2010

A Global Organizational Theory for the 21st Century

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Abstract

This paper was written to examine the evolution of organizational behavior and leadership as a

21st century discipline, as well as the four eras of contributing management theories and

paradigms. Ethnocentricism and parochialism, ethics, values, cross-cultural communication,

power, and politics are some issues addressed. Problem and purpose statements identify the

theory and respected theories and paradigms support the theory. Insights to ways of

implementing organizational change conditions (such as organizational development or training)

which predict success or failure for an organization and expands its mission are provided.

A Global Organizational Theory for the 21st Century

Numerous organizational behavior scholars are aware that to compete successfully in the 21st-century global economy, individuals, units, and firms will need to be innovative and willing to learn (Schermerhorn, Hunt, & Osborn, 2008) . Further, the GLOBE (Global Leadership and Organizational Effectiveness Research Program) is an organization studying organizations as they interact in global business, "examining the inter-relationships between societal culture, organizational culture, and organizational leadership" (GLOBE home page, 2010, para. 1). Their premise is based on the theory that leadership and cultural variables play significant roles in organizational behavior. It assumes that the "attributes and entities that differentiate a specified culture predict organizational practices and leader attributes and behaviors that are most often carried out and most effective in that culture" (Schermerhorn, Hunt, & Osborn, 2008, p. 273). This paper was written to examine the evolution of organizational behavior and leadership as a 21st century discipline, as well as the four eras of contributing management theories and paradigms. Global issues presented are ethnocentricism and parochialism, ethics, values, cross-cultural communication, power, and politics. Problem and purpose statements identify the theory and respected theories and paradigms support the theory. Recommendations to promote efforts toward global organizational change are offered.

Problem Statement

The problem on which this study is founded is that global organizations are faced with a multitude of demands based on the reality that peoples from diverse backgrounds bring their own values, attitudes, and beliefs that create unique global organizational challenges. Barriers blocking global organizational success include:

An overemphasis on vertical relations that can block communication up and down

the firm; an overemphasis on functions, product lines, or organizational units that

blocks effective coordination; maintaining rigid lines of demarcation between the

firm and its partners that isolate it from others; and reinforcing natural, cultural,

national, and geographical borders that can limit globally coordinated action

(Schermerhorn, Hunt, & Osborn, 2008, p. 436).

Purpose Statement

"In a time of increasing globalization, we need to better understand the influence of

cultural differences on how OB theories and concepts apply in different countries"

(Schermerhorn, Hunt, & Osborn, 2008, p. 7). The purpose of this paper is to highlight some of

the issues facing today's global organizations as they build cultures based in the diversity of the

people which make up the organizations.

Ethnocentrism and Parochialism

Ethnocentrism is the inclination to believe that one's own culture is superior to any other.

Parochialism is the assumption that one's own culture's ways are the right and only ways that are

correct (Schermerhorn, Hunt, & Osborn, 2008). These are expressions of values, attitudes, and

beliefs. Bowditch, Buono, and Stewart (2008) defined attitudes as "a predisposition to respond to

a stimulus (something in a person's environment such as an event, thing, place, or another

person) in a positive or negative way" (p. 57). Beliefs can be seen as perception, assumptions, or

convictions. Bowditch et al. (2008) used the term "schemas" to refer to the way individuals view

themselves and others. "People often use *schemas,* cognitive frameworks that systematize our

"knowledge" about gender differences, other people, situations, objects, and ideas that we

generate through experience, to organize effectively information about these phenomena" (p. 45).

Ethnocentrism, parochialism and other values, attitudes, and beliefs are manifested in an organization's culture. Schein listed three levels of culture: artifacts, espoused beliefs and values, and underlying assumptions. Artifacts are the physical aspects of culture from symbols, to reporting structure, to mission statements. Espoused beliefs and values are the messages that the organization projects that the organization believes defines it as an entity. Underlying assumptions are those beliefs that have become so engrained and interwoven into the way an organization behaves that they are the building blocks of what the organization believes is right and most effective.

Ethics and Values

Schermerhorn, Hunt, and Osborn (2008) discussed two forms of power: position power and personal power. "Power is the ability to get someone else to do something you want done, or the ability to make things happen or get things done the way you want" (p. 214). Six systems of position power include: legitimate power (hierarchical authority); reward power (use of extrinsic and intrinsic rewards); coercive power (controlling people by denial of rewards or threats of punishment); process power (control over methods of production); information power (control over information); and representative power (the voice of an important group of stakeholders).

Personal power includes four systems. Expert power is controlling by possessing knowledge the other person needs. Rational persuasion is the role of authority figure is accepted by the group as a reasonable solution. Referent power depends on the follower's desire to follow

the leader in power. Finally, coalition power is "the ability to control another's behavior indirectly because the individual owes an obligation to you or to another as part of a larger collective interest" (p. 220).

"The key to success is to balance *global* standardization and local autonomy" (Razi, 2006, p. 62). Razi (2006) contended that organization development strategies "that involve system wide transformation at a structural, procedural and cultural level are needed to meet these challenges. Organization development is the strengthening of those human processes in organizations which improve the functioning of the organic system so as to achieve its objectives (Lippitt, 1969 in Razi, 2006, p. 63). Razi (2006) asserted that global organizations should develop consistent hiring practices that can be applied to all locales. "The HR strategy contemplated the development of a consistent competency framework and a distinctive employee proposition and orientation process that can be deployed worldwide" (p. 64). By mitigating risk and acknowledging the impact of hiring practices in global organizations, human resources can set standards for employment. Recruitment should be based on "right fit," not nationality.

Cross-Cultural Communication

Understanding how people from different cultures approach resolving conflict is very important. Every culture seems to regard the stress of conflict differently. For example, "Western-based literature suggests that the right amount of conflict is healthy in organizations (Robbins 1974 in Wang, 2005), many Asian cultures, East Asian cultures in particular, consider that conflict has a negative effect on the balance of feelings within the work unit (Swierczek 1994, in Wang, 2005)" (Wang et al., para. 4). Developing cultural understanding and agreeing on conflict resolution strategy *before* a joint venture may be one way to enhance the global joint venture process.

Hagel and Brown (2005) were concerned with the risks involved managing cross-cultural teams and national teams. Expanding and shifting industries to developing countries exposes a business to different cultures. Working within these countries requires most businesses to hire employees from that nationality. Managing teams made up of people from other backgrounds can encounter some issues that a homogeneous team may not face. "Managing across two cultures can be challenging-it requires managers who can understand and respect the cultural needs of both parties" (p. 43). Poole, et al. (1995) discussed how a manager can conquer several problems by centering on clarification of duties for the sake of cross cultural team comprehension of task basics. Cultural diversity must take into account six phenomena that vary with application and use, yet are evidenced among all cultural groups: First is communication. The manager must be aware of how feelings and attitudes are expressed through the voice. Poole suggests being conscious of how dialect, style (language and social situations), volume (silence), use of touch, context of speech (emotional tone), and kinesics (gestures, stance and eye behavior) effect the individual being spoken to. Second is space. Space differs from culture to culture as well. Americans like about an arm's length of space between two people while other cultures may take it as an insult that you refuse to stand near them. Third is social organization. Many cultures believe family is the most important value in life. What Americans might consider extreme, even trying to avoid work, some cultures believe it is their duty to take care of elderly or sick relatives and will miss enormous amounts of work until a family crisis is resolved. Fourth is time. Cultural groups can be either: past, present, or future oriented. If a person is past-oriented, he or she tends to focus on maintaining tradition with little interest in formulating future goals. In contrast, a present-oriented individual may not appreciate the past and engage in little future planning…time-orientation must be considered when delegating tasks or assigning

committee members. Fifth is environmental control. Some individuals need to feel in control of

their environment, to plan and direct factors--internal locus-of-control construct. Others believe

that things happen by fate, luck or chance--an external locus-of-control. Staff with internal locus

of control probably plan changes consistent with their belief system; others with external locus of

control would rather focus on the obstacles that may affect them. Finally, six is biological

variations. Some people may prefer different temperatures, may catch colds more easily, may

work better in the morning, etc. A manager needs to be aware of these differences as well.

(Poole, et al., p. 33).

Power and Politics

In moving into the global competition of the 21st century with an open-minded strategy,

particular attention must be paid to the organizational processes needed to learn, innovate, and

continue to develop the critical technological and people skills necessary. The power dynamics

within each unit of the firm need to be aligned to the new global, multinational arena of

competition. The old politics of bureaucracy needs to be displaced with an emphasis on

constructive negotiation. Decision making must identify the important issues as well as the right

individuals to attempt to solve the right problems and address the right opportunities. These

issues of power and politics will call for a reassessment of actual work processes and job design

to ensure that individuals can be motivated effectively to reach toward a bright future

(Schermerhorn, p. 437). Managers need some form of political savvy as well as politicians.

Schermerhorn et al. (2008) suggest four practices that build political skills: improve your

understanding of why others act the way they do; work on your interpersonal influence and on

how to communicate and develop friendly relationships; sharpen your network ability by finding

others both inside and outside the firm; who have a shared set of interests; perfect your apparent sincerity so that others see you as a person that genuinely cares for others (p. 227).

Recommendations to Implement Global Organizational Change and Restrict Conflict

Change is a stressor on the individual as well as the organization. Most people have a tendency to resist change. Change causes fear of the unknown future and change brings with it a certain instability. Leaders and leadership need to be effective and communicate clearly with workers. Leaders can cause stress if they do not appear to have the organization's or the workers best interests at heart. As organizations try to keep up with changing times, workers' roles and tasks may shift. "As roles and tasks change, there is the potential for stress-producing ambiguity, placing increased emphasis on the importance of adequate and timely communication. Clarity of job descriptions, reporting relationships, and performance standards are critical in combating the potential stress caused by changes in role and/or tasks" (p. 3). Technology has produced a side effect, too. Because of technology the speed at which tasks are accomplished has sped up. It may be hard to keep up the quality of one's work, especially in a service industry. Finally, email, laptop computers, texting; people feel that their jobs encroach on their personal space and they are constantly working.

Consequences can result in employee turnover and burnout. "Burnout is exhibited in a number of ways by employees including increases in absenteeism and illness; increases in the use of employee assistance programs, as well as prescription and medical insurance plans; and increases in workplace accidents, which in turn lead to increases in workers' compensation claims" (p. 5). Other consequences include strained interpersonal relationships resulting in poor communication, diminished group functionality, and poor job performance.

Through a series of interviewing disgruntled employees and retraining existing employees, an organization can start resolving stress issues. "In addition to training, career development opportunities should be established, communicated, and encouraged. Having a career goal to work toward will help alleviate role ambiguity, reduce turnover, enhance job performance, and encourage other high-performing employees to apply for positions within the institution" (p. 4).

Setting clear goals is part of a successful risk management program. "There is a time-tested approach that managers can follow to increase their chances of success. This includes setting clear goals, careful planning, possessing or obtaining the resources and skills needed to implement the plan, and systematically monitoring and evaluating ...performance" (Benson, n. d., p. 1). When entering a joint venture, your goals should align with the other business's. One tool that can be used is SMART. "SMART stands for **s**pecific**,** measurable**,** achievable**,** rewarding and timed" (Benson, p. 2). Making sure that goals are clear can improve the venture process by declaring the benefits for both businesses.

Bolman and Deal (2008) identified three types of conflict. "Horizontal conflict occurs in the boundary between departments or divisions; vertical conflict occurs at the border between levels. Cultural conflict crops up between groups with differing values, traditions, beliefs, and lifestyles" (p. 207). Conflict can be productive or incapacitating depending on the framework used to define it. Conflict in a structural framework is viewed as an impediment to progress. From a hierarchal point of view, conflict at lower levels of management can undermine leadership's ability to function. When defined from a political framework point of view, conflict may not necessarily be perceived as a problem. For example, "Departments compete for resources and power. Interest groups vie for policy concessions. If one group controls the policy

process, others may be frozen out. Conflict is normal and inevitable. It's a natural by - product of collective life" (Bolman & Deal, 2008, p. 206). When viewed from a political framework, the lack of conflict implies stagnation, lack of innovation, and apathy. Conflict creates personal and social change, innovation, and stimulates new ways to approach problems.

Management's challenge is to identify and manage conflict. Schermerhorn, Hunt, and Osborn (2008) deconstructed conflict into two forms: functional (or constructive) and dysfunctional (or destructive). Functional conflict brings about beneficial results such as increasing the amount of information used in decision making or offering opportunities to improve performance. "An effective manager is able to stimulate constructive conflict in situations in which satisfaction with the status quo inhibits needed change and development" (Schermerhorn, Hunt, & Osborn, 2008, p. 345). Dysfunctional conflict creates some kind of negative result such as hurting group cohesion or promoting hostilities. A leader/manager's job then is to assess negative and destructive forces and quickly act to prevent, eliminate, or lessen the effects of the conflict.

Conclusion

"It may be time to reinvigorate the great potential of collaboration and engagement, as opposed to confrontation and isolation, as pathways to solving global problems" (Schermerhorn, Hunt, & Osborn, 2008, p. 273). The challenge to management as it meets the competitive global market of the 21st century is to eradicate the obstructions that impede progress vertically, horizontally, externally, and geographically. "The forces of globalization are full of problems and opportunities, and the new economy is constantly springing surprises on even the most experienced organizational executives. Flexibility, competence, and commitment are the rules of the day" (Schermerhorn, Hunt, & Osborn, 2008, p. 283). Marques, Dhiman, and King (2009)

called this taking action toward "business renaissance." They said, "People want to work in

organizations that are mind enriching, heart fulfilling, soul satisfying and financially rewarding.

People want to work in environments where [they] don't have to check [their] values at the

workplace door; they want a sense of "oneness"" (Marques, Dhiman, & King, 2009, p. 23). To

be competitive in the 21st century, organizations, individuals, units, and firms must seize

opportunities to innovate and learn so they can adapt to the changing world in the areas of

operations, technology, and the environment (p. 438).

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