Riding the Waves of Culture
Taking advantage of challenging circumstances

FONS TROMPENAARS
Lisbon, 28 October 2014
Your clients and partners
Approaching Dilemmas: *Navigating Strategic Tensions*

To Create Wealth is
to combine Values that are not easily joined…..
Therefore scarce…
Therefore profitable…..
This approach leads to concrete and measurable actions…

- **Recognize** Increase Awareness
- **Respect** Appreciate Cultural Differences
- **Reconcile** Resolve Cultural Differences
- **Realize and Root** Implement Reconciling Actions

This diagram illustrates the progression of actions starting from increasing awareness, moving towards respect and ultimately reconciling cultural differences, with a focus on realizing and rooting in the actions.
Core Proposition

“Innovative leaders have the propensity and competence to help organizations and its teams reconcile dilemmas for sustainable innovation”
Some hard evidence
Our research reveals that the propensity to reconcile dilemmas correlates with bottom line business performance

<table>
<thead>
<tr>
<th>Correlation</th>
<th>(Spearman’s coefficient of rank correlation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation between reconciliation and 360° feedback by peers and subordinates</td>
<td>0.71</td>
</tr>
<tr>
<td>Correlation between reconciliation and bottom line business performance in profit centre/budget stream</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Source: 21 Leaders for the 21st Century p429
A model of culture

Explicit Culture

Implicit Culture
01/ The Car Accident

What happens to your friend?
01/ What right does your friend have?

A. My friend has a **definite** right as a friend to expect me to testify to the lower figure.

B. He has **some** right as a friend to expect me to testify to the lower figure.

C. He has **no** right as a friend to expect me to testify to the lower figure.
01/ Dilemma:

INTEGRITY

The top 2 of your corporate values are:

1. Integrity
2. We respect the cultures of others

*Please discuss in the context of these values what your answer would be...*
Universalism versus Particularism
01/ Universalism vs Particularism

- Consistency
- Systems, standards & rules
- Uniform procedures
- Demanding of clarity
- Letter of the law

- Flexibility
- Pragmatic
- Make exceptions
- “It depends”
- At ease with ambiguity
- Spirit of the law
### 01/ Universalism

**Friend has no/some right and would not help**

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>97%</td>
</tr>
<tr>
<td>Canada</td>
<td>93%</td>
</tr>
<tr>
<td>USA</td>
<td>93%</td>
</tr>
<tr>
<td>Sweden</td>
<td>92%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>91%</td>
</tr>
<tr>
<td>Australia</td>
<td>91%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>90%</td>
</tr>
<tr>
<td>Germany</td>
<td>87%</td>
</tr>
<tr>
<td>Czech Rep</td>
<td>83%</td>
</tr>
<tr>
<td>France</td>
<td>73%</td>
</tr>
<tr>
<td>Singapore</td>
<td>69%</td>
</tr>
<tr>
<td>Japan</td>
<td>69%</td>
</tr>
<tr>
<td>Mexico</td>
<td>68%</td>
</tr>
<tr>
<td>India</td>
<td>64%</td>
</tr>
<tr>
<td>China</td>
<td>47%</td>
</tr>
<tr>
<td>Russia</td>
<td>44%</td>
</tr>
<tr>
<td>Korea</td>
<td>44%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>32%</td>
</tr>
</tbody>
</table>

The chart visually represents the percentages of respondents from each country who believe a friend has no or some right and would not help, with Switzerland having the highest percentage at 97%.
01/ Dilemma

Globalism and Localism

Global Standards (Critical Mass) ——— Cultural Diversity (Differing solutions)
Globalization vs. Localism

- Global Corporation
- International Corporation
- Transcultural Corporation
- Multi-local Corporation

Global centralized to Decentralized Local
01/ This approach assumes three connected stages...

- **The Creative Individual**
- **The Inventive Team**
- **The Innovative Organization**
01/ This approach assumes three connected stages…

STAGE 1

The Creative Individual
## Flaw: based only on linear scale models

<table>
<thead>
<tr>
<th>Creative people are more…</th>
<th>Creative people are less…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intuitive</td>
<td>Sensing</td>
</tr>
<tr>
<td>Perceiving</td>
<td>Judging</td>
</tr>
<tr>
<td>Thinking</td>
<td>Feeling</td>
</tr>
<tr>
<td>Extrovert</td>
<td>Introvert</td>
</tr>
<tr>
<td>Tortoise mind</td>
<td>Hare brain</td>
</tr>
<tr>
<td>Lateral</td>
<td>Focused</td>
</tr>
<tr>
<td>Risk-taking</td>
<td>Securing</td>
</tr>
<tr>
<td>Hunting</td>
<td>Gathering</td>
</tr>
<tr>
<td>Individualistic</td>
<td>Consensus seeking</td>
</tr>
<tr>
<td>Right brain</td>
<td>Left brain</td>
</tr>
<tr>
<td>Etc.</td>
<td>Etc.</td>
</tr>
</tbody>
</table>
Kirton’s KAI linear model

But scoring on one implies less of the other
Innovation = the reconciliation between creativity and adaptation
Innovation = the reconciliation between creativity and adaptation

Creativity
I am ingenious, original, independent, unconventional and unpredictable

Innovation
I am efficient, thorough, adaptable, methodical, organized, precise, reliable, and

Adaptation
I am efficient, thorough, adaptable, methodical, organized, precise, reliable, and dependable.

I am ingenious, original, independent, unconventional and unpredictable.

I am continuously checking in an organized and methodical manner whether my original ideas do work in practice.

Creativity
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- I am efficient, thorough, adaptable, methodical, organized, precise, reliable, and dependable.

Innovation = the reconciliation between creativity and adaptation
I am efficient, thorough, adaptable, methodical, organized, precise, reliable, and dependable.

I am ingenious, original, independent, unconventional and unpredictable.

Creativity
I am ingenious, original, independent, unconventional and unpredictable

Innovation
I am methodical and organized first to set the basis to launch my unconventional ideas.

Innovation = the reconciliation between creativity and adaptation

Adaptation
I am efficient, thorough, adaptable, methodical, organized, precise, reliable, and
01/ This approach assumes three connected stages…

STAGE 2

The Inventive Team

The Creative Individual
01/ Integrating Team Roles of Belbin

Dilemma team roles
01/ Example Belbin Team roles of participants

Completer Finisher
Specialist
Plant
Monitor Evaluator
Team Worker
Resource Investigator
Implementer
Coordinator
Shaper

Most like
Least like
01/ Belbin team role dilemma

The Particular Idea versus the Universal Evaluation

The Plant  The Evaluator
01/ Belbin Team roles

Universal Critical Appraisal

Strangled at birth...

Realize ideas through critical oxygen

Blue Sky

Particular Creative Ideas
This approach assumes three connected stages…

- The Creative Individual
- The Inventive Team
- The Innovative Organization
01/ Corporate Culture

- **Incubator**
  - ORGANIZED CHAOS
  - MBP
  - LEARNING

- **Guided missile**
  - STRATEGY
  - MBO
  - PAY FOR PERFORMANCE

- **Person oriented**
  - NETWORK
  - MBS
  - PROMOTION/POWER

- **Task oriented**
  - STRUCTURE
  - MBJD
  - EXPERTISE

- **Family**

- **Eiffel tower**
Four Corporate Cultures

Egalitarian

Hierarchical

Person

Task
The infinity loop for innovation
From Invention to Intention
From Invention to Intention

Person

Task

Egalitarian

Hierarchical

INITIAL STRENGTHS:
CREATIVE
FLEXIBLE

WEAKNESS:
ANARCHY
CHAOS

LEADERSHIP CRISIS

INITIAL STRENGTHS:
LOYALTY/COMMITMENT
STRONG LEADERSHIP
01/ Stage 1 Dilemmas

1. Leading participating employees *versus* respect for authority

2. Team spirit *versus* individual creativity

3. Effectiveness of teams *versus* creation of cultural knowledge about these teams
Individualism versus Communitarianism
02/ Individualism versus Communitarianism

a) One said: ‘It is obvious that if one has as much freedom as possible and the maximum opportunity to develop oneself, the quality of one’s life would improve as a result.’

b) Another said: ‘If the individual is continuously taking care of his or her fellows then the quality of life for us all will improve, even if it obstructs individual freedom and individual development.’
02/ Individualism

Percentage opting for individual freedom

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>89</td>
</tr>
<tr>
<td>Canada</td>
<td>71</td>
</tr>
<tr>
<td>USA</td>
<td>69</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>67</td>
</tr>
<tr>
<td>Netherlands</td>
<td>65</td>
</tr>
<tr>
<td>Finland</td>
<td>64</td>
</tr>
<tr>
<td>Australia</td>
<td>63</td>
</tr>
<tr>
<td>UK</td>
<td>61</td>
</tr>
<tr>
<td>Sweden</td>
<td>61</td>
</tr>
<tr>
<td>Russia</td>
<td>61</td>
</tr>
<tr>
<td>Germany</td>
<td>53</td>
</tr>
<tr>
<td>Italy</td>
<td>52</td>
</tr>
<tr>
<td>Indonesia</td>
<td>44</td>
</tr>
<tr>
<td>Singapore</td>
<td>42</td>
</tr>
<tr>
<td>China</td>
<td>41</td>
</tr>
<tr>
<td>France</td>
<td>41</td>
</tr>
<tr>
<td>Japan</td>
<td>39</td>
</tr>
<tr>
<td>India</td>
<td>37</td>
</tr>
<tr>
<td>Mexico</td>
<td>32</td>
</tr>
<tr>
<td>Egypt</td>
<td>30</td>
</tr>
</tbody>
</table>
02/ Dilemma Reconciliation

The Individual and the Team

Case Study:
Individual Performance versus Team Spirit
02/ The Individual and the Team

Reward Individual Performance

Stimulate Team Co-operation
02/ Dilemma Reconciliation

(1,10) Me, Myself and withholding Information
02/ Dilemma Reconciliation

Team Mediocrity (10,1)
02/ Dilemma Reconciliation

(5,5)

Go for the Small team
Reward Teams for Individual Creativity

Reward Individuals for Team Work

(10,10)

Dilemma Reconciliation

Individual Motivation

Team Motivation
02/ Main Challenges

2. Co-Opetition
From Intention to Invasion
From Intention to Invasion

INITIAL STRENGTHS:
LOYALTY/COMMITMENT
STRONG LEADERSHIP

WEAKNESS:
COUNTRYCLUB
CENTRALIZATION

CRISIS OF AUTONOMY

Person

Task

Hierarchical

Egalitarian

INITIAL STRENGTHS:
STRATEGIC
TASK ORIENTED
CUSTOMER FOCUSED
Stage 2 Dilemmas

1. Lord or servant?
2. How do we centralise lessons reaching us from decentralised locations?
3. Concern with process versus concern with people
Universalism versus Particularism

Individualism versus Communitarianism

Neutral versus Affective

Specific versus Diffuse

Achievement versus Ascription

Sequential versus Synchronic

Internal versus External Control
05/ Achievement versus Ascription

What You Do  Who You Are

STATUS?
05/ Achievement versus Ascription

Aspects of ascribed status...

- Family
- Age
- Gender
- Education
‘The most important thing in life is to act as really suits you, even if you don’t get things done’
05/ Achievement versus Ascription

Percentage not agreeing with acting as really suits you

- USA: 59%
- Norway: 57%
- Canada: 56%
- UK: 50%
- Israel: 43%
- Germany: 42%
- Brazil: 40%
- Italy: 39%
- India: 39%
- China: 38%
- Switzerland: 35%
- France: 35%
- Belgium: 34%
- The Netherlands: 34%
- Spain: 31%
- Russia: 29%
- Japan: 27%
- Argentina: 26%
- South Korea: 25%
- Czech Republic: 24%
- Egypt: 15%
05/ Achievement versus Ascription

Attributed status by seniority or role

Lost democratic leadership
(1,10)

Performance Status
05/ Achievement versus Ascription

Attributed status by seniority or role

Follow the Leader

(10,1)
05/ Achievement versus Ascription

Attributed status by seniority or role

Performance Status

Attributed status by seniority or role

The Servant Leader

(10,10)
Servant or Leader?
02/ Main Challenges

5. Servant Leader
From Invasion to Implementation
From Invasion to Implementation

INITIAL STRENGTHS:
STRATEGIC
CUSTOMER FOCUSED

WEAKNESS:
SWEATSHOP
SHORT TERMISM

CRISIS OF CONTROL

INITIAL STRENGTHS:
EFFICIENT
STRUCTURED

Egalitarian

Hierarchical

Person

Task
Specific versus Diffuse
04/ Specific versus Diffuse
04/ Specific versus Diffuse
04/ Specific versus Diffuse

Specific Relationship
04/ Specific versus Diffuse
04/ Specific versus Diffuse

No Relationship
04/ Specific versus Diffuse

Diffuse Relationship
04/ Specific versus Diffuse
A boss asking to paint his house

*The colleague argues:*
You don’t have to paint the house if you don’t feel like it. He is your boss in the company. Outside the company, he has little authority.

*The subordinate argues:*
Despite the fact that I don’t feel like it, I will paint the house anyway. He is my boss and you cannot ignore it outside your work either.
Would not paint the house

- Sweden: 91
- Netherlands: 91
- Denmark: 89
- UK: 88
- Canada: 87
- USA: 82
- Czech Republic: 78
- Japan: 71
- Mexico: 70
- Thailand: 69
- Greece: 67
- Belgium: 66
- Korea: 65
- Singapore: 58
- Venezuela: 52
- Kuwait: 47
- Nigeria: 46
- China: 32
From the Balanced to the Integrated Score Card

Balanced Score Card Dilemma...
From the Balanced to the Integrated Score Card

Specific Financial Performance

Diffuse Development of People
Specific financial performance

Cost cutting yourself

(1,10)

Integrated growth:

Train for Cost Cutting

(10,1)

Subsidised seminar

Interests in future innovating and learning
From Implementation to Innovation
From Implementation to Innovation

Egalitarian

INITIAL STRENGTHS:
LEAN PROCESSES
STRUCTURED

WEAKNESS:
BUREAUCRACY
INFLEXIBLE

CRISIS OF RED TAPE

Hierarchical

INITIAL STRENGTHS:
CREATIVE
CLIENT IS KING
07/ Internal versus External Control

**Internal Control**
- Nature as a mechanism
- Dominance over nature

**External Control**
- Nature as an organism
- Subjugation to nature
07/ Internal versus External Control

A. What happens to me is my own doing.

B. Sometimes I feel that I do not have enough control over the direction my life is taking.
What happens to me is my own doing

- New Zealand: 89
- Canada: 86
- USA: 85
- Spain: 81
- UK: 81
- Norway: 79
- France: 78
- Brazil: 77
- The Netherlands: 76
- Germany: 76
- Italy: 76
- Belgium: 75
- Sweden: 75
- India: 75
- Portugal: 74
- Czech Republic: 73
- Japan: 69
- South Korea: 69
- Russia: 62
- China: 51
- Nepal: 40
From the Balanced to the Integrated Score Card

*Balanced Score Card Dilemma...*
From the Balanced to the Integrated Score Card

Inner Directed Improvements in Business Processes

Outer directed increase in customer satisfaction
Inner directed improvements

- Lean but mean (1,10)

Integrated growth:
- Pushing through the Pull (10,10)

Outer directed increase in customer satisfaction

Customer’s creature (10,1)

From the Balanced to the Integrated Score Card
07/ Main Challenges

7. Pushing through the Pull
Exnovation!
Task oriented
Stage 5 Dilemmas

1. Internal **versus** external innovations
2. Investing in R&D efforts **versus** co-operating with rival companies
3. Hi-tech **versus** ‘hi-touch’ in virtual teams
4. Systemic **versus** modular innovation
Hi-tech versus Hi-touch

LURE OF RELATIONSHIP (expensive, slow, customized)
Stage 5 Dilemmas

1. Internal **versus** external innovations
2. Investing in R&D efforts **versus** co-operating with rival companies
3. Hi-tech **versus** ‘hi-touch’ in virtual teams
4. Systemic **versus** modular innovation
Knowledge Management

Controlling systemic innovation

Innovation jealously guarded

Knowledge Broking

Unco-ordinated supply

Free flowing modular innovations
INNOVATION

= 

INCLUSION

LEADERSHIP

DIVERSITY
QUESTIONS?
Thank you