

Impact of Cultural Differences in Organizational Design

Executive Summary

National culture and identity are intuitively considered to be an influencing factor in the internal culture and identity of organizations. However, the manner in which specific cultural characteristics influence each part of organizational design and the characteristics of organizational members is not necessarily intuitive. The objective of this paper is to explore this theme in order to understand how significant culture truly is in shaping an organization.

To do this, the paper studies Toyota and General Motors within the automobile manufacturing industry, and Sony and Microsoft within the hardware and consumer electronics industry. The paper focuses on their history within these industries only. Aspects from both Japanese and American cultures; including customers, values, beliefs, family, lifestyle, education, language and communication, are studied. It was found that Japanese culture is more collaborative, with more value given towards the community rather the individual, whereas American culture is more individualistic and emphasizes expressive communication. This translates to more collaboration between suppliers, manufacturers, retailers, and even direct rivals amongst Japanese, a flatter hierarchical structure, although complex, etiquette and contextual based communication environment. In the United States, the result is more individualistic reward structure, risk-taking, results oriented view, with a more direct, straightforward and efficient communication environment.

Ultimately however, the paper finds that although sometimes applicable, these ideas are generalizations and do not necessarily apply to all organizations with a given cultural background. Furthermore, as globalization becomes even more important to organizational success, organizations must understand different cultures in order to improve their relationships with internal members as well as international partners and clients. In doing so, however, these organizations must begin to adopt a global identity, slowly evolving away from their initial national culture based origins. Finally, although it would be useful to attempt to take the best practices from each culture in order to create an even more high performing organization, it is not clear whether these characteristics can be taken separately in this manner, or whether organizational members with different cultural backgrounds would accept this hybrid model.