Boundaries of Possible Solutions of Management Problems Caused by Cultural Interaction

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The phenomena of globalization and regional integration lead to virtually new conditions for the activity of the companies where they confront with such difficulties as the boost of competitiveness or the necessity for the products as well as the activity itself to be adapted to legal and technical requirements of other countries. Alongside with these problems there occur additional difficulties related to the fact that the companies operating in international environment face cultural differences of other countries. The problems tackled in scientific literature may be divided into two large groups: 1) how the multicultural character of business environment affects different areas of activity, actions and decisions of management and 2) how the company develops when the interests of people belonging to two or more cultural groups are confronted.

Presently, the dominating point of view that together with direct foreign investment the management style typical to that country’s culture also emerges, is not absolutely true. The management style is not the thing to be implemented in the same way as new technology. Depending on the conditions and circumstances, different combinations of instruments and methods of management as well as organizational culture of the international company and its individual branches are possible. The aim of this paper is to analyze these aspects.

The analysis provided in the article leads to the conclusion that in the period of cultural interaction, certain “intercultural” equilibrium in the international company is formed. It can acquire different proportions, depending on the willingness of the “coming” culture to impose its management methods and instruments and the “receiving” culture’s ability to absorb them. Scientific literature contains three possible versions: domination of one culture, coexistence of cultures and cooperation of cultures.

It is found that “coming” culture is dominating in favor of “receiving” culture when the latter is reputed as totally unacceptable (hinders to reach company’s aims). In practice such cases happened at the time of transformation of planned economy countries, when organizational cultures, managing methods and instruments of old type were absolutely inadequate for market economy conditions.

It is also found that coexistence of cultures is possible in the case when the essential elements of the “coming” and “receiving” cultures do not contradict each other and can be used to achieve the goals of the company. Seeking of the compromise between partners’ cultures on the basis of cultural coexistence is appropriate.

In this case the goals of the company derive from the “coming” culture, while the methods and instruments typical to the cultures of both partners are used to achieve them. The cultural coexistence also means certain type of separation when two groups of people are striving to achieve the common goal in their own way by minimizing their interrelations.

The paper states that in cultural cooperation the aim is the interrelation of cultures despite obvious differences. The prerequisite condition for cultural cooperation is the possibility to mutually influence the standpoint of the participating companies. This is the only way that cultural differences can be seen as a resource to be used for the benefit of the development of the organization rather than a barrier to be eliminated.

Keywords: interaction of cultures, international company, diversity of equilibrium, domination coexistence, cooperation.

Introduction

Culture, though lacking common definition, is the research object of numerous studies. In the context of organizational (enterprise) and management science, culture most often occurs as an independent variable (Kos- tera, 1996), i.e. a constituent part of the external environment of the company, which, together with economic, social, political, technological and other factors affects the development of the companies as well as the solutions and actions of the managers. Hofstede (1980a, 1991) in complex researches performed in as many as 52 countries distinguished four groups of cultural norms and values (cultural dimensions). Ronen (1986) in generalizing several different studies (including those of Hofstede’s) distinguished nine main groups of countries with diverse cultures (more exactly, with different cultural influence on the management of the companies) : Anglosaxon, German, North European, Latin American, Middle Eastern and Arabian, the Far Eastern, Latin European and non-typical cultures.

Typologies and classifications as a rule contain a portion of subjectivity and can be easily condemned or denied (Jacob, 2005). Despite this fact, the works of these authors have clearly proved the effect of multiculturalism on the company management. On the basis of these works, the theory of management in the context of multiculturalism was developed, and practical researches were carried out. According to the study of relevant scientific literature, two problems approached by means of these
Differences in viewpoints to management in other cultural environments

(According to H. Bloom, R. Calori, P.de Woot (1994))

<table>
<thead>
<tr>
<th>Viewpoint</th>
<th>American</th>
<th>Japanese + Local team</th>
<th>Management style</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>USA team</td>
<td>All workers must see the advantages of the Japanese model and accept it</td>
<td>This is the way we do it. This is the best way. Take it or leave it.</td>
</tr>
<tr>
<td>Management style</td>
<td></td>
<td>Local team if possible</td>
<td></td>
</tr>
</tbody>
</table>

Though these suggestions should not be taken at their face value, they lead to the idea that the future cultural models and tools of management established within the branch of the international company will depend on two things:

1. The will and ability of the representatives of the “coming” culture to impose their methods and tools.
2. The will and ability of the representatives of the “receiving” culture to absorb what to their opinion is acceptable and effective.

Such assumption is confirmed by the cases of the establishment or reorganization of the branches of the international companies, the study of which is presented in this section. The analysis followed the classification of the possible versions of the results of the cultural interaction proposed by N.J.Adler (1980):

- domination of one culture,
- co-existence of cultures,
- cooperation of cultures.

It should be noted that the possible results of the interaction of cultures are not absolutely “pure” in their...
form and content. In several examples analysed, the features of domination of one culture, cultural coexistence and cooperation can be detected. The resulting versions of cultural convergence, therefore, should be regarded as specific boundaries enclosing the area of the formation of possible versions of “intercultural equilibrium” (see Figure).

**Figure.** Area of interaction of cultures

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### Domination of one culture

This case forms a negative image at first sight. It is possible only when the “receiving” culture is completely inappropriate for the operation of the company. In practice this situation existed in the period of planned economy during the transformation of the countries, when:

- Out of date, discredited management tools and methods of the organizational culture were absolutely inefficient under the market conditions.
- New approaches were attractive by their innovative nature and origin (everything from abroad has always been accepted unconditionally) and the achieved results.
- The innovations were associated with the hope of growing personal or community well-being.

A.K. Kozminski (1999) presents the comparison of features of the Swedish and Polish (typical to the planned economy) management styles (see Table 2).

#### Table 2

<table>
<thead>
<tr>
<th>Features of the Swedish management style</th>
<th>Features of the Polish management style</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Flatness of structures</td>
<td>1. Multi-stage type of structures and decision-making</td>
</tr>
<tr>
<td>2. Openness of communication channels (the employee can directly contact superior managers neglecting official formalities)</td>
<td>2. Regulation of information and closeness of its circulation, frequently applied concept of confidentiality</td>
</tr>
<tr>
<td>3. Limitation of a number and significance of symbols indicating the management status</td>
<td>3. Wide scope of the variety of symbols indicating the status of managers of different levels</td>
</tr>
<tr>
<td>4. Frequency of authorizations, underlined independence and initiative of workers of all levels, management according to the set goals and providing the possibility for the employee to choose the way of fulfillment</td>
<td>4. Unwillingness of authorization and concentration of power in the upper levels of management</td>
</tr>
<tr>
<td>5. Consistent realization of plans and obligations</td>
<td>5. Tendency to change or correct plans and obligations</td>
</tr>
<tr>
<td>6. Consideration for business-like service contacts, openness, specific approach, transparency, and warm-heartedness</td>
<td>6. Tendency to formalize organizational life and activity imitation</td>
</tr>
<tr>
<td>7. Formation of the atmosphere of mutual goodwill, cooperation and assistance</td>
<td>7. Conflicting nature of organizational relations and tendency to expand personal empowering at the expense of others</td>
</tr>
</tbody>
</table>

The author stresses that irrespective of great differences of organizational cultures, Swedish managers did not experience much opposition to the management tools and methods applied. It is common knowledge that even though the “coming” culture dominates, the representatives of the “receiving” culture bring over some of their own elements. In the case under consideration it was noticed that the Polish employees in the branches of international companies manage to maintain their national features, e.g. politeness, ability to improvise, somewhat careless attitude to time or maintaining a respectful distance between employers and employees (Hawsman, 1997). In other words, domination of one culture in this case does not mean refusal or neglect of another culture.

A more radical prevalence of one culture was noticed when the American company General Electric took over the Hungarian manufacturer of electric bulbs Tungsram (Denton, 1993; Tully, 1990; Maney, 1990). According to the American standards, the operation of Tungsram was absolutely inefficient: the ratio of workers engaged in production process directly and the workers of the administrative apparatus was 2.5 : 1, respectively. The company had as many as 12 levels of the organizational structure, the output quota was very low, no attention was paid to the economy of raw materials and other resources, etc. Therefore, alongside with dramatic technical changes, the essential changes in the methods and tools of the management style were carried out: the Americans became the managers of all levels, the output quotas were raised (e.g. the inspectors had to check 3500 car lamps in one shift instead of the earlier obligatory 2700), 2900 employees were made redundant (including as many as 200 former managers of different levels), the administrative procedures and rules were simplified. It goes without saying that the very philosophy of management was changed.

In this case the “aggressive” nature of the American culture, mentioned in Table 1, and justified by economic considerations, makes itself evident, however, it is very strange to the established European traditions. The newly created and earlier established elements, such as the organizational structure, the procedures and rules applied, the language and style of communication, the system of obligatory values and standards, etc. were completely rejected.
Coexistence of cultures

It occurs when the elements of the "coming" and the "receiving" cultures are not of a contradictory nature they can be utilized to achieve the goals of the company. The basis for the coexistence is the search for compromises among the partners’ cultures (Kozminski, 1999). Most often the goals of the company derive from the representatives of the "coming" culture, whereas the typical methods and tools of the cultures of both partners are used to achieve these goals. The coexistence of cultures in the international company also means a specific variety of separation where two groups of people seek the same goal, but in a specific way, by minimizing mutual contacts.

For example, in the early 1990s, the American concern Motorola made use of the power of family relations typical to the Asian cultures in organizing its operation in the Malaysian branch (Engardio, De George, 1995). By using visual aids (for example, notices “We are the family”, or “This is our company” are addressed to self-esteem and employed by the elements of military regime typical to the political climate of Asian countries. At the same time the management methods and tools typical to the American culture were also employed, e.g. encouraging initiative, teaching new ways of work (quality control, team work), developing and encouragement of desirable behaviour, selection of workforce by using tests, etc.

All this proceeded under strict division of the company into two levels – administration and production. The administrative level consisted solely of the Americans, while the managers of the lower level were chosen from the more advanced (i.e. conforming to the elements of the American culture) local workers. Director of the branch, by the way, was a Chinese, but with American background and American working experience. The production level consisted almost only of local population.

Irrespective of success of the case described, such duality of cultures has a number of disadvantages which under changed conditions are likely to be the reason of failure:

1. The people of the coexisting cultures communicate through interpreters, i.e. mediators, who interpret and explain the messages of both parties and who fail to communicate cultural context of these messages. In this environment both parties form their aspirations with but little knowledge about each other.

2. The people of different cultures, though working for the same company, perceive the elements of its strategy, i.e. mission and vision, goals of the company and the ways of their realization. This feature manifests itself in the cases similar to the one described when the people of different cultures belong to different functional groups.

Cooperation of cultures

This case is based on the assumption that the representatives of different cultural groups may influence the attitudes of one another, and that new values can emerge in the process of interaction of the two cultures. Here, cultural differences are perceived not as difficulties, but, rather, as specific “resources”. The following case is based on the assumption that the representatives are utilized for the development of the company (Xiaohua Lin, 2004).

Kozminski (1999) describes a successful restructurization of the Polish subdivision Polkolor of the company Thomson Consumer Electronics as an example of fruitful interaction of two cultures. In this case cultural cooperation occurred in several levels. Firstly, during the first stage of restructurization the company was run by a board consisting of 7 members. With regard to the problem in question, the board was formed of the members of two nationalities, i.e. three French (of “coming culture”) and four Polish (“receiving culture”). Only one of the 4 Poles had the Polish citizenship, though.

Secondly, even though the managers of the lower and medium levels were Polish, all of them were acquainted with the elements of the French management style. The managers of the lower level were trained in the 11 days' course, and those of the medium levels in the 3 weeks' course of management fundamentals according to the goals of the company, in the French training centres. Of special significance is the fact that the training offered was by no means unilateral: the workers supplied feedback on the transformations in the company's management system and their effect.

Thirdly, in creating the information and communication system, the workers were asked what information about the operation of the company was required and through which channels they were willing to get it. Interestingly, the appropriate survey showed that the workers were in favour of the traditional means of information, i.e. local radio and newsletter of the company, characteristic of the former communist system.

Fourthly, the need to adjust to the numerous procedures of the local character, workers' assessment criteria, work description, etc. was stressed. Owing to the opinions and suggestions of the workers, the pay system was adjusted to comply with the idea of justice as perceived locally. In addition, quite a few of the guarantees and services typical to the socialist economy style, i.e. company transport, workers' dormitories, collective rest houses, free provision of coveralls and footwear were secured (Ronach, 1994; Cyr, Schneider, 1994).

Conclusions

1. During the interaction of cultures, specific “inter-cultural equilibrium” is being formed. Depending on the wish of the representatives of the “coming” culture to impose its management tools and methods, and the ability of the representatives of the “receiving” culture to absorb them, the equilibrium mentioned may acquire different proportions. Scientific literature gives reference to to three possible versions: prevalence of one culture, coexistence of cultures and cooperation of cultures.

2. The “coming” culture with respect to the “receiving” one takes the dominating position in the case when the latter is regarded as absolutely inappropriate (e.g. hinders achieving goals). In reality such cases occurred during the transformation period of the former planned economy states, when the compromised management methods and instruments of the organizational culture were in-
adequate for market economy conditions.
3. Coexistence of cultures is observed in the case when the essential elements of the “coming” and the “receiving” cultures are not contradictory to each other and can be applied to achieve goals. The basis for the coexistence is compromise between cultures. Consequently, the goals of the company derive from the partners of the “coming” culture, while the methods and instruments characteristic of cultures of both parties are used to achieve them. Coexistence of cultures also mean a specific type of separation, when two groups of people seek the common goal minimizing their mutual relations
4. Cultural cooperation aims at cultural interaction regardless of obvious differences. The necessary condition of cooperation of cultures is the possibility of their representatives to mutually influence attitudes. Only in such a case cultural differences can be seen not as a stumbling block to be removed, but, rather, as a resource to be used to the best advantage for the sake of development.

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Kūrimo grandinės grandis daugiakultūrėje (angl. cross-cultural) aplin-

Problema. Pasiūlytų, nors ir neturėdama vieno apibrėžimo (Kroeker ir Kluckhohn (1952) iškryž yra įsiraišavalo daugiau kaip šimtą kultūros savoškos apibrėžimų) yra daugybės mokslininkų tyrimų objektų. Mokslas apie organizaciją (įmonė) ir vadybų kontekste kultūra gali vai-
dinti tokius vaidmenis (Koster, 1996):

1. Nepriklausomu kintamojo, veikiančio kitas įmonės veiklos sri-
tis, ypač susijusias su įdėmuoju faktoriumi.
2. Praktiškumo kintamojo, nulemiamu įmonės vidinės ir išorinės aplinkos. Suo atveju dažniausiai turima galiojavo organizacijos
kultūra.
3. Metaforos arba metaforų rinkinio, padėdavo įmonėms saugoti suvokti ir aiškinti tikrovę.

Dažniausiai mokslininkų tyrimo kultūra yra nepriklausomas
kintamasis, t.y. įmonės veiklos aplinka, kur, greta su ekonomi-
nais, socialiais, politiniais, technologiniais ir kitais veiksmais, daro
įtaką įmonių vystymuisi bei vadovų veiksmams ir sprendimams. Hofs-
tede savo kompleksinio tyrimo, atliktuose net 52 šalyse, iškryž
terius kultūrinės normų ir vertybių (kultūrinis dimensijų) grupes. Ronen, apibendrinamas dešimties įvairių tyrimų (tarp jų ir Hofstede)
iškryž devynias pagrindinės šalies, besiskiriantių savo kultūra (tiksliau – kultūros įtaką įmonės vadybai), grupes; anglosaikų, germanų, Šiaurės Europos, Lotynų Europos, Artimųjų Rytų, arabų, Tolimųjų Rytų, Lytų
 niños Amerikos ir netipikūs kultūrų.

Panašaus pobūdžio tipologijos ir klasiifikacijos visuomene bū-
dingas tam tikras vertinę reikšme ir vertinimo metodą subjektivumas, ir jos gali būti nesunkiai sudėtis ar net paneigto (Jacob, 2005). Nepai-
sant to, minėtų autorių darbai aiškiai įrodė, kad esant daugiakultūriškai
kumo įtakai įmonių vadybai. Šį darbą pagrindu buvo toliau vystoma vadybos daugiakultūrės kontekste teorija be aiškiausiai praktinio
praktikai. Kai rodė atitinkamos srities mokslinės literatūros analizė, galima išskirti dvi problemas, kurias bandoma spręsti šiais teoriniais ir praktiniais tyrimais. Pirmąją iš jų galima suformuluoti kaip: kuo verslo aplinkos daugiakultūrės veikla atitkas įmonės funkciona-
vimo sritis ir jų vadovų veiksmus bei sprendimus?

Antrąją problemą galima išreikšti klausimu: kaip vystosi įmonė, kuriuose susiduria dviem ar daugiau kultūrinų grupių priklausančių
įmonių interesai?

Reikia paminėti, kad antroji problema tyrimo sritis ir jų vadovų veiksmus bei sprendimus?

Atsakymą tokiu klausimu galima išreikšti klausimu: kaip vystosi įmonė, kuriuose susiduria dviem ar daugiau kultūrinų grupių priklausančių
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