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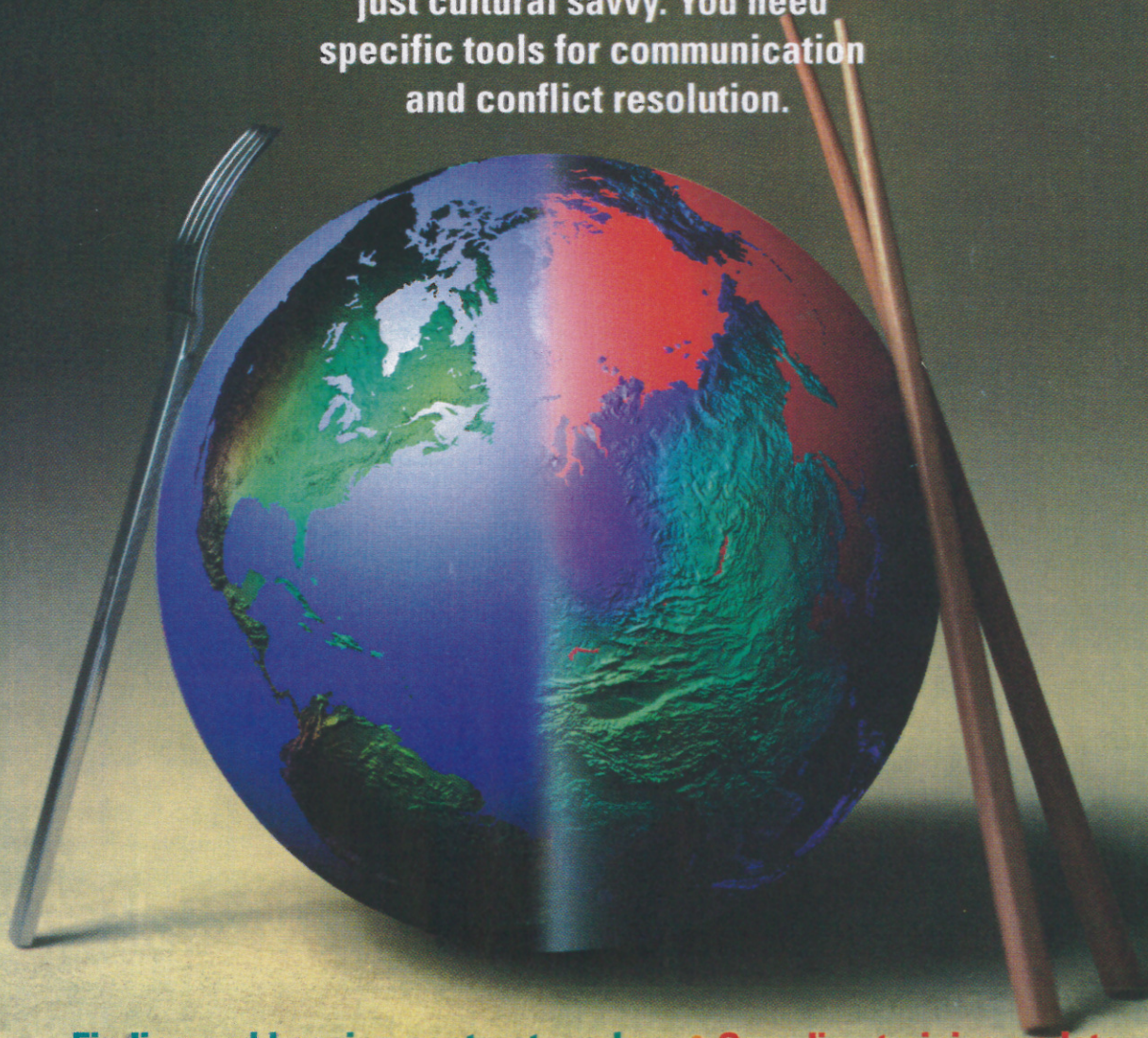
WORKING IN CONTRASTING CULTURES

Going global takes more than just cultural savvy. You need specific tools for communication and conflict resolution.



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Contrasting Cultures

...an excerpt from the book
"Danger and Opportunity - Resolving Conflict in U.S.-Based Subsidiaries"

Here's a seven-step process that can help people from different cultures understand each other's intentions and perceptions so they can work together harmoniously - based on real-world examples of U.S.-based Japanese subsidiaries.

BY: G. DOUGLAS LIPP AND CLIFFORD C. CLARKE

An American sales manager of a large Japanese manufacturing firm in the United States sold a multimillion-dollar order to an American customer. The order was to be filled by headquarters in Tokyo. The customer requested some changes to the product's standard specifications and a specified deadline for delivery.

Because the firm had never made a sale to this American customer before, the sales manager was eager to provide good service and on-time delivery. To ensure a coordinated response, she organized a strategic planning session of the key division managers that would be involved in processing the order. She sent a copy of the meeting agenda to each participant. In attendance were the sales manager, four other Americans, three Japanese managers, the Japanese heads of finance and customer support, and the Japanese liaison to Tokyo headquarters. The three Japanese managers had been in the United States for less than two years.

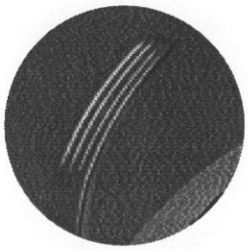
The hour meeting included a brainstorming session to discuss strategies for dealing with the customer's requests, a discussion of possible timelines, and the next steps each manager would take. The American managers dominated, participating actively in the brainstorming session and discussion. They proposed a timeline and an action plan. In contrast, the Japanese managers said little, except to talk among themselves in Japanese. When the sales manager asked for their opinion about the Americans' proposed plan, two of the Japanese managers said they needed more time to think about it. The other one looked down, sucked air through his teeth, and said, "It may be difficult in Japan."

Concerned about the lack of participation from the Japanese but eager to process the customer's order, the sales manager sent all meeting participants an email with the American managers' proposal and a request for feedback. She said frankly that she felt some of the managers hadn't participated much in the meeting, and she was clear about the need for timely action. She said that if she didn't hear from them within a week, she'd assume consensus and follow the recommended actions of the Americans.

A week passed without any input from the Japanese managers. Satisfied that she had consensus, she proceeded. She faxed the specifications and deadline to headquarters in Tokyo and requested that the order be given priority attention. After a week without any response, she sent another fax asking headquarters to confirm that it could fill the order. The reply came the next day: "Thank you for the proposal. We are currently considering your request."

Time passed, while the customer asked repeatedly about the order's status. The only response she could give was that there wasn't any information yet. Concerned, she sent another fax to Tokyo in which she outlined the specifications and timeline as requested by the customer. She reminded the headquarters liaison of the order's size and said the deal might fall through if she didn't

Illustration by Bill Milne



■ *"Don't these guys ever read their email?"* ■

receive confirmation immediately. In addition, she asked the liaison to see whether he could determine what was causing the delay. Three days later, he told her that there was some resistance to the proposal and that it would be difficult to meet the deadline.

When informed, the customer gave the sales manager a one-week extension but said that another supplier was being considered. Frantic, she again asked the Japanese liaison to intercede. Her bonus and division's profit margin rested on the success of this sale. As before, the reply from Tokyo was that it would be "difficult" to meet the customer's demands so quickly and that the sales manager should please ask the customer to be patient.

They lost the contract. Infuriated, the sales manager went to the subsidiary's Japanese president, explained what happened, and complained about the lack of commitment from headquarters and Japanese colleagues in the United States. The president said he shared her disappointment but that there were things she didn't understand about the subsidiary's relationship with headquarters. The liaison had informed the president that headquarters refused her order because it had committed most of its output for the next few months to a customer in Japan.

Enraged, the sales manager asked the president how she was supposed to attract customers when the Americans in the subsidiary were getting no support from the Japanese and were being treated like second-class citizens by headquarters. Why, she asked, wasn't she told that Tokyo was committed to other customers?

She said: "The Japanese are too slow in making decisions. By the time they get everyone on board in Japan, the U.S. customer has gone elsewhere. This whole mess started because the Japanese don't participate in meetings. We invite them and they just sit and talk to each other in Japanese. Are they hiding something? I never know what they're thinking, and it drives me crazy when they say things like 'It is difficult' or when they suck air through their teeth.

"It doesn't help that they never respond to my written messages. Don't these guys ever read their email? I sent that email out immediately after the meeting so they would have plenty of time to react. I wonder whether they are really committed to our sales mission or putting me off. They seem more concerned about how we interact than about actually solving the problem. There's clearly some sort of Japanese information network that I'm not part of. I feel as if I work in a vacuum, and it makes me look foolish to customers. The Japanese are too confident in the superiority of their product over the competition and too conservative to react swiftly to the needs of the market. I know that headquarters reacts more quickly to similar requests from their big customers in Japan, so it makes me and our customers feel as if we aren't an important market."

Said the U.S.-based Japanese: "The American salespeople are impatient. They treat everything as though it is an emergency and never plan ahead. They call meetings at the last minute and expect people to come ready to solve a problem about which they know nothing in advance. It seems the Americans don't want our feedback; they talk so fast and use too much slang.

"By the time we understood what they were talking about in the meeting, they were off on a different subject. So, we gave up trying to participate. The meeting leader said something about timelines, but we weren't sure what she wanted. So, we just agreed so as not to hold up the meeting. How can they expect us to be serious about participating in their brainstorming session? It is nothing more than guessing in public; it is irresponsible.

"The Americans also rely too much on written communication. They send us too many memos and too much email. They seem content to sit in their offices creating a lot of paperwork without knowing how people will react. They are so cut-and-dried about business and do not care what others think. They talk a lot about making fast decisions, but they do not seem to be concerned if it is the right decision. That is not responsible, nor does it show consideration for the whole group.

"They have the same inconsiderate attitude towards headquarters. They send faxes demanding swift action, without knowing the obstacles headquarters has to overcome, such as requests from many customers around the world that have to be analyzed. The real problem is that there is no loyalty from our U.S. customers. They leave one supplier for another based solely on price and turnaround time. Why should we commit to them if they aren't ready to commit to us? Also, we are concerned that the salesforce has not worked hard enough to make customers understand our commitment to them."

What's the solution?

Is there an effective way for organizations to deal with conflict between or among the cultural groups represented in their management teams and workforces? We think there is—certainly for Japanese subsidiaries in the United States. The scenario you just read represents only one of many challenges facing multinational companies—how to balance the needs and objectives of the local workforce and customer base with those of the home country and headquarters. To that end, we shall describe a conflict resolution process that has been applied extensively and successfully in a number of Japanese subsidiaries to a variety of seriously disruptive conflict situations. We believe that it constitutes a model for conflict resolution in any multinational organization with offshore subsidiaries.

The core imperative in this process is that managers and other employees from different cultures understand better how culture affects their expec-

tations, reactions, and view of themselves and each other, including possible negative perceptions.

Managers and all employees need to learn how they can keep negative perceptions from escalating into workplace conflict and how to resolve differences when a conflict occurs. Resolution takes time, and the strategies must be thought out carefully. Effective conflict resolution goes beyond mimicking the management style practiced at headquarters in Japan or Europe—and beyond demanding that things be done the "American way."

Instead, resolution is worked out through a process of negotiation between the employees and management of one culture and the employees and management of another. In countless situations, resolving cultural differences has become a valuable way to find creative solutions to other organizational problems.

Resolution involves the concepts of anthropology, uniqueness, and blending.

Anthropology. This discipline teaches that people are affected by the standards and norms of the society in which they grow up, live, and work. The result is *culture*—the values, beliefs, behaviors, thinking patterns, and communication styles that generally characterize the members of a culture and that are neither inherently good nor inherently bad.

Uniqueness. Each of us is a unique individual with our own ways of thinking, behaving, valuing, and communicating—and our own beliefs about what's right and wrong, natural or unnatural, and acceptable or unacceptable. But despite our individual uniqueness, the culture in which we have grown up (and been acculturated) influences us so strongly that we can identify common values and patterns of thinking and behaving. Such values and patterns are shared by a large number of people in any national, linguistic, religious, gender, generational, socioeconomic, ideological, or ethnic group.

Blending. The best way to manage is the way that gets the best results. In multinational companies, the best results usually come from a blending of the perspectives and practices of the cultures involved. That approach enables the members of all of the cultures to realize their full potential and to produce positive interpersonal and organizational results.

THE SEVEN-STEP CONFLICT RESOLUTION MODEL

1. Problem Identification
- statement of the problem
- description of the incident
- identification of the difficulties
- development of the explanations

2. Problem Clarification
- comparative intentions
- comparative perceptions

3. Cultural Exploration
- hidden cultural expectations
- hidden cultural assumptions and values

4. Organizational Exploration
- global imperatives
- local conditions

5. Conflict Resolution
- achieving harmony
- goal setting
- action planning and implementation

6. Impact Assessment
- monitoring the results
- modifying the plan
- assessing the benefits

7. Organizational Integration
- recording the results
- celebrating the success
- institutionalizing the benefits

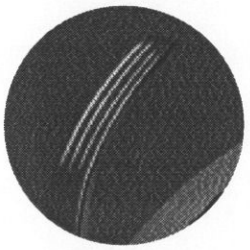
We developed a seven-step conflict resolution model after examining actual incidents that occurred in U.S.-based Japanese corporations. In each case, we were called in as consultants to help resolve a problem. It's our intent to provide a clearly defined framework for analyzing such conflicts so that the recommended strategies can be understood easily and applied effectively in the workplace with any grouping of diverse cultures, including corporate cultures.

Because we emphasize in every step that culture is the root cause of conflicts, it might seem that we're portraying cultural diversity as an obstacle to effective corporate operations. On the contrary, diversity is essential for creating the leading-edge strategies and alternative solutions that enhance a company's competitive capability. Rather than casting culture as the villain, the purpose of this conflict resolution process is to bring culture out into the open so that it can become an organizational strength. Valuing cultural diversity in the workplace leads to greater harmony, more creativity, and a stronger organizational identity or corporate culture. That serves to enhance an organization's teamwork and leadership in the marketplace, both locally and globally. (See the box for the main elements of the model.)

The model

To enhance the value of the model as a conflict resolution tool, the first five steps include descriptions of several specific facilitation strategies that HRD or organizational development staff can use in implementation. A critical element in applying those strategies and in pursuing the aims of the conflict resolution model as a whole is the creation of an effective bicultural team of facilitators or trainers consisting of Japanese and Americans. In order for such a team, whether internal or external, to be effective, the members need extensive knowledge in the other culture and prolonged contact or experience with it. In resolving the conflict described in the opening scenario, it was especially valuable for the Americans to spend a significant amount of time at the subsidiary's headquarters in Japan. The Japanese members had to understand English, while the Americans, even if they didn't speak Japanese, had to become familiar with Japanese communication styles.

A facilitation team has to be bicultural because no matter how knowledgeable and experienced the parties in a conflict are about each other's culture or how well they speak each other's language, they will still approach their assignments from their own cultural perspectives. And they will act on the basis of culturally



■ *"The Americans send too many memos and email...* ■

conditioned biases of which they may be unaware. Nevertheless, a bicultural facilitation team offers the best way to fuse people's different perspectives to achieve effective conflict management.

Failure to consider those factors caused trouble in one U.S.-based Japanese company. Two well-intentioned American HR managers attempting to resolve a conflict only aggravated it by being insensitive to the needs of the Japanese. The HR managers were approached by a group of American operations managers who complained that their Japanese counterparts weren't sharing enough information with them. That, they claimed, limited their ability to make good, timely decisions.

The American HR managers decided to conduct a needs assessment. Recognizing that some of the Japanese were weak in English, they had the questionnaire translated into Japanese. Armed with the questionnaires, the HR staff conducted a series of data-gathering meetings—first with the Americans, which produced a wealth of information, and then with the Japanese, which resulted in far less information and only one suggestion for resolving the problem—that they should improve their English.

After analyzing the information, the HR staff decided to bring together the two groups "to hammer out an agreement." They asked the participants to be open and "put their cards on the table." The American managers shared their feelings and suggested solutions. The Japanese said little, nodded in agreement to the proposed solutions, and promised to practice their English. Predictably, none of the so-called agreements came to fruition—which further frustrated the Americans.

Upon examination of that process, it became obvious why it failed. Although the HR managers were skilled facilitators of conflict resolution meetings, most of their experience was with groups of Americans. Their assumptions about how to motivate people to participate in meetings were based on the American model, which presumes that the Japanese would be also comfortable with public disclosure and asserting themselves in large groups. In fact, they are not, especially in group meetings with nonJapanese. The Americans would have been more successful conducting the meetings with the Japanese one-on-one. An even more effective approach would have been to have a Japanese manager conduct the meetings. That would have helped the Japanese relax and resulted in richer material.

The group meeting in the opening scenario wasn't conducive to the needs of the Japanese to discuss sensitive matters in private and come to a decision before making a public statement. A more effective approach would have been to form small, mono-cultural groups of the Americans and Japanese and ask each group to answer questions provided by the facilitators. Then, the groups could reconvene and report their findings.

That approach can be used effectively in the conflict resolution process even when only Americans are involved, but it's essential when Japanese are on one side of the conflict. It takes effort to help Japanese people open up and disclose sensitive information.

Steps 1 through 5 of the conflict resolution model include specific methodologies (referred to as "facilitation strategies") that can be implemented by trainers, facilitators, and HR staff. The steps are effective regardless of the cultural makeup of the group or groups. Here's the substance of what each step covers.

Step 1: Problem identification

In this step, an organizational problem arising from a cultural conflict, as perceived by both cultural groups, is identified. A problem represents events that typically occur in U.S.-based Japanese companies and that critically affect operations.

Statement of the problem. First, you need to state the problem and its background briefly. People can view the same event from different perspectives, but if they agree what the problem is, their shared perception will give them an advantage in trying to solve it.

For example, in the opening scenario, the Americans and Japanese agreed that the problem was multifaceted and not simply a breakdown in decision making. They realized that, as a bicultural team, they had to improve their effectiveness in the following areas:

- meeting management
- relationship building
- open communication of expectations
- clarification of how to handle customers' requests while balancing the needs of the U.S. and Japanese marketplace.

Description of the incident. Next, it's useful to have a brief description of a conflict incident or situation that has actually occurred in a U.S.-based Japanese subsidiary—from the Japanese and American viewpoints. That can show why reaching consensus is sometimes a difficult task.

Facilitation strategies. Within a mono-cultural group, it's important to identify the common or typical approach to dealing with the same type of problem that has been identified. For example, in the opening scenario, the Americans agreed that the typical way to handle that type of problem was to be more up-front with each other, whether communicating face-to-face or via email or other written communication. The Japanese suggested that, from their perspective, the appropriate approach would be to have more one-on-one meetings to discuss delicate issues and not rely so much on large group meetings and email.

Identification of the difficulties. It's important to describe the difficulties experienced as a result of differences in the way Japanese and Americans approach an issue. In the opening scenario, the Americans agreed that they emphasize "laying one's cards on the table" and find it hard to inter-

pret the indirect answers of the Japanese, such as "It is difficult." The Japanese agreed that they were uncomfortable discussing or brainstorming openly in large meetings. They felt "attacked" and "put on the spot" by their American counterparts.

Development of the explanations. Have the Americans develop (from their perspective) for the Japanese group a full explanation of how and why difficulties occur. Have the Japanese do the same for the American group. This step is important but often ignored. It's critical for each group, independently, to air their grievances about each other. When that's facilitated properly, the benefits include the following:

- Participants release emotions, which can prepare them for learning.
- They find they aren't alone or abnormal in experiencing the conflict.
- They can explore strategies for cross-cultural interaction that they've found effective in the past.
- They can generate useful, data-based feedback to present to the other culture group.
- They might find that they have different perceptions of the situation and that those might be more personal than cultural.

Step 2: Problem clarification

In this step, the groups compare their intentions in order to throw light on the nature of the misunderstanding. Because discordance between intentions and perceptions is a frequent cause of conflict, it's necessary to clarify people's intentions and perceptions in order to get at the root of a problem.

Comparative intentions. It's necessary to understand what the Japanese and Americans intended by their individual actions. People tend to feel that their intentions are positive, but they're often perceived as negative by people in another culture. In the opening scenario, the American sales manager intended to be sensitive to the needs of her Japanese co-workers. "I understand that the Japanese have some difficulty with English," she explained, "so I always send out the agenda in advance." Though the Japanese managers wanted to participate in decision making, they felt uncomfortable. It was hard for them to join in the discussion because it was in English and fast-paced. Said the Japanese, "The Americans need to slow down to allow us to think and respond." The Japanese were hesitant about using memos but eager to participate face-to-face.

Comparative perceptions. Perceptions of "what really happened" can vary according to culture. So can interpretation and judgment about another person's behavior. In the example, the American sales manager's perspective was that the Japanese in her subsidiary refused to help her make a sale. She said, "The Japanese managers contributed nothing during the brainstorming. At other companies I've worked, it was common sense to send memos to test the water, especially on critical issues. When people responded, you knew who supported you, who didn't, and what the concerns were. Then, we were prepared to work things out in a meeting." She asked, "How can I sell effectively if Tokyo doesn't let me in on what's happening over there?"

Said the Japanese: "The Americans are self-centered and emotionally distant. They send too many memos and email.... They're quick to commit to a course of action without knowing the big picture." The Japanese thought it was better to discuss matters one-on-one in an informal setting instead a rushed meeting. From their perspective, the Americans were too concerned about action and not concerned enough about their needs. The U.S.-based Japanese weren't convinced that the American customer was worth the risk of pushing headquarters. "If we put pressure on Tokyo to fill this order and the customer goes elsewhere next year," they said, "we would lose credibility in Japan and have to go back. The Americans should realize that we cannot commit to any action or timeline without discussing them in detail with the appropriate department heads in Japan. In addition, it is hard to know whether the Americans really support each other because they constantly change their minds during brainstorming. They need to put less emphasis on ending a meeting on time and more on meaningful discussion."

Facilitation strategies. Regarding bicultural groups, it's important to do the following:

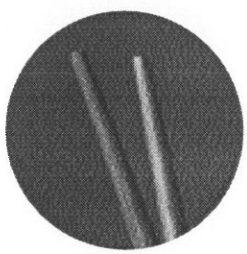
- Have the Americans explain to the Japanese the common approaches in the United States for dealing with the same type of problem. It's especially important to clarify the rationale and feelings behind those strategies.
- Have the Japanese adjourn to a separate room to discuss their reaction.
- Reconvene and let the Japanese explain to the Americans the common approaches and strategies used in Japan, clarifying the rationale and feelings behind them.
- Have the Americans adjourn to a separate room to discuss their reaction.
- Reconvene and let them discuss the outcome of their discussion with the Japanese.
- Help the Japanese and Americans reach a mutual understanding (not necessarily acceptance) of each other's approach. That reinforces the idea that within every culture, there are reasonable explanations for a given behavior. That also helps people understand other cultures and to validate differences in their approaches to business and workplace issues.

Step 3: Cultural exploration

This step examines each culture's values and how they play out in light of people's contrasting expectations and assumptions, which drive their intentions and perceptions, as discussed in step 2.

Hidden cultural expectations. "I wish they were more like us" and "Why don't they do it our way?" are common statements. In this step, each group examines how it thinks the other should act, according to

■ *"We can't stand wishy-washy answers"* ■



what each group considers normal in similar situations. In the case of the lost sale, the Americans said, "We need people to level with us. If you can do something or commit to something, then do it. We can't stand wishy-washy answers. If you don't participate in meetings, don't expect follow-up. Time is money and we can't baby-sit everyone."

The Japanese said, "We want to communicate on a more personal level without the openly aggressive approach often used by Americans." Japanese believe every situation is different and must be treated as such. They don't consider written messages to be adequate communication. They think it's an insult to send an email when you could walk down the hall.

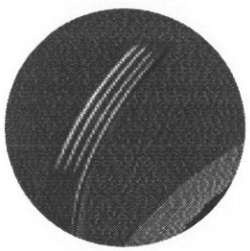
Hidden cultural assumptions and values. Step 3 focuses on how values affect each group's intentions and perceptions of each other. It also helps them look deeper at the origins and assumptions of culturally determined behaviors. They often discover that common sense is different in each culture. Americans tend to think that accomplishing tasks is more important than building relationships. What comes into play is Americans' belief in openness and honesty. The conflict in the opening scenario was caused not because Japanese don't value honesty (they do), but because Americans see openness as an essential element of honesty, even if it hurts someone's feelings.

Typically, if an American asks someone a question and he or she doesn't respond right away or responds vaguely, the American tends to question that person's honesty or reliability. From an American perspective, honesty means expressing exactly what ones thinks when the occasion demands it. That belief comes, in part, from a conviction that there's an objective truth in every situation that can be expressed in words. Most Americans believe strongly in the communicative power of words—whether spoken or written, but especially written—which is why they believe that everything they need to know about a situation can be communicated through memos. To Americans, written words are accurate and efficient, and provide a useful record.

The Japanese are more concerned about "losing face." An American might lose face with a customer for a late delivery, but a Japanese would lose face in the eyes of everyone aware of the failure, including friends and co-workers. Americans may feel guilty regarding a person they fail, but the Japanese feel shame in the eyes of society. In Japanese culture, shame damages one's pride and image. Appropriate social behavior is considered to be the ultimate grace. Face is the integrity of behaving appropriately (harmoniously) in a group. Japanese feel that Americans don't have norms of behavior. Face is an issue regarding the unwillingness of Japanese to participate in American-style meetings. If Japanese disagree with another participant, they usually will not say so for fear that person would lose face. They prefer to discuss the matter privately one-on-one. If pushed to answer by aggressive Americans, they may make a hissing sound by sucking air through their teeth and say, "It is difficult."

Facilitation strategies. Within a bicultural group, it's important to explore and discuss—paying attention to people's different communication styles—the significance of differences in approach. Each group examines how it might feel practicing the other's approach and how easy or difficult that would be. What emotional adjustments would it have to make? What behavioral skills would it have to acquire so that each member could function effectively using the other group's approach.

One way to do that is to use reverse role play. That requires Japanese participants to select role play scenarios using behavior common to Americans. Similarly, it requires Americans to selected role play scenarios using Japanese behavior. For example, regarding communication style, a Japanese participant might be asked in a role play to be aggressive or interactive. Or an American might be asked to be passive and to rely on nonverbal communication. The scenarios can be videotaped and analyzed to reinforce new skills.



■ *"We want to communicate on a more personal level without the openly aggressive approach often used by Americans"* ■

Step 4: Organizational exploration

This step looks at the organizational issues that affect the conflict under discussion. Such issues can impose unexpressed standards, expectations, and values that affect how people work together. Each factor reflects an organization's culture at either the global headquarters level or local subsidiary level. This step is important in that each side of a conflict tends to be unaware of the organizational pressures of the other side. Often, too little time is spent on educating the groups on each other's organizational context.

Global imperatives. Step 4 focuses on hidden expectations from headquarters, which is what the Japanese managers represent in the scenario that opened this article. Such expectations or imperatives are driven by typical organizational characteristics: corporate values, business strategies, structure, staffing policies, performance standards, operational systems, job skills, and work styles. For a subsidiary to operate effectively, it must take those factors into consideration.

Facilitation strategies. You should guide conflicting parties in examining the differences between the corporate cultures of headquarters in Japan and the U.S. subsidiary. Ask: What is the corporate culture of the organization in Japan? What is the corporate culture of the U.S. subsidiary? What is the preferred way to manage the issue at hand? Does it support and manifest the organization's core values? Why does headquarters expect a certain approach? Does it meet the needs of the American customers and employees? Are any of the values identified in steps 1 or 2 held by both Japanese and

American managers?

In a standard-setting exercise (using the information gathered in steps 1 through 4), challenge participants to analyze their organization's effectiveness from the perspective of employees and customers. Ask the Japanese and American managers to determine how to best use the unique qualities of their cultures. They have to decide where to combine, compromise, or synergize certain elements.

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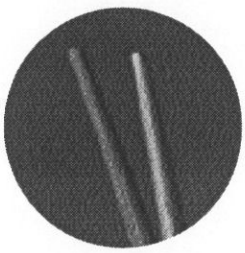


Local conditions. Step 4 also focuses on the varying factors in the local workplace that affect a company's competitiveness. It's important to examine and understand certain organizational characteristics (such as systems, values, and job skills) with respect to the requirements of the local environment. Often, Japanese managers sent by headquarters are told little about the U.S. structure of their industry or the U.S. workplace—perhaps because the differences are assumed to be insignificant.

Facilitation strategies. Ask the Japanese these questions: How do state or U.S. government laws affect your approach? Are there industry-specific or labor-directed standards that must be adhered to? What are competitors' standards in the United States? What are American customers' expectations of products and services? What benchmarks suggest alternative approaches to being competitive?

That gives a bicultural facilitation team useful information for making recommendations to management in the United States and Japan. For example, is there strong union representation for hourly wage earners? How sophisticated are the workers? Have they worked for large or small companies?

The local conditions under which the American sales manager was operating were simple. She was under pressure to deliver the product according to the customer's specs and deadline. That was less a function of cultural factors than her role as salesperson. Her desire to fulfill the customer's requirements was also driven by her knowledge that American customers are loyal to price, availability, and quality—not to a particular supplier. Because most U.S. markets have many suppliers, customers tend to believe in shopping for the best deal. The sales manager was also driven by the knowledge that the financial compensation of the entire subsidiary was linked to her ability to perform. She wanted to fill the largest order in the subsidiary's history and help her company achieve profitability.

The global imperatives influencing the actions of the Japanese, on the other hand, were more complicated. Shortly before Tokyo headquarters received the sales manager's faxed order, it had gotten another large order from an established Japanese customer, which it promised to deliver. Headquarters managers were embarrassed that they possibly couldn't fill both orders, so they delayed responding to make sure. The requested changes in specifications was also a problem. The Japanese manufacturer was set up to provide a product for customers who didn't need such changes. Filling the American order would mean delaying delivery of the product to the national account in Japan. From the Japanese perspective, the Americans should have asked (and waited patiently for a response) whether the spec changes could be made, before they promised delivery to the American customer.

Compounding those problems was the fact that the administrators at headquarters weren't convinced of the potential for future business with the new American customer. Because they were aware of U.S. customers' tendency to shop the competition, they weren't willing to sacrifice a proven Japanese customer for an unknown American one. That's not to say that Japanese companies won't take care of American customers. If the relationship is sound and both sides are willing to work together, Americans can expect high-quality products delivered on time.

Step 5: Conflict resolution

This step emerges from the answers to two questions: What is the goal? How do we attain it? The aim is to develop a team or organization into a unit that can handle inevitable cultural barriers and clarify both the goal and how to attain it. Though steps 5 through 7 are the most difficult, they can ensure the most durable cultural change.

In an effort to support the American sales manager and minimize future problems, the Japanese president suggested examining the system breakdown that had occurred. He said that he wanted to understand how the subsidiary and headquarters could work together more effectively. He also said he was interested in improving relations between the Japanese and American workers in the subsidiary. The sales manager agreed that both goals were important. The president then asked her to analyze the situation objectively, suggesting that she request the HR director to help the subsidiary examine the interface of cultures in its decision making system. The sales manager readily agreed and met with the HR director to develop a plan. They decided that the first step would be for internal HRD staff to interview everyone involved in decision making—the Americans and Japanese at the subsidiary, the relevant people at headquarters, and the American customer. The HR team included a Japanese expatriate, who interviewed all of the Japanese employees.

Once it gathered the necessary information, the HR staff recommended conducting a team building workshop for the Japanese and American subsidiary employees involved in the conflict. The American sales manager, American vice president, and four other American managers met for two days with the Japanese liaison to headquarters, the Japanese heads of finance and customer support, and three other Japanese managers.

The workshop's structure and facili-

THE KEY ISSUES WORKSHEET

Key Issue:		
Current Status: Impact on (1)operations, (2)customers, and (3)employees—and (4) headquarters, if applicable		
1	2	3
Goal Statement:		
Key Benefits to:		
1. Operational excellence	2. Quality of service to customers	3. Development of employees
Barriers to Change:		
Sources of Support (internal and external):		
Action Plan:	**Responsibility:**	**Target Dates:**
Success Factors:		

tation were crucial. For instance, it was important for Japanese managers to make sure the workshop had a balance of cultures. The Americans wanted it held outside of the subsidiary environment, free from interruption. On the first day, the HR staff, as facilitators, began by sharing their understanding of the system breakdown with all 12 participants. The facilitators said the workshop's objective was to analyze how the breakdown occurred and to construct a decision-making system by which the sales division could operate in the future. The facilitators also explained that the solution would involve redesigning systems, clarifying standards, and building communication skills for better teamwork.

Having established goals, the HR team shared the information from the interviews and encouraged participants to tell their sides of the story. The HR staff helped everyone develop a positive explanation of their cultural assumptions and expectations. By explaining their own perspectives and listening to others' explanations, participants were better able to understand the conflict's cultural roots.

By the end of the first day, participants could understand their colleagues' actions and recognize their positive intentions. Both the Japanese and Americans went home with a feeling of accomplishment and optimism.

On day 2, the facilitators drew large diagrams of the various systems involved in the conflict. For each step in a system, there were spaces labeled "Japanese standard" and "American standard." The facilitators asked both groups to explain how they knew when each step in each system was completed. They wrote their answers in the appropriate spaces, creating a map of the decision making system and the different standards the two sides were using to manage it. Once they could see that they were using different standards, they discussed how to resolve the differences.

Next, the group redesigned the entire system, modifying the ordering phase by adding a step for communicating with headquarters before confirming a customer's order, which conformed with the Americans' values on honesty. Participants noted that the added step would take more time, but they saw obvious advantages to customers if salespeople were certain they could deliver an order before accepting it.

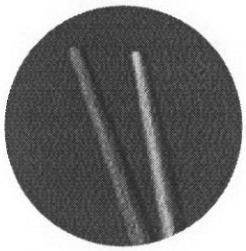
The group agreed to other new steps. For instance, the American sales manager agreed to meet with Japanese managers in advance and individually. The sales team said it would have dinner together regularly to provide a less formal atmosphere for discussion. Everyone agreed to participate in training on how to communicate more effectively with members of the other group—for instance, the Japanese would learn to read and write memos in English.

Next, participants proposed modifications in how to communicate orders to headquarters. They agreed that it made more sense for the Japanese liaison in the United States to have that responsibility, and they committed to closer teamwork, especially in relaying information to all team members and developing creative alternatives in cases in which information or resources

weren't available.

By the end of day 2, the new system's design was complete. The next day, the American sales manager and the Japanese liaison presented it to the president and won his wholehearted support.

■ *The Japanese regard harmony as the ultimate goal and value in human relationships* ■



Achieving harmony. By identifying and clarifying the problem (steps 1 and 2), the parties can better understand the conflict and each other's intentions and perceptions. By exploring hidden cultural expectations and assumptions and by becoming aware of the major global imperatives and local conditions (steps 3 and 4), the parties can better comprehend the cultural and organizational framework in which the conflict is occurring. Only when those factors are understood and addressed are the parties ready to achieve the harmony needed to resolve the conflict together.

Because the Japanese regard harmony as the ultimate goal and value in human relationships, they can't work effectively with others until such harmony is desired by all. A frequent cause of continued disharmony is when one member (usually high ranking) assumes the role of bystander or observer. Instead of recognizing his or her part in the problem, that person may accuse others of bad intentions rather than see that he or she manifests the cross-cultural characteristics that are the source of the problem.

A first step to achieving harmony is to determine and clarify the perceived effect of a conflict on employee development, customer service, and business operations. The worksheet, Key Issues, defines conflict issues in a succinct statement. Participants fill in three blanks under the heading, Current Status, on how they think the conflict affects operations, customers, and employees. In discussing such consequences, participants recognize the need to create a framework in which they can work together harmoniously. Their readiness is based on having worked through steps 1 through 4 of the model and having examined the conflict from Japanese and American perspectives, as well as global and local perspectives.

To create the framework, participants have to take responsibility for the problem. They must recognize that their perceptions of people's actions don't necessarily match their intentions. They must understand and accept the other group's cultural assumptions and expectations, and the different local and global conditions central to the conflict. Based on the harmony generated by those actions, participants should be able to commit to working together towards resolution.

Goal setting. Next, they engage in a process designed to produce a shared goal. Beginning with a discussion of possible goals that are so abstract that they can agree to them readily, participants work together on more concrete definitions of the overall goal. They move from the abstraction of a shared goal—chosen from the universals on which most people in the same organization can agree—to specific indicators of the successful achievement of that goal. That way, they form a shared definition of their goal. If the goal that emerges from that process isn't shared by all parties, there will be no real progress towards conflict resolution. The differences in goals often reflect differences in people's fundamental values—such as the American orientation towards short-term goals versus the Japanese commitment to the long-term.

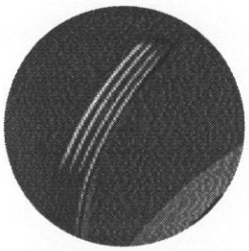
Given the collaborative effort required to develop a mutually acceptable goal, it's essential to have an effective facilitator with objectivity and a strong bicultural background. A bicultural team of two facilitators can assure cultural equity better than one facilitator if he or she is either Japanese or American. A mutually acceptable goal statement is the foundation for addressing other problem areas.

That approach, a culmination of the previous steps, uses a consensus model. That's a critical point because (1) attaining consensus verifies that harmony has been achieved and (2) the Japanese and American managers must commit to a direction in the form of a company or department goal that has the broadest possible support. However, the goal must be achievable. If it's just an obvious idealistic statement, employees may ignore it. On the other hand, a visionary element in an achievable goal statement can motivate employees. Arriving at agreement on the goal statement is a challenge for managers and facilitators alike. Because consensus and success rely on top management's support, the decision making process in establishing and pursuing a goal must accommodate the cultural needs—such as communication styles, thinking patterns, and behaviors—of both groups. The recommended consensus model emphasizes everyone being heard and attended to instead of unanimous verbal or written agreement. Everyone should feel included so that they buy into the decision to move forward. That's precisely what Japanese mean when they use the word *consensus.*

Facilitation strategies. Once the parties agree on a goal and specific, measurable indications of its achievement, they must decide on a strategy for taking the organization from its present state to the state embodied in the goal. For instance, the decision whether to "build or buy" often creates conflict because of cultural differences on such issues as time, cost, and work relationships. To facilitate transition planning, it's best to identify any impediments to achieving the goal and to identify the necessary resources from the local organization and global or regional headquarters.

That helps analyze the gaps between the goal statement and the organization's current position on the issue at hand. Refer to the worksheet to see how that is integrated with conflict analysis. That will also contribute to the next step, action planning. Once gaps are articulated, the action planning steps will become clear.

Action planning and implementation. At this point, participants translate the strategic plan into specific steps involving who, what, where, when, and how. Next, implementation can begin. It's important to note, however, that making such detailed



■ *The differences in goals often reflect differences in people's fundamental values* ■

decisions frequently gives rise to a great deal of culturally based disagreement. Americans and Japanese tend to have different assumptions regarding planning. One major difference that may require facilitation to resolve is the American orientation towards individual assignments versus the Japanese orientation towards teamwork and group assignments.

You can use the worksheet to facilitate the group's planning and implementation tactics and to build on the previous gap analysis. Guide the group in (1) identifying the gaps between the goal statement and organization's current status, (2) finding resources to bridge those gaps, and (3) developing measurable indicators on the achievement of the goal. Typically, participants have many ideas that may be misjudged across cultures, so stay focused on steps 1 through 4 in order to work through such misunderstandings.

Don't hesitate to check people's intentions, perceptions, assumptions, and expectations of both the local subsidiary and global or regional headquarters. Begin by having them complete a worksheet; the Japanese can participate in a small-group worksheet. Then, have participants complete a bicultural group worksheet. When the total-group worksheet is completed with consensus, it's time to implement the actions. Ideally, each participant input his or her strengths and everyone committed to achieving the goal.

A Key Issues analysis, facilitated by the Key Issues Worksheet, can clarify the issues raised in step 5. The worksheet is usually introduced as the core focus of an off-site workshop for Japanese and Americans engaged in a conflict. It involves these actions:

- Identifying the key issue or issues. That will have been done in steps 1 through 4 and just needs to be restated in a way that shows participants' positive intentions.
- Describing the current status. That means, for example, the conflict's effect on these organizational domains: operations, customers, and employees. If the ultimate resolution is going to affect headquarters, then that should be the fourth domain.
- Developing a goal statement. It should be broad enough for both sides to agree on, yet sufficiently specific to be an effective guide and to motivate people to action. This is the most difficult part of using the worksheet.
- Outlining the key benefits. That follows from achieving the stated goal or goals. Benefits also fall into the organizational domains operations, customers, and employees. The benefits will be in areas with the most impact from the conflict. Examining them can help people in the final articulation of the goals.
- Identifying barriers to change. That means describing the obstacles to achieving the goals in specific terms—such as budget limitations and lack of information—rather than blaming individuals or divisions.
- Listing support resources. Such support includes external training, underutilized skills, and funding sources.
- Developing an action plan. The plan for surmounting barriers and achieving the goals should outline and sequence planning from one step to the next—who does what when.
- Noting the success factors. That means drawing up guidelines for monitoring progress in achieving the goals and publicizing the attainment of each milestone.

Step 6: Impact assessment

This step determines the measures or key indicators that will determine the goal has been achieved and the conflict resolved.

Because the two cultures often have different assumptions about what *success* means, the indicators should be agreed on by consensus in the same way that the goals were. If a solution's effect isn't assessed carefully and systematically, an organization has no way of knowing whether the root problem that caused the conflict has been solved. If no assessment is performed, there can even be uncertainty about whether the strategic plan was ever implemented. We've often seen the hopes of enthusiastic subsidiary employees dashed when their constructive suggestions for resolution receive no response from headquarters management or U.S. representatives. Mutually agreed upon assessment procedures will assure all parties of the seriousness of their work and reflect a high-quality relationship across cultures.

Monitoring the results. Step 6 involves using the necessary tools and placing the responsible individuals in a position to assess achievements along established timelines in order to monitor progress. During the action planning stage, it's essential to establish a system for monitoring results to clarify who has responsibility for checking progress, what will be used to monitor progress, and when the monitoring will be done.

Monitoring results at different stages is an important part of motivating workers. If they aren't told until the end whether success was achieved, they won't be motivated to make an effort to ensure it.

Modifying the plan. If in monitoring the plan, you see that it isn't achieving the desired results along the established timeline, it will be necessary to make modifications.

Assessing the benefits. After achieving the goal, it's important to determine the ways in which the organization has changed as a result. What were the benefits to headquarters and the subsidiary? The most important ones will be resolution of the conflict and increased morale. That can boost productivity. Another benefit might be less absenteeism or turnover. A significant accomplishment would be if the conflict's negative effects on the critical parties—the operations, customers, and employees identified on the worksheet—had been turned around. Those benefits can be measured as positive consequences of the conflict resolution.

In the example we've been using, a

major part of the resolution plan was customized training focused on all of the communication events that occurred—from sales order to delivery. The resulting programs emphasize intercultural communication between Japanese and Americans and their communication with headquarters. Trainees have been strongly motivated to learn new skills because of the clear connection between those skills and a potential rise in team productivity.

The biggest stumbling blocks in the plan were the lack of information from headquarters and a policy that favored Japan-based accounts. It was necessary for the U.S.-based Japanese president to intercede, including traveling to Japan to act as an advocate for the subsidiary. That demonstrated to customers that the whole subsidiary would fight for their interests, and it gained more respect from American employees for the Japanese president.

Japanese presidents of U.S.-based Japanese subsidiaries are often torn between having to explain the actions of headquarters to the subsidiary and having to explain the subsidiary's actions to headquarters. Subsidiary presidents who push too hard for their workers or American customers are often considered to have "gone native" by headquarters.

Nevertheless, the Japanese president had to be the subsidiary's advocate at headquarters. He saw clearly that to be an effective advocate, he'd have to exchange information regularly with his American employees. In Japan, he met with the vice president of international business to explain the subsidiary's needs and argue for a change in the practice that favored Japanese customers. The vice president agreed to become an advocate for the subsidiary. The practice of assigning priority to Japanese customers was redesigned to give the American subsidiary equal access to products. Upon his return to the United States, the Japanese president asked the salesforce to offer the lost customer a new delivery schedule. Though the customer had used another company, he was impressed by the new proposal and said he'd consider the subsidiary for future needs.

The subsidiary experienced several benefits from the steps it had taken. One, its new system and training increased and improved communication between the Japanese and Americans employees. They checked with each other regularly to ensure that communication was adequate and understood. Meetings became more even-paced, and the Japanese were better able to understand and participate in what was going on. The time that the sales team spent at dinner together helped enhance teamwork through improved personal relationships. Despite the fact the system had been modified to include additional steps, the sales cycle time decreased due to less controversy and misunderstanding.

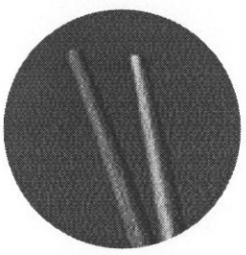
The Japanese liaison to Tokyo headquarters began accompanying the American sales manager on customer calls, which gave the liaison a better sense of U.S. customers' needs. Consequently, he became a more effective advocate for American customers at headquarters. His ability to convey information about the U.S. marketplace more accurately and in a more appropriate style persuaded his colleagues at headquarters to respond to the subsidiary's needs more efficiently.

Last, the Japanese president's trip to headquarters increased the Americans' trust in their subsidiary's leadership, and they passed along that trust to customers, improving the firm's competitiveness in the marketplace.

Step 7: Organizational integration

In this step, the results of the conflict resolution and assessment processes are distributed throughout the company, integrating individual success stories into corporate learning systems. A conflict (and its resolution) can occur in a department without people in other departments hearing about it. Through integration, the entire company can benefit from the process and results. At the same time, the people involved in the conflict can integrate the key lessons of the conflict resolution into their work styles and, perhaps, be celebrated for their creative contributions.

■ Two cultures often have different assumptions about what success means ■



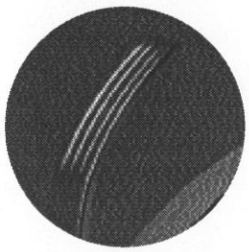
Recording the results. The entire process—identifying the root problem, approaching the problem, and resolving the problem—is documented (for example, in the company newsletter or case study report) so that the development path is clear to anyone who wants to follow it. A record of the results prevents the misperception that resolution was haphazard. It also provides information for determining accountability, revamping reward systems, and creating models for future conflict resolution.

Celebrating the success. You can draw attention to the achievements by pausing, reflecting, and celebrating as a group—for example, a departmental dinner, team excursion, or special staff meeting. Such celebrations are part of an intrinsic reward system: They foster solidarity, teamwork, and excellent role models.

Institutionalizing the benefits. An organization can apply the benefits from a conflict resolution in other areas or business units to avoid similar conflicts. One conflict resolution can suggest changes for resolving other conflicts involving the same issues. By integrating the key lessons of one department into operating systems, an organization can decrease the effort and energy wasted in culturally based misunderstandings. The competencies and skills learned by experiencing the resolution process can be institutionalized in training, evaluation, and reward systems.

In our example, the results of the conflict resolution were recorded in several interesting ways. First, the American vice president presented the subsidiary's new system to headquarters during a trip to Japan. Understanding how the subsidiary operated got headquarters staff to be more active participants in the "American system." The system's success reflected well on the international vice president, who made sure that the American vice president's presentation was recorded for the benefit of other worldwide subsidiaries.

At the U.S. subsidiary, the HR man-



■ *Subsidiary presidents who push too hard for American workers are often considered to have "gone native" by headquarters* ■

ager added new courses to the curriculum, in which new American employees and Japanese transferees are required to participate. The result of sales managers having new skills was that the Americans began communicating more directly with headquarters. As they became better at that, it was possible for the Japanese liaison to return to Tokyo headquarters in a position to facilitate communications further because the Americans were dealing with someone they knew and who knew them.

Though there weren't any formal celebrations marking the new system's success, subsidiary employees found ways to honor people who had contributed. The sales team, for instance, had regular meetings and social events that became occasions for them to reaffirm the value of their teamwork and achievements. On a larger scale, employees who completed the intercultural training programs were awarded certificates and encouraged to hang them in their offices. If an employee of one culture entered the office of an employee of another culture and saw the certificate, he or she could feel confident of cross-cultural receptiveness. The result was an environment in which more employees expressed a desire to communicate effectively across cultures.

Our experience in dealing with U.S.-based Japanese subsidiaries has led us to believe that completing all seven steps of the conflict resolution process is crucial to the long-term success of managing cultural conflict. We realized, however, that some of the Japanese and Americans in the companies we've worked with just wanted to know what their cultural counterparts were thinking so they could at least feel less frustrated. They didn't necessarily expect or want others' behavior to change.

For people who just want a better understanding of their cultural counterparts, we recommend that they focus on steps 1 through 4 of the conflict resolution model: problem identification, problem clarification, cultural exploration, and organizational exploration. After completing those steps towards harmony, many Americans are relieved to find that Japanese managers tend to criticize staff to motivate them. We've heard from countless Americans comments like this: "After I realized why my Japanese manager constantly criticized his staff—Japanese and Americans—I was relieved. Until then, I worried that I'd done something wrong. Now that I know it's a common Japanese management style, I don't take it personally. It's simply a Japanese management tool."

Americans who recognize the reason for such criticism realize that their Japanese managers aren't biased against them. They also understand that their managers probably won't change and will continue to dole out mostly critical feedback. That understanding can be extremely helpful in enabling them to adapt to a foreign management style and to enjoy a more harmonious workplace.

The most critical dimension of the conflict resolution model is the centrality of global (headquarters) and local relations. At the heart of almost every cross-cultural conflict in U.S.-based Japanese companies lies a difference in values, perspectives, and priorities between headquarters and local staff. The overriding challenge the Japanese face is one imposed on them—and the rest of the world—by the globalization of business. The kind of self-serving economic aggression that has characterized overseas business operations in many companies in the past is becoming less acceptable in local environments. The countries that recognize that quickly and find ways to accommodate local conditions—especially when conflict arises—will have a marked advantage over their global competitors.

If global-local relations lie at the heart of a problem, cultural mediation lies at the heart of the solution. Broadly viewed, the effective application of the seven-step conflict resolution model ultimately leads to the development of a synergistic corporate culture in which the cultures in conflict are integrated step-by-step at all levels to form a unique third culture. As difficult as that may sound, synergy can be achieved. The key player is the cultural mediator. That's often an experienced trainer who—present from the outset and armed with substantive intercultural skills—guides the resolution process and mediates the differences in people's values and behaviors that fuel the conflict. It's a role that many business executives undervalue but, as with global-local relations, those who do value it will have a marked advantage in the emerging global marketplace. ■

***Doug Lipp** is President of G. Douglas Lipp & Associates, 3927 Edgevale Court, Fair Oaks, CA 95628 USA Phone (916)962-1231. Fax (916)962-0424. E-mail: doug@douglipp.com www. douglipp.com*

***Clifford C. Clarke** is CEO of Clarke Consulting Group, Redwood City, CA*