Challenges of Intercultural Management:  
Change implementation in the context of national culture

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ABSTRACT
This keynote address considers change implementation in the globalizing business environment in the context of culture. Organizations seek ways to cope with new situations in order to survive and be competitive. The primary strategic challenge in multicultural change processes is managing and implementing change successfully. The paper discusses the means of creating readiness for change and challenges they present to intercultural management.

Keywords: Change, coping, culture, intercultural, implementation, middle management, readiness

1.0 Introduction
Sustaining competitiveness force business organizations to adapt major changes and seek strategies that may be realized in varying, different cultural environments. This presents challenges to multicultural management, in general, and change implementation processes, specifically. Change implementation does no more concern organizational culture only. It is also dependent on understanding different national cultures and having behavioural skills accordingly.

Organizations face, thus, constant challenge of change in management (Ascari, Rock & Dutta, 1995). Economic and social forces create a necessity for internal changes in organizations. Globalizing marketplace and fast technological changes force organizations to be superior and be proactive in identifying and evaluating impacts of change (Paton & McCalman 2003). In today’s turbulent work environment, change is a means to keep in competition, to renew continuously organizational structures, directions, and capabilities for customers, employees, and owners. The primary managerial challenge of coping with continuous change is managing and implementing change successfully.

Changes in economic and social environments are not the only cause of challenges in organizations. National cultures also have an influence on the organization’s activities and operations (Sackmann 1997). Local employees represent a culture that contains typical elements and aspects of national culture, for example values, ideologies, norms and beliefs, and they have an impact on organizations’ activities and operation because they are brought along to the workplace by local employees. (Miroshnik 2002). Such elements also influence the organizations’ ability to implement change, especially from leadership and HRM point of view (Sackmann 1997).

Both the business environment and national cultures put pressure on organizations. National cultures influence organizations’ ability to succeed in change implementation processes. Employees’ national culture can have positive influences, such as readiness and support, or a negative influence, such as resistance, on change management and the change implementation process. By taking people into consideration, together with the different elements and aspects of national culture in the change implementation process, the change could be carried out more successfully.

This paper examines the elements of change implementation that create readiness for change. In addition, the paper discusses the influence of national culture on change implementation in the global business context. The findings are presented also from the case study made in the Finnish business organization operating in northern China. Data was gathered by interviewing local middle managers in the globally operating business organization. Therefore, the paper contains partly discussion about the factors that emerge from local, national (Chinese) culture and their influence on change implementation and intercultural management more broadly.
2.0 Change Implementation in the Context of Culture

In this paper, Pettigrew’s model (1987) of change is applied as the main approach for analysing change implementation in the case study (see Figure 1). Moreover, the elements defined by Cummings and Worley (2005), Kotter (1996), and Burns(1996) are also utilized somewhat. The main purpose of Pettigrew’s approach is to understand change as a multilevel and continuous process in the context where leadership and management are understood as a function that guides, supports and motivates personnel to accept and to carry out the changes in the organization. Pettigrew concludes that change can be managed in organizations by understanding the origins of change, by developing the change process and by implementing the change. Implementation of major changes and transformation in organizations can be successful if the context, the content and the process of change have been considered and the inter-connections between those three categories have been analysed. Pettigrew’s model is a quite broad and describes the key dimensions in change implementation process providing the basic framework for analysing change process. Pettigrew discovered that change implementation can only succeed if the purpose of change and the goal of change have been understood. In addition, the change process must also be developed and a suitable environment for the change must be created.

Figure 1. Framework of the Case Study (Applied from Markkanen (2007), and from Pettigrew (1987).
Moreover, implementing change in a global business life brings necessarily the context of culture in focus. The cultural context of an organization is extensive. This paper looks national culture as an influential factor in multinational change implementation. National culture has been reviewed by many researchers and there are plenty of different approaches to specify and view it. One of the best-known approaches to the cultural differences of nations is mainly applied here presented by Hofstede (see, e.g., also Trompenaars, 1995 & Usunier, 1998). Hofstede (1991) has discovered the layers of culture and dimensions that provide a descriptive approach to national culture. According to Hofstede, the most important differences that could explain employees and managers’ behaviour and attitudes are the following four dimensions: power distance, uncertainty avoidance individualism vs. collectivism, and masculinity vs. femininity. The four dimensions determine national value systems that affect not only individuals’ behaviour, actions and working methods but also the development of organizations. There is also interaction between individuals and organizations. The framework of the study is illustrated in Figure 1.

3.0 Research Methodology and Data

The research data were collected by interviewing selected people. In the case study, the interviews were carried out as individual interviews. One objective of individual interviews was to receive opinions, feelings and experiences more efficiently and openly than in a group interview situation. Moreover, choosing individual interviews, the objective is to prevent possible confrontations between group members and combinations in hierarchical dominance that may influence responses (Hirsjärvi & Hurme 2001).

Five interviews were carried out during this research. The interviewees were selected from the case-study organization located in northern China and they represent middle management. They have good educational backgrounds and extensive knowledge of change management. The five interviewees have worked in the organization for at least one year and their tasks are strongly related to change management within the organization.

The following main research questions guided data collection:

- What are the factors creating change readiness (perceived by interviewed middle managers) in the context of change implementation in the case organization,
- How do managers perceive the impact of national culture on change implementation?

Each interview was examined and analysed theme by theme in the card index. Themes were separated from one another by using consecutive numbers. Finally, the themes were analysed one at a time. During the analysis, it was easy to observe that some themes had to be structured, but some of the themes had to be merged as one concrete theme. After the analysis, the themes constituted the model that contained two main themes. Sub-themes were located under the main themes. The final themes are as follows:

1. Creation of readiness for change. This theme consists of six sub-themes that are planning and scheduling, commitment, roles and responsibilities, communication, resources, and motivation and involvement.
2. Cultural background. This theme is divided into two sub-themes that emerged from the interviews. The first sub-theme, national culture, contains four different factors: management and leadership, communication, change resistance, and society. According to the interviewees, these four factors should be taken into consideration in change implementation. The second sub-theme is organizational culture.

The key findings are presented next according to the two main themes.

4.0 Key Findings

4.1 Readiness for Change

The findings show that there are six essential factors that create readiness for change, motivate people to accept change, and sustain momentum. These elements enable change implementation eventually. The factors are as follows: planning and scheduling, commitment, roles and responsibilities, communication, resources, and motivation and involvement. By carrying out these factors, personnel are provided with accurate and relevant information. When personnel receive the information concerning change, they are able to overcome change resistance and they are also willing to contribute to the change implementation and be involved in the change. One of the most important points among these factors is the distribution of needed information about change. The research results highlight the importance of communication, motivation and involvement. In addition, change agents and necessary resources were discovered as significant elements in change implementation.
The research results pointed out the importance of continuous communication during change implementation; it can facilitate overcoming change resistance among people. Direct, two-way and face-to-face communication styles are considered the key elements toward successful change implementation. Two-way communication enables interaction between superiors and subordinates. Although decisions are made and guiding is done by superiors, the perceptions and opinions of personnel can provide important information for change implementation. The research results were in accordance with the perception of Young and Post (1993) concerning communication. According to them, two-way communication motivates personnel to be involved in the change process and face-to-face communication with superiors reduces the uncertainty that is created by change. In addition, they discovered that each organizational level is responsible for sufficient communication although the final decisions must be made by top management.

There are a number of different details in the research results that specify more accurately the creation of readiness for change. One of the details is the role of communication in conflict situations. Continuous communication is perceived to decrease conflict situations. The root cause of conflict should be found and defined by communicating with the people that are involved in the conflict. This builds trust and reciprocally increases openness.

Two other details that emerged from the results were the commitment of top management, and motivation. The commitment of top management is not only considered an important element in change implementation but also top management needs to know its role and responsibilities in the change implementation process. Otherwise, there will be a credibility gap and personnel will not become involved in change implementation. The commitment of top management can be viewed as one of the aids for motivation. The results further pointed out that personnel can be motivated by letting them know whether the change is going in the right direction and if the goals are achieved. Personnel can also be motivated if they know that they have contributed to the success of change implementation. It was noticed from the results that changes should be implemented by the organization’s own personnel. Hiring external change agents is not seen advisable because participation in change implementation, which is one of the most powerful motivators for people, could not be realized well by this implementation strategy.

4.2 Cultural Background

The research results emphasized that national culture impacts organizations’ activities, procedures, and management. As Miroshnik (2002) concludes in his research, there are elements such as values and social structures that emerge from national culture and directly influence organizations’ activities and procedures through their employees. Local people represent values of the national culture that creates their philosophy of life. They also bring along these values and beliefs to the workplace. This partially explains why the same activities are carried out differently depending on the country and national culture. In this research, the influence of national culture on the organization’s activities also became evident. The results showed that the communication between individuals showed low-interactive mode and was not quite two-way in nature, changes were resisted, and the existing ways operation was highly appreciated. Rules and instructions set by superiors were followed conscientiously.

In the research, the interviewees emphasized the importance of subordinates’ feedback concerning change plan and scheduling before the change implementation process. By giving feedback, subordinates can impact the direction of change implementation. This is a totally opposite statement compared with Hofstede’s (1985) opinion concerning large power distance cultures. According to him, subordinates are not allowed to provide any feedback or comments that might impact management’s decision-making; decisions are only made by management. It could be assumed that this may be a sign of a kind of cultural change.

Proactive behaviour during the change implementation process was not quite evident, as the existing and familiar activities were preferred. Although the change could bring along some benefits for people, they are reluctant to be involved in the change implementation process. Old processes and activities create safety and security because people know the current rules and instructions they need to follow. The research results are also consistent with Hofstede’s (1993) theory. According to him, in cultures where people try to avoid uncertainty they also resist change. In uncertainty avoidance cultures, the activities of organizations are based on structural and systematic operations. Uncertainty is tried to be eliminated by
setting rules and clear instructions. In change situations, however, this notion may be valid in human behaviour more or less cross-culturally.

Cultural differences between different parts of the nation emerged concerning, e.g., openness, decision making styles, flexibility. Some elements of individualistic culture could be discovered in the results. However, stronger conclusions cannot be made from the results because the interviewee for the case study represented a small group. There is another interesting element concerning the importance of national and organizational culture in the change implementation process that emerged from the research results. Although organizational culture is considered a strong force in change implementation and global rules and policies should be followed in the change process, it was easy to ascertain from the results that the influence of national culture is viewed as a factor that is stronger than organizational culture. The common, global rules and instructions, based on the organizational policy, are followed but they are, in any event, carried out by local people who represent the national culture. In such a case, national culture has the power over organizational culture.

In summary, the findings show that there are different elements that facilitate in implementing changes. The most important elements emerging from the study are related to the organizing of a change implementation process, and creation of readiness for change with six factors mentioned above. It is vital to have a specific change plan and schedule during the preparation phase. Resources, roles and responsibilities are considered important starting points for change implementation. The study provides interesting results: during the preparation phase, feedback from people concerning the current situation

![Diagram of Change Implementation Process](Figure 2: Perceptions of the Interviewee in the Change Implementation Process in the Case Study (Markkanen, 2007).)
and the effect of upcoming change should be emphasized. It is also important to create a support plan and evaluate supporting resources before change can be implemented.

National culture has a great impact on the change implementation process in many ways. Four key factors based on national culture emerged from the interviews. They are the following: management and leadership, communication, change resistance, and society-related factors. Each interviewee emphasized that these factors should be taken into consideration when changes are planned to be implemented in an organization influenced by local culture. In this case, national culture is looked from the point of view of local (Chinese) culture. Figure 2. summarizes the key findings.

5.0 Summary and Conclusions

This keynote paper has considered change implementation in the global business environment and the influence of (local) national culture. Sustaining competitiveness force business organizations to adapt major changes and seek strategies that may be realized in varying, different cultural environments. This presents challenges to multicultural management, in general, and change implementation processes specifically. This paper has dealt with the key factors for creating readiness for change and the influence of national culture on change implementation by presenting also findings from the case study. Finally, implications are made to intercultural management.

The findings show that there are six essential factors that create readiness for change, motivate people to accept change, and sustain momentum which seem to enable successful change implementation. The factors are as follows: planning and scheduling, commitment, roles and responsibilities, communication, resources, and motivation and involvement. By carrying out these factors, personnel are provided with accurate and relevant information. Information concerning a change process, they are able to overcome change resistance and they are also willing to contribute to change implementation and be involved in the change. One of the most important points among change factors is the distribution of needed change information. The importance of preparing for the change implementation was also emphasized in the findings.

Furthermore, the case study findings point out the importance of continuous communication during change implementation; Direct, two-way and face-to-face communication styles are considered the key elements toward successful change implementation. Two-way communication enables interaction between superiors and subordinates. The importance of subordinates’ feedback concerning plans for change and scheduling before the change implementation process was also highlighted.

In conclusion, change is considered a process whose implementation requires specific actions and steps in an organization. The change implementation process needs to be planned and scheduled in order to receive total commitment from top management. The goals and the change plan need to be communicated to people and the need for resources should be evaluated. It is essential to define roles and responsibilities in order to create employee motivation and involvement. Finally, according to interview data, it is evident that, in a global organization, national culture has impact on change implementation locally, i.e., the organization’s activities, procedures, and management. Four key factors emerged: management and leadership, different styles of communication, change resistance, and society related factors. The national and organizational culture is seemingly intertwined in change implementation.

6.0 Implications

The key change factors mentioned above need to be taken into consideration in changes of any scale, importance or impact. This requires development of change leadership skills with intercultural orientation, in specific. Finally, according to the case study, intercultural management is a special challenge for managers in a globalizing business life. Change implementation does no more concern organizational culture only. It is also dependent on understanding different national cultures and having behavioural skills, accordingly. Therefore, the key challenge will be to develop managerial change leadership skills as well as the employees’ competencies for managing diversity more effectively in multicultural workplaces in the future. Further research is needed to increase understanding of this globally mutual and more and more important issue.
References


Author’s Background

Professor Taina Savolainen is Finland’s leading expert in quality management. She is Professor of Management and Leadership at the University of Joensuu, Finland. She has held Professorships of Quality Management in several Finnish universities. Prof. Savolainen is specialized in organizational change, leadership, quality, and development issues. Her doctoral thesis was a groundbreaking study in Finland and is of international significance. In recognition of Savolainen’s outstanding doctoral thesis she was nominated for the European Award for Theses on TQM by the EFQM. Prior to taking up her academic appointments, Taina Savolainen has worked for years as a corporate adviser in the Ministry of Trade and Industry. She has been extensively involved in management training for both private and public sector organizations, and is chief examiner of the Finnish Quality Award (EQA). She is also CEO of the family business, TQM Finland Ltd., who specializes in organization development and quality management training and consulting, and has spoken on managerial leadership and quality management at seminars and conferences around the world.