

IDENTIFICATION OF CULTURAL DIFFERENCES IN MANAGEMENT IN MULTINATIONAL COMPANIES BASED IN SLOVAKIA

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Abstract: In 2004, Slovakia became a full-fledged member of the European Union. Since then, Slovakia has been one of the attractive investment locations for multinational companies in the region of Central Europe for its skilled and educated labor force. Managers who want to succeed in running multinational companies in culturally diverse settings must have the intercultural competence, i.e. the capability of thinking and acting in intercultural appropriate ways. The lack of intercultural competence skills in managers may result not only in miscommunication but can also be detrimental to the financial and economic success of organizations. The purpose of the paper was to identify cultural differences in management in German, Korean and French multinational companies operating in Slovakia. In the paper, the methods of questionnaire, literature research, analysis, synthesis were utilized. 160 respondents participated in the research on establishing cultural differences in management based on Hofstede's model of cultural dimensions.

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Introduction

In May 2004, Slovakia became a member of the European Union. Some EU countries applied transitional periods before fully opening their labor markets to citizens of the new Member State, while others opened up their labor markets immediately. Recently, Slovakia has become one of the attractive investment locations for multinational corporations, especially automobile manufacturing companies, for its highly skilled and qualified labor force. Multinational corporations, operating across borders in diverse cultural settings, need to be run by managers, having among others, an intercultural competence.

Culture and Models of Culture

The first modern scientific definition of ethnological and anthropological concept of culture was formulated by the English anthropologist Edward Burnett Tylor in 1871. Tylor looked at culture from the point of view of evolutionism, i.e. the theoretical approach that attempts to objectively depict and explain processes of cultural changes in the long-run, viewed as a configuration of learned behaviors and results of behavior whose component elements are shared by the members of a particular society. This new theory of culture was distinct from the previously recognized individualistic and restrictive concepts of culture. American anthropologists Kroeber and Kluckhohn (1952) compiled a list of 164 definitions of culture and put forward the following definition "Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other as conditioning elements of further action". Zorkóciová (2007) maintains that culture should never be viewed as good or bad, there are only distinct cultures: distinct in shared values or hierarchy of needs. Needs of diverse cultures can encompass different defining characteristics. Culture of society reflects the interaction of attitudes, traditions, beliefs and other values that are recognized by the members of a culture. A set of values, not individual items, can be viewed as culture. A set of values are the principles respected by and adapted to members of a group. The theory by Zorkóciová, however, is opposed by those who use the example of cannibalism in some societies to say that clear boundaries between good and evil cultures should be distinguished.

The conclusions of the World Conference on Cultural Policies (MONDIACULT, 1982) say: "...culture should be regarded as the set of distinctive spiritual and material features of society or a social group and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs..." According to this point of view, culture refers to a

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system of values, social norms and rules, which are typical for society and which are passed from generation to generation through cultural elements, such as language, symbols, history, ceremonies, rituals, values, norms, etc. Values that underpin the social and cultural system of society are learned in the process of socialization. The scientific model of "the structure of culture" draws attention to the relations and ties between the essential subsystems of culture: the system of education, science, art, mythology, morality, politics, and religion. Sociologists argue that culture is an integral part, property, and attribute of society. Culture arises from society and society evolves thanks to culture, and the collapse of society means the end of culture. Culture refers to everything shared by all members of a group and passed on from older to younger generations. It is the central element in interpersonal relations, guiding people's behavior and interaction. Culture is our self-expression, composed of values, beliefs, attitudes, norms, and assumptions which make it unique and distinct from other cultures. Actually, each culture refers to the ways we classify or denote objective reality and view the world, which is reflected in our thinking, feeling and doing. Moreover, culture relates to the way humans sense, perceive and organize everything that surrounds them and which is apparent in the way they communicate. They are the patterns of meaning that are passed on from generation to generation through symbols, communication schemes or models. Thus, culture is understood as a way of being, thinking, feeling and acting that humans have acquired in a particular social and linguistic environment. Thus, intercultural competence is seen as the "ability to communicate effectively and appropriately in intercultural situations" (Deardorff, 2006). It goes without saying that "individuals capable of effective cross-cultural communication can limit potential misunderstandings, minimize social barriers, and reduce ethnocentrism" (Lauring, 2011). In order to identify differences across cultures, several models of culture been developed. Kluckhohn and Strodtbeck (1961) proposed a model of culture that was based on value orientations. They argued that cultures can be distinguished by the way they address five common human concerns, such as man-nature relationship (attitudes towards the need or responsibility to control nature or live in harmony with nature), time sense (attitudes towards past, present and future), human nature (attitudes towards the basic nature of people), human activity (being, becoming or learning mode of activity) and social relations (hierarchical, collateral or individual form of organization). Trompenaars and Hampden-Turner (1998) regarded culture as "a dynamic process of solving human problems/dilemmas in the areas of human relationships, time, nature." He developed the onion model of culture as he believed that the levels of culture can be compared to the layers of an onion. There are a number of interpretations of this model but the simplest one consists of three or five layers. The outer, explicit or visible layers, represent cultural artifacts and symbols such as flags, architecture, hairstyles, jewelry or traditional clothing and all the material things that the culture has ever made. The next layer is represented by language, common rituals, customs and traditions. This could include how people greet each other, how they eat meals, get married or practice their religion. Next layers, noticeable but more implicit or invisible ones, represent norms, rules, values, beliefs and attitudes that are much harder to recognize, get to know and understand. In the centre of the onion, there is the most implicit, most invisible layer of the culture that hides the underlying values, cultural assumptions and the worldview of the culture which influence all of the other layers. Trompenaars and Hampden-Turner (1998) classified cultures along a mix of patterns related to behaviour and values, and developed a cultural model composed of seven dimensions/dilemmas: universalism versus particularism, individualism versus communitarianism, achievement versus ascription, neutral versus emotional, specific versus diffuse, sequential versus synchronous time, internal direction versus outer direction. The Dutch cultural researcher, Geert Hofstede (Lustig and Koester, 2009) identified the following five dimensions of culture: Individualism/collectivism – describing the strength of the relation between an individual and other individuals in the society. In cultures that are high in individualism, people tend to think and act as individuals rather than as members of a group. In cultures that are high in collectivism, people think of themselves mainly as group members. Power distance concerns the way the culture deals with unequal distribution of power and defines the amount of inequality that is normal. In countries with large power distances, the culture defines it as normal to maintain large differences in power. In countries with small power distances, people try to eliminate inequalities. Uncertainty avoidance describes how cultures handle the fact that the future is unpredictable. High uncertainty avoidance refers to a strong cultural preference for structured situations. In countries with high uncertainty avoidance, people tend to rely heavily on religion, law, and technology to give them a degree of security and clear rules about

how to behave. In countries with low uncertainty avoidance, people seem to take each day as it comes. Masculinity/femininity is the emphasis a culture places on practices or qualities that have traditionally been considered masculine or feminine. A masculine culture is a culture that values achievement, money making, assertiveness, and competition. A feminine culture is one that places a high value on relationships, service, care for the week, and preserving the environment. Long-term/short-term orientation suggests whether the focus of cultural values is the future (long-term) or the past and present (short term). Cultures with a long-term orientation value saving and persistence, which tend to pay off in the future. The dimension related to indulgence versus restraint juxtaposes hedonism with self-discipline. Thus, high-indulgence cultures encourage pleasure, enjoyment, consumption and spending, whereas high-restraint cultures encourage the control of such hedonistic gratifications, and the pleasures and enjoyment that go hand in hand with leisure-time activities. Hall (1996) distinguishes high-context and low-context cultures. High-context cultures place more emphasis on the context than the words even though words play a decisive role and less legal documents are used in such cultures. Low-context cultures that messages rather by words than non-verbal means. Verbal messages are clear and direct. Hall (1996) also categorized cultures according to their attitude towards time. Thus, cultures were divided into strongly monochronic, slightly monochronic and polychronic ones. Monochronic cultures do one thing at a time, they like to concentrate on the job at hand, respect privacy, and adhere to plans and deadlines. Polychronic cultures like to do multiple things simultaneously, tend to change plans often and easily, and their main concern are people, mainly those closely related to them. In addition to the above models of culture, there have also been other scholars researching cultural models and cultural differences. The main purpose of the paper was to identify cultural differences in management in a German, Korean and French multinational companies operating in Slovakia. In addition, the research intended to identify the values of corporate culture in multinationals and to find what style of management is used by middle managers and what management style is preferred by Slovak employees. In the paper, the methods of questionnaire, literature research, analysis, synthesis were utilized. 160 respondents participated in the research on establishing cultural differences in management based on Hofstede's model of cultural dimensions. Due to the recommended extent of the paper, two dimensions of culture were examined, such as power distance, and femininity vs masculinity.

Regarding the style of management, it was found that managers in the German multinational used democratic style of management (78%), managers in the French multinational used authoritative style and, similarly, managers in the Korean multinational use authoritative style of management (80%) – compare Table 1.

		Authoritative	Democratic	Laissez-faire
	German multinational		78%	
	French multinational	75%		
	Korean multinational	80%		

Source: Authors

Table 2 lists the preferred styles of management by respondents – employees of the German, French and Korean multinationals based in Slovakia. As shown, employees in all multinationals surveyed prefer democratic or participative style of management, mainly due to the shared-decision making process and employee recognition by managers.

		Authoritative	Democratic	Laissez-faire
	German multinational		78%	
	French multinational		95%	
	Korean multinational		75%	

Source: Authors

The following question was to find the power distance in multinational corporations. Hofstede's power distance indexes for the three countries are the following PDI Germany – 35, PDI France – 68, PDI Korea – 60. The lowest level of power distance was found in the German company where employees are not afraid to express their opinions and disagreements to their managers or supervisors. On the contrary, more obedient and passive employee attitude was found in the French and Korean companies. The responses by respondents found in other questionnaire items also revealed that employees working in the French and Korean companies do not question decisions by their managers, expect to be told what to do and do not participate in decision-making.

Table 3: Frequency of expressing disagreements with managers

	Always	Sometimes	Every once in a while	Rarely	Never
German multinational	80%	10%	9%	1%	
French multinational	11%	73%	9%	7%	
Korean multinational			6%	85%	9%

Source: Authors

The following question was to identify whether the companies under research display feminine or masculine traits. Hofstede's masculinity vs femininity indexes for the three countries are the following Germany – 66, France – 43, Korea – 39. The research findings indicate that, given the manufacturing nature of companies, management positions are filled by men.

Competition among employees was found to be encouraged in the German company. In addition, employees in the German company were expected to come up with their own ideas whereas Korean and French companies valued harmonious relationships among employees.

Conclusion

The purpose of the paper was to examine cultural differences in management in three multinational corporations operating in Slovakia. The research attempted to identify the values of corporate culture in a German, French and Korean multinational and to find what style of management is used by managers / preferred by Slovak employees. The findings show that German middle managers mostly use democratic management style whereas authoritative style is common in Korean and French companies. Authoritative style of management can imply fast decision-making process, and high demands placed on employees. Democratic or participative style of management is, however, preferred by employees working in the French and Korean companies. It can be inferred that employees value collaborative decision-making process and recognition by managers. With respect to the power-distance, the lowest level of power distance was found in the German company where employees are not afraid to express their opinions and disagreements to their managers or supervisors. On the contrary, more obedient and passive employee attitude was found in the French and Korean companies. High power distance in French and Korean companies indicate hierarchical structure in management, big salary range from top to bottom and employees expecting their superiors to tell them what to do. The responses by respondents found in other questionnaire items also revealed that employees working in the French and Korean companies do not question decisions by their managers, expect to be told what to do and do not participate in decision-making. Thus, the outcomes of the research on cultural differences in management in multinational companies are clearly attributable to dimensions of culture developed by cultural theorists.

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