

Geocentric Corporate Organizational Culture and Employee National Identity

Maria S. Plakhotnik
Florida International University, USA

Abstract: The purpose of this paper is two-fold. First, the literature on geocentric organizational culture is reviewed; second, the dynamics between geocentric organizational culture and employee national identity is suggested as a necessary direction for HRD research.

Organizational culture has been viewed as the solution to all problems, “a victim of a fetish for ‘managing’” (Smircich, 1985, p. 56), or “a seductive promise for managers” (Martin, 2002, p. 8). As many companies go global, they change their markets, structure, processes, practices, and culture. Some global companies attempt to build a new type of corporate organizational culture – geocentric. This corporate organizational culture is based on values and beliefs that are “comprehensive and compelling” for all employees, regardless of their national origin, ethnic background, or professional experiences (Kets de Vries & Florent-Treacy, 2002, p. 299). Jacoby (1970) predicted that “geocentric companies [will] become numerous...and ethnocentric companies exceptional” (p. 54). A recent examination of human resource management practices in 11 major American-based multinational corporations (MNCs) showed a growth among geocentric and a decline of ethnocentric organizations (Washington, 2001). Yet, very little is known about geocentric organizations. Most business literature on geocentric organizations focuses on quantitative measures, such as global production, sales, consumption, or investment (Jones, 2005). Research on social and internal changes in organizational practices of these corporations, and particularly in organizational culture, is limited (Jones, 2005).

Organizational culture is facilitated and changed by human resource development (HRD) professionals. HRD is responsible for ensuring cohesion among an organization’s practices, policies, processes, and culture. Therefore, HRD professionals should lead the research on geocentric organizational culture and its applications to practice. The purpose of this paper is two-fold. First, the literature on organizational culture in general and geocentric one in particular is reviewed; second, the dynamics between geocentric organizational culture and employee national identity is suggested as a necessary direction for HRD research.

Development of the Organizational Culture Concept

Pettigrew’s (1979) work is considered the first publication on organizational culture in U.S. academic literature (Hofstede et al., 1990). He examined the birth and evolution of the organizational culture of a boarding school using social dramas as the research design to “discuss how purpose, commitment, and order are generated in an organization both through the feelings and actions of its founder and through the amalgam of beliefs, ideology, language, ritual and myth we collapse into the label of organizational culture” (p. 572). For Pettigrew, culture is “a source of a family of concepts,” such as symbol, language, ideology, belief, ritual, and myth (p. 574) which relates to organizational functioning (e.g., leadership, control, norms, purpose) and provides a system of meanings that gives people a sense of reality and direction for actions.

In the 1980s, Japan’s phenomenal success and the decrease in U.S. production moved researchers to re-examine knowledge of organizational management. Combined with a growing

interest in organizational culture, three bestsellers emerged. First, Ouchi (1981) studied the Japanese approach and its applicability to U.S. business, which he called Theory Z. “The organizational culture consists of a set of symbols, ceremonies, and myths that communicate underlying values and beliefs of that organization to its employees” (Ouchi, 1981, p. 41). Like any person, “an organization over time develops a distinctive personality” –culture (p. 132). Development starts with top managers who identify values and patterns of behavior, “instill” them “in employees by their own example and pass them down to succeeding generations of workers” (p. 195). Second, Peters and Waterman (1982) researched sixty-two U.S. businesses to identify characteristics of the best companies. Discovering that “in Japan organization and people...are synonymous,” they suggest that “treating people –not money, machines, or minds– as the natural resource may be the key to it all” (p. 39). They discuss culture in two ways: “companies...as distinctive cultures” (p. 102), and as values that are conveyed in stories, slogans, legends, and myths. Market-oriented culture appeared to be a characteristic of successful companies in which all employees understood their duties due to clear company policies and procedures. Third, though the term corporate culture was used by other researchers, it became popular after Deal and Kennedy’s (1982) book. Since culture affects all aspects of an organization, successful corporations carefully “build and nourish” their cultures (Deal & Kennedy, 1982, p. 5), which include business environment, values, heroes, rites and rituals, and cultural network. A strong corporate culture represents “a powerful lever for guiding behavior” as it (a) provides clear rules for employee behavior and (b) creates a sense of belonging and pride which stimulate hard work (Deal & Kennedy, 1982, p. 15). These early developments in organizational culture influenced subsequent research in management and organizational studies. As these three works turned into bestsellers, organizational culture became a frequent headline in popular business literature and a tool for businesses to increase their competitiveness in the global market (Denison, 1990). Organizational culture was considered responsible for the successes of Black & Decker, Johnson & Johnson, and Apple, for the downfalls of Sears, Bank of America, and General Motors (O’Reilly, 1989), and for failures of international mergers and acquisitions, for instance, of the German-American DaimlerChrysler in late 1998 (Kets De Vries & Florent-Treacy, 2002).

Geocentric Corporate Organizational Culture

Globalization and the rise of multinational corporations (MNCs) brought more challenges to both researchers and practitioners who attempt to understand what corporate organizational culture should be to help increase organizational effectiveness. As some companies become global, they aim at building a new type of corporate culture-geocentric.

Why Geocentric Organizational Culture?

In the past two decades, MNCs have accumulated power to change the global economic, political, and cultural landscape. They are responsible for 40% of world manufacturing, including 85% of cars, 70% of computers, and 35% of toothpaste (Bartlett & Ghoshal, 2000). The 500 largest MNCs are responsible for half of the world’s trade (Rugman, 2000). Although the top 200 MNCs employ only one percent of the global workforce, their revenues account for almost one third of world economic activity (Anderson & Cavanagh, 2000). During the past decade, the number of MNCs almost doubled and the number of their foreign affiliates has quadrupled (Kuper, 2004). The headquarters of the 430 largest MNCs are located in the U.S., European Union, and Japan (Rugman, 2000). Their operations can be located in several dozen countries, each with different national cultures. Many MNCs have been approaching cultural differences as barriers to fast company growth and, hence, choose to replicate their

organizational practices, including their corporate organizational culture, in host country subsidiaries (Bartlett & Ghoshal, 2000). This home country-oriented approach, or ethnocentric orientation, leads to a global convergence of business practices and culture toward Anglo or American business models (Gupta & Wang, 2004) and “conveys [an] aura of corporate colonialism” (Begley & Boyd, 2003, p. 357). Negativity towards the ethnocentric orientation and anti-globalization feelings have made corporations address the question: “Can enterprise, which is a leading part of the *problematique* (political, economic, social and ecological), be also a leading part of the *pragmatique*, the set of practical constructive interventions that reduces future societal disorder?” (Perlmutter, 1984, p. 273).

Some MNCs have recognized the shortcomings of the ethnocentric orientation and have moved toward a global company with geocentric orientation (Perlmutter, 1984). Global companies attempt to be more pro-active in society by employing both profitability and public acceptance as criteria to measure their effectiveness and by establishing reciprocal relationships with other societal entities. They also seek new balances for independence and interdependence with others that would lead to win-win cooperation and to the creation of a more pluralistic global civilization. Geographic boundaries are “not barriers to potential products, business opportunities, and manufacturing locations” (Marquardt, 1999, p. 20).

What is Geocentric Organizational Culture?

Geographic boundaries are also irrelevant for global companies’ corporate organizational culture. These companies try to build geocentric, or “world oriented” (Marquardt, 1999, p. 20), organizational culture. Geocentric organizational culture “transcends cultural differences and established ‘beacons’—values and attitudes—that are comprehensive and compelling” for all employees, regardless of their national origin, ethnic background, or professional experience (Kets de Vries & Florent-Treacy, 2002, p. 299). These values, which are also expressed in the mission and vision of the organization, serve as a “common denominator of ethics practiced by its stakeholders, stockholders, managers, workers, and the international and local communities” (Mourdoukoutas, 1999, p. 49). To build such a culture, companies use policies and practices that aim at “engendering cultural commonalities” (Jones, 2005, p. 190). Some of these companies distance themselves from any cultural or national origins to have “*no national identity*” (Kets de Vries & Florent-Treacy, 2002, p. 298). A global company formerly known as *British Petroleum* has reduced its name to simply *BP*, which stands for *Beyond Petroleum* in one of its recent ads.

Kets De Vries and Florent-Treacy (2002) argue for the importance of leadership in building geocentric corporate culture. They researched values of top executives of global organizations and concluded that these leaders “establish a state of complementarity with the universal motivational need systems of their followers” (p. 296). This motivation system includes three ‘meta-values’: (a) community: leaders encourage support, commitment, and collaboration; (b) pleasure: leaders create a work environment where the employees enjoy working; and (c) meaning: leaders show employees their work improves others’ quality of life.

Tolbert, McLean, & Myers (2002) suggest that transforming organizational culture from ethnocentric to geocentric facilitates creation of a global learning organization, which should be “applicable across cultures ...and globally inclusive in practice and theory at all levels” (p. 463). They suggest that such culture involves (a) leaders who actively build such a culture, (b) organizational policies and processes that ensure a global approach, (c) HRD practices that are “consistent with the organization’s global philosophy” (p. 465), and (d) organizational emphasis of cultural awareness.

Marquardt (1999) developed A Global Success Model to help HRD practitioners contribute in building a global organization. The organizational culture component integrates five dimensions: global vision, global mindset, global values, global activities, and globe-able heroes. Global vision, which is “borderless and multicultural” (Marquardt, 1999, p. 48), refers to a company’s goals and direction. Global mindset is the ability to transcend nation or culture, division or function, and balance local and global. Global values “provide purpose and meaning” for people’s actions (Marquardt, 1999, p. 49) and include such values as global thinking, cultural sensitivity, and empowered global people. Global activities refer to activities and events that foster global vision, global mindset, and global values. Globe-able heroes are members of organizations whose qualities are respected by others; organizations also implement activities, such as mentoring, training, and development, to develop future globe-able heroes.

Geocentric Organizational Culture and Employee National Identity

Most research on organizational corporate culture is conducted for “technical” reasons focusing on tools and strategies that enable management to achieve organizational goals (Alvesson, 2002, p. 10), and research on geocentric culture is no exception. One of the main criticisms of such a focus is the possibility that organizational culture becomes equated with the management ideology, while values, norms, and behaviors promoted by top management represent only one aspect of organizational culture (Alvesson, 2002, p. 46). This approach reinforces corporate culture as an ideology, “as an instrument for the universalization of managerial interests, the suppression of conflicting interests and the perpetuation of corporate and societal hegemony” (Ogbor, 2001, p. 591). Managing organizational culture serves as a tool to control non-rational behaviors, to coerce, to erase employee identity and substitute it with one desired by management, and to limit employee creativity and autonomy (Ogbor, 2001).

HRD professionals should assume leadership to guarantee that globalization focuses on individuals and their present and future needs (Marquardt, Berger, & Loan, 2005). Therefore, HRD professionals should be aware of positive and negative dynamics between geocentric corporate culture and employees, whether in managerial or non-managerial positions. The dynamics between geocentric organizational culture and employee national identity is one interesting area. In other words, what does it mean to be Irish, Brazilian, Lithuanian, or Korean and work for a corporation that attempts to build geocentric organizational culture *regardless* of national origins of employees or the corporation itself?

Creating geocentric organizational culture involves transforming each employee’s mindset, beliefs, and behaviors so that he/she could become a part of a global organization or “a world citizen in spite of having a national identity” (Marquardt, 1999, p. 47). National identity refers to “self-location in a group and ... *affect* towards others in the group” (Citrin, Wong, & Duff, 2001, p. 74). National identity fosters love for homeland and its people, creates a sense of their uniqueness and distinctiveness and a feeling of belonging, and willingness to act in the interests of the group (Kelman, 2001). National identity cannot simply dissolve or be dropped (Citrin, Wong, & Duff, 2001).

National identity is one of many social identities of an individual. Social identity is “that part of an individual’s self-concept which derives from his knowledge of his membership in a social group (or groups) together with the value and emotional significance attached to that membership” (Tajfel, 1981, p. 255). These evaluative (knowledge of one’s membership) and affective (value and significance of membership) aspects of a social identity reside within an individual; however, they emerge within a specific social context (Citrin, Wong, & Duff, 2001). The context, including “socio-cultural discourses, national myths, and intergroup relations,” is

socially constructed and constantly changing (Jussim, Ashmore, & Wilder, 2001, p. 6). The context shapes and reinforces ideas about a group's beliefs, values, and uniqueness. Conversely, in a particular context an individual reevaluates the significance of his/her membership or the importance of a particular identity (Nkomo & Stewart, 2006). In the context of globalization, distance between cultures decreases and differences seem to blur, so people become more conscious about their cultural identities (Freedman, 1994). In organizations that undergo globalization, national identity becomes particularly relevant to employees' social reality. National identity might constitute "an especially powerful and compelling symbolic resource for conveying boundaries and expressing communality within them" (Ailon-Souday & Kunda, 2003, p. 1090). Employees mobilize their national identities to express their uniqueness and reinforce their sense of belonging, to find alliances with others, and to use their national identity as a strategy to achieve goals.

Understanding the dynamics between geocentric organizational culture and employee national identity will provide insights into the links between individual-level dynamics (national identity) and organizational context (geocentric organizational culture). Understanding how individuals interpret and mobilize their national identities can help HRD professionals foster a connection between individuals and organization, and, hence, build organizational culture. This research will also help HRD professionals understand individual and group conflict and create interventions for their prevention or elimination.

References

- Alvesson, M. (2002). *Understanding organizational culture*. Thousand Oaks, CA: Sage.
- Anderson, S., & Cavanagh, J. (2000). *Report of the top 200 corporations*. Washington DC: Institute for Policy Studies.
- Bartlett, C. A., & Choshal, S. (2000). *Transnational management: Text, cases, and readings in cross-boarder management*. Boston: Irwin/McGraw Hill.
- Citrin, J., Wong, C., & Duff, B. (2001). The meaning of American national identity: Patterns of ethnic conflict and consensus. In R. D. Ashmore & L. Jussim (Series Eds.) & R. D. Ashmore, L. Jussim, & D. Wilder (Vol. Eds.), *Rutgers series on self and social identity: Vol. 3. Social identity, intergroup conflict, and conflict reduction* (pp. 71-100). New York: Oxford University Press.
- Deal, T. E., & Kennedy, A. A. (1982). *Corporate cultures: The rites and rituals of corporate life*. Reading, MA: Addison-Wesley.
- Denison, D. R. (1990). *Corporate culture and organizational effectiveness*. New York: John Wiley & Sons.
- Gupta, V., & Wang, J. (2004). The transvergence proposition under globalization: Looking beyond convergence, divergence and crossvergence. *Multinational Business Review*, 12(2), 37-57.
- Hofstede, G., Neuijen, B., Ohayv, D. D., & Sanders, G. (1990). Measuring organizational cultures: A qualitative and quantitative study across twenty cases. *Administrative Science Quarterly*, 35(2), 286-316.
- Jacoby, N. H. (1970). The multinational corporation. *The Center Magazine*, 3(3), 37-55.
- Jones, A. (2005). Truly global corporations? Theorizing 'organizational globalization' in advanced business-service. *Journal of Economic Geography*, 5, 177-200.
- Jussim, L., Ashmore, R. D., & Wilder, D. (2001). Introduction: Social identity and intergroup conflict. In R. D. Ashmore & L. Jussim (Series Eds.) & R. D. Ashmore, L. Jussim, & D. Wilder (Vol. Eds.), *Rutgers series on self and social identity: Vol. 3. Social identity*,

- intergroup conflict, and conflict reduction* (pp. 3-16). New York: Oxford University Press.
- Kelman, H. C. (2001). The role of national identity in conflict resolution: Experiences from Israeli-Palestinian problem-solving workshop. In R. D. Ashmore & L. Jussim (Series Eds.) & R. D. Ashmore, L. Jussim, & D. Wilder (Vol. Eds.), *Rutgers series on self and social identity: Vol. 3. Social identity, intergroup conflict, and conflict reduction* (pp. 187-212). New York: Oxford University Press.
- Kets De Vries, M., & Florent-Treacy, E. (2002) Global leadership from A to Z: Creating high commitment organizations. *Organizational Dynamics*, 30(4), 295-309.
- Kuper, A. (2004). Harnessing corporate power: Lessons from the UN Global Impact. *Development*, 47(3), 9-19.
- Marquardt, M. (1999). *The global advantage: How world-class organization improve performance through globalization*. Houston, TX: Gulf Publishing.
- Marquardt, M., Berger, N., & Loan, P. (2005). *HRD in the age of globalization*. New York: Basic Books.
- Martin, J. (2002). *Organizational culture: Mapping the terrain*. Thousand Oaks, CA: Sage.
- Mourdoukoutas, P. (1999). *The global corporation: The decolonization of international business*. Westport, CT: Quorum Books.
- Nkomo, S. M., & Stewart, M. M. (2006). Diverse identities in organizations. In S. R. Clegg, C. Hardy, T. B. Lawrence, & W. R. Nord (Eds.), *The Sage handbook of organization studies* (2nd ed., pp. 520-540). London: Sage.
- Ogbor, J. O. (2001). Critical theory and the hegemony of corporate culture. *Journal of Organizational Change Management*, 14(6), 590-608.
- O'Reilly, C. (1989). Corporations, culture, and commitment: Motivation and social control in organizations, *California Management Review*, 31(4), 9-25.
- Ouchi, W. G. (1981). *Theory Z: How American business can meet the Japanese challenge*. Reading, MA: Addison-Wesley.
- Perlmutter, H. V. (1985). Building the symbiotic societal enterprise: A social architecture for the future. *World Futures*, 19(3-4), 271-284.
- Peters, T. J., & Waterman, R. H. (1982). *In search of excellence: Lessons from America's best-run companies*. New York: Harper & Row.
- Pettigrew, A. M. (1979). On studying organizational cultures. *Administrative Science Quarterly*, 24, 570-581.
- Rugman, A. M. (2003). Regional strategy and the demise of globalization. *Journal of International Management*, 9, 409-417.
- Smircich, L. (1985). Is the concept of culture a paradigm for understanding organizations and ourselves? In P. J. Frost, L. F. Moore, M. R. Louis, C. C. Lundberg, & J. Martin (Eds.), *Organizational culture* (pp. 55-72). Beverly Hills, CA: Sage.
- Tajfel, H. (1981). *Social identity and intergroup relations*. London: Cambridge University Press.
- Tolbert, A. S., McLean, G. N., & Myers, R. C. (2002). Creating the global learning organization. *International Journal of Intercultural Relations*, 26, 463-472.
- Washington, D. (2001). American-based multinational companies: A continuous progression toward higher levels of multinationality in multinational manpower management. Nova Southeastern University, DAI AAT 3018295.