**On the Rocky Road to Strong Global Culture[[1]](#footnote-2)♣**

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**On the Rocky Road to Strong Global Culture[[2]](#footnote-3)♣**

For more than a decade, multinational companies (MNCs) have been encouraged to create a strong global culture through shared core values and practices in order to overcome the shortcomings of structural and administrative means of coordination and control[[3]](#endnote-2). Building a global culture is hailed as a robust and flexible approach to dealing with the complexity and rapid changes these companies face. A strong global culture serves as the glue that holds people together, creates a commitment to a common super-ordinate aim, and enables effective coordination, communication and action across all operations regardless of geographic location. Indeed, several recent surveys of global executives have all identified “the ability to maintain a common corporate culture” as one of their greatest challenges and a top concern.[[4]](#endnote-3) However, the evidence shows that a strong global culture is by far the exception rather than the rule. As companies expand globally, organizational culture often lags behind and fails to provide the much needed glue to hold the company together. It frequently remains either too headquartered-centric to pull together far-flung operations or disintegrates under the turmoil of globalization.

Why do so many companies fail to develop a strong global culture? Why is it so difficult for companies to create a global culture that ensures that when employees are released from central control, they are bound by a set of values embraced by their company? We have researched organizational culture in global companies for 12 years, interviewing 250 executives at 10 multinational corporations worldwide (See Box “About the Research) and found that few companies succeed at building an organizational culture that is globally integrated, yet flexible enough to accommodate local variations. Based on our research and that of others, we have identified at least two key barriers. One reason for this rather limited success is a headquarters-centric mindset that manifests itself both in *style* and *substance*. Companies often approach the process of developing a global culture as a one way process dominated by corporate headquarters, exemplified by common terms such as “cultural transfer,” “cultural transmission, “cultural penetration,” and “culture dissemination.” In addition, core values often originate at corporate headquarters and fail to reflect and incorporate diverse cultural influences. This approach breeds skepticism about global culture that is often perceived by overseas employees as ethnocentric and parochial. A second often overlooked reason is that thinking about strong global culture has been too heavily influenced by a common model that conceptualizes strong global culture along a linear continuum ranging from “weak” to “strong” culture. However, a linear and unidimensional approach is too simplistic to capture complex cultural realities in MNCs, which are composed of geographically far-flung operations and may have “islands” of strong culture distributed across the network. As a result, companies often do not discern nor harness these “islands” of cultural capabilities that may exist across their global operations.

Building a strong global culture requires companies to break away from a headquarters-centric and linear way of thinking and to develop a more fine grained understanding of how organizational culture manifests itself across the multinational company. In this article, we offer a conceptual framework that maps ***patterns*** of global culture in multinational corporations and identifies assets and mechanisms that companies can use to build a strong global culture that fits with their strategic need. In particular, we view strong global culture as consisting of three interrelated elements: core values and practices that are shared both ***within*** and ***across***organizational units of the multinational corporation, specifically across corporate headquarters and overseas subsidiaries; localized practices derived from these core values; and a multidirectional and iterative process that re-articulates and mediates between core values and local realities. Conceptualized this way, we address two important questions: What are the dominant cultural patterns that characterize many MNCs’ global organizational culture? And how can companies move from a dysfunctional pattern to a strong global culture? We will also highlight the value of what we term “cultural hubs” in bring about the desired change.

**The Need for a Global Organizational Culture in Multinational Corporations**

Why are global executives so concerned with creating a strong global culture? The global market today does not reward companies that are highly centralized. Strong headquarters’ control brings with it the ills of headquarters’ overload and the inflexibilities from having many formal rules and procedures. The growing knowledge and skills that today reside in many overseas subsidiaries go underutilized. Moreover, organizational culture has long been lauded as an effective control mechanism in uncertain environments, where it is difficult to specify all appropriate managerial responses and behaviors a priori. By creating a strong global culture, the influence of headquarters and subsidiaries gain greater parity; goal alignment can be achieved more easily; decisions can be reached by negotiations between knowledgeable groups with common objectives rather than by fiat or by standard policy; and greater employee commitment can be achieved. While creating a strong global culture exacts a price, particularly the high costs of socializing employees into the values of the MNC, and the less structured and more ambiguous management processes that rely on implicit understandings, the obvious benefits have made it more imperative for global executives to seek it.

But doesn’t the need for a strong global culture depend on the kind of competitive strategy the MNC is pursuing? [[5]](#endnote-4) Yes, but less than commonly supposed. While it is obvious that companies with a transnational or global strategy need strong shared values, even companies following a multi-domestic or international strategy need to share some core policies, values and shared practices across country boundaries. This is especially evident in companies that historically operated on a local basis, but as their clients globalized were expected to provide services on a global basis. These companies then struggled to create a layer of shared values and practices in order to project a ‘one touch, one feel around the world’. We will return to this point, and how to determine the importance of a strong global culture in light of company strategy, later in this article.

**Patterns of Global Organizational Culture in Multinational Companies**

In our research, very few companies were able to reap the benefits of strong global culture. However, these companies did not simply have a “weak” or a “strong” culture, but rather displayed more complex cultural patterns. Based on these patterns, our framework suggests that global organizational cultures can be categorized along three primary dimensions:

* The degree to which core values and practices are shared throughout the corporation, especially ***across*** and ***within*** corporate headquarters and overseas subsidiaries.
* The degree to which core values are localized
* The existence of a multidirectional and iterative process that re-articulates and mediates between core values and local realities.

While there are no pure types, our framework identifies four principal patterns of global culture that characterize many multinational companies: The Spearhead, Outpost, Disoriented, and Global. These types are briefly described below.

**Spearhead Culture.** Some companies may have a set of core values and practices that are well-articulated and widely-shared *within* the corporate headquarters whereas employees of overseas subsidiaries share these values weakly and are occasionally unaware of them altogether. Corporate headquarters is the dominant cultural force, core values are not open to local adaptations; and if any adaptations are made, they are usually initiated by corporate headquarters and driven by sheer frustration rather than a genuine respect for local ways. As a result, strong global culture resides only at the corporate headquarters whereas overseas subsidiaries are disengaged and disempowered. In our study, Convive (a pseudonym) is typical of the Spearhead breed.

Convive, headquartered in Israel, expanded globally through rapid acquisitions and within two decades established itself as a major player in its knowledge-intensive industry. Convive’s corporate HQ drives the globalization process and also dominates nearly every aspect of the global organization. With a focus on being “assertive, risk-oriented…willing to make decisions, and very willing to do whatever is necessary to be successful”, Convive’s management is seen as distinctly and exclusively Israeli. The perception among overseas executives is that while the company claims to be pursuing a transnational strategy, a closer look reveals that the centralized and overtly Israeli management style results in a deep cultural divide between Convive’s corporate HQ and overseas employees. While HQ employees have a strong, shared sense of mission and strategic direction, overseas employees do not and while HQ employees are driven, involved, committed and excited about their work, overseas employees rarely share these attitudes. Localized interpretations of Convive’s core values are not tolerated. The resulting cultural divide, which pervades most aspects of organizational life in both recent and “tenured” acquisitions, affects Convive’s ability to fully integrate its subsidiaries into its global operations, work cooperatively across borders, and draw on and share local knowledge and ‘know how.’ The Spearhead culture is not without merit as it allows companies to run a tightly controlled operation and quickly “integrate” newly acquired business. However, the mediation that should occur between the global and local values is virtually non-existent, with headquarters-centric values being imposed throughout the organization. In the long-run, the spearhead culture runs the major risk associated with a centralized ethnocentric global company: charging ahead with no one following behind.

**Outpost Culture.** In some global companies, which often battle the legacy of a multi-domestic past, “outposts” are virtually islands of strong culture in a sea of cultural fragmentation. These are successful subsidiaries led by highly effective local executives who ride through a company-wide cultural fragmentation to create a strong culture at the subsidiary level, based on their understandings of the espoused core values. (These subsidiaries sometimes become ‘cultural hubs’, which we discuss below in mechanisms for building a global corporate culture.). But due to the fragmentation and lack of corporate leadership, there are no processes set up to share their success in building a strong culture with other units. Other overseas subsidiaries are often lost while corporate headquarters is struggling to lead and reshape the company.

In our study, Mr. Balani (a pseudonym) leads a unit that is an extraordinary example of an Outpost. He runs a remarkably successful subsidiary in the Philippines in the midst of company-wide turmoil and angst. The American parent corporation Data Services is a service company that operates in more than 100 countries and has been going through a major downturn in recent years. Performance has been poor and the company has struggled to integrate its subsidiaries around the world to provide a integrated, ‘one touch’ service to its increasingly global clients. While the majority of Data Services’ employees worldwide have very little sense of mission and strategic direction and are generally disengaged and disgruntled, employees at the Filipino subsidiary are on target, focused, engaged, and highly involved. High levels of satisfaction and the strong performance of the organization are due in large part to a strong local culture married to a deep understanding of global initiatives and the core espoused values. Mr. Balani provides strong local leadership, creates a sense of mission and teamwork, and translates corporate directives into meaningful local objectives. The Filipino subsidiary can be viewed as an island of strong culture in a sea of cultural fragmentation and disconnection among Data Service’s worldwide operations.

**Disoriented Culture.** A disoriented culture, while not common, is often a characteristic of a multinational company experiencing major turmoil and upheaval, often due to radical changes in the business environment, intense global competition, major organizational restructuring, and successive M&As. Here neither corporate headquarters nor subsidiaries have a sense of mission and strategic direction, global or otherwise. Core values, even if they are defined and espoused by top management, exert little or no influence on operations and behaviors in any part of the company. This weakness usually emanates from the headquarters and reverberates throughout the corporation. Employees often lose faith in management and are baffled by where the company may be headed and how it will adapt to changes in the industry. There are no processes for mediating and re-articulating core values across the company, as no one can truly define what the core values are. The overall atmosphere in the organization is one of confusion, frustration and malaise.

**Global Culture.** A company with a strong global culture has a set of core values and practices that are shared worldwide. These values often reflect an evolving amalgamation of values and practices drawn from around the company’s global network of operations. They constitute the cornerstone of strong global culture and serve as a yardstick that guides operations and actions worldwide. Having common values, however, does not mean that local differences are ignored. Rather, core values are translated to local practices and behaviors that are aligned with local values will still maintaining a common sense of these values. In fact, failing to adapt core values to local realities may hinder the company’s success. In our study, one of the two MNCs that exhibited a fair degree of each of the three dimensions of strong culture was still learning about translating core values. In this Australian company, which we will call Hilltop, risk taking is one of their core values, which has lead them to develop a sophisticated risk management system. The company, seeing the importance of this value to its success, attempted to apply the same risk management principles in its Spanish subsidiary, which was newly acquired. This resulted in loss of business because risk was over-managed for that local environment. As the British General Manager of the unit explained, “We wanted to do due diligence Australian/English style. That's not the way it works here. Within a week, the deal was gone.” The recognition of this manager that a strict application of a core value was not going to work in Spain is part of a multidirectional and iterative process of adaptation and mediation between core values and local realities. Here respect and trust in local knowledge are often key. These allow companies to develop a set of local practices that honor the company’s core values, but in a way that evolves into effective local practices. In this respect, core values can be seen as parameters within which local interpretations and translations can take place.

Our research suggests that despite considerable attention from managers and business scholars, the Global pattern of culture is the exception. The multifaceted nature of global organizational culture and the ongoing process of mediation and reconciliation between diverse cultural realities preclude cultural centralism. Therefore, when headquarters is the sole cultural force, corporate culture fails to pull together far-flung operations (like the Spearhead pattern). On the other hand, when companies fail to establish enough pockets of strong culture, shared culture either disintegrates in the turmoil of globalization (like the Disoriented pattern) or remains at a local level (like the Outpost pattern). As we have seen, there may be ‘pockets’ of strong culture within a MNC, and thus we should avoid characterizing the *entire* company as either “strong” or “weak” as much previous research has done. These ‘islands’, ‘pockets’, or ‘hubs’ of strong culture, which may be found across the company, provide an important asset in the journey towards understanding and creating the global corporate culture. Because of their importance to the change process, cultural hubs will be further described before looking at the mechanisms for creating a strong global culture.

**Cultural Hubs in MNCs**

Developing a multilayered global culture, which incorporates diverse influences, is inherently a distributed, de-centered process. Global culture cannot emanate from a single corporate center nor it can be disseminated by a single group such as the HR function. Therefore, companies should identify and establish multiple cultural hubs around the globe, thereby incorporating a diverse set of organizational entities and employees into the process of creating and maintaining a strong global organizational culture. A cultural hub is a unit, group of people, network, function or subsidiary within a MNC that has the capability to shape and articulate the company’s core cultural values and assist in the process of localizing these values. Cultural hubs can counteract the current predominance of corporate headquarters that moulds corporate culture in its own image. It can also counteract the dominance of the HR function in the process of developing and disseminating global culture.

By establishing cultural hubs, companies can effectively harness cultural capabilities that reside in different geographic locations and across functions and groups. For example, a group of Australian executives led the globalization efforts of their company and failed miserably. As one of the executives described it: “We tried that in the 80s… it was a bloody disaster. We thought we were god almighty, we went over there, and the Americans just chewed us up like burger meat. We came home with our tails between our legs… Anyhow we didn't think about the cultures (in the American units)…”. Despite their failure, this group of executives became a cultural hub of sorts and went on to shape their company’s approach to culture: “… you can't impose a message on another family, another country, but you can share it…then anything that comes out of that is usually more enhanced in value…if you can share your thinking processes with another culture, and get them to enhance those thinking processes, you can actually move the culture forward.” The company then ventured again into foreign markets and became a remarkably successful global corporation.

**Developing a Strong Global Culture**

Creating a global corporate culture requires breaking away from a headquarters-centric mindset, drawing upon cultural capabilities that exist across the global operations, and incorporating diverse cultural values and practices. That involves identifying multiple cultural hubs around the globe, rearticulating core values, and developing a global mindset. But before these efforts are undertaken, executives need to determine what pattern of global culture their company presently exemplifies.

**Diagnosing Corporate Culture**

The present pattern of corporate culture can be roughly determined by answering a set of questions concerning the company (See Sample of Diagnostic Questions). At least four or five high level managers with global responsibilities and extensive knowledge of the global operations of the firm should independently answer these questions, and then reach some consensus regarding the pattern that best describes their firm today. It is important that this process include several managers from outside the HQs. Through answering these questions, it is possible to diagnose the company as having a Global, Spearhead, Outpost or Disoriented culture. One of the crucial contributions of this diagnostic process is that managers are forced to consider whether there is a subsidiary or unit that is in fact a better example of the organization’s cultural values than corporate headquarters, and to consider utilizing it as a starting point in the move towards creating a unified corporate culture.

Answering the question “Where are we?” is only the first stage. Secondly, the company needs to answer the question “Where do we need to go?” In short, how much of a strong global culture does the company need, given its overall strategy, stage of development and the changes in the global environment. If the company is pursuing a transnational or global strategy, a strong global culture is often very desirable because of the high need for cross-unit/cross-country cooperation and coordination, and the high reliance on the sharing and transfer of knowledge. When the company’s strategy is more multi-domestic or international, a strong global culture may still be of value, particularly to enable the transfer of best practices that need a shared value foundation, or to facilitate coordination when needed. For example, an effective factory work process may rely on strong teamwork skills, and the global culture would need to be consistent with the value of teamwork. Beyond overall MNC strategy, several contingencies can further strengthen the need for a global culture. When the company faces a very complex external environment, has an interdependent network of subsidiaries that play a key strategic role or controls scarce resources, or when the company relies heavily on innovation and entrepreneurial capabilities, there is going to be a corresponding need for a strong global culture.

Once a company has determined what pattern it presently fits, and how strong of a global culture it wants to develop, it can move forward to developing a global corporate culture using the following mechanisms to achieve its goals.

**Identifying and Leveraging Cultural Hubs.**

Most companies already have multiple cultural hubs in place, but they go unrecognized and underutilized. How then can companies identify their cultural hubs and put them into use? Executives should look for locales within the company where at least one of the core cultural values is widely shared and practiced, appropriately localized, and there is a willingness and potential for the value(s) to be shared across organizational boundaries and re-articulated in the process. For example, when Hilltop, the Australian MNC, was about to acquire a company in Spain, it invited the local executives to meet with their counterparts in Atlanta — an operation that has been previously acquired - in order to learn about the company’s cultural approach. Rather than drawing exclusively on its headquarters, the Atlanta operation served as a cultural hub that conveyed and exemplified the overarching values and practices of the company which had been further strengthened by the Atlanta unit while also somewhat localized. As one of the Spanish executives commented: “I can confess that trip was probably the reason why we sold the shares… the price was not the determining factor, the determining factor has been the way the company has treated its people…” Hilltop had confidence that its Atlanta subsidiary could best transmit the core values of the company. This exemplifies the notion of cultural hub; the idea of culture making being dispersed and residing in units across the organization.

We should note that cultural hubs are dynamic, that is, a cultural hub may serve as a hub for a while but due to personnel changes, changes in strategic direction of the firm, etc., may cease to be a hub. Moreover, cultural hubs can be either ‘full’ or ‘partial’. That is, a cultural hub may embody many of the core cultural values of a MNC (e.g., innovation, risk-taking and team orientation), or just one of the core values (e.g., innovation). Regardless of their location or nature, however, cultural hubs share in common two main things: they embody the values and practices of a global organizational culture that the company aspires to and they have the passion to engage in ‘culture work’ that helps to localize and share the values with other parts of the company. They are an asset the company can use in building a strong global culture.

**Reviewing and Re-articulating Core Values**

Many companies have already articulated a set of core values that can potentially be shared across global operations. The challenge, however, is to ensure that these values reflect both corporate headquarters and the overseas subsidiaries’ input and interpretation. All too often core values reflect an ethnocentric approach to global organizational culture or remain an abstraction concocted at corporate headquarters. And occasionally, the meaning of certain values may be lost in translation. As a result, these values fail to provide guidelines across global operations and their meanings in different cultural and business contexts are not well-understood. Therefore, the company also needs to review and re-articulate its core values using a multidirectional and iterative process that is led by the company’s cultural hubs and involves a diverse set of organizational units and employees. In the Dale Co. (a pseudonym), the other MNC in our study with a fairly well developed Global culture, an extensive values and strategy communication exercise had been carried out with ***every*** employee in the company, in every geography. Using a pictorial as well as highly interactive approach that allowed for questioning by the employees, and working in small groups of 8-12, managers discussed in daylong meeting with their immediate reports to clarify and re-articulate the core values of the company. This extensive effort was accompanied by a company-wide climate and value survey, and the results of this process – which took several months - were clearly and extensively communicated back to the employees. As a result, of the five geographically and functionally divergent units where our team conducted interviews and surveys, the convergence both verbally and in the surveys of the core values of the firm was very strong. At the same time, local managers were able to describe important localizations of core values that had occurred, some of which had been adopted elsewhere in the company.

Through processes such as these, a MNC can identify the core values that must be shared across global operations and at the same time learn to elaborate their meanings in different cultural contexts. It can also identify values or norms that can remain largely open to local interpretations. Companies that are successful in developing a strong global culture do not shy away from reviewing and re-articulating their core values and do not view such a process as a sign of ‘cultural weakness.’ The seeming paradox is that a strong global culture is not unlike those architectural structures whose very stability stems from a system of flexible foundations.

Reviewing and re-articulating core values are in fact part of the journey of developing strong global culture. Indeed, it has been found that the very act of engaging company employees worldwide in identifying and articulating core values can be the most important step in building commitment to them, and understanding of their importance.[[6]](#endnote-5) The very process of engaging employees in the process establishes a sense of in-group identity that helps to further communication and cohesion. Throughout the process, it is important to be aware of the danger of imposing a strong global culture through headquarters-centric values, norms and policies. Otherwise, the values review and re-articulation initiative will be received with skepticism and will likely fail. Tensions can arise from a backlash when cultural ethnocentrism is perceived by the employees in subsidiaries, and when language or national culture becomes a barrier to successful translation of a core value to local practice.

**Creating Global Mindset**. As we have seen, a headquarters-centric mindset presents a serious obstacle. Therefore, developing leaders from *both* subsidiaries and the headquarters with a global mindset is critical for creating and maintaining a strong global culture. Executives with a global mindset are more open to multiple cultural realities and better able to mediate and integrate values and practices from diverse cultures.[[7]](#endnote-6) These executives can serve as global champions and transform organizational culture by challenging ethnocentric ‘wisdom’, introducing ideas drawn from multiple spheres of culture and meaning, and bridging and synthesizing across these spheres. For example, the Head of the Brazilian subsidiary of the Dale Co. influenced the evolution of the company towards a global culture. He broke the prior organizational culture of being closed and almost ‘paranoid’ about outside organizations and people, and secretive regarding company information, by joining and becoming chairman of the local Chamber of Commerce, giving press interviews, and creating a more open environment. Through advocacy at both headquarters and elsewhere in the firm, he helped transform the company by exemplifying a global mindset.

This indicates the necessity of reviewing the company’s global leadership development process for the degree to which it helps develop global mindset in top and middle managers. Is the development system inclusive, transparent and experientially based? Does it help build cultural intelligence as well as cognitive complexity? Most importantly, does it recruit potential global leaders from throughout the MNC’s global network, or largely from the home country operations?[[8]](#endnote-7)

**Unique Challenges**

Developing a strong global culture presents different challenges for each cultural type. For the Disoriented Culture, there may be no existing island of strong culture, so the process must start further back with the creation of a unifying vision of the company and an identification of the core supporting values for that vision. The Disoriented Culture is the manifestation of deeper issues that cannot be addressed by cultural means. But certainly, the company needs to act, and to act fast.

Outposts have one or more successful cultural hubs in place. Assuming that the values of these cultural hubs are consistent with where the firm needs to go in the future, they should become a major force in the cultural transformation. If the firm is pursuing a global or transnational strategy, an Outpost pattern means that the majority of its operations works in isolation and may also be disoriented. Like the Disoriented cultural pattern, this situation requires a major intervention, but the firm should rely on its successful subsidiaries to jumpstart or lead the process.

With the Spearhead pattern, corporate headquarters is too dominant and there is a need to bring on “partners” from throughout the organization by establishing additional cultural hubs that are diverse and multicultural. Even if the corporate headquarters’ personnel is itself diverse and multicultural, there is still a need to reach out to other organizational units to overcome the dominance of headquarters culture. For a firm that follows a transnational or global strategy, there is a need to create a multilayered culture that strikes the right strategic balance between shared culture and localized cultures and between the role of the corporate headquarters and subsidiary management.

Finally, if a firm is fortunate to have a Global culture pattern, fine-tuning is always in order. Strong global culture requires ongoing maintenance and mediation work as the cultural layer of shared core values and policies may pull in different directions from the cultural layer of localized practices, and indeed sometimes collide. In addition, strong global culture requires a continual check on whether the culture is still in sync with strategic objectives and ongoing changes.

**Conclusions**

The journey towards a strong global culture has many rewards. In addition to the many benefits enumerated at the beginning of this article, our research and that of others shows that shared culture can also lead to employees feeling more committed and engaged with the company’s goals. This means, though, that creating disengagement by imposing headquarters-centric corporate culture must be avoided, and that diversity is incorporated in a real and authentic way. Both centralization and decentralization can lead to cultural fragmentation and antagonism in global firms.

The journey is also fraught with dangers. Some of the pitfalls to avoid include thinking that the task of creating cultural integration belongs to corporate management only, rather than as a responsibility to be shared across the corporation. The decision of which values truly contribute to competitiveness and need to be shared, and which can be localized, is difficult and often subjective, making the inclusion of numerous voices even more crucial. Balancing between celebrating the differences between units and continuing to insist on sharing what is truly important, and deciding where to put your energy, requires the skills of a tightrope walker, constantly correcting against leaning too far in either direction. And finally, national culture still counts. While the lens we propose here does not explicitly focus on national culture, recognizing that international companies are terrains where multiple cultural identifies interface is crucial, as it manifests itself in the process of localizing values and must be successfully managed. But in the end, creating a strong global culture leads to sustainable, ongoing global competitiveness, making the journey worthwhile indeed.

**Box: About the Research**

In our research, we studied the organizational culture of 10 multinational companies headquartered in Asia-Pacific, Latin America, the Middle East, and North America. At each company, we studied the corporate headquarters and at least two overseas subsidiaries. The ten companies are in the financial and other services, high technology, pharmaceutical, chemical, and telecommunication industries, and vary in their international experience as well as in their size (from 1400-188,000 employees).

The research was organized into two parts. In the first part, we conducted about 250 interviews with line and HR executives at the corporate headquarters and participating overseas subsidiaries. The interviews were conducted in Australia, Brazil, Ireland, Israel, Japan, Mexico, the Netherlands, Philippines, Singapore, Spain, Switzerland, Thailand, the United Kingdom, and the United States. We asked executives about the characteristics and strength of the corporate culture across geographic locations, and how the culture affected the ability of their company to implement its global strategy, and about the impact of HRM policies and practices on their global competitiveness.

In the second part of the study we surveyed more than 4,000 employees in these firms to assess the organizational culture in both the headquarters and overseas subsidiaries of each of the companies, in a total of 38 locations worldwide. We used native language questionnaires in all locations, except for the Philippines and Thailand as English is the common language used within these affiliates and all respondents spoke English. This method of data collection improves on past research by measuring shared organizational culture using a large sample at each unit, rather than a single respondent per location.

Organizational culture was assessed on four dimensions: a sense of purpose and strategic direction; adaptability to changes in the external environment; involvement in the firm; and a sense of sharing a consistent and well-coordinated set of practices.[[9]](#endnote-8) In the analysis, we first evaluated the cultural profile of each location. Second, we compared between locations and evaluated the extent to which the company had a shared global culture across country operations using a series of one-way of analysis of variance (ANOVA) with the cultural dimension as the dependent variable and locations as the independent variable. The ANOVAs were followed by Tukey post hoc paired comparison analyses. These analyses showed that there were significant and often large intra-firm differences along each of the four dimensions of culture as well as overall significant cultural differences. For example, the results of Convive, our Spearhead case, showed that while the corporate headquarters scored high on each of the cultural dimensions, overseas subsidiaries scored significantly lower.

**Box: Sample Diagnostic Questions**

*To assess your company’s global corporate culture, evaluate the cultural patterns of corporate HQ and home country operations and of overseas subsidiaries using “high” or “low.” If most subsidiaries exhibit similar patterns, evaluate them as a cluster. But if one or more of your subsidiaries exhibit different patterns from most others, then rate these subsidiaries on a separate column.*

People here are highly involved in their

work

8

.

People here understand the local strategy

7

.

People here understand the global strategy

6

.

Some of the ways we do business here

have been incorporated into the global

culture of this company

5

.

People here have a clear shared mission

that gives meaning to their work

4

.

People here feel that there is a mission

held in common throughout the company

3

.

People here feel there is a clear set of

values that is shared across the entire

company

2

.

People here share a vision of the

company

’

s future

1

.

***High***

***Low***

***High***

***Low***

***High***

***Low***

**Overseas**

**Subsidiary(s)**

**Overseas**

**Subsidiary(s)**

**Corporate**

**HQ**

***If on most questions...***

*—Both Corporate HQ and subsidiaries rated high, you likely have a Global culture*

*—Corporate HQ rated high and the subsidiaries low, you have a Spearhead culture*

*—Corporate HQ rated low and at least one subsidiary high, you have an Outpost*

*culture*

*—Both Corporate HQ and subsidiaries rated low, you have a Disoriented culture*

**References**

1. ♣ This paper contains material based upon work supported by the National Science Foundation under Grant No. 0080703. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the authors and do not necessarily reflect the views of the National Science Foundation. [↑](#footnote-ref-2)
2. ♣ This paper contains material based upon work supported by the National Science Foundation under Grant No. 0080703. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the authors and do not necessarily reflect the views of the National Science Foundation. [↑](#footnote-ref-3)
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4. Accenture Annual Survey, 2007. See also Bain & Company's Management Tools & Trends 2007 that found that “…softer management issues, such as corporate culture, environmental protection and knowledge management, have now moved to the forefront of executive thinking…” Similarly, PriceWaterhouseCoopers’ 10th Annual Global CEO Survey found that “bridging the cultural gap” within companies ranks among the top concerns of CEOs. [↑](#endnote-ref-3)
5. Here we distinguish between four principal strategies: international, multi-domestic, global, and transnational. A company that pursues an  *international strategy* uses its core competency or the firm specific advantage it developed at home as its principal competitive weapon in foreign markets with no adaptation to local markets. *Multi-domestic strategy* represents an approach where headquarters delegates considerable autonomy to country managers to operate relatively independently and pursue local responsiveness. *Global strategy* represents an approach where headquarters seeks substantial control over its country operations in an effort to minimize redundancy and maximize efficiency, learning and integration worldwide. *Transnational strategy* is a coordinated approach to internationalization whereby the firm strives to be more responsive to local needs while retaining sufficient control of operations to ensure efficiency and learning. See S. T. Cavusgil, G. Knight and J.R. Riesenberger, “International Business: Strategy, Management and New Realities,” (Upper Saddle River, N.J: Pearson-Prentice Hall, 2008); R. M. Steers and L. Nardon, “Managing in the Global Economy,” (London: M.E. Sharpe, 2006). [↑](#endnote-ref-4)
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