Chapter 17: The Culture of Global Organizations

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Introduction

Globalization has accelerated the emergence of new forms of multinational enterprises (MNEs), which operate across geographical borders and require high levels of cross-national interdependence and cross-border flow of products, technology, capital, and people. As such, MNEs now play a central role in the global economy (Bartlett & Ghoshal, 1994; Govindarajan & Gupta, 2001) and have strong implications for individual employees working in such contexts. Employees of MNEs need to communicate and coordinate their activities with other employees and managers who bring into the organization a mosaic of cultures with no one common shared meaning system that enables them to understand each other and to correctly interpret fellow employees’ behavioral responses. Sharing common meanings, values, and codes of behaviors can facilitate their communication and improve the coordination of their activities. We propose that one such form of a macro-level shared meaning system formed beyond the level of national cultures is a global work culture. We define a global work culture as the shared understanding of the visible rules, regulations, and behaviors, and the deeper values and ethics of the global work context (Shokef & Erez, 2006).

How this global work culture evolves and what differentiates it from local-domestic cultures is a question that has not yet been answered. Therefore, one objective of this chapter is to identify the characteristics of the global work culture and to differentiate these characteristics from the organizational culture of domestic organizations nested within local national cultures. The second objective of the present study is to explore how MNEs balance their global work culture with the local national characteristics of their diverse work force.
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The Nature of Multinational Enterprises

Unlike domestic organizations, MNEs are geographically dispersed and multicultural (Bartlett & Ghoshal, 1992; Miroshnik, 2002). By operating beyond national cultures MNEs create a new work environment, which generates its own rules of conduct. Therefore, MNEs are not only the product of globalization, they are also the carrier of globalization. MNEs are defining, creating, and distributing values across the globe, and for this reason they are considered to be one of the most important institutions of modern societies, as they are more than just businesses (Bartlett & Ghoshal, 1994).

The process of globalization accelerates due to advances in telecommunication and a rapid increase in economic and financial interdependence among cultures and world regions (Arnett, 2002). It leads to greater interdependence among economic, political, and social units in the world (Guillén, 2001), and brings cultures to influence one another through trade, immigration, and the exchange of information and ideas (Arnett, 2002). While there is also a strong opposition to globalization by third world countries that have been hurt by destabilizing effects of globalization, and by some Western countries that lose professional jobs to low-wage countries as a result of off-shoring, globalization is still the most significant change that has influenced the world economy as we enter the third millennium (Leung, Bhagat, Buchan, Erez, & Gibson, 2005).

MNEs that operate in the global business environment are commonly classified based on their emphasis and balance between global integration and local responsiveness (Bartlett & Ghoshal, 1989; Ghoshal & Nohria, 1993; Miroshnik, 2002). Global integration, at its extreme, means treating all employees and customers as having homogeneous tastes and meanings, overlooking the need to address national differences. Conversely, local responsiveness, at its
extreme, means complete differentiation and acceptance of national divergence in standards, regulations, and customer tastes, addressing each market uniquely (Hodgetts & Luthans, 1997). Three types of organizations operating in the global work context are commonly discussed in the literature: multinational, global, and transnational organizations. *Multinational* organizations are characterized by strong forces for national responsiveness and weak global integration (Bartlett & Ghoshal, 1989; Ghoshal & Nohria, 1993). *Global* organizations exist where the forces for global integration are strong and those for local responsiveness are weak (Bartlett & Ghoshal, 1989; Ghoshal & Nohria, 1993). Finally, *transnational* organizations strongly emphasize both global integration and local responsiveness (Ghoshal & Nohria, 1993). In such organizations the subsidiaries depend on the multinational system (Kobrin, 1991), yet in parallel, the organization respects and utilizes the differences between countries (Daniels & Radebaugh, 1998). Miroshnik (2002) further distinguished between organizations by their level of international activity, geographic dispersion, and multiculturalism. *Local-domestic* organizations are located in one country, with no geographic dispersion, and are mono-cultural. There are also *domestic* organizations with some international involvement (e.g., importing or exporting) operating internationally to serve their global clients (Abbas, 2000). Another type is that of *international* organizations trading in a smaller number of countries than global, multinational, or transnational organizations. Figure 1 presents the various types of organizations.

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While there are different types of organizations operating in the global work environment, they are all embedded in the global context and therefore, they need to adapt to similar
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cultural characteristics and share the same meanings with respect to at least some of the
cultural characteristics of the global work culture. In this chapter we generally refer to these
organizations as MNEs, and examine how they generate a globally shared meaning system, and
how they balance global integration with local responsiveness. In the next sections we present
the concept of culture and develop the construct of a global work culture as a unique form of
MNEs’ organizational culture.

Culture as a Multi-Level Dynamic Construct

Culture is often defined as a set of shared meaning systems (Shweder & LeVine, 1984), a
set of mental programs (Hofstede, 1980), or a shared knowledge structure that results in decreased
variability in values and behavioral patterns (Erez & Earley, 1993). Culture is a multi-level
construct, with lower levels nested within higher levels of culture (Erez & Gati, 2004). Cultural
systems may be inclusively shared by members of sub-groups of an organization, by all
organizational members, or by all members of one nation. In the context of globalization and
MNEs, the global work culture emerges as the most macro-level of culture, shared by members of
MNEs, and of other international organizations and alliances, operating globally beyond national
boundaries (Erez & Gati, 2004). The global work culture is also represented within the individual’s
self-conception, and shapes that person's sense of belongingness to the global organization. We
define this sense of belongingness as the global identity, which is the “individual’s sense of
belonging to, and identification with multicultural teams operating in the global work context of
multinational organizations” (Shokef & Erez, 2006; p. 326). A person's global identity is one
expression of adaptation to the global work environment. In this chapter, we focus mainly at the
organizational level, examining MNEs’ adaptation to the global context.
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The global work culture is not the only shared meaning system that crosses national cultures. Another shared meaning system is that of occupational cultures. Professionals belonging to the same profession or occupation such as medical doctors, or psychologists have common codes of ethics. They belong to the same institutions that cross geographical borders such as international scientific and professional conferences, reading the same scientific and professional journals, and adhering to similar codes of ethics. Such globally shared professional meaning systems characterize the global context, and they are not bounded by work organizations, whether domestic or global. While we recognize the existence of these other systems of values that cross national borders, in this chapter we mainly focus on the global work culture.

A Global Work Culture

A shared work culture can be formed at different levels, from the micro level of the group, through the meso level of organizations and up to the macro level of nations and beyond. It can also be formed by members of global organizations who transcend national and cultural borders in sharing a common understanding of what it means to operate in the global work environment (Erez & Gati, 2004). This level of culture is the global work culture, defined as the shared understanding of the visible rules, regulations and behaviors, and the deeper values and ethics of the global work context (Erez & Gati, 2004; Shokef & Erez, 2006).

Values of the Global Work Culture

While there are numerous typologies of organizational culture (e.g., Hofstede, Neuijen, Ohayv, & Sanders, 1990; O’Reilly, Chatman, & Caldwell, 1991; Patterson, West, Shackleton, et al., 2005; Quinn & McGrath, 1985; Quinn & Rohrbaugh, 1983; Rousseau, 1990), there is no existing typology of the global work culture. Therefore, we take a deductive approach and derive
global work values from the characteristics of the global work environment. We build this
approach upon the rationale that values are functional to adaptation to the environment
(Rokeach, 1973). Values convey what is good or bad, right or wrong, what should be rewarded
and what should be punished. From an ecological perspective cultural values are functional, as
they guide the members of a society to choose the most adaptable behaviors for their survival
(Berry, Poortinga, Segall, & Dasen, 1992). Accordingly, we suggest that the global work culture
represents the values that facilitate adaptation to the global work context. The characteristics of
the global work context are well documented in the literature (e.g., Appadurai, 2001; Friedman,
2000; Giddens, 2000; Govindarajan & Gupta, 2001; Guillen, 2001; Miroshnik, 2002; Thurow,
2003; see also Vora, Chapter 27).

First, the global environment of MNEs is highly competitive (Govindarajan & Gupta,
2001) as these companies compete with both domestic and other MNEs. Consequently, emphasis
on competitive performance orientation should be a major cultural value in this environment,
involving strong emphasis on customer orientation, quality and innovation (Kilduff &
Dougherty, 2000). Second, the global context is very dynamic, with high levels of uncertainty
(Appadurai, 2001). People and organizations operating in this context should have high tolerance
of uncertainty, and low needs for uncertainty avoidance, high flexibility, and openness to change
(McKinley & Scherer, 2000). Third, operating successfully in a geographically dispersed and
culturally diverse environment necessitates high levels of interdependence among organizational
units to assure that they all accomplish the shared organizational goals (Berson, Erez, & Adler,
2004; Bhagat, Kedia, Harveston, & Triandis, 2002; Leung et al., 2005; Naisbitt, 1994). Fourth,
the geographical and cultural distance between the MNE headquarters and its subsidiaries
weaken their relationships and their identification with the MNE. To overcome this weakness,
and to create links with local subsidiaries, MNEs adopt the value of organizational social responsibility to the local communities and to the physical environment in which they operate (Gradberg & Fombrun, 2006). Fifth, when members of one culture have limited or no familiarity with others, and when the likelihood of conflicting interests and misunderstandings are high, trust and ethics play a key role in creating smooth integration and communication among the various organizational branches, units and members. Building trust and ethical behaviors are facilitated by adherence to, and compliance with international agreements, laws, and standards that regulate MNEs’ activities beyond national borders (Friedman, 2000). Sixth, the culturally diverse workforce of the MNE, as well as their diverse markets and customers, promotes the value of openness to cultural diversity. Seventh, MNEs are dispersed organizations, and many employees within them never meet some of their colleagues, as their work environment is virtual in nature (Jarvenpaa & Leidner, 1999). Hence, individual employees may fear getting lost in such an environment, missing opportunities for being recognized and for growing in the company. Therefore, recognizing individual employees, creating opportunities for personal growth and career development seem to be highly valued in MNEs (Berson, Erez & Adler, 2004). Table 1 summarizes the prevalent characteristics of the global environment and the values predicted to be derived from them.

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While some of these values can be found in existing typologies of organizational culture, other values, such as the competitive aspect of outcome orientation, organizational social responsibility, openness to cultural diversity, and trust, have emerged directly from the global
work environment’s characteristics. These values can be classified using Rousseau (1990)’s distinction into three categories; task-related, interpersonal, and individual-related values.

**Task-Related Values**

Task-related values facilitate the sustainable competitive advantage of MNEs. Task focus refers to a concern for accomplishment and productivity (Hofstede et al., 1990; O’Reilly et al., 1991; Reynolds, 1986; Schein, 1992) stressing goals, feedback, and incentives (Pritchard, Jones, Roth, Stuebing, & Ekeberg, 1988), emphasizing efficiency and productivity (O’Reilly at al., 1991), time-to-market and cost-effectiveness (Bartlett & Ghoshal, 1992), getting things done, continuously developing products and services, and delivering them on time and at lower costs than competitors (Amabile, Hadley, & Kramer, 2002; Lewis, Welsh, Dehler, & Green, 2002; Miron, Erez, & Naveh, 2004). We include in this category the following global work values: *competitive performance orientation, quality, customer orientation, and innovation and change.*

*Competitive performance orientation.* Competitive performance orientation differs from simple outcome orientation, as it often appears in other culture assessment tools (e.g., House, et al., 2004). Outcome orientation per se is defined by House et al., (2004) as "the extent to which an organization or society encourages and rewards group members for performance improvement and excellence"(p. 25). On the other hand, competitive performance orientation emphasizes the importance of benchmarking the company relative to competitors and verifying that its performance level is always above its competitors (Fiegenbaum, Hart, & Schendel, 1996; Porter, 1985). Globalization has introduced a highly competitive environment, and global companies compete not only locally, but also globally (Bartlett & Ghoshal, 1992; Francesco & Gold, 1998; Govindarajan & Gupta, 2001). Therefore, competitive performance is a core value of global organizations.
Quality is a cultural value that emphasizes standardization, reliability, attention-to-detail, and conformity to rules and procedures (Detert, Schroeder, & Mauriel, 2000; Garvin, 1988; Miron et al., 2004; Prahalad & Krishnan, 1999). Quality has been emphasized in existing organizational culture typologies (e.g., O’Reilly et al, 1991; Rousseau, 1990). Its importance in the global environment is even greater, as MNEs need to adhere to international quality standards in order to trade in the global economy.

Customer orientation. The global environment is characterized by consumerism (Held, McGrew, Goldblatt, & Perraton, 1999; Sklair, 1991). Customer satisfaction is an important dimension of organizational performance, and is therefore crucial for organizational competitive advantage (Bartlett & Ghoshal, 1992; Detert et al., 2000; Fiegenbaum et al., 1996; Nahm, Vonderembse, & Koufteros, 2004). It is defined as the degree to which a company focuses on identifying its customers’ interests and satisfying them (Yilmaz, Alpkan, & Ergun, 2005). MNEs give priority to customer satisfaction over other stakeholders (i.e., shareholders, employees, managers) because without them the company has no justification for existing (Nahm et al., 2004). Organizations that provide value to their customers reach higher customer satisfaction, and are therefore, more likely to survive in a competitive situation (Kujala & Ahola, 2005). Customer satisfaction depends greatly on the fit of the service to customers' needs, and on the speed and quality of service. Hence, companies competing in the global market should be sensitive both to the tastes of their culturally diverse customers, and to the meaning of ‘good service’ in various cultures.

Innovation and change. Ideas about stability versus change and innovation are an integral part of many organizational culture typologies (Detert et al., 2000, O’Reilly et al., 1991, Rousseau, 1990). Changes in the competitive environment often force companies to innovate,
and come up with new products or services. Innovation is defined as the intentional generation, promotion, and realization of new ideas in order to benefit an organization (West, 1990). A proactive approach to innovation is an even more competitive stance, which forces other companies to adapt to one’s own initiated change and innovation (Kilduff & Dougherty, 2000; Miron et al., 2004). The global business environment faced by MNEs is characterized by rapid changes (Appadurai, 2001). Therefore, to be adaptive to changes, companies must be more flexible, open to changes (Friedman, 2000; Giddens, 2000; McKinley & Scherer, 2000), and develop a learning orientation (Brown & Eisenhardt, 1998; Yilmaz, et al., 2005). Emphasis on these values should be even stronger in MNEs, taking into consideration culturally diverse markets, customers, and competitors (Ely & Thomas, 2001).

Interpersonal Values

Our category of interpersonal values includes both interpersonal values, referring to the relationships between people in the organization, as originally proposed by Rousseau (1990), and also relations among organizational units, located in diverse cultures. Interpersonal values are more affected by local cultural environments and may, therefore, vary among different subsidiaries of a single MNE. We refer to two values that are salient in the context of the global environment: interdependence and trust.

Interdependence. Globalization is largely based on economic interdependence among nations. In organizational culture typologies this value is often defined as team orientation (Detert et al., 2000; O’Reilly et al., 1991). Whether individual or team work is highly valued depends on perceptions of how work is most effectively and efficiently accomplished (Denison & Mishra, 1995; Schein, 1992). The value of interdependence is embedded in a collectivistic orientation (Hofstede, 2001). Interdependence reflects collaboration and cooperation with others
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(teamwork) whereas independence reflects an individualistic orientation of separation between self and others (individual work). While local subsidiaries may differ in their emphasis on interdependence versus independence, at the global organizational level interdependence among geographically dispersed operations is of major importance. Indeed, several MNEs, including CSFB (Credit Swiss First Boston), Philips, and SK Corporation advocate the value of "one company", emphasizing the need to operate as one organization. Interdependence is required for maintaining the unity of the MNE (Friedman, 2000; Govindarajan & Gupta, 2001).

Interdependence shapes the relationships between subsidiaries and headquarters and affects the extent to which homogeneity in organizational practices is implemented across countries (Kostova & Roth, 2002; Rosenzweig & Nohria, 1994). Interdependence facilitates collaboration, coordination, and communication across subsidiaries and cultures (Berson et al., 2004), and therefore, constitutes an important MNE cultural value. We suggest that in the global work environment, teamwork as observed in typologies of organizational culture, takes the form of interdependence, including also dependency between organizational units.

Trust. MNEs of various forms, including international alliances, networks, teams within companies and communication between subunits, must all collaborate effectively across national boundaries in order to succeed. They need to manage inter-organizational relationships with customers, collaborators, competitors, governments, stakeholder, and others. This cannot be done without cultivating trust, which is crucial for communication, collaboration and negotiation (Earley & Gibson, 2001; Friedman, 2000; Giddens, 2000). Trust “concerns the willingness of one person or group to relate to another in the belief that the other’s actions will be beneficial rather than detrimental, even though this cannot be guaranteed” (Child, 2001, p. 275). In business relationships trust means having sufficient confidence in a partner to commit valuable
resources, such as finance and knowhow and to collaborate despite the risk that the partner will take advantage of this commitment (Child, 2001).

A culture of trust provides a safe environment, especially in situations of working across large distances using modern communication technologies. In such situations tasks are often fluid and emergent, roles are less clear, and there is less direct supervision and fewer social controls. People of different cultures work together but know less about each other’s situations and contexts, and therefore, may misinterpret each others’ actions (Davison & Ekelund, 2003). Trust helps people avoid negative interpretations of cultural cues, because they assume that their counterparts share the same goals, and are supporting their efforts to accomplish them. Cultures of trust are based on fairness, integrity, and honesty (Friedman, 2000). Trust develops in the presence of official laws and regulations guaranteeing the rights of all partners, and in the presence of continuously positive experiences indicating adherence to these laws and regulations (Child, 2001). Transparency is another important factor in building trust, since it reduces ambiguity and uncertainty about the true intentions of other partners. It facilitates smooth interactions among members of different cultural backgrounds (Friedman, 2000). Trust facilitates knowledge transfer, and the implementation of organizational practices (Kostova & Roth, 2002; Nahapeit & Ghoshal, 1998), which further reinforce the development of trust.

Emphasis on trust as an important component of an organizational culture is not a new phenomenon (e.g., Child, 2001; Detert et al., 2000; O’Reilly et al., 1991; Rousseau, 1990; Schein, 1992). Yet, in the complex, dynamic, and high-risk environments faced by MNEs, where people often work together without ever meeting face-to-face and without sharing the same meaning system, cultivating trust is even more important, difficult to develop and easy to destroy, thus it receives more prominence in the global work culture.
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**Individual-Related Values**

An orientation toward people within organizations has a long history in organizational culture research (Detert et al., 2000; Hofstede et al., 1990; O’Reilly et al., 1991; Reynolds, 1986; Rousseau, 1990; Schein, 1992). Individual-related values focus on the well-being and development of people in an organization, and are often expressed through human resource development, open communication between top management and employees, and commitment to, and respect for employees (Beatty, 1988; Bowen & Schneider, 1988). While in existing organizational culture typologies individual orientation refers mostly to personal growth, self-expression, and freedom (Rousseau, 1990) we suggest that individual-related values in MNEs take on additional meanings, reflecting the complexity of MNEs and their highly diverse workforce and customers. Individual-related values also reflect openness to cultural diversity, given the diverse workforce of the MNE. Furthermore, it also takes into consideration the culturally diverse communities to which their employees belong, as shown by taking social responsibility and investing in the welfare and well-being of the employees’ communities. Finally, consideration of local communities also touches upon environmental issues, and the protection of nature. Therefore, we suggest that individual-related values include: *personal development, openness to cultural diversity, and organizational social responsibility.*

**Personal development.** The value of personal development (commonly known as people orientation) is not unique to the global environment; however, we suggest that it may have additional aspects in MNEs. Employees strive to have a positive self-view and they interpret managerial practices as facilitating or inhibiting opportunities to experience self-worth and well-being (Erez, 1997; Erez & Earley, 1993). The interpretation of the same managerial practice as contributing or not to a person’s sense of self worth and well-being may vary across cultures.
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Therefore, showing respect for local national cultures, and authorizing discretion to local subsidiaries in implementing management practices increase the likelihood that employees will interpret the managerial practices as congruent with their sense of self-worth and well-being. Moreover, individual attention to employees, recognition of their needs, abilities and accomplishments are most important in MNEs as employees often tend to fear they may get lost in such virtual and huge organizations (Berson, Erez & Adler, 2004).

*Openness to cultural diversity.* The cultural diversity of MNEs is embedded in their structure, as they consist of multicultural subsidiaries. The high diversity of the global environment is an outcome of the influx of meanings, people, and goods, as well as of the increased interconnectedness of various local cultures (Beynon & Dunkerley, 2000; Cvetkovich & Kellner, 1997; Hannerz, 1990). Attention given by MNEs to cultural diversity is important because the interconnectedness across countries increases their exposure to distinct cultural, institutional, legal modes of operation, values, and beliefs (Beret, Mandez, Prapaonairs, & Richez, 2003), all of which can hinder or promote their business. For organizations, diversity means that their market share, efficiency, human capital, international competitiveness, and level of innovation, partially depend on their ability to manage a heterogeneous workforce effectively both within and across organizational boundaries (Barker & Hartel, 2004; Dass & Parker, 1996; Hartel, 2004). For these reasons we assert that the value of openness to cultural diversity, new to organizational culture typologies is of major importance for MNEs.

Openness to diversity refers to the degree of receptivity by individuals, groups, and organizations to perceived dissimilarity. In national and organizational cultures that are open to diversity, differences are viewed positively and as an opportunity for learning. In contrast, in cultures not open to diversity people reject alternative viewpoints and resist other perspectives
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(Hartel, 2004). Awareness of cultural variations and openness to cultural diversity are crucial for effective cooperation across cultural borders (Govindarajan & Gupta, 2001; Maznevski, 1994). As the globalization process continues, managers in MNEs are required to truly understand the cultures of others (Sullivan, Mitchell, & Uhl-Bien, 2003). Although there is a growing body of research on cultural diversity (Özbilgin, Chapter 23), the cultural value of openness to cultural diversity has not yet been incorporated into typologies of organizational culture.

Organizational social responsibility. Organizational social responsibility reflects the need of the MNE to relate to the local communities of the workforce within their culturally diverse subsidiaries. International law enforces certain policies on the MNEs, preventing them from taking advantage of less developed countries, polluting their environments, treating their workforce as sweatshops, etc. Companies’ reputations are strongly affected by their stakeholders’ perceptions of their recognition of environmental (Christmann, 2004) and social issues. Organizational social responsibility requires organizations to pay attention to everyone in the community who has a stake in what the company does (Frederick, 1998). It is the contribution that a company pays to society through its core business activities, its social investment, and philanthropy programs (Gradberg & Fombrun, 2006). Although there is a growing body of research dealing with organizational social responsibility and corporate citizenship, definitions and dimensions of the concept vary (Gradberg & Fombrun, 2006). There are four basic types of organizational social responsibility: economic (producing goods and services at a profit), legal (obeying the laws while trying to make a profit), ethical (behaving in accordance with societal norms not embodied in law), and discretionary (going beyond other responsibilities and acting as a societal institution in a philanthropic way (Burton, Farh, & Hegarty, 2000; Carroll, 1979). Most frequently, the concept of organizational social
responsibility is associated with philanthropy programs, support for community education and health, and protection of the environment (Gradberg & Fombrun, 2006; Wood, 1991).

**An Empirical Examination of the Global Work Culture Value Typology**

Martin (1992; 2002) distinguishes between integration and differentiation research perspectives on culture. Integration refers to the characteristics that are shared by all members of an organization. Differentiation aims at identifying sub-cultural boundaries. In our approach to global work values, we combine both perspectives. In terms of integration we suggest that higher consensus across national cultures for some values recognizes them as global values, while differentiation between nations for other values indicates their being more influenced by national characteristics.

In theory, we expect some variation in the level of homogeneity with respect to the three groups of values included in our proposed typology. Previous research has shown that task-related values and managerial roles are more homogenously shared across cultures, whereas managerial roles that focus on interpersonal relationships are less likely to be homogeneously perceived across cultures (Berson et al., 2004). The latter are more strongly shaped by local cultures. Based on the research literature we expect the highest level of agreement across cultures on task-related values as these are assumed to be homogeneously crafted by the MNE. The lowest level of agreement is expected on the individual-related values which are more strongly shaped by local cultural values, with interpersonal values in between, as the latter are also influenced by local national cultures (Zaccaro & Klimoski, 2001).

A recent large scale study conducted by the authors provides some empirical support for the proposed typology of global work values and for their differential level of homogeneity.
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across cultures (Shokef, Erez & DeHaan, 2007). Participants in this study were 392 employees of one large MNE from its subsidiaries located in Israel, Italy, Singapore, and South Korea. Participants were from all organizational ranks and varied in their level of global work involvement. A measure of global work values was developed, based on the proposed typology. The measure assessed the emphasis given by the organization to 52 work values (Shokef, Erez, & DeHaan, 2007).

Results supported the internal construct validity of the measure, yielding nine factors corresponding to the nine values identified above, and further categorized into two second-order factors of task-related values, and interpersonal and individual-related values. In order to test the level of agreement for each of the obtained values we used three criteria: First, the level of measurement equivalence (Vandenberg & Lance, 2000) across nations for each value was tested using multi-group confirmatory factor analysis (Jöreskog & Sörbom, 1993). This analysis permitted sequential tests for three levels of measurement equivalence: configural, metric, and scalar invariance (Steenkamp & Baumgartner, 1998) simultaneously in all groups. Simply put, configural invariance refers to the similarity in the items composing each factor across countries. Metric invariance refers to similarity not only in the items composing each factor but also in the proportional effect of each item (i.e. item loading). Finally, scalar invariance is found if the starting point (i.e. intercept) is similar across countries. Only if scalar invariance is found can group means be validly compared (Steenkamp & Baumgartner, 1998; Vandenberg & Lance, 2000).

We interpreted the level of agreement across national cultures on each value, based on its obtained level of measurement equivalence. In theory, there could be a high level of measurement equivalence on a value whose mean importance is low, indicating that it is
perceived to be of low importance to the organizational culture of a multinational organization in all the sampled nations. Therefore, a second criterion for the existence of a global value was its high rank of importance within each country sample based on its mean score. The rank order of values has been used in other large scale cultural typologies (Hofstede, 1980; 2001; House et al., 2004). Finally, the third criterion of an agreement on a global value was the distance in rankings among the countries, with smaller distances among countries indicating higher levels of agreement. A value that meets at least two of these three criteria is considered to be global.

Our findings showed that the level of agreement varied for the different values. The three values with the highest level of agreement and importance were the two task-related values of customer orientation and competitive performance orientation, and the individual-related value of openness to cultural diversity. These three values are found to be the most global values out of the nine values identified. All three of them reached scalar or metric invariance, their level of importance was ranked high, and there was no significant difference in their ranking across the different national cultures. Competitive performance and customer orientation are the "bread and butter" of surviving global competition. Recognition of the diverse work force and openness to cultural diversity is a core global characteristic of the MNE. The meaning of these values and their importance are homogeneously shared by members of the MNE across its subsidiaries.

Values that received a moderate level of agreement and importance were: the task-related value of innovation and change; the interpersonal values of interdependence and trust; and the individual-related value of organizational social responsibility. The importance of these values is moderately shared across subsidiaries, indicating that local national values also influence the meaning and importance of these values. It is possible that in the more individualistic culture of Italy, the interpersonal value of interdependence is less highly endorsed than in the more
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collectivistic cultures of Singapore, Korea, and to some degree Israel. The relatively low level of importance and agreement on the value of innovation and change was quite surprising as this value is necessary for adaptation to the dynamic changes in the global business context, and for winning the competition with other companies. This finding deserves more attention from the top management team of this MNE in recognizing the importance of the value of innovation and change.

Finally, the values which were found to be most highly shaped by local national cultures, having a low level of measurement equivalence across cultures, and a relatively low emphasis by the MNE are the task-related value of quality and the individual-related value of personal development. One explanation to this finding is that "quality" as a value may be differently interpreted in Israel, which has a culture of low uncertainty avoidance, compared with Singapore and Korea where uncertainty avoidance is quite high, favoring the avoidance of short cuts and adhering to rules and standards. Differently, personal development, as expected, is mostly shaped by local national cultures, and therefore, there is a low level of agreement on this value across cultures. Furthermore, this value is less important for the MNE compared with other values. Therefore, more efforts should be exerted in cultivating this value and its implementation in line with respective local national values in the subsidiaries.

Summary and Discussion

Globalization is considered to have the strongest impact on today's economic development. Most definitions of globalization center on economic interdependence as shown by cross-border flow of three types of entities: goods and services, capital, and knowhow (Govindarajan & Gupta, 2001). Yet, the significant factor of the global labor force, and the flow
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of managers and employees across diverse cultures have been overlooked (Erez & Gati, 2004). Overlooking the human side of globalization and focusing solely on economic activities and technological advances may lead to the conclusion that the world is flat (Friedman, 2005), namely, converging towards similar economic rules and actions beyond national borders. Whether the world is flat, or not, is a question that attracts a lot of attention from researchers in multiple domains, ranging from international business to cross-cultural psychology and anthropology, from research into global institutions to one that focuses on cross-cultural variations (Redding, 2005). Both the institutional focus and the cross-cultural focus overlook the emergence of a new layer of a global culture, which provides a shared meaning system when cultures interface each other in the global work context (Gelfand, Erez & Aycan, 2007).

The main contribution of the present chapter is in formulating a framework that bridges the gap between cross-cultural research which emphasizes cultural differences, and international business research, which mostly ignores culture. The missing link, as proposed by the present chapter, is the global work culture that conveys a shared meaning system necessary for the operation of global institutions such as MNEs. This globally shared meaning system enables culturally diverse players in the global work context to ascribe similar meanings to their actions, and to coordinate their activities effectively towards the realization of institutional goals.

Secondly, the present chapter recognizes that players in the global work context are not separated from their local national cultures. On the one hand, they have a shared understanding of the actions taking place in the global context, but on the other hand, they retain distinct cultural meanings for actions that are not commonly shared with members outside their own local national cultures. Therefore, the present chapter explores how MNEs can balance the integration of global organizational values across their subsidiaries with local responsiveness to
the mosaic of cultures represented within their workforce (Bartlett & Ghoshal, 1994). While Bartlett and Ghoshal (1994) examined the balance of global integration with local responsiveness through the lenses of institutions and actions, we examine it through the lenses of culture.

Thirdly, this chapter builds upon ecological models of culture (Berry et al., 1992) and on the assumption that values are functional to adaptation to the environment (Rokeach, 1973). Along these lines, we deductively derived nine core values of the global work culture from the characteristics of the global work context, proposing that these values enable MNEs to survive in the globally complex, dynamic, geographically dispersed, and culturally diverse business context (Francesco & Gold, 1998).

The new typology of a global work culture differs from existing typologies of organizational cultures that were mostly developed in local organizations (e.g., O'Reilly et al., 1991). Unlike existing typologies the present nine value typology reflects the global work environment by emphasizing a different group of values, including customer orientation, competitive performance orientation, trust, openness to cultural diversity and organizational social responsibility.

Fourthly, we used a new methodology for assessing global organizational values, implementing three criteria: measurement equivalence; high ranking of importance across subsidiaries, and small distances in ranking across subsidiaries.

Fifthly, we have supported our conceptual framework by summarizing preliminary findings from an empirical study conducted in four subsidiaries of a large multinational organization. Three core global values met at least two of the three criteria of measurement equivalence, high ranking, and low difference among subsidiaries. These values were...
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competitive performance, customer orientation, and openness to cultural diversity. The meaning and importance of these values is commonly shared across all subsidiaries.

Sixthly, we further demonstrated that not all values are shared by all subsidiaries. Rather, some values have different meanings and different levels of importance in the four local cultures. Among these values are the task-related value of innovation and change, the interpersonal values of interdependence and trust, and the individual-related values of personal development and organizational social responsibility. While we expected to find a high level of consensus across cultures with respect to all these values, this was not empirically supported. Although innovation has been recognized as a necessary factor in winning the global competition (Bhagat, Kedia, Harveston & Triandis, 2002), this MNE failed to create a shared meaning of innovation across its subsidiaries. One possible explanation is that differences in the functional domains across the subsidiaries caused differences in the meaning and importance of innovation. Another possibility is that innovation means different things in different national cultures. For example, maintaining the core motives in Chinese painting along many centuries with some personal touch of the artist is considered to be innovative, while in the West innovation pertains to breaking out of the existing school of art and creating something different.

The interpersonal value of interdependence is another value that was more strongly shaped by local than global cultural values. We suggest that the level of collectivism versus individualism of local national cultures may explain the different interpretation and importance given to this value. Similarly, the individual-related value of organizational social responsibility seems to be more important to members of collectivistic cultures whose self worth and well-being is strongly influenced by their being part of the group. As expected, the individual-related value of personal development was highly shaped by local national values leading to low
measurement equivalence and low similarity in ranking across cultures. It gained higher importance in the individualistic culture (Italy) than in the collectivistic cultures (Singapore and Korea).

Finally, the variance across the nine values in their level of importance and homogeneity across cultures supports the principle of global integration with local responsiveness with respect to cultural values. Based on our empirical findings we conclude that MNEs find it easier to enforce global integration with respect to task-related than other types of values, enabling some flexibility with respect to the interpersonal values, and high flexibility with respect to the individual-related values.

Overall, the new construct of the global work culture reflects a new shared meaning system that is relevant for adaptation and survival in the global work context. The global work culture facilitates the co-existence and cooperation among employees in multiple subsidiaries located in diverse cultures and in dispersed geographical zones. This shared meaning system is dialectic in the sense that it maintains homogeneity with respect to some values while allowing for heterogeneity with respect to other values, reflecting the complexity of the institutional context of the MNE.

Future Research Directions:

The theory of a global work culture opens up new research avenues for future studies: First, the typology of global work values should be validated in other MNEs with headquarters located in various national cultures. The effect of the headquarters' national culture on global work values may influence the differences in global organizational cultures among multinational organizations.
Second, while this chapter recognizes the differences between values with high versus low levels of meaning equivalence across national cultures we did not specifically study how national cultures shape the variation in values of low meaning equivalence. Future research should investigate the moderating effect of national values on the meaning attributed to various global organizations' work values such as innovation and change.

Third, this chapter examines the globally shared meaning system with respect to organizational values, but we did not discuss the implications of values for enacted management practices. Future research should study the relationship between shared values and their implementation in organizational and management practices. Perhaps the variance at the implementation level is higher than at the value level, so that the same value could be enacted in different ways across national cultures.
References


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Table 1

*Global Values Derived from the Characteristics of the Global Work Environment*

<table>
<thead>
<tr>
<th>Characteristics of the Global Work Environment</th>
<th>Global Work Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globally competitive</td>
<td>⇒ Competitive performance orientation</td>
</tr>
<tr>
<td></td>
<td>⇒ Quality</td>
</tr>
<tr>
<td></td>
<td>⇒ Customer orientation</td>
</tr>
<tr>
<td></td>
<td>⇒ Innovation</td>
</tr>
<tr>
<td>Highly dynamic with high uncertainty</td>
<td>⇒ Openness to change</td>
</tr>
<tr>
<td></td>
<td>⇒ Learning orientation</td>
</tr>
<tr>
<td>Geographically dispersed and culturally diverse</td>
<td>⇒ Interdependence</td>
</tr>
<tr>
<td></td>
<td>⇒ Openness to cultural diversity</td>
</tr>
<tr>
<td></td>
<td>⇒ Trust and ethical behavior</td>
</tr>
<tr>
<td></td>
<td>⇒ Organizational social responsibility</td>
</tr>
<tr>
<td></td>
<td>⇒ Personal orientation - attention to individual employees</td>
</tr>
</tbody>
</table>
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Figure 1

*Types of Organizations Operating In the Global Environment*

![Diagram showing types of organizations operating in the global environment.](image-url)