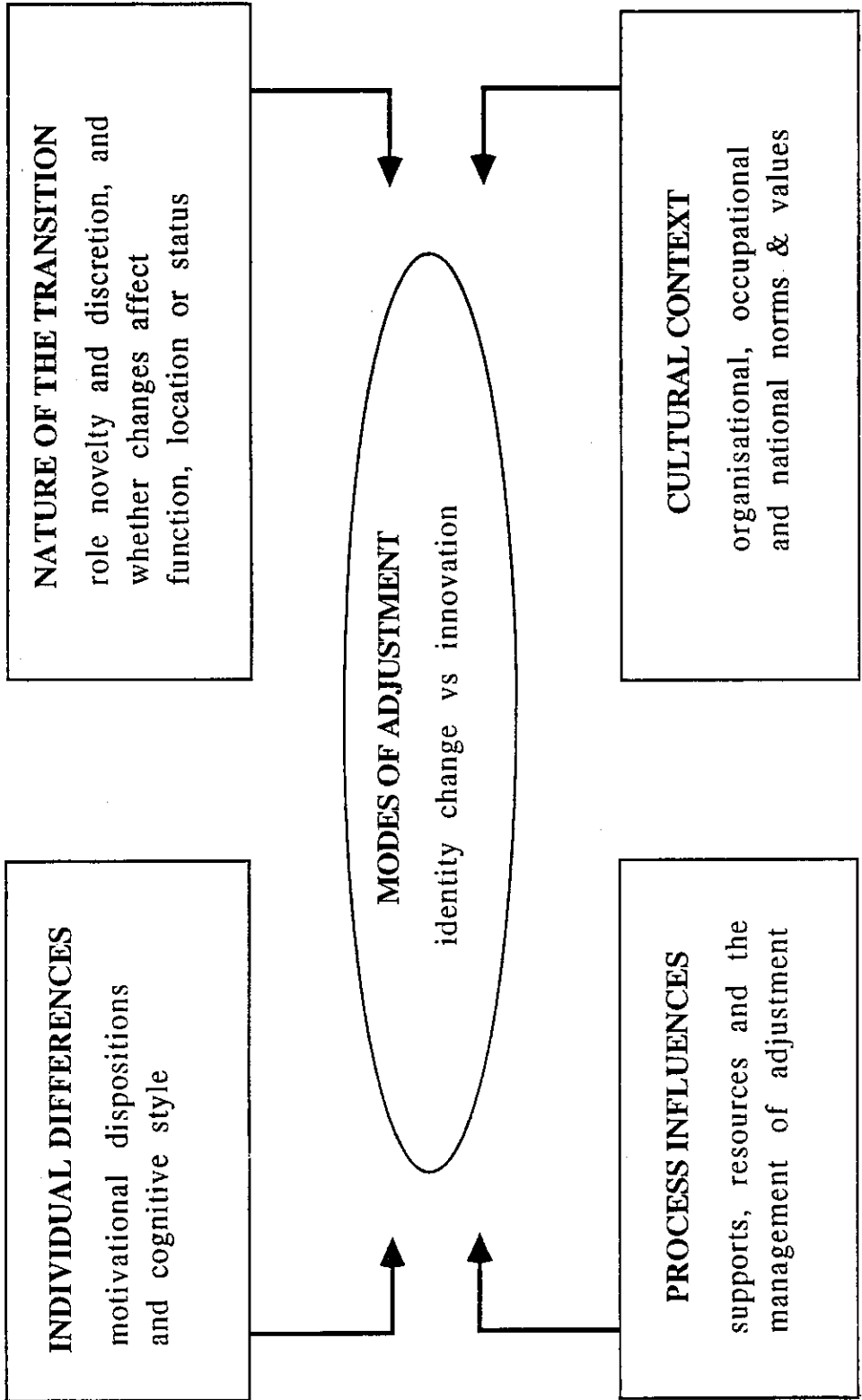
task and social performance - how to look competent and act appropriately before an audience of strangers. The theories which can help us analyse this stage will therefore be those of stress- coping, social attribution, and impression management. Similar ideas apply to organisations engaging major change. They need efficient command structures for coping with high decision loads, well-tuned sense-making capacities, and support systems which offer protection to those people most exposed to threat and uncertainty.

The Adjustment stage contains the essence of management development. The core task here is to try to minimise misfit with the new circumstances, by means of two strategies: identity change and innovation. Identity change means adapting ourselves to the new demands. Innovation means making changes in our new circumstances so that they fit us better. This means that the Adjustment stage of transitions provides a mechanism for management development and organisational development. But which will it be? Theoretical analysis on the basis of research data can help us determine whether putting someone into a new role will change the company or change the person. These outcomes are not mutually exclusive, tend to occur at different tempi - innovation more immediately, and identity change over a longer period of exposure to the new situation. I have developed theory and research to predict these outcomes from the interaction of four sets of variables (Nicholson, 1984; Nicholson & West, 1988) [Figure 2]. First is the nature of the person's dispositions, formed by a combination of culture, personality and prior experience, which create preference for adaptive or innovative modes of adjustment. Second is the nature of the transition, defined by the characteristics of the new situation and how it differs from previous circumstances. Novelty and discretion are the critical dimensions here. Research indicates that radical changes of status and environment produce the strongest identity change effects, as in cases of outspiralling (moves out of one organisation to a higher level in another) and

expatriation, while changes of function produce the most innovation. The third determinant is how the transition is supported or resourced through training methods, supervisory style and social relations. If these contain strong socialising pressures, identity change becomes more likely. If they provide cushions of what Carl Rogers has called “psychological safety” and “psychological freedom” then innovation will be encouraged. Fourth and finally are the surrounding norms of the organisational, occupational or national culture, which may contain systematic biases towards conforming or innovative adjustment strategies. These ideas apply equally to organisational transitions. For example, the success of international joint ventures depends upon the character of the parent companies, the discretion extended to the local venture managers, how they are resourced, and the prevailing cultural norms (Zeira & Shenkar, 1990).

The theories which help us to understand Stabilisation are those concerned with organisational control and work systems. Whether individuals or organisations, following change, are able to achieve sustained successful performance will be a function of the impact of management information systems, evaluation methods, rewards, operational controls, and resources. I shall not elaborate on these here, for the literature, with its predominant assumptions of stabilised work settings, contains numerous examples of how these systems influence performance. Instead, let us consider some implications of these ideas for Application.

Figure 2
Transitions Theory - Predicting Modes of Adjustment

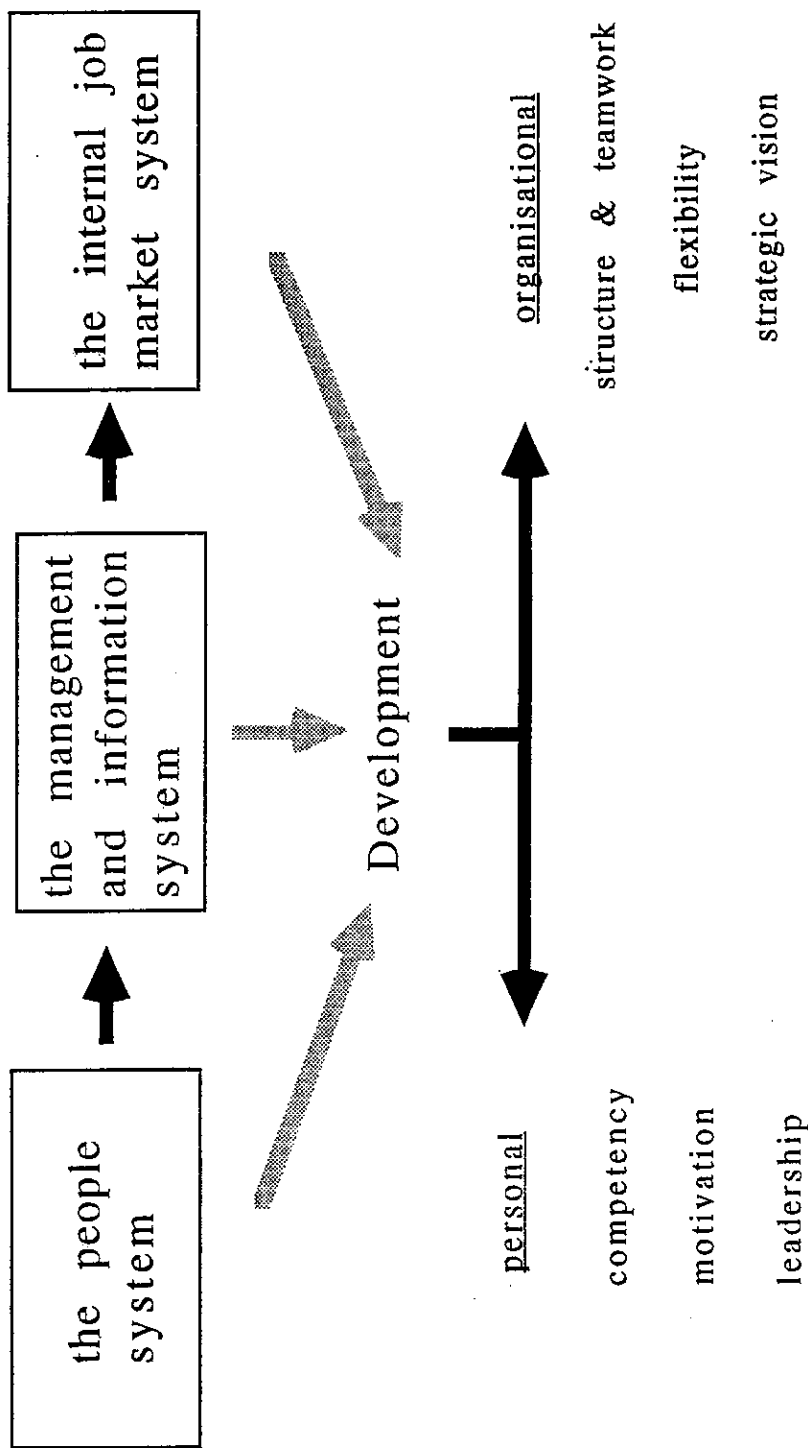


III. APPLICATION

Application of insight and analysis requires us to turn our attention outward towards the context of management development. This context is marked by one overwhelming characteristic: an increasing rate of change. In the past decade we have seen enormous developments in the world political economy. Some have been incremental, but at a high rate of change, such as the growth in power of Far Eastern economies, your own among the leading group. Others are revolutionary, such as the changes in Eastern Europe. Yet others lie on the horizon: the reshaping of the European Community, as yet unknown scientific and technological innovations, global environmental dangers, natural resource depletions, and demographic change. The last of these, demographic change, is especially problematic in many developed economies. Within 30 years many of our economies will contain greatly increased numbers of older citizens and a chronic shortage of younger workers, forcing us to choose between zero growth or massive dependence on migrant workers.

All of these changes will have a major impact on the shape of organisations and the practice of management, and the rate of transitions. Movements of workers within and between companies will increase as organisations are forced to adjust their structures and hiring practices (Graversen & Nicholson, 1988). We will increasingly be called upon to do new things, in new ways, in new locations and with new people. Greater internationalism is a corollary of these developments, and will take three forms: increasing numbers of companies with multinational labour forces; growing frequency of cooperative ventures and alliances across national borders; and larger volumes of labour mobility between cultures. Management development under these circumstances will require more sophisticated understandings of social adjustment feeding into more enlightened practice.

Figure 3: The Career System and its Outcomes



A simple model shows how a transitions perspective can help to focus this effort [Figure 3]. Organisational career system can be conceived in terms of three linked subsystems: the people system, the job system, and the information/management system. The people system is the sum total of the abilities, interests and motives of employees. The job system is the network of tasks, roles and projects current at any time within the organisation. A healthy career system is one which optimises the match and flow between these two, the people and the job system. This is achieved by the third subsystem: the information/management system. This consists of all the information which is available about people and jobs in an organisation, and the management practices which connect them, for example, by moving people between jobs. The outcome of the effective career system is development of the two kinds we have already identified as outcomes of transitions: management development (identity change) and organisational development (innovation), so that organisations and their employees can grow, becoming strong, flexible and skilled in their adaptive capability. Unfortunately, it is all too common for this development potential to be unrealised in organisations.

In relation to the people system, it is common to find organisations with quite extensive intelligence about their labour forces and external labour markets, but very limited in terms of what is recorded. Knowing about the skills or past work experience of employees is an inadequate basis for understanding developmental needs and potential. International companies, especially, need to know more about the values and career interests of employees, how these differ cross-culturally, and what kinds of training, resourcing and work experience in the future are likely to equip them for flexible adaptation to changing demands. In relation to the job system, I find organisations spending a lot of time and resources on job evaluation and work measurement, but failing to see the entire network of organisational roles as if it were a developmental oppor-

tunity structure. This means greater awareness of the impact of job design on the worker, and vice versa. It is rare for organisations to consider systematically which positions are good learning slots; i.e. which have the greatest potential to develop people's talents. This is because they lack the conceptual tools to do so, and instinctively they prefer reliable retrospective measurement systems to the uncertainty of richer prospective judgements. The implications for intervention are not confined to providing conceptual tools but also imply the need to redesign the job system so that it contains more learning positions and developmental paths. In many international companies, I have found M-form divisionalised structures to contain formidable internal barriers restricting cross-functional and cross-business mobility. These structures may have virtues of decentralisation and market sensitivity, but they are failures as internal labour markets. They are failures of opportunity when one considers the enormously rich potential for developmental mobility which exists in large diversified organisations (Edstrom & Galbraith, 1977).

The third element, the information/management system, is what connects the people system to the job system, and turns the whole into a dynamic career system which can be tuned to produce desired levels of personal change and organisational development. Underlying this assertion is my earlier point about insight, that no amount of formal training can equal the learning impact of exposure to the demands of a real job. It also requires the core idea from transitions theory that the fit between people and work roles is not static but dynamic, and requires continuous attention over time, distinguishing between the distinctive challenges of the phases of the cycle. It is common to see companies moving a small number of people between positions too rapidly (typically their "fast-track" elite) and the remainder too slowly or along too well-worn tracks, with the result that both groups miss out on the tangible benefits of identity change and innovation. There are cultural differences in

these tendencies, as my own research has indicated. For example, expatriate assignments from Western companies are often too short, while from Japanese companies they tend to be too long (Nicholson & Imaizumi, 1991).

The problems of organisational career systems can be depicted as four type of maladies. They are not exclusive of one another, and I find companies suffering from more than one of them simultaneously. They are:

1. neglected development - insufficient attention to people's developmental needs and how they change through the transition cycle and over career stages.
2. restricted development - too many internal barriers to mobility, especially lateral, with excessive concentration on vertical career ladders, up which movement is slow and inevitably insufficient to meet employees' overly status-fixated aspirations.
3. mechanistic development - reliance on rigid criteria, such as qualifications, past experience, test results etc. rather than flexible criteria which embody notions of developmental potential.
4. political development - opportunities being traded as favours or sources of personal advantage, and operated as the "owned" property of power borders.

International companies are particularly vulnerable to these maladies. Typical is one multinational company I have been working with, which has been trying to take rigidities out of its corporate culture. The company is large and wealthy, able to recruit the best people in their fields and to devote extensive resources to training them, i.e. it has a highly developed people system. It is also a complex organisation engaged in a large number of diverse and challenging projects, i.e. it has a highly developed job system. And yet, as our investigations have revealed, there is widespread dissatisfaction among

employees with career development. The problem lies in an underdeveloped information/management system: insufficient information flow about the rich array of jobs which people might do, inadequate understanding of individuals' varied career interests which particular jobs might fulfil; and insufficient action by management to create new job opportunities and career paths. The company is currently taking steps to solve these problems, but I have found similar patterns recurring regularly in others.

IV. CONCLUSION

The insight-analysis-application paradigm, and, within this, the transitions perspective, contains some simple messages for comparative management. First, it gives priority to change as a key feature of internationalism, and the need to pay close attention to the distinctive demands, of events and interactions along the time- line of change. Second, it implies the need for an interactionist systems perspective which takes simultaneous account of the identities of individuals and organisations, the contrasting characteristics of prior and future situational demands, the cultural contexts in which these identities and demands are embedded, and the strategies employed for supporting and managing the change process. Third, it means a life-cycle approach to management and organisational development, in which awareness of the past history of change events can help us identify what kinds of educational or other interventions will have most impact at any particular stage of a person's or an organisation's development.

What does this imply for internationalism - Organisational Behaviour across Cultures? It does not mean we should engage in fruitless searching for definitive profiles of the international manager, or that we should be content to map how management practice differs across national borders. Nor does it mean that we should sweep away all our theories and empirical data because

of their alleged cultural bias and try to construct in their place some mythical new body of multicultural knowledge. But internationalism does profoundly challenge the way we work, at all points of the insight-analysis-application sequence. It challenges insight by enhancing our awareness of the assumptions underlying our approach to problems, and the existence of both complementary and competing alternatives. It challenges analysis by drawing our attention to the boundary conditions for the validity of our theories and empirical generalisations. It challenges application by inviting us to pay attention to and try to explain new arrays of issues. In these respects, internationalism is the context not the content of scholarship in terms of its capacity to transcend culture and history. That is why it is important for us to see ourselves as part of a living unified tradition of cumulative learning, and part of a global academic community who can share and build upon our commonwealth of knowledge and interests. I guess that is why you and I are here together. Thank you for inviting me.

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