“Managing the workplace in a globalized world”

A study on the impact of intercultural differences on corporate real estate decision-making and the workplace characteristics of multinationals

Student: E. B. (Evelien) Plijter
First mentor: Dr. Ir. D.J.M. (Theo) van der Voordt
Second mentor: Dr. Ir. R.C. (Roberto) Rocco de Campos Pereira
Examiner: Ir. C.R.E. (Christian) van Ees

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Outline

Research introduction

Theme one: national culture in corporate real estate decision-making

Theme two: national culture and workplace characteristics

Conclusions and recommendations
RESEARCH INTRODUCTION
Research question

“What is the role of national culture in corporate real estate decision-making and how does this relate to the workplace characteristics of multinationals?”
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CREM

“Aligning the portfolio and services to the needs of the core business, in order to obtain maximum added value for businesses and to contribute optimally to the overall performance of the corporation” (Dewulf et al, 2000).

(de Jonge et al, 2009)
CREM
CREM

Cubicles

Cellular offices
Research question

“What is the role of national culture in corporate real estate decision-making and how does this relate to the workplace characteristics of multinationals?”
Introduction national culture

“The collective programming of the mind that distinguishes the members of one group or category of people from another” (Hofstede, 2005)

National versus corporate culture
Different mix of practices and values

‘A fish only discovers its need for water when it is no longer in it.
Our own culture is like water to a fish. It sustains us.
We live and breathe through it’
(Trompenaars and Hampden-Turner, 1997)
Introduction national culture

- Small power distance
- Large power distance
- Collectivism
- Individualism
- Femininity
- Masculinity
- Weak uncertainty avoidance
- Strong uncertainty avoidance
- Short-term orientation
- Long-term orientation
Relevance

- The productivity and satisfaction of an employee are determined by many factors, amongst other the workplace and the facilities.

- ‘the optimal design for one person or group may not be the optimal design for the other’ (van Wijngaarden, 2011)

- National culture can influence the appreciation of the workplace.

- “In a world of globalization, companies often have to cope with cultural differences within the organization” (Dewulf, 2000)
Relevance
“In a rapidly globalizing world multinationals have to deal with intercultural differences regarding their corporate real estate management. It is not clear what the role of national culture is in corporate real estate decision-making and how this relates to the workplaces characteristics. In addition, there is little guidance if multinationals decide to align their real estate to the national culture”
Methodology

Phase 1
- Literature CRE decision making
- Literature National culture
- Literature Workplace characteristics
- Hypotheses National culture in CRE decision making
- Hypotheses National culture and workplace characteristics

Phase 2
- Conclusions
- Interviews (10 companies)
- Case studies (2 companies, 3 countries)
- Conclusions

Phase 3
- Conclusions and recommendations
Methodology – Interviews

- SYBASE®
- Microsoft®
- PHILIPS
- postnl
- TCPdesk
- Unilever
- ABN·AMRO
- IBM
- UPC
- Unilever
- Shell
Methodology – Case studies
Research themes

Theme 1
National culture in CRE decision making

Theme 2
National culture and workplace characteristics

Research introduction
THEME 1: NATIONAL CULTURE IN CRE DECISION-MAKING
What is the relationship between national culture and corporate real estate decision-making of multinationals?

• Do multinationals align their real estate to national culture?

• Why do or don’t multinationals align their real estate to national culture?

• How, when and by whom are corporate real estate decisions made and how does this influence the alignment to national culture?
What is the relationship between national culture and corporate real estate decision-making of multinationals?

- Do multinationals align their real estate to national culture?
- Why do or don’t multinationals align their real estate to national culture?
- How, when and by whom are corporate real estate decisions made and how does this influence the alignment to national culture?
Do multinationals align their real estate to national culture?

**Literature**

‘National culture is taken into account within the workplace environment, but subconsciously.’ (van Wijngaarden, 2011)
Do multinationals align their real estate to national culture?

Findings interviews

Is national culture taken into account in the real estate strategy?
50% yes, 50% no.

None of the companies has a central policy about the alignment to national culture

When national culture is taken into account, this is indirectly by allowing for flexibility in the strategy (but not subconsciously)
Do multinationals align their real estate to national culture?

Findings interviews – Example ABN AMRO

Global guideline: square meters per function

“We do not simply assume that a workplace concept designed for the Dutch office, will also work for our office in Hong Kong”

The Netherlands: flexible, large workplaces

Hong Kong: designated, small workplaces
Do multinationals align their real estate to national culture?

Findings interviews – Example Philips

Workplace innovation program

Global program, central decision-making

Implementation almost equal
Why do or don’t multinationals align their real estate to national culture?

Literature

Criteria other than culture are deemed more relevant to strategic workplace decisions; the most logical criterion in the development of workplaces and workplace strategy is ‘function’ (van Wijngaarden, 2011)
Reasons to not align RE to national culture

Findings interviews: alignment to the business / corporate culture

“The workplace has to meet the demands of the core-business, not the demands of the national culture” (PostNL)

“Unilever does not manage the cultural differences, because these are being overruled by other objectives of the organization”

“Corporate culture is more important than national culture; we want to create a ‘little TOPdesk abroad’ (TOPdesk)

“The workplace innovation program is aligned to the business values which are very important for the business (Philips)

“Corporate culture is definitely more important than national culture; IBM is a global company and wants to show this (IBM)
Reasons to align RE to national culture

Findings interviews: supporting the primary process

“To provide a pleasant working environment in which people feel comfortable”

• ‘I cannot just say: Poland, this is what your call center will look like’ (UPC)
• ‘The offices are aligned to the hierarchy of country, otherwise the local employees cannot do their job effectively’ (ABN AMRO)
• “If a manager in Saudi Arabia does not have a large office, people do not take him seriously and he will not be able to do business” (Microsoft)
CONCLUSION

THEME 1: NATIONAL CULTURE IN CRE DECISION-MAKING
None of the companies has a central policy about the alignment to national culture.

Every real estate portfolio is to some extent aligned to national culture.

When national culture is taken into account, this is done indirectly.

Real estate decision-making cannot easily be characterized with ‘centralized’ or ‘decentralized’.
THEME 2: NATIONAL CULTURE AND WORKPLACE CHARACTERISTICS
How do intercultural differences influence the workplace characteristics of multinationals?

**Philips Research**
- Headquartered in the Netherlands, Philips employs over 120,000 employees with sales and services in more than 100 countries worldwide
- Strong corporate values
- WPI
- Focus R&D

**Sybase**
- SAP company
- Industry leader in delivering enterprise and mobile software to manage, analyze and mobilize information.
- 4000 employees in 60 countries
Workplace characteristics

- Lay-out of the office
- Use of the office: shared, flexible, personal
- Privacy
- Place of the management, meeting rooms, meeting rooms, services
- Number of workplaces: Ratio’s
- Relation with outdoors: Outside view, daylight
- Differentiation in the types of workplaces
Dimensions of national culture

- Power distance
- Individualism
- Masculinity
- Uncertainty avoidance
- Long term orientation

Germany
Great Britain
Netherlands

Theme 2
Power distance

This dimension deals with the fact that individuals in societies are not all equal; it expresses the attitude of the culture towards these inequalities.

In case of a high power distance, it seems to be more likely that there is differentiation in workplace based on hierarchy (Hommels and Rakestraw, 1996; van Meel, 2000).
Power distance

Power distance index - Sybase

Germany

Great Britain

The Netherlands
Power distance

Power distance index - Philips

Germany

Great Britain

The Netherlands
Power distance

Power distance index

No relationship found during case studies:

• Power distance almost equal
• The differentiation in workplaces is low in Great Britain and the Netherlands, low in Germany in the office of Sybase but higher in the office of Philips
Masculinity/femininity

The fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what you do (feminine)

Steelcase (2009) concludes that they did not find conclusive evidence about the relationship between the masculinity and space.

Expression of status
Match found for Germany and the Netherlands, but not for Great Britain
Masculinity/femininity

Masculinity versus Femininity

Other researchers hypothesize the relationship between the design of the workplace and the masculinity (Kloet, 2007; Steelcase, 2009).

Match found for Germany and the Netherlands, but not for Great Britain
Uncertainty avoidance

The extent to which the members of a culture feel threatened by ambiguous or unknown situations.

Companies in an uncertainty tolerant society are relatively open to new ways of working and will sooner adopt new spaces and processes (Steelcase, 2009).
Cultural analysis

Uncertainty avoidance

Germany

Great Britain

The Netherlands

Theme 2
CONCLUSION

THEME 2: NATIONAL CULTURE AND WORKPLACE CHARACTERISTICS
Accommodation choice model (Ikiz-Koppejan et al., 2009)

Step 1: Gathering information about the organization (e.g. processes, corporate culture)

Step 2: Determining real estate ambitions

Step 3: Determining conceptual choices (e.g. workplace characteristics)

Workplace
- Type of office
- # people in the office
- Use of the workplace
  - Place of the management
  - Place of the (in)formal meeting rooms
  - Place of the functions
- Privacy
- Relation with outdoors
- Differentiation

National context (van Meel, 2000)
- Urban setting
- Market conditions
- Labour relations
- Regulations

National culture
- Small power distance ↔ Large power distance
- Collectivism ↔ Individualism
- Femininity ↔ Masculinity
- Weak uncertainty avoidance ↔ Strong uncertainty avoidance
- Short-term orientation ↔ Long-term orientation
CONCLUSIONS & RECOMMENDATIONS
Theme 1

- For most multinationals:
  - central guidelines that focus on hard factors
  - details of the workplace concept decided bottom-up by the local management

- The amount of aspects that are explicitly managed by central real estate departments vary per company:
  - from a short space standard to an extensive workplace concept.

- None of the companies that cooperated in this research has a central policy about the alignment of the workplace to the national culture.

- All companies in this research have their real estate portfolio to some extent aligned to the national culture. The alignment to national culture can be characterized as ‘indirect’
Theme 2

Case studies showed a relationship between specific cultural characteristics and the workplace

**Literature**: strongest relationship between the cultural dimensions power distance and individualism and the workplace

**Empirical research**: strongest relationship between the cultural dimensions masculinity and uncertainty avoidance

**Expression of status**

**Most influenced** by national culture: the type of office, the number of people in the office, the privacy and the place of the management and the differentiation in the workplace based on function level
Recommendations for CREM

• There is not one single best solution for the workplace management of multinationals

• Managing the workplace in an international setting requires a balance in meeting the needs and requirements of different (groups of) users. One should take into account both organizational and individual needs, as well as national and corporate culture

• Although global standards will help to provide an efficient and uniform workplace, some flexibility in the standard will help to meet the demands of specific user groups.

• Let the local management or employees decide about workplace characteristics that do not directly influence the results of the business
Recommendations for CREM

• The fact that the design promotes communication is an crucial factor for the multinationals team

• A certain flexibility in workplaces can also be helpful. When different kinds of workplaces are provided, for instance in case of activity based working, and people can choose an environment in which they feel comfortable
Concluding remarks

“Awareness of intercultural differences and the impact on the perception of the workplace, can improve the productivity and satisfaction of the employees. Therefore, by focusing on this field of study many corporate real estate departments can increase their added value to the core business”
Thank you for your attention
Recommendations for further research

- Research in other cultures, e.g. Asian cultures, can provide new insights.
- Research about how innovative workplace concepts may in different cultures can improve the concepts and implementation.
- Additional quantitative research is recommended.
- Additional research about the influence on the satisfaction and productivity of the employees can provide insight into the relevance of this subject.
- Research on the influence of specific cultural dimensions.