

Introducing the Six Levels of Culture

National / Societal, Social Identity Group, Organizational, Functional, Team, and Individual

In today's rapidly changing business environment, it is imperative to understand the critical role culture plays in organizational growth and performance.

Over the past 25 years, TMC has developed unique expertise and solutions to help individuals, teams, and organizations develop cultural competence. The most critical step has been to develop an understanding of culture as the key process that allows groups to adjust to new environments or different conditions. The essence of cultural competence, as TMC defines it, is the ability to purposely reduce risk, enhance innovation, and maximize opportunities through both cultural differences and similarities. The perspective that cultural competence becomes indispensable when external conditions change lends TMC's approach particular relevance when tackling a range of risks, opportunities, and challenges related to change, efficiency, and innovation.

The first level of culture is the national/societal level, which has dominated the intercultural field for decades. Awareness of cultural dynamics and patterns by nationality is particularly relevant for (a) entering a new market for product, service, and/or talent; (b) cross-border division of labor; and (c) international outsourcing relationships. For example,

when companies such as Pfizer, Credit Suisse, or American Express outsource IT development, customer service, or clinical trials to a partner in India, they require a keen understanding of the cultural context that impacts the desired outcomes and processes. Likewise, Sony and Honeywell will need to skillfully navigate cultural differences in business and management practices for knowledge transfer and performance requirements in their operations in China and India. Companies focusing on opportunities in emerging markets have to understand culturally conditioned customer behavior to be successful.

Many companies in the intercultural field are content with addressing the above complexities; however, TMC finds that relevant impact can be realized only when culture is addressed at more granular levels, such as social identity groups, the second level of culture. With increasing migration, complex national histories, and overall demographic shifts, marking cultural boundaries with national borders is extremely limiting. The diversification of society has made differences by gender, generation, ethnicity, religious



beliefs and affiliations, and socio-economic class increasingly relevant. Workforce diversity and talent management concerns cannot be addressed with over-generalized national profiles. For this reason, the Boston Consulting Group, Volvo, ITT, and many other multinational organizations attempt to address inequitable gender representation. Companies like Air Products or IBM develop their managers and encourage them to address intergenerational differences on a global scale. Similarly, American Express, Bank of America, and Chase seek to serve their ethnically and religiously diverse customer groups through adaptive retention and service strategies.

The organization level, the third level of culture, is relevant because neither of the above two levels are meaningfully and sustainably addressed if organizations are not willing to scrutinize and then optimize their own cultures. Global organizations, such as Ernst & Young, that serve distinct customer and talent markets will need to develop an inclusive culture to truly unleash and leverage the diversity asset of the workforce. At the same time, corporate mergers and acquisitions frequently deliver below expectations, partly because cultural differences are underestimated and the cultural dynamics in an M&A experience are misunderstood. Many companies have

been victims to inadequate understanding and management of cultural dynamics in M&A integration.

In global organizations, functional cultures (i.e., the cultures created by business unit functions, such as human resources, R&D, marketing, etc.) are frequently as strong as differences on national/societal levels. For that reason, TMC addresses the functional level of culture and specifically cross-functional effectiveness as critical to high performance. Professional training creates a strong collective identity and encourages professional ethos, mindsets, and behavioral propensities. In practice, cross-functional product or management teams at Solvay Pharmaceuticals, Novartis, Honeywell Technology Services, IBM, and others have had to manage and leverage their differences carefully, bridging distinct cultural differences across their constituent units.

The team level, the fifth level of culture, becomes apparent when teams develop a distinct identity and culture over time in response to the organizational and/or market context, purpose, makeup, and leadership. Creating a team culture is no small feat, particularly when members are globally dispersed. The need to manage across time zones, language,



technology, and a broad spectrum of cultural differences increasingly defines the nature of work within global organizations. Both intact teams and interdependent work groups need to develop shared standards and practices for teaming or collaboration. Clients need to sharpen team leaders' and members' mind- and skill sets to effectively build global teams, and most employees in matrix organizations benefit from understanding how to collaborate effectively in such a complex and dynamic context.

Successfully addressing any of these cultural challenges is contingent on the sixth level of culture, the individual level. The building blocks of culture at any level are present in both intrapersonal and interpersonal dynamics. Understanding cultural conditioning and developing awareness can unleash powerful change and transformation. Leadership development, especially to fill the global leadership pipeline, benefits significantly when it is not reduced to individualized attributes and instead is accepted as a culturally conditioned social process.

When addressing the cultural underpinnings of key performance objectives such as efficiency, growth, or innovation, we frequently start by charting the interactions of each of these interdependent levels of

culture in the expectations, interpretations, and behaviors of those involved. TMC views the cultural phenomenon as an intricate hologram, with each fragment (e.g., the individual, small groups, etc.) containing the whole picture or gestalt of cultural configurations, and the reality residing in the structure, elasticity, and plasticity of the human mind. Recent advances in neuroscience have indicated a possible scientific basis for how this may work.

In future issues of the TMC RoundTable newsletter, the levels of culture will be explored in greater depth. We will showcase how TMC approaches challenges at each level and helps clients tangibly and practically maximize performance through the development of cultural competence.

