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**San Andrés**

**MBA Graduation Thesis**

**Title**

Cultural Efficiencies

**Subtitle**

Exploring the main differences in cultural dimensions that drive performance.

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# 1 Executive Summary

The main objective of this work is to explore which behaviors, norms and acts in culture of organizations are related with characteristics of national culture of countries and how these are linked with macroeconomic performance. This research has adopted an exploratory approach to explore which different characteristics of national culture have an impact on macroeconomic performance. It includes as well a qualitative relationship between national culture and organizational culture.

In Section III of the present paper work the lecturer will be introduced to a macroeconomic comparison among countries. The conclusion through this comparison is that countries of North America have more stable institutions, have a steadily growth in GDP per capita and a more distributed income compared with Latin American countries. In this section is also included an analysis at a company level that shows a big concentration of high performance companies in North America. Section IV of the present study includes an explanation of the most known authors that studied national and organizational culture and made frameworks of it. It is also included a qualitative comparison of various authors and it is concluded that some of the dimensions of organizational culture of Human Synergistics have a parallelism with Hofstede's National Culture Dimensions. In Section V results are shown at a national level and at an organizational level. Correlation analysis has been made using scores of Hofstede's National Culture and GDP per capita among several countries. The results from these statistical analyses are that GDP per capita appear to be linked in a negative way with Hofstede's dimensions of power distance and in a positive way to Individualism. At an organizational level, are shown the results of a survey that has been made through three assessments of Human Synergistics from 17 employees in an argentine company. Similarly, the results of the data collected from the assessments shows that the company in Argentina has low average scores in the power distance and individualism styles.

## 2 Section II: Introduction

*“Culture change initiatives can lead to real financial returns<sup>1</sup>”.*

Many times we have heard some statements in global companies like: “People are the most valuable asset that we have”. Many people think that this statement is dangerously incomplete. Employees in a company will be a sustainable competitive advantage, when trained and sharing a common vision. Without these characteristics it is just a group of people that many times, can even be a competitive disadvantage.

In these terms, culture plays a fundamental role, in the way in which people behave and in the way that they think what the company expects from them.

### 2.1 Introduction, objective and scope.

#### 2.1.1 Introduction.

The term culture usually refers to a relatively stable set of beliefs, values and behaviors commonly held by a society, being derived from social anthropology as a framework for understanding primitive societies (Kotter and Heskett, 1992). One of the most important reasons that explain the motivation for having a large amount and rich literature about culture and performance is the interest in organizational culture and the assumption that there are some behaviors, norms and values in organizational cultures that lead to an increase in financial performance and productivity.

According to Ogbonna and Harris (2000), in an evaluation of studies of organizational culture, leadership style, and organizational performance, it emerged that, while some evidence exists of links between organizational culture and performance and between leadership style and performance, the combined study of all three of these concepts has been lacking. According to Denison (1984), the cultural and behavioral characteristics of organizations

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<sup>1</sup> Eric Sanders and Robert Cooke (2011). Financial Returns from Organizational Culture Improvement: Translating “Soft” Changes into “Hard” Dollars. Human Synergistics International.

have a measurable effect on a company's performance. Organizations with a participative culture and well-organized workplaces not only perform better than those without such a culture, but the margin of difference that widens over time suggests a possible cause-effect relationship between organizational culture and performance. Ouchi and Wilkins (1985) showed a positive relationship between organizational culture and productivity.

The Schein's model (1990) describes organizational culture as a pattern of basic assumptions developed by a team or group as they learn to cope with their problems of external adaptation and internal integration. In Schein's opinion, culture has three levels. First of all, the behaviors, which are the simplest levels of culture consisting of the physical and social environment of an organization. Second, the values, being composed of those elements that provide the underlying meanings by which the patterns of behaviors may be predicted. Third and last, the basic assumptions, which represent an unconscious level of culture being the most difficult to learn and change.

There is plenty of literature explaining or trying to arise to a conclusion about organizational culture and performance. Some authors conclude that there is a consistent link between culture, behaviors and values with organizational performance. Some of them encountered which aspects of the organizational behavior enhance performance. Some others found that there is no correlation at all between people's behaviors and financial returns.

#### 2.1.2 Main Objective.

The main objective of this work is to explore which behaviors in the organizational culture model of Human Synergistics are related with the national culture dimensions of Hofstede and how these are linked with economic performance of countries.

To achieve this main objective in the present work will be found an assessment made in a corporation that operates in Latin America.

### *2.1.3 Research questions.*

There are differences in terms of macroeconomic performance between countries from Latin America and developed countries? What are these main differences?

There are differences in terms of performance between firms settled in Latin America and firms settled in the United States?

Which are the main differences in terms of national culture between different authors? Which are the main differences in terms of organizational culture between different authors?

How does the national culture is related with the organizational culture?

There is any relationship between the macroeconomic variables and the national culture dimensions?

There are some behaviors in United States that Latin American countries should imitate?

One of the most important ways of improving is learning from others. Since there is plenty of bibliography, papers, etc., that talk about the Anglo-Saxon society and productivity, through this work will be trying to identify most differences in culture inside corporations to be able to learn about them.

### *2.1.4 Methodology.*

This work will be started with historical information about performance in North America and South America as regions. Will be analyzed the GDP across regions and the evolution of this indicator through the years for countries around the world. Moreover, since the evolution of institutions plays a fundamental role in a country development there will be included a qualitative analysis for institutions in developed and not developed countries. Differences in inequality among countries and the relationship between inequality and GDP per capita are also analyzed in this first section. Education and health investment and working efficiency analysis are also included to differentiate countries around the world.

In terms of organizational value, there will be analyzed information regarding to firm's performance according to Forbes' world ranking. There will be done several analysis of performance in different clusters. With this basis will be concluded that North American firms are in average more productive, effective and more stable than Latin American corporations.

After the macroeconomic analysis, this paper work will include an analysis of the different renowned authors that wrote about culture and that have developed frameworks trying to describe national culture through several dimensions (Parsons, Rotter, Hofstede, Trompenaars, Michael Bond and Schwartz). Following these authors, will be included an analysis of the most renowned authors that wrote about organizational culture and developed frameworks organizing characteristics through dimensions (Hofstede, Human Synergistics framework and GLOBE Project).

The dimensions included in the National Culture framework done by Hofstede will be compared with the National Culture scheme done by Schwartz. These two will be compared to the theoretical dimensions included in the Human Synergistics framework. In this comparison will be looking for a qualitative parallelism between the three schemes. This is, how the national culture dimensions of Hofstede and Schwartz relate to the organizational culture model of Human Synergistics.

Following this qualitative analysis of national and organizational culture dimensions it will be included an analysis of relationship between National Culture dimensions of Hofstede and macroeconomic variables. For each country for which we have scores for the Hofstede National Culture dimensions will be compared to the GDP per capita for that same country. The aim of this analysis is to arrive to the national culture dimensions that are positively or negatively linked with GDP per capita and which national culture dimension have no relationship with GDP per capita. Thus, these national culture dimensions that are linked with macroeconomic performance have a qualitative equivalent in the organizational framework of Human Synergistics.

To explore the behaviors at an organizational level that are qualitative related to national culture dimensions that are positively linked with GDP per capita at a country level, there have been made two assessments through seventeen



respondents that work in a Latin America corporation (AB Mauri) that operates in Argentina, Chile, Uruguay, Peru and Colombia. These two assessment tools were provided by “Human Synergistics”. The respondents were provided by the author of this work and the data collection and the final report was done by Human Synergistics. The Organizational Culture Inventory (OCI) and the Organizational Effectiveness Inventory (OEI) are these two assessment tools. The first tool used is *Organizational Culture Inventory*® (OCI®). This tool is widely used around the world for measuring organizational culture. This tool provides a profile of the operating culture of an organization. It assesses the real culture and the ideal culture. The Organizational Culture Inventory (OCI) provides a visual profile of the operating culture in terms of behavior that members of the organization believe that are required to fit the requirements. These expectations guide the way that they do their work, and guide the way they adapt to change, solve problems and perform effectively. It includes the Actual OCI and the Ideal OCI. The second tool used is *Organizational Effectiveness Inventory*® (OEI®). This tool is widely used around the world for measuring organizational effectiveness. It assesses the most important internal factors and conditions that have big impact on the organization effectiveness. The Organizational Effectiveness Inventory (OEI) provides with measures of performance along individuals, group and organizational outcomes. It also assesses the factors and conditions that have impact on performance.<sup>2</sup>

Finally, through the assessment will find the scores of those behaviors and norms in AB Mauri that are related to national culture dimensions of Hofstede that appear to be linked to economic performance. This will help to understand those different dimensions, values and behaviors and make a contribution for South American firms, so they can imitate these best practices and become more productive and stable firms.

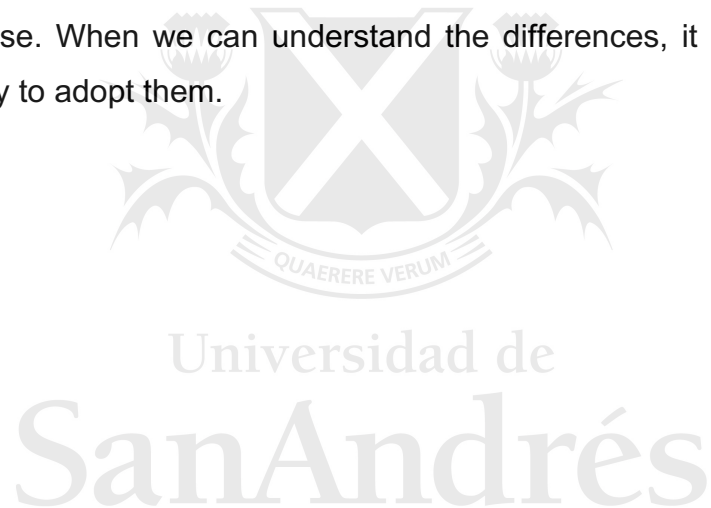
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<sup>2</sup> <http://www.humansynergistics.com/>. Consulted January 1, 2013.

### 2.1.5 *Reasons for the research.*

The main reason for the research is personal interest. I have been very interested in cultural change, cultures of organizations and how all these aspects link with the performance of the corporations. In our globalized world, most firms that operate as global are from US, Europe and now South East Asia. Since Latin American firms don't have such an impact on world corporation development, I think that we have something to learn from these big companies and developed countries.

I also have a personal conviction that these studies can make a big difference in terms of the best practices that firms of undeveloped countries can adopt. In order to close the gaps between developed countries and undeveloped countries we have to look at them carefully and understand why these differences arise. When we can understand the differences, it means that we are ready to try to adopt them.



### **3 Section III: Historical Data**

Most developed countries come from Anglo-Saxon cultures and most of the developing ones come either from Hispanic cultures or African cultures. Since this has a main impact on education, cooperation, and productivity, the present investigation will try to define which are the main differences between both societies. More deeply it is going to be analyzed the main macroeconomic differences between Latin American and North American countries.

#### **3.1 Macroeconomic Differences.**

##### *3.1.1 Dealing with crisis.*

During the last century there have been big differences between developed countries and developing ones. Most developed countries were able to improve steadily the GDP, the distribution among those who need more assistance, they were able to improve their educational rates, improve the health system, they were able to create a strong and rising industry that feeds the country with employment and finally they were able to build a society that is involved helping others and engaged in cooperation. During the same period of time, most developing countries built poverty, inequality, unemployment, diseases, and a health system that does not work properly, educational gaps and built a divided society that only worries about their own interests.

In North America there have been several crises during the last century. As a result of these crisis, not only United States and Canada suffered, almost the entire globalized world had difficulties to have a steadily growth.

The Great Depression in 1929, initiated by the sudden collapse of the US stock market left in the United States an unemployment rate of 25%, the industrial production dropped 46%, the foreign trade descended 70% and the wholesale prices fall 32% (Blum, Cameron and Barnes, 1970). This fall of international trade and dropped prices had a very big impact on Canada, Europe, South America and mostly the entire world. Canada was left with 27% of unemployment, and the industrial production had fallen 58% (1929-1939 The

Great Depression, Source: The Bank of Canada). In Germany the unemployment rate reached 30%, in the United Kingdom, exports had fallen 50%, which left almost 20% of people without a formal job (Public Broadcasting Service).

As it is explained in the report "The end of the Bretton Woods System (1972–81)" of the IMF, the Oil crisis in 1973, initiated when president Nixon decided to leave the Bretton Woods monetary regimen lead to increasing prices of oil. Because oil prices were denominated in dollars, the devaluation that followed the end of Bretton Woods drove mayor exporters of oil to prize the oil in gold instead of dollars. The increasing prices, lead many countries enter a period of inflation and recession. Once more, the crisis had impact all over the world.

The sub prime crisis in 2008 has been considered by the IMF the worst crisis after of the great depression<sup>3</sup>. In the past years the liquidity around the world had increased and most of those assets, went to the United States looking for a big return. Mortgage lenders relaxed underwriting standards and originated riskier mortgages to less worthy borrowers. When the housing bubble emerged, prices dropped and people left to pay their mortgages. This way, many financial institutions were damaged and went bankrupt. Unemployment rate increased to 10%, twice the rate that used to have before the crisis.<sup>4</sup>

As explained in the "The Global Social Crisis – Report on the World Social Situation 2011" from the United Nations, these entire crises left a big impact all over the world. Rising unemployment, recession, rising prices and a big inequality spread over every country. Some regions had a big willingness, power, national culture and institutions to have a fast recovery. Some others go from one crisis into another. Severe institutional failures lead to inequality and unfair conditions to investors. That is why most of these regions are not attractive to invest.

Since crises have been occurring during the last century, and some countries have been able to recover faster than others, is why developing countries have

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<sup>3</sup> "World Economic Outlook - April 2009: Crisis and Recovery" *Box 1.1 (page 11-14)*. IMF. 24 April 2009.

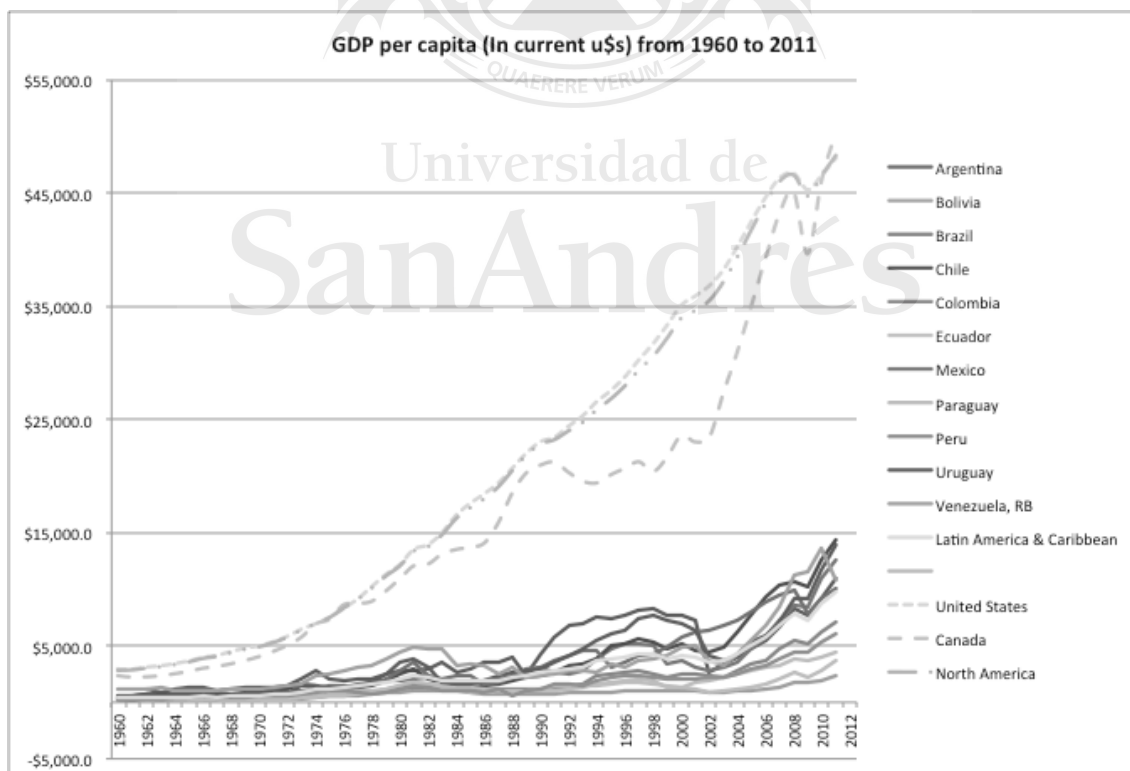
<sup>4</sup> [https://en.wikipedia.org/wiki/Financial\\_crisis\\_of\\_2007%E2%80%9308](https://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%9308) - Consulted February 15, 2013.

something to learn about. Despite the big crises described and despite the First and Second World War, developed countries have the most raising and productive corporations in the world. There are big entrepreneurs generating employment and a culture of cooperation. All these lead to think about a strong culture, shared values and shared beliefs that impulse the entire society to improve in a productive and social way.

### 3.1.2 GDP across regions.

In developed countries of North America (United States and Canada) there has been a steadily improvement of the GDP per capita during the last fifty years. According to figures extracted from the World Bank, in 1960 the United States had a GDP per capita of \$2,881 (In current dollars) and fifty years later it had increased 1,570% to the actual value of \$48,112. The same happens to Canada, \$2,295 in 1960 and \$50,345 in 2011 (2,094% of increase).

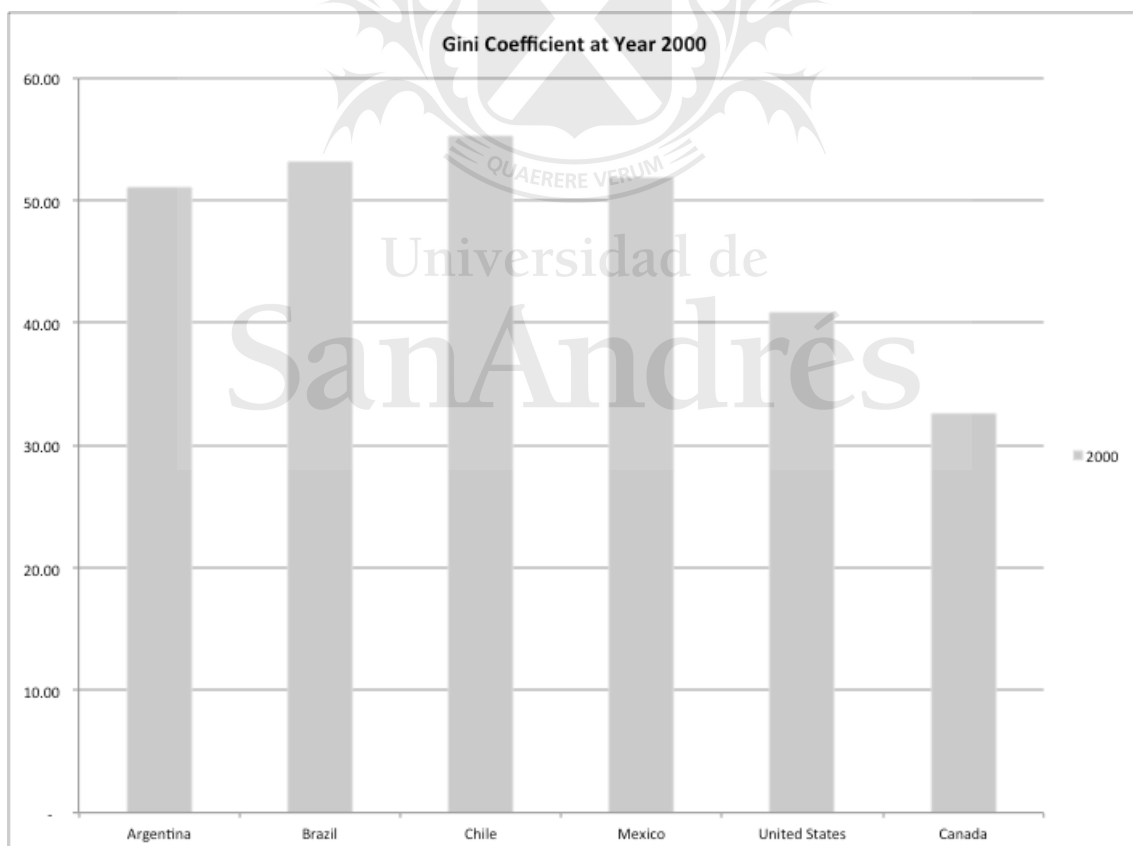
Figure 1 - GDP per Capita (In current U\$S) from 1960 to 2011. <sup>5</sup>



<sup>5</sup> Self-made with data collected from The World Bank. <http://www.worldbank.org/>. Consulted February 15, 2013.

In Latin America this situation is a little less encouraging. Figures from the World Bank (Figure 1) shows that the GDP per capita in Argentina in the year 1962 was \$1,148 and in 2011 was \$10,942. In Brazil, \$208 in 1960 and \$12,594 in 2011 with a huge improvement in the last ten years. The GDP per capita of Chile, one of the most prosperous and stable countries of the region, was \$550 in 1960 and \$14,394 in 2011. As we can see most of the countries in Latin America (Without considering the Caribbean zone), had a big improvement in order of 2,000% but cannot trespass the amount of \$15,000. On the other hand, despite the effort of the governments, the inequality of these countries of the region is much larger that in North America. According to World Bank figures, in the year 2000 (Figure 2), United States had a Gini Coefficient of 40.81 and Canada 32.56 while Argentina had 51.11, Brazil 53.13, Chile 55.26 and Mexico 51.87.

Figure 2 - Gini Coefficient at year 2000. <sup>6</sup>



<sup>6</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted February 15, 2013.

GDP growth is fundamental for future generations. If GDP doesn't grow at the same rate that population, is a big symptom that resources are not being allocated properly. Despite the severe crisis that the world has suffered, countries from North America had a steadily GDP growth.

### *3.1.3 Institutions.*

Democratic stability, efficiency of institutions and a culture of progress, and cooperation help to have better GDP per capita and lower inequality. We can define these two targets as the main targets that a government has to achieve and the way to reach those goals is to have a long-term plan for the country. According to Acemoglu et al. (2000) if there is no democratic stability, it means that there is no consensus about the future of the country. If there are no efficient institutions, the mechanisms of the justice, the presidency and the legislation are not protected. If there is no culture of progress and cooperation, there will be any force labor to work in industries, no entrepreneurs that create employment and a divided society.

As discussed by Acemoglu et al. (2000) in "Why Nations Fail", the GDP growth is the result of efficient institutions and long term planning instead of short term, but another important point could be the democratic stability. Since 1789 when George Washington assumed as the first president of the United States, there were 44 constitutional presidents elected by the citizens. In Argentina for example, in the twentieth century there were six attempts to interrupt the democracy (1930, 1943, 1955, 1962, 1966 and 1976). Four of them, ended in provisional presidencies handled by the military. The last two ended in dictatorships handled by the military as well.

Most Anglo-Saxon countries are characterized by having strong institutions. On the other hand, Hispanic countries have weak institutions and no plans for the long term. As discussed by Acemoglu et al. (2000) an institution is considered healthy and productive when it guarantees three factors. First of all, the meritocratic operation of the institution is an important factor to assure professionalism and to have the right people working for it. The second factor is the immunity to corruption. Corrupt institutions discourage long term planning,

investments and prevail inequitable conditions. The third and last factor is the concentration of authority. When this happens, the normal functioning of the hierarchy and the flow of information are affected. To establish its potential impact on the development we can consider three external factors: the proactivity, the flexibility towards technology and openness to innovation, and finally the ability to build alliances.

The institutional problems and the economic crisis have been under study for many years. According to Acemoglu et al. (2000), from an orthodox economic perspective, the state has to take intervention in economic activity, the inefficient and disintegrated local industry, the high level of public spending and the rising salaries forced by unions generated instability and to loose the steady growth. From a heterodox perspective, some authors explain that the deficit on private investments and innovation technology, the inadequate currency rate and land utilization are the most important factors that explains the incapacity of Latin American countries to develop as Anglo-Saxon countries.

Regarding institutions and income, Acemoglu et al. (2000), explained the relationship between mortality, institutions and income. The argument is that in colonization era, most people settled in places where mortality was low. In these places they were able to determine and set up good institutions. In places where mortality was high they were not able to settle correctly and thus the institutions were worse. The differences in institutions explain approximately three-quarters of the income per capita across former colonies. Former colonies mostly explain or set up the future of next generations. Countries with better institutions, more secure property rights, less distortionary policies usually invest more in education, health and physical and human capital. Therefore, will use all these factors more effectively to achieve greater level of income. Countries with a better level of income per capita can invest more to have better institutions, so as we can see this situation is difficult to revert.

As a result of the democratic and institutional failures in Latin America, most of the countries have low GDP per capita compared to Anglo-Saxon countries and the inequality has been growing during most of the part of the twentieth century.

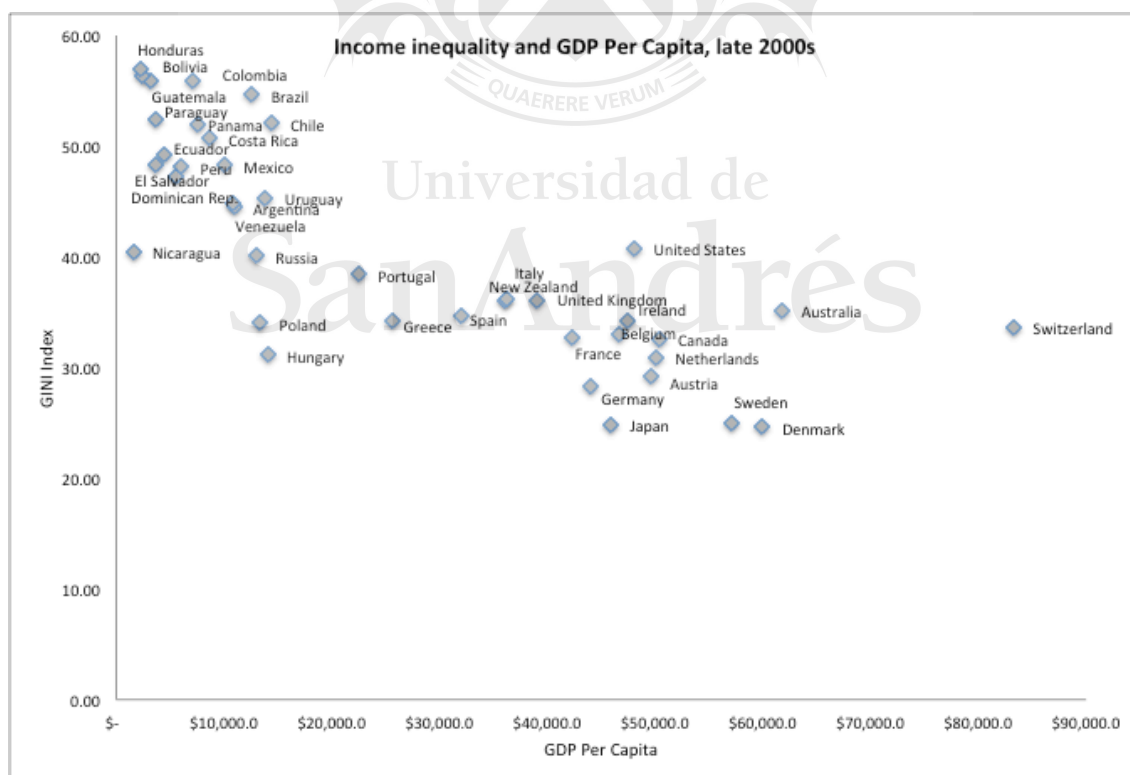


### 3.1.4 Inequality across regions.

Despite the effort of governments, the inequality of countries in Latin America is much larger than that in North America. According to World Bank figures, in the year 2000, United States had a Gini Coefficient of 40.81 and Canada 32.56 while Argentina had 51.11, Brazil 53.13, Chile 55.26 and Mexico 51.87.

Data collected from World Bank (Figure 3) shows that most Latin American countries have a GDP Per Capita between \$2,000 and \$15,000 with a GINI factor that is between 40 and 60. Thus, these countries have less income and they distribute it in an unfair way. Usually these countries have a large quantity of poverty. Most European and Anglo-Saxon countries have a GDP Per Capita between \$35,000 and \$70,000 with a GINI factor between 25 and 40. Countries like Switzerland, Austria, Denmark and Sweden are a very good example of fairness and wealthy. Therefore, democratic stability and failure of institutions not only affect the GDP, but also affects the inequality.

Figure 3 - Income Inequality and GDP per Capita.<sup>7</sup>

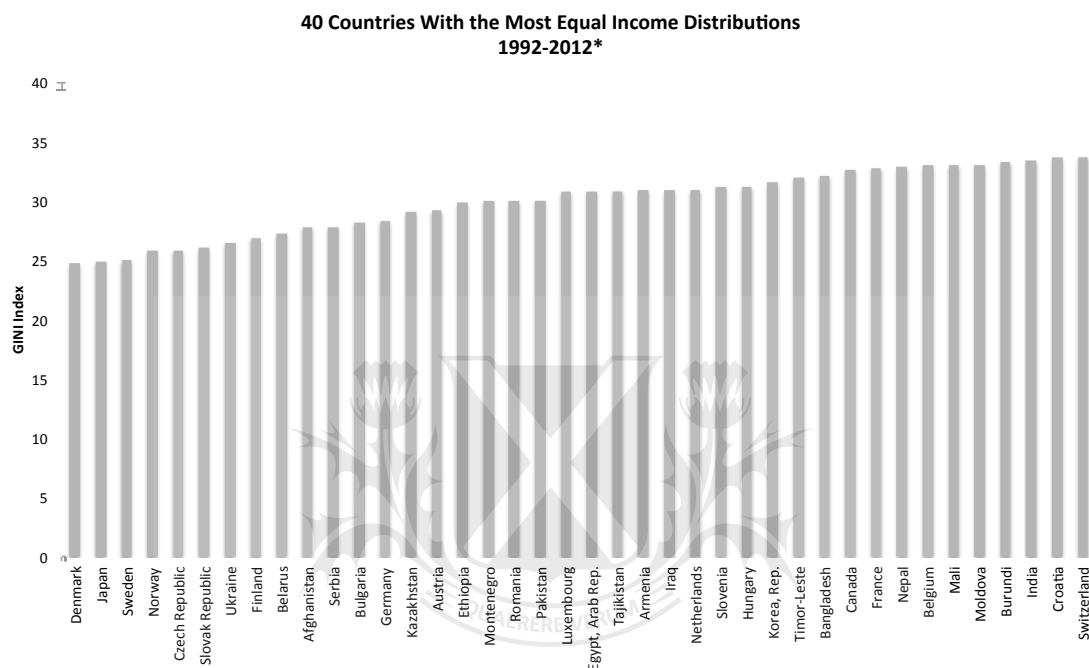


Twenty out of the forty countries with the most equal income distribution are from North America or Europe. There is not a single country from Latin America

<sup>7</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted April 27, 2013.

in this group, as shown in Figure 4 (Data from the World Bank). The rest of the countries are Japan and India and some of them are from Africa. These countries from Africa are those that have a very low GINI factor but have as well very low GDP Per Capita. (E.g. Ethiopia has a GINI factor of 29.83 but a GDP Per Capita of \$356).

Figure 4 - 40 Countries with the most equal income distributions.<sup>8</sup>

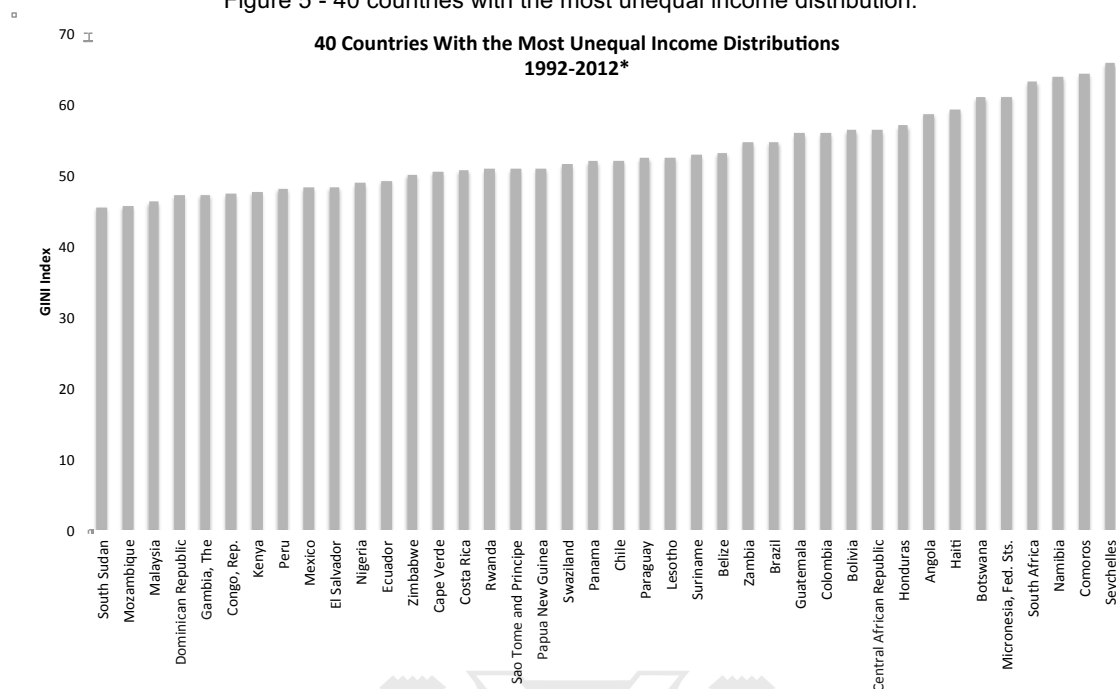


As shown in Figure 5 with data extracted from the World Bank, among the group of the forty countries with the most unequal income distribution, there are 36 that are either from Africa or Latin America. Latin America has 14 countries among this group and the rest are from Africa.

Despite this situation in countries of Latin America, most governments are making a big effort to improve the inequality. According the figures extracted from the World Bank, in 1991 the GINI Index for Argentina was 46.61, after reaching its maximum value of 54.7 in 2003, it decreased to 44.5 in 2010. In Brazil, the GINI Index in 1991 was 61 and in 2009 54.7. In Chile, the inequality index in 1991 was 55.3 and in 2009 52.1. Colombia reached the maximum value of 60.7 in 2002 and in 2010 it was 55.9.

<sup>8</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted April 28, 2013.

Figure 5 - 40 countries with the most unequal income distribution.<sup>9</sup>



What are the main causes for the large differences in income per capita across countries? What role do institutions play? What is the main difference in public spending among countries in Latin America and in North America? Were to allocate resources in order to improve the inequality?

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### 3.1.5 Education and Health across regions.

Education and health are considered the basic structure for a welfare society. According to Cutler (2006), without an educated and healthy society it is difficult to have a wealthy future and increasing productivity in a globalized world. Global markets require productive countries in order to have transactions. In the past, most countries exchanged goods mainly with neighbors. As countries increased their openness, and transportation became less costly, trading overseas became a common way to reduce costs.

There are several studies explaining the importance in health and education and productivity. Evans (1956), explains<sup>10</sup>:

<sup>9</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted April 28, 2013.

<sup>10</sup> Education and Productivity in Under-Developed Areas. Nature Publishing Group.

“Like all poor countries, they are faced with a difficult choice when they have to decide whether to spend more money on education and the social services, on one hand, or on measures for economic development, on the other. Considering briefly the case for each, Prof. Benham said that many people would urge that absolute priority be given to education, for they would say that illiterates cannot play their part properly as citizens, that children’s talents and personalities need to be developed, and that we need higher education to provide leaders in society and government. But in spite of this, education is only one of the claimants among the social services; there are many others, and health and housing, for example, can also make out a very strong case.”

According to Ellis (1965), education is a form of learning in which skills; knowledge, habits and behaviors are transferred by a group of people to another. This transfer could be formal through education in schools or universities or either could be through the families. This former education could be directly linked with the cultural knowledge.

Education levels differ significantly between developed and developing countries. While most developed countries dedicated centuries to educate their citizens, developing countries started focusing on education in the last fifty years. There is plenty of information about the link between education and economic outcomes<sup>11</sup>. According to Hanushek et al. (2007), some authors focus in the quantity of education (Years of education, rates of attendance, rates of grade repetition and school dropouts) and some others focus on the quality of the education.

Hanushek and Woessman (2007) explain in “The Role of Education Quality in Economic Growth” that a generalized conclusion about quality and quantity is that cognitive skills drive economic growth and individual earnings. Moreover, there is a strong implication between quality and growth rather than quantity. Both are related in the point that to have quality, first you need quantity in order to have a learning curve in terms of education.

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<sup>11</sup> Hanushek and Woessman (2007). The Role of School Improvement in Economic Development.

According to data collected from the World Bank and shown on Table 1, the average spending on education expressed as a percentage of GDP in Latin America, is 4.67 while in North America is 5.22, 12% larger. But the main difference is found on the health expenditure, 7.26 for Latin American countries and 14.55 for North American countries.

Table 1 - Investment in Education & Health. (All values expressed as a percentage of GDP).<sup>12</sup>

Country Name	Spending on Education	Health Expenditure	Foreign Direct Investment	Agriculture Value Added	Services Value Added	Industry Value Added	Manufacturing Value Added
Argentina	5.78	8.10	0.30	11.00	59.00	31.00	21.00
Bolivia	7.60	4.90	0.00	13.00	49.00	39.00	13.00
Brazil	5.62	8.90	0.20	5.00	67.00	28.00	15.00
Canada	5.00	11.20	2.90	2.00	66.00	32.00	12.00
Chile	4.20	7.50	4.80	3.00	57.00	39.00	12.00
Colombia	4.49	6.10	2.40	7.00	55.00	38.00	14.00
Costa Rica	6.28	10.90	0.10	6.00	68.00	26.00	18.00
Ecuador	4.89	7.30	N/A	7.00	55.00	38.00	10.00
El Salvador	3.43	6.80	-0.30	13.00	60.00	27.00	20.00
Mexico	5.31	6.20	1.10	4.00	60.00	37.00	18.00
Paraguay	4.12	9.70	-0.30	23.00	57.00	20.00	12.00
Peru	2.59	4.80	0.10	6.00	57.00	36.00	14.00
United States	5.43	17.90	3.00	1.00	79.00	20.00	13.00
Uruguay	2.88	8.00	-0.10	10.00	65.00	25.00	13.00
Venezuela, RB	3.63	5.20	-0.30	6.00	42.00	52.00	14.00

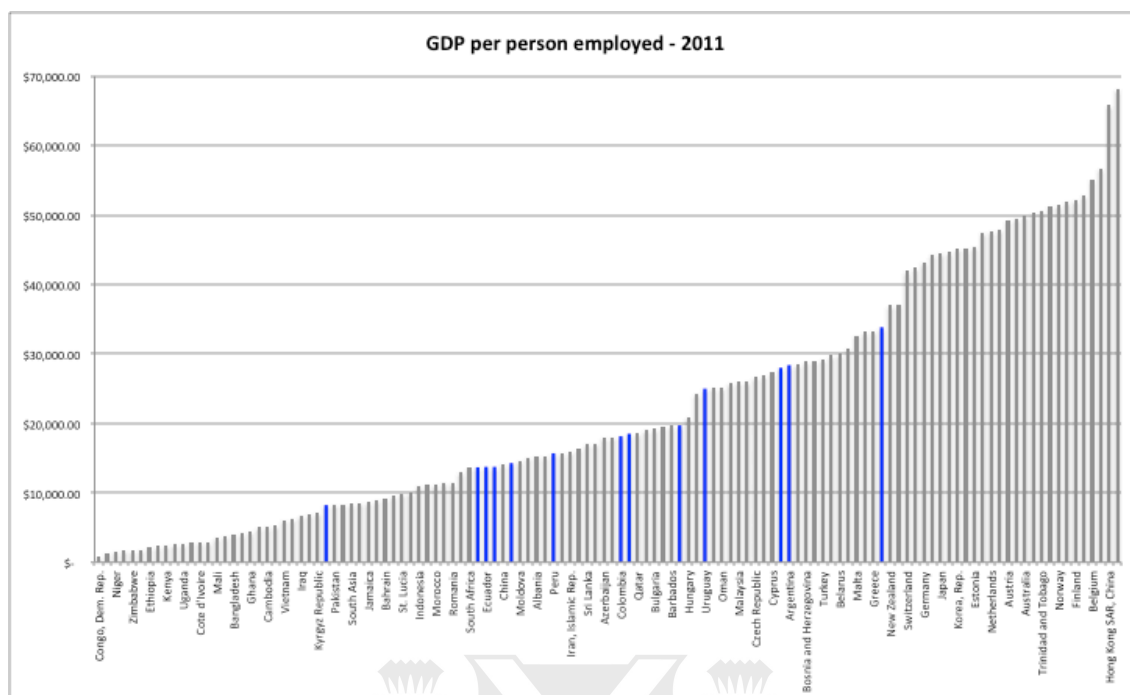
The learning curve plays an enormous role in growth and individual earnings. Developed countries have years of education; therefore, families give a big importance to education. So, this cultural importance is transferred through generations. Therefore, we can find that institutions, investments in education and cultural behavior drive growth and individual earnings.

Most developed countries spend or invest money in health and education to minimize inequality and increase productivity. But spending money is not the best driver to accomplish a result. There is another intrinsic issue that is hidden in national culture.

As it is explained in the OECD Report "How does education affect employment rates?", about half of the economic growth in OECD countries is related to labor income growth at the tertiary level of education. In France, Switzerland, Norway and the United Kingdom, 60% or more of the GDP growth is explained by the income growth of those who have attained at least a tertiary level of education.

<sup>12</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted April 28, 2013.

Figure 6 - Blue columns correspond to Latin America countries.<sup>13</sup>



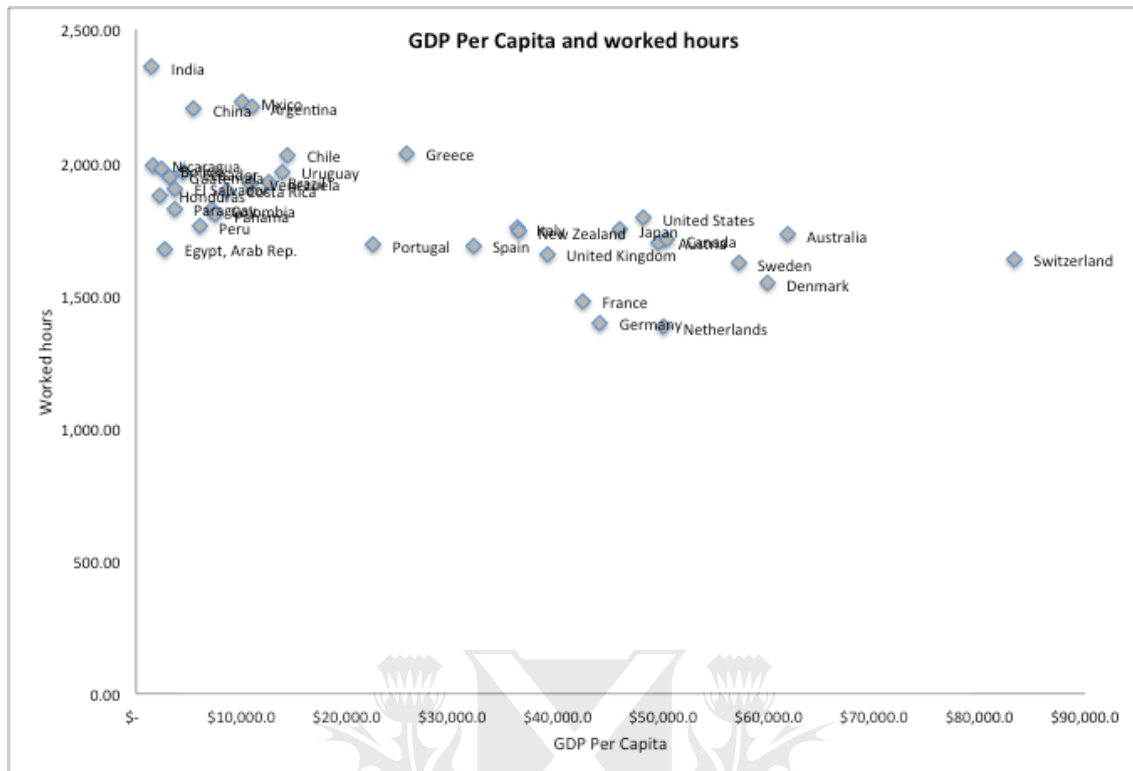
This same report explains that education has a big impact on employment rates. On average across OECD countries, 84% of the people with tertiary education are employed. This falls to just over 74% for people with upper secondary and post-secondary non-tertiary education and to just above 56% for those without an upper secondary education. This report shows that in OECD countries, an upper secondary education is typically considered the minimum needed to be competitive in the labor market. Across OECD countries, the average unemployment rate among those with tertiary-level attainment has stayed near 4%. For those with upper secondary education it has stayed below 7%, but for those with less than upper secondary education, it has breached 10% several times since 1997. Education is linked with employment and job efficiency. Thus, more educated generations are more empowered to generate income and promote the growth of GDP.

### 3.1.6 Working Efficiency.

There are several studies<sup>14</sup> about how the amount of hours worked improve the GDP.

<sup>13</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted May 01, 2013.

Figure 7 – Link between GDP per capita and worked hours.<sup>15</sup>



Data collected from the World Bank shown in Figure 7 shows that among the countries of the OECD, Greek workers invest 2,000 hours per year working while German workers invest about 1,400 hours but in terms of GDP they are 70% more productive.

These studies came to the conclusion that there is a negative relation between hours worked and GDP per hour worked. So, why people with greater GDP per hour worked, actually work fewer amounts of hours? This question immerses in the philosophy of human being. As it is explained in the paper published in the Economist by C.W. and A.J.K.D. as employees earn more money, the opportunity cost of the leisure time increases so they are supposed to work more. But on the other hand, if employees earn more money they are supposed to spend the money in leisure that consumes part of their time.

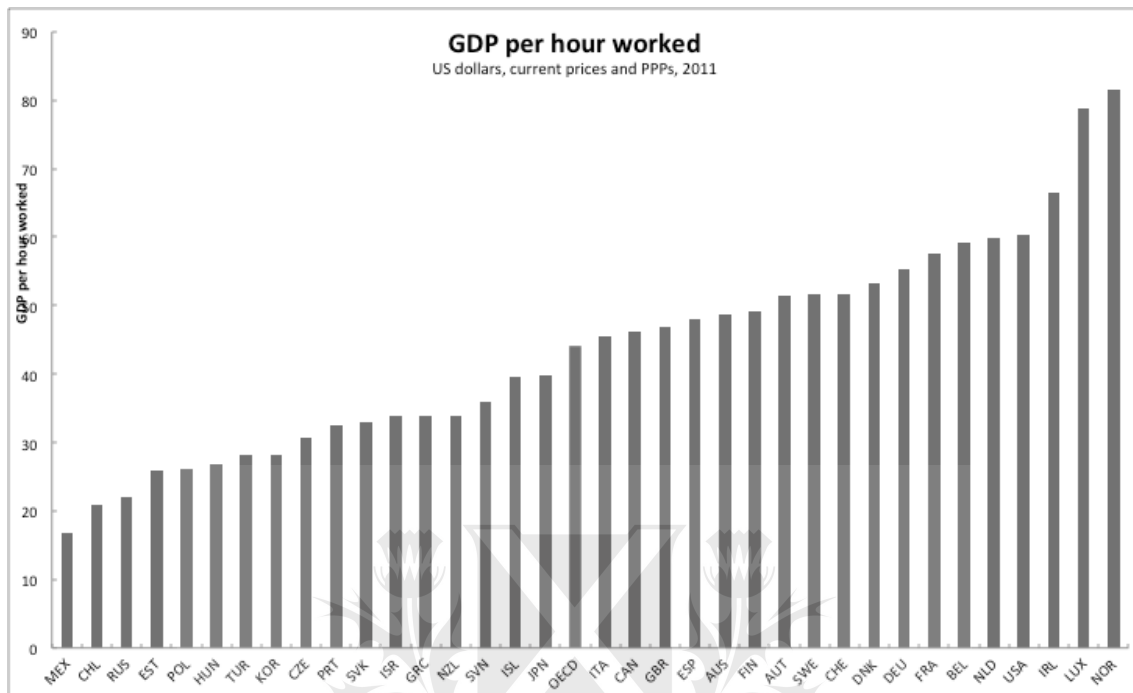
C.W. and A.J.K.D. explain in the article that as people become more educated and efficient in their work, they are supposed to work harder in order to fulfill

<sup>14</sup> Working Hours - Get a Life. (2013). The Economist.

<sup>15</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted June 15, 2015.

their own ambitions. How large these ambitions depend on the individuals, on the country, family, culture, etc.

Figure 8 - GDP per hour worked.<sup>16</sup>



In terms of benefit and cost, feeling that the reward pays the amount of hours they spend working, they will continue investing their time working. But feeling that they are not rewarded correctly, will ensure that people will spend more time at home and leisure. So this way, people working in more efficient companies will tend to work harder because they feel that they are doing something productive and that the reward will be larger. On the other hand, people working on less efficient companies, they will tend to work less because in any way the work is not going to be done and that will be no reward.

Again we can see that national culture is installed on every aspect of the human behavior. There is a complex matrix formed by culture, working hours, expectations, ambitions and efficiency that drives the amount of hours invested in working and in leisure.

<sup>16</sup> Self-made with data extracted from The World Bank. <http://www.worldbank.org/>. Consulted June 17, 2015.



### 3.2 World Ranking.

As a part of the analysis of performance of the companies, we analyzed the global ranking of companies according to Forbes 2014. The Forbes Global 2000 ranking is a list of the world's largest, most powerful companies around the world. It is calculated a global score that weights revenues, profits, assets and market value of each company in the year 2014.

In the year 2014 the Global 2000 companies hail from 63 countries around the world and account revenues of \$38,360 billion, profits of \$2,927 billion, with assets of \$160,974 billion, and a market value of \$44,410 billion. In Table 2, it is shown the distribution among continents.

Table 2 – Forbes 2014. Global2000 World's Leading Companies.<sup>17</sup>

Continent	Amount of companies per continent	%	Average Market Value (USD BILL)
North America	647	32.35%	\$ 30.65
Europe	487	24.35%	\$ 24.67
Asia	762	38.10%	\$ 13.81
Australia	36	1.80%	\$ 28.02
South America	42	2.10%	\$ 17.46
Africa	26	1.30%	\$ 11.53
<b>Total</b>	<b>2,000</b>	<b>100.00%</b>	<b>\$ 22.21</b>

The world's largest companies show the dominance of the United States and China in the current global business landscape. These two countries split the top ten ranking. Beyond the top 10, the United States of America leads the list with 563 companies out of 2000 (28.15%). The second country in the ranking is Japan with 226 companies (11.30%) and the third is China with 149 (7.45%).

In terms of Market Value, there is a big dominance of the United States. Nine out of the top ten with the largest market value are from this country. Three of these are related to information technology. The other company included in the top ten is from Switzerland. The first is Apple with \$483.1 billion US dollars. The 563 companies from the United States altogether totalize a Market Value of \$18,219.1 billion US dollars; it is a 41% of the Total market Value and is 654% bigger than the second one that is Japan. These figures demonstrate that the

<sup>17</sup> Self-made with data extracted from Forbes 2014. Find top 300 Companies of Ranking Forbes 2014 in Appendix A.

United States represents one of the countries where macroeconomic stability and conditions stimulate the growth of companies and encourage people to invest and launch new businesses.

The total amount of profit among the 2000 companies is \$2,927.50 billion US dollars. The companies of the United States represent a 38.98% of the total with total profit of \$1,141.3 billion US dollars and the companies from China have a total profit of \$326 billion US dollars (11.13%). Among the top ten, The United States has four companies and China has three. The remaining three are shared between Russia, the United Kingdom and South Korea. The distribution in the top ten is a little bit more equated.

In terms of sales, the companies altogether have a total amount of \$38,361 billion US dollars. The United States, once again, represents the 30.03% of the total amount with total sales of \$11,518.9 billion US dollars. In the second position is Japan with total sales of \$4,414.1 (11.5%), and in third is China with total sales of \$3,332.5 billion US dollars.

The total amount of assets is \$160,974.4 billion US dollars. The United States has total amount with \$37,066.80 billion US dollars (23.03%). China is in the second position with assets for \$20,067.20 billion US dollars (12.47%). Japan is in the third position with assets for \$15,928 billion US dollars (9.89%). The United Kingdom is in fourth position with assets for \$14,325.60 billion US dollars (8.90%).

Table 3 – Ranking Forbes 2014. Market figures among countries.<sup>18</sup>

Country	Total Market Value (USD BILL)	Total Sales (USD BILL)	Total Profit (USD BILL)	Total Assets (USD BILL)
United States	\$ 18,219.10	\$ 11,518.90	\$ 1,141.30	\$ 37,066.80
Japan	\$ 2,784.30	\$ 4,414.10	\$ 205.20	\$ 15,928.00
China	\$ 2,613.30	\$ 3,332.50	\$ 326.00	\$ 20,067.20
United Kingdom	\$ 2,569.20	\$ 2,076.80	\$ 145.30	\$ 14,325.60
France	\$ 1,818.70	\$ 2,163.00	\$ 67.40	\$ 11,685.80
Switzerland	\$ 1,619.70	\$ 1,015.30	\$ 68.80	\$ 4,326.50
Germany	\$ 1,595.70	\$ 2,083.90	\$ 85.50	\$ 7,376.80
Canada	\$ 1,210.00	\$ 781.70	\$ 56.90	\$ 5,537.90

<sup>18</sup> Self-made with data extracted from Forbes 2014. Find top 300 Companies of Ranking Forbes 2014 in Appendix A.

Table 4 – Ranking Forbes 2014. Global2000 World's Leading.<sup>19</sup>

Country	Amount of companies per country	Sum of Market Value (USD BILL)	%	Average Market Value (USD BILL)
United States	563	\$ 18,219.10	28.15%	\$ 32.36
Japan	226	\$ 2,784.30	11.30%	\$ 12.32
China	149	\$ 2,613.30	7.45%	\$ 17.54
United Kingdom	91	\$ 2,569.20	4.55%	\$ 28.23
France	66	\$ 1,818.70	3.30%	\$ 27.56
South Korea	61	\$ 736.20	3.05%	\$ 12.07
Hong Kong	58	\$ 1,024.20	2.90%	\$ 17.66
Canada	57	\$ 1,210.00	2.85%	\$ 21.23
India	54	\$ 689.60	2.70%	\$ 12.77
Germany	52	\$ 1,595.70	2.60%	\$ 30.69
Switzerland	48	\$ 1,619.70	2.40%	\$ 33.74
Taiwan	47	\$ 487.30	2.35%	\$ 10.37
Australia	36	\$ 1,008.70	1.80%	\$ 28.02
Italy	30	\$ 495.40	1.50%	\$ 16.51
Russia	28	\$ 512.60	1.40%	\$ 18.31
Netherlands	27	\$ 803.10	1.35%	\$ 29.74
Spain	27	\$ 689.00	1.35%	\$ 25.52
Sweden	26	\$ 561.10	1.30%	\$ 21.58
Brazil	25	\$ 498.20	1.25%	\$ 19.93
Saudi Arabia	20	\$ 349.70	1.00%	\$ 17.49
Ireland	19	\$ 460.10	0.95%	\$ 24.22
Singapore	17	\$ 251.20	0.85%	\$ 14.78
Thailand	17	\$ 189.40	0.85%	\$ 11.14
Malaysia	17	\$ 230.50	0.85%	\$ 13.56
Mexico	16	\$ 326.10	0.80%	\$ 20.38
South Africa	15	\$ 240.10	0.75%	\$ 16.01
United Arab Emirates	14	\$ 157.40	0.70%	\$ 11.24
Denmark	14	\$ 290.30	0.70%	\$ 20.74
Turkey	12	\$ 112.40	0.60%	\$ 9.37
Finland	12	\$ 154.10	0.60%	\$ 12.84
Belgium	11	\$ 264.90	0.55%	\$ 24.08
Philippines	10	\$ 72.20	0.50%	\$ 7.22
Israel	10	\$ 85.90	0.50%	\$ 8.59
Austria	10	\$ 74.20	0.50%	\$ 7.42
Bermuda	9	\$ 66.80	0.45%	\$ 7.42
Norway	9	\$ 197.40	0.45%	\$ 21.93
Indonesia	9	\$ 126.50	0.45%	\$ 14.06
Greece	8	\$ 54.80	0.40%	\$ 6.85
Chile	8	\$ 66.80	0.40%	\$ 8.35
Qatar	8	\$ 115.50	0.40%	\$ 14.44
Portugal	8	\$ 59.90	0.40%	\$ 7.49
Luxembourg	7	\$ 103.10	0.35%	\$ 14.73
Poland	7	\$ 66.60	0.35%	\$ 9.51
Colombia	6	\$ 131.80	0.30%	\$ 21.97
Nigeria	5	\$ 35.50	0.25%	\$ 7.10
Kuwait	4	\$ 42.90	0.20%	\$ 10.73
Kazakhstan	3	\$ 8.80	0.15%	\$ 2.93
Morocco	3	\$ 16.60	0.15%	\$ 5.53
Venezuela	2	\$ 25.70	0.10%	\$ 12.85
Lebanon	2	\$ 4.10	0.10%	\$ 2.05
Pakistan	2	\$ 11.90	0.10%	\$ 5.95
Vietnam	2	\$ 10.40	0.10%	\$ 5.20
Bahrain	2	\$ 6.30	0.10%	\$ 3.15
Hungary	2	\$ 10.90	0.10%	\$ 5.45
The Rest	9	\$ 54.10	0.45%	\$ 6.01
<b>Total</b>	<b>2000</b>	<b>\$ 44,410.30</b>	<b>100.00%</b>	<b>\$ 22.21</b>

From this analysis it is strongly evidenced the dominance of the United States in terms of performance in the global economy. There is also evidenced the growth of China as a key player in the world and the continuous presence of Japan.

<sup>19</sup> Self-made with data extracted from Forbes 2014. Find top 300 Companies of Ranking Forbes 2014 in Appendix A.

The GDP per capita in the United States is \$48,112 (Figure 3) and is one of the largest in the world. This GDP is stimulated and leveraged by the large amount of successful companies that operate in this country and also there is a component in its national culture that enhances the performance of the economy. There are other factors like education, health and institutions that build the perfect environment to help the companies to get better profits. But as well there is a subjective component that makes these companies successful. This component is the subject of analysis of this work, and is the common values and practices that operate behind transactions. This is culture.



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## **4 Section IV: Background and Conceptual framework**

In the first part of this conceptual framework you will find the most accepted definition of culture. In the second part will be described the most valuable works related to cultural dimensions and explained how they relate to each other to build a consistent theory of cultural dimensions. In the third part of this framework the lecturer will be introduced into the framework of Human Synergistics. Finally, will be developed a relationship between Human Synergistics, Schwartz and Hofstede models arriving to some conclusions and relations between these models.

### **4.1 Definition.**

The word “culture” comes from the Latin language and it means farming, agriculture and agriculture education. The components of the word are, “cults” that means cultivated and “ura” that is the result of an action. The concept in the thirteenth century referred to the farm. Three centuries later, in the sixteenth century, it began to change the meaning and started to be related to the action of farming and to the process of cultivating, strictly talking about agriculture and the process involved in this area (Hernández et al. 2011).

In the latest part of the sixteenth century the term “culture” began to have a metaphorical connotation and started to be related to the improvement of any skill through education. Between the eighteenth and nineteenth century it started to be referred as the set of skills and knowledge accumulated by mankind over the history. At this point arises the concept of civilization as term related to the idea of progress. According to this, the civilization it is a status of the mankind where the ignorance has been abated and in which the good customs and social relations are in the highest expression. The process of

growth as a civilization has no end, it is always ongoing and this involves the progressive improvement of laws, forms of government and knowledge.<sup>20</sup>

Finally, in the twentieth century, the term "culture" emerged as a concept of the anthropologist studies, taking into account all of the human phenomena that are not the total result of genetics. Specifically, the term "culture" in anthropology has two main meanings. The first one is that culture is the evolution of the human capacity to classify and represent experiences with symbols, and to act imaginatively and creatively. The second meaning is the way in which people live in different parts of the world. Later in the 1960's, the term became important in other disciplines such as cultural studies, organizational psychology and management studies.<sup>21</sup>

This way we arrived to the most recent definition of Organizational Culture made by Hill & Jones (2014):

"A sum of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and their environment with the organization. Organizational values are beliefs and ideas about the type of objectives and appropriate manner that should be met. Values of the organizations develop norms, guidelines and expectations that determine appropriate behavior of employees in particular situations and control the behavior of members of the organization".

Ravasi and Schultz (2006) argued that organizational culture is a set of shared assumptions and beliefs that guide what happens in organizations by defining appropriate behavior. It is also the pattern of the collective behaviors and assumptions that are taught to new employees as a way of perceiving, thinking, feeling and behaving. Organizational culture affects the way people and groups interact with each other. As-well, organizational culture may affect how much employees identify with the organization.

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<sup>20</sup> Boundless. *Boundless Sociology. The Origins of Culture*, 2015.  
<https://www.boundless.com/sociology/textbooks/boundless-sociology-textbook/culture-3/culture-and-adaptation-31/the-origins-of-culture-199-3031/>.

<sup>21</sup> Boundless. *Boundless Sociology. The Origins of Culture*, 2015.  
<https://www.boundless.com/sociology/textbooks/boundless-sociology-textbook/culture-3/culture-and-adaptation-31/the-origins-of-culture-199-3031/>.

In terms of organizational culture change, Burman and Evans (2008) argue that it is leadership that affects and changes culture, and it is not management. When someone wants or has to change the organizational culture, the first thing that should think about is that it is a long-term project. Burman and Evans (2008) agree that organizational culture is something very hard to change and employees need time to get use to the new organization and to the new way to do things.

## **4.2 Research in Culture Dimensions.**

The national and organizational culture is a concept that has been under study since the 1960's. Many authors such as Parsons (1937), Rotter (1966), Hofstede (1980), Trompenaars (1985), Bond (1987) and Schwartz (1992) have been studying and writing about main differences in national cultures. Through all these studies we arrive to the cultural dimensions. These dimensions intend to describe each national culture and try to evaluate the behavior of country's citizens. All these authors will be part of this paper work and some of them will be related to the framework made by Human Synergistics.

### *4.2.1 Parsons and the structure of social actions (1937).*

Talcott Parson was an American sociologist that worked for Harvard University between 1927 and 1973. During this period, he wrote several books and papers related to societies and evolution of societies. One of his main interests was the social system. In one of his first work "The Structure of Social Action (1937)", he presented a social system theory in which he introduced the concept of patterns variables. He based his analysis in social action that means, voluntary, oriented and subject to guidance or influence of social norms. Parson said that there were two dimensions for societies, the instrumental and the expressive. He meant that there were qualitative differences between different kinds of interaction. These patterns variables provided a way of categorizing the types of choices and forms of orientation for individual social actors. Patterns variables also provided a way of describing and classifying institutions, social relations and the values and norms of these societies. These patterns were constructed

as polar opposites that give the range of possible decisions. These variables were one of the first concepts introduced in this field. The variables are the following:

*Affectivity and Affective Neutrality:* This is related to the amount of emotion that is appropriate in a given interaction. Affectivity is associated with expressing emotions and on the other hand Affective Neutrality is associated with hiding emotions. *Self-orientation and Collectivity Orientation:* These two are related to the extent in which a society or individual might be interested in collective and shared interest; or self interest in social action. Charity, altruism, philanthropy and self-sacrifice are included in this pattern. *Universalism and Particularism:* This is related to the extent in which a person will emphasize relationships to particular people. That is, people with particularistic values will emphasize relationships to particular people (Friends, familiars, etc.) and people with universalistic values will be guided by relationships with independent people. *Ascription and Achievement:* These two are referred to the characteristics of persons that determine their status. Ascription refers to inborn quality of people and Achievement refers to performance of people and what they achieve in life. *Diffuseness and Specificity:* These two refers to the nature and type of social contact and how extensive or narrow the obligations in the relationships are.

#### 4.2.2 Rotter and the "Locus of Control" (1966).

Julian B. Rotter was an American psychologist that was born in 1916. He is considered one of the most important theorists of the social behavior because of his theory of personality from a behavioral point of view. His social learning theory integrated the learning theory with the personality theory. The main idea of this theory is that people's personality represents an interaction between the individual and his/her environment. So you cannot speak of a personality without taking into account the environment.

Through his theory, Rotter, explained personality as something that is changeable. Since the personality and thus behavior depends on the environment, if you can analyze and change the environment you will be changing the behavior. His theory had four main components that helped



predicting behavior. *Behavior Potential*: Is the probability or likelihood that one person will have to show a particular behavior. *Expectancy*: Is the subjective probability that a particular behavior will lead to a particular outcome. *Reinforcement Value*: This refers to the desire that the person has to have the possible outcome. *Psychological Situation*: The psychological situation does not fit into his predicting model, but Rotter argued that while doing the analysis is important to remember that different people interpret the same environment in different ways.

This Social Learning Model led into the well-known “Locus of Control”. This “Locus of Control” refers to the extent in which people believe that they can control events that can affect them. The role of reinforcement or reward is very important in the acquisition of knowledge. Some people can see reward in many different ways. There are some that perceive reward as a consequence of their own behavior and some others that perceive reinforcement as a consequence of external forces and may occur independently of their own actions. In the context of Rotter’s study, the first ones believe in internal control and the second ones believe in external control.

#### 4.2.3 Hofstede and the Cultural Dimensions (1980).

Hofstede is a well-known Dutch anthropologist that was born in 1928. His most important study was based on the responses of 117,000 employees of IBM along seventy countries around the world between 1967 and 1973. The results of this study were published in 1980 in his first book called “Culture’s Consequences” and later in 1991, “Cultures and Organizations”.

From the study there have been established four dimensions and later a fifth and a sixth one. The following are those dimensions. *Power Distance*: is the extent to which the less powerful members of a society among a country accept that power is distributed unequally. *Individualism and Collectivism*: Individualist societies are those in which the ties between individuals are weak and on the other hand, the collectivist societies are those in which bonds between members are strong and are integrated into cohesive groups. *Masculinity and Femininity*: Masculine societies are those in which social gender roles are

clearly differentiated. Femininity societies are those in which social roles usually overlap. *Uncertainty Avoidance*: This dimension explains the extent to which the members of a society tolerate unknown situations. *Long-Term Orientation*: This fifth dimension was included after the study made by Michael Bond in 1991. The long-term orientation refers to the ability of a society to plan in the long-term and usually these societies have a strong propensity to save and invest and perseverance in achieving results. On the other hand, short-term orientation refers to members of a society that focus on achieving quick results. *Indulgence and Restraint*: This sixth dimension was incorporated in 2010 after Michael Minkov's analysis. Indulgence is related to a society that allows gratification of human drives to enjoying life and having fun. Restraint is related to societies that don't allow gratifications and regulates it by strict social norms.

#### 4.2.4 Trompenaars (1985).

Trompenaars is a Dutch author that was born in 1953. He has dedicated to the cross-cultural analysis and doing consultancy in areas like globalization, mergers and acquisitions and global effectiveness and performance. His most renowned work is a questionnaire that assesses seven different dimensions related to culture of nations. The first five dimensions covers the way in which people relates to each other. These five derives directly from Parsons and Shils (1951), explained above. These are the following: *Universalism vs. Particularism, Individualism vs. Collectivism, Neutral vs. Emotional, Specific vs. Diffuse and Achievement vs. Ascription*. The sixth dimension is *Sequential vs. Synchronic*. This dimension is a measure of time perspective that is derived from Cottle (1968). The time perspective deals with the way in which people manage time. Societies that manage time sequentially, usually assumes that time is a series of passing events. They usually schedule the whole day and don't like to manage unanticipated events. On the other hand, societies that manage time synchronically assumes that time is interrelated and their schedules as well. People do various tasks at a time and usually can manage unexpected events. The seventh dimension is *Internal Control vs. External Control*. This dimension derives from Rotter (1966) and is explained above.

#### 4.2.5 *Michael Bond and the Chinese Culture Connection (1987).*

Hofstede's model is one of the most accepted works that explains and represents the values of national cultures. Its framework is comprehensive and has a wide applicability; nevertheless, it had several critics among people that study cultural dimensions. The main critic is that the respondents, whose answers were included in the work, shared a common corporate culture. This means that Hofstede is assuming that all these respondents are a good representation of the national population, notwithstanding that they were from the same firm and were working under the same cultural values and expectations. Another critic was that western people had made all the assessments.

A latter work (Bond, 1987) was presented intending to avoid the cultural differences in the questionnaires between eastern and western people. He asked a number of Chinese Social Scientists to design a list of values for the Chinese society, which was called Chinese Value Survey. This new assessment was made in twenty-two countries and the results were surprising. Some dimensions gave similar results for Power Distance, Individualism/Collectivism and Masculinity/Femininity dimensions of Hofstede. There was another variable that was not correlated to Hofstede's model and was included into the list of Chinese values. Relative importance to persistence, thrift, having a sense of shame and ordering relationship by status were related to an orientation towards the future. On the other hand, relative importance to personal steadiness, respect for tradition and reciprocation of greetings were related to short-term achievements. Through this way the Confucian Dynamism was incorporated into the dimensions of Hofstede. In the work "The Confucian Connection" (Hofstede and Bond, 1988), it is shown that the Confucian Dynamism had a very big impact in economic growth.

#### 4.2.6 *Schwartz and his seven dimensions (1992).*

Shalom Schwartz is a well known social psychologist that in the later years have written several papers regarding cross-cultural dimensions. During the last years he have been studying the values and dimensions that have been under study since the 1960's.

During the 1990's, Schwartz analyzed a surveyed of individuals in 25 countries. He surveyed value preferences and with this study he became with a new set of dimensions that were published in his following papers. This way he became to seven dimensions, of which three of them corresponded to conservatism and openness to change. These three tried to explain at what extent are people autonomous or embedded. In autonomy cultures, people are autonomous and are encouraged to have their own ideas, feelings, projects, etc. Schwartz divided this autonomy patron into two different, *Intellectual Autonomy*, that is related to societies that encourage people to have their own intellectual ideas and on the other hand is the *Affective Autonomy*, that encourages individuals to pursue affectively positive experiences for themselves (Schwartz, 2010). These two are polarized to the third one that is *Embeddedness*, which is related to societies that have a strong bond with their collectivity. Embedded national cultures emphasize maintaining the status quo and restraining actions that might disrupt in-group solidarity or the traditional order (Schwartz, 2010). Schwartz has identified these dimensions from the definition of individualism and collectivism used by Trompenaars, Hofstede, etc.

The last four dimensions try to respond the question of at what extent does people will behave in a responsible manner to preserve the social structure and harmony. They were related to the self-enhancement and self-transcendence. He defined two pairs of polarized dimensions. The first two are, *Egalitarianism and Hierarchy*. Egalitarian societies are those in which individuals recognize others as moral equals who share basic interest as human beings. People are engaged to cooperate and act for the benefit of others. On the other hand, Hierarchical societies have to rely on rules to ensure the correct behavior. It is desired the unequal distribution of power and resources.

The second pair of polarized dimensions is, *Harmony and Mastery*. These two are related to treatment of human and natural resources. Harmony is related to societies that fit into the environment and tries to appreciate rather than change and exploit the resources. On the other hand, Mastery societies are those that encourage an active change of the environment in order to achieve proposed goals. These last two dimensions are clearly incorporated into the analysis due to the latest concerns about environmental care and sustainability.

#### 4.2.7 Hofstede and the Organizational Cultural Model.

After developing the National Cultural Dimensions in 1980, Hofstede has explored the organizational models. Through this model he was able to explain and relate how national culture operates in companies and how this behavior relates to performance. Eight dimensions were created. *Means-Orientated vs. Goal-Orientated*: This dimension is the one among all that is most connected to effectiveness of the organizations. In a Means-Orientated organization, the key feature is how the work is carried out. People are identified with the way that the work is done. In a Goal-Orientated organization the key feature is what has to be done. People are identified with internal goals or results, no matter which risks has to be assumed. *Internally driven vs. Externally driven*: In internally driven organizations prevails the idea that ethics and honesty matters. In externally driven organizations the only emphasis is on meeting the costumer's requirements. *Easygoing work discipline vs. Strict work discipline*: In an easygoing organization prevails loose internal structure, little control and discipline, there is a lot of improvisation and entrepreneurship. In Strict discipline orientated organizations people are very conscious about internal structures, are serious and things are done in the way that the organization defines. *Local vs. Professional*: In a local company people identifies with the way the office works and with the boss. There is a strong social focus to be like everyone else. In a professional organization, employees identify with the profession and the content of the job. *Open System vs. Closed System*: This dimension is explained by the accessibility of every employee of the organization. It is believed that in an open organization anyone would fit in, and in a closed organization is hard to fit in and for newcomers is difficult to feel welcome. *Employee-Orientated vs. Work-Orientated*: This dimension is very related to the management style. In an employee-orientated organization, employees can feel that their personal issues matters and that the organization takes responsibility of the welfare of the employees. In work-orientated organizations, work has to be done no matters the personal problems of the employees. There is a heavy pressure to accomplish tasks. *Degree of acceptance of leadership style*: This dimensions explains the degree in which the leadership style of a boss is related with the employees' preferences.

*Degree of identification with the organization:* This dimension shows the degree to which respondents identify with the organization.

#### 4.2.8 Human Synergistics.

Human Synergistics has developed a series of assessments to evaluate people behavior. These assessments are useful to individual, management, leadership, team and organizational development. The assessment is built on a questionnaire basis and the results are expressed in three group dimensions, which are: *Constructive Styles, Aggressive/Defensive Styles and Passive/Defensive Styles.*

The following dimensions are considered as constructive styles. *Achievement:* Characterizes organizations that do things well and value members who set and accomplish their own goals. Members of these organizations establish challenging but realistic goals, develop plans to reach these goals, and pursue them with enthusiasm. Achievement organizations are effective; problems are solved appropriately, clients and customers are served well. *Self-Actualizing:* Characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members of these organizations are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. While Self-Actualizing organizations can be somewhat difficult to understand and control, they tend to be innovative, offer high-quality products and/or services, and attract and develop outstanding employees. *Humanistic-Encouraging:* Characterizes organizations that are managed in a participative and person-centered way. Members are expected to be supportive, constructive, and open to influence in their dealings with one another. A Humanistic culture leads to effective organizational performance by providing for the growth and active involvement of members who, in turn, report high satisfaction with and commitment to the organization. *Affiliative:* Characterizes organizations that place a high priority on constructive interpersonal relationships. Members are expected to be friendly, open, and sensitive to the satisfaction of their work group. An Affiliative culture can enhance organizational performance by promoting open communication, cooperation, and the effective coordination of activities.

The Aggressive/Defensive Style includes the following: *Oppositional*, *Power*, *Competitive* and *Perfectionistic*. *Oppositional*: Describes organizations in which confrontation prevails and negativism is rewarded. Members gain status and influence by being critical, opposing the ideas of others, and making safe (but ineffectual) decisions. While some questioning is functional, a highly oppositional culture can lead to unnecessary conflict, poor group problem solving, and “watered-down” solutions to problems. *Power*: Is descriptive of non-participative organizations structured on the basis of the authority inherent in members’ positions. Members believe they will be rewarded for taking charge and controlling subordinates (and being responsive to the demands of superiors). Power-oriented organizations are less effective than their members might think; subordinates resist this type of control, hold back information, and reduce their contributions to the minimal acceptable level. *Competitive*: Is one in which winning is valued and members are rewarded for out-performing one another. People in such organizations operate in a win-lose framework and believe they must work against (rather than with) their peers to be noticed. An overly competitive culture can inhibit effectiveness by reducing cooperation and promoting unrealistic standards of performance. *Perfectionistic*: Characterizes organizations in which perfectionism, persistence, and hard work are valued. Members feel they must avoid all mistakes, keep track of everything, and work long hours to attain narrowly defined objectives. While some amount of this orientation might be useful, too much emphasis on perfectionism can lead members to lose sight of the goal, get lost in details, and develop symptoms of strain.

At last, the following are considered as Passive/Defensive Styles. *Approval*: Describes organizations in which conflicts are avoided and interpersonal relationships are pleasant. Members feel that they must agree with, gain the approval of, and be liked by others. This type of work environment can limit organizational effectiveness by minimizing constructive differing and the expression of ideas and opinions. *Conventional*: Is descriptive of organizations that are conservative, traditional, and bureaucratically controlled. Members are expected to conform, follow the rules, and make a good impression. Too conventional cultures can interfere with effectiveness by suppressing innovation

and preventing the organization from adapting to changes in its environment. *Dependent*: Is descriptive of organizations that are hierarchically controlled and non-participative. Centralized decision making in such organizations leads members to do only what they are told and to clear all decisions with superiors. Poor performance results from the lack of individual initiative, spontaneity, flexibility, and timely decision making. *Avoidance*: Characterizes organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift responsibilities to others and to avoid any possibility of being blamed for problems or errors. The survival of this type of organization is in question since members are generally unwilling to make decisions, take action, or accept risks in this type of environment.

The Constructive Styles are very effective and promotes performance. In contrast, the Aggressive/Defensive Styles have a potentially negative impact on performance, and the Passive/Defensive Styles consistently have a negative impact on effectiveness.<sup>22</sup>

#### 4.2.9 GLOBE Project.

As it is explained in “Introduction to the GLOBE Research Project on Leadership Worldwide” by C.N. Grove, the GLOBE project stands for Global Leadership and Organizational Behavior Effectiveness research. It was a study born in 1991 when Robert J. House took the Hofstede’s model and with the collaboration of research associates across the world collected data from 17,300 middle managers in 951 organizations. This research investigated how cultural values were related to practices and analyzed similarities and differences between cultural groups. It analyzed as-well the concept of leadership and economic competitiveness in organizations and made generalizations about culture and leadership. The research came up to nine cultural competencies in organizations which are Performance Orientation, Uncertainty Avoidance, In-group Collectivism, Power Distance, Gender Egalitarianism, Humane Orientation, Institutional Collectivism, Future

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<sup>22</sup> <http://www.humansynergistics.com/>. Consulted February 10, 2013.



Orientation and Assertiveness and came up to six leadership behaviors and characterized the leadership behavior of ten geographical clusters.

According to C.N. Grove, *Performance Orientation* reflects the extent to which a community encourages and rewards innovation, high standards, excellence and performance improvement. High performance societies and organizations tend to value training and development, competitiveness and materialism, formal feedback and direct and explicit instructions. According to C.N. Grove, a society's level of performance orientation strongly affects the degree to which leaders and leadership are viewed as effective. *Uncertainty Avoidance* it is "the extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events" (House et al, 2004, p. 30). This competency is the same than in Hofstede dimension. Societies with high Uncertainty Avoidance use formality in interactions with others, rely on formalized procedures and policies, take moderate risks and show strong resistance to change. According to C.N. Grove "the more the society and organization values the reduction of uncertainty, the more they report endorsing team-oriented leadership". *In-Group Collectivism*, refers to "the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families" (House et al, 2004, p. 30). High In-Group Collectivist societies usually people emphasize relatedness with groups and obligations are important among groups. According to C.N. Grove "A high value placed on in-group collectivism was strongly and positively associated with both global leadership dimensions that emerged as widely endorsed: Charismatic/Value-Based leadership and Team Oriented leadership". In the Hofstede's dimension the equivalent to this competency would be Collectivism/Individualism. *Power Distance* refers to the extent to which societies and communities accepts authority, power differences and status privileges. In the Hofstede model this dimension refers to the extent to which the less powerful members of a society among a country accept that power is distributed unequally. *Gender Egalitarianism* is "the degree to which a collective minimizes gender inequality" (House et al, 2004p. 30). In high Gender Egalitarianism societies more women are in positions of authority, there is less occupational sex segregation, there are similar levels of educational attainment for males and females and women

have a greater decision-making role in the community. In the Hofstede's dimension the equivalent to this competency would be Masculinity/Femininity. *Humane Orientation* is defined as "the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (House et al, 2004, p. 569). In high Humane Orientation societies, the interest of others is important, people are motivated by a need of belonging, members of the community are responsible for the well-being of others, there are no racial issues and child labor is penalized by public sanctions. *Institutional Collectivism* is defined as "the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action" (House et al, p. 30). In high Institutional Collectivist societies group loyalty is encouraged, rewards are driven by seniority and personal needs, critical decisions are made in group and the economic system tend to maximize the collective wellness. According to C.N. Grove "a high value placed on institutional collectivism was strongly but negatively associated with the global leadership dimension named Autonomous leadership. It is perhaps intuitively understandable that leader behaviors described as "autonomous" would rarely be experienced as contributing to outstanding leadership within groups with high institutional collectivism scores". In the Hofstede's model there is not an equivalent for this competency. *Future Orientation* is "the degree to which a collectivity encourages and rewards future-oriented behaviors such as planning and delaying gratification" (House et al, 2004, p. 282). In high Future Orientation societies is found a propensity to save now for the future, emphasize in working for the long-term, organizations tend to be flexible and adaptive, and view material and spiritual success as a whole. In the Hofstede's dimension the equivalent to this competency would be Long-Term Orientation. *Assertiveness* is "the degree to which individuals are assertive, confrontational, and aggressive in their relationships with others" (House et al, p. 30). In high Assertiveness societies it is valued the competition, success and progress, communication is directly and unambiguous, it is expected subordinates to take initiative and try to have control over the environment. In the Hofstede's model there is not an equivalent for this competency.

The ten geographical clusters that were identified in the GLOBE Project are: Anglo, Latin Europe, Nordic Europe, Germanic Europe, Eastern Europe, Latin America, Middle East, Sub-Saharan Africa, Southern Asia and Confucian Asia. We are going to get deeply in the characteristics of two of these clusters that are the core of the present paper study: Anglo and Latin America. The Anglo cluster is characterized by being competitive and result-orientated while the Latin America cluster is characterized by being loyal and devoted to their families and similar groups. In the Anglo countries it is desired and valued that leaders are visionary and motivating, to be considered of others, team-orientated, autonomous and not autocratic. Desired leadership behaviors in this clusters are (From most desired to less desired): charismatic and value-based leadership, participative leadership, humane-orientated leadership, team-orientated leadership, autonomous leadership and self-protective leadership. In the Latin American countries, a leader has to be charismatic, self-serving, collaborative and inspiring. Desired leadership behaviors in this clusters are (From most desired to less desired): charismatic and value-based leadership, team-orientated leadership, self-protective leadership, participative leadership, humane-orientated leadership and autonomous leadership.

### **4.3 Comparison.**

In this section, the Hofstede National Cultural Dimensions will be related with the dimensions of Schwartz, and Human Synergistics. Since every framework has its own point of view, there is no framework that completely evaluates culture. Each of them evaluates behavior from different perspectives. In table 5 is resumed the comparison and below there is an explanation of those dimensions that are related through the three authors.

Table 5 – National and Organizational Culture Dimensions Comparison.<sup>23</sup>

Hofstede National Cultural Dimensions	Schwartz Dimensions	Human Synergistics Dimensions
Power Distance	Egalitarianism and Hierarchy	Affiliative and Power
Individualism and Collectivism	Intellectual Autonomy	Achievement and Dependent
	Affective Autonomy	Human Encouraging and Oppositional
	Embeddedness	Self Actualizing and Avoidance
Masculinity and Femininity	-	-
Uncertainty Avoidance	-	-
Long term orientation	Harmony and Mastery	Competitive and Approval
Indulgence and Restraint	-	Self Actualizing and Avoidance Perfectionistic and Conventional

#### 4.3.1 Power Distance Dimension.

In the first Dimension in the Hofstede framework, a nation that has a high score in Power Distance express the extent to which the less powerful members of the society accept that power is not distributed equally. In every society some people have more power than others and they are abler to determine the behavior of the minority. This behavior is expressed in societies, in families, in schools, in community and in companies were people work. In countries in which employees are seen as not very afraid and bosses are seen as not autocratic, the employees prefer a consultative style of decision-making and in which bosses usually ask their employees after making a decision. On the other hand, in countries in which employees are seen as afraid of disagreeing with their bosses and where bosses are seen as autocratic, the employees are less likely to prefer consultative styles. Many of them prefer bosses that take decisions in an autocratic or paternalistic way. Some others prefer bosses that make decisions as government with majority. This of course is quite difficult in companies.

<sup>23</sup> Self-made.

This cultural dimension compares with Schwartz dimension of egalitarianism and hierarchy. Schwartz expresses that egalitarian nations or organizations are those in which individuals recognize others as more equals. Individuals share basic interests as human beings. On the other hand, hierarchical organizations have to rely on rules to ensure the correct behavior.

These two dimensions (Hofstede and Schwartz) can be compared easily with Affiliative and Power dimensions of the Human Synergistics framework. It is expected that more equal and consultative organizations or nations would place a high priority on constructing interpersonal relations. An Affiliative culture can enhance organizational performance by promoting open communication, cooperation, and the effective coordination of activities. Nations or organizations with a high score in Power Dimension are non-participative organizations structured on the basis of the authority. Members believe they will be rewarded for taking charge and controlling subordinates. Power-oriented organizations are less effective. Subordinates resist this type of control, hold back information, and reduce their contributions to the minimal acceptable level. Employees prefer not consultative decision-making processes.

Workplace in societies with small score in Power Distance usually are characterized by being decentralized, hierarchy in organizations means inequality, there are fewer supervisory personnel, managers rely on their own experience and in their employees' experience, and usually employees are expected to be consulted. Relations are open and constructive.

#### *4.3.2 Individualism and Collectivism Dimensions.*

Individualist societies are those in which the ties between individuals are weak and on the other hand, the collectivist societies are those in which bonds between members are strong and are integrated into cohesive groups. Almost all of the countries around the world live in societies that are organized in groups. These groups prevail over the individuals. The first group in everyone's life is the family where we are born and the family structure differs according to each society.

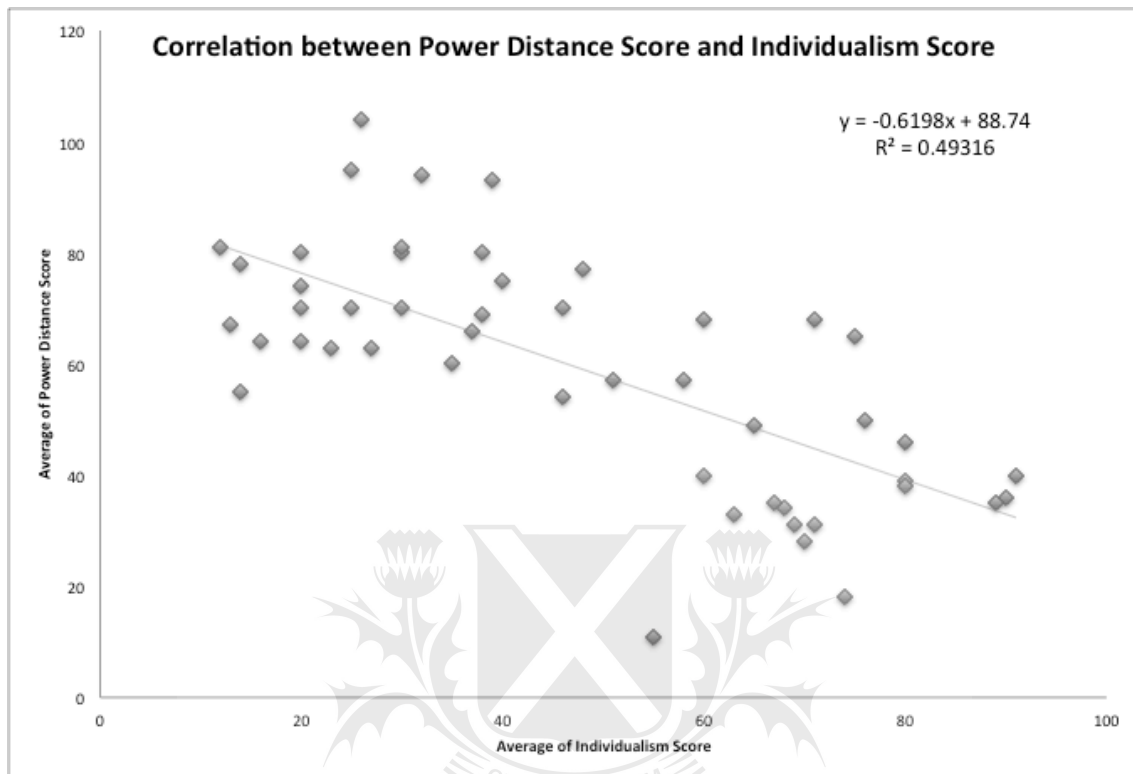
Collectivist societies are characterized by having extended families that continue protecting the sons through life, adult children are still living with parents, harmony in family should always be maintained and children learn to have collective thinking. In terms of behavior and personality, people that lives in collectivist societies usually are more introvert, are interdependent and the social network is a very important source of information. In a work environment, in collectivist societies, relationships usually prevail over tasks and the relationship between employer and employee is like a family link.

In Schwartz dimension there is a strong relationship between individualism score and three of the seven dimensions of the former. These dimensions are Intellectual Autonomy, Affective Autonomy and Embeddedness. Intellectual autonomy is considered in societies that encourage people to have their own intellectual ideas. It is assumed that this dimension is related to a high score in individualism. Affective Autonomy is also related to a high individualism score because it explains societies where individuals are encouraged to pursue affectively positive experiences for themselves. On the other hand, Embeddedness is related with collectivism. Embeddedness is related to societies that have a strong link with their collectivity.

In Human Synergistics framework, the individualism and collectivism dimensions are linked with Achievement/Dependent, Self-Actualizing/Avoidance and in a lower extend to Human Encouraging and Oppositional. Organizations with high score of Achievement dimension usually do things well and value members who set and accomplish their own goals. Members of these organizations establish challenging but realistic goals, develop plans to reach these goals, and pursue them with enthusiasm. Achievement organizations are effective. A high score in the achievement dimension is aligned with a high score in individualism dimension. On the other side, Dependent organizations are hierarchically controlled and non-participative. Centralized decision making in such organizations leads members to do only what they are told and to consult all decisions with superiors. Poor performance results from the lack of individual initiative, spontaneity, flexibility, and timely decision making. It is assumed that a high score in dependent organizations will be linked with a high score in collectivism dimension. As shown in Figure 9 we can see that from data

collected from Hofstede's model, individualism/collectivism is highly related with power distance.

Figure 9 - Correlation between Power Distance score and Individualism score.<sup>24</sup>



Countries that have a high score in Power Distance Index have a low score in the individualism index and vice versa. Large power distance countries tend to be collectivist. This is because people in societies that have big bond on in-groups also tend to have a big respect over power figures. In cultures in which people are independent of groups they are usually independent of power figures.

#### 4.3.3 Long Term Orientation Dimension.

The long-term orientation refers to the ability of a society to plan in the long-term and usually these societies have a strong propensity to save and invest and perseverance in achieving results. On the other hand, short-term orientation refers to members of a society that focus on achieving quick results. Short-term orientated societies are characterized by social pressure toward

<sup>24</sup> Self-made with data extracted from Hofstede Cultural Dimensions. <http://www.hofstede.com/>. Consulted July 12, 2015.

spending; efforts should produce quick results, respects for traditions and big concern with personal stability. On the other hand, long-term orientated societies are characterized by taking care about resources, perseverance and sustained efforts toward slow results and respects for circumstances. In business environment short-term orientated companies are characterized by analytical thinking, if one argument is true, then its opposite should be false and big importance in short term goals.

In Schwartz dimensions there is a relationship between Long-term Orientation with Harmony and Short-term Orientation with Mastery. Harmony is related to societies that fit into the environment and tries to appreciate rather than change and exploit the resources. On the other hand, Mastery societies are those that encourage an active change of the environment in order to achieve proposed goals.

The Competitive and Approval Dimensions from Human Synergistics can be described as short-term orientation. The competitive dimension is one in which winning is valued and members are rewarded for out-performing one another. People in such organizations operate in a win-lose framework and believe they must work against other employees to be noticed. A Competitive culture reduces cooperation and this demonstrates that the short-term prevails over the long-term. Approval organizations are the ones in which conflicts are avoided and interpersonal relationships are pleasant. Members feel that they must agree with, gain the approval of, and be liked by others. Though possibly benign, this type of work environment can limit organizational effectiveness by minimizing constructive differing and the expression of ideas and opinions. This also can be associated with short-term orientation.

#### *4.3.4 Indulgence and Restraint Dimension.*

Indulgence is related to a society that allows gratification of human desires to enjoying life and having fun. Restraint is related to societies that don't allow gratifications and regulates it by strict social norms. One of the poles of this dimension is characterized by the perception that people can act as they please, spend money and have leisure and fun related activities with friends



and family. People in indulgent societies usually have a perception of personal life control, there are higher rates of happy people, and there is higher importance of leisure and having friends. They usually have positive attitude and optimism, and there are a higher percentage of people who feel healthy and there are higher birthrates. The other pole is characterized by perception that people's actions are restrained by social norms, prohibitions and that having fun, spend money and having leisure is wrong.

Between Human Synergistics Dimensions there are two dimensions that slightly relate with Indulgence and Restraint. These are Self Actualizing/Avoidance and Perfectionistic/Conventional. The first one characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members of these organizations are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. On the other hand, organizations that are described in Avoidance dimension are characterized by organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift responsibilities to others and to avoid any possibility of being blamed for problems or errors. The Perfectionistic/Conventional stands in the middle of indulgence and restraints. While a perfectionistic organization are the ones that perfectionism, persistence, and hard work is valued, a conventional organization is the one in which people are conservative, traditional, and bureaucratically controlled. In both types of organization people can be indulgent or restrained. In Conventional organizations, members are expected to conform, follow the rules, and make a good impression, while in Perfectionistic organizations, members feel they must avoid all mistakes, keep track of everything, and work long hours to attain narrowly defined objectives.

#### *4.3.5 Correlations among Hofstede's Dimensions.*

From the samples that I have collected from Hofstede's scores of National Culture Dimensions, it would appear to exist the following correlation indexes of the different dimensions of the Hofstede framework that are shown in Table 6. The most relevant correlation indexes are in Power Distance/Individualism, Power Distance/Indulgence and Long-term orientation/Indulgence.

Table 6 - Correlations among dimensions.<sup>25</sup>

Correlation index [R]	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence
Power Distance		-0.70	0.12	0.18	-0.16	-0.26
Individualism			0.02	-0.16	0.23	0.21
Masculinity				0.17	0.10	-0.02
Uncertainty Avoidance					-0.01	-0.16
Long Term Orientation						-0.23
Indulgence						

The most relevant correlation index is in Power Distance/Individualism and was already explained in section 4.3.2. The next relevant correlation is between Power Distance and Indulgence. This negative correlation means that most of the countries have either high score in Power Distance and low score in Indulgence or low score in Power Distance and high score in Indulgence. This correlation means that countries that are more equal usually tend to pursue happiness more easily than countries where inequalities among people are desired. At last, the correlation between Indulgence and Long-Term Orientation is a negative correlation. This means that highly indulgent countries tend to have a short-term orientation. People want to pursue happiness quickly no matter if long-term goals are left aside. We can find most Latin American countries, African countries and a small amount of northern and southern European countries. The group of countries that have long-term orientation and are restrained is conformed mostly by Asian countries and Eastern Europe countries.

Through this analysis we were able to evidence that national and organizational culture plays a huge role in norms, values and practices. Every country identity is characterized by these norms, values and practices. Every author tried to explain this intrinsic way to behave through different ways and all these ways are related. There is not a single way to explain culture, behavior, values, norms and practices. There are several ways to see and describe the same behavior.

<sup>25</sup> Self-made with data extracted from Hofstede Cultural Dimensions. <http://www.hofstede.com/>. Consulted July 12, 2015.

And all these ways are in constant change since authors build over the knowledge that is already settled in the academic community. The aim of this section was to do a brief explanation about the most important authors of the twentieth century and explain how they relate around a singularity that is called culture.



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## 5 Section V: Results

In this section the lecturer will find three subsections. In the first one will find some analysis of relations between Hofstede's National Cultural Dimensions and GDP. It is also included in this subsection an analysis of the ranking of Forbes and how these companies relate with cultural dimensions. In the second subsection the lecturer will be introduced in the assessment made with the survey of Human Synergistics and the analysis of it. At last, in the third subsection will find a proving example that improvements in organizational culture have financial returns.

### 5.1 Relationships between culture and performance.

If we measure performance of countries with the GDP per capita indicator, there are several analysis and conclusions that we can do comparing this indicator with Hofstede's dimensions. It is commonly known that GDP per capita is not the only indicator that is useful to arrive to the conclusion that the performance of a country is good or bad.

In section III we had made a macroeconomic analysis and found that in developed countries of North America and Anglo-Saxon countries there has been a steadily improvement of the GDP per capita during the last fifty years while in Latin America this situation is a little less encouraging. The conclusion is that, according the figures of the World Bank, most of the countries in Latin America cannot trespass the GDP per capita of \$15,000 (Figure 1). Despite the effort of the governments of Latin America, the inequality of these countries of the region is much larger than in North America. The figures of the World Bank show that in the year 2000, United States had a Gini Coefficient of 40.81 and Canada 32.56 while Argentina had 51.11, Brazil 53.13, Chile 55.26 and Mexico 51.87 (Figure 3). It was found that these countries have less income and they distribute it in an unfair way. Usually these countries have a large quantity of poverty. Most European and Anglo-Saxon countries have a GDP Per Capita between \$35,000 and \$70,000 with a GINI factor between 25 and 40.

In terms of education and health it was found in the figures of the World Bank that the average spending on education expressed as a percentage of GDP in Latin America, is 4.67 while in North America is 5.22, 12% larger and in health expenditure, 7.26 for Latin American countries and 14.55 for North American countries (Table 1).

At last, there were also found big differences in terms of institutions. As a result of the democratic and institutional failures in Latin America, most of the countries have low GDP per capita compared to Anglo-Saxon countries and the inequality has been growing during most of the part of the twentieth century. Therefore, democratic stability and failure of institutions not only affect the GDP, but also affects the inequality.

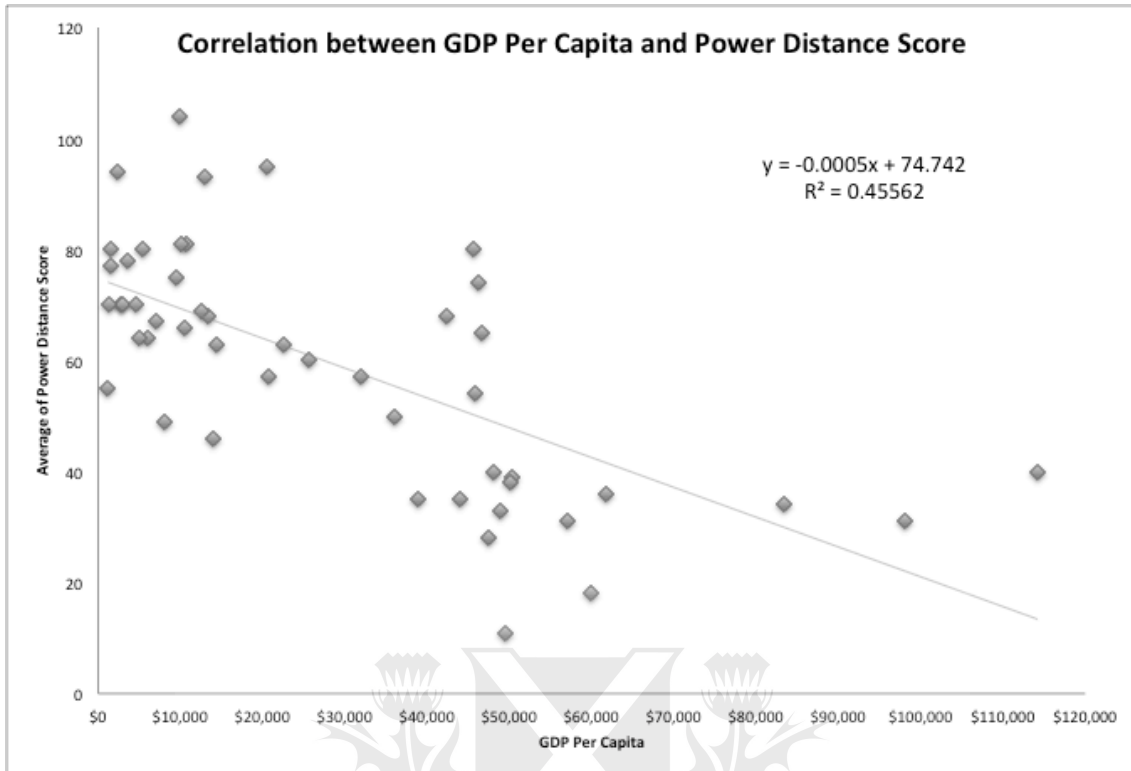
#### *5.1.1 High correlation level among Hofstede's dimensions and GDP per capita.*

There were found two highly correlated dimensions with GDP per capita. These are Power Distance and Individualism. In Figure 10 it is shown the correlation between Power Distance and GDP. It is found that these two variables correlate in a negative way. This is, countries with high value of GDP per capita have a low score of Power Distance. This means that these countries have a high resistance in the society to accept that power is not distributed equally.

The correlation coefficient between these two variables is 0.675 and manifests a high correlation. This means that countries that have high acceptance of inequality tend to be less productive than countries that look for equality. The countries that are found among this group are Luxemburg, Norway, Switzerland, Australia, Denmark, Sweden, Canada, Netherlands, Austria, Finland and the United States. As we can see, all of these countries are Anglo-Saxon.

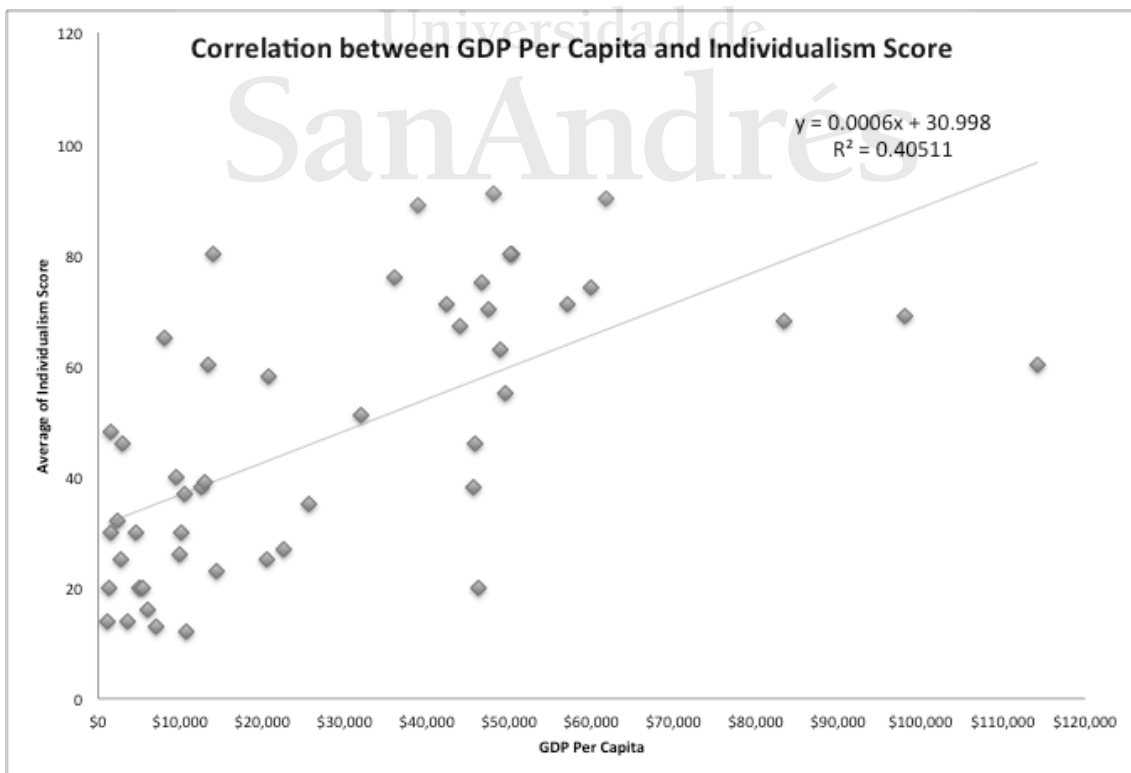
Among the group of countries with high score of Power Distance and low GDP per capita are found, Malaysia, Saudi Arabia, Venezuela, Mexico, Nigeria and China. Most of them are from Latin America, Africa and Asia.

Figure 10 - Correlation between GDP per capita and Power Distance Score.<sup>26</sup>



The second highest correlation is between GDP per capita and Individualism Score as it is shown in Figure 11 below.

Figure 11 - Correlation between GDP per capita and Individualism Score.<sup>27</sup>



<sup>26</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

This kind of correlation is a positive one with a correlation coefficient of 0.636. This is that countries with low GDP per capita have low score of Individualism dimension. In another way, countries that have collectivist societies in which bonds between members are strong and are integrated into cohesive groups in general terms are less productive than countries that are more individualist.

Among the collectivist countries are found Venezuela, Colombia, Indonesia, Pakistan, Peru, Singapore, China, Thailand, Vietnam and Chile. Most of Latin American countries are found in this group. All these countries have an average GDP per capita of \$10,100 per year.

Among the individualist countries are found United States, Australia, United Kingdom, Hungary, Netherlands, Canada, Italy, Belgium, Denmark, France and Sweden. Most of the countries are from North America and Western Europe. The average GDP per capita of these countries is of \$46,000 per year.

#### *5.1.2 Low correlation level among Hofstede's dimensions and GDP per capita.*

The rest of the Hofstede's dimensions have a low correlation with GDP per capita so there is assumed that there is no relationship between these variables. The low level of correlation between GDP per capita and Masculinity Score is some way logical.

In terms of Uncertainty avoidance there is not found a relationship with GDP per capita. The same way as the former, there is no relationship between GDP per capita, Hofstede's dimension and Human Synergistics assessment.

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<sup>27</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

Figure 12 - Correlation between GDP per capita and Masculinity Score.<sup>28</sup>

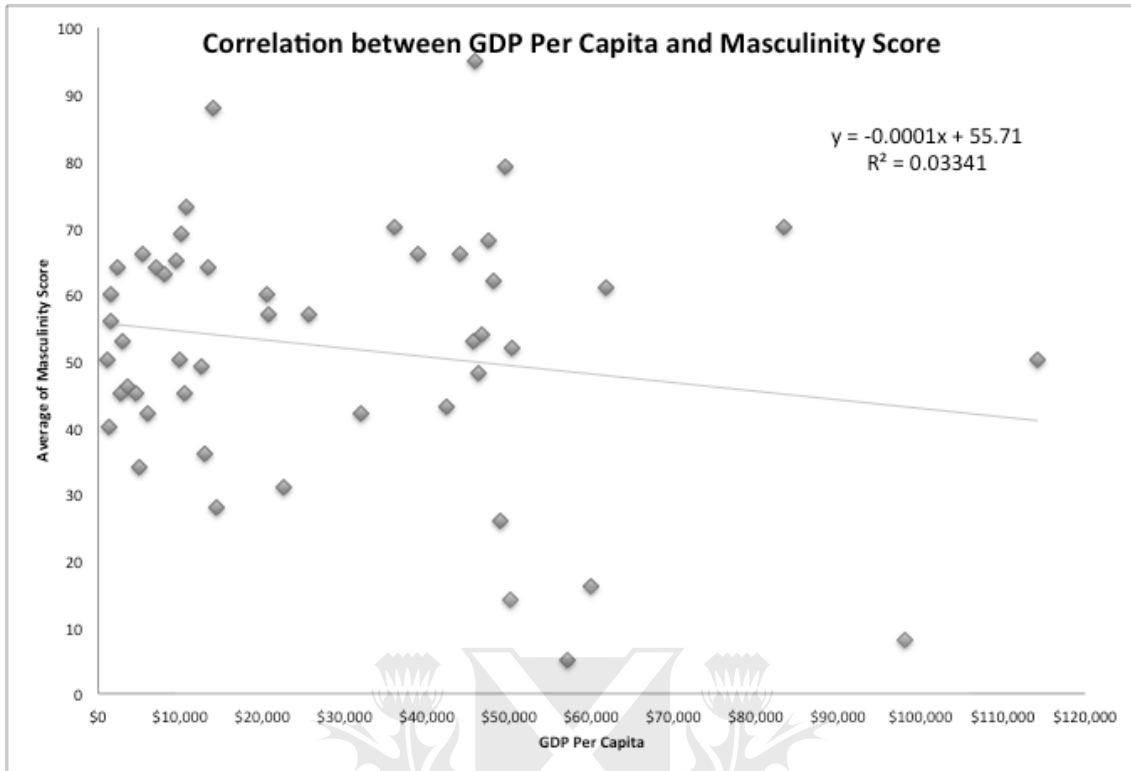
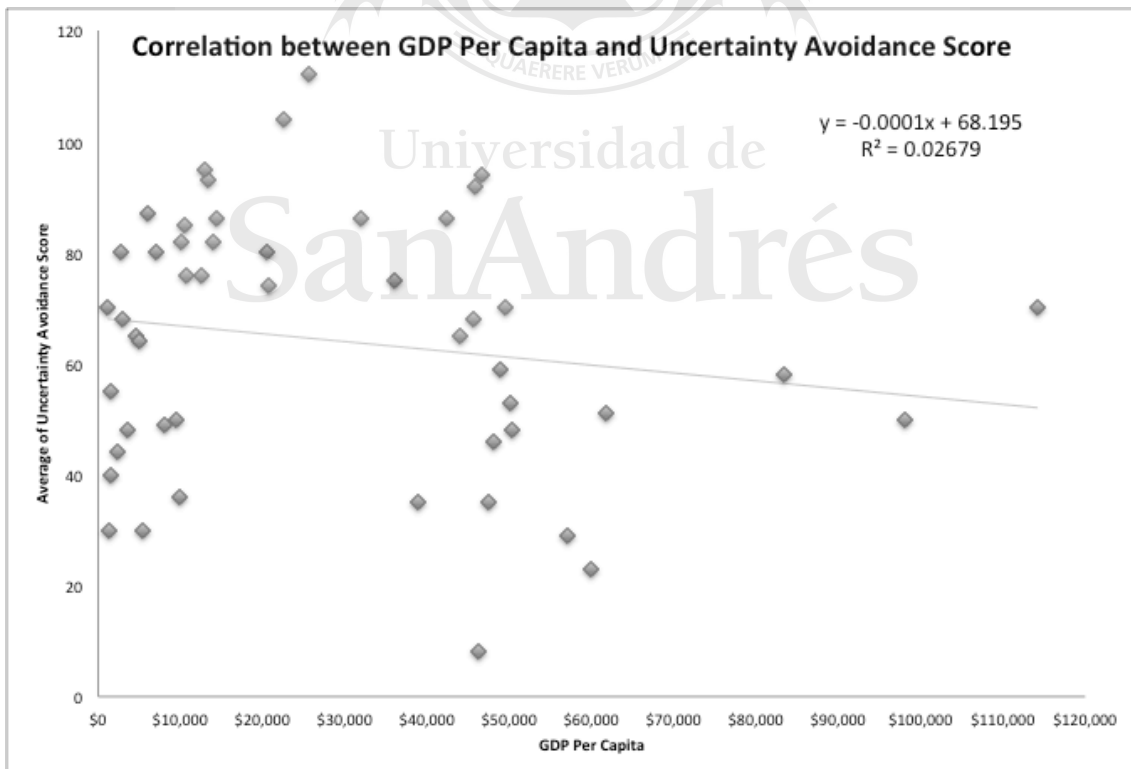


Figure 13 - Correlation between GDP per capita and Uncertainty Avoidance Score.<sup>29</sup>



<sup>28</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

<sup>29</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.



Figure 14 - Correlation between GDP per capita and Long Term Orientation Score.<sup>30</sup>

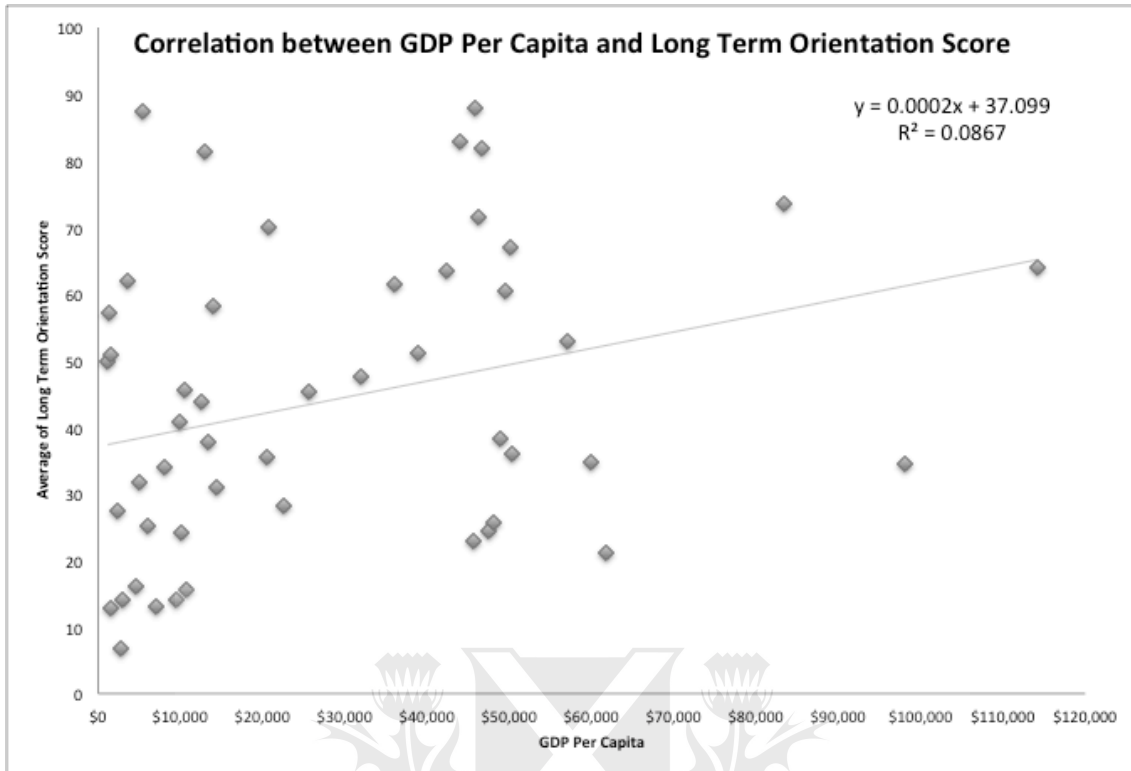
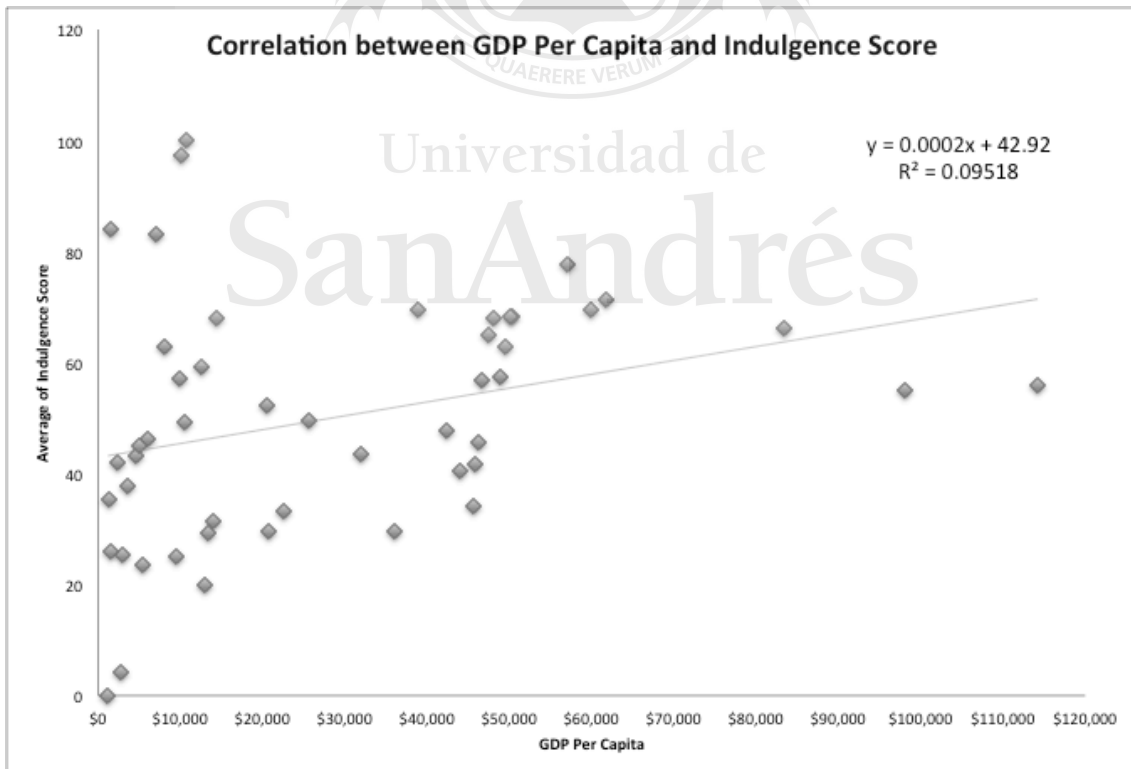


Figure 15 - Correlation between GDP per capita and Indulgence Score.<sup>31</sup>



<sup>30</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

<sup>31</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

Surprisingly there is no relationship between Long Term Orientation Score and GDP per capita. With a positive relationship and a correlation coefficient of 0.29 it is found that there is no impact on productivity if countries think and operate with long term plans.

It would have also been expected a correlation between Indulgence Score and GDP per capita. Indulgence societies are ones that allow gratification related to enjoying life and having fun and restrained societies are those that suppress gratification. On a first analysis is supposed that societies that pursue happiness and enjoying life are those that are more productive. The correlation analysis does not support this supposition.

In Table 7 is shown the data collected from Hofstede's National Dimensions grouped and averaged by continent and a relationship with the average GDP per capita for each continent collected from the World Bank. In Power Distance Score it is shown that for levels of score under 55, the GDP per capita is over \$45,000. The continents that are in this cluster are North America, Europe and Oceania. There is a second cluster conformed by South America, Central America, Asia and Africa with a score in Power Distance above 60 and a GDP per capita under \$17,000. The same analysis happens with the Individualism Score. Continents with high GDP per capita, score above 65 representing individualist societies and continents with low GDP per capita score below 35. In a continent level there is a high relationship between these variables.

Table 7 - Hofstede Culture Dimensions and GDP per capita by Continents.<sup>32</sup>

Continent	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence	GDP per capita
South America	65.20	25.40	47.10	83.60	25.04	67.37	\$ 11,225.49
Central America	74.50	22.50	53.83	69.83	14.23	82.59	\$ 38,309.03
North America	45.00	65.00	54.25	52.25	27.58	71.13	\$ 49,227.83
Asia	73.25	30.75	49.38	58.96	54.09	31.77	\$ 22,877.48
Africa	67.18	33.45	49.18	57.00	21.42	45.23	\$ 4,199.49
Europe	53.32	56.59	48.30	72.76	59.00	45.46	\$ 45,495.51
Oceania	29.00	84.50	59.50	50.00	24.69	62.87	\$ 61,789.48

### 5.1.3 Forbes's ranking and Hofstede's dimensions.

In a company level it is found that five out of the top ten companies in the Forbes Ranking are from China. The other five are from the United States. Despite that are the ten companies more valuable in the world the

<sup>32</sup> Self-made with data extracted from Hofstede Cultural Dimensions and World Bank.

characteristics in the Hofstede model are very different. As we were able to see in the analysis of correlations, a strength in Hofstede model is to have either low score in Power Distance or high score of Individualism. The rest of the dimensions have no impact on performance. But in this analysis is found that Long Term Orientation scores in both countries are substantially different. China has high score in Power Distance, Low score in Individualism and high score in Long Term Orientation while the United States have low score in Power Distance, high score in Individualism and low score in Long Term Orientation. These results built up a set of combined scores that makes companies successful.

## **5.2 Human Synergistics' assessment.**

Human Synergistics has developed a series of assessments to evaluate organizational culture in companies and makes a report of people behaviors and norms. These reports are useful to evaluate if working behaviors and norms are aligned to the company's culture, which is defined in order to achieve performance. All the behavioral norms and values have a huge impact on the employee's ability to solve problems, interact with each other, adapt to changes in the environment and perform effectively. It is commonly known that culture is dynamic so this way of doing things can support the strategies, achieving goals and attain sustainability in the long term and these ways have to change constantly.

The assessment made is divided into three different parts. The first one is called the Ideal Organizational Culture Inventory<sup>33</sup>. This assessment provides a quantified profile of the operating culture that is expected or that should be expected. This operating culture is the behaviors and norms that optimize the effectiveness of the organization. It shows what is expected of members in an organization or what members think that are the most valuable norms and behaviors in the organization. The second assessment is the Actual Organizational Culture Inventory<sup>34</sup>. This assessment provides an idea of the

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<sup>33, 34</sup> Research and development by Robert A. Cooke, Ph.D. and J. Clayton Lafferty, Ph.D. (Human Synergistics).

current behaviors and norms that are operating among individuals, groups and in an organizational level. These assessment's results are presented in twelve cultural dimensions, which were explained in section 4.2.8. These organizational cultural dimensions are arranged in three general types of culture. These are constructive cultures, passive/defensive cultures and aggressive/defensive cultures. Constructive cultures are those in which members and teams are encouraged to interact with each other in a positive and constructive way, making bonds in the long term and this type of relationship will help them to accomplish targets and they will be able as well to get satisfied their own needs. This general culture includes the following dimensions: Achievement, Self-Actualizing, Humanistic-Encouraging and Affiliative. Passive/Defensive cultures are those in which members and teams interact with each other in a defensive way in order to protect their own security. People feel continuously threatened. In this type of culture are included the following dimensions: Approval, Conventional, Dependent and Avoidance. Aggressive/Defensive cultures are those in which members protect their status and security by doing tasks in a forceful way. In this general culture are included the following dimensions: Oppositional, Power, Competitive and Perfectionistic. The third and last assessment is called Organizational Effectiveness Inventory<sup>35</sup>. This assessment measures the causal factors that shape the organizational culture and measures as well how culture impact on members, teams and the organization as a whole. The causal factors are organized in five different levels. These are: mission and philosophy, structures, systems, technology and skills/qualities.

These twelve dimensions are also arranged in clusters that mean some kind of behavior. This way, a high score in perfectionistic, achievement, self-actualizing, humanistic-encouraging and Affiliative represents behaviors that are related to the need for growth and satisfaction. On the other hand, a high score in power, oppositional, avoidance, dependent and conventional reflects behaviors that are related to the need for maintaining security. A high score in achievement, perfectionistic, competitive, power and oppositional reflects behaviors related to tasks. On the other hand, having high scores in humanistic-

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<sup>35</sup> Research and Development by Robert A. Cooke, Ph.D. (Human Synergetics).

encouraging, Affiliative, approval, conventional and dependent reflects behaviors that are related to interactions with people.

The three assessments work as a whole. The Ideal Organizational Culture Inventory shows what is expected in terms of culture. The Organizational Effectiveness Inventory shows the causal factors that are responsible for having a current organizational culture, which is shown in the Actual Organizational Culture Inventory. According to Robert A. Cooke (CEO of Human Synergistics), there are several causal factors that are responsible for shaping the culture and modifying them you can drive the actual culture into the ideal culture.

These three assessments, as part of the research of this paper, were made in an Argentine company that has operations in five different countries in Latin America and has around 2,000 employees. Around twenty employees were assessed and answered the OCI and OEI. As an explorative work this amount is enough but for further and deeper analysis more companies and more employees should be assessed to have consistent conclusions.

### *5.2.1 Ideal and Actual Organizational Culture Inventory.*

The assessment shows that the predominant cultural style in the ideal culture of the organization is humanistic-encouraging. This means that the most expected behaviors are to care about people and to have ability to encourage them to improve in their tasks. It is supposed that people in the company that has been assessed have to focus and concern for the growth and development of people. Employees must have appreciation of the different strengths that people have and believe in their potential to drive results. The managers in this kind of culture inspire their employees to grow, think and take responsibilities by themselves.

The second predominant style is self-actualizing. The most expected behavior in this cultural style is to not accept situations as they are. This makes individuals, teams and the organization as a whole to challenge situations, see opportunities and look for the solution.

In Table 8 are shown the scores for the Ideal Organizational Culture Inventory and the Actual Organizational Culture Inventory.

Table 8 - Assessment Raw Scores arranged by Cultural Styles.<sup>36</sup>

<b>Constructive Styles</b>	Raw Score - Ideal Culture	Std. Deviation - Ideal Culture	Raw Score - Actual Culture	Std. Deviation - Actual Culture	<b>Raw Score GAP</b>
Humanistic-encouraging	44.00	2.65	35.50	6.93	<b>8.50</b>
Affiliative	40.67	7.64	35.42	7.28	<b>5.25</b>
Achievement	41.33	3.21	35.50	7.00	<b>5.83</b>
Self-Actualizing	41.00	5.20	33.25	5.94	<b>7.75</b>

<b>Passive/Defensive Styles</b>	Raw Score - Ideal Culture	Std. Deviation - Ideal Culture	Raw Score - Actual Culture	Std. Deviation - Actual Culture	<b>Raw Score GAP</b>
Approval	24.33	1.53	27.17	4.06	<b>-2.84</b>
Conventional	22.33	5.13	27.58	5.25	<b>-5.25</b>
Dependent	30.00	1.73	29.33	3.03	<b>0.67</b>
Avoidance	16.33	2.52	23.67	8.09	<b>-7.34</b>

<b>Aggressive/ Defensive Styles</b>	Raw Score - Ideal Culture	Std. Deviation - Ideal Culture	Raw Score - Actual Culture	Std. Deviation - Actual Culture	<b>Raw Score GAP</b>
Oppositional	24.67	3.21	25.92	3.09	<b>-1.25</b>
Power	27.33	0.58	28.17	4.37	<b>-0.84</b>
Competitive	22.67	6.35	24.92	6.08	<b>-2.25</b>
Perfectionistic	23.00	1.73	30.50	3.68	<b>-7.50</b>

In general terms, the ideal culture is an organizational culture that prefers behaviors that are centered on satisfaction and growth and also has a balanced relation between tasks and interactions between people. According to Hofstede, individualist societies prevail tasks over relationships and collectivist societies prevail relationships over tasks. In this type of ideal cultures, productive relations are expected where tasks and people are equally important. Tasks should be accomplished making bonds, encouraging people and developing employees. This can be seen in humanistic-encouraging and achievement high scores. The humanistic-encouraging combined with a mid-range score in oppositional dimension means that behaviors will be encouraging high accomplishment level of results by supporting employees and challenging them as well. The combination of these two dimensions can encourage employees to do their best, helping them in their difficulties but also challenging them to think innovative proposals. The low score in avoidance, dependent and conventional demonstrate preference in behaviors that do not have tendency for protection and having assistance in daily work. Empowerment, delegation and responsibility are the desired behaviors. It is seen a slightly tendency of need of control and a dominant behavior towards people. This is evidenced in the mid-

<sup>36</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

range score in power dimension. This can be aligned with the Hofstede's power dimension that has a high score in Latin American countries. The mid-range score in Affiliative dimension shows that there is a slightly tendency to have reciprocal and conditional relationships among people. This means that these relationships are sustained while there is reciprocal liking. According Hofstede, this is a typical behavior in collectivist societies. The mid-range score in the dependent dimension confirms this. The dependent dimension contrasts with self-actualizing. While individualistic and independent people that set their own goals characterize self-actualizing dimension, dependent people are characterized by giving up control to others, and this former characteristic is typical in collectivist societies. The very low score in conventional dimension shows the desired behaviors that are related with following rules that prevents from setting high standard goals and accomplishing tasks and objectives. Having a higher score in achievement dimension than in avoidance dimension means that preferred behaviors are those that have ability to accomplish tasks effectively. This is seen in the preference of tasks accomplishing in the constructive styles. The high score in the power dimension reflects the idea that some behaviors such as dominance, manipulation, and excessive control, preventing errors and being in charge all the time are preferred and wanted in the operating culture. In some way these are some of the characteristic of societies that have large power distance score in Hofstede's model. Societies with large power distance index are more centralized and organizations have more supervision as a way of having things under control. Employees expect to be told what to do and they rely on superiors. The combination of very low score in perfectionistic dimension and very large score in achievement, reflects the behavior and the desired ability to set realistic and attainable goals. While operating cultures with larger score in perfectionistic dimension tend to look for perfection and set unrealistic and unattainable goals, operating cultures with large score in achievement look for consistent and sustainable achievements setting attainable personal and business goals.

The actual organizational culture it is very different from the ideal one. While the ideal culture has the constructive style as the primary style, the actual culture has the Aggressive/Defensive and Passive/Defensive styles. The predominant

dimension is Oppositional and the second predominant dimension is Avoidance. The first one is included in the Aggressive/Defensive style and the second one is included in the Passive/Defensive style. As shown in Table 9, the predominant style calculated as the average of the percentile score is the aggressive/defensive style. The average of the percentile scores is 76.0% for the former style (54.5% for the Ideal culture), 54.5% for the passive/defensive style (22.8% for the ideal culture) and 42.3% for the constructive style (91.0% for the ideal culture).

Table 9 - Percentile & Raw Scores arranged by Cultural Styles.<sup>37</sup>

<b>Constructive Styles</b>	Percentile Score - Ideal Culture	Raw Score - Ideal Culture	Percentile Score - Actual Culture	Raw Score - Actual Culture	<b>Percentile GAP</b>
Humanistic-encouraging	98.0%	44.00	51.0%	35.50	<b>47.0%</b>
Affiliative	76.0%	40.67	29.0%	35.42	<b>47.0%</b>
Achievement	92.0%	41.33	41.0%	35.50	<b>51.0%</b>
Self-Actualizing	98.0%	41.00	48.0%	33.25	<b>50.0%</b>

<b>Passive/Defensive Styles</b>	Percentile Score - Ideal Culture	Raw Score - Ideal Culture	Percentile Score - Actual Culture	Raw Score - Actual Culture	<b>Percentile GAP</b>
Approval	21.0%	24.33	48.0%	27.17	<b>-27.0%</b>
Conventional	9.0%	22.33	49.0%	27.58	<b>-40.0%</b>
Dependent	48.0%	30.00	40.0%	29.33	<b>8.0%</b>
Avoidance	13.0%	16.33	81.0%	23.67	<b>-68.0%</b>

<b>Aggressive/ Defensive Styles</b>	Percentile Score - Ideal Culture	Raw Score - Ideal Culture	Percentile Score - Actual Culture	Raw Score - Actual Culture	<b>Percentile GAP</b>
Oppositional	82.0%	24.67	88.0%	25.92	<b>-6.0%</b>
Power	75.0%	27.33	80.0%	28.17	<b>-5.0%</b>
Competitive	56.0%	22.67	73.0%	24.92	<b>-17.0%</b>
Perfectionistic	5.0%	23.00	63.0%	30.50	<b>-58.0%</b>

Regarding the Aggressive/Defensive styles the gap between the ideal score and the actual score in terms of percentile is -21.5%. The negative value means that behavioral styles that ideally should be expected are less common than what they really are. This means that this kind of current behaviors are very often among managers and employees and that the expected organizational culture is to have strained relations among them. The operating culture has high scores in oppositional, power, competitive and perfectionistic. Employees who have managers that have high oppositional scores usually feel unmotivated because they are continuously criticized and are discouraged because they are being questioned all the time. These managers are not seen as inspirational

<sup>37</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.



leaders, because they do not demonstrate concern for other and are not supportive of employees. They do not encourage people to improve. Employees tend to move to avoidance and dependent styles because they do not want to be criticized. As was seen in section 4.3.2, these type of behaviors are considered as collectivist because they do not want to be exposed to strained interactions, so people look for protection in their groups. The collectivist societies usually have lower results because they do not promote achievement from an individual performance basis. The power style is also linked with this high score in oppositional. Having employees and managers that want to have everything under control and exercising dominance with people characterize this style. They want to be seen as superiors and want to be rewarded for having influence and control. These managers have a tendency to dictate and give orders rather mentoring and teaching people on how the things and targets could be accomplished. As was seen in section 4.3.1 this behavior is linked with power distance in Hofstede model. The expectation of power style is surprisingly high, as it is shown in the ideal culture. It is supposed that there is expected a tendency for having things under control, having dominance, dictating orders to employees and to respect hierarchy. Power distance in Hofstede's model has this same characteristic. This Aggressive/Defensive style in the operating culture is strongly characterized by the perfectionistic dimension and as shown in Table 9, it has one of the largest gaps between the ideal culture and the current culture. These types of behaviors drive bad results, because managers usually set high standards that are difficult to meet. These high standards tend to separate managers from employees affecting interactions and relationships at work. Since employees feel these targets are not achievable they usually avoid responsibilities and feel overwhelmed by interactions with managers. As shown in Table 9, these behaviors are aligned with a low score in achievement and a high score in avoidance style. These two former have the other two largest gaps in the percentile score between the ideal culture and the current culture.

Regarding the Passive/Defensive style shown in Table 9, almost the four dimensions have large gaps between the ideal and the actual percentiles. The gap between these two in terms of percentile is -31.8%. This means that it

exists a larger difference between the expectations and the actual behaviors. People expect to have little behaviors of this style but the operating culture has plenty of them. The current operating culture is determined by having avoidant behaviors. This style usually has an association with a large score in Approval, Conventional and Dependent styles. These conducts and actions are a respond to the strained relations explained before and to the management style. Since Latin American countries are mainly collectivists, people usually tend to have dependent relationships with their superiors and do not expose them-selves trying to set and achieve high-level goals. Employees are not encouraged to assume risks, are not encouraged to take decisions, are not encouraged to lead people, are not encouraged to empower employees and to accomplish goals. It all depends on what the managers decide. The result of this operating culture is a low level of commitment generated by a lack of concern for people and not sustaining satisfying relationships. Employees do not think that they are able to accomplish goals effectively and usually escape from challenging, threatening or unknown situations. They relay on superiors.

As explained above, these two styles respond directly to the Power Distance and Collectivism dimensions developed by Hofstede. Since people are not individualist in Latin America, their respond to this tough environment is to hide themselves in their teams and not doing things in order to not getting exposed.

Regarding the Constructive style shown in Table 9, it is found that has the larger gap among the three styles. The gap in terms of percentile is 48,8%. The positive gap means that the operating culture is not as much constructive as expected. The managing style in the company is guided by hard style against human relations. This is seen in the humanistic-encouraging approach of people. Relations are not important, and this lead to strained interactions between managers and employees. Both the humanistic-encouraging and achievement have low scores and this is related to bad task and goal accomplishment. The operating culture is orientated towards tasks, but the behaviors of employees do not underpin good interactions in order to have the best results combined with human relations. This makes people to not feel motivated, encouraged and excited about working with others and accomplishing high-level standards and goals. The domineering behavior of

power styles affect considerable the humanistic-encouraging and achievement behaviors. Apart from this point it is also evidenced a higher score in perfectionistic than in humanistic-encouraging. The demeanor of trying to be perfect and hide imperfections affects the enthusiasms that drive organizations with high score in humanistic-encouraging. The achievement behaviors are demonstrated by people that believe that can change things and are not afraid of taking risks and feel positive about challenges in life. In the operating culture works the other way round. The organization as a whole is afraid of challenges because they do not have leaders that encourage people to grow and overcome obstacles. Once again is evidenced the impact of having behaviors related on power distance, and how this cultural identity of Latin Americans affects performance in an individual, team and organizational level. The Affiliative style is also affected by this particularity. The Affiliative people tend to look for stable, sustainable and productive relations. The operating culture in general terms does not have a remarkable people orientated style. This is shown in Table 9, in the scores of Humanistic-encouraging, Affiliative, approval, conventional and dependent styles.

In general terms and as was said before the overall organizational culture is more task orientated than what is expected. The average ideal percentile is 62.0% and the actual is 69.0%. This means that has more focus on tasks than on people. The people orientation average percentile in the ideal assessment is 50.4% and in the actual is 43.4%. This means that is less people orientated that was is expected. Both figures are close to the ideal, but it demonstrates that this company focus on accomplishing tasks and do not encourage people. In terms of security and satisfaction needs, the first one has an average ideal percentile of 45.4% and an actual of 67.6%. The gap of -22.2% demonstrates that the behaviors are far away from what is expected. This shows an enormous tendency to have avoidant, dependent, power, oppositional and conventional style. Once again, here plays a big role the particularity of being a Latin American country and its tendency of power distance relations. This inhibits people to have satisfying relationships. In terms of satisfaction needs, the average ideal percentile is 73.8% and the actual is 46.4%. The gap of 27.4% shows that expectations are centered on developing people and having

productive interactions but the operating culture tend to leave aside responsibilities and shift initiatives to the management.

As a conclusion, we can say that collectivist and power distance styles in Latin America idiosyncrasy plays a fundamental role on daily behaviors. People interactions and relations are guided by these behaviors. It is also evidenced that these behaviors appear in the Human Synergistics dimensions. These behaviors appear in daily work and at last make a big impact on individual, team and organizational performance.

### 5.2.2 Causal factors.

This assessment measures the causal factors that shape the organizational culture and measures as well how culture impact on members, teams and the organization as a whole and what employees experience as members of an organization. The causal factors are organized in five different levels. These are: mission and philosophy, structures, systems, technology and skills/qualities.

The first causal factor measures the extent to which members understand and agree with the enunciation of the mission, vision and values of the company. In Table 10 are resumed the scores for this causal factors together with the historical averages<sup>38</sup> and the constructive benchmarks<sup>39</sup>. The scores show that people in the organization do not have a clear understanding and agreement of goals that have been settled for the company. There is mid-range score for customer service focus, so this means that people interactions are not focused on bringing up to solutions for customers.

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<sup>38</sup> Historical Averages reflect the median of the responses of members from 1,084 organizations that Human Synergistics have assessed.

<sup>39</sup> The constructive benchmark is based on the median of OEI results that Human Synergistics made of 172 organizations that were identified as having a proved Constructive operating culture.

Table 10 - Mission & Philosophy Causal Factor (Score between 1-low and 5-high).<sup>40</sup>

Mission and Philosophy	All Respondents	Historical Average	Constructive Benchmark
Articulation of Mission	2.82	3.55	4.01
Customer Service Focus	3.34	3.67	3.94

An additional point regarding articulation of mission is that in this causal factor is evaluated if people think if their initiatives and achievements are correspondingly rewarded. As was explained in the former section, this company is not people orientated and managers do not encourage people to act and decide by themselves, taking risks and setting outstanding goals. So, people answered that they do not feel that are correctly rewarded.

In terms of structures, this causal factor evaluate if employees feel that there exists influence among them, if the influence is distributed equitably, how does empowerment works in the organization and employee involvement. The results are shown in Table 11.

Table 11 - Structure Causal Factor (Score between 1-low and 5-high).<sup>41</sup>

Structures	All Respondents	Historical Average	Constructive Benchmark
Total Influence	4.03	3.67	3.87
Distribution of Influence	0.25	1.24	0.80
Empowerment	3.10	3.26	3.49
Employee Involvement	2.78	3.69	4.15

This could be one of the causal factors that are more representative of how is working the operating culture. In these results are manifested the Power Distance and the Collectivist dimensions. Employees and managers see that there is the correct amount of influence among teams but they strongly believe that is no distributed in the correct way. Employees are used to obey orders from their superiors and this issue has an impact on their involvement. These causal factors are far away from the historical average and even more from the constructive benchmark.

In Table 12 are shown the results for the next causal factor that are Systems. In this causal factor is evaluated the extent to which employees are selected rationally, the extent to which employees are trained and provided with

<sup>40</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

<sup>41</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

continuous orientation and if there exists respect for members of the organization. It also measures the use of rewards and punishment and the goal setting process.

Table 12 - Systems Causal Factors (Score between 1-low and 5-high).<sup>42</sup>

<b>Systems</b>	<b>All Respondents</b>	<b>Historical Average</b>	<b>Constructive Benchmark</b>
Selection/Placement	2.97	3.39	3.88
Training & Development	2.98	3.45	3.93
Respect for Members	3.89	3.80	4.33
Fairness of Appraisals	3.86	3.75	4.25
Use of Rewards	3.25	3.33	3.59
Use of Punishment	2.52	2.19	1.91
<b>Goal Clarity</b>			
Clear Goals	41.67	53.03	60.15
Moderately Clear Goals	58.33	41.53	40.13
Unclear Goals	0.00	5.50	3.46
<b>Goal Difficulty</b>			
Difficult Goals	8.33	0.21	3.67
Fairly Challenging Goals	83.33	92.44	94.93
Easy Goals	8.33	5.05	4.31
<b>Participative Goal Setting</b>			
Set by Supervisor	0.00	22.22	6.66
Set Jointly	91.67	67.87	87.50
Set by You	8.33	6.00	5.44
<b>Goal Acceptance</b>			
Fully Accepted	41.67	36.67	50.47
Generally Accepted	58.33	60.00	50.31
Marginally Accepted	0.00	5.15	2.75

There are several factors in Table 12 that are remarkable and are in line with what was explained in the former section related to individualism and power distance. The respect for others score is in the mid-range but is not as high as the constructive benchmark. Obviously in this kind of organizational culture where tasks are more important than people, this score is mid-ranged. The following point is the use of reward and punishment. The strained relations that are prioritized in this company do not help to give as much reward as should be done to have a constructive operating culture. Besides this, the use of punishment demonstrates that the power-centered relations are tough and force employees to move to avoidant positions that make them not get involved in continuous improvement processes and on the goals of the company.

<sup>42</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

Regarding the fourth causal factor, the results are shown on Table 13. It is shown that almost all of the descriptive factors have high values but are not near the historical average and not near the constructive benchmark. This means that people is not motivated, that he individual and organizational performance will not be sufficient and that the turnover and dissatisfaction will be high. This causal factor demonstrates a lack of leadership that should be centered on people. It is also evidenced that the high interdependence of the employees do not work well with the individualism expected to accomplish results and shows a complex net of interrelations were employees depend on results of a large amount of other employees.

Table 13 - Technology Causal Factor (Scores between 1-low and 5-high).<sup>43</sup>

<b>Technology</b>	<b>All Respondents</b>	<b>Historical Average</b>	<b>Constructive Benchmark</b>
Autonomy	4.38	4.31	4.52
Variety	4.54	4.41	4.65
Feedback	3.42	3.97	4.07
Task Identity	4.06	3.87	4.03
Significance	4.06	4.34	4.48
Interdependence	4.50	4.27	4.40

The last causal factor is Skills and qualities. The results of the assessment are shown in Table 14.

Table 14 - Shills/Qualities Causal Factors (Score between 1-low and 5-high).<sup>44</sup>

<b>Skills/Qualities</b>	<b>All Respondents</b>	<b>Historical Average</b>	<b>Constructive Benchmark</b>
Downward Communication	2.84	3.25	3.63
Upward Communication	2.91	3.22	3.55
Communication for Learning	2.67	3.00	3.28
Interaction Facilitation	3.83	3.79	4.17
Task Facilitation	3.61	3.48	3.77
Goal Emphasis	3.75	4.10	4.34
Consideration	4.06	4.03	4.36
Personal Bases of Power	4.00	3.69	4.08
Organizational Bases of Power	3.97	3.53	3.38

Regarding the communication skills, employees' score is very low compared to the historical average and the constructive benchmark. This demonstrates a strained and tense relation between managers and employees. Communication

<sup>43</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

<sup>44</sup> Table provided by Human Synergistics as part of the OCI/OEI Report from data collected in the assessment done in AB Mauri in October 2013.

is not fluid because people do not think that having interactions is the best way to accomplish tasks. The interaction facilitation and task facilitation predictors show that working as real teams is not the most valuable strength that employees have. They do not interact with each other to offer ideas between themselves to help to solve work-related problems. The overall of these predictors are based on relationships. How employees help others, if employees really pay attention to others opinions and if employees are encouraged to work as a team.

The conclusion of these predictors is that demonstrates the kind of relations that prevails on this company. This power and collectivist behaviors are manifested on these causal factors. Lack of teamwork, lack of considering other's opinions and not encouraging people to interact in a positive way to get better results. Power plays a fundamental role in communication, in rewards and in punishment. Once again is evidence that culture plays an enormous role and in the case of countries of Latin America these behaviors work as enhancers of unproductive relationships.

### **5.3 Improving Culture.**

There have been several authors that wrote about the link between national and organizational culture with economic performance. The points of view are very diverse. Some of them concluded that there is a strong relationship between behaviors and economic performance. Some others concluded that there is a weak relationship. But the connection is that almost all of the researched authors concluded that it exists a link.

One of the first authors that wrote about the link between culture and performance was Denison (1984). In Denison's analysis, it has been used data from surveys from 34 American firms as an indication of cultural style and return on investment ratios as indicators of performance. The results, presented in terms of return on investment, indicated that companies with a large participative organizational culture have highest return on investment. The author found that the average ROI of firms with stronger organizational cultures was as twice as high as firms with less efficient cultures. The conclusion found



in the data analyzed provided evidence that the cultural style of organizations is linked to short-term performance and long-term survival.

Marcoulides and Heck (1993) interviewed and made questionnaires to 392 participants that were randomly selected from 26 organizations from two geographic regions of the United States (Midwestern and western). The participants responded a structured questionnaire that consisted of demographic characteristics of the respondents, descriptors about organizational variables related to organizational culture as seen by the respondents and at last, personal preferences related to societal and working issues. Data about indicators of performance was also collected from the organizations. The authors arrived to the conclusion that variables associated with organizational culture are predictive of organizational performance. The results found by Marcoulides and Heck (1993) also support the importance of strategic organizational design as an activity that can improve financial performance.

Ogbonna and Harris (2000) studied the relationship between leadership style, organizational culture and organizational performance. The authors assessed one thousand medium and large firms from the United Kingdom. The authors found that while there is evidence in literature that it exists some links between organizational culture and organizational performance and between leadership style and organizational performance, the combined study of the three together is not encouraging. The results of this study showed that the leadership style is not directly linked with organizational performance. The authors concluded as well that competitive and innovative cultures are linked with performance and that community and bureaucratic cultures are not directly linked.

Sanders and Cooke (Human Synergistics 2011) wrote about three studies that link organizational performance with cultural styles. These studies demonstrate the strong relationship between constructive styles and financial performance. The first study focused on publicly traded organizations in a wide range of industries. These organizations provided sales and earnings figures for three years and the OCI was assessed in each of these organizations. The results demonstrated that constructive norms and behaviors were significantly related to high rate of sales and earnings. The second study was made by Klein (1992).

The author studied the culture and performance among a group of 44 of men's apparel stores. Klein (1992) divided these 44 stores into two categories, high growth and low growth, and each store completed the OCI assessment. The results showed that the stores in the high growth category had higher scores in the constructive styles and were more eager for achieving goals and collaborating rather than fighting. The third and last study was conducted by the Northwestern University and has been assessed 90 newspapers. It was found that most of the newspapers had defensive styles and found as well a strong positive relationship between profit and constructive styles.

All these studies show that there is a strong relationship between cultural styles and organizational performance. Improvement programs in organizational culture usually have a financial payback. Constructive styles have higher satisfaction, more cooperation and teamwork, better leadership and higher profit. This demonstrates the importance of working in cultural aspects. This demonstrates the importance of finding the differences between organizational culture of high performers and low performers. Learning of high performers is vital to achieve better financial results.

## 6 Section VI: Conclusion

The main objective of this work was to explore which behaviors, norms and acts in culture of organizations are related with characteristics of national culture of countries and how these are linked with macroeconomic performance. This is, how national culture impact on the organizational culture and how these two determine financial performance. These main differences may be settled as best practices for Latin American firms, to be able to get better results in terms of performance in the short term and the long term.

In Section III, through the macroeconomic analysis at a national level it was found through World Bank figures that in developed countries of North America and Anglo-Saxon countries there has been a steadily improvement of the GDP per capita (Figure 1) during the last fifty years while in Latin America this situation was a little less encouraging. Despite the effort of the governments of Latin America, the inequality of these countries of the region is much larger than in North America. It was found that these countries have less income and they distribute it in an unfair way. According to World Bank figures, most European and Anglo-Saxon countries have a GDP Per Capita between \$35,000 and \$70,000 with a GINI factor between 25 and 40 (Figure 3). In terms of education and health it was found through World Bank figures that the average spending on education expressed as a percentage of GDP in Latin America, is 4.67 while in North America is 5.22, 12% larger and in health expenditure, 7.26 for Latin American countries and 14.55 for North American countries (Table 1). As a result of the democratic and institutional failures in Latin America, most of the countries have low GDP per capita compared to Anglo-Saxon countries and the inequality has been growing during most of the part of the twentieth century. Therefore, democratic stability and failure of institutions not only affect the GDP, but also affects the inequality. At a company level, it was strongly evidenced the dominance of the United States in terms of performance in the global economy (Tables 2, 3 and 4). There was also evidenced the growth of China as a key player in the world. These two countries split the top ten in Forbes ranking. It was found that 647 out of the 2,000 greater companies in the world are from

North America, having an average market value of 30,65 billion US dollars, while in South America there are 42 companies with an average market value of 17,46 billion US dollars.

The overall conclusion in Section III is that the United States had a steadily improvement of GDP per capita, have more investment on health and education, have firmly institutions and have developed wealthy corporations that enhance the growth of the country. All these figures in Latin American countries are lee encouraging.

In Section IV were different authors were explored, it has been made a qualitative comparison between national culture dimensions and organizational culture dimensions. It was found a parallelism between Hofstede and Human Synergistics frameworks and there were some dimensions that were linked between these two authors. The Power Distance dimension of Hofstede has the same characteristics of Affiliative/Power dimension in the framework of Human Synergistics and the Individualism dimension in Hofstede's framework has some characteristics of Achievement/Dependent, Human-Encouraging/Opositional and Self-Actualizing/Avoidance dimensions in Human Synergistics framework.

In Section V, regarding the main differences in terms of national culture at a continent level, it was found a relationship between average scores of Hofstede's dimensions and the average GDP per capita in each continent. In Power Distance Score it was shown that for levels of score under 55, the GDP per capita is over \$45,000. The continents that are in this cluster are North America, Europe and Oceania. There was found a second cluster conformed by South America, Central America, Asia and Africa with a score in Power Distance above 60 and a GDP per capita under \$17,000. The same analysis happened with the Individualism Score. Continents with high GDP per capita, scored above 65 representing individualist societies and continents with low GDP per capita scored below 35.

Regarding performance in countries, there were found two highly correlated dimensions with GDP per capita. These were Power Distance and Individualism. It was found that Power Distance and GDP per capita correlate in a negative way. Countries with high value of GDP per capita have a low score

of Power Distance. This meant that countries that have high acceptance of inequality tend to be less productive than countries that look for equality. The countries that were found among this last group were mainly Anglo-Saxon countries. The second relationship found was a positive correlation between individualism and GDP per capita. Countries with low GDP per capita have low scores on the Individualism dimension. In another way, countries that have collectivist societies in which bonds between members are strong and are integrated into cohesive groups in general terms are less productive than countries that are more individualist. Among the collectivist countries were found most of Latin American. All these countries have an average GDP per capita of \$10,100 per year. Among the individualist countries were found countries from North America and Western Europe. The average GDP per capita of these countries is \$46,000 per year.

At a company level, analyzing the Affiliative/Power dimension (Related with Power Distance in Hofstede model), the results of the assessment showed a mid-range score in Affiliative dimension showing that there is a slight tendency to have reciprocal and conditional relationships among people. This means that these relationships are sustained while there is reciprocal liking. The high score in the power dimension reflects the idea that some behaviors such as dominance, manipulation, and excessive control, preventing errors and being in charge all the time are preferred and wanted in the operating culture. In some way these are some of the characteristics of societies that have large power distance scores in Hofstede's model. Societies with large power distance index are more centralized and organizations have more supervision as a way of having things under control. Employees expect to be told what to do and they rely on superiors. The same way analyzing Achievement and Dependent, Human Encouraging and Oppositional and Self-Actualizing and Avoidance (Related with Individualism) the survey showed a high score in oppositional, and avoidance. Employees who have managers that have high oppositional scores usually feel unmotivated because they are continuously criticized and are discouraged because they are being questioned all the time, thus, employees tend to move to avoidance and dependent styles because they do not want to be criticized. These types of behaviors are considered as collectivist

because they do not want to be exposed to strained interactions, so people look for protection in their groups. The collectivist societies usually have lower results because they do not promote achievement from an individual performance basis. The managing style in the company is guided by hard style against human relations. This is seen in the humanistic-encouraging approach of people. Relations are not important, and this lead to strained interactions between managers and employees. Both the humanistic-encouraging and achievement have low scores and this is related to bad task and goal accomplishment. The operating culture is orientated towards tasks, but the behaviors of employees do not underpin good interactions in order to have the best results combined with human relations. This makes people to not feel motivated, encouraged and excited about working with others and accomplishing high-level standards and goals.

As a conclusion, AB Mauri in Latin America has an operating culture that drives people to hide behind other employees, because managers want to have everything under control. Interactions are strained and people don't take responsibility for their goals and try not to take actions in order to not getting exposed. Other way, AB Mauri in Latin America has a high Power distance index and a low Individualism index and these affects performance results. This is just one example of one firm that operates in this region that confirms the relationship between the scores of National Culture Dimensions for Latin America and the scores in the organizational culture inventory. For further and more consistent results, other surveys should be done in others corporations. The only certain conclusion is that people and corporations in Latin America should try to behave in a more individualistic way and should have less tolerance for inequality. Otherwise, collectivist and power distance styles in Latin America idiosyncrasy will still play a fundamental role on daily behaviors. People interactions and relations will be still guided by these behaviors and these behaviors will be still appearing in daily work and make a big impact on individual, team, organizational and country performance.

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## 8 Appendices

### 8.1 Appendix A – Global 2000 World's leading companies (First 300 in ranking).

Forbes 2014 - Global2000 World's Leading Companies									
Rank	Company	Sector	Continent	Country	Market Value (USD BILL)	Sales (USD BILL)	Profit (USD BILL)	Assets (USD BILL)	
1	ICBC	Financials	Asia	China	\$ 215.60	\$ 148.70	\$ 42.70	\$ 3,124.90	
2	China Construction Bank	Financials	Asia	China	\$ 174.40	\$ 121.30	\$ 34.20	\$ 2,449.50	
3	Agricultural Bank of China	Financials	Asia	China	\$ 141.10	\$ 136.40	\$ 27.00	\$ 2,405.40	
4	JPMorgan Chase	Financials	North America	United States	\$ 229.70	\$ 105.70	\$ 17.30	\$ 2,435.30	
5	Berkshire Hathaway	Financials	North America	United States	\$ 309.10	\$ 178.80	\$ 19.50	\$ 493.40	
6	Exxon Mobil	Energy	North America	United States	\$ 422.30	\$ 394.00	\$ 32.60	\$ 346.80	
7	General Electric	Industrials	North America	United States	\$ 259.60	\$ 143.30	\$ 14.80	\$ 656.60	
8	Wells Fargo	Financials	North America	United States	\$ 261.40	\$ 88.70	\$ 21.90	\$ 1,543.00	
9	Bank of China	Financials	Asia	China	\$ 124.20	\$ 105.10	\$ 25.50	\$ 2,291.80	
10	PetroChina	Energy	Asia	China	\$ 202.00	\$ 328.50	\$ 21.10	\$ 386.90	
11	Royal Dutch Shell	Energy	Europe	Netherlands	\$ 234.10	\$ 451.40	\$ 16.40	\$ 357.50	
12	Toyota Motor	Consumer Discretionary	Asia	Japan	\$ 193.50	\$ 255.60	\$ 18.80	\$ 385.50	
13	Bank of America	Financials	North America	United States	\$ 183.30	\$ 101.50	\$ 11.40	\$ 2,113.80	
14	HSBC Holdings	Financials	Europe	United Kingdom	\$ 192.60	\$ 79.60	\$ 16.30	\$ 2,671.30	
15	Apple	Information Technology	North America	United States	\$ 483.10	\$ 173.80	\$ 37.00	\$ 225.20	
16	Citigroup	Financials	North America	United States	\$ 145.10	\$ 94.10	\$ 13.40	\$ 1,883.40	
17	BP	Energy	Europe	United Kingdom	\$ 148.80	\$ 379.20	\$ 23.60	\$ 305.70	
18	Chevron	Energy	North America	United States	\$ 227.20	\$ 211.80	\$ 21.40	\$ 253.80	
19	Volkswagen Group	Consumer Discretionary	Europe	Germany	\$ 119.00	\$ 261.50	\$ 12.00	\$ 446.90	
20	Wal-Mart Stores	Consumer Discretionary	North America	United States	\$ 247.90	\$ 476.50	\$ 16.00	\$ 204.80	
21	Gazprom	Energy	Asia	Russia	\$ 88.80	\$ 164.60	\$ 39.00	\$ 397.20	
22	Samsung Electronics	Information Technology	Asia	South Korea	\$ 186.50	\$ 208.90	\$ 27.20	\$ 202.80	
23	AT&T	Telecommunication Services	North America	United States	\$ 182.70	\$ 128.80	\$ 18.20	\$ 277.80	
24	BNP Paribas	Financials	Europe	France	\$ 98.60	\$ 123.20	\$ 6.40	\$ 2,480.50	
25	Total	Energy	Europe	France	\$ 149.80	\$ 227.90	\$ 11.20	\$ 239.10	
26	Verizon Communications	Telecommunication Services	North America	United States	\$ 197.70	\$ 120.60	\$ 11.50	\$ 274.10	
27	Allianz	Financials	Europe	Germany	\$ 77.20	\$ 131.40	\$ 8.00	\$ 963.10	
28	China Mobile	Telecommunication Services	Asia	Hong Kong	\$ 184.60	\$ 102.50	\$ 19.80	\$ 192.80	
29	Sinopec-China Petroleum	Energy	Asia	China	\$ 94.70	\$ 445.30	\$ 10.90	\$ 228.40	
30	Petrobras	Energy	South America	Brazil	\$ 86.80	\$ 141.20	\$ 10.90	\$ 319.20	
31	Daimler	Consumer Discretionary	Europe	Germany	\$ 102.90	\$ 156.60	\$ 9.10	\$ 232.20	
32	Microsoft	Information Technology	North America	United States	\$ 343.80	\$ 83.30	\$ 22.80	\$ 153.50	
33	AXA Group	Financials	Europe	France	\$ 63.40	\$ 138.90	\$ 6.00	\$ 1,018.90	
34	Rosneft	Energy	Asia	Russia	\$ 70.00	\$ 142.60	\$ 12.80	\$ 229.40	
35	IBM	Information Technology	North America	United States	\$ 202.50	\$ 99.80	\$ 16.50	\$ 126.20	
36	Nestle	Consumer Staples	Europe	Switzerland	\$ 239.60	\$ 99.40	\$ 10.80	\$ 135.40	
37	Mitsubishi UFJ Financial	Financials	Asia	Japan	\$ 77.70	\$ 48.60	\$ 11.30	\$ 2,458.90	
38	Vodafone	Telecommunication Services	Europe	United Kingdom	\$ 96.90	\$ 65.10	\$ 31.80	\$ 235.60	
39	Eni	Energy	Europe	Italy	\$ 90.90	\$ 152.70	\$ 6.90	\$ 186.60	
40	Procter & Gamble	Consumer Staples	North America	United States	\$ 217.80	\$ 84.70	\$ 10.90	\$ 142.90	
41	Johnson & Johnson	Health Care	North America	United States	\$ 277.00	\$ 71.30	\$ 13.80	\$ 132.70	
42	American International Group	Financials	North America	United States	\$ 73.20	\$ 68.10	\$ 9.10	\$ 540.70	
43	Banco Santander	Financials	Europe	Spain	\$ 112.30	\$ 52.50	\$ 5.80	\$ 1,537.30	
44	BHP Billiton	Materials	Australia	Australia	\$ 182.30	\$ 67.70	\$ 14.80	\$ 151.00	
45	Pfizer	Health Care	North America	United States	\$ 203.90	\$ 52.70	\$ 22.00	\$ 172.10	
46	Ita Unibanco Holding	Financials	South America	Brazil	\$ 74.90	\$ 67.20	\$ 7.60	\$ 435.40	
47	Ford Motor	Consumer Discretionary	North America	United States	\$ 64.50	\$ 146.90	\$ 7.20	\$ 202.00	
48	BMW Group	Consumer Discretionary	Europe	Germany	\$ 83.40	\$ 101.00	\$ 7.10	\$ 190.70	
49	Commonwealth Bank	Financials	Australia	Australia	\$ 114.50	\$ 41.50	\$ 7.90	\$ 699.90	
50	EDF	Utilities	Europe	France	\$ 75.80	\$ 100.40	\$ 4.50	\$ 353.90	
51	Statoil	Energy	Europe	Norway	\$ 89.20	\$ 105.20	\$ 6.80	\$ 146.00	
52	Google	Information Technology	North America	United States	\$ 382.50	\$ 59.70	\$ 12.20	\$ 110.90	
53	Siemens	Industrials	Europe	Germany	\$ 114.20	\$ 99.70	\$ 6.00	\$ 140.10	
54	Novartis	Health Care	Europe	Switzerland	\$ 227.40	\$ 57.90	\$ 9.20	\$ 126.30	
55	Royal Bank of Canada	Financials	North America	Canada	\$ 95.70	\$ 37.80	\$ 8.00	\$ 811.40	
56	Sumitomo Mitsui Financial	Financials	Asia	Japan	\$ 58.60	\$ 46.20	\$ 9.70	\$ 1,494.70	
57	Comcast	Consumer Discretionary	North America	United States	\$ 130.00	\$ 64.70	\$ 6.80	\$ 158.80	
58	Sberbank	Financials	Asia	Russia	\$ 51.50	\$ 56.50	\$ 11.40	\$ 554.20	
59	Goldman Sachs Group	Financials	North America	United States	\$ 75.10	\$ 39.50	\$ 8.00	\$ 911.50	
60	Westpac Banking Group	Financials	Australia	Australia	\$ 99.00	\$ 38.40	\$ 6.80	\$ 651.40	

Rank	Company	Sector	Continent	Country	Market Value (USD BILL)	Sales (USD BILL)	Profit (USD BILL)	Assets (USD BILL)
61	Nippon Telegraph & Tel	Telecommunication Service	Asia	Japan	\$ 61.00	\$ 110.70	\$ 5.70	\$ 189.30
62	Ping An Insurance Group	Financials	Asia	China	\$ 66.10	\$ 59.00	\$ 4.60	\$ 552.80
63	Banco Bradesco	Financials	South America	Brazil	\$ 58.50	\$ 74.10	\$ 5.60	\$ 384.90
64	Anheuser-Busch InBev	Consumer Staples	Europe	Belgium	\$ 171.20	\$ 43.20	\$ 14.50	\$ 141.70
65	Bank of Communications	Financials	Asia	China	\$ 48.70	\$ 46.60	\$ 10.10	\$ 942.20
66	China Life Insurance	Financials	Asia	China	\$ 79.80	\$ 68.40	\$ 4.00	\$ 327.20
67	General Motors	Consumer Discretionary	North America	United States	\$ 54.60	\$ 155.40	\$ 5.30	\$ 166.30
68	Telefónica	Telecommunication Service	Europe	Spain	\$ 71.80	\$ 75.80	\$ 6.10	\$ 163.80
69	MetLife	Financials	North America	United States	\$ 60.00	\$ 71.00	\$ 3.40	\$ 885.30
70	Honda Motor	Consumer Discretionary	Asia	Japan	\$ 63.00	\$ 117.70	\$ 4.90	\$ 147.90
71	Enel	Utilities	Europe	Italy	\$ 53.20	\$ 106.30	\$ 4.30	\$ 226.20
72	BASF	Materials	Europe	Germany	\$ 102.30	\$ 98.20	\$ 6.40	\$ 88.70
73	Softbank	Telecommunication Service	Asia	Japan	\$ 91.20	\$ 55.60	\$ 5.80	\$ 156.60
74	National Australia Bank	Financials	Australia	Australia	\$ 75.30	\$ 36.90	\$ 5.40	\$ 755.90
75	ANZ	Financials	Australia	Australia	\$ 83.90	\$ 34.00	\$ 6.20	\$ 659.70
76	TD Bank Group	Financials	North America	Canada	\$ 86.20	\$ 31.30	\$ 6.60	\$ 815.20
76	ConocoPhillips	Energy	North America	United States	\$ 86.30	\$ 55.60	\$ 9.20	\$ 118.10
78	Intel	Information Technology	North America	United States	\$ 129.20	\$ 52.70	\$ 9.60	\$ 92.40
79	UBS	Financials	Europe	Switzerland	\$ 81.00	\$ 39.70	\$ 3.40	\$ 1,135.50
80	Hewlett-Packard	Information Technology	North America	United States	\$ 63.00	\$ 112.10	\$ 5.30	\$ 105.00
81	Coca-Cola	Consumer Staples	North America	United States	\$ 168.70	\$ 46.30	\$ 8.50	\$ 91.30
82	Cisco Systems	Information Technology	North America	United States	\$ 119.00	\$ 47.90	\$ 8.20	\$ 98.40
83	Lukoil	Energy	Asia	Russia	\$ 47.70	\$ 119.20	\$ 7.80	\$ 109.40
84	Zurich Insurance Group	Financials	Europe	Switzerland	\$ 45.80	\$ 71.90	\$ 4.00	\$ 397.10
84	Boeing	Industrials	North America	United States	\$ 95.30	\$ 86.60	\$ 4.60	\$ 92.70
84	UnitedHealth Group	Health Care	North America	United States	\$ 81.00	\$ 122.50	\$ 5.60	\$ 81.90
87	Sanofi	Health Care	Europe	France	\$ 137.10	\$ 43.70	\$ 4.90	\$ 132.40
87	Hyundai Motor	Consumer Discretionary	Asia	South Korea	\$ 49.70	\$ 79.80	\$ 7.80	\$ 126.40
89	Credit Agricole	Financials	Europe	France	\$ 41.00	\$ 65.30	\$ 3.30	\$ 2,117.70
90	Roche Holding	Health Care	Europe	Switzerland	\$ 253.70	\$ 50.50	\$ 12.00	\$ 69.90
90	United Technologies	Industrials	North America	United States	\$ 108.10	\$ 62.70	\$ 5.70	\$ 90.60
92	Munich Re	Financials	Europe	Germany	\$ 38.90	\$ 88.00	\$ 4.40	\$ 343.10
93	PepsiCo	Consumer Staples	North America	United States	\$ 126.20	\$ 66.40	\$ 6.70	\$ 77.50
94	Oracle	Information Technology	North America	United States	\$ 185.00	\$ 37.90	\$ 11.10	\$ 86.60
95	Bank of Nova Scotia	Financials	North America	Canada	\$ 71.20	\$ 27.70	\$ 6.30	\$ 702.10
96	CVS Caremark	Consumer Staples	North America	United States	\$ 87.80	\$ 126.80	\$ 4.60	\$ 71.50
97	ING Group	Financials	Europe	Netherlands	\$ 56.10	\$ 34.50	\$ 4.40	\$ 1,488.70
98	Saudi Basic Industries	Materials	Asia	Saudi Arabia	\$ 94.40	\$ 50.40	\$ 6.70	\$ 90.40
99	Merck & Co	Health Care	North America	United States	\$ 165.80	\$ 44.10	\$ 4.40	\$ 105.60
100	Walt Disney	Consumer Discretionary	North America	United States	\$ 142.90	\$ 46.00	\$ 6.60	\$ 83.20
101	Mizuho Financial	Financials	Asia	Japan	\$ 48.70	\$ 28.50	\$ 7.50	\$ 1,791.60
102	China Merchants Bank	Financials	Asia	China	\$ 45.20	\$ 32.20	\$ 8.10	\$ 634.70
103	Société Générale	Financials	Europe	France	\$ 50.00	\$ 45.60	\$ 2.90	\$ 1,702.10
104	American Express	Financials	North America	United States	\$ 96.90	\$ 34.90	\$ 5.30	\$ 155.90
104	Banco do Brasil	Financials	South America	Brazil	\$ 28.30	\$ 68.60	\$ 7.30	\$ 552.70
106	Morgan Stanley	Financials	North America	United States	\$ 61.70	\$ 40.80	\$ 2.80	\$ 832.70
107	Prudential	Financials	Europe	United Kingdom	\$ 56.10	\$ 81.90	\$ 2.10	\$ 528.50
108	CNOOC	Energy	Asia	Hong Kong	\$ 67.20	\$ 43.00	\$ 10.60	\$ 102.70
109	Rio Tinto	Materials	Europe	United Kingdom	\$ 103.80	\$ 51.20	\$ 3.70	\$ 111.00
110	Unilever	Consumer Staples	Europe	Netherlands	\$ 124.50	\$ 66.10	\$ 6.40	\$ 62.70
111	Nissan Motor	Consumer Discretionary	Asia	Japan	\$ 40.20	\$ 104.00	\$ 3.90	\$ 137.20
112	Credit Suisse Group	Financials	Europe	Switzerland	\$ 52.30	\$ 39.50	\$ 2.80	\$ 981.20
113	E.ON	Utilities	Europe	Germany	\$ 37.60	\$ 162.60	\$ 2.80	\$ 180.10
114	Generali Group	Financials	Europe	Italy	\$ 34.50	\$ 100.50	\$ 2.50	\$ 602.80
115	América Móvil	Telecommunication Service	North America	Mexico	\$ 70.90	\$ 61.60	\$ 5.80	\$ 79.00
116	GlaxoSmithKline	Health Care	Europe	United Kingdom	\$ 128.80	\$ 41.40	\$ 8.50	\$ 69.70
117	Schlumberger	Energy	North America	United States	\$ 128.00	\$ 45.40	\$ 6.70	\$ 67.10
118	BBVA-Banco Bilbao Vizcaya	Financials	Europe	Spain	\$ 71.00	\$ 28.20	\$ 3.00	\$ 802.80
119	Nordea Bank	Financials	Europe	Sweden	\$ 58.00	\$ 25.60	\$ 4.10	\$ 868.70
120	Bayer	Materials	Europe	Germany	\$ 111.30	\$ 53.30	\$ 4.20	\$ 70.70
121	China Minsheng Banking	Financials	Asia	China	\$ 33.60	\$ 34.10	\$ 6.80	\$ 541.20
122	Caterpillar	Industrials	North America	United States	\$ 63.70	\$ 55.70	\$ 3.80	\$ 84.90
123	Standard Chartered	Financials	Europe	United Kingdom	\$ 51.10	\$ 25.60	\$ 4.10	\$ 674.40
124	China Shenhua Energy	Materials	Asia	China	\$ 57.60	\$ 42.80	\$ 7.20	\$ 80.40
125	US Bancorp	Financials	North America	United States	\$ 78.20	\$ 20.20	\$ 5.80	\$ 364.00
126	Mitsubishi Corp	Industrials	Asia	Japan	\$ 30.50	\$ 74.80	\$ 4.40	\$ 146.50
127	Dow Chemical	Materials	North America	United States	\$ 60.10	\$ 57.10	\$ 4.80	\$ 69.50
128	Ecopetrol	Energy	South America	Colombia	\$ 83.60	\$ 37.70	\$ 7.00	\$ 68.50
129	Industrial Bank	Financials	Asia	China	\$ 28.80	\$ 32.70	\$ 6.70	\$ 593.50
130	Shanghai Pudong Developme	Financials	Asia	China	\$ 29.20	\$ 31.70	\$ 6.70	\$ 607.90
131	EADS	Industrials	Europe	France	\$ 56.90	\$ 78.70	\$ 1.90	\$ 128.60
132	Swiss Re	Financials	Europe	Switzerland	\$ 34.70	\$ 36.80	\$ 4.40	\$ 205.20
133	Iberdrola	Utilities	Europe	Spain	\$ 44.10	\$ 43.60	\$ 3.40	\$ 127.30
134	China Citic Bank	Financials	Asia	China	\$ 32.50	\$ 27.80	\$ 5.70	\$ 555.60
135	Reliance Industries	Energy	Asia	India	\$ 50.90	\$ 72.80	\$ 3.80	\$ 67.20
136	Hutchison Whampoa	Industrials	Asia	Hong Kong	\$ 57.80	\$ 33.00	\$ 4.00	\$ 105.20
137	Home Depot	Consumer Discretionary	North America	United States	\$ 109.70	\$ 78.80	\$ 5.40	\$ 40.50
138	Hitachi	Information Technology	Asia	Japan	\$ 36.20	\$ 95.70	\$ 2.60	\$ 104.70
139	Hon Hai Precision	Information Technology	Asia	Taiwan	\$ 37.30	\$ 127.20	\$ 3.40	\$ 68.20
140	Phillips 66	Energy	North America	United States	\$ 46.80	\$ 157.90	\$ 3.70	\$ 51.00

Rank	Company	Sector	Continent	Country	Market Value (USD BILL)	Sales (USD BILL)	Profit (USD BILL)	Assets (USD BILL)
141	Capital One Financial	Financials	North America	United States	\$ 44.00	\$ 24.20	\$ 4.10	\$ 298.50
142	MAÿller-Maersk	Industrials	Europe	Denmark	\$ 51.70	\$ 47.40	\$ 3.60	\$ 74.50
143	Aviva	Financials	Europe	United Kingdom	\$ 24.10	\$ 53.80	\$ 3.10	\$ 449.90
144	France Telecom	Telecommunication Service	Europe	France	\$ 39.00	\$ 54.40	\$ 2.50	\$ 118.30
145	Deutsche Telekom	Telecommunication Service	Europe	Germany	\$ 71.20	\$ 79.80	\$ 1.20	\$ 162.80
146	Bank of Montreal	Financials	North America	Canada	\$ 43.30	\$ 20.10	\$ 4.00	\$ 531.60
147	VINCI	Industrials	Europe	France	\$ 44.20	\$ 54.10	\$ 2.60	\$ 86.90
148	Mondelÿz International	Consumer Staples	North America	United States	\$ 59.20	\$ 35.30	\$ 3.90	\$ 72.60
149	Suncor Energy	Energy	North America	Canada	\$ 51.50	\$ 38.40	\$ 3.80	\$ 73.70
150	China Telecom	Telecommunication Service	Asia	China	\$ 37.40	\$ 52.30	\$ 2.90	\$ 89.70
151	Occidental Petroleum	Energy	North America	United States	\$ 75.00	\$ 24.40	\$ 5.90	\$ 70.90
152	Twenty-First Century Fox, Inc.		North America	United States	\$ 74.60	\$ 32.00	\$ 4.90	\$ 53.30
153	Mitsui & Co	Industrials	Asia	Japan	\$ 25.60	\$ 58.10	\$ 3.60	\$ 106.70
154	Qualcomm	Information Technology	North America	United States	\$ 135.50	\$ 25.50	\$ 6.80	\$ 46.30
155	State Bank of India	Financials	Asia	India	\$ 23.60	\$ 37.10	\$ 3.30	\$ 376.80
156	Time Warner	Consumer Discretionary	North America	United States	\$ 58.90	\$ 29.80	\$ 3.60	\$ 69.90
157	Philip Morris International	Consumer Staples	North America	United States	\$ 130.30	\$ 30.90	\$ 8.60	\$ 38.20
158	Honeywell International	Industrials	North America	United States	\$ 72.90	\$ 39.10	\$ 3.90	\$ 45.40
158	Express Scripts	Health Care	North America	United States	\$ 59.00	\$ 104.20	\$ 1.80	\$ 53.50
160	United Parcel Service	Industrials	North America	United States	\$ 89.60	\$ 55.50	\$ 4.40	\$ 36.20
160	Barclays	Financials	Europe	United Kingdom	\$ 64.60	\$ 55.00	\$ 0.80	\$ 2,173.40
162	PNC Financial Services	Financials	North America	United States	\$ 46.60	\$ 16.50	\$ 4.20	\$ 324.10
163	Deutsche Post	Industrials	Europe	Germany	\$ 45.40	\$ 73.10	\$ 2.80	\$ 48.90
164	AIA Group	Financials	Asia	Hong Kong	\$ 58.00	\$ 20.70	\$ 2.80	\$ 145.20
165	Duke Energy	Utilities	North America	United States	\$ 49.90	\$ 24.60	\$ 2.70	\$ 114.80
166	Delta Air Lines	Industrials	North America	United States	\$ 30.40	\$ 37.70	\$ 10.50	\$ 59.40
167	Deutsche Bank	Financials	Europe	Germany	\$ 46.50	\$ 61.10	\$ 0.90	\$ 2,220.40
168	National Grid	Utilities	Europe	United Kingdom	\$ 49.60	\$ 23.40	\$ 3.90	\$ 83.90
169	ABB	Industrials	Europe	Switzerland	\$ 60.00	\$ 41.80	\$ 2.80	\$ 48.40
170	Amgen	Health Care	North America	United States	\$ 95.20	\$ 18.70	\$ 5.10	\$ 66.10
171	El du Pont de Nemours	Materials	North America	United States	\$ 62.10	\$ 35.90	\$ 2.90	\$ 51.50
172	L'Orÿal Group	Consumer Staples	Europe	France	\$ 98.70	\$ 30.50	\$ 3.90	\$ 43.10
173	British American Tobacco	Consumer Staples	Europe	United Kingdom	\$ 104.30	\$ 23.90	\$ 6.10	\$ 44.50
173	Manulife Financial	Financials	North America	Canada	\$ 36.00	\$ 17.60	\$ 3.00	\$ 467.00
175	SAIC Motor	Consumer Discretionary	Asia	China	\$ 24.70	\$ 88.30	\$ 4.00	\$ 56.40
176	Oil & Natural Gas	Energy	Asia	India	\$ 46.40	\$ 29.60	\$ 4.50	\$ 53.80
177	Walgreen	Consumer Staples	North America	United States	\$ 62.80	\$ 74.20	\$ 2.70	\$ 37.10
178	KDDI	Telecommunication Service	Asia	Japan	\$ 46.90	\$ 42.30	\$ 3.40	\$ 46.10
179	Valero Energy	Energy	North America	United States	\$ 29.60	\$ 138.10	\$ 2.70	\$ 47.30
180	PTT PCL	Energy	Asia	Thailand	\$ 26.70	\$ 92.50	\$ 3.10	\$ 54.80
181	Travelers Cos	Financials	North America	United States	\$ 29.70	\$ 26.20	\$ 3.60	\$ 105.60
182	Canadian Imperial Bank	Financials	North America	Canada	\$ 34.40	\$ 16.70	\$ 3.60	\$ 359.60
183	AstraZeneca	Health Care	Europe	United Kingdom	\$ 82.30	\$ 25.70	\$ 2.60	\$ 55.90
184	Deere & Co	Industrials	North America	United States	\$ 33.80	\$ 38.00	\$ 3.60	\$ 57.70
185	Union Pacific	Industrials	North America	United States	\$ 85.80	\$ 22.00	\$ 4.40	\$ 49.70
186	McDonald's	Consumer Discretionary	North America	United States	\$ 96.90	\$ 28.10	\$ 5.60	\$ 36.60
187	WellPoint	Health Care	North America	United States	\$ 28.00	\$ 71.50	\$ 2.50	\$ 59.60
188	Aflac	Financials	North America	United States	\$ 28.80	\$ 24.10	\$ 3.20	\$ 124.30
189	Tokio Marine Holdings	Financials	Asia	Japan	\$ 23.00	\$ 42.70	\$ 2.00	\$ 181.20
190	Taiwan Semiconductor	Information Technology	Asia	Taiwan	\$ 102.00	\$ 20.10	\$ 6.30	\$ 42.40
191	Legal & General Group	Financials	Europe	United Kingdom	\$ 20.80	\$ 61.20	\$ 1.40	\$ 596.70
192	Christian Dior	Consumer Discretionary	Europe	France	\$ 34.40	\$ 38.40	\$ 1.80	\$ 82.90
193	China Unicom	Telecommunication Service	Asia	Hong Kong	\$ 31.60	\$ 48.00	\$ 1.70	\$ 87.50
194	3M	Industrials	North America	United States	\$ 89.80	\$ 30.90	\$ 4.70	\$ 33.60
195	Allstate	Financials	North America	United States	\$ 25.30	\$ 34.20	\$ 2.30	\$ 123.50
196	Schneider Electric	Industrials	Europe	France	\$ 50.70	\$ 31.30	\$ 2.50	\$ 51.00
197	DNB	Financials	Europe	Norway	\$ 28.60	\$ 16.80	\$ 3.00	\$ 393.90
198	Surgutneftegas	Energy	Asia	Russia	\$ 26.50	\$ 26.90	\$ 5.80	\$ 68.80
198	Lockheed Martin	Industrials	North America	United States	\$ 52.30	\$ 45.40	\$ 3.00	\$ 36.20
200	Target	Consumer Discretionary	North America	United States	\$ 38.40	\$ 72.60	\$ 2.00	\$ 44.60
201	ACE	Financials	Europe	Switzerland	\$ 33.40	\$ 18.90	\$ 3.80	\$ 96.30
202	Denso	Consumer Discretionary	Asia	Japan	\$ 42.40	\$ 41.30	\$ 2.80	\$ 41.30
203	Nomura Holdings	Financials	Asia	Japan	\$ 23.70	\$ 21.50	\$ 2.40	\$ 415.20
204	Nippon Steel & Sumitomo Mel	Materials	Asia	Japan	\$ 25.30	\$ 54.80	\$ 2.30	\$ 67.50
205	Wesfarmers	Consumer Staples	Australia	Australia	\$ 43.50	\$ 58.50	\$ 2.30	\$ 39.30
206	China Everbright Bank	Financials	Asia	China	\$ 18.60	\$ 21.20	\$ 4.20	\$ 404.20
207	SAP	Information Technology	Europe	Germany	\$ 97.10	\$ 22.30	\$ 4.40	\$ 37.30
208	Jardine Matheson	Industrials	Asia	Hong Kong	\$ 43.40	\$ 39.50	\$ 1.60	\$ 63.80
209	Japan Tobacco	Consumer Staples	Asia	Japan	\$ 56.90	\$ 23.50	\$ 4.50	\$ 41.80
210	BG Group	Energy	Europe	United Kingdom	\$ 64.00	\$ 19.20	\$ 2.50	\$ 66.00
211	Itochu	Industrials	Asia	Japan	\$ 18.40	\$ 55.00	\$ 3.20	\$ 76.80
212	Carrefour	Consumer Staples	Europe	France	\$ 27.40	\$ 99.40	\$ 1.70	\$ 60.00
213	SABMiller	Consumer Staples	Europe	United Kingdom	\$ 80.10	\$ 17.50	\$ 3.40	\$ 53.70
214	Bank of New York Mellon	Financials	North America	United States	\$ 40.30	\$ 15.10	\$ 2.10	\$ 374.30
215	Continental	Consumer Discretionary	Europe	Germany	\$ 48.70	\$ 44.30	\$ 2.60	\$ 37.00
216	EMC	Information Technology	North America	United States	\$ 56.30	\$ 23.20	\$ 2.90	\$ 45.80
217	Costco Wholesale	Consumer Discretionary	North America	United States	\$ 49.20	\$ 107.90	\$ 2.00	\$ 31.60
218	BT Group	Telecommunication Service	Europe	United Kingdom	\$ 50.00	\$ 28.60	\$ 3.20	\$ 39.90
219	Eli Lilly & Co	Health Care	North America	United States	\$ 65.90	\$ 23.10	\$ 4.70	\$ 35.20
220	Seven & I Holdings	Consumer Staples	Asia	Japan	\$ 33.40	\$ 57.30	\$ 1.80	\$ 46.40

Rank	Company	Sector	Continent	Country	Market Value (USD BILL)	Sales (USD BILL)	Profit (USD BILL)	Assets (USD BILL)
221	Canon	Industrials	Asia	Japan	\$ 40.80	\$ 38.20	\$ 2.40	\$ 40.40
221	Lowe's Cos	Consumer Discretionary	North America	United States	\$ 50.90	\$ 53.40	\$ 2.30	\$ 32.70
223	China State Construction	Industrials	Asia	China	\$ 14.00	\$ 88.10	\$ 2.50	\$ 123.40
224	Freeport-McMoRan Copper	Materials	North America	United States	\$ 34.20	\$ 21.60	\$ 2.70	\$ 63.50
225	Telstra	Telecommunication Service	Australia	Australia	\$ 58.10	\$ 24.70	\$ 3.80	\$ 35.60
226	LyondellBasell Industries	Materials	Europe	Netherlands	\$ 48.20	\$ 44.10	\$ 3.80	\$ 27.30
227	China Pacific Insurance	Financials	Asia	China	\$ 23.20	\$ 33.20	\$ 1.60	\$ 118.60
228	Diageo	Consumer Staples	Europe	United Kingdom	\$ 77.30	\$ 17.70	\$ 4.00	\$ 40.20
229	Abbott Laboratories	Health Care	North America	United States	\$ 59.40	\$ 21.80	\$ 2.60	\$ 43.00
230	Gas Natural Fenosa	Utilities	Europe	Spain	\$ 28.40	\$ 33.10	\$ 1.90	\$ 61.90
231	Danske Bank	Financials	Europe	Denmark	\$ 28.30	\$ 20.80	\$ 1.30	\$ 596.00
232	Aetna	Health Care	North America	United States	\$ 27.20	\$ 47.30	\$ 1.90	\$ 49.90
233	Sony	Consumer Discretionary	Asia	Japan	\$ 20.10	\$ 78.20	\$ 1.10	\$ 148.90
234	Aegon	Financials	Europe	Netherlands	\$ 19.80	\$ 40.20	\$ 1.10	\$ 473.00
235	Ericsson	Information Technology	Europe	Sweden	\$ 43.50	\$ 34.90	\$ 1.80	\$ 41.90
236	Posco	Materials	Asia	South Korea	\$ 24.80	\$ 56.50	\$ 1.20	\$ 80.00
237	East Japan Railway	Industrials	Asia	Japan	\$ 28.70	\$ 27.70	\$ 1.90	\$ 68.80
238	Brookfield Asset Management	Financials	North America	Canada	\$ 25.20	\$ 20.80	\$ 2.10	\$ 112.70
239	Altria Group	Consumer Staples	North America	United States	\$ 74.50	\$ 17.70	\$ 4.50	\$ 34.90
240	BlackRock	Financials	North America	United States	\$ 53.10	\$ 10.40	\$ 2.90	\$ 220.60
241	Exelon	Utilities	North America	United States	\$ 28.70	\$ 24.60	\$ 1.70	\$ 79.90
242	Danone	Consumer Staples	Europe	France	\$ 41.80	\$ 28.30	\$ 1.90	\$ 42.60
243	Archer Daniels Midland	Consumer Staples	North America	United States	\$ 28.50	\$ 89.70	\$ 1.30	\$ 43.80
243	McKesson	Health Care	North America	United States	\$ 40.50	\$ 130.10	\$ 1.20	\$ 36.50
245	Heineken Holding	Consumer Staples	Europe	Netherlands	\$ 40.30	\$ 25.50	\$ 1.80	\$ 45.90
246	Hess	Energy	North America	United States	\$ 27.30	\$ 22.20	\$ 5.10	\$ 42.80
246	Panasonic	Consumer Discretionary	Asia	Japan	\$ 28.40	\$ 77.30	\$ 1.20	\$ 52.10
248	People's Insurance Company	Financials	Asia	China	\$ 17.70	\$ 42.30	\$ 1.50	\$ 114.90
249	Shinhan Financial Group	Financials	Asia	South Korea	\$ 21.10	\$ 19.60	\$ 1.70	\$ 295.00
250	eBay	Consumer Discretionary	North America	United States	\$ 71.00	\$ 16.00	\$ 2.90	\$ 41.50
251	Natixis	Financials	Europe	France	\$ 23.60	\$ 21.60	\$ 1.20	\$ 702.90
252	Time Warner Cable	Consumer Discretionary	North America	United States	\$ 38.20	\$ 22.10	\$ 1.90	\$ 48.30
253	General Dynamics	Industrials	North America	United States	\$ 37.70	\$ 31.20	\$ 2.40	\$ 35.40
254	AbbVie	Health Care	North America	United States	\$ 82.80	\$ 18.80	\$ 4.10	\$ 29.20
255	Medtronic	Health Care	North America	United States	\$ 61.70	\$ 16.90	\$ 3.60	\$ 37.20
256	EXOR	Financials	Europe	Italy	\$ 10.10	\$ 143.70	\$ 2.40	\$ 170.70
257	Bristol-Myers Squibb	Health Care	North America	United States	\$ 85.90	\$ 16.40	\$ 2.60	\$ 38.60
258	KIA Motors	Consumer Discretionary	Asia	South Korea	\$ 22.80	\$ 43.50	\$ 3.50	\$ 34.30
259	SEB	Financials	Europe	Sweden	\$ 30.40	\$ 11.90	\$ 2.30	\$ 386.90
260	KBC Group	Financials	Europe	Belgium	\$ 26.30	\$ 17.20	\$ 1.30	\$ 338.80
261	FedEx	Industrials	North America	United States	\$ 39.60	\$ 45.20	\$ 1.70	\$ 32.70
262	Renault	Consumer Discretionary	Europe	France	\$ 28.70	\$ 54.30	\$ 0.80	\$ 103.30
263	VTB Bank	Financials	Asia	Russia	\$ 14.60	\$ 22.80	\$ 2.40	\$ 262.00
263	Sumitomo Corp	Industrials	Asia	Japan	\$ 16.00	\$ 33.20	\$ 2.30	\$ 81.10
265	CNP Assurances	Financials	Europe	France	\$ 14.60	\$ 36.20	\$ 1.30	\$ 455.10
266	MS&AD Insurance	Financials	Asia	Japan	\$ 14.30	\$ 45.80	\$ 1.50	\$ 160.80
267	Hyundai Mobis	Consumer Discretionary	Asia	South Korea	\$ 28.70	\$ 31.20	\$ 3.10	\$ 32.60
268	Halliburton	Energy	North America	United States	\$ 50.70	\$ 29.40	\$ 2.10	\$ 29.20
269	Danaher	Industrials	North America	United States	\$ 52.60	\$ 19.10	\$ 2.70	\$ 34.70
270	Apache	Energy	North America	United States	\$ 33.10	\$ 16.50	\$ 2.20	\$ 61.60
271	Sun Life Financial	Financials	North America	Canada	\$ 21.10	\$ 17.90	\$ 1.70	\$ 184.40
271	Marathon Petroleum	Energy	North America	United States	\$ 26.20	\$ 93.90	\$ 2.10	\$ 28.40
273	Southern Co	Utilities	North America	United States	\$ 38.60	\$ 17.10	\$ 1.70	\$ 64.50
274	Ping An Bank	Financials	Asia	China	\$ 16.60	\$ 17.10	\$ 2.50	\$ 312.50
275	Linde	Materials	Europe	Germany	\$ 37.00	\$ 22.10	\$ 1.70	\$ 45.10
276	NextEra Energy	Utilities	North America	United States	\$ 40.90	\$ 14.60	\$ 1.90	\$ 69.30
277	Saint-Gobain	Materials	Europe	France	\$ 34.50	\$ 55.50	\$ 0.80	\$ 63.00
278	Canadian Natural Resources	Energy	North America	Canada	\$ 42.00	\$ 15.70	\$ 2.20	\$ 50.40
279	Transneft	Energy	Asia	Russia	\$ 15.60	\$ 23.70	\$ 5.30	\$ 65.90
280	Visa	Financials	North America	United States	\$ 136.00	\$ 12.10	\$ 5.10	\$ 36.20
281	Rolls-Royce Holdings	Industrials	Europe	United Kingdom	\$ 34.30	\$ 24.20	\$ 2.10	\$ 38.20
282	JX Holdings	Energy	Asia	Japan	\$ 11.80	\$ 124.60	\$ 2.00	\$ 76.30
283	Imperial Tobacco Group	Consumer Staples	Europe	United Kingdom	\$ 38.80	\$ 22.80	\$ 1.50	\$ 46.00
284	Woolworths	Consumer Staples	Australia	Australia	\$ 41.30	\$ 58.30	\$ 2.30	\$ 21.70
285	Bridgestone	Consumer Discretionary	Asia	Japan	\$ 27.70	\$ 36.50	\$ 2.10	\$ 34.00
286	Cigna	Health Care	North America	United States	\$ 22.50	\$ 32.40	\$ 1.50	\$ 55.50
287	Standard Bank Group	Financials	Africa	South Africa	\$ 21.40	\$ 16.40	\$ 1.70	\$ 161.40
288	DBS Group	Financials	Asia	Singapore	\$ 31.80	\$ 9.40	\$ 2.90	\$ 318.40
289	Svenska Handelsbanken	Financials	Europe	Sweden	\$ 32.10	\$ 10.10	\$ 2.20	\$ 387.70
290	BCE	Telecommunication Service	North America	Canada	\$ 33.70	\$ 19.80	\$ 2.00	\$ 42.70
291	Centrica	Utilities	Europe	United Kingdom	\$ 27.70	\$ 41.50	\$ 1.50	\$ 38.80
292	National Oilwell Varco	Energy	North America	United States	\$ 33.50	\$ 22.90	\$ 2.30	\$ 34.80
293	Air Liquide	Materials	Europe	France	\$ 42.10	\$ 20.20	\$ 2.20	\$ 34.60
294	Teva Pharmaceutical Inds	Health Care	Asia	Israel	\$ 44.60	\$ 20.30	\$ 1.30	\$ 47.50
295	Old Mutual	Financials	Europe	United Kingdom	\$ 16.60	\$ 31.00	\$ 1.10	\$ 229.30
296	Swedbank	Financials	Europe	Sweden	\$ 29.80	\$ 10.70	\$ 2.00	\$ 283.50
296	Philips	Industrials	Europe	Netherlands	\$ 32.20	\$ 31.00	\$ 1.60	\$ 36.60
298	Oversea-Chinese Banking	Financials	Asia	Singapore	\$ 26.10	\$ 11.10	\$ 2.20	\$ 268.10
299	Eaton	Industrials	Europe	Ireland	\$ 36.10	\$ 22.00	\$ 1.90	\$ 35.50
300	Directv	Consumer Discretionary	North America	United States	\$ 39.60	\$ 31.80	\$ 2.90	\$ 21.90



## 8.2 Appendix B – Human Synergistics Assessment.

# Executive Summary

**A**B Mauri administered the *Organizational Culture Inventory*® (OCI®) and the *Organizational Effectiveness Inventory*® (OEI) to 17 of its members in October 2013.

The OCI was used to assess its ideal culture in terms of espoused values (what *should be* expected of members) and its current operating culture in terms of behavioral norms (what *is* expected of members). The OEI was used to assess the factors and conditions that drive or shape AB Mauri's current operating culture and effectiveness. The impact of these factors and AB Mauri's operating culture on outcomes at the individual, group, and organizational levels was also measured using the OEI. Results along these outcomes—which have implications for long-term effectiveness—provide an indication of the necessity for organizational development and change.

The Executive Summary provides a synopsis of AB Mauri's OCI and OEI results, and includes a visual recap, located at the end of the summary. Detailed information regarding the results can be found in the sections of the Feedback Report indicated below.

### ***Ideal Culture (Section 2 of Feedback Report)***

The ideal culture represents AB Mauri's values in terms of the behaviors that members believe *should be* expected and encouraged to maximize the organization's effectiveness. Generally speaking, those who were asked to describe the ideal culture characterize it as (from strongest to weakest):

- **Constructive;** which involves expectations for members to interact with people and approach tasks in ways that will help them to meet their higher-order needs for *satisfaction* and *growth* (includes norms and expectations for Achievement, Self-Actualizing, Humanistic-Encouraging, and Affiliative behaviors).
- **Aggressive/Defensive;** which involves expectations for members to approach *tasks* in forceful ways to promote their status and *security* (includes norms and expectations for Oppositional, Power, Competitive, and Perfectionistic behaviors).
- **Passive/Defensive;** which involves expectations for members to interact with other *people* in cautious and tentative ways to protect their own *security* (includes norms and expectations for Approval, Conventional, Dependent, and Avoidance behaviors).

The ideal culture is High in terms of the amount of agreement among members regarding the behaviors that should and should not be expected. With respect to specific styles, the ideal culture for AB Mauri is described as:

- **Humanistic-Encouraging** (Constructive), which involves expectations for being supportive, constructive, and open to influence in their dealings with one another.
- **Self-Actualizing** (Constructive), which involves expectations for gaining enjoyment from their work, developing themselves, and taking on new and interesting activities.

### ***Causal Factors (Section 3 of Feedback Report)***

Causal factors shape and reinforce the current operating culture and impact AB Mauri's effectiveness. These factors include the organization's mission and philosophy, as well as its structures, systems, technology, and skills/qualities.

When causal factors are in alignment with organizational values, the ideal culture is more likely to be reflected in the current operating culture than when causal factors diverge from the organization's values. One way to gauge the degree of alignment between the ideal culture and causal factors is to examine the number of causal factors along which AB Mauri scored better than the Historical Average. Since most organizations with Constructive operating cultures score better than the Historical Average along the causal factors measured by the OEI, better than average scores are indicative of alignment with a Constructive ideal culture.

Mission and philosophy represent the means by which organizations transport their values to their day-to-day structures, systems, technology, and skills/qualities. As measured by the OEI, AB Mauri's results are:

- **Below average** in the area of **Articulation of Mission** (the extent to which the organization's mission is clearly defined, illustrated by members, communicated by management, and understood by employees).
- **Below average** in the area of **Customer Service Focus** (the extent to which members believe that they are responsible for identifying and satisfying the needs of customers or clients).

In turn, AB Mauri's results are equal to or better than the Historical Averages for 14 of the 29 structures, systems, technology, and skills/qualities that were measured. Specifically, AB Mauri's most favorable scores are in the areas of:

- **Distribution of influence**, in terms of the differences in the amounts of influence exercised by members at different organizational levels.
- **Total influence**, in terms of the average amount of influence exercised by members across all organizational levels.

AB Mauri's *least* favorable scores are in the areas of:

- **Employee involvement**, in terms of the extent to which people at all levels actively participate in shaping the organization and helping it to achieve its mission.
- **Feedback** (from the job), in terms of the degree to which carrying out their jobs directly provides members with information about their performance.

To the extent that AB Mauri decides that organizational development and change are warranted, the causal factors along which it scored unfavorably (and particularly those with the least favorable scores) may be powerful levers for change.

### ***Operating Culture (Section 4 of Feedback Report)***

AB Mauri's current operating culture was assessed in terms of the behaviors that are required of members to "fit in and meet expectations." Based on the descriptions provided by its members, AB Mauri's current operating culture is characterized as (from strongest to weakest):

- **Aggressive/Defensive**; which involves expectations for members to approach *tasks* in forceful ways to promote their status and *security* (includes norms and expectations for Oppositional, Power, Competitive, and Perfectionistic behaviors).
- **Passive/Defensive**; which involves expectations for members to interact with other *people* in cautious and tentative ways to protect their own *security* (includes norms and expectations for Approval, Conventional, Dependent, and Avoidance behaviors).
- **Constructive**; which involves expectations for members to interact with people and approach tasks in ways that will help them to meet their higher-order needs for *satisfaction* and growth (includes norms and expectations for Achievement, Self-Actualizing, Humanistic-Encouraging, and Affiliative behaviors).

The current operating culture is Moderate in terms of the amount of agreement among members regarding the behaviors that are and are not expected. In terms of specific styles, AB Mauri's operating culture is described as:

- **Oppositional** (Aggressive/Defensive), which involves expectations for opposing the ideas of others, pointing out flaws, and making "safe" decisions.
- **Avoidance** (Passive/Defensive), which involves expectations for being non-committal, never being blamed for mistakes, and staying out of trouble.

Overall, the largest discrepancies between AB Mauri's current operating culture and the ideal culture are in the Constructive cluster. In particular, the largest cultural gaps are in the areas of:

- **Avoidance** (Passive/Defensive), which involves expectations for being non-committal, never being blamed for mistakes, and staying out of trouble.
- **Perfectionistic** (Aggressive/Defensive), which involves expectations for avoiding all mistakes, keeping track of everything, and working long hours to attain narrowly-defined objectives.

The gaps between the ideal culture and the current operating culture are likely due, at least in part, to the nature of AB Mauri's mission and philosophy, structures, systems, technology, and/or skills/qualities.

### ***Outcomes (Section 5 of Feedback Report)***

The OEI assessed AB Mauri's effectiveness at the individual, group, and organizational levels along criteria that influence long-term performance. Thus, results along these outcomes provide an indication of the necessity and urgency for change in the areas of culture and causal factors.

AB Mauri's scores are equal to or better than the Historical Averages for one of the 12 outcomes that were measured. Specifically, AB Mauri's most favorable scores are in the areas of:

- **Motivation**, in terms of the extent to which forces on and within members lead them to behave in ways consistent with the attainment of organizational goals.
- **Organizational-level quality**, in terms of the extent to which members believe the organization provides high quality services and products to external clients.

AB Mauri's *least* favorable scores are in the areas of:

- **Intention to stay**, in terms of the extent to which members plan to remain with the organization.
- **Intra-unit teamwork and cooperation**, in terms of the extent to which people within sub-units work in a collaborative, supportive manner and adjust their activities, as needed, to facilitate task accomplishment at the group level.

### ***Planning for Change (Section 6 of Feedback Report)***

In most cases, the impact of causal factors and the operating culture on outcomes is readily apparent from examining the OCI/OEI results. When causal factors and the operating culture are in alignment with the ideal culture, the outcomes tend to be

favorable. When causal factors and the operating culture are not in alignment with the ideal culture, the outcomes tend to be less favorable. In these cases, decisions regarding areas for improvement and levers for change tend to be fairly straight-forward.

However, in a minority of cases, the impact of causal factors and the operating culture may not yet be obvious. For instance, when organizations that lack internal alignment perform well along certain criteria, their performance is often due to extraneous factors or advantages (e.g., excessive resources, patents, copyrights, limits on competition) that allow these organizations to appear successful *despite* the ineffectual nature of their structures, systems, technologies, skills/qualities, and operating cultures. Nevertheless, the impact of misalignment eventually catches up with these organizations—usually when resources become depleted and unwanted attention is drawn to poor management and inefficiencies that were previously masked by the effects of extraneous factors.

If AB Mauri's results along outcomes (or other effectiveness criteria) do not seem to follow its results with respect to culture and causal factors, the potential impact of extraneous factors (e.g., excessive resources, patents, copyrights, limits on competition, monopoly status, regulation, etc.) on outcomes should be considered. To the extent that these extraneous factors and conditions are unlikely to be favorable indefinitely, AB Mauri needs to determine the kinds of changes necessary for maximizing its long-term performance and effectiveness both in the presence and in the absence of such factors and conditions.



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