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THE INTERSECTION OF CORPORATE CULTURE AND STRATEGY: A CASE STUDY
OF MULTINATIONAL ENGINEERING FIRMS

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ABSTRACT

This thesis analyzes how national culture influences corporate culture by presenting case studies of three multinational engineering firms. The three companies' current business strategies are analyzed in order to draw a connection between their culture, strategy, and goals. Furthermore, this thesis analyzes how globalization has affected each corporation and what drove them to reshape their cultures and strategies as a response. The case studies examine Siemens as a German company, Ford as an American company, and Toyota as a Japanese company. The research into corporate cultures draws mainly from the corporations' mission and values statements, and the countries' national cultures are characterized using a subset of cultural dimensions from a combination of research sources. The work of this thesis demonstrates that, for these three companies, it has been beneficial to temper some national cultural traits that hinder success in a globalized world, but also that corporations can retain balanced aspects of their national culture and achieve success globally.

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Chapter 1

Introduction

National cultures are extraordinarily complex. They are developed over centuries and are influenced by the history and heritage of a nation and its people. As a result, it is very challenging to define a national culture. Many researchers have spent decades developing approaches to characterize cultures. Over the years as new research has emerged, some prior research is labeled as outdated. For example, the idea that some cultures are inherently superior to others is no longer considered to be a legitimate perspective by scholars (Ghemawat).

When non-experts use research on national cultures, they must carefully negotiate the boundary between cultural generalizations and stereotyping. In order to avoid stereotyping, it is necessary to understand that cultural profiles do not define how each individual within a group may behave, but rather they attempt to outline how members of particular groups interact from a broad perspective. This paper primarily references the work of Kai Hammerich, Richard Lewis, and Geert Hofstede (sources Hammerich, Lewis, and Hofstede) to outline national cultures, but there were many other sources used as secondary and background sources in order to support the national profiles. Furthermore, it should be stated that some scholars believe that some of Geert Hofstede's conclusions about national cultures are outdated (Shaiq). However, this paper utilizes objective aspects of his research rather than his own subjective conclusions.

The three nations studied in this paper are the United States of America, Germany, and Japan. These nations were chosen for two reasons. First, the United States was chosen because I personally have experience having grown up in America, and Germany and Japan were chosen

because Hammerich and Lewis agree that they are the two countries where "nation-state traits impose themselves most thoroughly on corporate behavior" (Hammerich 95). The second reason these nations were selected is because from 1970-2015, the United States, Japan, and Germany have been three of the four largest economies in the world (GDP at market prices). Furthermore, it makes sense that corporate culture would be heavily influenced by the national traits that aided in each nation's long-term economic success.

The growth of national economies in recent decades has been influenced by globalization. Globalization has been growing since the early 19th century when advances in transportation and communication, such as the railroad and telegraph, made cross-national interaction easier than it ever had been (Globalization). Since the mid-20th century, however, globalization has been growing at an even faster rate as airlines made global travel cheap and easy and the advent of the internet connected billions of people. Rapid globalization has also been affecting corporate behavior in a major way. An increasingly connected world has resulted in increased competition, and international corporations are shifting focus and, in some cases, adapting their cultural foundation to remain competitive in the modern globalized world. Many corporations have begun to realize that in order to be successful in the modern age, they may have to change how they approach the business and how they interact with customers and colleagues abroad.

This paper consists of three case studies surrounding Siemens AG, Ford Motor Company, and Toyota Motor Company. Each case studies include a summary of the key characteristics of the national culture for the country in which the corporation was founded, Germany, the United States, and Japan, respectively. An analysis of each company's culture and strategy is then

presented with reference to the national culture's influence and the amount of change that each

company has undergone to adapt to increasingly globalized markets.

Chapter 2

Cultural Models

Defining a nation's culture has been a notoriously difficult undertaking, with models being accepted and rejected by various researchers, since the inception of cross-cultural psychology in the 1960's (Schmitz). Geert Hofstede, a well-known Dutch cross-cultural researcher, claims that culture is "the collective programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede 4). Though Hofstede is a prominent figure in cross-cultural research, many scholars studying culture today would regard his conclusions as outdated generalizations. Nevertheless, Hofstede presented some very useful research that helped to shape the understanding of national culture, and some of his data-driven results in analyzing specific cultural dimensions are utilized for this paper. Some reject Hofstede's description of national culture as "software of the mind" because it seems to suggest homogeneity within cultural groups (McSweeney). Kai Hammerich and Richard Lewis accepted the merits of much of Hofstede's work, but chose to frame their research from the perspective that culture is like water within which individuals of a larger group interact (Hammerich 6). The merits and accuracy of different cultural models can be argued at length, but this paper aims instead to analyze how corporate cultures and business strategy are shaped by national culture as defined from multiple perspectives.

In order to define the national cultures for each case study, a combination of models for two cultural dimensions are referenced. The first cultural dimension referenced in this paper

comes from the Lewis Model, which was created by Richard Lewis and outlined in *When Cultures Collide: Leading Across Cultures* (Lewis). This model defines national cultures based on their tendencies toward linear-active, multi-active, or reactive behaviors. Richard Lewis also worked with Kai Hammerich in order to refine this model and structure it in terms of corporate cultural behaviors and cross-cultural interactions. This work was published in their book *Fish Can't See Water: How National Culture Can Make or Break Your Corporate Strategy* (Hammerich). The second cultural dimension referenced in this paper is the Individualism Index (IDV), which was outlined by Geert Hofstede in *Cultures and Organizations: Software of the Mind* (Hofstede). This dimension categorizes national cultures based on how strong the ties are between the individual and society. Hofstede defined six different cultural dimensions, but the IDV index proved to be the most relevant to the scope of this paper. These two models are used in combination in order to describe the cultures of three nations and analyze how corporate culture and business strategy is affected by the home nation's culture.

The Lewis Model

The Lewis Model, developed by Richard Lewis in *When Cultures Collide, Leading across Cultures*, defines countries as fitting within a three-point cultural spectrum of linear-active, multi-active, and reactive behavior. Lewis bases his model on personal experience from 30 years of living abroad and interacting with many nationalities as well as the research of multiple cultural psychologists, including Geert Hofstede (Lewis).

Linear-active cultures are defined as people who "do one thing at a time, concentrate hard on that thing and do it within a scheduled time period…[they] think that in this way they are

more efficient and get more done." (Lewis 30). These cultures are typically more focused on fact-based discussion and decision making, and corporations which fit within the linear-active framework are typically focused on creating products which they believe will be successful based upon their own merit.

Multi-active cultures, on the other hand, are characterized as "[attaching] great importance to family, feelings, relationships, and people" (Hammerich 58). Members of corporations that operate within a heavily multi-active framework typically place a higher value upon business relationships and connections. While members of linear-active corporations believe that good products should speak for themselves, members of multi-active corporations typically believe that establishing a personal connection with a customer will lead to success in business.

The third category defined by Lewis is the reactive culture, and it seems that members of reactive cultures are generally the most flexible in comparison to members of the other two categories. According to Lewis, the greatest benefit of a reactive culture is that they "exercise their ability to adapt towards linear-activity or multi-activity" when interacting with others (Hammerich 61). Hammerich and Lewis explain the reactive culture through the lens of the Japanese who typically "stress punctuality, factuality, [and] planning" when dealing with linear-active cultures such as the Germans and Americans, but transition to a "people-oriented approach" when dealing with multi-active cultures such as the Spaniards and Italians (Hammerich). Those in reactive cultures "rarely initiate action or discussion, preferring to listen to and establish the other's position first, then react to it and formulate their own" (Lewis 32). This standard of listening first then adapting a position based on what has already been said is

the epitome of flexibility, and in many ways it aids in alleviating potential conflicts before they

arise.

The Individualism Index

Hofstede defines national cultures in *Cultures and Organizations: Software of the Mind*

through the combination of six different cultural dimensions. This paper references one of

Hofstede's cultural dimensions, the individualism index, because it proved to be the most

relevant in terms of corporate culture and strategy analysis. The individualism index categorizes

national cultures based on how people view themselves relative to those around them. In other

words, it describes whether members of society see themselves primarily as an individual or

primarily as a member of a group. The IDV index is a cultural spectrum with individualism and

collectivism at opposite ends. Individualist societies place great importance upon personal time

(the ability to have time for your personal or family life), freedom (the freedom to approach

problems however you deem fit), and challenge (having challenging work which you gain a

sense of accomplishment from). By contrast, collectivist societies place importance upon training

(the opportunity to improve or learn skills), physical conditions (good work conditions such as a

comfortable environment and adequate work space), and use of skills (the ability to fully utilize

your unique skills and abilities on the job) (Hofstede 76). In *Managing Cultural Differences,*

Lisa Hoecklin asserts that many cultures exhibit a degree of collectivism, stating examples that

"the French tend to identify with *La France…*the Japanese with Japan…and the Irish with the

Roman Catholic Church" (Hoecklin 42). Furthermore, even though America is considered the

most individualistic nation in the world, examples of collectivism are apparent such as students

identifying with their university or voters identifying with their political party. From a corporate

perspective, individualist cultures "stress the employee's independence from the organization"

while collectivist cultures focus on everything that the corporation does for the employee and

stresses "the employee's dependence on the organization" (Hofstede 77). Hofstede used "a large

body of survey data about the values of people in more than fifty countries around the world" to

determine 74 countries' places within the individualism index (Hofstede 22). He presented the

results using a 100-0 scale with 100 representing the most individualistic societies and 0

representing the most collectivist societies. America ranked at the top with a score of 91,

Germany tended toward individualism with a score of 67, and Japan tended toward a central

balance of individualism and collectivism with a score of 46.

Chapter 3

Siemens Case Study

In order to understand the culture of any multinational corporation it is important to first examine and understand the culture of the nation that the company was founded in. Werner von Siemens and Johann Georg Halske founded Siemens & Halske, the precursor to today's Siemens AG, in Berlin in 1847 when Germany was still known as the Kingdom of Prussia (Siemens – History). In 1848, the company built Europe's first long-distance telegraph line from Berlin to Frankfurt. The company quickly became successful internationally, most notably with the 1870 construction of the "Indoline," an 11,000-kilometer telegraph line between London, England and Calcutta, India. The original company, Siemens & Halske, grew substantially because of continued success in the electricity market and mergers with other German corporations, and in 1966 the corporation's parent company and subsidiaries merged to officially form Siemens AG (History). As a result of Siemens' long and storied history, their corporate culture has been closely tied to Germany's culture through decades of change and upheaval.

Germany's National Culture

German culture is defined in the Lewis Model as strictly linear-active, holding the top position as the most linear-active culture in the world. Additionally, Hofstede uses the IDV to define Germany as having a national culture that tends toward individualism, though much less so than the United States, with some aspects of a collectivist culture. Lewis elaborates that the

German culture focuses on structure in personal behavior with a strong deference toward honesty and a propensity for straightforward negotiation and bluntness in the face of disagreement. He also suggests that German companies, in general, are marked as "traditional, slow-moving entities…[with established] systems and hierarchical paths" (Lewis 223). Hammerich and Lewis support these results in *Fish Can't See Water* where they define corporate cultures based on their 30 years of combined experience in international corporate dealings. Three main aspects of German culture identified by Hammerich and Lewis are factual planning and processes, the concept of ordnung, and the hierarchical bureaucracy, and these cultural aspects seem to have the greatest influence on the corporate culture of Siemens as a German company (Hammerich 96-97).

The first aspect of German culture that Hammerich and Lewis outline is the tendency toward factual planning and processes. They explain that in this regard, German companies very rarely need to "improvise or make rapid changes" because they are "among the worlds' best planners, creating processes that are based on facts, figures, intelligent analysis and experience" (Hammerich 96). Hammerich and Lewis's observation that Germans favor strict plans and processes is directly in line with the linear-active culture, as two of the main tenants of linear-activity are planning methodically and completing one action at a time (Lewis 33). Hammerich and Lewis also assert that this strict linear-active culture has served German companies very well for years as they often experience steady growth and it is rare for a German company to be seen as sluggish or unprepared (Hammerich 96). With that said, the rise of globalization indicates that this propensity for strict planning may need to be reevaluated as it will likely cause difficulties when competing with the quick-moving strategies of companies from other nations.

The second aspect of Germany's culture that is important to consider is the concept of *Ordnung*. According to Hammerich and Lewis, "the most important word in the German language is Ordnung. Roughly translated…it means 'order' or 'orderliness'…in the home, the office, [and] one's general environment" (Hammerich 95). Ordnung is deeply engrained both in the German culture and in most German companies, and it is one of the principle reasons why German corporations are typically very focused on efficiency, clear thinking, and unerring goal completion (Hammerich 95). Though this definition seems broad and subjective, it is supported by Fiona Moore in *Transnational Business Cultures: Life and Work in a Multinational Corporation* who explains that "while the word can literally be translated as 'order' (as opposed to chaos), it also has connotation for Germans of cleanliness…order and efficiency" (Moore 45). As with the tendency toward factual planning and processes, the concept of Ordnung fits well within the boundaries of a linear-active culture that typically sees patience, privacy, and punctuality as important traits. In addition, the connotations of personal orderliness apply directly toward the individualist attitudes of the German culture.

The third important aspect of Germany's culture is the hierarchical bureaucracy. Germany typically has exhibited strong adherence to this governance method with many corporations maintaining a strict command chain within and across divisions. The existence of a strict hierarchical bureaucracy draws distinct parallels to the propensity for factual planning and processes, as the latter essentially creates distinct methods for completing tasks and the former creates distinct methods for completing communication. When viewed in this light, it is clear that hierarchical bureaucracy as a corporate model is a direct byproduct of Germany's linear-active culture. Aspects of the hierarchical bureaucracy can benefit corporations, particularly those that are very large and multinational, because they ensure clear command as well as unambiguous

communication and decision-making structures. Hammerich and Lewis contend, however, that strict adherence to hierarchical bureaucratic structures can significantly hinder corporations, especially in modern global markets. They claim that hierarchies are "usually accompanied by bureaucratic rules and procedures, which can be slow moving" (Hammerich 98). They continue, describing how bureaucratic structures often require multiple vertical and lateral clearances that can hamper a company, especially in the face of a crisis that may require quick strategy changes. In summary, these structures can prove beneficial for internal operations, but they can also become a derailer when competing in the global market against more agile corporations.

Siemens' Corporate Culture and Business Strategy

The heavy influence of Germany's national culture on the corporate culture at Siemens AG is readily apparent. As previously discussed, Germany's culture as defined by the individualism index is more heavily weighted toward individualist attitudes, but is also slightly more collectivist then countries such as the United States. This mix of individualist and collectivist attitudes is present in Siemens' own definition of their culture. Siemens emphasizes their belief in an "Ownership culture," asserting that "a culture that encourages every individual in our Company to give his or her best in his or her position in order to help build Siemens' long-term success" (Strategy Overview, Our Culture). This reliance on an ownership culture has two main parts; the collectivist belief that the company benefits from every individual working together and the individualist belief that employees personally benefit from the company's long-term success. This mix of individualist and collectivist attitudes is also expressed in Siemens' belief in an equity culture. Siemens states that the company "owes its existence to the fact that its

employees identify with it" and that "the more our people trust their own Company, the more personal commitment they will feel and the greater each individual's sense of belonging and sense of responsibility will be" (Strategy Overview, Our Culture). Siemens also states that while 140,000 employees currently own shares in the company, they wish to increase that number by at least 50 percent. The strong reliance on an equity culture has its basis in the individualist attitude that employees will personally benefit from being financially invested in the company and in the collectivist attitude that widespread employee investment will improve the company for all.

The ownership and equity culture outlined by Siemens is also very clearly in line with the German culture described by Hammerich and Lewis. They claim that a major pillar of the German culture is work ethic. They state that the German work ethic has been "durable, unflagging and of enormous benefit to German corporate culture" (Hammerich 97). This cultural pillar is clearly of enormous importance to Siemens as the company uses the term "owner" eleven times in their short definition of their corporate culture. Siemens stresses that if employees take ownership of their work then they will personally benefit from their own achievement and the success of the company as a whole. The frequent use of the term owner clearly draws parallels to the German reliance on work ethic. Similarly, the ownership culture fostered at Siemens draws significant parallels to the concept of ordnung. As a concept, ordnung connects one's work and personal life under the banner of orderliness, and the ownership culture at Siemens similarly connects one's work and personal life under the banner of success and financial benefit.

Turning the focus on the business strategy outlined by Siemens, known as Vision 2020, the linear-active nature of the German culture is clearly influential. Vision 2020 is based on three main topics; a clear mission, a lived ownership culture, and a consistent strategy. The Siemens

mission is described overall by the phrase "We make real what matters" (Strategy Overview, Our Path). Siemens uses this short phrase to represent the most important aspect of their longer mission statement, and it is directly in line with Lewis' definition of a linear-active company focusing on creating products that are successful on their own merits. The second main point in the Siemens vision statement is "setting the benchmark" (ibid). Siemens asserts that they set the benchmark in their focus markets "with our power of innovation, our leading technologies and…our financial solidity," and they also assert that "committed employees are the foundation for [achievement]" (ibid). This portion of the mission statement supports the idea that Siemens behaves in a very linear-active manner as they believe that as long as past successes in innovation are continued in the future then the company will be successful moving forward. The second aspect of the statement regarding committed employees lends itself to the mixed individualist and collectivist culture because Siemens asserts that individual commitment and a strong work ethic will lead to collective success for the company.

In analyzing the specific goals set by Siemens, the influence of Germany's highly linear-active culture is again very clear. Of the seven goals which Siemens outlines, six of them have well-defined metrics attached which they will use in order to determine the overall success of the Vision 2020 initiative. The first goal outlined is the implementation of stringent corporate governance. The Vision 2020 initiative took effect in 2015, and Siemens' benchmark for streamlining their corporate governance is set to be completed by 2016 with a cost savings of at least one billion euros. This strict timeline makes sense within Siemens' linear-active model, as their apparent belief is that corporate governance should be the first target to attack quickly and efficiently with huge cost savings. Siemens further outlines the streamlining of corporate governance as "simplifying and accelerating our processes while reducing complexity in our

company" (Strategy Overview, Our Path). With that said, while the strict timeline on this first goal is in line with linear-active behavior, the desire to simplify corporate governance indicates a marked deviation away from Germany's typically strict hierarchical structure. Going forward, Siemens will likely benefit from refining their corporate governance because they can eliminate some of the slow-moving bureaucratic tendencies that, as Hammerich and Lewis described, hinder companies in global competition. Siemens recognized that overly bureaucratic structures can hamper competition in agile global markets, and they realize their reform through the creation of a "Corporate Core." The Corporate Core is a coalescence of Siemens' "strong, efficient corporate governance functions," and the company maintains that "this Corporate Core ensures fast, unbureaucratic decision-making across key Company functions" " (Siemens Annual Report 2014, p92).

The second and third goals outlined by Siemens are related as they both focus on improving the financial performance of Siemens divisions. The second goal is to create value sustainably, and Siemens describes this as the need to tap into fields that they believe have significant growth potential and the need to get businesses that haven't reached their full potential back on track. This goal is clearly more subjective than objective, but the third goal -- executing a financial target system -- essentially serves as a benchmark. Siemens defines the goal of executing a financial target system as the need to "consistently achieve our capital efficiency target – an ROCE of 15% to 20%...[and] to grow faster than our most relevant competitors" (Strategy Overview, Our Path). For clarification, ROCE refers to the company's Return On Capital Employed which is, in short, the ratio of the company's earnings over the difference in assets and liabilities. In the case of this goal, Siemens may have actually underestimated their potential as their annual reports indicate that their ROCE was 13.5% in 2013, 17.3% in 2014, and

19.6% in 2015 (Siemens AG, 2014 and Siemens AG, 2015). Not only has the company already reached its goal of 15%-20% ROCE by 2020, at this rate they stand to exceed the goal if they continue to improve their operation in struggling markets as previously outlined.

Siemens' fourth goal in the Vision 2020 plan is the one that most clearly demonstrates their desire to align their management structure more closely with the global nature of their business. This goal is for the company to transition to having at least 30% of their business unit managers based outside of Germany. Since Siemens is headquartered in Germany, it is understandable that they have a disproportionately high number of division managers based in Germany. However, the company openly recognizes that nearly 85 percent of their revenue comes from outside of Germany and, as such, they want their "management to reflect this global orientation more strongly in the future" (Strategy Overview, Our Path). Having this as one of the seven main goals of Siemens' future strategy is a clear indicator that they are working to move the company in a more globally minded direction.

The fifth and sixth goals in the Vision 2020 plan show a similar desire to make the company more attractive globally. The fifth goal is to "be a partner of choice for our customers" and the sixth goal is to "be an employer of choice." In terms of becoming a partner of choice for customers, Siemens aims to improve their customer satisfaction score by at least 20 percent. The goal of increased customer satisfaction in conjunction with the knowledge that 85 percent of their revenue comes from outside of Germany is a second clear indicator of their desire to globalize. It indicates that the company will take steps toward improving their interactions with foreign cultures that do not necessarily align with Germany's linear-active nature. Similarly, Siemens shows their desire to globalize with the goal of being an employer of choice by achieving an employee satisfaction rating over 75 percent. The desire to improve employee

satisfaction reflects the need for the company to adapt their international locations to best fit the

career desires of the local populace. In addition, this goal relates to the individualism index as it

indicates that Siemens recognizes the difference in priorities for employees in different nations.

As a result, Siemens needs to take a global approach to improving employee satisfaction by

creating a culture that is flexible enough to fit the needs of all employees how they see fit.

Finally, the seventh goal is to foster an ownership culture by increasing the number of employee

shareholders by 50 percent, but that aspect of Siemens' culture was already discussed previously.

<p style="text-align:center">Conclusions</p>

In *Managing Cultural Differences*, written by Lisa Hoecklin in 1995, Siemens is used as

a case study for characterizing the shift toward a global corporate culture. She uses the comments

of Vincent O'Neill, then deputy director of Management Language and Intercultural Training at

Siemens, to outline the company's shift from a nationally centered culture to one that was more

globally minded. In 1995, O'Neill stated that "Siemens is very bottom-line oriented. People are

very skeptical of anything that doesn't have to do with results" (Hoecklin 77). O'Neill then goes

on to say that "the approach to managing diversity…concentrated on international

competitiveness. It is really about trying to achieve realistic cultural synergies and therefore

about achieving better results." In O'Neill's opinion, the main driver behind a cultural shift at

Siemens was the desire to increase competitiveness in a world that was rapidly becoming more

globalized. Additionally, O'Neill claims that Siemens first recognized the need to adapt

following minor crises that developed in cross-border acquisitions during the early 1980s.

Though O'Neill's opinion seems subjective, Hammerich and Lewis's conclusions support the

notion that the main driver of cultural change in the 1980s was the need to increase global competitiveness. They concluded that corporations with linear-active cultures typically favor business decisions and processes that are rooted in facts and figures, and that they are often resistant to change. Therefore, it stands to reason that, for Siemens, the main driver of cultural change was financially motivated and a result of minor cross-cultural crises that affected the corporation's international competitiveness.

The changes that O'Neill described are relevant today because the company recognized the need to globalize early. Siemens reorganized their business structure in 1989 by decentralizing their main business groups into many smaller operating units. They claimed that the 1989 reorganization was to provide a "basis for further market success in the age of globalization" (History). Siemens recognized the need to restructure for globalization in 1989, and their current strategy shows a continued cognizance of the need to adapt to a changing global landscape in order to remain internationally competitive.

Chapter 4

Ford Case Study

Henry Ford founded Ford Motor Company in 1903, and because of its early founding, it has long been one of America's "Big Three" automakers along with General Motors and Chrysler (now Fiat Chrysler Automobiles US after an acquisition by Fiat in 2014). Ford introduced the Model T in 1908, and in 1913 he introduced the moving assembly line that reduced Model T chassis assembly time from 12.5 to 1.5 hours (Ford Motor Company Timeline). The accelerated pace of production allowed Ford to decrease the vehicle's price, and the Model T would go on to be one of the best-selling vehicles of all time at 15 million sales between 1908 and 1927. Furthermore, in 1914 Ford announced an increased wage for factory workers at $5 per day, nearly double the existing rate, as well as a decreased workday from nine to eight hours. According to Ford, an estimated 10,000 people lined up at the employment office after the announcement, and the increased wages gave Ford factory workers the ability to afford purchasing their own Model T. Furthermore, economists claim that the increased wages and leisure time helped create America's industrial middle class as well as an economy driven by consumer demand (Cwiek). Ford's success grew in conjunction with the success of the American economy, and, as a result, Ford's corporate culture developed alongside the culture of the United States of America.

The United States of America's National Culture

The United States of America has a national culture that in some ways is very similar to that of Germany. The Lewis Model places the United States as the third most linear-active culture in the world with only Germany and Switzerland above it. Additionally, the IDV ranks the United States as the most individualistic culture in the world with Australia and the United Kingdom close behind it. The combination of these cultural dimensions is readily apparent in the history of the United States as well as the modern era.

According to Hammerich and Lewis, one of the major drivers of America's national culture is the idea of the "frontier spirit." Frederick Jackson Turner, a historian, first formulated and presented the idea of the frontier spirit in his 1893 paper *The Significance of the Frontier in American History*. Turner's main arguments surrounded how the frontier and America's westward expansion shaped the development of the nation's democracy, but he also asserted that the frontier shaped Americans. He said that the frontier was responsible for forming American characteristics such as "coarseness and strength combined with acuteness and inquisitiveness" as well as "that restless, nervous energy; that dominant individualism" (Turner). Turner presented these observations in 1893 and, strikingly, Hofstede found over 100 years later that America has the most individualistic culture in the world. Hammerich and Lewis draw similar conclusions about the effect of the frontier on America's national culture. They claim that during westward expansion "stamina was of the essence – developed over years of hardship, setbacks and determined continuance. The 21st century American executive retains this stamina" (Hammerich 72). In this sense, the frontier spirit is embodied in the modern culture of America through those who push for achievement with optimism and confidence in their actions. Breaking this concept

down into concrete components, Hammerich and Lewis assert that the defining aspects of America's national culture are confidence, bias for action, and a bottom line focus.

The first, and arguably most dominant, component of America's national culture is confidence. Confidence is the embodiment of what is widely known as the American Dream. In the words of Hammerich and Lewis, "most Americans believe that nothing is impossible in the United States, particularly in regard to personal advancement" (Hammerich 73). It comes as no surprise that confidence in one's actions is a hallmark of the national culture as the nation's founders built the country on the explicit belief that everybody has a fundamental right to life, liberty, and the pursuit of happiness. Similarly, it is unsurprising that America ranks as the most individualistic culture, as Hofstede asserts that the three main tenants of such a culture are personal time, freedom, and challenge (Hofstede 76). The parallels are clear: Americans are confident individuals who strive to better themselves by themselves. Confidence has allowed Americans to create groundbreaking innovations for centuries, including the steam turbine, the airplane, the moving picture, the personal computer, the smartphone, and many more (Schlenoff). This spirit of innovation and confidence in action allowed the United States to grow to a world super power with one of the best economies. Nevertheless, while supreme confidence in one's actions has served as an enabler, it has also served as a hindrance. As Hammerich and Lewis explain, merely three decades after the conclusion of World War II "the German and Japanese economic 'miracles' raised the curtain on the emergence of business models strikingly different from and arguably superior in some ways to the American" (Hammerich 73). In this instance, Americans' supreme confidence in well-established business models blinded many to the positives of other nation's cultures. Many other nations were quick to adapt to a world that quickly globalized in the latter half of the 20th century, but Americans were slow to recognize

potential benefits of other nations' cultural models. In essence, as Hammerich and Lewis state, "American self-confidence, born of success, often morphed into arrogance" (ibid). In all, the confidence inherent in America's national culture fits directly within the linear-active framework as it defines cultures with a tendency to be single-minded and to rely on established processes, whether that is in terms of advancing a business, forging a relationship, or creating a product.

The second component of America's national culture is a bias for action. The American culture is infused with a sense of urgency that is apparent in how the nation makes political decisions and how corporations make business decisions. This concept is best illustrated by an idiom coined nearly three centuries ago by one of America's most famous founding fathers; time is money. Benjamin Franklin first used this phrase in *Advice to a Young Tradesman* in 1748, and since then it has become a ubiquitous part of America's national language. As a result, this idiom that has been repeated for generations became a core concept within America's culture, and its parallels to the concept of bias for action are clear. Clear, too, is the connection to the frontier spirit as previously detailed. Quick acting was necessary in reaping the benefits of the frontier, and in the same manner, American corporations often act quickly to reap the benefits of market opportunities. As Hammerich and Lewis describe it, "the enabling virtues of speedy action are apparent…but haste can be a derailer too" (Hammerich 74). An example of speedy action enabling success comes in the form of Apple's Macintosh computer. Though the Macintosh struggled to reach the lofty sales goals initially predicted by Steve Jobs, it was one of the first successful personal computers to utilize a graphical user interface (i.e. "point and click"). Apple's decision to push for a graphical user interface greatly influenced personal computers as we know them today, and their decision to take advantage of the new market in personal computing allowed them to become the world's largest technology company.

Bias for action, however, can also be a hindrance, which is well illustrated in the case of the Firestone 500 Radial tire. In 1972, Firestone recognized that demand for newly developed radial tires was increasing and they were losing out to competitors Goodyear and Michelin. The company decided to create their own line of radial tires, but rather than spend time and money developing a new manufacturing process they chose to use the existing machinery designed and built for manufacture of bias-ply tires. This decision resulted in the production and sale of radial tires that failed at high speeds. As a result, Firestone was forced to recall an estimated 14.5 million radial tires in 1978, which still stands as the largest tire recall in history. Additionally, Firestone experienced significant financial losses when they were fined $500,000 by the National Highway Traffic Safety Association and were forced to settle multiple lawsuits (Firestone). This case stands as an infamous example of the extreme negatives that can result from American corporations' bias for action.

The third major component of America's national culture, as noted by Hammerich and Lewis, is the bottom-line focus. This concept is clearly related to the previously discussed bias for action, and through the popular idiom "time is money" it stands to reason that actions which are considered a waste of time are therefore a waste of money. In fact, the founding father who coined the term "time is money," Benjamin Franklin, also illustrated the benefits of short-term gains in *Advice to a Young Tradesman* when he wrote "Money is of a prolific generating Nature. Money can beget Money, and its Offspring can beget more." In other words, profits attained in the short-term can be reinvested in order to generate even more profits. Benjamin Franklin didn't necessarily create the concept of a bottom-line focus, but the fact that he illustrated the concept in 1748 shows that it has long been a strong component of the American culture. With that said, Franklin also warned about the dangers of sacrificing long-term opportunities for short-term gain

when he wrote "He that kills a breeding Sow, destroys all her Offspring to the thousandth

Generation." In this case, a bottom-line focus, similar to both confidence and bias for action, can

be an enabler or a hindrance if balance isn't achieved.

Modern American culture, primarily in business, is typically focused on short-term

profits through short-term strategies. Short-term strategies worked for decades as the American

economy grew steadily upward while other nations' economies experienced rises and falls. In the

same vein, adherence to a bottom-line focus fits well within the American culture as described

by the Lewis Model and the IDV index. Linear-active cultures typically follow established

processes and strategies and expect the same results, so naturally short-term strategies, which

served corporations well in the past, are still heavily utilized today. A tendency to be focused on

the bottom line also fits well within America's standing as the most individualistic nation

because corporations often reward executives and investors for short-term successes in the form

of yearly bonuses and stock dividends. In theory, a bottom-line focus can be an enabler as

workers and executives push for growth and immediate profit, but it can also be a hindrance.

Results can be catastrophic if a corporation values short-term results vastly more than long-term

opportunities. The collapse of the housing market and subsequent global economic downturn in

2008 clearly illustrates the dangers of pure short-term focuses. In terms of the individual,

consumers sought short-term gains by purchasing houses they could not afford with adjustable

rate mortgages, essentially ignoring their future liabilities. Similarly, Wall Street pursued short-

term gains by drastically increasing their leverage in the years leading up to the crisis while also

ignoring the enormous risk that they were absorbing, with a notable example being Lehman

Brothers who, in 2007, reported that they had a leverage ratio as high as 30.7 (Wiggins 6). These

actions make sense in terms of the American culture because previous success mixed with

overconfidence created an atmosphere where it would be unheard of to change tactics and forego short-term success in the pursuit of long-term benefits. For modern international corporations, however, short-term strategies focused on the bottom line will likely struggle in a globalized world. As Hammerich and Lewis point out, the rise of globalization increased international competition, and these days large contracts with large profits are most frequently secured through long-term strategies (Hammerich 74). In other words, if American corporations wish to continue experiencing success in the global arena they will have to adapt to a more long-term mindset with a less strict focus on the bottom line.

Ford's Corporate Culture and Business Strategy

The corporate culture at many American companies have, for many years, mirrored that of the United States' national culture, but in recent years Ford has taken steps to break that pattern and adopt a more flexible, global culture. As previously outlined, the United States' national culture is generally linear-active and highly individualistic, and the main components of that culture are confidence, bias for action, and a bottom-line focus. It has been shown that strict adherence to these American cultural mores can be a hindrance to large-scale business success, especially in a globalized world. In 2005, amidst severe financial troubles, Ford's corporate bond rating was downgraded to junk status by rating agency Standard and Poor's (Isidore). A year later, at the end of 2006, Ford reported their largest annual loss in company history at $12.7 billion (Schneider). On the edge of bankruptcy, the company recognized that in order to remain in business they had to make a drastic cultural and strategic shift. Ford responded with a plan known as "The Way Forward," which included resizing to match market realities, eliminating

unprofitable models, and consolidating production. In addition, Mark Fields, then Ford Americas

Division President and creator of the "The Way Forward" plan, illustrated his belief in cultural

reform when he stated that he "decided this was a chance to get people moving; to get away from

the 'this too shall pass' mindset we've had" (McCracken). Though the process was long and

painful with the closing of seven assembly plants, seven parts factories, and a loss of up to

30,000 jobs over six years, it was financially successful and allowed Ford to improve enough

such that they did not require government bailouts like competitors Chrysler and General

Motors. As a company, Ford has taken steps to temper some of the aspects of the American

national culture that hinder corporate success, and the changes are reflected in Ford's current

corporate culture and strategy.

The foundation of Ford's corporate culture today lies in the One Ford plan, which acts as

both their vision for the future and corporate mission. The three major tenets of the plan are One

Team, One Plan, and One Goal. Ford describes their company as One Team with "people

working together as a lean, global enterprise for automotive leadership" (Ford Motor Company).

This concept is a clear deviation from America's position as the most individualistic culture in

the world as it instead paints Ford as a collective company with all aspects of the global

enterprise working together. The second tenet of the One Ford mission, One Plan, has four core

components; aggressive restructuring to keep the company in line with consumer demand and

market share, accelerating development of new products, financing the current business strategy

and improving the company's balance sheet, and working together as one team. This aspect of

the Ford mission is, again, a deviation from America's national culture because it recognizes that

rather than relying on old strategies in a linear-active nature, Ford has to constantly adjust their

positioning based on market realities. The final tenet, One Goal, is essentially a reaffirmation of

the Ford's main desire to deliver profitable growth for all. This concept seems, at first, to be in line with the bottom-line focus that is prevalent in the United States' culture, but in relation to the rest of the mission it implies that the company intends to balance a strong focus on the bottom line with a solid long-term strategic position. Alan Mulally, CEO of Ford from September 2006 until July 2014, is largely credited with reshaping the culture at Ford, and he described the One Ford plan as the heart of Ford's culture. In a 2013 interview with McKinsey & Company, Mulally elaborated on the collectivist nature of Ford's new corporate culture by stating that "the phrase 'One Team'…[is] more than just words…People here really are committed to the enterprise and to each other…they are working for more than themselves" (Leading in the 21st Century). The One Ford plan continues to serve as the cornerstone of Ford's corporate culture, and it influences their strategy today.

Ford's overall business strategy consists of three main priorities, and the strategic priorities clearly reflect Ford's commitment to reshaping their corporate culture. Their first strategic priority is to "Accelerate the Pace of Progress" of the One Ford plan, and considering that this is the first priority for the Ford corporation, it is clear that they are committed to the revamped corporate culture that has served them well so far (Ford Motor Company). Ford's second strategic priority is to "Deliver Product Excellence with Passion." This priority echoes the linear-active nature of America's national culture in the respect that linear-active cultures believe good products succeed based upon their own merits. Ford expanded on this strategy of delivering product excellence with the goal to consolidate their global platforms from twelve in 2015 to nine in 2016 and eventually eight in the near future. A platform is a set of common design and production specifications upon which a variety of automobiles can be built. So consolidating platforms will decrease overhead costs while still allowing Ford to design car

variations that are targeted to different customer needs around the globe. This move illustrates a balanced level of confidence, a main component of America's national culture, because it shows that the company is confident in their design platforms without overstretching their capabilities. As of 2016, they have reached their goal of consolidating to nine platforms. Ford's third strategic priority is to "Drive Innovation in Every Part of Our Business." The company elaborates on this goal as a necessary priority by asserting that Ford is "a technology leader, providing innovations that consumers demand today." Ford displayed this innovative drive in their recent move to build the F-150 pickup truck with a high-strength aluminum alloy body. The F-150 has long been a staple of the Ford lineup in the United States, with the company claiming that it is the country's best-selling vehicle for 32 years straight. The decision to create the first high-volume vehicle with a high-strength aluminum body is no doubt innovative. The project took years, as they had to create proprietary processes for heat-treating the aluminum and welding it to the high-strength steel frame. The final product is a success, weighing 700 pounds less than its predecessor does, and, as a result, has improved gas mileage by 22 percent (Compare Side-by-Side). This decision not only fits in with Ford's commitment to innovation, it also reflects a good balance of confidence and bias for action as the company recognized a consumer need for better mileage, created solutions from new technology to address the need, and confidently proceeded with production (Body of Work).

Looking at Ford's specific goals, commitments, and targets, it becomes apparent that the company takes a wide, holistic approach to addressing areas of continued success and improvement. In this manner, Ford behaves like a linear-active corporation in some cases and a reactive corporation in others. Ford focuses on five "material issue areas" when outlining their goals and progress; Mobility, Product Safety and Quality, Climate Change and the Environment,

People, and the Supply Chain. For the purposes of this paper, improving the supply chain is not

analyzed because much of the work in that area is conducted in conjunction with other

automakers through the Automotive Industry Action Group. Regarding the other four material

issue areas, a mix of linear-active and reactive behaviors come into view when analyzing the

goals, metrics, and broad plans for future improvement.

The first material issue area, mobility, outlines Ford's long-term plans for responding to

societal trends. Ford's plan for addressing mobility issues is similar to how reactive cultures

address cooperation with others. In business dealings, members of corporations with reactive

cultures typically allow others to speak first so that they can adjust their position and better

respond to new information (Hammerich 61). In much the same vein, Ford created a "Blueprint

for Mobility" that outlines their general strategy for the future of automotive transportation, but

the plan is broad enough that they can alter their position in response to changing technology and

social movements. In this case, Ford avoids the linear-active tendency to pursue a well-defined

strategy in favor of a flexible strategy with reactive components. Ford illustrates this flexibility

by stating that they remain aware of mobility megatrends, and that they "must keep one foot in

the present to manage business now while putting one foot in the future to visualize business

down the road" (Ford Motor Company). The major megatrends that Ford recognizes as a future

obstacle are the world's rapid urbanization, growing populations in urban environments, and

congestion. Their broad plan for addressing these growing issues starts with improving

connectivity and implementing semi-autonomous driving systems. Ford's vision for improving

connectivity is to use technology that allows communication of vehicles with each other and with

surrounding infrastructure, thus decreasing congestion as the smart vehicle network improves.

Similarly, the company believes that semi-autonomous driving can reduce collisions in

overcrowded urban environments. In addition to developing ways that they, as a company, can address the future of mobility, Ford is approaching the problem solving process from a global perspective by introducing the Innovate Mobility Challenge Series (IMCS). The IMCS is a contest that outlines eleven mobility challenges around the world and invites innovators to crowd-source solutions. As Ford describes it, their goal is "to bring the global developer community together to create a more sustainable and efficient transportation landscape." Ford is clearly moving away from America's individualist culture in this case and adapting to the globalized world. Additionally, Ford is focusing on innovation, in accordance with their overall business strategy, to address the constantly changing landscape of mobility.

Goals for the second material issue area, product quality and safety, are outlined in a more linear manner. In order to improve quality, Ford implemented a Global Quality Research System (GQRS) in order to track customer satisfaction and total "things gone wrong" across vehicle models. In 2014, Ford reported that they were already on the right track for improving quality as customer satisfaction was at 68 percent, up from 65 percent in 2013, and the number of "things gone wrong" had improved by 15 percent from the previous year. Ford attributes their success in these areas to efforts in recent years to standardize the Global Product Development System (GPDS) as well as to consolidate the number of global platforms. In light of these successes, Ford plans to continue in a linear-active nature by relying on the established programs and procedures as long as results continue to improve. In regards to vehicle safety, Ford plans to approach the problem from a long-term perspective, much the same as mobility. As previously discussed, Ford is working to improve safety by researching and implementing semi-autonomous processes such as accident avoidance and driver assistance technologies. Additionally, Ford created the Ford Driver Skills for Life (DSFL), a free driver education program, in 30 countries.

In terms of Ford's culture relative to the national culture, this program is another indicator that they have chosen to forego the typical American culture of a bottom-line focus in favor of global strategies.

Similar to quality and safety, Ford's approach to addressing climate change and the environment is accompanied by specific goals and metrics. Their overall goal is to improve fuel economy across all global platforms while also introducing alternative-fuel vehicles as a part of their global lineup. It is difficult to apply a specific fuel economy goal or timeline for completion, but Ford has already shown that they are working toward improvements through innovation as evidenced by the new F-150. In addition to focusing on the environmental impact of the vehicles they produce, Ford has committed to reducing the carbon footprint of their facilities. Specifically, they have committed to reducing facility CO_2 emissions by 30 percent from 2010 to 2025 and facility energy consumption by 25 percent from 2011 to 2016. As of 2014, Ford seems to be on track to achieve their goals because of their commitment to innovation and production of products that consumers demand. In the United States, Ford increased the fuel economy of their car and truck fleet by 2 percent over one year, and in Europe they improved the same metric by 18 percent over 8 years. Additionally, facilities have decreased emissions by 2.4 percent in one year, which will allow them to hit the target of 25 percent reduction by 2025 if the trend continues.

The final action area being analyzed, the people of Ford, has the strongest connection to Ford's mission and corporate culture. In light of Alan Mulally's assertion that the concept of One Team is the most important aspect of the One Ford plan, it makes sense that Ford places a high priority on the well-being of their employees. Ford explains this commitment with the overarching belief that "our employees are the drivers of our success…[and with] surging global

demand for our products, we rely ever more deeply on the skills and talents of our dedicated workforce" (Ford Motor Company). Ford's main strategies in this area revolve around fostering a diverse and inclusive workforce and understanding employee satisfaction and values. In order to foster a diverse and inclusive workforce, Ford promotes Employee Resource Groups that bring together those with similar backgrounds and experiences. Additionally, these groups foster a connection with the local communities through volunteer opportunities and initiatives, again supporting the concept of One Ford as it applies to the company and the community around it. In regards to employee satisfaction, Ford continues to "Accelerate the Pace of Progress" of the One Ford initiative by implementing a yearly "Global Pulse and Engagement Survey." The results of the survey have shown that all twelve dimensions of employee satisfaction have improved since 2009. They also use the survey to gauge the level of understanding of Ford's commitment to quality, with results showing 79 percent of employees saying that company values and quality concerns are clearly communicated. Additionally, by promoting a collectivist corporate atmosphere, Ford has exceeded benchmarks by 10 percentage points in terms of employees receiving quality training, improving skills on the job, and receiving recognition for individual achievement. These results are obviously very valuable to Ford internally, but they also have improved from a broad perspective as the company received the Glassdoor Employees' choice Award for Best Place to Work in 2015.

Conclusions

After narrowly avoiding bankruptcy in 2006, Ford decided that it was imperative that they changed the cultural landscape of the company. The financial struggle served as a wakeup

call, making it clear that if the company were to survive they would have to temper the negative

influences of America's national culture in favor of positive cultural components from around

the globe. Ford's share of the automotive market had fallen from 23.2% in 1999 to 17.1% in

2005, but over that time, they had not adjusted their size accordingly (U.S. Vehicle Sales). Mark

Fields, at the time, announced that North American plants only ran at about 75 percent capacity,

so their restructuring plan closed 14 plants and cut nearly 30,000 jobs. Financial restructuring

alone did not save the company, however. Ford's unlikely rebound from the edge of bankruptcy

was due in large part to the reformation of their corporate culture. The importance of the One

Ford initiative has already been discussed at length in terms of tenets and strategic priorities, but

there are two anecdotes from CEO John Mulally's early days that perfectly illustrate how

executives lead the process of reforming the company's culture. In a 2007 article for Bloomberg

Business, writer David Kiley recounts a story of Mulally interacting with senior engineers.

Mulally traveled with two engineers to an automobile testing facility, and upon arrival they met

with a team from *Consumer Reports* magazine. The team spent hours outlining flaws in the new

Ford Edge crossover SUV, and as the meeting progressed the senior engineers got defensive and

tried to explain their side of the story to their new boss. Rather than let the meeting deteriorate

into an ineffective argument, Mulally says he "handed each [engineer] a pad and pen [and said]

'You know what? Let's just listen and take notes." In this instance, Mulally addressed the

tendency of Ford employees to rationalize mistakes rather than fix them, something he believed

was a major problem at Ford that needed to change (Kiley). Another anecdote of Mulally's

cultural changes is outlined in a 2014 Forbes article by Sarah Caldicott. Mulally explains that

when he came to Ford, he wanted to change the culture at the employee level and the

management level. He held weekly Business Plan Review meetings that every leader attended

remotely or in person. Before the first meeting, he informed leaders that they would be using a "traffic light" system in their reports where green lights indicated smooth operation, yellow lights indicated attention was needed, and red lights indicated a critical situation. As Mulally recalls, the very first meeting concluded with all reports showing mostly green lights and a small number of yellow lights mixed in. Before concluding, he informed the global leaders that it was not possible for operations to be running that smoothly as the company was in a crisis, and he urged them all to take the week to determine honest evaluations to report at the next meeting. Mulally said that the next week, the direct reports were filled with red lights, and from there the company could move toward improvement. In this anecdote, Mulally personally exemplified the new One Ford culture he was trying to build by creating an open environment where complex topics could be discussed. Mulally adhered to the principles of the new Ford culture, and, as a result, the culture took hold throughout the company from the top down.

Ford serves as the perfect example of a company that was hindered by negative aspects of its national culture. The company was overly confident that they could weather the storm of a financial crisis, they were producing too many vehicle models, and they were focused too much on the short-term bottom line. Ford adapted, however, and they transitioned to a modern global culture with an emphasis on collective mindsets and a balance of linear-active and reactive behaviors. As a result of this significant cultural shift, Ford was able to avoid bankruptcy, return to its position as a power house in the automotive sector, and position itself for sustainable growth in the future.

Chapter 5

Toyota Case Study

Sakichi Toyoda founded Toyoda Automatic Loom Works, Ltd in Japan in 1926 with the goal of improving the textile industry using his own invention, the automatic high-speed loom. Sakichi Toyoda's eldest son, Kiichiro Toyoda, then founded the Automotive Production Division within Toyoda Automatic Loom Works in 1933 (Toyota History). Toyota Motor Company was established as an independent company in 1937, and during World War II they mainly produced trucks for the Japanese Imperial Army. After the war, Toyota transitioned to the production of passenger cars, and they experienced success in Japan before eventually expanding to overseas sales with the establishment of a branch in the United States in 1957. Toyota continued to succeed throughout the 20th century as the Japanese and American economies rapidly grew, and as of 2013 Toyota has been the largest automotive manufacturer in the world.

Japan's National Culture

In order to understand the national culture of Japan, it is important to consider the island nation's historical ideologies. Confucius was a Chinese philosopher living from 541 to 479 BC, and his beliefs and teachings set the foundation for the ideology of Confucianism. Confucianism had a significant impact in China, and the philosophy came to Japan in the mid-6th century because of the Han Dynasty expansion (Levi). Confucianism took hold of Japan and formed the nation's culture and moral code over the centuries. In *Cultures and Organizations,* Hofstede

explains that "Confucianism is not a religion but a set of pragmatic rules for daily life" (Hofstede 208). Confucian teachings are rather expansive, so for simplicity's sake Hofstede outlined four key principles that affect national culture. These principles are as follows: first, the stability of society is based on unequal relationships between people; second, the family is the prototype of all social organizations; third, virtuous behavior toward others consists of not treating others as one would not like to be treated; and fourth, virtue with regard to one's tasks in life consists of trying to acquire skills and education, working hard, not spending more than necessary, being patient, and persevering. The first principle maintains that social stability depends on the recognition of unequal relationships such as father-son or senior-junior. This principle significantly affects the corporate culture at many Japanese companies in the form of an age-based hierarchy, which will be explained in greater depth later. The second principle maintains that no person is totally individual; rather they are primarily a member of a family and further a member of a collective society. The third principle is largely identical to the "Golden Rule" in much of western philosophy, but it has a greater influence in the scope of Japanese culture related to the concept of saving face and ultra-courtesy. The fourth and final principle outlines the keys to living a virtuous life, and it mainly consists of the value placed on patience and humility.

The Confucian ideology has a significant effect on Japan's overall national culture, and that effect is prevalent in Japan's level of individualism. Based on Hofstede's IDV index, Japan is relatively moderate, though much more collectivist than Germany and the United States, with a score of 46 (Hofstede 78). The collectivist nature of Japan makes sense in relation to Confucianism's first major pillars regarding adherence to the "ruler-subject" power relationship. Additionally, the collectivist nature relates to the second Confucian pillar regarding the family,

as individuals are seen primarily as members of a family or other organizational structure. The influence of Confucian ideologies on Japan's sense of community is clear, so it is understandable that Japan is much lower on the IDV index than Germany and the United States.

Though Japan is clearly more collectivist than Germany and the United States, it is initially unclear why the nation has a relatively moderate IDV score of 46. This relatively high score seems counterintuitive for a nation with obvious Confucian influences, especially considering China and South Korea also subscribe to Confucian ideologies but received IDV scores of 20 and 18, respectively. Hofstede posits that while Japan's culture has collectivist tendencies, it is not as drastic as its Asian neighbors are because the typical family system is different in Japan. China and Korea both value the extended family system, which creates a foundation for strong collectivism. By contrast, Japan's family dynamic is more typically paternalistic. As a result, the typical cultural structure in Japan places individuals within small collective groups, to which they are fiercely loyal, but beyond that they are individualistic in relations with other groups that they are not a part of. Similarly, Hofstede asserts that the strong company loyalty inherent in Japan's culture would suggest a higher degree of collectivism, but, though counterintuitive, loyalty to a company is an individualistic trait because individuals choose who they wish to remain loyal to (What about Japan). Lisa Hoecklin, in *Managing Cultural Differences,* expands on the collectivism of Japan and describes how it affects seemingly mundane business practices. The most notable, though seemingly insignificant, example is in how different cultures approach business letters. Hoecklin elaborates that in America, letters are addressed with the recipient's first and last name, followed by the company name, the recipient's title, the address, city, state, and finally country. By contrast, business letters in Japan are addressed in the reverse order with the country first, followed by the city and

address, the company name, the recipient's last name, and finally their first name (Hoecklin 7-8). This difference shows how in the United States, people first identify as individuals then as members of a group, whereas in Japan it is the other way around.

Lewis defines Japan's national culture as strongly reactive. Reactive cultures, also referred to as listening cultures by some researchers, are uniquely different from linear and multi-active cultures. In Lewis's words, those in reactive cultures "rarely initiate action or discussion, preferring to listen to and establish the other's position first, then react to it and formulate their own" (Lewis 32). While members of both linear-active and multi-active cultures enjoy back-and-forth dialogue, reactive cultures believe it is rude to speak before the other person can completely explain their position. Furthermore, reactive cultures such as Japan often allow for a period of silence after a presentation in order to consider what has been said before responding in full. Reactive cultures highly value this process of, in the words of Lewis, "monologue—pause—reflection—monologue" not only because they consider it respectful, but also because they consider it essential to conflict avoidance. Allowing the other party to explain their full stance on a subject gives themselves an opportunity to adjust their own stance in a way that avoids conflict. Additionally, Hammerich and Lewis describe reactive cultures as favoring high-context discussion. Whereas American communication is generally low-context, meaning the speaker describes at length assuming the listener is unfamiliar with the topic, the Japanese assume the listener is very knowledgeable of the topic and will often express incomplete thoughts with the assumption that their associate can fill in the rest. Hammerich and Lewis assert that reactive cultures consider this form of communication to be a compliment to whoever they're dealing with, but confusion arises if members of a linear-active or multi-active culture are unfamiliar with the practice. With the general culture of Japan as it fits within the Lewis

Model, Hammerich and Lewis describe six specific components of the nation's culture. For the

purposes of this analysis, we will focus on the two main cultural components of face protection

and courtesy and the age-based hierarchy as these components generally incorporate the other

aspects outlined by Hammerich and Lewis.

The first main component of the Japanese culture is face protection and courtesy. Honor

is extremely important in Japan, and Hammerich and Lewis claim that protection of one's

reputation is, in fact, the most significant Japanese characteristic. Protecting one's reputation is

not something that individuals have to do on their own, however. Instead, it is typical in the

Japanese culture for the group to protect each other's reputations by avoiding direct

disagreement and not stating outright that another's idea is bad. This tendency often leads to

long, often circular discussions about strategy decisions in which it is extremely important to

understand the context and connotations of statements. Because of mutual face protection,

however, discussions, though long, proceed with harmony and respect and only conclude when a

truly democratic consensus has been reached by the group. This strict adherence to maintaining

each other's reputation directly parallels the third tenet of Confucianism as described by

Hofstede. Each individual in a Japanese corporation would not appreciate it if a colleague

damaged their reputation through open dismissal of ideas, so each individual, in turn, strives to

avoid damaging the reputation of others. Furthermore, Lewis cites the Japanese language itself as

a large contributor to the concept of preserving honor. He claims that Japanese is largely

considered a vague language, citing the fact that verbs are impersonal, and the vagueness is used

as a tool to "absolve anyone of possible blame and demonstrate politeness" (Lewis 511). As with

the cultural components of Germany and the United States, ultra-courtesy can be an enabler

when it promotes a harmonious environment and promotes positive business relationships, but in

many cases it can also be a hindrance. Many members of linear-active cultures, most notably

Germans and Americans, generally forego politeness in favor of bluntness, which they

themselves see as truthfulness. In these instances, members of linear-active cultures may leave

meetings with only a vague understanding of the discussion and the Japanese may leave with the

belief that their business partners were rude. In order to avoid conflict, it therefore stands to

reason that members of different cultures should enter meetings knowing the importance of

reputation to the Japanese, and also that the Japanese should attempt to be more direct with their

communication and understanding of their counterparts' conversation techniques.

Courtesy can be a hindrance in cross-cultural business dealings, but face preservation can

prove to be a hindrance within Japanese corporations themselves. The dangers of face

preservation came to a disastrous head in the case of the Fukushima nuclear incident in 2011.

Costas Synolakis, a tsunami researcher at the University of Southern California, published a

damning report in 2015 that showed how the Fukushima disaster could have been avoided had

the company in charge not ignored hazard warnings and design improvement suggestions from

multiple agencies (Synolakis). Furthermore, multiple reports after the incident indicated that the

Japanese government, in an effort to save face and limit the size of evacuations, withheld and

actively denied critical facts about the disaster, thereby putting thousands of lives at risk

(Onishi). Clearly, in this instance, preservation of face was hugely damaging to Japan, and

corporations and the nation as a whole need to readjust to avoid a disaster like this from ever

reoccurring.

The second main component of Japanese culture is the heavy reliance on an age-based

hierarchy. Strict adherence to seniority is one of the main tenets of Confucianism in regards to

maintenance of "ruler-subject" power relationships. Furthermore, Lewis explains that in Japan,

before a meeting takes place, the representatives "know exactly the manner they should use to

address someone, depending on a superior, inferior, or equal status" (Lewis 512). Furthermore,

when entering a meeting with new clients or business partners, it is typical – ceremonial almost –

for everyone to exchange business cards so that one knows the status of each individual in the

conversation. The hierarchical structure served Japan extremely well for decades. Japan's

national economy grew from the seventh largest globally in 1960 to the third largest merely ten

years later, then further to the second largest in 1990 where they would remain for 15 years. As

previously discussed, the historical success of American business models turned into over

confidence and reluctance to change course, and in a similar manner Japan's success has made it

extremely difficult to eschew cultural cornerstones such as the age-based hierarchy (Hammerich

85). For decades, the seniority structure fostered loyalty by promising long-term employment

and regular promotion, but over time, the structure simply resulted in old, ineffective employees

holding top positions within the corporation. Furthermore, the structure is so engrained in

Japanese corporate culture that it is nearly impossible to avoid. Hammerich and Lewis recount

the difficult lengths that Akio Morita, former co-founder and president of Sony Corporation for

over 30 years, had to go to in order to keep the company competitive. Morita recognized the

need to promote competent young employees in the fast-moving technology industry, so he

worked around the seniority structure by fulfilling necessary promotions on schedule while

grooming a small group of truly talented individuals. He then allowed the senior members to

hold lofty titles with virtually no responsibilities while sending his select group on international

assignments to develop skills as future leaders of a global corporation, and his strategy worked,

shown by the fact that one of his handpicked protégés, Norio Ohga, eventually succeeded Morita

as president and CEO. Unfortunately, however, upper management at Sony slowly reverted back

to utilizing an age-based hierarchical structure, and the company is now struggling to remain competitive.

Though avoiding the deeply engrained age-based hierarchy has proven difficult, it is evident that Japanese corporations have to adapt to modern employment structures to remain competitive in the globalized world. Hammerich and Lewis state that globalization has already begun to change the mindset of the new generation of Japanese workers. As they describe it, "young Japanese salarymen, more world-savvy through Internet and stints abroad, have begun to lose patience with the brake on their personal promotion" (Hammerich 88). Reluctance to change the seniority structure has clearly transitioned from being an enabler to a hindrance for Japanese corporations as they lose talent and market share to nations with fast-moving corporations that reward contributions rather than strict loyalty. Particular cases indicate that cultural reformation is beginning, such as Sony's decision to hire Howard Stringer, a British national, as CEO in 2005. Stringer was the first non-Japanese CEO of a major Japanese company, but after his departure in 2012 he stated that the position was challenging because "the urge for consensus would conflict with the need to change," indicating that Sony, and Japanese corporations in general, still have a long way to go in transitioning to successful global business models (Bartlett).

Toyota's Corporate Culture and Business Strategy

Toyota Motor Corporation has been a leader in the automotive industry for decades, and for much of that time their corporate structure reflected Japan's national culture. Their corporate culture served them well as the company grew quickly through the end of the 20th century,

eventually securing a position behind General Motors as the second largest automaker in the world in 2002 (OICA). Toyota then set a goal in 2002 to become the global leader of the automotive industry by owning 15 percent of the market by 2010 (Maynard). In order to achieve this goal, Toyota had to grow by 50 percent and build new plants around the world. Toyota reached their goal by 2008, but their rapid growth came at the expense of quality when a crisis emerged in 2009. Issues arose after a Lexus, Toyota's luxury brand, crashed in 2009, claiming four lives (Hennigan). An investigation revealed that the floor mats in some Toyota cars could trap the pedals and cause the car to accelerate unintentionally. Further investigations, however, revealed a wide variety of issues that caused unintended acceleration in multiple Toyota vehicles, and the company recalled an estimated nine million vehicles globally. Additionally, Toyota settled a class action lawsuit in 2012 that required them to pay $1 billion to the plaintiffs. In the aftermath of this crisis, Toyota created a new corporate strategy based on their existing culture and the need to adjust to the future of the automotive industry.

The foundation of Toyota's culture lies in what they refer to as the Guiding Principles of Toyota (Guiding Principles). The seven guiding principles upon which Toyota builds their culture are largely adapted from the original Five Main Principles of Toyoda. Sakichi Toyoda's five main principles, established in 1926 when he founded Toyoda Automatic Loom Works, are steeped in the traditional values of Japanese culture. His principles contended that proper members of the Toyoda corporation should always be faithful to their duties, studious and creative, practical, striving to build a homelike atmosphere, and grateful at all times. Toyota Motor Corporation established new principles in 1992 in order to align with the modern age. Today's seven guiding principles are, in short, dedication to fair business activities, respecting the culture of every nation, providing clean and safe products, developing advanced

technologies, fostering a culture that enhances individual creativity and the value of teamwork, pursuing growth through harmony with the global community, and working with business partners for long-term growth (Guiding Principles). Japan's national culture directly influences each of their seven principles, but it is also clear that Toyota is attempting to adapt their culture with globalization in mind. The first two principles, operating fairly and respecting every nation's culture, channel the Japanese culture component of honor as they relate to conducting business and interacting with other cultures honorably. Furthermore, these principles have direct parallels to the Confucian tenets as they relate to virtuous behavior in one's own actions and virtuous treatment of others. The third and fourth principles, providing clean and safe products and developing advanced technologies, align with both linear-active and reactive cultural tendencies. Linear-active cultures typically strive to develop products that fill a present consumer need based on their own merits, and reactive cultures generally value how their words, actions, and, in this case, products affect the world around them. The fifth principle regarding the fostering of a culture that values individual creativity and teamwork is decidedly the most balanced, global approach to culture. In this instance, Toyota skillfully incorporates the positive aspects of Japan's collectivist nature while balancing it with a commitment to recognizing individual achievement. Finally, the sixth and seventh principles, pursuing growth through harmony and promoting long-term business partnerships, reflect the reactive nature of Japan's national culture and the positives associated with harmonious cooperation.

Following the tough years of 2009 and 2010, during which Toyota recalled nearly nine million cars worldwide and suspended sales of eight vehicle models, the company outlined a new roadmap for the future known as the Toyota Global Vision. Today, the company's innovation

initiatives and sustainability strategies and goals are in pursuit of fulfilling the Toyota Global

Vision. The Toyota Global Vision is as follows:

> "Toyota will *lead the way* to the *future of mobility*, *enriching the lives around the*
>
> *world* with the *safest and most responsible ways of moving people*.
>
> Through our *commitment to quality*, *constant innovation*, and *respect for the*
>
> *planet*, we aim to *exceed expectations* and be *rewarded with a smile*.
>
> We will meet our *challenging goals* by *engaging the talent and passion of people*,
>
> who believe there is *always a better way*." (Looking to the Future)

Toyota goes on to explain their global vision metaphorically, comparing it to a tree. They assert

that the tree symbolizes their belief in "roots to fruits," and that it represents their company with

its natural strength. The seven Guiding Principles of Toyota are the roots because everything the

company does grows from their fundamental beliefs. The trunk, then, symbolizes the strength

and stability of operations. Finally, the fruit of the tree is the 12 tenets that define the Toyota

Global Vision (specified above in italics). Finally, the tree as a whole is a metaphor "for how

closely we at Toyota work together to achieve success" (Toyota Global Vision). Toyota uses the

tree not only to describe their vision for the future, but also to promote the collectivist nature of

their corporate culture.

Moving away from the metaphorical, Toyota has outlined a concrete strategy for the

future, known as the Corporate Social Responsibility (CSR) Policy. The CSR is a revision of

Toyota's 2005 strategy, known as the Contribution towards Sustainable Development policy,

updated to address environmental concerns (CSR Management). Toyota's philosophy with the

CSR is to "[Seek] harmony with people, society, and the global environment, and sustainable

development of society through manufacturing." What makes this philosophy uniquely Japanese

is twofold; first, Toyota emphasizes harmony over all, as it has done throughout its guiding

principles, mission, and vision statements, and second, Toyota does not actually use the term

manufacturing in the philosophy, opting instead for the Japanese term *Monozukuri*. With that,

Toyota expresses their Japanese roots within a global corporation in a seemingly small way, but

the term *Monozukuri* actually only roughly translates to manufacturing. In reality, the term is

closer in meaning to "craftsmanship," except the emphasis is on the thing that is being made

rather than the person doing the crafting (Monozukuri – Another Look). Toyota is thus stating

that they seek to improve society with what they make rather than who makes it. The inclusion

may seem minor, but while Toyota transitions to a globalized culture for the modern age, they

still strive to maintain some of the philosophies that make them a Japanese corporation.

Specifically, the CSR has three indices through which Toyota analyzes key performance

indicators to track progress. The three indices are Always Better Cars, Enriching Lives of

Communities, and Stable Base of Business. As is expected for a reactive culture like that of

Toyota, the majority of visions and goals are relative performance goals rather than concrete

metrics like those employed by more linear-active corporations. However, Ford also had a

significant number of broad, relative goals, because the automotive landscape is constantly

evolving with new technology. Toyota's use of malleable goals, therefore, indicates their

understanding of the shifting nature of the automotive market and the need for flexibility in order

to remain competitive.

The first of the three vision indices, Always Better Cars, has two specific aims with

associated goals. The first aim is to provide safe and reliable vehicles at affordable prices, and

the goal for this vision is to continue to receive the highest level of customer appraisal in safety,

quality, and mobility. Unfortunately, for this first goal, the numbers indicate that Toyota is

sliding in some areas and improving in others. One of the measures of quality is tracking the J.D.

Power Initial Quality Study awards, which Toyota won for five categories in 2012, two in 2013,

and one in 2014. Nonetheless, Toyota has improved vehicle safety each year from 2012-2014 as

evidenced by increased 5-star safety ratings in four countries (CSR Achievement Data). Toyota's

second aim for Always Better Cars is to listen to customer voices and reinvent themselves based

on feedback. The goal for this is officially "raise customer satisfaction concerning customer

inquiries," however, it seems that Toyota does not have a specific system in place for monitoring

the satisfaction rate, nor does the company have any data available other than the number of calls

received each year. Though not of enormous importance, it is interesting that Toyota listed a

specific goal to realize their global vision but has so far either not collected any data or is simply

not sharing that data publicly. Nonetheless, while customer satisfaction data is unavailable, the

2014 annual report shows that total vehicle sales have risen over the past five years with a 2.8

percent increase from 2013 to 2014 (Toyota Motor).

In addition to the goals set by Toyota, there are also innovation initiatives specifically

targeted at the Always Better Cars vision index. The main initiative in developing better cars is

the introduction of Toyota New Global Architecture (TNGA). In this case, the initiative focuses

on reforming the vehicle development framework by combining design plans and reducing

platforms. The introduction of TNGA is similar to Ford's move to consolidate model platforms,

but Ford implemented their strategy years before Toyota. As a result, Ford is much further along

in the consolidation process. Though Toyota currently leads Ford in global sales, their slow

recognition of the need to reform production may hamper performance in the future.

The second vision index, Enriching Lives of Communities, consists of four aims and six

total goals. The first aim, directed at improving Toyota's relationship with business partners,

consists of contributing to the economic development of local communities by improving

relationships with dealers, distributors, and suppliers. Toyota's first goal in this area is to

improve supplier relationships by increasing their reliance on local suppliers, and as of 2014 the

company has made significant improvements. The total number of suppliers has increased

worldwide with the majority of new partnerships developing overseas. The overall success of

this goal indicates that, though slow, Toyota is spreading more around the globe and

decentralizing production from their Japanese locations. The second goal is similar, but it is

presented in terms of expanding the number of local dealers globally. Again, Toyota has shown

that they are improving as a global corporation as the number of dealers outside of Japan

increased substantially from 2012 to 2014. The second aim in enriching communities is for

Toyota to reduce environmental burdens by developing and advancing eco-friendly vehicles. The

company's goal in this instance is to improve the global average fuel efficiency by 25 percent by

2015 relative to 2005. It makes sense that Toyota places a high priority on improving fuel

efficiency, as they have been an industry leader in the field since introducing the first hybrid

vehicle at the end of 1997. However, it is difficult to determine the progress Toyota made toward

achieving this goal because they report fuel economy improvements relative to 1997 levels rather

than their internal target of improving relative to 2005 (CSR Achievement Data). In essence,

Toyota obscures fuel efficiency improvement numbers by comparing current efficiency data to

data from before they introduced the Prius, making it appear as if they have improved efficiency

by 45 percent when, in reality, recent improvements have likely been stagnant for years.

Moreover, the Prius' combined fuel economy has only improved from 46 mpg (Second

Generation Model, 2005) to 50 mpg (Prius C Model, 2012), supporting the conclusion that

Toyota may not have satisfactorily achieved their goal (Compare Side-by-Side).

The third vision index, Stable Base of Business, consists of one aim and one goal. Toyota aims to create an environment where a variety of employees can work with pride, loyalty, and confidence that they are achieving their full potential. The specific goal in this situation is to increase the ratio of employees who feel that their jobs are rewarding. The data that Toyota reports shows slight improvements in employee satisfaction. In Japan, employees who felt satisfied with company life increased from 73.9 percent in 2012 to 77.2 percent in 2014. Overseas, however, the numbers were less significant, showing only a 2 percent increase over the same period for administrative and engineering positions and no increase for shop floor positions. However, Toyota updated their global vision in 2011, so it remains to be seen whether the company has truly improved the lives of their employees or not.

Conclusions

Although Toyota has been relatively slow to modernize their corporate culture and jettison some of the derailing aspects of Japan's national culture, it is clear that the company is making an effort. With the development of the new Toyota Global Mission and the continued implementation of the Corporate Social Responsibility (CSR) Policy, the company has shown that they are prepared to develop new values and policies from a global perspective while retaining the aspects of Japanese national culture that benefitted them for decades.

As with Ford, Toyota only recognized the need to reposition their corporate strategy after the crisis that began to unfold in 2008. At the time, they were forced to recall millions of vehicles and suspend production of eight models (Maynard). In response, Toyota bolstered the relatively new CSR Policy and implemented new goals to sustain their position at the top of the automotive

industry. Toyota also used the crisis as an opportunity to redefine their vision for the long-term future of the company. The company has already shown success in achieving some of their product-oriented goals such as improving the number of 5-star safety rated vehicle models in Japan, the United States, Europe, and China. Additionally, Toyota has achieved some of their business-oriented goals that focus on globalization. The first of these globalization successes is seen in the steadily increasing numbers of non-Japanese parts suppliers and non-Japanese dealers. The second success is in regards to globalizing their employment model. In this area, Toyota has steadily increased the number of non-Japanese executives in major subsidiaries and has increased their level of employee satisfaction in Japan and overseas. In all, it is clear that Toyota has recognized the realities of competing in a globalized world and, as a result, they have taken steps to transition toward a globalized corporate model.

Chapter 6

Conclusions

The three case studies outlined in this paper show how different corporations' cultures were influenced by their nations' cultures, and how each company has taken steps to reform their cultures and strategies in response to crises. Siemens was the first to implement changes in response to issues with cross-cultural acquisitions in the 1980s. By contrast, Ford and Toyota have only recently experienced crises that highlighted the need for change with Ford's financial crisis in 2005 and Toyota's quality and safety crisis in 2009. In each case, the companies responded to crises by shifting their business models away from some practices that were driven by national culture, though to varying degrees.

The main cultural shift seen across each of the three corporations is in terms of reforming corporate governance. In 1989, Siemens decentralized by breaking the seven overarching company groups into fifteen business units that were more manageable and enhanced "market and customer proximity" (History). Furthermore, Siemens is streamlining the current corporate governance model in order to temper the hierarchical bureaucracy that Hammerich and Lewis describe as slow moving and hindering in agile global markets (Hammerich 98). Additionally, Siemens is further decentralizing their management structure by committing to at least 30% of managers being based outside of Germany in order to increase their global presence. Ford's new corporate model aims to reform their culture by bridging the divide between business units and within vertical layers of the company with the introduction of

the One Ford plan. John Mulally described how there was a defensive culture at Ford when he

arrived where engineers downplayed issues to their managers and the managers, in turn,

downplayed issues when presenting to their colleagues and superiors. The One Ford plan aims to

fix these issues by promoting collectivism between all layers of employees and increasing

transparency between business units. In this manner, Ford is tempering the negative influence of

the bottom-line focus that is prominent in America's culture by clarifying that failures within one

unit are the whole company's responsibility rather than that of managers with oversight

responsibility. Toyota is reforming their corporate governance as well through the CSR policy.

Prior to the introduction of the CSR policy, Toyota's governance model reflected the strict

hierarchy that Hammerich and Lewis assert is typical of many Japanese corporations, though it

was not necessarily age-based in Toyota's case. Toyota's 2005 Annual Report outlined a

corporate governance system with a Board of Directors that communicated business decisions

directly to Managing Officers who oversaw implementation across Toyota's operating sectors

(Toyota Annual Report 2005). In April 2015, however, Toyota decentralized their governance

model by introducing a CSR committee that is integrated with a wider swath of management and

works with the Board of Directors on strategic decision-making and implementation (CSR

Management).

      Each corporation also had similar strategic shifts in terms of expanding into new product

markets. Siemens describes this strategic shift with the goal of improving performance in

currently struggling product markets as well as new product markets that show significant

growth potential (Siemens AG Annual Report 2015). Similarly, Ford has responded to

globalization by focusing their corporate strategy on developing new mobile innovations. Ford

presented broad goals for addressing mobility issues, and they emphasized the belief that in order

to remain globally competitive they would focus on emerging technological advancements (Ford

Sustainability Report 2014). Toyota's strategic vision was similar to Ford's as they also

emphasize the need to focus on new technologies to improve their vehicle lineup. Toyota was the

first to introduce a hybrid vehicle in 1997, and their current strategy focuses on developing

vehicles that dominate the efficiency market with new fuel cell technologies (Toyota Annual

Report 2014).

The case studies outlined in this paper show that corporations with greatly different

national background can be successful in a globalized world without having fully congruent

cultures. Though each company changed their corporate culture and business strategy in order to

be better aligned with globalized markets, they each still retained significant influences from

their home nations' cultures. This study has shown that different cultures have both positive

aspects and negative aspects, and it is unlikely that there is one specific cultural model that will

ensure success in the globalized world. As Siemens' Vincent O'Neill alluded to in 1995, success

in a globalized world is not about developing a strategy that can ever be considered finalized, but

rather it comes from continuously reforming a culture to take advantage of cultural differences

(Hoecklin 78).

Chapter 7

Limitations

Defining culture often seems to be a somewhat subjective process. This paper used multiple sources to understand the national cultures of Germany, the United States, and Japan, however cultural research and models often deal in broad generalizations. While generalizations are useful tools for high-level analyses, no cultural model could describe how every person within a group behaves. Similarly, the studies described how corporate cultures and strategies aligned with national culture in three specific corporations alone, and it should not be expected that all corporations of a particular nation are similarly aligned.

Kai Hammerich and Richard Lewis based their cultural outlines on decades of personal experience in international business, but they also supported their conclusions with insight gleaned from multiple cross-culture researchers. Additionally, although other cultural researchers challenge some of Geert Hofstede's conclusions, the individualism index is based on data from survey results, and replication studies have since supported the index's validity.

The final limitation of note was in the decision to omit the analysis of a multi-active nation corporation. A multi-active analysis was primarily not included because of concerns regarding the length of the paper. An additional reason, however, is that the influence of multi-active cultures was much more difficult to determine from corporate mission statements and annual reports. Hammerich and Lewis describe how members of multi-active cultures are typically emotional, compassionate people who are bad at following agendas but great at forging relationships. In an ideal scenario, it would have been nice to complete a case study to analyze

these influences on corporate culture, but that likely would have involved more ground-level

research about what it is like to work at and with a company with multi-active tendencies.

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Academic Vita
Mike Stavrakos

EDUCATION

- The Pennsylvania State University-Schreyer Honors College   May 2016
  B.S. Mechanical Engineering
  Economics Minor

EXPERIENCE

Engineering Intern   Summer 2015
Siemens – Energy Management, Electrical R&D.   Norcross, GA

- Improved operation of the GFCI bimetal tester and confirmed its usefulness in generating accurate bimetal deflection data.
- Upgraded the no-load circuit breaker endurance tester for use at Wyntron's facilities.
- Composed a comprehensive instructional document for use of the endurance tester.

President   Fall 2013 – Fall 2014
Alpha Tau Omega Fraternity   State College, PA

- Achieved highest ever philanthropy fundraising chapter recognition - $191,435 in 2014.
- Managed chapter of 124 men, gaining extensive leadership and problem-solving experience.
- Increased membership by 20% during presidency.
- Honed communication skills through constant contact with local alumni, national fraternity advisors, and Penn State administrators.
- Emerged as the go-to problem solver for all issues related to the fraternity.

Vice President for Standards   Spring 2015-Spring 2016
Penn State Interfraternity Council   State College, PA

- Handled investigations into fraternity conduct violations and led judicial hearings.
- Restructured judicial process and improved system for fraternity incident reporting.

Engineering Intern   Summer 2014
Carpenter Technology Corporation   Reading, PA

- Worked on team responsible for concept, design, and implementation of company projects.
- Designed manufacturing components to improve existing equipment performance.

AWARDS & HONORS

- Recipient of Schreyer Honors College and Leonhard Engineering Center Scholarships.
- Recipient of IFC Executive of the Year Award
- Dean's List Fall '12, Spring '13, Fall '13, Fall '14, and Spring '15