

The influence of Eastern and Western societal cultures in managing strategic change

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Abstract

Strategic change can occur in multinational organizations with employees from various societal cultures. However, theories about how culture influences employees' cognitive, affective, motivational, and behavioral responses to strategic change remain underdeveloped. In this paper we introduce under-explored social psychological mechanisms that can help scholars and practitioners better understand cultural variation in employees' responses to various types of strategic change interventions, and discuss how change leaders can manage intercultural differences.

Strategic change represents an important subject of study for strategy and organizational theory. Defined as an alteration in an organization's alignment with its external environment (Fiss & Zajac, 2006), strategic change is seen as not only a shift in organizational strategy, structures, and processes, but also as a psychological reorientation involving a "redefinition of the organization's mission and purpose or a substantial shift in overall priorities and goals" (Gioia, Thomas, Clark, & Chittipeddi, 1994: 364). Of particular importance for managing strategic change is understanding the sensemaking process (e.g., Gioia & Thomas, 1996) and how employees respond during the change process.

As organizations become more globally oriented, strategic change will increasingly involve personnel from different countries. However, empirical and theoretical perspectives as to how different societal cultures (alternatively called national cultures in this paper) influence employee responses to strategic change are insufficiently explored. Indeed, much research on strategic change sidesteps the role of societal culture, or has implicitly assumed a Western perspective. The danger of this approach is highlighted by findings on multinational corporations that reveal a "liability of foreignness" whereby such firms have encountered significant business underperformance because of difficulties in navigating issues stemming from societal culture differences (e.g., Zaheer, 1995). Indeed, counter to speculation that economic globalization has produced a universal, culture-neutral business psychology, cultural differences have sometimes been found to be more pronounced in business contexts than in non-business contexts (Sanchez-Burks & Lee, 2007). Thus, it is critical to understand how societal culture differences can produce divergent psychological responses in employees, complicating the change process.

Although scholars have accumulated compelling evidence for the influence of societal culture on a wide range of micro- and meso-level phenomena, such as decision-making,

interpersonal coordination, negotiations and conflict management, and multicultural group dynamics, less is known about how societal culture shapes employees' responses to macro-level phenomena at the level of the organization (c.f., Björkman, Stahl, & Vaara, 2007). We seek to fill this gap by introducing an explicitly cross-cultural framework to understanding strategic change. It is important to note at the outset that we focus explicitly on strategic change as opposed to other types of organizational change, such as modest-impact, small-scope, or routine-change because these types of change are likely to be perceived by employees as less consequential or disruptive; thus, employees can rely more on their learned or habitual coping behaviors. Thus, differences in societal cultures are unlikely to have a strong influence on employees' behaviors in such contexts, and are less relevant to the framework we propose below.

We recognize at the outset that our review and subsequent proposed model tends toward precision in terms of constructs and predicted relationships, while less fully reflecting the full complexity of the interactions among various societal, national, and occupational cultures in a multinational organization, which are often highly complex and thus somewhat indeterminate. For example, an organizational culture could evolve as a dynamic and continuously evolving negotiation about salient issues among managers from many different countries about how to work together effectively in a particular context. Exploring these complex interactions comprehensively is beyond the scope of this paper.

Nonetheless, we seek to contribute to the strategic change literature by cross-fertilizing it with a new perspective on societal culture. In particular, we draw on recent advances from the literature on the social psychology of societal culture to theorize how societal cultural differences in cognition, emotion, motivation, social judgment, and behavior influence individual employees' responses to processes of strategic change such as receptivity, mobilization, and

learning. This social psychological literature goes beyond earlier work on the relationship between self-reported cultural values and organizational dynamics (e.g., Hofstede, 1980; Schwartz, 1992) by identifying a wider array of phenomena influenced by societal culture; in addition, this literature also identifies important psychological mechanisms underlying cultural phenomena, adding additional insight and explanatory power in understanding cultural differences. Thus, our key goals are to inform the strategic change literature with a psychological perspective on societal culture and to demonstrate that change interventions that do not consider such a perspective might be of limited utility in a multinational context. The framework developed below is grounded in a social interactionist perspective (Hochschild, 1979) and assumes that individuals and groups can effect major change in organizations. Because societal culture shapes how people think, feel, and behave, it can fundamentally shape various processes of strategic change in which these people are engaged.

The remainder of this paper is organized as follows. First, we review the influence of societal culture on areas of social psychology relevant to strategic change and develop falsifiable propositions regarding critical change processes. Next, we identify factors that moderate the influence of societal culture on employees' responses to strategic change interventions. Third, we consider how change agents can bridge the cultural divides between East and West in an organization. We end by discussing implications for future research.

The Nature and Influence of Societal Culture

Following prior conceptualizations, societal culture refers to a group's distinctive beliefs and normative practices about what is true, valued, and efficient (Sanchez-Burks & Lee, 2007). Societal culture is inherently a multilevel construct: It exists in the minds of individuals, but also in the socially constructed material world in the form of organizational, economic, political, and

legal institutions and social practices. Though a cultural perspective has been present in the management literature at least since the publication of Hofstede's study of IBM workers (1980), the limited predictive validity of self-reported cultural values (e.g., individualism and collectivism, power distance, uncertainty avoidance) on behavior (e.g., Oyserman, Coon, & Kemmelmeier, 2002) has motivated social psychologists to develop new theoretical models of culture and employ a wider variety of methodological approaches to investigate culture's imprint on mental processes and social practices. In general, this approach has emphasized the importance of studying people's actual judgments and social behavior.

It is important to note that we focus on broad societal cultural differences between Eastern and Western cultures based on the strength of empirical findings in the social psychological literature to date. Although subtler differences certainly exist among social groups and nations within the "East" (e.g., East and Southeast Asian countries strongly influenced by Confucian values and ancient Chinese culture, such as China, Japan, Korea, Taiwan, and Malaysia) and the "West" (e.g., North American and Western European countries largely influenced by ancient Greek thinkers and the Judeo-Christian heritage, such as the United States, Canada, Western Europe, Australia, and New Zealand), a converging series of findings from research using different methodologies (e.g., lab and field experiments, surveys, and archival analyses) and populations (i.e., from students to working managers) show robust commonalities across the gamut of psychological phenomena (for a recent review, see Heine, 2010). For example, managers from diverse industries in China, Korea, and Thailand tend to increase their reliance on face-saving indirect forms of communication in professional contexts compared to non-professional ones, while Americans do the opposite (Sanchez-Burks et al., 2003). Thus, our discussion will limit itself to a general contrast between these two broad cultural clusters.

STRATEGIC CHANGE THROUGH THE LENS OF SOCIETAL CULTURE

The underlying link between the individual and the organizational in this article is inspired by Schneider's (1987) observation that individuals make organizations what they are. From this perspective, organizations are patterns of coordinated activities of interdependent parts, including people. Based on the interpretation-action models that describe momentum for change, both at the individual level (Lazarus, 1993) and at the organizational level (Dutton and Duncan, 1987), this article examines three critical process challenges related to the realization of strategic change: *receptivity to change*, *mobilization for change*, and *learning from change*.

Receptivity to change refers to organization members' openness to consider, individually and collectively, proposed organizational changes and to recognize the legitimacy as well as the personal and organizational consequences of such proposals. Mobilization for change refers to the process of rallying and propelling differentiated segments of the organization to undertake joint action and realize common change goals (Huy, 1999). Learning from change refers to the quality of the feedback loop between receptivity and mobilization for strategic change.

Receptivity to Change and Societal Culture

We posit that societal culture will shape employees' willingness to consider proposed changes and to recognize the legitimacy of these proposals. A review of the social psychology literature on culture suggests two important mechanisms that contribute to cultural variation in receptivity to change: (1) folk wisdom about stability and change, and (2) willingness to adjust to and take the perspective of others. These effects are further expected to be moderated by, (3) type of change, and (4) subjective time horizon. In the following, we assume that "Easterners" and "Westerners" refer to employees who are deeply socialized in Eastern and Western beliefs and traditions respectively. We consider the more complex issues of employees who have been

socialized in both traditions (biculturals) in a later section. Note that we make no a priori assumption about specific national origins.

Folk wisdom about stability and change. Research shows that relative to Westerners, Easterners understand that change is more natural and inevitable; moreover, Easterners feel more comfortable if their surrounding environment changes. For example, given the task of forecasting growth rates of the world economy and other events, Chinese and Americans were asked whether the current trend would continue or whether it would reverse. Chinese were found significantly more likely to predict a reversal of the current trend than were Americans, who predicted on average no change in the current trend (Ji, Nisbett, & Su, 2001). In a later study where research participants were asked to choose which of several linear and non-linear trends would best predict their happiness over the course of their lifetimes, Chinese tended to choose non-linear patterns (suggesting that they expected change at several points in time), whereas Americans tended to choose linear patterns (Ji et al., 2001).

These cultural differences in receptivity to change have been traced back to the influence on Eastern cultures of the philosophies and religions of the ancient Chinese, such as Confucianism, Taoism, and Buddhism. These intellectual and spiritual traditions emphasize a relatively cyclical type of reasoning. For example, a key theme in the folk religion of Taoism is the importance and inevitability of change; from this perspective, then, the world is inherently unstable and constantly in flux. The Buddhist religion also emphasizes the constant change inherent in the mental, physical, and social world. However, the Western cultural tradition, under the influence of the ancient Greeks, takes a more unitary, static, and linear view of the world. Some Greek philosophers argued that change was essentially impossible, and that objects could be only what they currently were or else would cease to be at all and become something

completely different; even when change did occur, this new path was then taken to be constant moving into the future (Nisbett et al., 2001).

Willingness to adjust to and take the perspective of others. Change imperatives, whether they come from outside the organization (e.g., a global financial crisis) or internally (e.g., when leadership decides to take a new direction) require many if not most employees to acquiesce to others' proposals about shifts in organizational strategy, core philosophy, and/or direction. Thus, change receptivity depends on the willingness and ability of employees to understand and adjust to others, a tendency that varies substantially across cultures. In one study, situations where people exerted influence over others were more memorable and had occurred more frequently in the past for Americans, whereas Japanese could remember more, and more recent situations that involved adjusting to others' desires or demands. A follow-up study showed that for Americans (but not for Japanese), influencing actions evoked strong self-efficacy and self-control, which are highly valued in the West; for Japanese (but not for Americans), adjustment behaviors elicited strong feelings of relatedness and closeness to others, which are valued in the East (Morling, Kitayama, & Miyamoto, 2002.)

People's ability to understand others' perspectives also varies across cultures. For example, in one study Chinese and American research participants played a game on an object matrix with a number of squares. One person, the "director" (actually an experimental confederate), told the other person, the "subject" (the actual participant), where different objects should be moved. Because the subject sat on the opposite side of the matrix from the director, the instructions had to be interpreted from the perspective of the other person in order for the objects to be correctly moved. An additional complication was that a piece of cardboard blocked some of the squares on the director's side, so the subject had to infer what the director could and could

not see. The results showed that Chinese subjects were not only much faster at the game, but they also made significantly fewer mistakes: 65 percent of American subjects failed to consider the director's perspective at least once during the experiment, but only one out of 20 Chinese subjects failed at any time (Wu & Keysar, 2007).

Taken together, the above findings suggest that receptivity to organizational change will likely be higher among Easterners than Westerners. Easterners generally see change as more natural and are better able to take the perspective of others, and thus may better understand or accept the rationale for the change proposal. This suggests the possibility that initial stages of organizational change may be more difficult for Westerners to accept than for Easterners.

Proposition 1a: *Easterners will tend to show higher levels of receptivity than Westerners to a proposed strategic change; this difference will be mediated by differences in folk wisdom about inevitability of change and willingness to adjust to others.*

First- and second-order change. Although the empirical literature in social psychology suggests greater receptivity to change in Eastern than in Western cultures, we believe this effect is likely to be further moderated by the nature of the proposed change. In particular, we suggest that Eastern societal cultures will be more receptive than Westerners to first-order change—that is, change that is perceived as consistent with long-established belief systems and that does not fundamentally change the belief systems themselves. However, cultural differences in receptivity to more radical, second-order change—proposed change in the actual belief systems themselves—could show lesser or even reversed cultural effects. The rationale for this hypothesis is that in Eastern cultures, interpersonal harmony is arguably the primary social issue, and individuals are continuously socialized to be aware of how their actions affect others (Markus & Kitayama, 1991). As change processes are naturally going to affect a number of

individuals, first-order change likely disrupts collective harmony to a much lesser extent than second-order change. However, interpersonal harmony is less important in Western cultures, and thus social disrupting harmony through second-order change should be less destructive.

To take the example of Japan, large-scale, second-order societal changes have occurred only twice in the last four centuries, both under strong external coercive forces: during the Meiji Restoration in 1868, when the country opened itself to foreign influences after 265 years of nearly complete isolation; and following defeat in World War II, when the emperor was removed from power and a constitutional democracy and norms of lifetime employment were established. Indeed, one Japanese executive from a large Japanese multinational, Sean Nemoto, explained this differential receptivity to first- and second-order change: “Japanese are faced with two tensions for making major changes happen in their societies and in their organizations. On one hand, our culture believes that change is natural in life, like the flow of a river. So we are very receptive to change. But on the other hand, if such change is likely to create disharmony, we are very reluctant to implement such changes. This explains why it is difficult to make major, disruptive changes in Japanese organizations and even in our society.” Thus, we propose:

Proposition 1b: *Easterners likely show equal if not lower receptivity than Westerners to proposed strategic change if the change is framed as second-order.*

Subjective time horizon. Strategic change can also be perceived along different types of time horizons, which can vary substantially across the East and West. That is, cultural differences exist in terms of whether people are oriented toward short- versus long-term consequences of events and decisions. Research has demonstrated that whereas Westerners are more oriented toward short-term targets and goals, Easterners are more oriented toward the long term (Hofstede & Bond, 1988; Maddux & Yuki, 2006). This is illustrated by the strategic

orientation of Toyota, which holds long-term decision-making (e.g., 50-year plans) as one of its core values. Empirical research confirms that Easterners generally have a stronger awareness of the long-term, indirect consequences of events and decisions. In a vignette study involving a CEO firing employees and implementing pay cuts, Japanese participants indicated that as CEO, they would take more responsibility for the effects of the firings on the employees and their families, whereas Americans took more responsibility for self-relevant consequences such as effects on the CEO's own career. The Japanese also assumed more responsibility for a very indirect, long-term event: a societal crime rate increase a year later, which could have been a result of a large number of people being out of work (Maddux & Yuki, 2006). Thus, cultural differences in time horizon should also moderate employees' receptivity to a proposed change.

Proposition 1c: *Easterners will tend to show lower receptivity than Westerners to strategic change framed as addressing short-term objectives and excluding the long term.*

Mobilization and Societal Culture

Mobilization requires an understanding and acceptance of the change rationale and a commitment that minimizes inconsistencies in operationalization. Thus, communications and action plans designed to address, spur, and support strategic change will be effective to the extent that they match the predominant societal cultural mindset. We suggest three social psychological factors will shape cultural variation in change mobilization: (1) affective responses, (2) relational versus collective social identity, and (3) regulatory focus.

Affective responses to events. Change mobilization effectiveness depends on the affective responses individuals have to the strategic change process (Huy, 2002). A change intervention that evokes emotions that are felt to be "situationally appropriate" is more likely to increase employees' desire to carry out the proposed change (George, 2000). This affective

response, however, is made more complex by deep-seated cultural variation in felt and valued emotions. In one study, East Asians and Westerners were asked to rate which of several emotions (e.g., excited, happy, calm, fearful) they valued most. Across different emotions, both positive and negative, East Asians indicated that they valued “low-arousal emotions” more than “high-arousal emotions”; Westerners, however, exhibited the opposite pattern, valuing high-arousal emotions more than low-arousal emotions (Tsai, Knutson, & Fung, 2006). Subsequent research revealed that this effect is mediated by locus of control: Westerners valued having high levels of self-control and being able to influence their own personal environment, which are facilitated by high-arousal emotions like excitement and happiness; East Asians, on the other hand, were more likely to have the goal of adjusting to and fitting in with others, which are facilitated more by low-arousal emotions such as calmness (Tsai et al., Study 2).

In another stream of research, Japanese were found to experience “socially engaging” emotions (i.e., emotions that are inherently interpersonal and social, such as sympathy, respect, and guilt) more strongly than “socially disengaging” emotions (i.e., emotions that are self-focused and more independent of the influence of others, such as pride, anger, and frustration); however, Americans exhibited the opposite pattern, valuing socially disengaging emotions more (Kitayama, Mesquita, & Karasawa, 2006). Moreover, Japanese respondents’ subjective well-being—their sense of satisfaction with life—was higher when they experienced socially engaging emotions, whether positive or negative, whereas Americans showed the opposite pattern. Indeed, recent research in a negotiation context has shown that exhibiting a high-arousal, socially disengaging emotion (anger) leads to beneficial effects for Westerners, such as obtaining more concessions when displaying anger, but Easterners make fewer concessions when they face angry counterparts (Adam, Shirako, & Maddux, 2010). Thus, we propose:

Proposition 2a: *Westerners will mobilize for strategic change more than Easterners when framing elicits high-arousal emotions (e.g., excitement, fear) or socially disengaging emotions (e.g., pride). Easterners will mobilize more when change proposals generate low-arousal emotions (e.g., calmness, sadness) or socially engaging emotions (e.g., sympathy).*

Relational versus collective social identity. Structuring incentives around different goals entails explicit framing about specific goals organizations highlight and reward. Such goals can be framed at different levels – individual, relational, and collective – which will in turn have different motivational effects across cultures. Studies have consistently demonstrated that Westerners tend to have goals oriented toward individual self-achievement, whereas Easterners tend to favor social relationships and intergroup harmony (e.g., Markus & Kitayama, 1991).

Although individual identity and achievement are valued and salient in the West, research has also shown that social identity is also highly valued in the West when contexts are framed in terms of the categorical boundary between ingroups and outgroups (Brewer & Chen, 2007). For example, even within “minimal group” situations in which participants are arbitrarily divided into groups based on random, arbitrary methods (e.g., randomly giving out different color T-shirts to different groups of participants and having the “teams” interact), Western individuals immediately show strong biases in favor of the in-group over the out-group (e.g., Tajfel, 1970). Subsequent research has demonstrated that Americans’ collective identity is activated by group membership regardless of whether individuals in that group have interpersonal relationships with each other, such as being fans of the same professional sports team (Brewer & Pierce, 2006).

However, social identity for individuals in Eastern cultures appears far more oriented toward interpersonal relationships, both within and across categorical group boundaries. In group contexts, Eastern identity centers on smaller groups, with individuals’ predominant goals and

identity built around their interpersonal relationships with others in those groups (e.g., Brewer & Chen, 2007; Yuki, Maddux, Brewer, & Takemura, 2005). Thus, minimal group effects tend not to emerge in Eastern countries at all (e.g., Heine & Lehman, 1997), suggesting that the categorical distinction between in-group and out-group is qualitatively different in the East. In other words, Easterners' collective identity is based on networks of relationships within groups, rather than the presence or absence of a group boundary.

Thus, change communications and behavioral prescriptions are likely to enhance motivation for mobilization within Eastern societal cultures when such communications emphasize how strategic change will enhance *relational social identity*—for example, when communications focus on the collective actions of work units that could improve interpersonal relationships among co-workers within and across small work groups. In contrast, change communications likely to mobilize Westerners more effectively involve describing how the proposed change will positively affect each individual's role and function within the change process or within the new organization, or framing the change messages in terms *collective social identity* – for example by highlighting the broad, overarching organizational objectives and making organizational identity salient.

Proposition 2b: *Highlighting relational social identity will increase mobilization for strategic change among Easterners, whereas highlighting individual achievement or collective social identity will increase mobilization among Westerners.*

Regulatory focus. Regulatory focus is a goal-pursuit theory that emphasizes the relationship between individuals' motivational orientation and the manner in which those individuals pursue goals. There are two general motivational drivers of behavior: (1) a promotion focus, whereby people are oriented primarily toward *approaching* positive goals, *advancing* their

interests, and finding ways of *attaining* goals, and (2) a prevention focus, when people are more concerned with *avoiding* negative outcomes and *preventing* mistakes (Higgins, 1997).

Research has shown systematic variation in the predominant regulatory focus across Eastern and Western cultures, with Easterners being primarily prevention-focused and Westerners being primarily promotion-focused (Lee, Aaker, & Gardner, 2000.) For example, Lee and colleagues (2000) presented Hong Kong Chinese and Americans with different versions of a hypothetical tennis match with the outcome framed in terms of potential gains or potential losses (i.e., “if the person wins/loses the match, he will win/lose the championship title as well as win/lose a huge trophy”). The results showed that Hong Kong Chinese rated the match as more important and their emotional reactions to the outcome as more intense when it was framed in terms of potential losses, but Americans viewed it as more important and rated their emotional responses as more intense when the match was framed in terms of potential gains. Other related research has shown that Easterners are more risk-averse than Westerners (Weber & Hsee, 1999), also suggesting a stronger relative motivation to prevent negative events from happening.

For Westerners, then, change communications are likely to be more persuasive when framed in terms of how the proposed change will positively affect the organization, and such messages should articulate what employees can do to achieve new organizational goals. For Easterners, however, it may be more effective to frame change messages in terms of how the proposed change will prevent negative events from happening and what employees can do to avoid disrupting implementation of the change. For example, the merger of two firms could be presented as an opportunity for growth, increased efficiency, and new creative opportunities for Westerners, but as a way to avoid company decline and repeating past errors for Easterners.

Proposition 2c: *Mobilization for change increases when action plans are framed in a*

prevention-focused manner for Easterners but in a promotion-focused way for Westerners.

Learning from Change and Societal Culture

The cultural nature of learning during strategic change lies in dynamics that arise out of change receptivity (interpreting change) and collective mobilization (implementing change). As attempts to implement the change will produce both successes and failures, learning occurs through feedback loops. Research in social psychology suggests two important factors that will influence such feedback loops: (1) motivation following positive and negative feedback, and (2) direct versus indirect communication.

Reactions to positive versus negative feedback. One of the ways learning occurs during strategic change is via feedback. Employees who implement new behaviors or processes likely experience a mixed record of success and failure due to the novel nature of change. These mixed feedback outcomes provide opportunities for learning.

As noted above, findings have revealed that Easterners tend to have a motivation toward self-criticism; this suggests that Easterners may tend to treat negative feedback as an opportunity for self-improvement; Westerners, on the other hand, show a stronger preference toward positive feedback that validates a positive view of themselves, suggesting that negative feedback may serve to demotivate Westerners. Indeed, in one study, Japanese and Canadian participants performed a test of creativity and then were given feedback on their performance. Half of the participants in each cultural group were given a difficult version of the test, so that the feedback on their performance was necessarily negative; the other half were given an easy test, so the feedback on their performance was necessarily positive. When participants were given the freedom to work as much or as little as they liked on a subsequent portion of the same task, Japanese worked harder and performed better after having received negative feedback, but

Canadians worked harder and performed better after having received positive feedback (Heine et al., 2001). In a subsequent study, different beliefs about the utility of effort were found to underlie these cultural differences: Compared to Canadians, Japanese had stronger beliefs in the utility of effort; that is, they believed that individuals and their attributes are more changeable and able to be improved upon. Thus, Japanese interpreted the negative feedback as an opportunity to work harder and potentially perform better on a subsequent task; Canadians, on the other hand, were more likely to see abilities as static and unchangeable—and were thus demotivated by negative feedback, perceiving it as diagnostic of their permanent inability to perform well in that domain (Heine et al., 2001).

Overall, this body of work suggests that during strategic change, Easterners will be more likely to learn during the strategic change process if the change is framed as an opportunity for organizational and self-improvement, or as a way to correct past inadequacies; Easterners may also be more receptive to negative feedback than Westerners. For Westerners, however, learning is more likely to occur if the proposed change is framed as a way for the organization and its employees to capitalize on existing strengths and take advantage of different opportunities that allow the organization to leverage such inherent abilities. In addition, Westerners may learn best from positive feedback. In essence, learning is facilitated when it validates the self-enhancement needs of the Westerners and the self-improvement motivations of Easterners.

Proposition 3a: *Learning during strategic change will be better among Easterners than Westerners when feedback focuses more on failures than successes and is framed as an opportunity for self-improvement. In contrast, learning will be better among Westerners than Easterners when feedback focuses on successes, framed as an opportunity for self-enhancement.*

Direct versus indirect communication. A related issue is how feedback and advice are

communicated during strategic change. This concern is particularly important for feedback following failure, or any negative feedback whereby an individual's reputation, face, and/or self-esteem are threatened (Brown & Levinson, 1987). A variety of research suggests that Easterners communicate in a high-context manner, meaning that information is conveyed and interpreted using an array of nonverbal and situational cues, wherein the underlying meaning of a message is indirect and must be inferred from the context (e.g., Hall, 1976.) In contrast, Westerners typically use low-context communication in which information is conveyed and interpreted directly, via the explicit meanings of spoken words themselves. In high-context cultures, people rely on indirect communication in large part because it transmits the core message but allows speakers to preserve face in public; in low-context cultures, face concerns are less salient in professional situations, and thus people rely on direct communication where there is clear one-to-one correspondence between literal and intended meaning of a message. For example, in one set of studies, managers from China, Korea, and Thailand were shown to rely on indirect communication to infer underlying meaning in what others say and to use indirect cues in their own messages to others; Westerners instead relied on direct communication with no meaning ambiguity (Sanchez-Burks et al., 2003). Importantly, this East-West difference was larger when tested in work rather than in other social contexts (Sanchez-Burks et al., 2003).

East-West differences in indirectness have been found to be similarly robust in other studies employing different methodologies. In a qualitative study of communication norms in real-world multicultural teams, for example, Japanese were very reluctant to say no, went to great lengths not to explicitly reject an idea or proposal even if the underlying meaning of their message is equivalent to a rejection (Brett, Behfar, & Kern, 2006). In negotiation studies, results show that Easterners often communicate their interests and infer the interests of other parties by

exchanging written proposals rather than by directly asking and answering questions about interests and priorities, which is more common among Western negotiators (e.g., Adair et al., 2007). These results imply that Easterners may be more accepting and may better learn to adapt their behaviors if their performance feedback is communicated indirectly, in a high-context manner; Westerners may be more accepting and learn better when performance feedback is communicated directly, in a low-context manner.

Proposition 3b: *Learning during strategic change will tend to be greater among Easterners than Westerners when feedback is conveyed indirectly. In contrast, learning will tend to be greater among Westerners than Easterners when feedback is conveyed directly.*

MODERATORS OF SOCIETAL CULTURE'S INFLUENCE ON STRATEGIC CHANGE PROCESSES

Obviously, people are individuals; they are not caricatures of their culture. Thus, not everyone in a particular culture will interpret organizational events or react to all situations in a manner that reflects the prevailing societal cultural orientation, nor will the same individual respond in a culture-consistent manner across all contexts. Although the cultural patterns we have reviewed have been shown to be reliable and robust for different cultural groups in general, other social psychological work has shown that specific contextual conditions will influence when individuals are most (and least) likely to think and behave in ways that are consistent with the predominant values and norms of their societal culture. In this section we identify some moderating factors to predict when societal culture likely matters most (and least) for managing strategic change. We propose that three factors likely reinforce or reduce culturally normative thinking and behavior: (1) contextual priming, (2) attentional pressures, and (3) affective climate.

Contextual priming. Cues in our immediate environment influence what comes to mind,

which in turn “primes” or “nudges” us to behave in certain ways rather than others. Contextual cues such as culturally relevant images or use of a specific language increase the salient culture and the likelihood that it will influence our thinking and behavior (Hong, Morris, Chiu, & Benet-Martinez, 2000). For example, Hong and colleagues (2000) recruited individuals socialized in both Western and Eastern cultures and asked them to explain the causes of different events. Before participants provided their explanations, half were briefly exposed to images associated with the East (e.g., the yin-yang symbol, Chinese characters); the other half were exposed to images associated with the West (e.g., Mickey Mouse, the Statue of Liberty). Consistent with predominant East-West patterns of causal attribution (Morris & Peng, 1994), individuals made more situational attributions when exposed to Eastern cultural cues and more individual attributions when exposed to Western cultural cues. Furthermore, managers who had been socialized in both Thai and U.S. cultures were found to rely on high-context, indirect forms of communication when primed with Eastern cues (e.g., words written in Thai) but switched to relying more on low-context, direct forms of communication when primed with Western cues (e.g., words written in English) (Sanchez-Burks et al., 2003).

These findings suggest that the influence of societal culture is likely to increase in environments explicitly associated with the dominant societal culture. In contrast, when employees are exposed to cues from a different culture (e.g., by taking opinion leaders in the organization to a retreat in a different country when introducing or reviewing strategic change) or from many cultures (e.g., an office with those HSBC bank posters, each depicting perspectives from a different national culture), the effects of their dominant societal culture should decrease.

Proposition 4a: *The influence of societal culture on employees’ receptivity, mobilization and learning will increase (decrease) culturally consistent cognition and behavior when*

individuals are exposed to contextual cues that make salient a similar (different) societal culture.

Attentional pressures. Cultural psychologists have also shown that people rely more on heuristics and mental shortcuts when the capability, resources, or motivation for more deliberative thinking is restricted. Analogous to the effects of contextual priming described above, limitations placed on an individual's attention have been shown to increase culturally consistent behavior. For example, a study of East-West attributions made by negotiators demonstrated that increasing attentional pressures by imposing tight deadlines amplified participants' use of culturally dominant tendencies: Easterners made more situational attributions and Westerners made more individual attributions when under time pressure compared to no time pressure (Chiu et al., 2000). Thus, the more employees are sensitive to the time pressure, the larger cultural differences will be.

Proposition 4b: *The more employees experience attentional pressure during strategic change, the more culture-consistent cognition and behavior increase.*

Affective climate. Diffuse positive and negative affective states play an important social function (Schwarz, 1990). For example, positive affect serves as a psychological and physiological marker of well-being, security, and progress toward one's goals (Fredrickson, 2001); in contrast, negative affect tends to signal that one's current mode of thinking and behaving is maladaptive or that something in one's immediate environment is problematic and requires one to search for restorative solutions (e.g., Schwarz, 1990).

Consistent with these findings, research has shown that individuals' behaviors are more consistent with their predominant cultural norms and values when experiencing negative affect compared to when experiencing positive affect. Compared to Eastern participants, Western participants tend to value individual expression more, demonstrate uniqueness rather than

conformity, and see themselves as more independent than interdependent (Markus & Kitayama, 1991). However, these tendencies actually reverse when Westerners are primed to experience general positive affect. In a recent study, Westerners (European-Americans and European-Canadians) primed to recall positive events, listen to uplifting music, or use the facial muscles involved in smiling by holding a pen in their teeth (as opposed to between their lips) valued self-expression less, preferred objects that reflected conformity rather than uniqueness, viewed the self in interdependent terms, and sat closer to others. In contrast, Asian-Americans and Asian-Canadians showed the reverse pattern across each of these measures under positive affect, becoming more independent and less interdependent (Ashton-James et al., 2009).

These results suggest that cultural differences likely amplify when people experience negative affect and decrease when they experience positive affect. Thus, change leaders can regulate employees' culture-consistent thinking and behavior via different affective climates.

Proposition 4c: *The influence of societal culture on employees' receptivity, mobilization, and learning will increase (decrease) their culture-consistent cognition and behavior when employees experience negative (positive) affect.*

When Cultures Collide: Interactions Among Actors from Different Cultures

We have theorized about how employees socialized in either Eastern or Western societal cultures respond to various strategic change interventions. The current section elaborates our model further by taking into account what research suggests might happen when societal culture perspectives clash. In other words, what may influence which of the two or more perspectives will ultimately emerge when actors (individuals, groups, work units) with different cultural perspectives interact. We propose two factors that may be important to consider in such situations: (1) status and power, and (2) organizational culture.

Status and power. Status refers to the order in which individuals or groups are ranked along some valuable dimension, whereas power is the ability to control resources (Magee & Galinsky, 2008). Status is ubiquitous in organizations as well as in social life and thus likely has a functional basis—for example, establishing social order and facilitating social coordination, thereby decreasing uncertainty. Indeed, in dyadic work-related contexts, researchers have shown that people prefer to operate in a system where one individual is dominant and the other is submissive (e.g., Tiedens & Fragale, 2003). And research has shown that groups composed of high-performing individuals without clear status differentiation among them are less effective and efficient than when hierarchical and role distinctions are present (Groysberg, Polzer, & Elfenbein, in press). In addition, status typically determines who has power, and thus controls resource allocation, in an organization which facilitates goal-directed behavior (Keltner, Gruenfeld, & Anderson, 2003). Indeed, those in power have been shown to be more likely to take action than are the non-powerful (Galinsky, Gruenfeld, & Magee, 2003).

Establishing a system for social coordination should have particular utility in the complex, ambiguous situations experienced by large multinational organizations undergoing strategic change. Thus, when individuals with different cultural perspectives are interacting, change agents' differential status may one important factor as to which societal cultural perspective will “win out.” Because employees higher in status and power are most likely to set the direction of the organization and to take goal-directed action, low-power individuals or those relatively low in status may necessarily defer to those with higher power or higher in status. Thus, the cultural perspective of the high status or high power individual is likely to be adopted.

However, although status and power may help coordinate which of two or more competing cultural perspectives will emerge, they may also have a deleterious effect on

managing cultural differences. This is illustrated in research that reveals how power and status reduce perspective-taking (Galinsky, Magee, Inesi, & Gruenfeld, 2006). For example, in one study, individuals were asked to draw the letter “E” on their foreheads. Those primed with power were more likely to draw the E so that they themselves could read it in a mirror (but an observer would see it backwards – □), whereas individuals primed with low power were more likely to draw the E so that others could read it. Another study revealed that high-power people were less accurate in reading others’ emotional expressions than low power people (Galinsky et al., 2006).

Such findings suggest that high-status and high-power individuals may reduce their persuasive ability because of reduced attention to alternative perspectives; in particular, they may be less likely to tailor their proposals to capitalize on the various psychological mechanisms operating in different cultures as they feel little constrained by situational demands. Thus, although status and power may determine which of multiple cultural perspectives is ultimately adopted, status and power may also inhibit cross-cultural effectiveness if they reduce individuals’ tendency to engage in perspective-taking and cultural adaptation.

Proposition 5a: *In situations with competing societal cultural perspectives, change agents’ status and power determine the dominant societal cultural perspective.*

Proposition 5b: *However, the larger the difference in status and power between change agents with competing societal culture perspectives, the less perspective-taking occurs, and thus, the more difficult it becomes to bridge cultural divides.*

Consistency with organizational culture. Organizations generate and sustain their own cultures that enforce certain values, norms, and practices that drive behavior (e.g., O’Reilly & Chatman, 1996; Schein, 1992). Indeed, some cultural dimensions have been conceptualized similarly at both the organizational and societal levels, such as individualism and collectivism

(e.g., Chatman, Polzer, Barsade, & Neale, 1998). Other dimensions or social psychological mechanisms are quite similar even though they are referred to or conceptualized differently across the literatures. For example, organizational culture dimensions such as innovation and stability (O'Reilly, Chatman, & Caldwell, 1991) are likely to be analogous to the concept of regulatory focus discussed above, with more innovative organizational cultures eliciting behavior focusing on achieving gains and positive outcomes, whereas organizations valuing stability likely focus their employees' efforts on the prevention of negative outcomes. Thus, the psychological mechanisms at play in different societal cultures could also operate in a similar way within organizational cultures.

One of the rare studies that have looked at the intersection between societal culture and organizational culture found that societal culture differences persist within multinational corporations despite the existence of a dominant organizational culture and mandates for consistency across operations abroad (Morris et al., 2008). This work examined societal cultural differences within four distinct branches of Citicorp Consumer Bank, which enforced the same informal and highly entrepreneurial organizational culture across branches in different countries. However, clear social network differences still emerged in American, Chinese, German, and Spanish branches: for example, fewer informal ties in the United States, suggesting a relatively transactional relationship orientation; greater concern for subordinates in China, suggesting a more hierarchical relational orientation; high frequency of job-related ties and low affective concern for colleagues in Germany; and greater longevity of ties and frequency of non-work communication in Spain, suggesting high sociability (Morris et al., 2008). Thus, different societal cultures are not necessarily subsumed by an overarching organizational culture.

Although the work reviewed herein demonstrates that it is ideal for change leaders to be

as flexible as possible with regard to societal culture, in actuality trade-offs are often necessary (e.g., when deciding on a global advertising campaign). However, because organizational culture may act in a similar manner as societal culture by establishing a common source of understanding and shared meaning for employees (O'Reilly & Chatman, 1996), when trade-offs need to be made, change agents likely achieve more collective alignment when they elicit societal psychological mechanisms that are consistent with the dominant organizational culture. For example, in a multinational organization with an informal and entrepreneurial organizational culture like Citigroup, framing change proposals in a promotion-focused manner that elicits high-arousal, socially disengaging emotions may be more effective than framing them in a prevention-focused manner that elicits low-arousal, socially engaging emotions. Even though this strategy may be less effective for Chinese employees in the Beijing branch than for American employees in the New York branch, greater overall understanding is likely achieved if Chinese employees can match the framing with the overarching organizational culture. Thus, closeness to organizational culture may be the next-best persuasive argument for change leaders operating in multicultural environments.

Proposition 5c: *When societal cultures conflict, the more a proposed change is framed closely to the social psychological mechanisms sustaining the organizational culture, the more employees will support it.*

Cultural Abilities That Facilitate Strategic Change in Multinational Organizations

The above discussion necessarily raises the question of how change agents can effectively manage cultural differences among their employees and various work groups. We suggest that this can be achieved by leveraging bicultural employees' ability to navigate multiple cultural worlds or by increasing employees' cultural intelligence.

Bicultural change agents. Culture and identity are closely tied together. When an individual's identity is made salient, so too is the collection of knowledge, perspectives, and relational styles associated with that identity. Individuals who have more than one cultural identity (e.g., biculturals) are therefore able to draw on two or more cultural repertoires depending on which identity is made salient in a particular context (Hong et al., 2000). Indeed, a growing body of work suggests that many individuals with two distinct cultural identities (e.g., a Chinese-American) can flexibly shift emphasis between identities and respond to the social world differently depending on which cultural identity is salient in a particular context (e.g., Chao, Chen, Roisman, & Hong, 2007; Cheng, Sanchez-Burks, & Lee, 2008). In turn, access to this broader repertoire has been suggested to yield a variety of performance benefits, including enhanced creativity, innovation, and professional performance (Tadmor et al., 2010).

The cultural ambidexterity afforded to biculturals suggests that bicultural change agents may be able to serve as a bridge between the societal cultures that make up their dual identity, in part through more accurate perspective-taking and thoughtful cultural translation of change proposals (Chiu & Cheng, 2007). Thus, bicultural individuals' potential to bridge societal cultural differences may not be thwarted even in situations where they are considered to be outsiders (e.g., the son of Korean immigrants living in the U.K. working with Koreans in Seoul). Importantly, bicultural ability does not have to be solely an individual-level characteristic; change leaders can deliberately build bicultural work units by appointing, for example, at least two co-managers who know and respect each other's cultures and have good interpersonal relations. These co-managers, in turn, can help their monocultural colleagues understand the perspectives of the other subgroup.

Cultural intelligence. Managing strategic change across societal cultures may be

enhanced through cultural competencies such as cultural intelligence (CQ), which refers to a person's ability to successfully adapt to new cultural settings (Earley & Ang, 2003). CQ can facilitate change agents' ability to accurately assess how other employees interpret a situation or a change proposal, thereby increasing the odds that these agents will be able to detect when misunderstandings occur and to adjust their assessment of others' interpretations.

Consistent with this reasoning, Imai and Gelfand (2010) examined intercultural negotiations among Japanese and Americans and found that negotiators high in CQ adopted more integrative negotiation strategies and invested more cognitive effort into accurately understanding counterparts from different cultures, subsequently creating more joint value than negotiators low in CQ. In particular, negotiators high in the motivational component of CQ (as opposed to the cognitive and behavioral components) were particularly effective in these cross-cultural negotiations. Thus, it may be that motivation to operate effectively in cross-cultural situations is more important than culture-specific knowledge or behavior. Recent work has also demonstrated that individuals who have lived abroad and adapted to foreign cultures show more creativity than those without such experiences (Maddux & Galinsky, 2009), suggesting that such individuals developed greater cognitive flexibility and CQ during their time abroad.

One particular challenge in increasing cultural intelligence in organizational settings is attention to both the relational as well as the task-related components of work. Studies reveal that employees can have difficulty attending to both task and social information at the same time, and when this occurs it is the social dimension that is often ignored (Sanchez-Burks & Lee, 2007). Particularly when managing change within cultures like those in East Asia, this inability to attend to "relational mindfulness" risks creating blind spots that inhibit change leaders' ability to accurately gauge the intended meaning of high-context communications as well as noticing

whether rapport, conflict or trust have been established (Sanchez-Burks, Bartel, & Blount, 2009).

Fortunately, there is culturally universal, highly diagnostic information about other's interpretations and likely future behaviors that are conveyed via non-verbal facial expressions that are leaked even when there are display rule to hide or mask such cues (Ekman, 1992). For example, unintentional displays of fear, anger, contempt, happiness, and surprise are similar across societal cultures and provide reliable information regarding individual and collective action tendencies (Bartel & Saavedra, 2000). Relationally mindfulness to the distribution of these emotional cues within collectives provide those change leaders with a gauge of support, antagonism or even confusion toward culturally conflicting change proposals (Sanchez-Burks & Huy, 2009). To deal with complex, unexpected multicultural difficulties that could emerge during strategic change, multinational organizations can increase the odds of change success by appointing bi-cultural or culturally intelligent employees in as many influential change leadership positions, assuming that these employees are also competent in task domains.

Proposition 6a: *The greater the representation of bicultural individuals and the higher the levels of cultural intelligence (particularly motivational and relational) among change leadership positions, the more strategic change is facilitated*

DISCUSSION

This research was motivated by the observation that the literature on strategic change has not sufficiently integrated a societal culture perspective. Yet abundant recent research on the social psychology of culture has found robust evidence that many if not most aspects of human psychology show substantial variation across different cultures; in addition, differences across societal cultures have even been found to be more pronounced in business contexts than in non-business contexts (e.g., Sanchez-Burks & Lee, 2007). Building on these findings, we suggest that

Easterners and Westerners can indeed react very differently, often in completely contradictory ways, to the very same change intervention (see the summary of propositions graphically summarized in Figure 1 below). Thus, our model brings an important contribution to the management of strategic change literature in that it questions the appropriateness of cultural neutrality that is implicit in current change intervention theories.

<Insert Figure 1 about here>

As many organizations expand their operations worldwide, often into remote countries in which very different societal cultures prevail, and as the need to carry out strategic change that affects employees from very different Eastern and Western societal cultures increases, our model suggests that extant culture-blind theories of strategic change may no longer be tenable. Ignoring the influence of culture in strategic change processes risks causing much harmful conflict and change underperformance in a multinational firm experiencing strategic change.

In addition, although we also sought to introduce a novel perspective on societal culture to the strategic change literature, we also expect that the current paper can also enrich the literature of the social psychology of culture from which we draw insights. This literature has focused mostly on the intrapersonal, interpersonal, and group-level effects of cultural differences. However, as this paper has shown, it is possible to extend the reach of the social psychology of culture into the realm of corporate strategy and organization-level processes of strategic change. This extension into strategic change in turn enriches the social psychology of culture: for example, thinking about the challenges of major change in countries such as Japan enabled us to hypothesize that although Easterners are more receptive to strategic change than Westerners, but this is likely to be true for first-order changes only. For second-order changes, Easterners' receptivity is likely to be equal to or lower than that of Westerners. This opens a new

research avenue for cultural psychologists. Developing the proposed model has also motivated the consideration of how societal culture and organizational culture might interact and the implications of such interactions as means of persuasion for strategic change. For example, we suggested that change agents may consider leveraging shared strong organizational culture to convince employees from different societal cultures to become more receptive and mobilize for the proposed strategic change. Shared organizational culture could be used as a means to attenuate strong conflicts stemming from differences in societal cultures if the latter become too salient. In sum, developing a theory that integrates insights from the literatures on strategic change and the social psychology of culture enriches both literatures simultaneously.

Limitations and Directions for Future Research

One important limitation of the current work is that it focuses on two broad regions of the world: East Asia and the West. However, as noted above, our focus was necessarily limited by the fact that extant research on the social psychology of societal culture is largely limited to these two areas. Clearly, scholars need to study other regions, such as Latin America, Africa, and the Middle East. However, as noted above, we believe that this social psychological approach to culture has distinct methodological advantages by not relying on self-reported measures of cultural values, which have been shown to have limited predictive validity (Oyserman et al., 2002). In addition, this literature allows us to bring to bear a wide range of psychological mechanisms (e.g., socially engaging/disengaging and high/low-arousal emotions, regulatory focus, locus of control, relational vs. collective social identity) that have not been sufficiently integrated into the management literature in general and the strategic change literature more specifically. Nevertheless, future research on the cross-cultural dimension of strategic change can clearly benefit by expanding its focus.

A second limitation is that the development of our proposed relationships is based largely (but not exclusively) on findings from laboratory and field experiments. Nonetheless, there is reason to be guardedly optimistic that many relationships are likely to be validated, ideally with some refinements. First, the effect sizes comparing studies of the same phenomena in studies done in the lab and in the field are typically highly correlated (e.g., Anderson, Lindsay, & Bushman, 1999). Second, many of the most robust laboratory findings have been replicated in the field or demonstrated through experimental and survey designs deployed within organizations with managers as participants (e.g., Sanchez-Burks et al., 2003). Third, although low external validity is a common conjecture made by management scholars regarding the major weakness of lab studies (see Colquitt, 2008), generalizability to different populations is only one component of external validity. Indeed, scholars have long noted that external validity is best established through a program of research involving multiple methods and settings (Cook & Campbell, 1979). Moreover, it is important to note that results from single studies conducted within any given organization or industry (often found in the management literature) may not apply in the same manner to other organizations, other industries, or, as the current review highlights, different societal cultures, unless multiple studies are done to validate their generalizability. And it is important to note that we drew the vast majority of our insights from multi-study, multi-method papers to develop our propositions. More importantly, however, the overarching goal of our paper is to open up new avenues of research involving the influence of societal cultures on strategic change. Testing hypotheses grounded in findings from laboratory and field experiments in organizational settings should allow researchers to enrich social cultural models of strategic change in ways that are not possible with any single research method.

Although we focused on strategic change in this paper for parsimony reasons, future

research should explore other organizational phenomena including corporate governance, top management teams, mergers and acquisitions, global research and development, and marketing and sales. In addition to more fine-grained research in various societal cultures, more complex interactions between societal cultures and other forms of culture, such as organizational culture and occupational culture, are certainly worthy of investigation. As the world becomes increasingly interconnected and organizations expand worldwide, these research topics are certainly timely, important, and exciting.

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FIGURE 1
Summary Model of Psychological Mechanisms
Affecting Strategic Change in Multinational Organizations

