Effective Global Teams :

Impact of Organizational Culture Change and National Culture Differences

by

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ABSTRACT

The concept of dispersed teams is widely applied in industry today. This thesis explores the experience of one remotely located team of a U.S. based multinational in the automotive industry based in Japan.

It begins by reviewing the literature on the subject, followed by a general discussion of the concept of organizational culture change and the impact of national culture differences in working globally dispersed0. The automotive team that is the basis for this study is successful in the marketplace but sometimes faces conflicts working with the Headquarter and other business units in its efforts to meet the specific requirements of the Japanese market. The differences in priorities and business practices often serve to cause the members in the Japan based remote team to feel isolated and misunderstood in their role as the "front-line" soldiers" with a defined mission of growing the Japanese market.

What emerges from the study is the fact that a major culture change in the home organization coupled with diverse cultural differences between Japan and the U.S. makes it difficult for the entire organization to move in sync with the shared visions of the senior management as quickly as necessary in the fast changing marketplace. Although the directions are clear and the future path seem rational, entrenched ways of doing business caused by old habits and existing systems seem to get in the way. There also appears to be no fast and clear-cut solutions to this dilemma. It takes more time to build trust, develop a shared vision and mitigate the cultural gulfs that are inevitable. For management, it means greater efforts to communicate about where the organization needs to move and resolving differences in perceptions between the remote team and the home organizations.

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1. Introduction

Today's multi-national corporations are facing both external and internal forces that make change inevitable. External forces such as the change in the competitive landscape, corporation's desire to return to their core competencies, changing expectations about quality, productivity, and customer satisfaction are affecting the operating environments in which corporations operate. Simultaneously, internal financial constraints, the requirement to do more with less, cross-functional teams and empowered workers all affect organizations' ability to effectively compete in the global marketplace.

Today's interconnected global market place also mandates that companies achieve superior results thorough globalization to source cheaper labor, acquire new technologies and most importantly, pursue new markets. This requires a keen ability to expeditiously develop and produce innovative products any where in the world, leveraging the talents of globally dispersed teams while exceeding the quality and delivery standards established by their customers. In order to get close to the customers and react to the market place, many American firms have established operations in far-flung locations – becoming global players by becoming local players in foreign locations. This entails establishing "virtual teams" that interact not only with the customers in the region but just as actively, teams dispersed around the world and working in concert with other foreign locations and the headquarters.

Virtual team is defined as a work unit that operates across space, time and organizational boundaries with links strengthened by webs of communication technologies. Of course,

virtual teams can exist in the same city or even the same building, but the virtual teams specifically addressed in this paper will be teams globally dispersed –12 or 13 time zones away from the East Coast of the United States.

Virtual teams are typically formed by drawing talent from different functional organizations, locations and work groups with a goal to leverage the available intellectual capabilities of the group in order to maximize its effectiveness. In essence, the emphasis is on knowledge management – the sharing of the experience and competence of members of the organization so that it is available to the whole organization. According to Duarte and Snyder (1999), "Organizations that do not use virtual teams effectively may be fighting an uphill battle in a global, competitive, and rapidly changing environment. Organizations that will succeed in the next millennium have found ways of working across boundaries through systems, processes, technology and people".

Virtual teams are quite common in today's business organizations and the people who lead and work in these types of teams need special skills, including working with people from different national origins and the ability to use communication technologies for communicating and collaborating amongst members. Although the current enabling technologies such as the internet, video conferencing, e-mail and GroupWare (such as Lotus Notes) ease the difficulties of working from dispersed locations, the complexity of leading such teams occupy the attention of the managers and consultants alike.

This paper will analyze a Japanese division of a U.S. based automotive components manufacturer engaged in marketing, selling and engineering to Japanese customers from the perspective of the personnel in the Japanese division – a remote site which is an integral part of the globally dispersed network of facilities that is primarily focused on developing new business opportunities on behalf of the vast network of manufacturing facilities spanning the globe.

This Japanese organization has experienced significant levels of success but their constant efforts to align the local needs while adhering to the constraints and systems inherent in the parent organization may be detracting from reaching their full potential as a remote team within the context of a globally dispersed organization. One of the central issues present in the parent organization is the on-going culture change being driven by a shift in the strategic focus. This paper will attempt to address the issue of culture change in large organizations and it's effect on a remote organization in the context of globally dispersed teams. How does a company establish and maintain a successful remote operation which meets all the goals and objectives set by the home office, managing a culturally diverse work force while relying on e-mails and telephones as primary means of communication amidst a major cultural upheaval throughout the entire organization? What are the success factors that enable teams to work effectively from geographically dispersed locations across time and distance under these circumstances? This paper will integrate current literature on the subject with actual interviews of a team operating under these circumstances.

The structure of this paper will initially consist of the background of the company and the role of the Japanese team within the framework of the macro organization. Secondly, the paper will address the perception of personnel in the Japanese organization – how they perceive their role as a member of a globally dispersed team, their levels of commitment to the overall goals and the conflicts that arise in performing their tasks and how they resolve them. Third, the issue of local versus global will be introduced – issues surrounding trust, autonomy and the imposition of the corporate culture change are all pervasive factors that influence the team's performance and attitudes. Fourth, this study will address the issues surrounding corporate and national cultures. Corporate culture change will be evaluated from the perspective of a remote team faced with a parent company undergoing a major change - how successful they are in embracing change and barriers to their performance due to uneven pace of absorption in other global teams. National culture will be assessed from the differences in cultures between Japan and the U.S. – both in terms of personnel in the organization as well as the interactions between companies. Lastly, this paper will attempt to synthesize relevant literature to determine if there are best practices to enable remote locations such as the one in Japan to work more efficiently with other global teams while undergoing a major corporate culture change and mitigating national culture differences.

2. The Background of the Company and the Team

The company selected for this study is a unit of an American automobile component manufacturer based in Japan. This firm is a division of an automobile manufacturer that will eventually be spun-off from the parent company to freely pursue component supply contracts with other global automobile manufacturers. Presently, as a division of an automobile manufacturer, many of their potential customers casts them in the light of suspicion as a division of a competitor. To date, this component division has relied heavily on its parent firm for bulk of their business but their stated goal is to aggressively grow new business with new customers to augment their existing volume that may or may not be relied upon once the component division is cast off from its parent.

In order to maintain the confidentiality of the companies and to enhance readability, the following table will identify the organizations described in the study:

H	Parent Automotive Company
HC	Component Division
HC-J	Japanese Operation of HC
HC-JV	Subunit of HC-J tasked with growing X-J business
HC-US	The U.S. Operation of HC
HC-BU	The Strategic Business Unit of HC – Europe or U.S.
X-J	Primary Customer of HC-JV

The historical mode of doing business for HC consisted primarily of reacting to the demands of the parent automotive company. As the component provider to H, they worked with in the context of the macro level systems and infrastructures to design, manufacture and deliver their hardware to where the automobile was assembled. This was no simple set of tasks but clearly there was no question of where the component products were going. The members of the HC rarely had to consider dealing with marketing, sales or after-market support to demanding customers (with different national cultures) who had much different expectations in terms of quality, performance and customer support. As recently as 3 years ago, almost all of the outputs of HC was consumed by its parent company. HC's sales organizations, such as the team in Japan (HC-J), was only established recently to embark on executing the strategic vision to expand business into new markets.

As the industry shifted to global alliances, common platforms and streamlined supplier networks, HC established an operation in Japan with the specific objectives of increasing sales and market share within Japan - targeting its automobile manufacturers. Although HC-J has a major presence in Japan with the goal of growing its business with all the Japanese automobile manufacturers, this study focuses on one of the locations tasked with growing its business with X-J and will be called HC-JV. In executing its business objectives, HC-JV consists of a predominantly Japanese (sales, engineering and administrative) nationals augmented by few Americans from the head office including the unit's senior executive.

The HC-JV is engaged in building relationships, marketing and sales, applications engineering of the products to the customer's vehicles, customer support, and logistics management of imported components shipped into Japan. HC-JV does not operate any manufacturing facilities in Japan and depends totally on global network of engineering centers (HC-US) and strategic business units (HC-BU) to perform detail product design and manufacturing of the components.

Although HC-JV is engaged in multiple facets of the automotive component supply business in Japan and the majority of the personnel are engaged in engineering functions, the focal point of this paper will be on the business development aspect of their mission. A typical new business transaction would be initiated with a Request for Proposal (RFP) from one of the automobile manufacturers in Japan (X-J). HC-JV's sales team member would lead the development of the response to the RFP with inputs from the engineering

center in the U.S. and the HC-BUs responsible for the components as well as the factories responsible for manufacturing the component somewhere either in U.S., Europe or Asia. In order to accomplish its sales mission, the HC-JV translates the Japanese automobile manufacturer's specific product requirements in terms of design and purpose and communicates it back to the other organizations within HC. The globally dispersed team typically communicates by e-mail augmented by teleconferences and video- conferences. Once the proposal is submitted and the business is captured, the HC-JV ensures that the components supplied to X-J meets all the quality requirements and arrives at the location and the time specified by the buyers.

In accomplishing its sales mission, one of HC-JV's most important tasks are to properly communicate the specific needs of the customers to their key interfaces back in the U.S. and other global locations that ultimately decide whether to allocate the resources to pursue and capture the business opportunities identified. HC-JV also has the role to decipher the unique mode of doing business in Japan with a customer such as X-J. They act as a cultural bridge to the organizations in the U.S. and Europe that are less familiar with the Japanese business practices and serve to act as a communication bridge between X-J and the rest of HC because of the issues related to language differences.

3. Diagnosis of the Team

A questionnaire was prepared to understand the workings of HC-JV in terms of how they perceived their work, how successful they were in integrating the efforts of their overseas colleagues and whether there were any issues related to culture that enhanced or hampered their ability to work as a remote member of a globally dispersed team. One set of question was used to survey the participants that consisted of two American executives, eight sales and engineering managers (four Japanese, three Americans and one Brit) and eight sales and engineering staff members (four Japanese and four Americans). In the case of the executives (one incoming and one outgoing), the focus of questioning was about their expectations – both for HC-JV and of the larger organization, HC, that they viewed as essential to achieving their success as a leaders of a remotely located team.

The interviews focused on four broad areas:

- Teams – affiliation and interaction methods and communications
- Conflicts – Sources and resolution methods
- Trust and Commitments – How to develop it and maintain it
- Successes and Failures – What works and why

3.1 Team Concept

The respondents all replied that the team they belong to depends on the project. This affiliation was based on the fact that there are multiple project teams – both locally and spanning the globe. The managers and their staff believed that their individual work units essentially served administrative functions where cross transfer of information within the

department was only as needed and the sharing of information and knowledge was done in an informal basis. The members in HC-JV would be categorized by Katzenbach (1993) as a working group rather than a team. The fact that the HC-JV members are placed on multiple project teams and the work group essentially served administrative reinforces this notion. According to Katzenbach (1993), the difference between a team and a working group is the fact that team requires both individual and mutual accountability that results in "magnified performance impact". However, Katzenbach notes that "if performance aspirations can be met through individuals doing their respective jobs well, the working group approach is more comfortable, less risky and less disruptive than trying for more elusive team performance levels". Although the "team" terminology may be used throughout this study, the concept of a team as defined by Katzenbach is not how the members in HC-JV interact with each other. This fact is not necessarily negative as mentioned previously and in fact, given the scare resources and the need to participate in multiple projects, the work group in HC-JV makes optimal use of available resources to achieve all of their objectives.

The project teams where the respondents are members meet on a regular basis both using tele-voice conferences and video conferences but their primary means of communication was e-mail. According to O'Hara-Devereaux (1994), communicating electronically is not and never will be as effective as speaking to someone in person and observing his or her facial expressions and body language. But what alternatives do you have when the work units are dispersed across four different continents? The next best alternatives appear to be telephone calls although several members of HC-JV mentioned that the people in the

U.S. and Europe were often insensitive about phone calls lasting into mid-night local time or calling in the early mornings using a lame excuses of not knowing what time it was in Japan.

3.2 Conflicts

According to the personnel interviewed, there are almost no conflicts between the work group members working in HC-JV. The source of most conflicts arose when the HC-US or HC-BU "failed to understand what customers require despite repeated explanations". The prevalent comments made were, "they lack customer focus", "the people in the U.S. tries to apply their traditional solutions rather than tailor the solutions specific to what the customer desires', "I don't want to be a yes man" and "the people in the U.S. sometimes accuse me of being too pro-customer". The general perception of the personnel in HC-JV was that HC-US and HC-BU did not comprehend the long-term business opportunities in Japan and as a result, did not place sufficient emphasis – both in trying to understand X-J or placing sufficient resources and priorities necessary to meet the expectations of the customer. The by-product of this perception resulted in repeated expression of frustrations fighting internal battles while competitors were consistently viewed as much more customer focused and responsive by their customers.

Surprisingly, this view was shared equally by both the Americans and the Japanese. This may be a result of the shared vision created by the local operation and the bonding that results from struggling with a common problem. In addition, the respondents generally believed that the depth of the problems are attributable to the on-going culture change

taking place across HC and the natural tendencies of people to resist changing the status quo and not feeling the pain of being in front of the customers on a daily basis.

Occasionally, there are conflicts emanating from language and cultural differences. One Japanese respondent stated that, sometimes due to his lack of his fluency in English has caused problems. "I once asked a colleague by e-mail in the U.S. who I have never met, that I want something changed to an engineering drawing. I was ignored for several days and it turns out that my choice of word – I want offended him. Next time, I was more careful in selecting my words".

3.3 Commitment

Remotely based teams such as HC-JV has its strength in its proximity to the customer and attendant benefit of its ability to better anticipate the needs of their customers. The downside of a globally deployed team is its dependence on other organizations throughout the world and their need to cope with forces of fragmentation and dissipation as each entities have its own priorities and business requirements. According to Barlett and Ghoshal (1998), the best way to bind all the disparate organizations and prevent "international network of warring fiefdoms" is for the top management to instill in the individual managers throughout the entire organization, "shared understanding of the company's purpose and values, an identification with broader goals and commitment to the overall corporate agenda. Such a management mentality becomes the "global glue" that counterbalances the centrifugal forces of transnational structure and processes".

But was there a sense of commitment that bound the work force in Japan with the rest of the organization? Based on the interviews, there were many positive statements about how committed they were to HC, "we can succeed, I know we can if we pull together", "I've worked for both Japanese and American companies and although HC has lots of issues, it's still the best company I ever worked for". I found that the HC-JV's American expatriates in Japan were not any more committed to HC than the Japanese working for HC. I found it surprising since I had expected the expatriates to be more committed to HC. But, given the uncertainties about the spin-off and the lack of clarity regarding the human resources issues (pensions and benefits), the expatriates were probably more frustrated by HC than the Japanese who would see no significant changes in their compensation structure as a result of the spin-off. To them, there was no issues regarding personal compensation and benefits but more concern about the lack of "cooperation and priority" from HC-US and HC-BU that makes their job difficult and frustrating. Overall, the level of commitment by HC-JV members to HC and dedication to their work was quite impressive.

4. Local Versus Global

Funakawa (1997) describes four different types of globalization paths a corporation can take. The first is "ethnocentric" with the orientation that the home country nationals know best, are more trustworthy and the power resides in the home office. The second is "multinational polycentric" which take the polar view that local nationals know best and the orientation is local. In the third case, it becomes a "multiregional regiocentric" organization transcends the two opposite perspectives of international ethnocentric and multinational polycentric but more often, it compromises the benefits of each. The optimal situation according to Funakawa is what he calls, "global geocentric". In this model, although costly in terms of communication, travel and time, pursues the performance of the total enterprise more objectively. According to Perlmutter (1988), the achievement of a geocentric mindset is difficult because, "the power dynamics between the headquarters operation, which tends toward ethnocentrism and the local operation, which often insists on becoming polycentric". According to Funakawa (1997), the key to real globalization or working with globally dispersed teams is to manage and transform this tug of war between headquarters and local branches into a positive strategic dialogue rather than to allow it to become a "blame the others" game.

The work group in HC-JV consisted of approximately 100 people of which about 10 were American ex-pats. The composition of the team consisted of managers, engineers and administrative staff with a mission of acquiring and executing new component supply programs with X-J. The team was led by an American, a 30 year veteran of H who has served in variety of organizations throughout HC including assignments in Europe.

Although he recently arrived in his Japan assignment, he was quite empathetic with his Japan based staff about the extremely long hours they worked, how they can maintain their spirits up despite the many frustrations working without significant and measurable successes. When I interviewed him about his priorities during his tenure in Japan, he mentioned that he wanted to "arouse the team's spirit, get the HC senior executives more aware of what Japan team is doing to further HC's objectives and establish a strategic planning process to enable tracking of measurable successes and establish accountabilities within the team". He also asked me to inquire with his team to determine how do they think they are doing and if they were getting to a burn-out stage from working too hard.

The HC and HC-JV maintained what Bartlett and Ghoshal (1999) calls a "headquarters-subsidiary" relationship. As the term implies, a clear superior-subordinate roles reinforces the norm of decision making and resource concentration at the center. Consequently, it was quite natural for headquarters to take responsibility for coordinating and controlling the key decisions and global resources, and for the local offices to implement and adapt the global strategy in their local environments. As this structure exists, Bartlett and Ghoshal (1999) believes that country managers struggle to retain their freedom while their counterparts at the center work to establish their control and legitimacy as arbiters of global strategy. In the midst of this process, it is quite common for the conflicts between local and headquarters to manifest itself and in some cases become adversarial.

In the case of HC-JV and it's relationship with its HC headquarters, there did not appear to be a strain in the relationship but rather a perception that the HC headquarters did not fully understand or appreciate what the HC-JV was doing. HC-JV's leader's comments about his goal of getting the HC's senior leaders more aware of what the Japan team was doing appeared to be aimed at several objectives:

- Things are not always as bad as it seems because the semi-annual trips to Japan always highlights the "negatives" and never accentuates all the positives that occurs throughout the year.
- The Head office controls the resources and the power to help the Japan team succeed. Getting increased priority for Japan and its objective will be helpful.
- There are tremendously talented and dedicated people working in Japan and they often feel frustrations because the rest of the organization "just don't feel the same sense of urgency".

4.1 Us Versus They Syndrome

In most of the interviews, the prevailing theme I heard over and over was Us versus They. The personnel in Japan unanimously showed genuine desire to see HC succeed and more specifically, make the contributions from Japan to help HC succeed in the Japanese market. They all seemed to work long hours and appeared to be quite serious about their jobs. Of course one can argue that this is quite natural for people to want to preserve their jobs but from any angle, the personnel HC-JV were doing exactly what they were paid to do. In their minds, it entails understanding their customer requirements and communicating it back to their colleagues in other parts of the world who have the

resources to engineer and manufacture the products. As a local entity, HC-JV had very little power. Exacerbating the situation was the fact that Japan presently accounted for a very small slice of HC's overall business, the market volume with X-J was relatively small and Japan was often competing against larger opportunities with H or other automobile manufacturers for the HC's resources and plant capacities.

Related to the Us versus They issue, there was much frustrations due to their inability to transform rest of HC to be more reactive to "uniqueness of Japanese customer requirements ". The HC-JV team members mentioned that their communication is generally good within the local work group and with the customers but needs much more work with their overseas colleagues. What I heard over and over was, "Only if they understand, only if they listen, only if they have our sense of urgency." I also sensed that HC as a whole is starting to move in the right direction, "things are much better than before – but changes are not happening fast enough" and "the competition is not resting".

Despite the apparent conflicts of us versus they, there are many success stories. When asked what were the key elements that lead to their successes, members of HC-JV cited that "our team's ability to properly communicate customer needs, importance of long-term potential and raising priority of our requirements to others" were the key elements. In general, the successes enjoyed by HC-JV were derived from getting the other HC-US and HC-BUs to see the customer and their unique requirements as they saw them in Japan. Again, there was a strong sentiment of "our team" successfully bringing about

change in perception about "our requirements" to those other elements of HC located outside of Japan.

4.2 Issue of Trust

The word "trust" is often used synonymously with cooperation, confidence, and predictability. At the working levels, there appears to exist between the personnel in the HC-JV and the rest of the organization a fair amount of trust. The level of trust appeared to be a function of the amount of previous contacts between individuals. Literature confirms that, shared social norms, repeated interactions, and shared experiences facilitates the development of trust (Bradach & Eccles, 1988). Another factor asserted to promote trust and cooperation is the anticipation of future association (Powell, 1990). Such anticipation of future association is higher among group members who are co-located than among physically dispersed members. Co-location, or physical proximity more generally, is said to reinforce social similarity, shared values, and expectations, and to increase the immediacy of threats from failing to meet commitments (Latane et al., 1995).

The persons interviewed stated about the colleagues in their office, "there is high level of trust within the Japan team – my teammates are generally dependable, motivated and hardworking". This statement was universal from the Japanese about both American and Japanese colleagues and similarly from the Americans about all of the people they work with. However, in describing their overseas colleagues, the interviewees stated that, "trust takes time to develop with overseas counterparts and in most cases, I have to earn it". In

response to the specific questions about whether they trusted their colleagues in overseas location, the personnel responded, by stating that, "they cannot always be counted on to produce timely responses in accordance to the wishes of the customers" and" "they do not have the same sense of urgency that we feel". When I probed further about whether this lack of trust is a prevailing issue, typical responses fell along the line of "past working relationships and time helps but too often, people move on and the process starts all over".

Cummings & Bromiley (1996) maintain that a person trusts a group when that person believes that the group "makes a good-faith effort to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available" . In the case of HC-JV, there was a high level of trust within the group but the trust level with their counterparts abroad were accrued by working together over time and accelerated by close interactions and face to face meetings. Accordingly, O'Hara-Devereaux & Johansen (1994) stated that face-to-face encounters are irreplaceable for both building trust and repairing shattered trust.

In the extreme cases regarding trust, I also heard comments from a Japanese in HC-JV, "there have been cases when I pushed too hard for the position of my customer, I was asked whether I was a spy for them". Another Japanese stated that he was reminded more than once by an overseas colleague, "don't forget that your paycheck comes from H and not the customer". In both cases, it appeared that the recipients of the barbed comments

were extremely hurt and felt that their was a tone of racism directed to them because they were advocating the position of their customers too vehemently. In retrospect, both of these incidents were situations where the local employees believed that they were doing the right things by a) understanding the needs of the customers, b) communicating the information to a colleague that was in a position to assist and c) exemplifying the qualities sought by HC in being customer focused. Whether these were extreme isolated incidents or the HC employees in the U.S. were merely insensitive, situations as described above will quickly tear-down any sense of trust has toward his colleagues and perhaps even about the loyalty to the larger organization of HC.

5. Culture

Culture is defined by O'Hara-Devereaux(1994) as "the underlying patterns of thinking, feeling and acting – of a particular groups of people. It is learned, not inherited, and transmitted from generation to generation primarily through conditioned learning. Similarly, Schein (1985) describes culture as "a pattern of shared basic assumptions that have been learned by the members of the group. These assumptions stem from people's experiences as they conduct their business successfully over and over again" and since culture represents the accumulated learnings of a group – the ways of thinking, feeling and perceiving the world that have made the group successful, it is difficult to change.

5.1 Definition of Culture

According to Schein (1999) there are three levels of culture:

- Level One – Artifacts, rituals and behaviors
- Level Two – Espoused Values and beliefs
- Level Three – Basic Underlying Assumptions

The first level of culture is what is visible. This has to do with how people dress, act with each other and the observable pace of activities within an organization. The problem with artifacts is that although it is visible and observable, it is a mistake to draw any conclusions from it. Schein (1999) notes that just by sensing the artifacts, you cannot tell why the members of an organization are behaving as they do and why each organization is constructed as it is. To reach beyond the artifacts, one needs to delve deeper into the next level.

Espoused values are extracted by talking to members of the organizations. They are articulated set of principles and values expressing how work should be done and how people should relate to one another. The espoused values are often written and take on the form of company's values, principles, ethics and visions. Often one makes a mistake by equating the first two levels, artifacts and espoused values, as culture without looking at the deeper level of thought and perception that is driving the overt behavior.

In order to understand the deepest level, Schein (1999) advocates evaluation of the shared tacit assumptions or the historical perspective of the organization. By examining the history of the organization, one can sense what the values, beliefs and assumptions of the founders and key leaders that made the organization thrive in its environment. The premise of this examination is predicated on the theory that whatever values and beliefs that made the organization successful gradually became shared and taken for granted. They become tacit assumptions about the nature of the world and how to succeed in it. Schein's framework organizes meanings of culture as behavior, as artifact, as values, as systems of meaning, and as ways of knowing, going from the most obvious to that which can only be inferred. What is important is not just to acknowledge and recognize what is outward but to understand the underlying rationale and its impact on business interactions.

The influence of culture is elusive and the issues are exacerbated by the fact that it operates at different spheres and interact in a complex ways that limit the relevance of simple rules for doing business in any particular country (Schneider 1998). Culture can be

found in many places – among nations, regions, professions as well as corporations. The culture change on-going in HC and as described by HC-JV are essentially the changes as devised and implemented by an American firm, crafted by American leadership relying on the American management framework.

5.2 National Culture

The deepest and most powerful level of culture represents the accumulated values and behavior that comes that arise from society's basic values and beliefs (O'Hara-Devereaux, 1994). This is essentially permanent and can change only over generations and manifests itself in the form of common language, common orientation to context, time power and equality and information flow. Also the idea of culture is often used to refer to the habits of behavior of a particular group of people but it also describes their values, manners and the characteristic ways in which they act (Phillips 1992). This section will focus on the cultural differences of two countries - Japan and the U.S. since HV-JV dealt only with Japanese customers and the HC-US where much of the support originated is in the United States.

According to Funakawa (1999), it is quite common to confuse stereotypes with descriptions of national cultures. Stereotypes are subjective and preconceived notions, generally about people from other cultures whereas descriptions of national cultures are based on statistically tested societal norms and based on cross-cultural data. The interview findings with the members of HC-JV were dominated by stereotypical descriptions.

In the course of the interviews, the HC-JV's team members were asked to describe the working styles of each others based on their countries of origin. When the Japanese were asked what they liked about the American working style, typical comments were:

- Empowerment – I have the ability to make decisions, inject my opinions.
- Promotions is based on ability. High performances are generally recognized and rewarded.

On the other hand, when asked what they disliked about the American working style, the following were representative of comments made by the Japanese:

- Individual Needs over the goals of the organization – "Some people take vacations at the worst time".
- Short-term focus – "Sometimes they don't see the long term implications of their actions and decisions".
- People change jobs too often in the U.S. – "hard to know who's doing what".

When the Americans were asked what they liked about the Japanese working style, the typical comments were:

- Extremely dedicated to work, incredible stamina – "often work too hard".
- Total focus on the customer and commitment to quality.
- Innate ability to work as a team – "duty first over individual needs".

Conversely, when asked what they didn't like about the Japanese working style, the following were representative comments made by the Americans:

- Tendency to take customer statements as gospel – "sometimes they need to challenge the customer".
- Inability to make routine decisions. Instead of producing solutions, too often they ask, "what should I do or how should I handle it?"
- Not very good at prioritizing. "They try to do everything - sometimes drops the wrong ball".

The comments made by the HC-JV team members pretty much fit the national stereotypes each side holds of the other as the Japanese were described as being the hardworking, disciplined and extremely committed to teams while the Americans were described as independent and short-term focused.

5.3 Cultural Differences

Beyond the stereotypes, descriptions of national cultures are not evaluative. They describe the norm for the group to which the person belongs rather than the individuals. I will examine this cultural differences from two dimensions – first, between the Japanese and Americans and second from the perspective of the Japanese automobile manufacturers customers as they deal with HC.

Hofstede (1980) argued that there were four fundamental dimensions of culture:

- Power distance
- Uncertainty avoidance
- Individualism
- Masculinity

Power distance is the extent to which members of a society accept that power is unequally distributed. For example, a society with large power distance find the idea of employee involvement awkward to contemplate and difficult to achieve. People with subordinate roles have strong dependence needs expect their bosses to be autocratic. Conversely, a small power distance society would find the idea of one autocratic leader to be uncomfortable. Those in subordinate positions are not as dependent on their bosses and expect them to be consulted on key issues. Japan was found to have large power distance while the U.S. was relatively low in power distance.

The uncertainty avoidance dimension measures the degree to which people feel threatened by ambiguous situations and creates beliefs and situations to avoid uncertainty. Hofstede (1980) found that a society with strong uncertainty avoidance will invent rituals, rules and regulations and follow them even if it achieves nothing. Japan was also found to have strong uncertainty avoidance, which also implied that people are less comfortable with risk taking. Conversely, U.S. was characterized as low in uncertainly avoidance, which implied that taking risks to get results is quite acceptable.

Individualism dimension relates to whether people believes that its primary concern is the well being of the individual versus the wider group. As expected, the Japanese were collective focused while the U.S. was found to be strong in the individual dimension. Hofrede also found that highly individualistic society finds meetings and collaborations to be largely unfruitful while the collective society sees real value in consultation and collaboration.

Masculinity measures the extent to which visible success, money and possessions are given priority over more 'caring" values such as nurturing and sharing. In societies where masculine values are low, greater emphasis was placed on welfare and needs of employees at work rather than individual achievement and the need to have a successful career are deemed to be crucial. Again there was a wide gulf between Japan and the U.S. Japan as collective society that values collaboration was determined to be much weaker in masculine measures when compared with the U.S.

The four dimensions described are not exhaustive and many subsequent researchers (Trompenaars 1995) have described cultural differences using additional and different dimension. The point of the analysis is to show that there is a wide difference between the American and Japanese cultures. Beyond the stereotypes (although much of what was uncovered at HC-JV is consistent with the dimensions), it is obvious that Japan is very different than for example Germany or Italy when compared to the cultural norms in the U.S. It is also important to point out that all of the Japanese employees interviewed at HC-JV had a very good command of the English language and many of them have even worked in the U.S. or for American firms in Japan. Despite the artifacts – spoken language and mannerisms, it would be a mistake to assume that there are little cultural differences between them and their American colleagues deployed both locally and abroad.

5.4 The Culture of the Customer

In Japan, the employing organization is seen as a kind of society to which employees belong, rather than just a place to go to work. There is great deal of emphasis on interdependence, shared concerns and mutual help. Because of these cultural norms, there is much stronger bond between employers and its employees (Phillips 1992) and certainly amongst employees who view their successes collectively rather than individually as in the west. The negative side of this aspect of Japanese culture is a distrust of anyone who does not belong to a group – which generally includes foreigners. In addition, Japanese also tend to have a longer perspective on time than their American counterparts. These features of the Japanese culture helps to frame the cultural differences between HC and their customers, which are manifestations of differences in the national, corporate and professional cultures.

The cultural differences between HC and their Japanese customers were described by all the interviewees as vast. Not only was their a wide gulf in the differences of national culture, the established norms of the relationship between component suppliers and the automobile manufacturers also differed significantly from the relationships enjoyed by HC with H for certain but also their other customers around the world.

In Japan, component suppliers to automobile manufacturers are typically long-term members of the assembler's supplier group. Significantly, they are not selected on the basis of low bids but rather on the basis of past relationships and a proven record of performance. (Womack 1990). Contrary to the U.S., the Japanese supplier and automobile manufacturers build cooperative relationships where the two parties want to

work together for mutual benefits. This close working relationship of trust extends to the component suppliers even providing cost and profit data to the buyers of their products (Womack 1990).

According to (Nishiguchi and Brookfield , 1997), modern form of Japanese automotive industry subcontracting relies on distinct practices that have developed around the system of clustered control and joint problem solving. It is characterized by:

- Target costing. Japanese manufacturers lower costs of new products at the design stage by first determining the sale price, decomposing the price into desired profit and costs, and then breaking down costs to evaluate and price every part. Throughout the process, suppliers provide input.

- Value analysis. In joint problem-solving with prime contractors and subcontractors, Japanese manufacturers decompose increasingly complex cost structures to identify cost-sensitive elements item by item.

- Bilateral design. Modularization, which leads to cost reductions and ease of design changes, results from suppliers' proposals.

- Subcontractor evaluation. The prime contractor continually evaluates subcontractors' performance on quality, price, delivery, engineering, management competence, and long-term viability.

- Purchasing agents' role. Purchasing agents are not mere negotiators but have the technical knowledge to evaluate subcontractors' competence and teach them new production systems.

In this culturally different marketplace, HC-JV operation competed for X-J's business against other foreign companies and strong local suppliers who have had long term relationships with their customers. Even though the Japanese middle managers and staff of HC-JV were fully aware of the Japanese practices and adeptly guided HC to the correct courses of action, there was often a wide gulf between how HC perceived themselves to be versus how the Japanese automobile manufacturers might have viewed them. According to one Japanese manager in HC-JV, "the Japanese suppliers never question what the customers want. If the customers ask for it, the suppliers find a way to provide it. In our case, we often challenge the customer and ask why do we have to provide this or can you take something different? In Japan, customer is god."

The differences in perception may explain the attitudes held by HC and the customer. HC believes itself to be a pre-eminent supplier of automotive components with proud history and culture associated with H while the Japanese automobile manufacturer views them as an upstart without history of long-term association who don't know how to behave like a "good" supplier. Thus, the national culture differences between the Japanese and Americans serves as an additional source for creating mistrust or communication gap between Americans working with the Japanese in HC-JV or at a higher level, American company trying to sell to a Japanese buyer.

5.5 Corporate Culture

As typical in the automotive industry, H was described to be organized in a highly structured manner. People within the company was described to operate with strict policies and procedures. Planning, engineering design and strict implementation are critical to its success at H and the nature of work is strongly functional in nature and decision-making was described as methodical, objective, data-based, and careful.

For HC, which has long been part of H, the shared mental models the organization have held and took for granted have been bred as a division of an automobile manufacturer. As a direct result of H's decision to spin-off HC, their strategic focus has shifted firmly to becoming a major supplier to the automotive industry:

> *Vision is to be the world's best supplier of automotive systems by creating new opportunities – for our people, our customers and our industry. In short, to see the possibilities. (HC's Vision Statement)*

The resultant culture issue for the component division of H is to engage in transformations under time constraints in the face of highly nimble and capable competitors who have always had to compete, win and execute business with many different customers from around the globe. In HC's corporate internet site, the firm's vision or the "global glue" was manifested in their President's words:

> *HC's objective was to become the world's leading full service automotive supplier. The expectation was that this goal would be achieved by leveraging our substantial technical knowledge, electronics capability and systems integration expertise to support growth objectives, particularly with new customers.*

The key to the vision statement is the last four words, "particularly with new customers". As a newly forming corporate entity about to be spun-off from the parent corporation, HC's hopes and aspirations lie with the vast new opportunities that await them with global automobile manufacturers that previously dismissed HC as a division their arch rivals. Conversely, implied in the vision statement is the notion that the newly spun-off should not automatically expect to win business from the previous parent – there are no guarantees and therefore, it's imperative for HC to aggressively pursue, capture and grow the business from new customers.

According to Schein (1999), the issues facing a mature organization undertaking a major culture change are threefold:

1. How to maintain those elements of the culture that continue to be adaptive and relate to the organization's success.
2. How to integrate, blend or at least align the various subcultures.
3. How to identify and change those cultural elements that may be increasingly dysfunctional as external environmental conditions change.

In order for HC to transform and change the culture that have been institutionalized as a division of H, it is imperative that the personnel in the organization unlearn beliefs, attitudes, values and assumptions as well as learning new ones (Schein 1999). The most important elements of the culture that exists in H are embedded in the structure and major organizations of HC. As an illustration, when H requires a new component from HC, they specify the requirements explicitly in terms of function, technical specifications as well as dimensions. The engineering community and the business units that will be tasked with

manufacturing the components have the processes and methodologies to deal with this way of doing business. In the current market environment where the HC-JV operates, the customers provide scant details and the engineering community of HC and the business units are expected to recommend "optimal design solutions". The conflict in the two different expectations of customers causes friction for the HC-JV because the rest of the organizations who they depend on do not always have the processes and the mindset to accommodate their customers.

Another illustration of the conflict occurs when the Japanese customers request defect rates that are significantly better than required in other parts of the world or they may ask for dimensional tolerances that are much tighter than deemed necessary by H for the component in question. When the HC-JV communicates the unique needs of their customers, they are sometimes discouraged by the responses from their teammates outside of Japan with comments like, "the customer is being ridiculous" or "we have never had to meet those conditions anywhere" or "we don't do things that way – we've always done it this way". Exacerbating the situation is the fact that the X-J's volume requirements are relatively minor compared to H and other "major accounts" serviced by HC-BU and the resultant perception that the small volume and the difficulty of capture does not justify pouring all the needed resources to make the necessary adjustments. The success of the HC-JV work group depends primarily on business units and functional organizations residing outside of Japan – they see their role as being on the "frontline", truly understanding their customer's needs and trying to get the rest of HC to get aligned in order to penetrate the all important Japanese automobile market.

From the perspective of the engineering community and the business units, the demands of the Japanese customers and by extension, their colleagues in Japan sometimes seem onerous and unorthodox. Conversely, members within HC-JV, with a mandate to grow the local market, is left often confused and conflicted about the commitment of the rest of HC to adopt the changes necessary to become a stand-alone automotive component manufacturer.

Unfortunately, it is difficult to get people to change because unlearning is uncomfortable and a catalyst is needed to compel them on the course to change. Schein calls this *Unfreezing: creating the motivation to change*. In the case of HC, the catalyst is the impending spin-off from its parent. The implications are clear – the ability for HC to succeed and thrive as a separate corporate entity amidst the sea of nimble competitors requires a new way of conducting business. This requires understanding the culture of the organization from a macro perspective but also the subcultures that exists throughout the organization.

In functionally organized companies such as HC, there often exists real inter-group struggles between functions such as sales, manufacturing, engineering and research and development because each of these groups have developed strong subcultures based on its occupational backgrounds and adaptation to specific environment (Schein 1985). In HC, the dominant group, according to the respondents in HC-JV, appears to be the HC-BU that have the profit / loss responsibilities for their operations. The units have successfully

supplied components to H and expect to rely on H for the preponderance of their sales / profit volumes in the future. The HC-BUs are certainly aware that acquiring new business from new customers is a strategic imperative but the onerous requirements placed by small volume manufacturers in Japan and perhaps other customers around of the world may be less of a priority given their overall strategic and financial objectives. The perception of the interviewees in HC-JV appeared to support this notion.

6. Culture Change Process

According to Schein (1985), ingrained habits and ways of operating die hard. It's natural to fear change and to hold on to old ways of doing things. Many comments from HC-JV seems to suggest that as a result of HC doing things the "H" way for many years, their colleagues in the U.S. and Europe do not always empathize with a demanding requirements of Japanese customers nor have sufficient patience with personnel in HC-JV that often appear to be vocal advocates for the customer. In order for HC to align all of their organizations, developing a shared vision for the new HC may be a point of departure.

6.1 Shared Vision

Peter Senge (1990) offers a simple, but powerful, definition of shared vision-- describing an image that people carry in their hearts as well as in their heads. Senge argues that shared vision has the force to connect and commit individuals one to another and to the new future they are bound to create. It may be inspired by an idea, but once it goes further-if it is compelling enough to acquire the support of more than one person - then it is no longer an abstraction.

At its simplest level, a shared vision is the answer to the question, 'What do we want to create?' Just as personal visions are pictures or images people carry around in their heads and hearts, so too are shared visions pictures that people throughout an organization carry. For HC, what they have espoused to create is simple and concrete, "world's leading full service automotive supplier". This shared vision, if embraced by

everyone in the organization, helps to create a sense of commonality that permeates the organization and gives coherence to diverse activities .

Senge also writes, when people truly share a vision, they are connected, bound together by a common aspiration. Personal visions derive their power from an individual's deep caring for the vision. Shared visions derive their power from a common caring. In fact, we have to come to believe that one of the reasons people seek to build shared visions is their desire to be connected in an important undertaking (Senge, 1990).

One immediate way to accelerate the process of creating a shared vision in HC may be to provide the details of the spin-off to all the employees as soon as possible. Although the spin-off of HC is advertised as something exciting and potentially lucrative for the entire organization, some of the employees in HC-JV view this with skepticism. They view the move as something that will benefit the automotive parent H by allowing them to source with the lowest cost component supplier which may not necessarily be HC. To others, the spin-off is cause for apprehension to be feared and a source of discomfort about their future prospects.

To date, the senior management of HC has not been able to disclose all the details of the spin-off other than it will happen and that the "future looks great". In order for shared vision to take hold and as Senge describes as "desire to be connected in an important undertaking", the basic issues concerning pay, benefits and pensions probably need to be addressed as soon as possible to allay the apprehensions of the workforce.

6.2 Work Artifacts

In addition to shared vision, literature suggests that the company needs to match the process and the content to the cultural changes. They need not only a shared vision and a training programs that enable each team members to act and behave differently, they also need for example, to adapt their Information Technology (IT) infrastructure that supports new desired way of doing business. As an illustration of the current dilemma, if HC is supplying H with components, the parts get designed, the drawings get released and the "system" ensures that there is proper coordination between purchasing, scheduling and the logistics infrastructure to get the end product where it needs to be in the assembly line at the prescribed time. In the case of supplying components to X-J, because of the incompatibilities in the two systems, the HC's "system" has to be manually manipulated to ensure that components arrive at the prescribed locations at the right time. As a result, some of the HC-JV team members expressed concerns about the inefficiencies and additional workload caused by the "systems" mis-matches that often results in customer disappointments.

6.3 The Leader's Role

According to the members of HC-JV, culture change taking place within HC is perceived to be a slow evolutionary process rather than a quick transformation. One of the respondents in HC-JV stated, "Our parent company H, has almost an arrogant, proud and financially driven culture that hasn't always been focused on the customer". Many of the comments about the difficulties in aligning the local needs of HC-JV with the other HC

elements may be an evidence of the old culture remaining in place despite the leadership's efforts to move HC to a more nimble and customer focused organization.

According to Schein (1985), "the unique and essential function of leadership is the manipulation of culture" and the leadership must first gain an understanding of what needs to be done and be willing to "unfreeze" their own organizations before a meaningful change can take place. Although HC is a relatively new organization, the work culture it operates under is appears to be a product of the mature culture originated from H.

There is however, ample evidence that the leadership of HC attempting to change the culture that will enable them to thrive as a stand-alone unit. They have clearly articulated the need for the transformation and their espoused vision is clearly to move HC to become a successful world-class component supplier to the automobile industry. The attributes that are necessary to achieve the declared vision are world class production and quality, state of the art technology, competitive pricing supported by a capable team of sales, marketing and support personnel. The core competencies of the HC have been predicated on their "expert portfolio of engineering and production capability". However, despite leadership's efforts to create a new HC culture, many in HC-JV still believe that much more time is required to move the entire organization to align itself to become a nimble competitor in the hotly contested Japanese automotive market.

As a consequence, many HC-JV employees continue to believe that HC-US and HC-BU, by not understanding the uniqueness of X-J and their long term potential, often do not place sufficient priorities which then prevent HC from reaching the higher levels of successes in Japan. Conversely, they also expressed a fear that their counterparts in Europe and the U.S. view them as a "bunch of yes men" who don't know how to stand up to the customers when they make onerous requirements and are "incapable of explaining to X-J, how the rest of the automotive industry really works".

6.4 Culture Change Implications for the Remote Site

Although one of the key elements of sustainable culture change is the commitment and the active participation of the leadership, it is usually is not enough for the senior leader to develop and articulate a vision for the organization. This is especially pronounced for a remote team that typically feels isolated and far-removed from the headquarters. For that vision to be implemented effectively, the senior leaders must plan and manage the process of change as well keeping in mind that dispersed locations with different national cultures in the mix will not all receive the same signals and messages. Of course, large organizations do not have just one leader; leaders are found in a variety of functions and levels, ranging from the CEO to General Managers to specially created teams. Since leaders must understand their roles in managing and motivating change, education and development of these leaders becomes essential.

However, education and vision also needs to be augmented by management actions to reinforce and reward desirable behaviors of leaders and managers with appropriate changes to corporate infrastructure such as performance appraisal, performance management, and compensation systems.

Organizational change cannot be effective and sustainable without the active participation and commitment of the organization's entire work force. First, employees throughout its global outposts should work towards a common measurable objective, held accountable for failure (but not in a way that discourages and inhibits change and innovation), and rewarded for success (which can include trying new approaches that don't all work).

Second, workers must be educated. In this context, education should serve two broad purposes: It should enhance workers' understanding of the organization's business so they comprehend both where and why change is necessary. Next, education should provide workers with the necessary skills to implement change. As mentioned before, the concept of empowerment and authority is not something taken naturally by Japanese employees. For a Japanese employee in HC-JV, the greater autonomy and empowerment may not necessarily be an easy or natural concept to adopt. One of the American noted in HC-JV noted that, "empowerment is not natural to them – they need to be coached and taught how to make decisions". Perhaps new Japanese employees need to be trained that it is culturally acceptable and desirable in HC for them to take initiatives and responsibility for their decisions. As for the Americans and Europeans that deal with X-J, it might be helpful to provide cultural sensitivity training to understand not only Japanese business

culture but also the historical perspectives of the automotive industry in Japan and the interaction of the supply chain with the automobile manufacturers.

Third, continue to regularly survey employee attitudes and behavior and then widely distribute the results to the work force. This helps ensure work force understanding of the change process and facilitates management's understanding of the extent to which culture change is happening and what changes still are needed. The Japanese work force by in large were described as reticent, hard working and complaint free. One of the Americans in HC-JV stated that, "They never complain, they just keep their head down and work – sometimes they mis-understand work priorities but they never really voice any complaints". The management of HC-JV needs to continue to poll their employees to assess their attitudes and perceptions to gauge if the organization is headed in the right direction and if they feel they have all the tools and support to accomplish their jobs. Again, this notion of freely expressing one's fears or problems are not natural in Japan but perhaps taken in the context of teamwork and their individual roles as a contributing member of a work group, it might be worthwhile to assess their sentiments.

Fourth, increase the frequency and quality of communications. Communication serves many purposes in an organization undergoing change. First, it is the way the organization's top executive team deliver the vision and strategy to those who must implement them-the work force. Second, as mentioned previously, it is the means to developing understanding, by the work force and management, of the organization's progress toward change and the work that remains to be done. Third, through its many

paths, communication enables not only leaders to send important messages to the work force but also workers to offer help and ask for assistance. The communication medium for HC-JV is primarily e-mail or the intranet from their headquarters in the U.S. The HC-JV employees understand what is happening around their organizations from the "official point of view" but there was a perception that there might be more than what's announced through the official mediums. During HC leadership visits to Japan, they should consider spending more time with their work force not only to discuss work issues but even socially in order to interact and communicate with their remote team members (especially the Japanese) who tend not to be too vocal about their perceptions and feelings.

In addition, there were comments made by several Japanese staffers that they would prefer to see an increase in the frequency of social contact and non-official communication within their location with the local leadership. These comments may be rooted in cultural context since it is quite typical for the Japanese workers to engage their colleagues in a social setting after work and although no business may be discussed, these opportunities allow each other to freely discuss issues of mutual concern.

Measurement, too, is important to successful change. Traditional performance and financial measures are often used, but "softer" dimensions are measured as well. For example, important stakeholders, including customers and the work force chief, are surveyed often to help define appropriate change, develop understanding of the progress of change, and identify high-leverage areas for change. The results of these measurements typically are shared widely with the work force. Although HC-JV does not have profit

and loss responsibility or specific business capture targets, one method of assessing their performance would be to survey their customers in terms of customer satisfaction, customer support and quality performance to gauge the effectiveness of HC's responsiveness to their customers. This data should be shared across the entire HC organizations to target areas of improvements and also to ascertain which HC-BUs and HC-US functional organizations are exemplifying the customer focused culture that HC is trying to create.

The performance metrics used to assess HC-BU's was described as primarily financial and does not assess how successful they were in supporting specific customers such as X-J. Since the primary drivers of earnings are their performance relative to supporting H, the measurements may not accurately reflect their attitudes and efforts in supporting the HC's strategic objectives of diversifying their business with new customers. By tying the HC-BU's performance relative to success of new business acquisitions, it will help to accelerate HC's culture transformation and foster organizational changes to enhance its working relationship with remote operations such as HC-JV.

Thus, successful change requires instilling a sense of urgency and importance in the work force without the "help" of a crisis. Doing so requires several of the key factors mentioned previously, notably leadership, communication, and education. Arguably, the most important role of the organization's leader is to successfully convey to the work force the importance of change by articulating the organization's vision for its future, how achieving that vision will ensure a prosperous future (and perhaps forestall a disaster),

what change is necessary to realize that future, and how active support and participation by the work force will benefit workers and strengthen and grow the organization. That, in turn, requires successful communication, which can be facilitated and reinforced by work force education.

7. Conclusion

The purpose of this study was to understand how a remote operation resolves the pervasive conflicts between local and global and my personal motivation in selecting this topic was based on my previous experience working in the head office with responsibilities of leading a remote sales operation in Korea. Similarly, the corporation I worked for was undergoing culture change from being U.S. military focused defense contractor to becoming an active participant in the international market. My role was to lead the sales efforts in a new international market with new commercial customers who have demands and requirements totally divergent from the large U.S. military customers that our company focused on.

Many of the comments I heard from HV-JV were strikingly similar to the ones I heard over and over from my experience. The remote team I led also felt the frustrations of not being able to "change" the parent organization to be nimble and reactive. The remote office clearly articulated what, how and why customers required but too often, the responses from the home office took on the tone of – "the customers are too demanding", "we don't do business that way" and "it's a small market".

The typical rationale for establishing a remote sales operation staffed with a predominantly local work force is to be close to the customers, truly understand their requirements and communicate the unique requirements back to the head office so that the resources of the home office can be properly deployed to exploit the opportunities that have been presented. As expressed by many people in HC-JV, it is not so easy to

accomplish. There exists a clear conflict between a remote site and the home office whenever the remote site becomes a "spokesperson" for the customer that are "difficult" or too demanding. The role of the remote operation in the minds of the occupants are to communicate their customer needs. They believe that their understanding of the customers – because of their ability to overcome language and cultural differences are important to the home office in order for the home office to react appropriately to win in the market place.

However, based on my experience and reinforced by the interviews in HC-JV, many people in the home office often blurs the distinction between the demands of "difficult customer" with those colleagues that carry the message. This problem seems to be pervasive especially at the middle and lower levels and the senior management (who see the big picture) are often called upon to referee the divergent views of the two parties. The home office people often feel that the role of the remote site is not only to collect market intelligence and present sales opportunities but are expected to present the home office perspective to the customers and in some cases defend their existing way of doing business.

This conflict in perception of roles was especially pronounced in the context of the differences in the cultures between U.S. and Korea and certainly in the case of HC-JV, between U.S. and Japan. The Asian cultures typically view suppliers with certain amount of disdain and inferiority. The buyers simply expect the suppliers to react to their wishes no matter how demanding and onerous. They too often exemplify the notion of

"Customer is King" and the local nationals in the remote sites, based on their accumulated national cultures typically do not question the customer's views irrespective of whether the parent organization has the ability to meet their requirements.

On the other hand, the previous successes of the parent organization and the ethnocentric perspectives that many people hold in the head office often serve as a barrier to trying to understand the divergent requirements of a smaller customer – especially in Asia. From my experience dealing with Korea, I often found myself trying to explain to the head office when the customer requested more and more data, that the customer's intention was not trying to extract technology from our company but rather complying with procedures and processes that are common for Korea. Instead of taking the actions and the requests of the customer at face value, there was often misunderstanding and perception of a hidden agenda at the home office.

The question then comes back to how best to leverage the remote office to work effectively with the home office in a trustful manner. The purpose of establishing a remote office to get close to the customer appear rationale and all the literature suggests that "being customer focused" and "meeting and exceeding customer expectations" are good things to strive for. The question then becomes how do you engage the home operation with their accumulated culture of doing business in a certain way to adapt to the new way of business as articulated by the remote sites? Of course senior management with their vision statements and strategy inevitably describe the desired state and

everyone can recite the need to "move quickly and exploit new opportunities" but the reality is that change is difficult and slow.

HC is moving in the right direction as evidenced by the prevailing sentiment in HC-JV that things are improving but much more progress need to take place. As Americans rotate through the operation in Japan and the Japanese personnel from HC-JV rotate through the HC operation in the U.S., there will be mutual learning and sharing of ideas to best exploit the future opportunities. Changes will come but not as fast as everyone would like. In the case of my company, it took about 10 years after we entered the market in Korea for the entire organization to adapt to the new mode of business expected and demanded by the customers. The need to re-educate, reinforce and install the culture necessary to compete in a new marketplace is a never-ending quest that constantly requires the attention of management throughout the organization.

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