

# **THE ECONOMIC AND BUSINESS IMPLICATIONS OF CROSS-CULTURAL MANAGEMENT: A COMPARISON OF AMERICAN AND JAPANESE WORK VALUES**

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## **ABSTRACT**

Success in being competitive on a global scale is significantly affected by the culture of the organization. In many organizations with worldwide operations, however, we find a mix of Americans, Europeans, Asians, etc. working in the same company, each with their own cultural orientation. This paper reports on an empirical investigation of the cultural values of Americans and Japanese and how they compare and differ and their impact on an organization's ability to address management issues. It was discovered that there are significant differences between these two cultures which can have major impact on the success of the organization.

## **INTRODUCTION**

From a business perspective, the political and economic effectiveness of the United States in the global arena will depend on individuals and collective abilities to communicate competently with people from other cultures. To date, however, U.S. businesspeople who were sent overseas by U.S.-based multinational corporations have not fared as well as their European and Asian counterparts; an estimated 20 to 50 percent of these Americans returned home early from their international assignments, primarily because of the cultural differences. At a time when the resurgent forces of nationalism and ethnic and linguistic consciousness so directly affect global realities, the United States requires far more reliable capabilities to communicate with its allies, analyze the behaviors of potential adversaries, and earn the trust and sympathies of the uncommitted. Yet, there is a widening gap between these needs and the American competence to understand and deal successfully in a world in flux. These political connections of the United States to other countries is matched by the global interdependence that characterizes U.S. economic relationships. The future success of American businesses, therefore, is contingent on their interactions with foreign nations and obviously dependent on how well they understand the culture of other people and are able to communicate with them.

## **Data and Methods**

This paper has evolved out of an ongoing study of employees in countries around the world and the orientations they prefer in the work place. At this point, we are concerned with the findings of Japanese and American. The cultural orientations of the employees considered are those identified by Roger Harrison as Organizational Ideologies of: Power orientation, Role orientation, Task orientation, and Person (or Self) orientation.

## Findings

There were 321 participants in this study (183 Americans and 143 Japanese). For our purposes, the data show that there is a great deal of similarity in the public/private sectors, the manager/non-manager groups, and especially in the number of years worked as we are interested in workers orientation to the work environment. There were 14 Orientation questions attempting to capture whether an individual preferred a Power, Role, Task, or Self Orientation. The 14 questions were ranked around:

- 1 - The type of boss desired
- 2 - What characterizes a good subordinate
- 3 - What characterizes a good member of an organization
- 4 - What type people do well in an organization
- 5 - What is the purpose of competition
- 6 - How should conflict be resolved
- 7 - How should people to controlled and influenced
- 8 - Who should make decisions
- 9 - What is the view of the external environment
- 10 - What should be the basis of job assignments
- 11 - The role of legitimacy in the organization
- 12 - Why is work performed in an organization
- 13 - Why do people work together
- 14 - How should an organization treat an individual

Of the 14 variables, there is a significant (.05) difference between 11 of them. Americans are overwhelmingly Task Oriented (12 of 14), while the Japanese tend to be split between Task (6) and Role (5), with 3 variables in the Self Orientation category. One can conclude that there will be many problems between managers and workers, whether American managers with Japanese workers or Japanese managers with American workers. In the work environment, there will be differences between Americans and Japanese over whether a subordinate should be interested in the development of his own potentialities (Japanese) or self-motivated to contribute his best to the task involved (American). Also differences between why people do well in an organization, with the Japanese feeling that one needs to be effective and competent in personal relationships, while the Americans feel that he should be technically effective and competent for his job. Similarly, Japanese feel that decisions should be made by the person whose job description carries the responsibility while Americans feel more comfortable that the person with the most knowledge and expertise about the problem should decide. There are also differences over: (1) what controls and influences work best; (2) what is legitimate in the work environment; (3) what is the basis for job assignments; (4) why is work performed in an organization; (5) why people work together; (6) what is the role of competition; (7) how conflict should be handled; and (8) what is possible in regards to the external environment. In essence, an American manager of Japanese employees will experience many hardships in his relationship. Conflict will be high, consensus will be hard to establish, productivity will suffer and a intolerable environment will exist. Obviously, the American manager, or the Japanese manager (directing American workers in the many companies within America) need to understand the cultural orientations of his/her employees. Without it, frustrations will ensue and the organization will suffer the consequences.

## **Conclusions**

While these findings are based on a small sample of working employees in two nations, they adequately point out in a general sense that there are significant differences, in many areas of work values. For multinational corporations, merely accepting the fact that there are differences is a start. Learning from studies such as this as to what are their work values would assist in the manner in which they manage nationals from other societies. This knowledge can be helpful in reducing internal conflict between employees and between management and employees. At that same time, by treating another based upon his cultural orientation could contribute to higher productivity for the firm. The more the manager (or employee) understands the other, the better one can build an organizational culture that can support the strategy of the company. By knowing how to deal with Japanese on the job will give foreign companies a competitive advantage in this strategic nation. They can only do so by understanding the cultural differences and similarities of the nationals involved.

This paper presents the methodology used in assessing employee cultural values and reports on its finding in two different nations. It details the variables that were used in the study and what they mean for an organization. It offers suggestions on what management can do to understand and coordinate the differing values it would find in a multi-cultural organizations. The findings are promising and further analysis will provide a more detailed breakdown of the findings and results of the study.