Recent years of research in international management have been dominated by studies of culture’s effect on dependent variables of interest to managers, including individual work behavior, effective organizational structures, and economic success. Reviews of research conclude that culture does have an impact, one that cannot be ignored (Adler and Bartholomew, 1992; Boyacigiller and Adler, 1991; Earley and Sing, 1995; Earley and Gibson, 2002; Kirkman, Lowe, and Gibson, 2004; Oyserman, Kemmelmeier, and Coon, 2002). For example, in their review of cultural values research published between 1980 and 2002, Kirkman, Lowe and Gibson (2004) describe sixty-one studies that provide empirical evidence for a relationship between cultural values and individual level outcomes, including change management behaviors (e.g., Eby, Adams, Russell et al., 2000); conflict management behaviors (e.g., Gabrieldis, Stephan, et al., 1997); behaviors in negotiations (e.g., Wade-Benzio, Okumura, Brett, et al., 2002); reward allocation (e.g., Gomez, Kirkman, and Shapiro, 2000); decision-making (e.g., Mitchell, Smith, Seawright, et al., 2000); human resource management (e.g., Earley, Gibson and Chen, 1999); leadership behaviors (e.g., Chan and Drasgow, 2001); individual behavior in groups (e.g., Gibson and Zellmer-Bruhn, 2001); personality (e.g., Tafarodi, Lang, and Smith, 1999); and work-related attitudes or emotions (e.g., Harpaz, Honig, and Coetsier, 2002).

However, at the same time, research and practice offer numerous examples of studies and observations in which culture had less effect than did unique personalities, strong leadership, or uniformity of practices (e.g., Earley and Gibson, 2002; Maznevski and Chudoba, 2000; Roth, Prasnikar, Okuno-Fujiwara, et al., 1991; Wetlaufer, 1999). Furthermore, in many scholarly studies culture’s impact is statistically significant, but does not explain a large amount of variance indicating that other variables must be considered as important predictors alongside culture (e.g., Peterson, et al., 1995; Brett and Okumura, 1998; Gibson, 1999; Clugston, Howell, and Dorfman, 2000; Mitchell, Smith, Seawright, et al., 2000; Kirkman and Shapiro, 2001). While researchers are able to draw implications for managers, they cannot reach a high level of precision regarding the specific impacts and the circumstances in which culture should be a central focus, or when it might be less critical. For example, several studies have found relationships between collectivism and individual attitudes toward teamwork (e.g., Bochner, 1994; Casimir and Keats, 1996; Eby and Dobbins, 1997; Earley, Gibson, and Chen, 1999; Kirkman and Shapiro, 2000; Gibson and Zellmer-Bruhn, 2001). However, do these cultural proclivities come into play in every circumstance? Might there be situations, such as in times of crisis, when members of organizations have fairly universally positive attitudes toward teamwork?

Part of the problem is that such research often attempts to explain individual-level phenomena, such as attitudes and behaviors, with the group-level phenomenon of culture (Bond, 2002; Hofstede, 2001). Culture is a property of groups or societies, and its effect on individual outcomes is highly indirect and likely moderated by a variety of other variables. Some researchers suggest that culture should only be used to predict outcomes at the same level of analysis, such as aggregate rates of turnover, insurance use, or economic indicators (e.g., Franke, Hofstede, and Bond, 1991; Hofstede, 1997, 2001). However, managers have a strong need to predict patterns of behavior among employees, co-workers, and business partners in international settings; thus, management researchers should
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not avoid these questions. In this sense, we agree wholeheartedly with Oyserman, Kemmelmeir, and Coon (2002, p. 110), who in their survey of the field of organizational psychology, suggested that:

the essential goal of the field is to understand how culture influences how the mind works and to identify the cultural contingencies that moderate general processes of human cognition, affect and behavior. To take on this challenge, cultural psychologists must posit general principals that are likely to have different instantiations across cultures.

Individuals within a culture must think, evaluate, and behave in ways that are efficient, understandable to each other, and facilitate cooperation. This comprehensibility, in turn, is facilitated by similarity among the individual members themselves.

This presents a dilemma for the field of international management. On the one hand, researchers and managers need to understand the individual-level outcomes that are related to culture, so they can work closely with other people around the world and implement organizational innovations to enhance effectiveness across multinational locations. On the other hand, research examining the role of culture has not captured enough variance in the patterns of individual outcomes to make the specific recommendations managers need. In this chapter, we argue that the field’s current limitations should not prevent us from articulating and researching questions of importance to international management theory and practice; rather, we as researchers should seek to re-conceptualize the relationship between culture and individual outcomes in a way that explains the relationship with greater precision.

We take a superordinate position concerning the nature of culture’s effect on individuals, shifting the focus of the field’s discussion. In the past, much of the cross-cultural and international management research has been fueled by the desire to document that culture does matter (Oyserman, Coon, and Kemmelmeir, 2002). While this is an important endeavor, it lacks precision. Thus, instead of addressing whether or not culture makes a difference, we join others (Earley and Gibson, 2002; Leung, Bhagat, Buchan, et al., 2005; Kirkman et al., 2004; Leung, Su, and Morris, 2001) in addressing the issue of when it makes a difference (figure 3.1).

We explore the nature of culture’s effect on four categories of individual-level outcomes: perception, beliefs, values, and behavior. We identify how this relationship is moderated by a set of important contingent variables at three levels of analysis: individual, group, and contextual. Through this analysis, we develop a comprehensive model of the relationships between culture and individual outcomes. Before examining the relationships in depth, we will frame the discussion by defining culture, discussing the nature of cultural causation, and identifying the variables to be addressed.

Culture

In this research, we adopt the following definition of culture: culture is the configuration of basic assumptions about humans and their relationship to
each other and to the world around them, shared by an identifiable group of people. Culture is manifested in individuals’ values and beliefs, in expected norms for social behavior, and in artifacts such as social institutions and physical items. This definition is an extension of the cognitive approach that is embedded in many traditional definitions of culture (e.g., Brannen, Gomez, Peterson, et al., 2004; Erez and Earley, 1993; Hofstede, 1980; Kluckhohn, 1954; Oyserman, Kemmelmeir, Coon, 2002; Shweder and LeVine, 1984). Several aspects of the definition require elaboration. First is the deliberate choice of the word “configuration,” which is consistent with the approach set forth by Meyer, Tsui, and Hinings (1993). A configuration is a “multi-dimensional constellation of conceptually distinct characteristics that commonly occur together” (Meyer, Tsui, and Hinings 1993, p. 1175). As in any configuration, while specific elements of culture can be separated, analyzed, and compared with elements of other cultures in useful ways, the interaction of combined elements has effects different from those expected by a simple summation of the effects of the individual elements. Culture’s effects cannot be well understood unless culture is seen as a gestalt created by combinations of elements.

Second, while we mostly “see” culture in its manifestations, it is the underlying assumptions that constitute the deep level of culture (Schein, 1984). These assumptions are held by individuals, often subconsciously, and are rarely questioned. They are learned in direct and indirect ways in childhood, and reinforced throughout life by pervasive social values and beliefs, expected norms, and artifacts in the culture’s environment. They are foundational schemas – generalized abstracted ways of making meaning (Oyserman, Kemmelmeir, and Coon, 2002).

Third, culture does not concern all assumptions held by individuals – that set may be infinite or at least indefinable. Issues concerning the group’s survival and social interaction bound the set of assumptions that define cultural configurations. Since prehistoric times humans have lived in groups, operating in social organizations to coordinate long-term survival and prosperity. For a wide variety of complex reasons, different groups developed different assumptions about how to interact to survive, and these are the substance of culture (Hofstede, 1980; Kluckhohn and Strodtbeck, 1961). As aptly put by Oyserman, Kemmelmeir, and Coon (2002, p. 114), cultures provide insight into how to be a person in the world, what makes for a good life, how to interact with others, and which aspects of situations require more attention and processing capacity.

This content is directly related to a fourth aspect of our definition: the notion that the assumptions are shared (Erez and Earley, 1993; Morgeson and Hofmann, 1999). In order for the assumptions to work – that is, for them to facilitate the survival and prosperity of the group – they must guide the culture’s members to behave in a coordinated and consistent manner. Interestingly, this “sharedness” does not need to be absolutely complete. Cultures can be described on a continuum from strong to weak (Kilmann, Saxton, and Serpa 1986; Trompenaars, 1993), on which strong cultures are those with a high level of sharedness and weak cultures are those with less sharing of assumptions and beliefs. At some level, a weak culture ceases to be a culture at all, but the dividing line between what is and what is not a culture is sometimes difficult to discern.

Finally, the choice of the term “identifiable group of people” must be addressed. It is well accepted that many types of cultures exist, including cultures associated with national, ethnic, religious, professional, gender, age, class, and organizational dimensions. While international management researchers tend to focus on cultures associated with national and ethnic groups – as we will in this article – we acknowledge that other cultural affiliations exist and influence organizational phenomena. The identification of the cultural group is a recognition that the group operates in a coordinated way under a relatively cohesive set of assumptions about each other and the world around them.

The nature of culture as a causal variable

When we talk about culture causing individual-level outcomes, we are clearly crossing levels of analysis. While this is conceptually and methodologically
difficult, it is not unreasonable (Klein, Tosi, and Cannella 1999; Klein and Koslowski, 2000). In fact, as argued by Morgeson and Hofmann (1999), collective constructs are generated by the interaction of individuals, and in return both influence and constrain individual outcomes. As a shared agreement about interpretation, evaluation and action, culture is one of many collective phenomena that affect individual outcomes.

We suggest that the collective configuration of culture affects individual outcomes through mechanisms defined by two dimensions: cognitive versus social, and passive versus active. First, culture provides a template for cognitive processes (Erez and Earley, 1993; Oyserman, Kemmelmeier, and Coon, 2002), and members use this template, or schema, to process information automatically. Cultural cognitions are brought into play passively, for example, in noticing information in advertising, interpreting the meaning of stories on the news, and evaluating performance indicators. Culture also plays a more active role in the cognitive process. Individuals notice things that do not fit their own schemas, and culture provides a means for resolving the resulting cognitive dissonance (Festinger, 1957). For example, an American working with a Chinese co-worker in a group may not even notice if the co-worker does not speak out loud as much as the American does, because his or her cultural template does not direct attention to silence or context (passive cognitive). However, if the American does notice the Chinese co-worker’s relative quiet, a need for cognitive equilibrium will likely direct the American to conclude that the co-worker has nothing to contribute, consistent with the American cultural norms for interpreting silence (active cognitive).

In addition to cognitive processes, culture also affects individual outcomes through social mechanisms. Cultural scripts for social interaction implicitly guide everyday behavior, such as transactions in stores or at banks, greeting people, and holding meetings. While these scripts are a type of cognition (Lord and Foti, 1986), here we distinguish them from the notice–interpret–evaluate sequence of cognitive information processing. Without thinking, people follow cultural scripts passively in social settings. More actively, individuals are motivated to behave according to cultural norms to satisfy a need for social acceptance (Earley and Erez, 1993). This need is universal, although individuals differ in the relative strength of need for social acceptance (i.e., need for affiliation) compared to others (McClelland, 1961). Because culture is a shared agreement about effective social interaction, individuals who comply with the culture’s norms are more socially accepted by others. Through this active social mechanism, individuals more or less consciously decide to think or act in accordance with the culture, even while recognizing that there may be alternative modes.

Cognition research has shown how pervasive the influence of schemas is, and how difficult they are to change (Flynn, Chatman, and Spataro, 2001; Rousseau, 1995). The need to reduce cognitive dissonance also has a powerful impact on thinking processes; and the need to be accepted socially, at least at a minimum level, is a very basic need. Social routines are incredibly resistant to change (Feldman, 2000). Because culture operates on individuals through both of these dimensions, it is hardly surprising that its influence is so strong. Culture’s impact is certainly pervasive and important, yet we still have a need for greater precision in our understanding of cultural effects.

Having outlined the mechanisms through which culture affects individual outcomes, we can now state the research question more specifically. Rather than simply asking “when does culture matter?”, we can ask: “What are the conditions that increase an individual’s propensity to think, feel, value, or behave in accordance with culture?” “What are the conditions that increase an individual’s propensity to think, feel, value or behave using alternate schemas or to satisfy alternate needs?” The more active and passive cognitive and social processes are moderated by other elements, the less predictive culture will be of individual outcomes.

Finally, although we will not focus on them in this chapter, two other points are important regarding the causal relationship between culture and individuals. First, in the long term the causal direction of the relationship is reciprocal. Individuals affect their environments, and culture is a dynamic, ever-changing result of individual interactions. In the short term, culture does not change radically. However,
researchers should bear in mind the dynamic nature of culture, and the possibility that human interaction in organizations influences national culture (Gibson, 1994; Morgeson and Hofmann, 1999).

Second, our focus will be on culture as the main independent variable, and we explore other variables as moderators (e.g., personality or characteristics of the situation) of the impact of culture. One could equally examine other roles that culture can play in models (Kirkman, Lowe, and Gibson, 2006; Lytle et al., 1995). For example, culture can function as a dependent variable of interest, with other factors, such as organizational structures producing changes in cultural values. The Kirkman, Lowe, and Gibson (2006) review mentioned earlier identified five such studies that involved cultural dimensions from Hofstede’s (1980) research. For example, in one study, leaders described in interviews the process by which local cultures gradually changed to become more isomorphic with organizational cultures of multinational firms that entered the local markets (Gibson, 1994). Culture can also serve as a moderator that changes the nature of the relationship between two other variables. Kirkman, Lowe, and Gibson (2006) identified twenty-four such studies at the individual level. For example, Erez and Somech (1996) found that collectivism moderated the relationship between goal characteristics and group performance. We view such studies as particularly helpful in assessing the boundaries of organizational behavior research to test the robustness of a particular theory.

In selecting the focus for the role of culture in a given analysis, the issue is one of determining which phenomenon is more of interest in a particular research study. In international management research that is seeking to understand how certain individual level outcomes change across cultures, the approach outlined here, focusing on culture as the independent variable and individual level outcomes as the dependent variables, is appropriate.

**Dependent variables: what culture affects**

Culture has the potential to affect many phenomena important to international management, including those at the individual, group, and institutional levels of analysis. This chapter focuses on individual-level manifestations, which we discuss in terms of four categories: perceptions, beliefs, values, and behaviors. This section describes these categories and briefly reviews how each is influenced by culture.

**Perception: do you see what I see?**

Perception is the process by which individuals select, organize, and evaluate stimuli from the external environment (Singer, 1976). As demonstrated in numerous laboratory experiments (see Pryor and Ostrom, 1991 for a review) as well as in the field (Adler, 1997), perception is selective and involves schematic processing. Information is organized into cognitive frameworks or expectations, called schemas (Pryor and Ostrom, 1991). These cognitive structures guide the perceiver to attend to what is important, lend structure to otherwise ambiguous social experience, enable the perceiver to fill in gaps when information is missing, and allow the perceiver to anticipate what will come next (Abelson, 1981). As a result, we can “see” things that do not exist and not “see” things that do exist (Hall, 1976).

Culture has been shown to have a strong influence on the schemas we construct (see Triandis, 1994 for a research review). Many important schemas are developed through childhood socialization and pressures to conform, which are associated with cultural values and patterns (Gruenfeld and Maceachron, 1975; Witkin and Berry, 1975). Culture affects perception primarily through its influence on: (1) the content of the schemas; (2) the structure of the schemas; and (3) the propensity to process using schemas (Shaw, 1990). With regard to content, for example, research indicates that culture is related to the width of schema categories – how broad a category is – such that people from different cultures have systematically different category widths (Dettweiler, 1978). With respect to structure, some cultures encourage high differentiation among dimensions of the environment, while other cultures encourage people to perceive the environment as a unidimensional,
highly integrated whole (Gruenfeld and Maceachron, 1975; Witkin, 1967; Witkin and Berry, 1975). Finally, research also indicates that culture impacts the extent to which information is processed automatically. For example, culture determines whether we pay attention to the context in which an experience occurs (Markus and Kitayama, 1991), a phenomenon that has been referred to as high versus low context (Hall and Hall, 1988). In high context cultures, perception is likely to involve a comprehensive, controlled process (Shaw, 1990), while in low context cultures the perceptual process is quicker and more automatic.

Beliefs: what’s related to what?

Beliefs are a person’s subjective probability judgment concerning a relation between the object of the belief and some other object, value, concept or attribute (Fishbein and Ajzen, 1975, p. 131). Four characteristics of beliefs that are of special importance for the present analysis are: confidence, centrality, interrelationship, and functionality (Bar-Tal, 1990). Confidence differentiates beliefs on the basis of truth attributed to them. A person may have minimal confidence in some beliefs, and will express these using statements such as “maybe” or “possibly,” while having absolute confidence in other beliefs and will state the latter ones in definite ways such as “definitely” and “absolutely” (Bandura, 1997). Centrality characterizes the extent of beliefs’ accessibility in individuals’ repertoire and their use in various considerations that individuals make. Some beliefs are very central, used often, and are relevant for a wide range of evaluations, decisions, judgments, or behaviors. Others are less central, peripheral beliefs that are only taken into consideration at specific times. Interrelationship describes the extent to which the belief is related to other beliefs in a network or system. For example, a person’s belief about compensation systems may be related to a complex series of beliefs about economic and political systems. On the other hand, a person’s two or three beliefs about the Arctic Sea might be relatively isolated. Finally, functionality differentiates beliefs on the basis of the needs that they fulfill. Beliefs may be utilitarian in that they help people get rewards and avoid punishments; they may protect an individual’s sense of self; they may express personal values; or they may serve a knowledge function, providing meaning, understanding, and organization to what we know (Bar-Tal, 1990; Gibson, 1999).

Values: what is important?

A value is a belief that is prescriptive – an enduring belief that a specific mode of conduct or end-state of existence is socially preferable to an opposite mode of conduct or end-state of existence (Rokeach, 1973; Schwartz, 1992). Values guide the selection of the means and ends of specific actions, and serve as criteria by which objects, actions, or events are evaluated. Individuals differ with respect to the values they hold or consider important; however, groups can be described by shared value systems.

That culture influences values has been shown by many scholars and, indeed, the words “cultural values” abound in the literature (Erez and Earley, 1993; Hofstede, 1980; Rokeach, 1973; Schwartz, 1994; Triandis, 1994; Trompenaars, 1993). We typically adopt values during early socialization experiences as a function of childhood. As a child matures and is exposed to settings of increasing complexity, he or she is likely to reaffirm particular values congruent with the settings and weaken or change other values that are inconsistent with the settings. Major programs of research conducted by Hofstede (1980), Trompenaars (1993) and Schwartz (1992) provide some indirect evidence for the relationship between culture and values by demonstrating that values vary more between countries than within countries.
Behavior: what will I do?

In our framework, behavior encompasses the actions that people take on a daily basis in response to stimuli, choices, or situations. Anthropologists and social psychologists have researched the impact of culture on behaviors for decades (see Triandis, 1994, for an overview). We note that behavior is a distal outcome of culture. By this we mean that culture does not impact behavior directly, but rather that culture impacts behavior through its influence on other more proximal outcomes. In terms of very general categories of behavior, we have evidence that culture is related to aggressive behavior such as being dominant, competitive, or violent (Goldstein and Segall, 1983). In some societies aggression is commonplace, while in others it is virtually absent. Empirical research has also established that culture is related to helping behaviors such as providing direction, encouragement, or reassurance (Hinde and Groebel, 1991). Other research has demonstrated strong relationships between culture and conforming behavior and between culture and obedience (see Mann, 1980 for a review). Empirical work has also demonstrated links between culture and disclosure or intimacy (Gudykunst, 1983). Research based on Hofstede’s (1980) framework has demonstrated links between culture and directive managerial behavior (Gallois, Barker, Jones, et al., 1992), between culture and providing feedback (Cohen, 1991), and between culture and conflict reduction (Leung, 1988).

Relationships among dependent variables

Of course, separating perceptions, beliefs, values, and behaviors as we have done in this section is somewhat artificial, since the four categories are highly related to each other. What we believe and value influences what we notice and how we interpret it, all of which influences how we behave. Behavior and its effects on the environment in turn affect what we perceive and believe. The fact that culture affects each element in this continual process makes its influence both pervasive and complex. However, we are still left with the fact that sometimes its influence seems to be greater than others. Thinking about moderating effects in terms of different categories of individual outcomes (i.e., perceptions, beliefs, values, and behaviors) is therefore helpful in making sense of this complexity. We now turn to the proposed moderators of the relationship between culture and individual outcomes.

Moderator variables: when culture matters

To address the question of when culture influences these outcomes, we outline a framework to identify different types of moderators and their effects. In addition to the complexity created by “independent” and “dependent” variables at different levels of analysis, we propose that the relationship between culture and individual outcomes is moderated by variables at three levels of analysis: individual, group, and situational. In this section, we take each level of analysis and propose specific variables that moderate the relationship between culture and each of the four categories of outcomes. This discussion is not intended to identify all moderators of the relationship between culture and individual outcomes, but to illustrate this framework for understanding the role of categories of moderators. At the individual level, we explore personality dimensions, cognitive process variables, individual experiences, and self-identity. At the group level, we examine the role of small work group characteristics as well as larger social groups. At the situational level, we describe how elements of the environment and context can moderate the relationship. The discussion is summarized in table 3.1.

Individual-level moderators

Perhaps the most pervasive moderator at the individual level is that of personality, or characteristics which capture stable individual differences in personal traits. Research reported in the personality literature provides evidence for five major personality
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Table 3.1 Moderators of the impact of culture

<table>
<thead>
<tr>
<th>Level of Moderator</th>
<th>Outcome</th>
<th>Example Of Moderator Variable</th>
<th>Proposed Relationship: Culture Is A Stronger Predictor When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Perception</td>
<td>Personality trait: Openness</td>
<td>Openness is low (Digman, 1990).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exposure to Other Cultures</td>
<td>Exposure to other cultures is low (Pick, 1980; Toyne, 1976).</td>
</tr>
<tr>
<td></td>
<td>Beliefs</td>
<td>Personality trait: Conformity</td>
<td>Conformity is high (Digman and Takemoto-Chock, 1981).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Experience: Lineal Descent</td>
<td>Native or first generation emigrant status, rather than later generation emigrant status (Earley and Erez, 1997).</td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td>Personality trait: Social Adaptability</td>
<td>Social Adaptability is low (Digman, 1990; Lorr, 1986).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-Identity: Identification with Culture</td>
<td>Identification with culture is high (Turner, 1987).</td>
</tr>
<tr>
<td></td>
<td>Behavior</td>
<td>Personality trait: Conscientiousness</td>
<td>Conscientiousness is high (Tellegen, 1985; Hogan, 1986).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-Identity: Self-efficacy</td>
<td>Self-efficacy is low (Bandura, 1997).</td>
</tr>
<tr>
<td></td>
<td>Group</td>
<td>Perception</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Group: Group Identification</td>
<td>Group identification is high (Bettenhausen, 1991; Kernis, Granemann, Richie, and Hart, 1988).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work Group: Social Reality Construction</td>
<td>Group’s social reality construction is shared (Brown and Hosking, 1986; DiStefano and Maznevski, 2000).</td>
</tr>
<tr>
<td></td>
<td>Beliefs</td>
<td>Social Group: Group Homogeneity</td>
<td>Group homogeneity is high (Bettenhausen and Murmighan, 1991).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work Group: Group Polarization</td>
<td>Group polarization is low (Isenberg, 1986; Ziller, 1957).</td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td>Social Group: Strength of Organizational Culture</td>
<td>Organizational culture is strong (Sackmann, 1992).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work Group: Group Cohesion</td>
<td>Group cohesion is high (Bettenhausen, 1991; Organ and Hammer, 1950).</td>
</tr>
<tr>
<td></td>
<td>Group</td>
<td>Behavior</td>
<td>Culture is more collective (Kirkman and Shapiro, 1997).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Group: Collectivism, Ingroup-Outgroup</td>
<td>Culture is more collective within collective cultures, when dealing with members of ingroup (Triandis, 1994; Triandis et al., 1988).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work Group: Stage of Group Development</td>
<td>In forming and storming stages than in norming and performing stages (Tuckman, 1965).</td>
</tr>
<tr>
<td></td>
<td>Situation</td>
<td>Perception</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dimension: Economic Uncertainty</td>
<td>Uncertainty is high immediately after currency crisis (Jordan, 1997; Pollack, 1997).</td>
</tr>
<tr>
<td></td>
<td>Beliefs</td>
<td>Dimension: Social Richness</td>
<td>Social richness is lower in a rural than an urban environment (Triandis, 1994; Trompenaars, 1993).</td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td>Dimension: Political Volatility</td>
<td>Volatility is low and there are no changes in government structure (Earley and Erez, 1997).</td>
</tr>
<tr>
<td></td>
<td>Behavior</td>
<td>Dimension: Technological Environment is Strong vs. Weak</td>
<td>Situation is weak, procedures and tools are ambiguous or highly complex (Mischel, 1973; Shoda, Mischel, and Wright, 1993).</td>
</tr>
</tbody>
</table>

Factors that exist in all cultures (see Digman, 1990, for a review). These five factors have been given various labels; however, the general consensus seems to be that the following traits capture the essence of the five factors: social adaptability; conformity; conscientiousness; emotional stability; and openness (Benet and Waller, 1995; Digman, 1990; Yang and Bond, 1990). We argue that personality (i.e., the degree to which a person possesses these traits) will moderate the impact of culture on...
perceptions, beliefs, values, and behavior, as illustrated in the examples below.

**Perception**

An important personality characteristic that affects perception is openness, or the degree to which a person has an inquiring intellect and an independence of thinking (Digman, 1990). Persons characterized by openness will demonstrate openness to ways of perceiving other than those typical of their native culture. They are more likely to perceive in a manner that is independent of their culture. Thus, for those high on openness, there will be a lower relationship between culture and perception. For those low on openness, we would expect perception to be more dependent upon the cultural modes of thinking.

A number of other individual differences are likely to moderate the impact of culture on perceptions. For example, the extent of familiarity with other cultures influences how individuals process information. When a person has acquired extensive international experience, he or she may no longer perceive in a manner that is characteristic of his or her native culture; therefore, there may be little relationship between culture and perception. For those low on openness, we would expect perception to be more dependent upon the cultural modes of thinking.

**Beliefs**

Personality characteristics such as conformity – a tendency to match one’s self to others – will moderate the impact of culture on beliefs. People who are high on conformity tend to follow social norms (Fiske, 1949). They also tend to demonstrate “friendly compliance” with the status quo (Digman and Takemoto-Chock, 1981). Within a culture, then, those people who are characterized by the conformity personality characteristic are more likely to hold beliefs that are in line with their culture. Indeed, beliefs in alignment with the culture will be central to the conformist’s belief system. On the other hand, people low on conformity tend to demonstrate hostile noncompliance (Digman and Takemoto-Chock, 1981). These individuals are not likely to hold beliefs based on cultural characteristics, and any cultural beliefs they may hold are likely to be low on centrality (i.e., nonessential).

Another individual difference variable that will moderate the impact of culture on beliefs is lineal descent. People native to a given culture tend to demonstrate the strongest relationship between that culture and their belief system. They have high confidence in culturally aligned beliefs. As families immigrate from their native culture and spend more time in a new culture, they slowly take on the culture of their new home. This process has been referred to as acculturation (Earley and Erez, 1997). Over time as new persons are born into these families, successive generations demonstrate fewer and fewer of the characteristic beliefs of the original culture held by their ancestors; they may also have less and less confidence in culturally aligned beliefs. There will be little or no relationship between the family’s original native culture and the beliefs held by these new generations.

**Values**

One personality characteristic that will moderate culture’s affect on values is social adaptability, which has also been referred to as extraversion (Digman, 1990) and interpersonal involvement (Lorr, 1986). This trait captures whether or not a person is comfortable socially and the extent to which he or she is socially active. People who demonstrate social adaptability are more likely to change their values to fit the social setting they happen to be in at any given time. These persons tend to take to heart the old adage “When in Rome, do as the Romans do,” thus demonstrating malleability in terms of what they deem important or desirable. Such individuals are not likely to be as driven by their own cultural assumptions in determining what will be valued. For them, culture will have little impact on their value system.

A second important individual difference moderator is the extent to which a person identifies with his or her culture. Not all individuals within
a society identify with their national culture. According to social categorization theory, individuals view themselves as members of a number of groups and make personal self-categorizations regarding their membership within these groups (Turner, 1987). For example, one of the authors views herself as a member of the “female” gender group, the “academic” professional group, and the “North American” cultural group. She categorizes herself as a female above all else and identifies most strongly with this group. She does not identify with “North American” culture. Her values are characteristic of females in general, but not characteristic of North Americans as a cultural group. Thus, her level of identification with North American culture moderates the extent to which that culture impacts her values.

**Behavior**

A number of individual characteristics will moderate the impact of culture on behavior. For example, the personality trait conscientiousness, which has also been referred to as “constraint” (Tellegen, 1985) and “prudence” (Hogan, 1986) implies a degree of caution in one’s actions. People described as conscientious or prudent are also characterized as having “good common sense” or a “practical wisdom.” This suggests that people who are conscientious will comply with behaviors that are deemed acceptable in a given culture. For example, a particular society may incorporate a set of cultural assumptions concerning the importance of protecting the well-being of their in-group. In this society, a person with the conscientiousness personality trait is likely to demonstrate behaviors that promote the group’s well-being. On the other hand, a person who does not have the conscientiousness trait may disregard these culturally prescribed behaviors and instead engage in behaviors that maximize self-interests.

An additional individual characteristic that moderates the relationship with behavior is self-efficacy, or a judgment of one’s capability to accomplish a certain level of performance (Bandura, 1997). People who have a high sense of self-efficacy tend to pursue challenging goals that may be outside the reach of the average person. People with a strong sense of self-efficacy, therefore, may be more willing to step outside the culturally prescribed behaviors to attempt tasks or goals for which success is viewed as improbable by the majority of social actors in a setting. For these individuals, culture will have little or no impact on behavior. For example, Australians tend to endorse the “Tall Poppy Syndrome” (Gibson, 1994). This adage suggests that any “poppy” that outgrows the others in a field will get “cut down;” in other words, any over-achiever will eventually fail. Interviews and observations suggest that it is the high self-efficacy Australians who step outside this culturally prescribed behavior to actually achieve beyond average (Gibson, 1994; Jenner, 1982; Limerick, 1990).

**Group-level moderators**

Past research suggests that group-level moderators, such as characteristics of the group itself, can moderate the relationship between culture and individual outcomes. In fact, Meltzer (1963) reported that group averages of variables predicted individual attitudes and behavior better than the individual’s own scores on the same variables, for dependent variables related to group-level phenomena, such as attitude towards an organization’s program, and own activity on committee projects. Over the last decade, more and more organizations have adopted team-based approaches to carry out work both in the United States (Lawler, Mohrman, and Ledford 1995; Osterman, 1994) and in Asia, Europe, and Latin America (Gibson and Kirkman, 1999; Kirkman and Shapiro, 1997; Manz and Sims, 1993). As a result, more employees than ever before are working in formal groups to accomplish their tasks, and managers have an increased need to understand the interaction between cultural and group effects on individual outcomes. Relationships with two types of group-level moderators will be described here: moderators related to the larger social or cultural group to which the individual belongs, and moderators more characteristic of smaller work groups.

In general, the moderating effect of group-level variables is more complex in nature than that of individual-level variables, making culture’s effects
seem less systematic. If the group’s characteristics are consistent with the culture’s characteristics, they will reinforce the direct effect of culture, and the relationship between culture and individual-level outcomes will appear to be very strong. On the other hand, if the group’s characteristics are inconsistent with the culture, they will counter the direct effect of culture, and the relationship between culture and individual-level outcomes will appear to be weak. Therefore, when culture matters depends not only on the group-level variables but on whether they reinforce or contradict the cultural configuration.

**Perception**

One social group level variable that will likely moderate the relationship between culture and perception is the extent of group identification. Some social groups are characterized by strong identification, such that a high proportion of group members know clearly and identify strongly with the group’s defining features. In North America, for example, the Canadian media often characterize Canadians as having little sense of self-identity as compared to their US neighbors (e.g., Byfield, 1997). As demonstrated in laboratory and field studies, being part of an identifiable, interdependent social group lowers self-awareness and heightens group awareness (Bettenhausen, 1991; Kernis, Grannemann, Richie, et al., 1988). Thus we would expect that members of a social group (or culture) characterized by strong group identification would notice more stimuli that are relevant to their group, and interpret them more in ways that are consistent with the group, than members of a social group with weaker group identification.

Another work-group level moderator is the extent to which groups develop a shared social reality, or a shared understanding of criteria for evaluating information and responses. Through social interaction in groups, members learn the labels with which they see and interpret their world (Bettenhausen, 1991). Group members, themselves, can influence the extent of the group’s shared reality by explicitly de-centering to understand and take into account different individual perspectives, and integrating their perspectives with respect to the task (Brown and Hosking, 1986; DiStefano and Maznevski, 2000). Members of groups which construct a strong, shared social reality are more likely to perceive and interpret stimuli based on that shared social reality, rather than based on schema related to culture.

**Beliefs**

Homogeneity is one social group-level moderator of the relationship between culture and beliefs. Social groups are more or less homogeneous on demographic characteristics such as age, gender, race, and education, or other factors such as ability or personality (Bettenhausen, 1991). Some national cultures are characterized by more homogeneity than others, such as Japan compared to Indonesia. The research conducted to date on homogeneity has focused on smaller groups, but the conclusions can be generalized cautiously to larger groups. Group members share more similar beliefs when their groups are homogeneous rather than heterogeneous (Bettenhausen, 1991; Levine and Moreland, 1990). In fact, in homogeneous groups, beliefs have a specific function: they serve to bind the group members together and help maintain homogeneity, reinforcing the cycle of cause and effect. Heterogeneous groups have many more of the characteristics that are associated with dissimilar beliefs, such as increased conflict (Jackson and Jackson, 1993; Pelled, Eisenhardt, and Xin 1999; Pfeffer, 1983), higher turnover (Jackson, Brett, Sessa, et al., 1991; O’Reilly, Caldwell, Barnett 1989; Pfeffer and O’Reilly, 1987; Wagner, Pfeffer, and O’Reilley, 1984), and difficulty reaching consensus (Bettenhausen, 1991). We would expect that in a social group characterized by homogeneity, culture would be a better predictor of individuals’ beliefs than in a more heterogeneous social group.

A work-group level moderator of the relationship between culture and beliefs is group polarization. Group polarization refers to the process by which group judgments tend to be more extreme than the judgments of individual members (Ziller, 1957). Group polarization tends to occur for two reasons: (1) group social comparison; and (2) persuasive arguments (Bettenhausen, 1991). In the first instance, group members alter their initial
beliefs to be consistent with the group norm. In the second, group members modify their beliefs based on the arguments presented during group discussions. Regardless of the source of polarization (see Isenberg, 1986 for a meta-analysis demonstrating support for both social comparison and persuasive argument), in highly polarized groups the relationship between national culture and beliefs is likely to be weaker than in non-polarized groups. Again, centrality of beliefs is the issue: in highly polarized groups, group beliefs are more central than national cultural beliefs.

Values

One social group moderator of the relationship between culture and individual’s values is the strength of the sub-culture (e.g., organizational culture) to which the individual belongs. Stronger sub-cultures are those in which more members strongly hold values that are consistent with each other (Sackmann, 1992). Individuals who belong to strong sub-cultures will likely have more values consistent with that sub-culture than with their national culture. For example, one of the authors has conducted research in a US company that has a very strong organizational culture, which differs from the national US culture on some important dimensions. In that organization, the company’s sub-culture likely better predicts individuals’ values than does the national culture.

A work-group moderator of culture’s effect on individual values is group cohesion, or the degree to which members of a group are attracted to other members and are motivated to stay in the group (Organ and Hammer, 1950). When a group member is attracted to a group and motivated to stay, he or she is likely to have bought into the values of the group and accepted what the group believes (Bettenhausen, 1991). In these circumstances, the work group values may be stronger predictors than the national cultural values. Cohesiveness has been linked to a variety of positive outcomes such as group performance (George and Bettenhausen, 1990; Littlepage, Cowart, and Kerr, 1989; Wolfe and Box, 1988), lower turnover (George and Bettenhausen, 1990; O’Reilly, Caldwell, and Barnett, 1989), and group resistance to disruption (Brawley, Carron, and Widmeyer, 1988). These outcomes, in turn, will also likely create more adherences to the values of the group.

Behavior

Specific dimensions of the culture itself can moderate the relationship between the cultural configuration and individuals’ behavior. For example, in highly individualistic societies, a broader range of behaviors is sanctioned by societal norms than in highly collective societies. For example, in the US, individuality is encouraged, while in Japan “the nail that sticks out will be pounded down” (Kirkman and Shapiro, 1997). Therefore, in individualistic cultures an individual’s behavior may not be as well predicted by other dimensions of the culture, or by the culture as a whole, than it is in collective cultures. Moreover, especially in collective cultures, people differentiate between: (1) “ingroup members,” or groups of individuals with whom they share attributes that contribute to their positive social identity; and (2) “outgroup members,” or groups with whom they do not share these attributes (Triandis, 1994; Triandis, Bontempo, Villareal, et al., 1988). Within collective cultures, then, behavior towards ingroup members may be more in line with cultural predictions than behavior towards outgroup members.

A work-group variable that will likely affect the relationship between culture and behavior is the group’s stage of development. Tuckman (1965) argued that groups experience four stages: (1) forming, or the joining of members in a group; (2) storming, or the conflict that immediately results from struggles for power and leadership of the group; (3) norming, or the reaching of consensus on how the group will operate and what it will do; and (4) performing, or the actual accomplishment of tasks. Although other researchers have demonstrated that this lineal sequence has many variations (e.g., Gersick, 1989), there is little doubt that in the early life of a group, members have not yet negotiated consensus around how the group will operate or the types of things the group should do. During these stages, culture will have more of an impact on behavior since it will be used as the “default” set of assumptions from which to begin
(Bettenhausen and Murnighan, 1991). However, in later stages or after a period of punctuated change (Gersick, 1989), the group will have developed some idiosyncratic behavioral norms for carrying out work. Much of what happens in these latter stages will occur through shared behavior predicted by the group’s characteristics rather than those of the national culture.

**Situational moderators**

In their recent essay on the state of the field of cultural psychology, Oyserman, Kemmelmeier, and Coon (2002, p. 113) highlight the importance of the situation in determining cognitive, affective, and behavioral consequences of culture. Specifically, they suggest that it is the “cultural-laden ways in which situations are construed – the subjective meaning they have for individuals” that ultimately determines culture’s consequences. This approach integrates cultural psychology with social cognition by arguing that culture matters because it influences subjective construal of situations, and it is these subjective construals that should be the focus of our attention (Oyserman, Kemmelmeier, and Coon, 2002). Thus, culture influences the sense we make of social situations – what seems central versus peripheral, what is desirable or valuable, normative or accepted, ultimately influencing how information is perceived, encoded, processed and remembered. A related approach, “situated culture” focuses on everyday situations faced by individuals and argues that cultures differ in features of these situations and that these features carry with them certain ways of thinking about the self (Kitayama, 2002).

We argue that it is also useful to consider specific aspects of situations themselves, what we call “situational moderators” that can influence the relationship between cultural configurations and individual-level outcomes. Because of their familiarity to most management researchers, we will focus here on the set of environmental dimensions identified in the strategy and organizational design literature as having a contingent effect on the level of performance associated with a particular strategy or design. These dimensions include uncertainty, complexity, munificence, and volatility (Burns and Stalker, 1961; Downey, Hellriegel, and Slocum, 1975; Hickson, Hinings, Clegg, *et al.*, 1988; Kotha and Nair, 1995; Lawrence and Lorsch, 1967). Recognizing that the degree of uncertainty or complexity (or any of these situational characteristics) is itself a matter of interpretation and perception that is open to cultural influences, we suggest that understanding the general (or average) perception of the characteristics in any given situation, and how that level of the situational moderator impacts culture’s influence on outcomes, can provide important insights. We will illustrate the moderating capacity of situational characteristics here using different elements of the environment, including the political, economic, social, and technological arenas, to demonstrate the breadth of scope that must be considered in understanding situational impacts.

**Perception**

As described above, one of the main purposes for cognitive schemas is to filter stimuli: individuals tend to pay attention to stimuli that are identified as important by their schemas and to interpret the stimuli in ways consistent with the schemas (Lord and Foti, 1986). Schemas play a particularly influential role in the initial sorting out of highly uncertain situations – those in which many elements are simultaneously present and changing – since it is in these situations that the individual is exposed to a large amount of stimuli. After the uncertainty has been present for a while, however, the individual will refine his or her schema to incorporate the new stimuli and relationships (Feldman, 1986). Since culture provides an important basis for initial schema development, we would expect culture to be a better predictor of perception at the onset of high uncertainty than in relative certainty or long into a period of uncertainty.

For example, in the economic sphere immediately after the Korean currency crisis, Korean cultural leaders and the media identified the problem as individual consumers’ overspending, and encouraged individual Koreans to do their part in turning the situation around. They implored people to stop spending money (especially on imports),
to save electricity, to work for less pay, and, in sum, to “do your part in reducing the strain on the economy” (Jordan, 1997; Pollack, 1997). These perceptions and subsequent recommendations are consistent with a collective culture orientation, in which each person sacrifices his or her own interests for those of the whole group. This reaction contradicted economic experts who argued that the actions were more likely to lead to economic stagnation than to growth (Pollack, 1997). Culture was a much stronger predictor of perception during initial uncertainty than rational economic reasoning was.

Beliefs

People exposed to a richer, or more munificent, environment develop greater cognitive complexity – a more complex belief structure (Triandis, 1994; Trompenaars, 1993). When there are more stimuli and more relationships among stimuli in an environment that is not threatening, the individual develops more beliefs and more relationships among beliefs. Therefore, beliefs of individuals who have been exposed to a munificent and varied environment are less likely to be associated with culture than those of individuals who live in a more restricted environment.

This relationship can be seen perhaps most vividly with respect to the social environment. For example, many people who live in urban areas of multinational cities such as London, Toronto, and Hong Kong are exposed to cultural manifestations – including food, theatre, languages, and practices – originating from many parts of the world. These individuals often incorporate beliefs from other cultures into their own belief system in ways that differ from any of the original cultures. However, individuals from the same national cultures but more isolated areas of their countries do not have the opportunity to sample such exotic fare, and are more likely to maintain a belief structure more consistent with their national culture (Triandis, 1994).

Values

The relationship between an individual’s culture and his or her values can also be moderated by uncertainty in the environment, particularly by uncertainty related to volatility. Large changes in an individual’s environment can affect values, especially if the changes threaten the stability of the individual’s (or culture’s) habitual way of life (Earley and Erez, 1997). In a society undergoing great changes, then, culture may be a weaker predictor of individual values than it is in societies undergoing less change.

This relationship can be seen in Russia, with respect to the political environment. Since the fall of Communism in 1991, individual Russians have embraced a wide variety of values. While some still value the hierarchy and traditions of Russia of the eighteenth century, others value a more western-style individualism and entrepreneurship (Ralston, Holt, Terpstra, et al., 1997). The same phenomenon has occurred in the Czech Republic, formerly part of Czechoslovakia, which was a member of the general alliance of communist countries. In 1989, Czechoslovakia underwent the “Velvet Revolution”, after which the country split itself into two semi-autonomous republics, Czech and Slovakia, and created separate legislatures (Machann, 1991; McGregor, 1991). The Czech Republic is now an emerging capitalist system. As the new political and economic systems have unfolded, individuals’ values appear to be evolving gradually as well (Earley, Gibson, and Chen, 1999; McGregor, 1991).

Behavior

The moderating relationship of situation on the role of culture in behavior can best be seen by classifying situations as “strong” or “weak” (Mischel, 1973; Shoda, Mischel, and Wright 1993). Strong situations are those in which environmental and social cues to behavior are clear, while weak situations do not present such unambiguous guides to behavior. An individual must interpret the events in weak situations with a more deliberate series of judgments to structure their own actions. Mischel (1973) and Shoda, Mischel, and Wright, (1993) suggest that individual differences (personality) influence action in weak situations, but that in strong situations individual differences are minimized. A parallel argument can be made for the
influence of culture: in strong situations, cultural configuration will not predict behavior as much as it will in weak situations (Maznevski and Peterson, 1997).

This relationship can be illustrated with an example from the technological environment. In an organization, there may be very specific procedures and equipment for completing a task, such as tools for manufacturing and assembly, rules and computer programs for quality assessment and control, and software packages for components design. These are all strong situations. In other parts of the organization, a strategy design team may be given the ambiguous task to “develop a global go-to-market strategy for this new product line.” This is a much weaker situation. In the strong situations, culture will influence behavior less than it will in the weak situations. Several researchers have obtained evidence that having standard scripts makes it much easier to transfer interorganizational knowledge because the process is standardized and does not have to be re-invented each time it occurs (Miner and Haunschild, 1995; Suchman, 1994; Zucker, 1987). Knowledge transfer is often ambiguous and uncertain, an inherently weak-situation process; by creating a strong situation with standard scripts, organizations decrease the ambiguity of the process and increase the likelihood that it will occur.

Discussion

We have presented a model which explicates numerous potential moderators of the relationship between the collective configuration of culture and the perceptions, beliefs, values, and behaviors of the people that belong to that culture. Using this approach, researchers can become much more specific about when culture matters, explaining more variance in individual outcomes across cultures and providing more insight for practicing managers. With so many moderators discussed, one begins to wonder whether culture ever matters at all. Our model does not imply that culture will have no influence on perceptions, beliefs, values, and behaviors. In fact, a large body of international management research has shown individual-level differences associated with culture even without assessing the effect of these moderators, suggesting that the direct effect of culture is in fact quite pervasive (see Erez and Earley, 1993; Oyserman, Coon and Kemmelmeir, 2002 for reviews). To explain this, we return to the four mechanisms through which culture influences individual outcomes: passive cognitive, passive social, active cognitive, and active social. These mechanisms account for a large proportion of individuals’ day-to-day information processing and social interaction, and it is only when the individual moves outside automatic mode – as influenced by the moderators identified here – that other elements will be more influential. Culture always matters, but there are certain circumstances in which culture matters more, and others in which culture matters less. We have attempted to present moderators that should help researchers and managers determine when culture matters more. We now turn to a discussion of implications for theory, research, and practice.

Implications for theory

This chapter highlights the importance of building and testing more complex relationships regarding the impact of culture on individual outcomes. One primary concern here is the challenge of crossing levels of analysis. As highlighted in the special forum in Academy of Management Review several years ago, this issue is just beginning to be incorporated into management research (Klein, Tosi, and Cannella, 1999). Given the centrality of culture (a collective construct) to international management involving the interaction of individuals (Bond, 2002; Oyserman, Coon, and Kemmelmeir, 2002; Morgeson and Hofmann, 1999), we suggest that international management research should be on the forefront of this type of inquiry. To expand this discussion, the relationships identified here could be elaborated upon in more detail, for example by linking different causal mechanisms with specific moderator variables.

In addition, much of the previous work on the impact of culture isolates one aspect of culture, usually individualism-collectivism, and examines its
impact on people’s behavior (e.g., Bochner, 1994; Cox, Lobel, and McLeod, 1991; Earley, 1989; Kim, Park, and Suzuki, 1990; Oyserman, Coon, and Kemmelmeir, 2002; Triandis, Bontempo, Villareal, et al., 1988; Wagner, 1995). People’s perceptions, beliefs, values, and behavior are likely to be influenced by more than one aspect of culture and more than one moderator of the relationship between culture and individual outcomes (Adler, 1997). Furthermore, aspects of culture are likely to work in concert (rather than singly) to form a more dynamic and complex explanation for individual outcomes (Kirkman and Shapiro, 1997). To be certain, the inclusion of multiple aspects of culture (i.e., one’s cultural value “constellation”) and multiple moderators must be balanced with pragmatic concerns such as survey lengths and the duration of interviews. However, to the extent that these limitations can be overcome, the inclusion of more variables will only ensure a more complete and relevant understanding of the complexity of culture.

**Implications for research**

Our literature review of cross-cultural studies revealed very few studies in which moderators of the relationship between culture and individual outcomes were measured (Earley, 1993 is an exception). We have pointed to a number of moderators that may affect the relationships between culture and individual outcomes. We believe that to advance the field of international management, future researchers must begin to include measures of moderators in their studies. To say that culture matters is not enough. International management research will advance to the extent that scholars can identify when culture is most likely to matter. We have provided direction for future research delineating which moderators may be most important depending upon whether investigators are examining perceptions, beliefs, values, or behavior.

We would also like to emphasize that our model necessitates changes in research design, particularly with regard to sampling and data analysis. Investigating the moderating effects we propose will require large, diverse samples. Statistical analyses with moderated relationships require larger sample sizes to account sufficiently for additional variables and lower degrees of freedom (Nunnally and Bernstein, 1994). In addition, testing for moderation increases the probability of multicollinearity between main effects and interaction effects because the latter is basically a product of the former (Nunnally and Bernstein, 1994). The statistical “centering” of the interaction term will likely reduce the presence of multicollinearity, however (Aiken and West, 1991).

We also agree with Bond (2002) that it is particularly important for researchers to explore measurement techniques other than explicit, paper-and-pencil measures of declarative self-knowledge. For example, we view as promising differently focused measures such as ratings of others (Bond, Kwan, and Li, 2000), and different sources of ratings such as ratings by others (Leung and Bond, 2001), as well as interview-based content analysis of expressions of values, such as that pioneered by Gibson and Zellmer-Brunn (2001). Fortunately, recent advances in statistical methods, including the increased accessibility of Hierarchical Linear Modeling for conducting regressions using data at multiple levels of analysis (Bryk and Raudenbush, 1992), should make this type of data analysis more feasible.

**Implications for practice**

As more and more managers become involved in the globalization of business, more fine-grained assistance is needed to help those managers take into account the important role of culture in affecting their employees’ perceptions, beliefs, values, and behavior. This type of approach has been advocated at a general level by authors such as Adler (1997) and Earley and Erez (1997). However, managers have a need for more specific guidance. In an age of declining resources and increases in the rate of change, managers must be more than ever need help in focusing their time and energy more tightly. Once researchers have investigated the moderators we have discussed, we will be better able to make generalizations for managers about which of the moderators seem to be
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strongest, and subsequently make recommendations about the degree to which managers should include cultural considerations when designing organizations or policies.

Conclusion

Managers should always take culture into account when developing and implementing strategies or human resources practices in other cultures. Our experience in working with managers in these situations has suggested time and time again that there are very few instances, if any, that culture simply does not matter at all. Managerial responsibilities are often divided and focused on many different concerns simultaneously. With progress in these directions, we can begin to identify the particular times when an ignorance of culture will be highly detrimental to the success or failure of management initiatives in foreign cultures, and other times when the norms of culture will not be so salient. We hope that future research will provide an effective template for alerting managers to situations when they must focus their energy and take responsibility for the role of culture in their organizations’ performance.

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