PraxisNote No.3

Cross-Cultural Management and NGO Capacity Building

How Can Knowledge Transferability Be Managed Across Cultures?

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The International
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In order to build NGO capacity in an international and development context successfully it is imperative to look at issues through a cross-cultural lens. This must not be an add-on or an afterthought. It must be integrated into a capacity building approach. The project *Management and Change in Africa: A Cross-Cultural Perspective*, funded by Danida and the Paris Chamber of Commerce, although focusing primarily on the commercial and public sectors, was the first of its kind to address issues of managing in a 'developing' region in a critical way and from a cross-cultural viewpoint. This project has important implications beyond Africa for the 'third sector' and for development NGOs in particular.

Four **PraxisNotes** outline the approach.

1. Why is a Cross-Cultural Approach Necessary? This outlines the cross-cultural management imperative and the importance of the project *Management and Change in Africa* to developing management and organisational capacity in non-governmental development organisations.

2. How Can Capacity Be Built Through Cross-Cultural Management? This focuses on the processes and practices of capacity building, drawing on results from the project.

3. How Can Knowledge Transferability Be Managed Across Cultures? This addresses the important issues of transferring knowledge and best practice in the cross-cultural context within which all development NGOs work.

4. How Should Impact Be Assessed Cross-Culturally? The assessment of impact involves a number of stakeholders often working within different cultural assumptions, in different power relations to each other. Assessing impact must be considered from a cross-cultural perspective.

The Issue of Transferability: Three Examples

This PraxisNote looks at the issue of knowledge transfer, particularly as it involves the transferability of 'best practice' from one situation to another; often transfers across different cultural contexts. Development NGOs operating internationally confront issues of transferability from one country to the next. Similarly Southern NGOs that look for guidance and support from

Northern NGOs, and from donor agencies, encounter issues when implementing 'borrowed' management technologies and concepts, including 'capacity building'. Here we look at three examples:

Example One: Managing Change

Textbooks on managing change tell us that employees need to be involved in the change process. Communication forums should be established in order to foster discussion and deliberation about what changes are necessary. Staff should be empowered so that decisions can be taken lower down in the organisation. This will also facilitate staff input into the change process, and encourages employees to take ownership of the change. After all, it is the staff who will have to implement the changes. However, this approach may give rise to a number of problems. Hofstede's (1980) concepts of 'uncertainty avoidance' and 'power distance' are enlightening here: change creates uncertainty. Hofstede proposes that cultures vary in their ability to cope with uncertainty. According to Hofstede's data, many Western countries (particularly the Anglo-Saxon and Scandinavian countries) have cultures with a high tolerance of uncertainty and ambiguity. Blunt and Jones (1992) and Kiggundu (1988) claim that many African cultures are not tolerant of ambiguity, and this may apply to cultures in other developing regions. Introducing change management methods that work well in Anglo-Saxon countries may only serve to increase uncertainty and anxiety.

According to Hofstede's (1980) concept of power distance, cultures vary on the acceptance and expectation of a distance between boss and employee, rich and poor, the powerful and the powerless. Kanungo and Jaeger (1990) suggest that

developing countries differ from developed countries in that the former have high power distance cultures: here it is the boss's job to do the managing. Change management methods that attempt to give ownership of the change process to employees may therefore be inappropriate. Other methods may need to be devised that are based in the local cultural reality, rather than hoping to transfer something that works in an Anglo-Saxon country to a situation that differs on cultural aspects such as power distance and uncertainty avoidance.

Example Two: Human Resource Management

A Southern NGO is involved in a bid for funding from a Northern donor agency. Its managers know that they first need to look at how the NGO can be more efficient and accountable in the way it employs and utilises staff. The Northern NGO partner has suggested that the managers from the Southern NGO adopt *their* approach and introduce human resource management systems based on the *competences approach*. This will ensure that they draw up job descriptions for each job in line with operational objectives. In order to carry out the duties of each job, the incumbent will require a set of competences (knowledge, skills and attitudes). Recruiting a new person to a job can subsequently be done on the open market where selection is carried out by matching an applicant's competences to the job requirements. They can reward the job incumbent according to his or her demonstration of necessary competences by means of achieving individual results in the job (quarterly and yearly targets can be set for this). Any deficiencies in individual competences can be addressed through training that will help the member of staff to achieve objectives. Promotion also, when this is available, can be made

according to individual competences and achievement of objectives.

Soon, the managers of the Southern NGO find that people are not performing. Individual staff are reluctant to 'stand out' in performance above their colleagues working in the same team. They find it difficult to recruit on the open market. Disciplinary action taken where staff are not performing comes under criticism. Leading members of the local community approach senior management to obtain explanations for why they are not favouring community nominees for jobs. Motivation, staff morale and commitment drops. Meanwhile the Southern NGO does obtain funding from the Northern donor agency.

Jackson (2002) points out that HRM (human resource management) is based on an assumption that individuals in organisations have instrumental value: they serve the executive objectives of the organisation. HRM has been developed in Anglo-Saxon cultures which tend to be individualistic and achievement-oriented and have a contractualising relationship between employer and employee. The *competences approach* reflects and reinforces this culture. Many cultures outside Western societies view people as valuable in themselves, for who they are (often as part of a community), rather than for what they can achieve; as an end in themselves - not as a means to an end, as is reflected in the concept of human beings as a 'resource'. Where organisations have established contractualising relationships with employees, this often contradicts the nature of the local cultures[1], causing alienation and lack of commitment among employees. A relationship-

orientation built on mutual obligation and trust may be more important.

Working with the local community may also be more important than contracting staff on the open market according to theoretical criteria, rather than employing people who can be trusted, and on whom social pressure may be exerted, if they do not perform. For example, Mutabazi (2002) describes a company in Rwanda that developed an approach to employment in which work substitutes were found among friends and family in the local community. This attracted people into the life of the organisation, which in turn contributed to integration with the local community.

Apart from illustrating an inappropriate transfer of management principles from North to South, this example also highlights the role of power relations; Southern NGOs may be adopting inappropriate practices imposed by conditions laid down by Northern donors, often due to a lack of cross-cultural sensitivity.

Example Three: The Capacity Building Concept

The notion of 'capacity building' is confusing, ambiguous and 'somewhat imprecise' (Lewis, 2001). It appears to be linked in with some of the issues discussed above in our previous two examples. It is an approach that many Northern NGOs facilitate in their Southern partner organisations. Capacity building concepts may well grow out of assumptions in Northern cultures rather than the exigencies of Southern contexts and cultures. It may have connotations of efficiency, effectiveness and accountability. Hence, it may well contain 'packaged' approaches such as HRM *competences approaches*; the type that Kaplan (1999) has argued forcibly against. Kaplan's approach is rather to 'listen' to the needs of Southern NGOs.

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[1] In Africa Dia, 1996, proposes that organisations were tacked onto African society.

As Lewis (2001) suggests 'capacity building' appears to have its parallel in the commercial sector in Organisational Development (OD), which pre-dominantly takes a *process approach.* Comments above on Western concepts of Change Management are relevant here, as both capacity building and OD approaches often have a 'participatory' orientation. Focused on change, they advocate similar dynamics to those discussed above, where uncertainty avoidance and power distance may be issues. They also often take an *'organisational learning' approach* (e.g. Taylor 1998, Britton 1998). If we look in more detail at the aspects incorporated in organisational capacity building according to Khadar and Perez (2003), we can highlight some of the potential cross-cultural difficulties[2]:

- *People Orientation.* Individual knowledge, skills, and attitude development must be combined with team-building and organisational systems that channel human abilities and resources to achieve organisational goals (Khadar and Perez, 2003). Yet this may reflect an instrumental approach to people as 'resources', rather than as stakeholders of the organisation, as part of a wider stakeholder community. The *competences approach* to HRM would fit well with this concept, and may therefore be based on a view of the value of people that is out of line with local cultures.

- *Internal and External Change Processes.* Capacity development must address the need for organisational flexibility and creativity to adjust to continuous changes in the surroundings.

Transformational change processes must be initiated and sustained in organisations (Khadar and Perez, 2003). Yet, in addition to our comments above regarding Western Anglo-Saxon change management approaches, and how they might engender uncertainty, the perceived level of the flexibility (malleability) of staff and their own perceived ability to influence outside events (locus of control) has been called into question by Kanungo and Jaeger (1990). Smith et al's (1994) data appear to confirm that many developing countries have an external locus of control, indicating that staff and managers believe that many outcomes are beyond their personal control.

- *Adaptive Capacity.* Organisations must adapt their services to changing stakeholder needs. This requires environmental monitoring and responsiveness to changing circumstances (Khadar and Perez, 2003). Yet, comments in the previous paragraph indicate a potential transferability problem related to this aspect of capacity building which Khadar and Perez consider important (2003).

- *Organisational Complexity.* There is a need to move beyond managing organisations as isolated entities towards managing complex programmes, partnerships, alliances, and networks (Khadar and Perez, 2003). Yet, this aspect raises a whole number of problems associated with transferability across cultures, many of which are highlighted by Bhagat et al (2002). One particular issue is

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[2] Headings are author's own.

the transfer of tacit knowledge of complex systems from cultures that are individualistic (and tend to rely on explicit, codified knowledge as exemplified by many developed and Western countries) to cultures that are collectivistic (and rely on tacit knowledge, exemplified by many developing and non-Western countries). Bhagat et al also describe the extent to which cultures are vertical (high power distance) or horizontal (low power distance), and the difficulties in transferring organisational knowledge between them. The way organisational complexity is conceived and managed may present a whole raft of issues concerning transferability of principles and practices across cultures.

- *Experimentation and Learning.*
  Capacity development involves experimentation and learning-by-doing, as well as reflection and analysis, to keep the capacity development efforts on track and learn from successes and failures (Khadar and Perez, 2003). Yet, as has already been noted in PraxisNote 2, 'learning' as a concept varies across cultures. So much so that the Anglo-Saxon notion of learning is difficult to translate even into other European languages. Such a concept is learner-centred and process-focused. The emphasis is on process, or how to learn, rather than on the content, or what you know. Many other non-Anglo-Saxon approaches to 'teaching', such as the French,

are more content-focused. It is therefore likely that notions of 'capacity building' may be problematic across cultures.

Firstly, in Northern cultures other than the Anglo-Saxon ones, alternative notions may prevail. For example, from the point above regarding the difficulty of transferring the concept of 'learning', to the French context, efforts to develop NGOs through capacity building may be more content-focused rather than process-focused. It may not therefore be an accident that initial Praxis research in France suggests that the concept of 'capacity building' is seen as an Anglophone concept. Furthermore, the French tend to emphasise the human resource dimension of capacity building and the technical capacities of staff to implement activities as opposed to organisational capacity building through collective learning and change processes (Sorgenfrei 2004).

Secondly, such notions may be variously received by different Southern cultures where the transferred approaches do not correspond to local cultural assumptions. For example, as pointed out in PraxisNote 2, the Anglo-Saxon concept of the 'learning organisation' may be inappropriate in a developing country context, as it is based on the idea of experiential learning and learning as a process, which may be at variance to, for example, African notions. It also relies on the perception of organisations as 'open systems' that are instrumental and pursue the executive goals of the organisation; systems in which the purpose of learning is to fulfil executive goals. If this is part of a capacity building approach, this may be contrary to a culture that has a more humanistic view of people (see PraxisNote 1).

Managing Transferability Across Cultures

The transfer of knowledge does not happen in a vacuum. Above, this PraxisNote has indicated some aspects that should be considered when attempting to transfer knowledge across cultures. However, other aspects and processes must be considered, and those which need far more investigation are outlined here (see Figure 1).

1. *The nature of knowledge and its transferability.* Bhagat et al (2002) describe organisational knowledge as either complex or simple, explicit or tacit, and independent or systemic. Complex knowledge gives rise to more causal uncertainties and the amount of factual information needed to convey such knowledge is greater than in the case of relatively simple knowledge. Across cultures, more needs to be understood and held in common than in the case of more simple organisational systems. Modern organisations and technologies are complex, and therefore likely to require an examination of cultural commonalities and differences, before knowledge can be successfully transferred. Explicit knowledge is highly codified and relatively easy to transfer. Yet much knowledge that is held in common in organisations and cultures is assumed, and related to the context within which people live and work. It is not codified and therefore it is difficult to transfer. This is a highly problematic area for the successful transfer of knowledge. Often cultural differences are ignored, or similarities are assumed, where the transfer of knowledge is undertaken purely at the explicit, codified level. A related area is the extent to which knowledge is embedded in the organisational context, whether it is relatively independent of this context, or systemic knowledge relying on the organisational context and the body of knowledge existing within it to give it meaning. The more this is the case, the more tacit the knowledge, and the more difficult it is to transfer that knowledge across cultures. This requires a careful examination of the nature of knowledge, what assumptions are being made about the knowledge, and how it may be codified and adapted to other complex organisational systems.
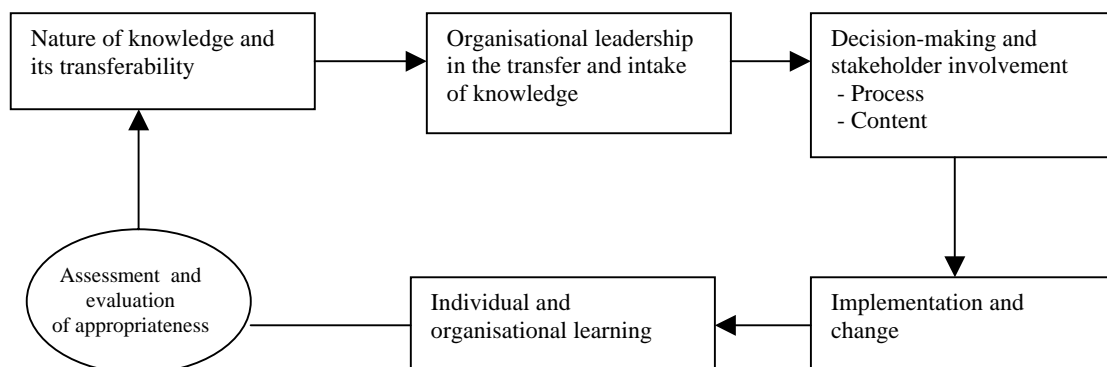

Figure 1 Organisational and cultural factors in the transfer of knowledge during the capacity-building process.

2. *Organisational leadership in the transfer and intake of knowledge.* Cultural differences in management styles and leadership, organisational hierarchy as well as the way decisions are made in the target organisation may influence first the identification of relevant knowledge, the intake of that knowledge, its internal dissemination and uptake, and the organisational learning processes. Bhagat et al's (2002) problematic of transferring knowledge from individualistic to collectivistic, and from lower to higher power distance cultures has already been noted. The way organisations are managed may be influenced by such societal and cultural factors. Furthermore, there may be incongruences between best practices in Northern NGOs and what may be successful in Southern NGOs. Yet, these aspects may be considered in a far broader regard. The management education of organisational leaders in Western-oriented schools, colleges and management institutions may lead them to favour Western approaches to managing, and to seek management knowledge from Northern NGOs. These approaches may prove to be inappropriate, posing problems of acceptability and applicability lower down in the organisation. These aspects should therefore be carefully examined.

3. *Decision-making and stakeholder involvement.* This in part relates to leadership factors discussed above but more specifically involves the process and content of decision-making.

   a. *Decision-making process.* There are significant differences among countries in the way decisions are made in organisations, and we have indicated above that

these may relate to factors such as power distance, locus of control, and uncertainty avoidance. We are particularly concerned here about the level of participation, inclusion and empowerment of the wider stakeholder base, as this may have implications in the decision-making process for assessing the appropriateness of imported knowledge and technologies. The project *Management and Change in Africa* (Jackson, 2004) noted the apparent lack of involvement of wider stakeholders in decision-making at the strategic level. Decision-making at this level often includes the decision to import management processes and technologies. This is the level at which decisions should incorporate a wider indigenous knowledge from employees and community in order to determine the fit between imported and indigenous knowledge. However, it often does not happen. This needs to be considered carefully. In local membership-based NGOs, member participation in decision-making may be inhibited by cultural factors. A case study from Senegal of the decision-making processes in the women's organisation FAFS showed that, despite formal democratic procedures, the majority of the women from the local associations did not contribute significantly to the decision-making process, as the idea of influencing strategic decisions and taking initiatives in the organisation was unfamiliar to them; they expected the leaders to take on this role (Sorgenfrei 2001).

b. *Decision content.* The nature of decisions relates to the fabric of values within a society. We have already given the example of the instrumental regard for people as 'resources', which may be contrary to a more humanistic view in many developing societies, where people see themselves as having intrinsic value. Many decisions have a value content, especially when they relate to and affect people with particular value sets (such as employees and stakeholders in the local community). Importing management principles may go against local cultural values, and may even be seen as unethical. Recruiting staff on the open market, rather than from the local community in consultation with community leaders may be such an example. Importing concepts of gender equality may also go against local cultures, and serious and sensitive consideration needs to be given to how opposing ethical views should be addressed. The decision-making process as well as the decision content tend to be influenced by the power imbalance between Northern and Southern partners. The imposition of Western views of accountability and efficiency as a condition for funding, for example, may itself be an ethical issue.

4. *Implementation and change.* This PraxisNote has already considered the appropriateness of change management methods across cultures, and why extant (often Anglo-American) management principles often fail in other cultures. In particular, it has covered such cultural differences as the way uncertainty and ambiguity is handled, the way hierarchy is structured, and the way participation/empowerment is managed. Local stakeholders ought to be included in discussions about the way change is implemented and who is involved, and methods should be devised that are conducive to local practices and values. This may entail on the one hand wider stakeholder consultation and involvement, and on the other hand much clearer guidance to employees about what should be done, as well as the reason for and nature of their involvement.

5. *Individual and organisational learning.* This is another aspect considered above, including the difficulties of transferring Anglo-Saxon concepts of learning across cultures. Yet, the ability of an organisation to assimilate lessons from the appropriate and inappropriate transfer of knowledge and actually to act on such knowledge is important. This is related to the hybridization of management systems that was examined in the project *Management and Change in Africa* (see PraxisNote 1). In order to manage better this process, and to ensure that hybrid systems are adaptive to their environment, Jackson (2004) suggested that it is necessary to:

a. Understand the complexities of local operating constraints, and how these might be turned into opportunities.
b. Accommodate the interests of multiple stakeholders.
c. Develop effective decision-making processes that give voice to those interests.
d. Obtain commitment and motivation from managers and staff by reconciling conflicts between work and home/

community life: organisations and management principles should be conducive to local values and expectations.

e. Assess the appropriateness of management techniques within the local socio-cultural context.

f. Manage the dynamics of multiculturalism where there may well be cultural differences within the organisation, as well as cultural differences between Western and non-Western (e.g. African) values.

g. Develop an awareness of one's own cultural values and the way they influence how one manages, as well as how one assesses the appropriateness of management processes and technologies.

Appropriately transferring management knowledge of best practice in capacity building is an important issue. Successful transfers of capacity building concepts and approaches essentially depend on the way they are adjusted to the local context, and whether they are applied in a culturally sensitive way. Appropriateness, rather than simply effectiveness, is an issue in knowledge transfer that forms an important part of how the impact of capacity building may be assessed. This is the subject of PraxisNote 4.

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