

LEIZ CASE STUDY #3

**“We are truly a global
organization!”
The documentary “American
Factory” under the lens
of the Transcultural Learning
Model**

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LEIZ CASE STUDY SERIES

Relational Economics in Practice. An Introduction and User Guide

Josef Wieland

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The research program of relational economics constitutes the core of the Leadership Excellence Institute Zeppelin | LEIZ. Building on the publications of the Springer series "Relational Economics and Organization Governance" and the annual conferences of the emerging relational economic community, a theory is developing and establishing itself that represents a paradigm shift in the field of economics: the unit of analysis is no longer the actor or the market, but the relational transaction in its complex, polyvalent, uncertain, context- and time-dependent constitution. The aim behind this is to come closer to an understanding of the real conditions and consequences of economic action. For this reason, and in view of the fact that the corresponding conceptual description tools are now available, it seems highly plausible and expedient to focus even more on examples of application. If relational economics has the declared aim of depicting economic realities as precisely as possible, then such an undertaking of practical application should not only be productive in terms of concrete recommendations for decisions, but should also, in turn, further confirm the relevance of the theoretical concept.

The series of case studies presented here aims to offer nothing more and nothing less: We invite students, practitioners and colleagues to join us in trying out what relational economics has to offer in its application to real case studies. The analytical tools available for this purpose are briefly presented below in order to provide our readers with a kind of instruction manual without implying that real-world complexity can be dealt with in a one-size-fits-all manner. Rather, the analytical steps proposed here are intended to help describe a relational transaction as a basis for then working out more context-

and time-specific options for action. This is carried out using the stakeholder model as the basic analytical structure, which is complemented in the respective cases by further case-specific methods derived from the toolbox of relational economics.

The attitude of a thorough and competent detective is required if one really wants to capture and describe a relational transaction appropriately: identifying and analysing the stakeholders involved, their resources and interests, and above all their mutual interaction, which, in turn, changes them, play a central role before further theoretical building blocks of relational economics can be applied. Accordingly, this analysis step also forms the common denominator with which the analysis of all the case studies collected here finds its starting point. For this reason, the stakeholder model is placed in the foreground in this user guide and is now briefly explained - other models are then introduced in the individual case studies and discussed in the application of these cases.

Stakeholder Model of Relational Decision Making

The theory of relational economics defines a firm as a nexus of stakeholder interests and invested stakeholder resources and corporate action via relational transactions that combine, in a cooperative and productive manner, the interests and resources of the stakeholders involved. The fact that, in particular, this takes place across cultural and sectoral boundaries is emphasised here and is related to the claim to take the real complexity and uncertainty of economic activity into account – thinking, for example, of global value creation networks or of the requirements from the ESG discussion.

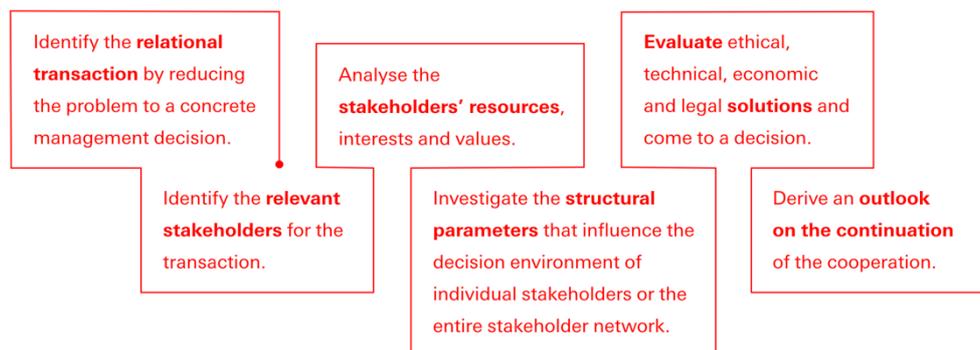
In order to derive a management decision in a specific constellation – for example, in the situations depicted in the LEIZ case studies – the stakeholder model provides the basic framework (Wieland 2020: 97ff.) and is presented here in a condensed form for the given purpose. The application of this model reveals the time- and context-specific microstructures of the relational processes and structures. It comprises six steps:

1. **Reducing the problem to a concrete management decision.** This concrete management decision ideally is a clearly narrowed down yes/no/alternative decision. This decision is the relational transaction that is to be analysed in the subsequent steps.
2. **Identifying the relevant stakeholders with reference to the transaction.** This includes the identification and prioritisation of the involved individual or collective stakeholders. Depending on the transaction, the stakeholders can be, for example, employees, management, customers, suppliers, investors, competitors, NGOs, political institutions or the public.
3. **Analysing the respective stakeholder resources, interests and values.** This entails a thorough look at the polyvalent constitution and motivation of each stakeholder. Such resources and interests could be, for example, economic, political, moral or professional, and the values can be, for example, performance values, communication values, cooperation values or moral values, that need to be combined and balanced.
4. **Investigating the problem along the structure of the decision environment.** This requires checking the relational transaction in-depth via the following eight structural parameters (Wieland 2020: 99):
 - I. Decision-making stress (for example, due to political or media pressure)
 - II. Intrapersonal values conflicts (for example, conflicting values arising from role-based expectations)
 - III. Inter-organisational values conflicts (for example, ideals held by the collective actors that are non-negotiable for them)
 - IV. Intercultural values conflicts (for example, differences in the moral doctrines of different groups)
 - V. Information deficits (for example, regarding the scope and consequences of an assigned task)
 - VI. Communication deficits (for example, resulting from the type of communication between the network partners)
 - VII. Responsibility diffusion (for example, who is responsible for creating and solving a given problem and on what grounds)
 - VIII. Rules deficits (for example, resulting from the lack of private or state regulation, or from its unenforceability).

5. **Evaluating ethical, technical, economic and legal solutions and reaching a decision.** In most cases, this decision combines ethical, technical, economic and legal approaches by evaluating the transaction-specific advantages and disadvantages of the available decision logics and considering their interdependency.
6. **Deriving an outlook concerning the continuation of the cooperation.** The question here is what new commonalities have been formed and to what extent the stakeholders involved have changed as a result of the transaction (Baumann Montecinos 2022).

FIGURE 0

An outline of what such an analysis could look like in general terms



Source: own illustration.

Thus, the foundations have been laid for working on the LEIZ case studies. We will be delighted if this material is used to promote learning and exploration of relational economics, particularly in its strength of practical application. Feedback from and exchanges between lecturers would be more than welcome.

Literature

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“We are truly a global organization!” The documentary American Factory under the lens of the Transcultural Learning Model

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Introduction

What does it mean to be “truly a global organization”? And what opportunities would lie ahead if we understood this as an aspiration to consistently and successfully pioneer transcultural learning? These are the questions we want to explore in this short essay, using the extraordinary documentary “American Factory” as our case of analysis.¹ This film, directed by Steven Bognar and Julia Reichert, covers the experiences of the Chinese company Fuyao in setting up a new factory in a shuttered General Motors plant near Dayton, Ohio, in 2016. It has drawn international attention to the complexity of work in times of globalisation and won the Oscar for Best Documentary in 2020. Viewers often state that it is a challenging, somehow strange and eye-opening film. It presents realities not based on a typical story about the American worker, with the expected problems and questions. Rather, the realities it discusses are difficult to penetrate and do not fit standard categories such as “right or wrong”. This applies to a variety of issues covered in “American Factory”, such as the attempt by both the American and the Chinese sides to figure out how to interact between two different workplace cultures, the co-existence of different management and leadership styles, the clash of legal systems and employee rights, ideological and political interests, new technologies and industrial robots replacing workers, individual differences in handling specific situations, international competition and productivity issues, as well as generational and power-related issues.

1 An earlier, considerably shorter version of this essay was published in the Leadership Log #9 of the Leadership Excellence Institute at Zeppelin University.

Real stories may help people to grasp something they did not understand before. Accordingly, the following case study “American Factory”² may serve as a template and an inspiration. Highlighting some specific aspects for discussion is an invitation to explore these topics and connect them to some concepts and models that the Transcultural Caravan’s³ researchers are currently working on.

Case Description

In December 2008, the General Motors Moraine Assembly Plant in Ohio closes and thousands of workers lose their jobs. The Dayton factory remains shut down until the Chinese Fuyao Group announces in 2016 that it is taking it over, investing millions and hiring thousands of local workers. People around Dayton are enthusiastic about the new employer and about being part of this new factory. Fuyao is a global auto-glass manufacturing company focused on high-quality products for their clients, many of which are well-known globally operating automotive companies. At a recruitment event, the factory promotes itself with the words: “We are melting two cultures together, the Chinese and US cultures. So, we are truly a global organisation. We have plenty of opportunities!”

Challenges

From the beginning, both the American and the Chinese employees recognise that their work cultures differ completely, and the first struggles and cultural misunderstandings emerge. On the one hand, the Chinese describe America as a place where “you let your personality run free”, but also state that Americans are over-confident and lazy with a comparatively “easy work life”: many vacations, eight days off per month whereas workers in China have only one or two, and that Americans work eight hours per day compared to twelve in China. About their own culture, the Chinese observe that they are less chatty and personable on the job, as well as being more capable of performance

2 For the official site of the Netflix documentary, see <https://www.netflix.com/de/title/81090071>.

3 Tobias Grünfelder, Jessica Geraldo Schwengber and Julika Baumann Montecinos have contributed to this essay in equal measure. They wrote it in their role as researchers at the Leadership Excellence Institute Zeppelin at Zeppelin University, Germany. Together with Josef Wieland, they form the research group “Transcultural Competence” and realize several teaching and research projects in this field. For further information see: www.transcultural-caravan.org.

and precision. On the other hand, the Americans view the Chinese as foreigners who are trying to impose their rules upon them, without reflecting on things that are relevant to American business culture, such as the importance of unions. Mr Reggie, the employee relations director, states with regard to a specific argument between a Chinese and an American worker: “Rather than finding resolution, they try to find out who is right and who is wrong, and in this case, they are both wrong.”

To overcome the cultural clash, cultural briefings and presentations are provided separately to the Chinese and Americans. Despite these efforts to overcome cultural conflicts, productivity remains the same. At the same time, differences in cultural perspectives go beyond the shop floor and lead to disputes in leadership style as well. Cao Dewang, chairman of Fuyao Group, displays a serious tendency to micromanage. In one visit, he walks around pointing out architectural details he wants changed. This expectation of total control is presented as something Cao takes for granted in China. Due to the low productivity and of their differences in leadership, the president of the American plant, John, and his management are fired and replaced by Jeff Liu, a Chinese who has lived half his life in the USA. Cao explains his decision by stressing that “our expectation was that we could trust them, pay them a high salary, and they would serve the company. Why didn’t they? I think they are hostile to Chinese.” The new president Jeff Liu advises Chinese workers during a meeting: “You must take advantage of American characteristics. Americans love being flattered to death – donkeys love being stroked in the direction their hair grows. (...) We need to use our wisdom to guide them and help them. Because we are better than them.”

Cao Dewang expresses a more profound concern as he calls on the Chinese workers: “We haven’t reached our goals. This is a very tough challenge for us (...) The most important thing is not how much money we earn, but how this will change Americans’ view of the Chinese and towards China. Every Chinese person should do things for our country and our people.”

Questions

The story of “American Factory” points to several questions the transcultural approach addresses. Questions that relate to individual and organisational learning are the following:

1. Which key problems and issues can be identified?
2. What could more appropriate communication and cooperation look like?
3. How can commonalities build bridges between co-workers from different backgrounds and with different experiences? And how can new cultural commonalities be developed?
4. How can organisational learning be fostered so that the organisation can benefit from such experiences? How can an organisational culture of mutual learning be created?
5. Which leadership competences and skills are required to navigate this complex and diverse environment?
6. What would you do if you were the new manager at Fuyao in Ohio? Which changes would you like to see?

Discussion

From the perspective of the transcultural approach, one outstanding issue covered by the documentary is the missed opportunity to engage in mutual learning processes. The three-step model for transcultural learning processes developed by Josef Wieland and Julika Baumann Montecinos offers a starting point to reflect on the discussion questions:

FIGURE 1

Transcultural Learning Model



Source: Adapted from Baumann Montecinos 2022 and Wieland 2016.

Three steps for transcultural learning

To briefly outline this model, the first step of recognising cultural diversity entails so-called intercultural knowledge and skills, including awareness that the cultural setting of a cooperative project can be rather complex. Based on this knowledge and awareness, it is then a matter of adopting an attitude of non-normative observation and analysis, which involves recognising one's own cultural shaping and the relevance of possible conscious and unconscious biases, as well as the probability of not being oneself the (only) expert on a concrete, local situation. On this basis, existing commonalities can then be identified in the second step. This succeeds to the extent that the diversity of different contexts (polycontextuality), different decision logics (polycontextuality), and different language games (polylingualism) can be dealt with, and appropriate connections can be made across this cultural complexity. These, in turn, then make it possible to enter into dialogue and interaction and thus to have shared experiences, which can then, in the third step, lead to the development of new commonalities in terms of shared perspectives and a sense of belonging to a productive community of practice (Baumann Montecinos 2022).

According to Lave and Wenger (1991), a “community of practice” can be defined as a group of people who share a common interest and a desire to learn from and contribute to the community with their variety of experiences.⁴

Applied to the case study at hand, already the first step seems relevant: an encounter with people from diverse cultural backgrounds requires non-normative observation, which restrains *a priori* normative judgments and a categorisation of cultural aspects as being “good” or “bad”. In accordance with this claim, the first mistake illustrated by the documentary is both the Chinese and the Americans’ respective sense of cultural superiority, which may lead to a type of cultural blindness. Correspondingly, the narrative offers many examples of intercultural bias, stereotyping and oversimplifying the other. The American way is the right way for Americans, whereas the Chinese way is the right one for the Chinese. This circumstance makes both sides too easily lose sight of their common goal and instead put too much energy into defending their own standpoint. While striving to obtain “reason”, their common goal becomes thus diluted. Yet an awareness of the common context, namely working to establish and make the new plant a success and a joint effort to address challenges in the production processes, could have enabled one way of building a community of practice. In consequence and according to the 3-step model presented above, one solution could be that the cultural briefings and workshops are no longer held in separate groups and no longer focus on talking about the respective other, but rather offer joint opportunities to talk and engage as a whole group, supporting a non-judgemental attitude towards each other and focusing on existing and new commonalities necessary to pursue their common enterprise.

In the film, such newly developed cultural commonalities could refer to new forms of communication, working schedules, collaboration and management styles. In fact, new ways of problem-solving and impulses for future innovation may emerge from the diversity of perspectives offered by the Americans and the Chinese.

Obviously, though, the model considers mutual learning not as a one-shot and static solution, but rather as an ongoing and dynamic process. The company in the film

4 Communities of practice is a concept developed by Lave & Wenger (1991). For conceptual elaborations of the term and its application, see Wenger (1998); Wenger et al. 2002; Wenger et al. (2015). For the role of communities of practice in promoting transcultural learning in intra-corporate contexts, see Schwengber & Beretta (2021); for the role of communities of practice in higher education, see Baumann Montecinos et al. (2021).

missed the opportunity to establish formal and informal governance mechanisms that enable such continuous transcultural learning. The documentary shows Fuyao does not provide for commonality-focused exchange opportunities and inclusive organisational structures. On the contrary, it stirred up a kind of cultural competition based on supposed cultural superiorities rather than on the idea that all cultures are equally valuable and that cooperation may lead to mutually beneficial outcomes.

Transcultural leadership – striving for mutual benefits

In addition to that, the film indicates the importance of leadership and management styles that take both American and Chinese best practices into account and adapt these to specific situations and organisations. Looking at Fuyao's leadership style as presented in the documentary, it seems to be based on self-centred criteria, total control, and no feedback from employees.

Transculturality as a leadership style is described by Josef Wieland (2019) "as the competence to develop social interactions that are significantly characterised by cultural diversity in such a way that they produce mutual advantage for stakeholders: values, motivations or objectives accepted by all." Correspondingly, transcultural leaders strive for mutual benefits, look for practical solutions, avoid judging too early, listen carefully and settle conflicts thoughtfully (Wieland 2019). Also, in cross-cultural encounters and organisations, power relations and power distribution need to be considered. Taking these aspects into account, the development of a common leadership and management culture could be a relevant contribution to the discussion about success factors of global cooperation projects, not only in the case of Fuyao.

The same applies to the introduction of governance structures that support organisational learning processes, especially when it comes to implementing and translating rather abstract global strategies with regard to concrete local settings. We have already outlined this elsewhere in the context of our Transcultural Values Management System, which aims to identify ways of building on the claim to be a global learning organisation (Wieland & Baumann Montecinos 2018, Baumann Montecinos 2022).

Melting versus creating culture

Another observation about the documentary is that the Americans and the Chinese, while trying to overcome their cultural frictions, placed much emphasis on their differences – an approach that distracts them from their common objective. This is quite the opposite of the transcultural approach, where you focus on commonalities without neglecting the existence and relevance of differences. In this sense, transculturality does not preclude diversity nor does it claim universality; rather it aims to offer a set of tools that facilitate the pursuit of a shared enterprise. It is not about melting cultures together as described in the recruitment event of the case study, rather it is about jointly creating a transcultural community of practice and creating something new without overcoming or losing one's own identity.

Transcultural outlook

Taking these thoughts further, “American Factory” offers a typical example of complex and dynamic global networks in which value creation processes cross geographical and cultural borders. These realities present manifold opportunities and potential benefits for all parties involved. At the same time, they also present challenges since a higher interconnection inevitably increases and exasperates several viewpoints. Against this backdrop, an approach based on non-normativity recognises that the concepts of “good” and “bad”, “right” and “wrong” are not universal but rather dependent on perspectives and concrete settings, and that, at the end of the day, it is about taking the next best step together. Even values identified as universal assume different meanings in particular contexts, or in other words – shared global values are translated into different local actions (Walzer 1994). Summing up, corporate culture in multinational companies can be the result of a joint learning process if the organisation aims to avoid imposing the “good and right” way of only one party involved. As the example of “American Factory” shows, a clash of viewpoints may risk undermining the existence of the organisation itself or will at least entail severe challenges for all involved.

At the same time, people confronted with a situation as presented in the documentary may soon recognise that the answer cannot be “Well, you have your truth, I have mine, so, whatever...”. In fact, they have to (and are even forced to) deal with the possibility

of “we do not know”. As Ida Castiglioni and Milton Bennett describe it, “societies and organizations cannot run on the basis of ‘whatever’. But if the only alternative to ‘whatever’ is the imposition of universal values, societies and organizations will be unable to coordinate meaning and action towards common purpose.” (2018: 237f.) In this spirit, to deal with the unknown requires self-awareness and the active making of meaning in specific cooperative settings – both are key to developing the ability to make ethical choices in the light of feasible alternative options, as well as to understanding the context for particular decisions. In this learning process, it is important that people realise that they are obliged to take decisions and commit themselves to solutions despite uncertainty. Suppose they continuously reflect on the interpretation they have ascribed to a particular situation as well as on the immanent trade-offs. In that case, they are able to adjust their commitment and ethical decisions, and benefit from ongoing learning.

As this brief discussion shows, considering the implications witnessed in “American Factory” on many different levels of our organisations and societies, keeping in mind that there is not one meaning, one solution, one way and one truth, seems to be a promising way forward. Eventually, it should inspire us to remain curious and learn about what it can mean to be an active part of developing common cooperative ground and new commonalities in global networks.

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Keywords

Transcultural learning, organisational learning, cultural diversity, community of practice (CoP), mutual learning, leadership competences

Picture Credits

Figure 0: Josef Wieland, Julika Baumann Montecinos

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Figure 1: Josef Wieland, Julika Baumann Montecinos

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