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TABLE OF CONTENTS

- 5 Barbara Mazur
Cultural Diversity in Organizational Theory and Practice
- 16 Sylwester Marek Kania
Role of Cultural Differences in Forming a Business Strategy
- 26 Joanna Małgorzata Michalak
Cultural Catalysts and Barriers of Organizational Change Management:
a Preliminary Overview
- 37 Małgorzata Rozkwitalska
Barriers of Cross-cultural Interactions According to the Research Findings
- 53 Ewa Grandys, Andrzej Grandys
Transnational Corporations and Cross-cultural Management
- 67 Joanna Furmańczyk
The Cross-cultural Leadership Aspect
- 83 Aneta Jakonis
Organizational Culture in Multicultural Organisations – Mexico
- 97 Piotr Górski
Attitudes Towards Foreign Administration Models in the Process
of Reforms of the Government Administration in Interwar Poland
(1918–1939)



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Cultural Diversity in Organisational Theory and Practice

1. Introduction

Increasing globalization requires more interaction among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, organizations need diversity to become more creative and open to change. Therefore maximizing and capitalizing on workplace diversity has become an important issue for management today. Since managing diversity remains a significant organizational challenge, managers must learn the managerial skills needed in a multicultural work environment. Supervisors and managers must be prepared to teach themselves and others within their organizations to value multicultural differences in both associates and customers so that everyone is treated with dignity.

Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the population of many countries. Companies need to focus on diversity and look for ways to become totally inclusive organizations because diversity has the potential of yielding greater productivity and competitive advantages. Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity. Unmanaged diversity in the workplace might become an obstacle for achieving organizational goals. Therefore diversity can be perceived as a “double-edged sword”.

2. Concepts of Diversity

Diversity is a subjective phenomenon, created by group members themselves who on the basis of their different social identities categorize others as similar

or dissimilar: “A group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity” [O’Reilly, Williams, & Barsade 1998, p. 186]. Loden & Rosener [1991] define diversity as that which differentiates one group of people from another along primary and secondary dimensions. *Primary dimensions* of diversity, those exerting primary influences on our identities, are gender, ethnicity, race, sexual orientation, age and mental or physical abilities and characteristics. The primary dimensions shape our basic self-image as well as our fundamental world views. Additionally, they have the most impact on groups in the workplace and society. *Secondary dimensions* of diversity are less visible, exert a more variable influence on personal identity and add a more subtle richness to the primary dimensions of diversity. They include: educational background, geographic location, religion, first language, family status, work style, work experience, military experience, organizational role and level, income and communication style. The secondary dimensions impact our self esteem and self definition.

There is a definite trend towards definitions of a multiplicity of diversity dimensions; Arredondo [2004] adds culture, social class and language to the primary dimensions and healthcare beliefs and recreational interests to the secondary dimensions. She further adds a tertiary dimension, which encompasses historical moments experienced. Maier [2002, pp. 132–134] lists 38 possible diversity dimensions, and further suggests that his item “character traits” is “infinitely expandable”. He illustrates this multi-dimensionality by reference to the individual as a kaleidoscope.

The analogy of an iceberg comes to mind in the face of these potentially endless dimensions; the obvious characteristics of race, ethnicity, gender, age and disability relate to the small, visible portion of the iceberg, and are the basis of much anti-discrimination legislation around the world. Other dimensions such as religion, culture and political orientation are less obvious, and could be said to constitute the secondary dimensions lying just below the surface, which may be revealed with time. The tertiary dimensions are often the core of individual identity and lie deeper below the surface. It is the vast array of qualities that lie beneath the surface that provides the real essence of diversity to be tapped into, and these have not until recently been acknowledged. It should be noted that only some of the possible dimensions are shown in Table 1; the lists are in no way exhaustive.

Table 1. Dimensions of Diversity

Primary dimensions	Secondary dimensions	Tertiary dimensions
<ul style="list-style-type: none"> • Race • Ethnicity • Gender • Age • Disability 	<ul style="list-style-type: none"> • Religion • Culture • Sexual orientation • Thinking style • Geographic origin • Family status • Lifestyle • Economic status • Political orientation • Work experience • Education • Language • Nationality 	<ul style="list-style-type: none"> • Beliefs • Assumptions • Perceptions • Attitudes • Feelings • Values • Group norms

Source: based on R. Rijamampinina, T. Carmichael, A Pragmatic and Holistic Approach to Managing Diversity. *Problems and Perspectives in Management*, 1/2005, p. 109.

Table 1 indicates that diversity has many dimensions. These may intertwine to produce unique syntheses of human profiles, made up of both differences and similarities. The dimensions interact with and influence one another, and emerge or are displayed differently in different contexts, environments and circumstances, making analysis and management complex. Race, for example, may be more dominant than age in a certain social situation, but may be less dominant than education in a work context. Thus the position and dominance of each dimension are not static, but dynamic, making the concept of diversity more complex. In addition to this, the secondary dimensions are more malleable and many of them will change over time. Diversity is not simple, not easy to grasp and not easy to manage. By using socio-demographic traits as independent variables to operationalise diversity, most diversity studies has understood diversity as a given, fixed individual or group essence [Litvin 1997]. Thomas [1996] sums the situation up by observing that diversity in business has for too long been associated with multicultural, multiethnic and multiracial aspects of the workforce. He defines diversity as “any mixture of items characterised by differences and similarities” [Thomas 1996, p. 5]. In support of this view, this paper proposes that diversity be redefined as “the collective, all encompassing mix of human differences and similarities along any given dimension”.

3. Cultural homogeneity and diversity in the workplace – a comparative analysis

Cultural diversity has been defined as “the representation, in one social system, of people with distinctly different group affiliations of cultural significance”. It has been studied in both laboratory and field settings. Laboratory studies, grounded in the value-in-diversity perspective, have shown that diversity within work groups increases their effectiveness [Cox et al. 1991]. On the other hand, field studies, guided by social identity and related self-categorization theories, have suggested that diversity is associated with negative performance outcomes [Pelled et al. 1999].

Within culturally homogeneous groups, members will have a tendency to communicate with each another more often and in a greater variety of ways, perhaps because they share worldviews and a unified culture resulting from in-group attachments and shared perceptions [Earley & Mosakowski, 2000]. According to social identity theory, cultural homogeneity in management groups may thus increase the level of satisfaction and cooperation and decrease emotional conflict [Williams & O’Reilly 1998]. Since homogeneous groups do not have significant cultural barriers to social intercourse, positive social associations and in-group social contacts are fostered [Blau 1977]. This formulation suggests that deleterious social identity and self-categorization processes will not inhibit an organization with a culturally homogeneous management group. As cultural diversity increases, however, social comparison and categorization processes occur, and in-groups/out-groups and cognitive biases may occur, creating barriers to social intercourse [Blau 1977]. Therefore, as heterogeneity in management groups reaches moderate levels, the psychological processes associated with social identity theory and self-categorization processes may be more likely to emerge. These processes generate individual behaviours such as solidarity with others in a race- or gender-based group, conformity to the norms of one’s group, and discrimination towards out-groups [Tajfel & Turner 1985]. To the extent that multiple subcultures exist in moderately heterogeneous groups, conflict is potentially maximized [Earley & Mosakowski 2000], and intergroup interaction and communication may be blocked [Alexander, Nuchols, Bloom, & Lee 1995]. For example, Earley and Mosakowski [2000] found that moderately heterogeneous groups exhibited relationship conflict, communication problems, and low identification of members with an overall work group. Within management groups, the difficulties associated with moderate levels of heterogeneity may lead to negative performance outcomes for an organization. Although moderate levels of cultural heterogeneity may create barriers to effective social intercourse, high levels of heterogeneity could actually weaken these barriers [Blau 1977], since group members will be more evenly diffused over the categories of cultural diversity, and in-group/outgroup identities will be reduced [Alexander et al. 1995].

In groups with high levels of cultural heterogeneity, every-day social contacts and communication are more likely to involve members of different racial/gender groups. Further, the in-group pressures that inhibit social interaction with out-group members should be weakened [Blau 1977]. In management groups with high heterogeneity, out-group discrimination is thus less likely to exist. In fact, few common bases for subgroup formation and social identity are likely to exist in management groups with relatively high levels of diversity [Earley & Mosakowski 2000]. In addition, the processes associated with the value-in-diversity paradigm are fully realized within highly diverse management groups, which further enhances performance [Cox et al. 1991]. An organization with high levels of cultural heterogeneity in management may not be inhibited by social identity processes because organization members have many out-group contacts and may, instead, distinctly benefit from a diverse pool of resources.

4. Double Effects of Diversity

In sum, in keeping with presented above research diversity might have positive and negative contributions to organizational functioning depending on its level. There are some advantages and disadvantages for organizations which deserve to be discussed in detail.

There is substantial literature which argues that diversity has performance advantages over homogenous work structures [Cox, Lobel and MacLeod 1991]. First, multicultural organizations have an advantage in attracting and retaining the best talent. The capabilities of women and minorities offer a wider labour pool. Organizations that are able to attract and retain qualified minority group members and keep faith with them through fair and equitable career advancement treatments, gain competitive advantage and derive high quality human resources dividends. Second, a multicultural organization is better suited to serve a diverse external clientele in a more increasingly global market. Such organizations have a better understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations [Adler 1991]. Third, in research-oriented and hi-tech industries, the broad base of talents generated by a gender-and ethnic-diverse organization becomes a priceless advantage. "Creativity thrives on diversity" [Morgan 1989]. Fourth, multicultural organizations are found to be better at problem solving, possess better ability to extract expanded meanings, and are more likely to display multiple perspectives and interpretations in dealing with complex issues. Such organizations are less susceptible to "groupthink." Fifth, multicultural organizations tend to possess more organizational flexibility, and are better able to adapt to changes. Women, for instance, are said to have higher tolerance for ambiguity than men [Rotter & O'Connell 1982].

Diversity has some drawbacks which moderate its significant advantages. In problem-solving situations, extraordinary costs in time and financial resources

can negate the benefits of synergy, and can even degenerate into dysfunctional conflicts. Diversity does not fare as well under conditions of uncertainty and complexity which may lead to confusion and frustration. Diversity can make it harder to arrive at an agreement on a particular course of action, and can result in negative dynamics and cultural clashes that can create work disadvantages for women and minorities. Traditionally, cultural conflicts between majority and minority group members are usually resolved in favour of the majority groups. This, in turn, creates significant barriers to full participation by minority members in potentially conflict situations. In an analysis of 151 work groups, Tsui, Egan and O'Reilly [1992] found diversity to be associated with lower levels of psychological identification with group members which would tend to detract from overall performance and result in adverse effects on organizational measures of productivity, absenteeism and turnover. Homogenous groups have been reported to outperform culturally diverse groups especially where there are serious communication issues which make it more difficult for everybody to make optimal contributions to the group effort. Higher turnover and absenteeism are special problems identified with multi-cultural organizations. Several research studies since the 1960's have found women and other minorities to be consistently higher on absenteeism and turnover than their majority-member counterparts. In a study of twenty work units, O'Reilly, Caldwell and Barnett [1989] concluded that heterogeneity in groups was associated with lower levels of group social integration which resulted in higher individual turnover. They concluded that out-group members were more likely to leave the organization. Using a hypothetical company of 10,000 employees, Cox estimated that absentee differences attributable to multiculturalism would cost a company an average of three million dollars per year [Cox 1993, p. 25].

Milliken and Martins [1996] argued that diversity can affect an organization's functioning through four types of mediating variables. First, diversity can have "affective consequences", such as lower organizational commitment or lower satisfaction, because people prefer interactions with similar others. Second, "cognitive outcomes" refer to an increase in creativity and innovation. Diversity can enhance a group's ability to gather and process information and therefore it could result in a greater creativity. Third, a diverse organizational workforce is a symbol of equality. These "symbolic effects" are important for an organization's reputation. And last, diversity also has clear implications on the communication process within a group or organization, i.e. "communication effects". Milliken and Martins' typology takes into account the fact the diversity can have both positive and negative effects on the functioning of organizations. Also Benschop [1999] argued that their typology provides a clear view on the effects of diversity on an organization's functioning.

5. Cultural diversity in the perspective of Firms operating In the Podlaskie region

Geographical and historical conditions have made Podlaskie Voivodeship a place of coexistence of various nations and cultures. Multinational character provided background for the creation of distinct systems of values and attitudes, characteristic to the representatives of different denominations inhabiting the north-east of Poland. Nowadays, those who constitute the largest ethnic groups for the most part are members of Catholic and Orthodox Churches¹

On the basis of the review of the features specific for orthodox and catholic cultures described in theological literature it can be predicted. that the differences might be visible in companies operating in culturally diverse regions. When translated into organizational reality they could mean that there are varied approaches to organizational phenomena. They are presented in the Table 2.

Table 2. Cultural traits of Catholics and Orthodox believers

For Orthodox believers	For Catholic believers
<ul style="list-style-type: none"> • a group is more important than an individual person, a group cannot be wrong, the group's representation works for all the group members 	<ul style="list-style-type: none"> • an individual is responsible for his/her life and is independent from other members of the group, has ability to critical self-assessment and difficulty to create a group in organization
<ul style="list-style-type: none"> • passive attitude is characteristic, authorities can make decisions concerning individuals without giving a reason standing behind them, no instructions are given 	<ul style="list-style-type: none"> • active, rational and social attitude is specific, explaining and instructing is important
<ul style="list-style-type: none"> • phenomena are unrecognisable, rational arguments are not useful for attaining truth which has no logical nature; they have distaste for strict and conceptual thinking, they reveal preferences for emotional experiences and influencing sub consciousness 	<ul style="list-style-type: none"> • rationalism, gaining knowledge by learning, appealing to intelligence and logic are distinctive

¹ According to 31.12.2000 data there are 1,222,709 inhabitants of Podlaskie Voivodeship. The Catholic and Orthodox congregations make 77% and 13,5% of all inhabitants of Podlaskie Voivodeship respectively (in some districts, for example in Hajnowski district, the inhabitants are over 80% Orthodox Church believers).

<ul style="list-style-type: none"> • the only freedom possible to achieve by humans is spiritual, the necessity of choices limits human liberty 	<ul style="list-style-type: none"> • freedom means the freedom of choice which together with responsibility is the most important value
<ul style="list-style-type: none"> • any award results from approaching to organizational power or authorities. For being awarded individual must change and fit to its expectations 	<ul style="list-style-type: none"> • to deserve an award men should take actions which lead to reward. Any reward is always a natural consequence of desirable behaviour

Source: based on B. Mazur, K. Bargłowski, *How to manage Eastern and Western Christians successfully in one organization?* Proceedings of cAIR10, the first Conference on Applied Inter-culturality Research (Graz, Austria, 7-10 April 2010, www.uni-graz.at/fAIR/cAIR10/text/procs/Mazur_Barglowski-cAIR10.pdf)

Companies in Podlaskie Voivodeship operate in an environment of cultural multiformity which stem from the province's location and history, as the area has always been a melting pot of different religions and ethnicities. In December of 2009 the research embracing some of these companies was conducted. Researched were 32 companies operating in the most religiously diverse parts of the Podlaskie Vivodship in the districts of: Białystok, Hajnówka, Siemiatycze, Bielsk Podlaski and Sokółka. Half of the analyzed companies represented a group of big firms included in *100 Biggest Companies of the Podlasie Region*, the other half located in the same districts as the firs ones represented the sector of small and medium companies.

Random sample frame consisted of companies representing different sectors – from traditional as mining industry through communal services to modern technology represented by telecommunication companies. Using data provided by the HR executives in the interviews, let to assess in what way the diversity was perceived by the companies.

The purpose of the research consisting of 4 questions was to perceive the differences between the workers representing catholic and orthodox culture in companies operating in the Podlasie region. Questions asked were aimed to gain information about the results of the differences to the functioning of the company: perception of cultural diversity of the workers as a profit or liability for the company. The scale of the results consists of: affective, cognitive, symbolic and communication effects.

Answering the question – *Do the companies notice employees engage less while working with people whose religion varies* – there were 32 negative answers that do not show affective effects. That means that none of the analyzed companies confirmed negative influence on the engagement of the employees doing tasks in mixed religious groups.

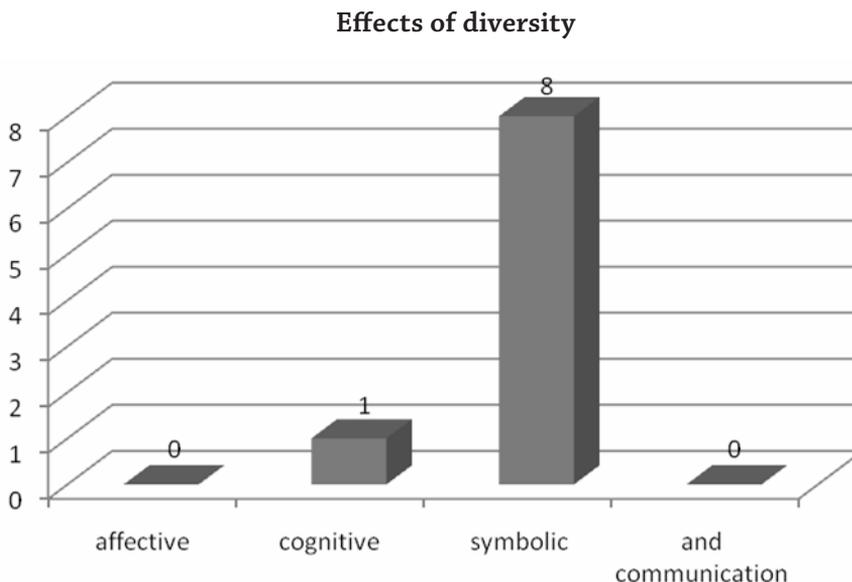
The next question aiming at grading the level of creativity and innovativeness was this: Did you notice a higher level of creativity and innovativeness of the

employees when they work with the religiously different? Also in this case the answers were almost homogenous - 31 companies did not confirm the higher level of creativity of employees co-working with people representing a varied religiously environment. So this time also as to the cognitive effect in the analyzed companies there was no evidence apart from one company that it exists.

The question – Do you reckon that by employing workers of different religions your company will have better image and bigger chances on the work market? – which was aimed to grade the level of the symbolic effect, was the one to differentiate the inquired mostly. 8 companies agreed to the suggestion that by hiring different religiously workers the companies will create a better image and will have bigger pool of talented people to chose from on the work market, while 23 remaining companies did not agree to that suggestion. One company did not give a particular answer to the issue.

Answers given to the question – Do the companies observe a lower level of communication between workers while they work with people of an other religion, – did not confirm the existence of the communication effect. None of the 32 companies did confirm the fact of a worsening level of communication between religiously- varied working groups.

The results of the research are presented on the graph 1.



Source: own research.

6. Conclusions

A diverse workforce is a reflection of a changing world and marketplace. In the laboratory research diverse work teams bring high value to organizations and respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to the same opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organizations need to learn how to adapt to be successful.

In the exploratory research the benefits of the diverse workforce were not fully confirmed. The only advantage of cultural diversity indicated by the companies was better image and bigger opportunity on the marketplace with finding the best personnel for companies. Results of the research suggest that diversity is neither a great asset (in terms of innovation and creativity) or a liability but definitely is closer to the first one because of its symbolic effect (image).

Abstract

This is a paper examining the arguments in favour and against diversity in organisations.

The purpose of this paper is to review the literature on cultural diversity, enumerate the advantages and disadvantages of diversity in organizations and examine the effects of diversity as perceived by organizations represented by chosen companies operating in the Podlasie region.

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The Role of Cultural Differences in Forming a Business Strategy

1. Introduction

International business covers all transactions undertaken between enterprises from two or more countries. In order to finalise a transaction companies have to form international operational structures distinct from those applied in their domestic market. Besides knowledge of international strategies managers need to comprehend the interdependence between the strategies and their financial results. Differences between an international and a domestic business concern commercial practices, the scope of managerial decisions, disparities in legal systems, as well as restraints put in place by governments, limitations connected with different currencies, not to mention cultural differences. Different business cultures in different countries lead to distinct commercial practices. Therefore, executives operating internationally encounter difficulties that people managing enterprises on a local scale do not have to face. Cultural differences are of fundamental importance for running an international business .

The aim of this essay is to indicate the impact of cultural differences on the business strategy formulated for various countries and to show the significance of knowledge about the culture, behaviours, customs and traditions of the partner country in international business.

This article is composed of three parts. The two first parts comprise a theoretic essay, in which native cultures are described in the context of international management, and a description of cultural factors that influence the formation of a business strategy. The third part describes the experiences of Young Digital Planet in negotiations and relations with countries of different cultures.

2. Native cultures and their significance in international management

On the one hand, globalization and business activity of large companies all over the world increasingly links various nations and cultures, however, on the other hand, it reveals profound differences between people and nationalities on the level of communities, individuals and organizations [Murdoch 1999, p. 20].

Discussing cultural diversity and coexistence of different cultures in international business environment requires defining and comprehending the concept of culture itself, as well as classifying cultures according to specific features, useful for business environment.

The culture concept has many meanings, however all of them originate from Latin, where culture stands for cultivation. In a majority of western languages culture is identified with civilization or intellectual refinement manifested in education, art and literature [Hofstede 2000, pp. 3940]. In addition, it is a social phenomenon as it is common for people existing in a given social environment. Culture is acquired and learned in the environment.

Culture contains the entirety of attainments of a given society handed down from generation to generation that concern e.g. beliefs, models of conduct and rules of coexistence. It forms sets of rules, conceptions, categories, concepts accepted in the society and determining obligatory behaviours [Nogalski, Jarocki 1998, p. 70].

Nevertheless, while contemplating culture we think about its region, ethnic and religion diversity, and also organizational culture, alias corporation culture. Ethnic and religious groups usually exist not only in a given country but frequently cross its borders. However, religion itself does not affect culture very profoundly.

Culture consists of behaviours studied in various situations. The sooner we learn them the harder they are to change. A number of factors concerning culture influence the marketing environment e.g. taste that depends on cultural conditioning. Culture determines the attitude of different countries towards colours, as well. For Muslims, for example, green colour has a sacred signification whereas in South Eastern Asia it is associated with illness. While white colour is identified with purity in the West, for Asians it is a colour of death [Still, John 1985].

In international corporations, besides specific organisational cultures, national culture differences are a matter of concern. Poles, Germans, Americans or the French have a different perception of such values as teamwork, a different attitude to regulations and procedures and they perceive dimension of time differently. Considering these differences allows us to elucidate the grounds of communication, management or collaboration problems, as well as to decide on the course of action. The fundamental dimensions of national cultures that differentiate us are:

- attitude towards regulations and principles,
- individualism versus collectivism,
- fragmentary versus holistic perception of the world,
- ascribed status versus achieved status,
- attitude towards time,
- attitude towards environment.

Cultural differences can be frustrating for businessmen or companies. Ignorance and non-observance of the rules and national customs valid in a given country may entail breaking promising negotiations, cause unintentional offence to a foreign customer or other instances of social blunders. Therefore, profound knowledge of customs and practices applied in international business is of great significance.

Richard R. Gesteland [2000, p. 125] itemises two iron rules:

- in international business the seller is expected to adapt to the buyer,
- in international business the visitor is expected to observe local customs.

The abovementioned expectations ought to determine the actions of companies operating in different cultural conditions and to constitute the basis on which to build a strategy of cooperation.

3. Building a business strategy in international management

Business strategy is one of the fundamental instruments of management. In market economy, creation of effective business strategy conditions succeeding. Furthermore, many management failures can be tracked to strategic mistakes.

The concept of 'strategy' is characterised by a diversity of approaches. Adducing one of well-known definitions, strategy consists in formulating main missions, intentions, and organisational goals, as well as employing specific policies and indispensable actions to achieve the organisational goals [Steiner, Miner, Gray 1986, p. 5]. Taking the most significant aspects of various definitions, strategy can be characterised as a concept of coherent activity, established by company management. Strategy implementation is to guarantee the accomplishment of long-term objectives in a chosen domain.

The strategy of an organisation consists of four fundamental elements: domain of activity, strategic supremacy, goals to achieve, and functional programs [Obłój 1993, p. 52].

For the purpose of this essay, from the abovementioned elements, it is essential to focus on the domain of activity. This identifies the market and customers, which determine the company's identity. In international management market features determine the fundamentals of international collaboration and the essential task for the company is to adjust different, sometimes contradictory, cultural elements into the corporation's global strategy. The specific culture elements indicate the fundamental problem of international management, i.e.

adapting philosophy of action and concrete practices to particular countries. The efficacy of management largely depends on concentrating on the elaboration of appropriate formulas regarding matching products to local market needs.

The marketing success of an undertaken project is determined by knowledge of its marketing environment and socio-cultural conditioning. A company entering a different culture market with its product needs to take various factors into consideration. Suffice to mention such factors as consumer affluence, market absorptiveness or price level to realize the complexity of the problem. In addition, legal and political conditions, such as tariff walls or nontariff barriers, as well as legal regulations concerning products, valid in the country are also of great significance.

Cultural differences are reflected in the awareness regarding e.g. desired product appearance and its features. Knowledge of this subject and its consideration is essential to manage an international business. In various countries the same colour has completely different meanings, it can have a religious or native symbolism that we are unfamiliar with. A similar problem can occur with the usage of companies' brand names and articles ignorance of national culture might lead to ambiguities, different perception or association of a product.

Negotiations and international relations are the components of international management [Kostera 1997, p. 526]. Negotiating is a difficult art. However, it becomes even more difficult when negotiations are carried on between representatives of two different cultures, legal, political or currency systems, which has a critical impact on the whole process of negotiations and on used techniques. Therefore, the manner of conducting talks as regards the language, cultural context and gestures and body language is of a great significance. Despite the integration of cultures and languages, gestures are not always unambiguous for people from different parts of the world.

While forming a strategy of international business it is also crucial to take the gender barriers into consideration. In countries with a hierarchical order women get high positions in companies, however infrequently. In others they are undesirable in the world of business. Especially in the Republic of Korea, Japan, and Saudi Arabia, men are the ones to climb the ladder of success, whereas women seldom succeed and are not respected equally with men in the commercial sphere.

4. Cultural differences in light of the experiences of the Young Digital Planet company in running international business¹

Young Digital Planet is a company that has been on the computer programming market since 1990. The company develops training systems and educational

¹ Materials provided by YDP.

content based on information technology, intended for individual customers, businesses and educational institutions. The company's objective is to furnish the educational systems of the highest quality and proven effectiveness. Additionally, Young Digital Planet is a global leader in the production of interactive foreign language learning software. The company's leading position on the market is a result of a combination of supreme technologies and the highest quality materials produced in cooperation with traditional publishing houses from Great Britain, Germany, France and Spain.

In 2001 Young Digital Planet brought a series of world's first multimedia handbooks eduROM onto the market. It is an unprecedented on a European scale series of educational products for students in Poland and also in a number of other European countries. One of the key assumptions of the described product is the forming of a tele-computer platform for cooperation between groups and institutions participating in an educational process viz. teachers, students and parents. The assumption is being accomplished through application of new capabilities in education process arising from the usage of Internet.

Currently, Young Digital Planet is introducing successive projects and maintains its leading position in Poland and abroad. In addition, the company is a worldwide distributor of EuroPlus+ English for Children, EuroPlus+ Reward, EuroPlus+ Business English, LEO platform, eduROM multimedia handbooks and similar application programs compiled to order. YDP has partners in Germany, Great Britain, France, Norway as well as Holland and Malaysia. As YDP is constantly widening its portfolio of customers, it encounters many cultural differences. Understanding them is frequently the decisive factor for the success of a new business or contract in a particular area.

A short description of several countries cooperating with Young Digital Planet is presented below. The overview refers to business relations in the context of cultural differences.²

Asian countries: Malaysia and Korea

The Asian management style is firmly grounded in culture. Asians are very punctual. A contractor in commercial negotiations is a partner rather than an adversary, even if treated with distrust. To gain Asians' trust, the managers of companies cooperating with them need to visit and host them in order to build a profound relationship of trust and understanding. Malaysians and Koreans tend to sign long-term contracts only if they have confidence in their partners.

Negotiations with Asians can be difficult for Europeans because of e.g. returning to already concluded points of negotiations, sudden changing of the direction of a discussion, or excessively emotional reactions in the least expected moments. Asians avoid using the word 'no', however if they are not positive about

² The information concerning the selected countries and the description of the experiences in cooperating with them is based on the interview conducted with the negotiators from YDP.

a particular issue, they express that through body language, gestures, behaviour and mimicry.

Malaysia

The inhabitants of Malaysia belong to various ethnic groups. Malaysian partners take a long time to become acquainted with their potential partners and to build positive relations and mutual trust before they enter a business. YDP also spent a lot of time on business trips to Malaysia to give Malaysians an opportunity to enter into relations before signing a long-term contract.

While producing computer programs for Malaysia it is indispensable to know the regulations, norms and beliefs of its culture. For example, it is forbidden to show short sleeves or bare soles, which is considered unclean, in pictures.

Some of the mistakes concerning cultural differences between Malaysia and Poland that were discovered in computer programs for children made by Young Digital Planet, are presented below.

In a program that teaches the alphabet by associating the letter with a specific object (A for Apple, C for Cinema, D for Dog...), the word 'dog' had to be replaced by another word due to the fact that dogs in Malaysia are considered unclean.

Another example of a cultural *faux pas* was using the picture of a hedgehog in a Malaysian math teaching program for children, because hedgehogs do not live in Malaysia.

The last instance concerns figures of boys with ruffled hair used in multimedia products. In Malaysia that is unacceptable, therefore the boys had to be combed.

Figure 1. Primary Education Mathematics Malaysia



Source: Materials from Young Digital Planet.

Korea

While negotiating with Koreans it is crucial to remember that it is a country of strong Confucian traditions,³ appreciating hierarchism, ceremonials, respect for old age and work etiquette. The social status of a Korean is determined by: ancestry, social standing of his family, biological age, professional status, gender, education and material status. Age in Korean culture is an important issue. A youthful appearance in business can be a great obstruction. Therefore, people whose age does not imply experience and competence should not conduct negotiations with Koreans. Women are not acceptable in business, either. Polish women coming to Korea for business purposes frequently find themselves in uncomfortable situations. Two female managers from YDP experienced it while negotiating in Korea, e.g. Koreans entering a building do not allow women to pass first. On the other hand, the native hospitality of Koreans makes them take a good care of guests, and for that reason the two ladies were assigned bodyguards who followed them from dawn to dusk.

A clear and strong bond between Korean men and a respect for older and superior in rank males is plainly noticeable. Women in principle do not participate in public life. Therefore, managers from YDP were highly confused when Koreans, during a business visit in Poland, taken to a restaurant for a dinner to get acquainted, were demonstrating their approval in a very intimate way and even they preferred to dance with male rather than female colleagues.

Language related misunderstandings are another issue while negotiating with Korean representatives. The specific character of English pronunciation and phonetics causes Koreans a lot of trouble.

Nigeria

For many decades Africa has been a symbol of chronic poverty and incompetent governing. It is the continent where many conflict situations are concentrated, which alongside with natural disasters cause very strong migration pressure, mainly in the direction of Europe. African countries that are former European colonies belong to another group of Third World countries. In the Third World education is underdeveloped and consequently illiterates comprise over 20% of the population.

Education is also expensive and the people's poverty is an indirect, yet the most important reason of their illiteracy. Another problem is that only boys are to be educated and, in consequence, they are the only group to have an opportunity for better jobs in the future.

In Nigeria, people and good relations are more important than established schedules or punctuality, a fact which the negotiators from Young Digital

³ Confucius(551479 B.C.) – Chinese philosopher and thinker, which works strongly influenced history and culture of the majority of SouthEastern Asian countries.

Planet had many opportunities to experience. The company made thorough preparations for the Nigerian partners' visit. The agenda was carefully prepared, the meetings were prearranged. Nevertheless, the elaborate plans fell into ruin when Nigerians appeared at a meeting over two hours late. The delays were recurring every day of the visit. YDP's negotiators could only conform and accept those significant cultural differences.

Young Digital Planet also had to restrict the usage of the colour red as it is disliked in Africa.

Arab countries. Saudi Arabia

Religion has a huge impact on the way of taking decisions by Arabians. Therefore, it is better to avoid entering into and carrying negotiations during the month of Ramadan. In most Arab countries consumption of alcohol and pork is unacceptable. If invited to a common table, one may not refuse. The Arabian negotiation technique is based on an 'open door' policy, which means that the door to the negotiation room is open to anybody, even people who have nothing to do with the business, which considerably extends the talks.

Arabs dislike haste, therefore they need time to make a decision. They are geared for consultation rather than confrontation. One should not mention the purpose of the visit or the intention of making a contract leaving the initiative to the hosts. When negotiating the prices Arabs are very hard-line negotiators, so one should be prepared for the necessity of reducing the entering price. The nuances of nonverbal communication are very important, too. It is essential to adjust to Arabian customs, therefore, e.g. if conducting standing talks one should keep a short distance, never expose shoe soles, always use the right hand, if someone is left-handed, it is acceptable to apologise to their hosts, or leave a little food on a plate. Negotiations with businessmen from Saudi Arabia are usually hard and long, but insisting on one's position too soon is considered hostile.

While preparing a product for the Arabian market, it is necessary to carefully select the information and pictures to be included, taking into consideration all the factors mentioned above. Additionally, it is advisable to pay attention to colours, e.g. green which has a sacred meaning for Muslims.

The British

British businessmen, brought up in a monochromatic culture, are mainly focused on the transaction. The British think autonomously and they are open minded and punctual, however reserved. Additionally, they pay a lot of attention to national equality, the multiculturalism of their country. For example, when Young Digital Planet prepared a multimedia product with pictures showing a group of children they were chided by British customers to include children of both genders and different races.

Another aspect of cooperating with Britain is finance. Being one of the most expensive countries in Europe makes it financially inaccessible for e.g. Polish companies.

The experiences gained from Young Digital Planet's cooperation with countries of diverse cultures, as well as the conclusions drawn from those experiences show the significance of considering cultural factors while building a business strategy.

5. Conclusion

Cultural and social factors are of great importance in international business. A variety of cultures coexist in the global market and many of them might be entirely new and strange to us. Every company planning to enter a specific market ought to become acquainted with the culture of the country where they are going to operate, otherwise the probability of blundering increases. Considering cultural differences in business and adapting to partner's actions are some of the sources of success in confrontation with foreign businesspeople. Nevertheless, the choice of behaviour cannot be inapplicable to the company's action strategy .

A lack of professional training, insufficient knowledge of history and customs of the other party's country, and relying on improvisation in action are the basic faults of Polish managers.

Except an understanding of the cultural differences, the other factor of success in a specific region is local market customization. It requires an appropriate organization structure, as well as thorough knowledge of the market, its customs and cultures.

Abstract

The subject of this article is to present the impact of cultural differences on building business strategy, as well as the meaning of knowledge about the culture, customs and tradition of the countries in which we do business. The author analyses the experiences of a large multimedia corporation Young Digital Planet S.A. gathered in the course of collaboration with culturally different countries, and uses the company as an example showing how important a consideration for cultural factors is for managing an international business.

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Cultural Catalysts and Barriers of Organizational Change Management: a Preliminary Overview

The only thing constant is change
Heraclitus, Greek philosopher

1. Introduction

“As the environment changes so should the company” [Thompson 1967] is a fundamental presumption in management literature. Internationalization and globalization, accelerated technological changes, growing scarcity of resources, the circumstances of global financial crisis – these all shape the current world business environment escalating competitive rivalry among companies [Brahm 1995, pp. 71–91] and trigger desire for change. Thus, Peter Drucker’s [1999] observation that “Change is unavoidable [...] that implies that change is like death and taxes – it should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm” is more timely than ever.

Moreover, corporate business environment is becoming more and more globalized, which expands international cooperation between companies. Hence, in order to build high performing organizations managers need to know how to effectively manage organizational changes and understand the relationship between organizational culture, national culture and organizational change.

2. Organizational Changes: Success Rates

The changes in organizational life range from routine operational improvements to major, radical, transformational changes. Examples of the latter include: business mergers and acquisitions, business (territorial) expansions, cultural

changes, management information system (MIS) implementation, enterprise resources planning (ERP) implementation, process improvement or re-engineering, and restructuring of organizational units, such as downsizing, technology changes, Total Quality Management (TQM) driven changes, and development of new business strategies [Smith 2002, p. 26]. Moreover, business and professional publications report that over 40% of organizational changes encompass several categories [Mourier, Smith 2001], which makes the process of organizational change management both complex and complicated.

Simultaneously, according to various studies, organizational change attempts frequently fail [Coulson-Thomas 1992; Smith 2002, pp. 26–31], which makes them events with potential strong negative consequences for individuals as well as businesses. Although the rate of failure varies by type of change [Smith 2002, pp. 26–31], it stays relatively high, especially with large-scale changes. Thus, 50–80% of mergers and acquisitions never produce anticipated outcomes, 70% of re-engineering projects are unsuccessful, 83% of all mergers and acquisitions fail to produce shareholder value [KPMG Global Research Report 1999], and over a 50% failure rate applies to business expansions, re-structuring (e.g. downsizing) and Total Quality Management driven changes. This turns organizational change into an event with strong negative consequences for individuals and businesses.

3. Organizational Changes: Major Barriers

Organizations rely on their employees to adapt to changes [Armenakis, Harris, Mossholder 1993, p. 681], however the adaptation is usually slow, often difficult and sometimes even unsuccessful. This mostly occurs in the case of socially detrimental changes, for instance those in the aftermath of the recent global economic crisis which include: closures of factories and redundancies for cost reasons, organizational changes in management strategy, price restructuring (cost cutting) accompanied by lay-offs, internal restructuring involving, for example, a merger of two work units, and a decrease in company value (reputation, goodwill). Therefore, change remains and will remain a dilemma in how to cope with challenges that are often mutually exclusive: a challenge to assure high organizational change performance and a challenge to sustain organizational social integrity. Thus, the question here is: “If the change produces anticipated benefits, will people survive the change and stay with us?”

The odds of successful change management depend on numerous influential factors: methodological determinants, the complexity of change and social aspects. These aspects are dominant and comprise: top manager commitment and open communication [Ringer 1998], social culture [Hofstede 1980] and employees’ reaction to change, especially resistance [Carnall 1990; Burnes 1992; Coulson-Thomas 1992; Kotter 1996].

Organizational members' reactions to change vary depending on the character of transformation and the value that people place on satisfying different individual needs [Carnall 1990]. Individuals or groups can react very differently to change: from passively resisting it, silencing its advocates, refusing to engage in joint problem-solving, refusing to seek common ground, sabotaging, and aggressively trying to undermine it, to sincerely embracing it [Kotter, Schlesinger 2008; Agocs 1997, p. 45].

Resistance to change is customarily mentioned in management literature as an inevitable consequence of organizational change initiatives and listed among the most crucial inertial forces against any transformation [Carnall 1990; Burnes 1992; Coulson-Thomas 1992; Kotter 1996]. Because the future is often uncertain in terms of change, people in general are not motivated to change unless there are compelling reasons to do so [Bouckenooghe, Devos, van den Broeck 2009, p. 559, p. 41] and the destination state to which the organization moves is indeed beneficial to individuals and the whole organization. Therefore, any change attempts encounter resistance.

Peter Senge [2006] states that "People don't resist change. They resist being changed". Employees' resistance to change is attributed to various causes including habit and inertia [Agocs 1997, p. 45]. It stems also from change as such (e.g. impediments related to undertaking the transformation); from fear of the unknown and anxiety [Baron 1990; Czerska 1996; Griffin 1996] resulting from individual perception of consequences of the change process, such as absence of the skills they will need after the change, and losing power or position.

Although inertial forces constantly occur during the change process, adaptation will be successful when they are overcome. Because resistance is claimed to be a natural human response [Schein 1988] to "uncertainty, anxiety and ambiguity" inherent for a situation of change [Griffin 1996], attaining the organizational balance by "ensuring a tolerable level of environmental uncertainty, anxiety and ambiguity" [Ristino 2005/2006, p. 130] for organizational members seems to be a vital determinant of successful change management.

Table 1. Methods for dealing with resistance to change

Approach	Commonly used in situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time-consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time-consuming if participators design an inappropriate change.
Facilitation + support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time-consuming, expensive, and still fail.
Negotiation + agreement	Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + implicit coercion	Where speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Source: J.P. Kotter, L. Schlesinger, 2008. *Choosing Strategies for Change*, HBR, July–August, p. 136.

The tension resulting from uncertainty can be eased by developing a strategy for change and employing a combination of management facilitation methods (OD interventions) appropriate for each phase of organizational change process¹. Those interventions include: showing empathy and support, motivation, stakeholder participation, team building, negotiation and confrontation meetings, manipulation, co-optation and coercion but above all training and communication programs [Griffin 1996; Czerska 1996; Zarębska 2002; Mikołajczyk 2003, Kotter, Schlesinger 2008]. Commonly recognized facilitation strategies and their characteristics are shown in Table 1.

4. No 'One Best Way' to Manage Organisational Change

Despite a growing body of management literature on the organizational change process which has been a focus of study in a variety of contexts, there seems to be a constant lack of ultimate answers on how to manage the change successfully in different cultural settings.

In the current internationalized and globalized business environment, the cross-cultural aspects of change management should not be overlooked. Geert Hofstede states that "Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." In consequence, change is becoming more challenging in a way that the typical obstacles to organizational change appear to increase.

Since Hofstede's [1980] monumental work, the issues of cultural differences in a business context have been thoroughly researched and profound knowledge has been accumulated in recent management literature [Hampden-Turner, Trompenaars 2002, 2005, 2006; House (ed.), 2004]. Studies show that people from different cultural backgrounds vary in terms of their receptiveness to new ideas [Coulson-Thomas 1992] and every culture differs in its selection of approach to decision-making and problem-solving [Hampden-Turner, Trompenaars 2002] as well as to change-managing [Hess 2009], specifically in selection of OD interventions.

Moreover, Charles Hampden-Turner and Fons Trompenaars [2002] in their work *Riding the waves of culture* reveal that management methods developed in the North-American arena encounter methodological problems when applied to non-North American countries. Thus, while using universal approaches to change, one should take into account that they might not serve their purpose in every cultural setting. Therefore, to achieve positive results in management, "tailoring is needed" [Coulson-Thomas 1992]. Consequently, companies operating in varied cultural settings should adopt approaches to organizational change management congruent with a particular societal culture. The unresolved question here is: "How and to what extent should organizational change theory be modified according to national differences for business organization success?"

¹ See: Carnall 1990; Burnes 1992; Kotter 1996.

5. Cultural Dimensions and Change Management in Multi-Cultural Settings

In management literature there are numerous studies presenting classification of cultural dimensions. Geert Hofstede's study of cross-cultural values has come to be regarded as one of the most influential.

G. Hofstede [1980] identified four sets of fundamental cultural dimensions, which are: power distance, individualism and collectivism, masculinity and femininity, and uncertainty avoidance. The fifth dimension: long-term and short-term orientation was introduced by Chinese researchers and later incorporated into Hofstede's framework. According to this study [Hofstede 1980]:

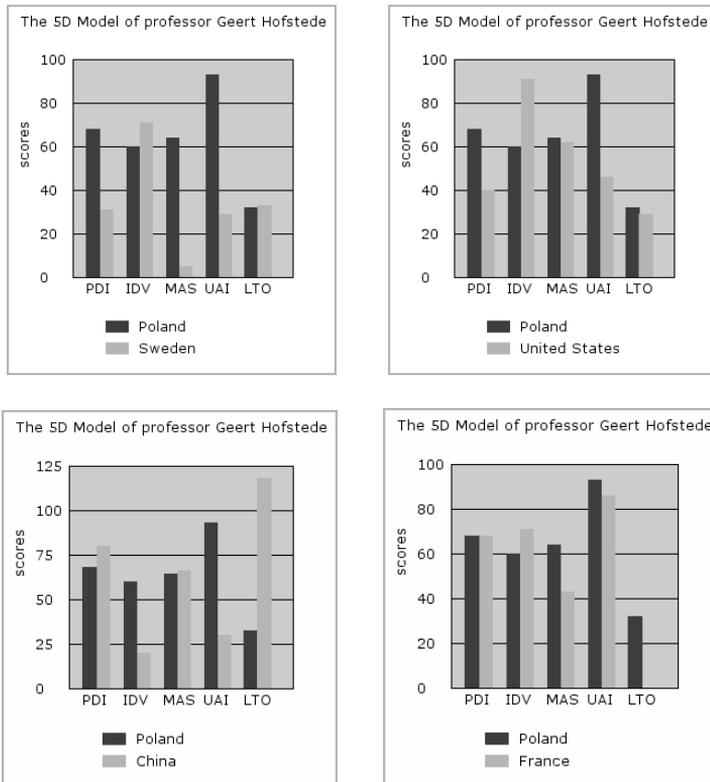
- **Power Distance** explains the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality, but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality are extremely fundamental facts of any society and anybody with some international experience will be aware that "all societies are unequal, but some are more unequal than others".
- **Individualism (IDV) versus collectivism**, indicates the degree to which individuals are integrated into groups. On the individualist side there are societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, there are societies in which people, from birth onwards, are integrated into strong, cohesive in-groups, often extended families which continue protecting them in exchange for unquestioning loyalty. The word "collectivism" in this sense has no political meaning: it refers to the group, not to the state.
- **Masculinity (MAS) versus femininity**, refers to the distribution of roles between the genders. The studies revealed that (a) women's values differ less between societies than men's values; (b) men's values from one country to another contain a dimension from very assertive, competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called "masculine" and the modest, caring pole "feminine". The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values.
- **Uncertainty Avoidance (UAI)** deals with a society's tolerance for uncertainty and ambiguity and indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth. People in

uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.

- **Long-Term Orientation** deals with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's face.

These cultural differences describe averages or tendencies and not characteristics of individuals. The examples of cultural dimensions for four selected countries, namely: Poland, Sweden, US and China are shown in Figure 1.

Figure 1. Geert Hofstede's Cultural Dimensions for Poland versus Sweden, USA, China



Source: Generated by <http://www.geert-hofstede.com>

There is an interplay among the above-mentioned cultural dimensions and resistance to change in a way that societies with a high indicator of power distance, individualism, and uncertainty avoidance create vital inertial forces against transformation [Hofstede 1980]. This makes a demand for the application of – the above-mentioned (Table 1) – persuasive and manipulative facilitation strategies to organizational change [Hess 2009]. In contrast, in cultures with a low indicator of these dimensions (e.g. Australia, New Zealand) people tend to have low resistance to change, and participative – consultative and democratic – interventions such as: communication, participation and negotiation (Table 1) are found to be most effective [Hess 2009].

Simultaneously, other empirical researches demonstrate important links between culture and social capital, including: trust and trustworthiness. The environment of trust within an organization is impacted by the culture of that organization [Robbins 1998].

Trust represents a positive assumption about the motives and intentions of another party; it allows people to economize on information processing and safeguarding behaviours [Gambetta 1988]. Organizational trust is based on collective trust of individual organizational members [Huff, Kelley 2003, pp. 81–90] and is viewed as the level of trust employees have in the multiple organizational members [Shockley-Zalabak, Ellis; Winograd 2000, pp. 35–48]. The level of organizational trust is influenced by the level of trust inherent in the society [Mayer, Davis, Schoorman 1995, pp. 709–734] and differs across societies [Huff, Kelley 2003, pp. 81–90; Zaheer, Zaheer 2006, pp. 21–29].

Francis Fukuyama [1995] argues that global competitiveness of firms is affected by the level of trust inherent in the nation's society. Business outcomes are significantly influenced when trust is treated as a cultural characteristic of the organization.

Moreover, there is much evidence of the positive roles of trust in the corporate environment in general [Knack, Keefer 1997; Huff, Kelley 2003, pp. 81–90; Alston 2004, pp. 411–417; Sztompka 2007] and also in organizational change [Sydow 1998]. Thus, there is a need to create a culture that reinforces trust [Alston, Tippett 2009], which is possible in the case of the application of participative facilitation methods to organizational change (Table 1).

6. Summary

The paper gives a preliminary overview of cultural aspects of organizational change management. It highlights culture as a critical issue in managing organizations or business corporations. It shows that in the process of transforming a company across national and cultural boundaries and applying facilitating strategies, cultural differences should be definitely taken into consideration.

Notwithstanding the profound research regarding the links between management and culture, including social capital and social trust, the issues of culture and its influence on change management performance have not been systematically explored in current economic literature. Owing to the fact that to survive and develop in turbulent business environment organizations should quickly respond to changes, the main focus of this study is the statement that companies operating in different cultural settings need to know how to manage organizational changes effectively. That is to say, the application of a methodologically sound approach to change [Kotter 1996], comprising the facilitating strategies congruent with a particular national culture, should be applied. This would subsequently result in a positive performance of the change process.

Consequently, the following question arises: “Will firms that consider culture in their approach to change management and adjust facilitating strategies be more successful in achieving expected results of organizational change than firms that neglect culture in their change approach?”. This and other questions mentioned in the paper will be addressed by the author in further empirical research.

Abstract

Business organizations confront increasing and more complex changes in economic, technological, and social environment than never before. Internationalization and globalization, accelerated technological changes, growing scarcity of resources, the circumstances of global financial crisis – these all shape the current world business environment and trigger desire for change.

Although the organizational change process has been examined in a variety of contexts, there seems to be a constant lack of ultimate answers on how to manage the change successfully in different cultural settings.

This paper gives an overview of major issues of managing organizational change in multicultural context. The focus of this preliminary theoretical study is the statement that companies operating on internationalized markets in different cultural settings should know how to manage organizational changes effectively. This should involve the application of a methodologically sound, customised approach to change, comprising the facilitating OD interventions congruent with a particular national culture. These issues need a profound study and empirical research, which will be the next step in the author’s work.

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Barriers of Cross-cultural Interactions According to the Research Findings

1. Introduction

Transnational corporations (TNCs) are companies that encounter cultural barriers by their very nature. According to one of many definitions TNCs are entities that face the challenge of managing complex multi-environment system of multiple societies to balance sufficient unity and flexibility to adapt to varying circumstances [Westney, Zaheer 2003, pp. 349–350]. To achieve their goals TNCs need, among other things, to overcome cultural barriers in managing foreign subsidiaries. Thus, developing knowledge in this area is significant. There is a necessity to label major types of cultural barriers in theory and practice. Hence, this article presents a brief description of major problems in an intercultural setting with emphasis on the research findings in this matter. These are the aims of this thesis. At the same time, field researches that concentrate on cross-cultural issues in foreign subsidiaries, cultural barriers especially, are relatively rare.

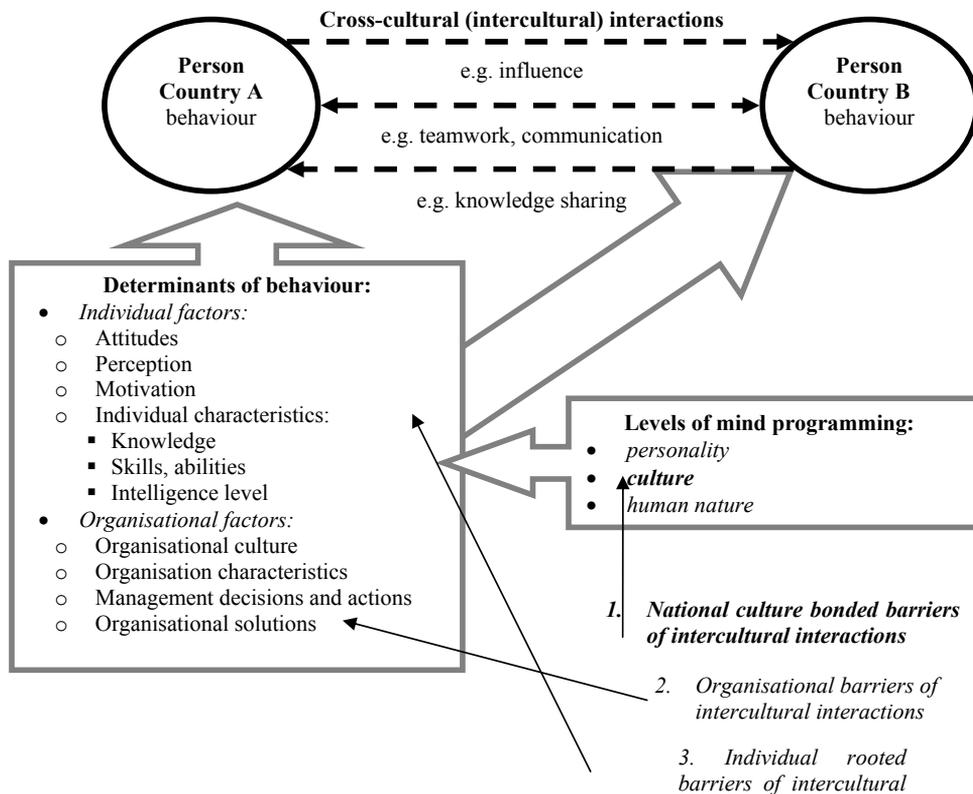
2. The concept and classification of cultural barriers

Cultural barriers in managing foreign subsidiaries are defined as “culturally determined factors that are obstacles in effective operating of a TNC as a whole as well as operating of its individual parts” [Rozkwitalska 2009, p. 144]. They include cultural contingencies as well as other factors impeding cross-cultural interactions. They hinder effective goals achievement of TNCs and their subsidiaries [Rozkwitalska 2010, chapter 2.1]. **A cross-cultural (intercultural) interaction** is a reciprocal influence (action) of a person from one national or organisational culture on another person or people from different national or organisational culture(s) [Rozkwitalska 2010, chapter 2.1]. Individual and organisational factors influenced by three levels of mind programming belong

to major determinants of human actions [see Kozusznik 2002, p. 16, Hofstede, Hofstede 2007, pp. 17–18]. The concept of cultural barriers is based on these elements (see fig. 1), which include [Rozkwitalska 2010, chapter 2]:

- *National culture bonded*, like cultural distance, cultural shock, cultural stereotypes and auto-stereotypes, prejudices, and national ethnocentrism,
- *Organisational factors*: TNC headquarters' characteristics, institutional ethnocentrism, the cultural gap, and subsidiary's characteristics,
- *Individual rooted factors*, like: ethnocentric attitude, perception barriers, low international experience of individual employees, their characteristics, insufficient level of cultural intelligence and cultural competences.

Figure 1. The model of cross-cultural interactions and sources of cultural barriers



Source: M. Rozkwitalska, 2010, chapter 2.1, fig. 2.1.

The national culture bonded barriers create environment for TNCs' and their subsidiaries' performance. They influence perceptions of other nations' representatives and attitudes towards them. The organisational barriers form boundaries within which human actions take place. They can facilitate or hamper cross-cultural interactions, strengthen or weaken other cultural barriers that are associated with national culture or people participating in intercultural interactions. For example, when top managers decide to enter a foreign market through an international joint venture, they can expect stronger cultural barriers than in subsidiaries owned by partners from just one country [Barkema, Bell, Pennings 1996, pp. 151–166]. The organisational barriers influence subsidiaries' management in the areas where cultural obstacles are likely to occur. The individual rooted barriers directly affect the behaviour of people in a cross-cultural setting. They can be associated with individual attitudes, perceptions, motivations, knowledge, skills, abilities, intelligence, personality, etc. For example, when a person assumes that cooperation with the Swiss will be well-organised and characterised by punctuality (like the stereotypical Swiss watches) he or she can underestimate potential problems related to possible poor time management skills of a potential Swiss partner.

3. Description of the research project

The research was conducted in foreign subsidiaries of TNCs operating in Poland, in most cases among top and middle level managers, in the winter at the end of the year 2009. Foreign subsidiaries are defined in the broad and narrow sense. According to the first concept **foreign subsidiaries** are the same as foreign affiliates (i.e. subsidiaries, associates, and branches) if the owner of at least 10% equity capital stake (or its equivalent for unincorporated enterprise) is a TNC. In the narrow sense, a **foreign subsidiary** is only a subsidiary. It means that a TNC holds more than 50% equity stake in this type of company [Rozkwitalska 2010, chapter 1.2]. For the sake of the research a **transnational corporation** is defined as an entity that has at least two direct investment enterprises in two various countries [Rozkwitalska 2010, chapter 1.2].

The non-probabilistic sample¹ consisted of 48 subsidiaries (all but one had more than 50% foreign equity stake, according to the REGON database). Half of them was green-field investment, and the other half included subsidiaries established by acquisitions. The capital in these entities originated from North-America, Europe (43.8% enterprises had their headquarters in the EU), and Asia. 1/5 of the subsidiaries had mixed capital. The sample mostly consisted of large incorporated subsidiaries. They represented various sectors including manufacturing and services. Most of them were located in the northern and

¹ A non-probabilistic sample was selected because there are no data available that would enable one to distinguish a foreign subsidiary of a TNC from a foreign subsidiary that does not belong to any TNC [see Rozkwitalska 2010, chapter 4.1].

central Poland and had run their operations for many years. In the majority of cases they were owned by mature TNCs boasting many years of experience on international markets [Rozkwitalska 2010, chapter 4.3].

Information were obtained from 45 managers and specialists working for TNCs, including Poles and two foreigners living in Poland for years and speaking Polish fluently. Most of them were middle level managers and represented various departments: technical/manufacturing, administrative, sales, Human Resources, finance, accounting, quality, logistics, and others. They worked for TNCs' subsidiaries for at least 1.5 years (more than 40% of the respondents had more than 4.5 years of work experience in TNCs). The information were acquired through semi-structured interviews.² Each interview lasted approximately 1.5 hours and most of them were conducted in company offices. The research problem was defined as follows: "Intercultural barriers in functioning of TNCs' foreign subsidiaries located in Poland." The author tried to explore major sources and areas of cultural barriers in cross-cultural interactions of subsidiaries [Rozkwitalska 2010, chapter 4.3]. The cross-cultural interactions that were scrutinised included [Rozkwitalska 2010, chapter 4.3]:

1. Interactions in multi-cultural teams, including virtual ones,
2. Subordinate-superior relationships, where one side was a foreigner,
3. Participation in cross-cultural negotiations,
4. Office contacts with other foreign affiliates of TNCs,
5. Office contacts with foreign partners,
6. Internships and training sessions in other foreign affiliates of TNCs,
7. Official trips abroad,
8. Participation in training sessions led by foreigner(s),
9. Participation in meetings with foreigner(s),
10. Official duties under the procedures of TNCs.

The respondents' most frequent types of cross-cultural interactions were as follows: 9, 7, 1, 4, 10, 2, 8, 5, and then 6 and 3. In most cases the interviewees participated in more than 7 types of cross-cultural interactions mentioned above. So they can be perceived as a reliable source of information in this area of research, especially with reference to internal cross-cultural relationships. The majority of respondents had had international experience before. Most of

² The method was chosen to ensure exploration of a so far poorly analysed area of cultural barriers. The method enables one to achieve deep and detailed observations. It provides more accurate data, however, as a type of qualitative research it does not allow for generalisation of the obtained results. Comparison of the data is also limited [Babbie 2008, pp. 40–41, 172–173, 212–215, 342–345; Brenner 2009, pp. 92–107].

them made frequent trips abroad, used to live abroad, used to work for foreign companies or used to work abroad [Rozkwitalska 2010, chapter 4.3]. This foreign experience could affect perception of the cultural barriers and influence the cultural competence of the interviewees.

4. Research findings³

This chapter gives a summary of the research findings concerning the following main question as well as additional research questions:

- *Main research question:* Have there been or are there any cultural barriers in the foreign subsidiaries the interviewees have worked in or work in?
1. If the answer is 'Yes' – what have been or are the major sources of cultural barriers?
 2. If the answer is 'Yes' – what have or what do the respondents perceived/perceive as cultural barriers?
 3. If the answer is 'Yes' – what organisational factors can strengthen cultural barriers?
 4. If the answer is 'Yes' – where have or do the cultural barriers occurred/occur?
 5. If the answer is 'Yes' – what significance have or do the cultural barriers had/have?

The answer to the main research questions is 'Yes'. It means that cultural barriers could have been or can be observed in the analysed subsidiaries. It can be proved by the analysis of the results achieved with reference to the additional questions mentioned above. The next paragraphs recapitulate these questions. Table 1 summarises major sources of cultural barriers according to the author's interpretation, based on empirical results obtained from the interviews. Table 2 gives answers to the second research question mentioned above.

³ This part summarises the research findings that are reported in detail in the forthcoming book entitled: Rozkwitalska 2010, chapter 5.

Table 1. Sources of cultural barriers in foreign subsidiaries of TNCs in Poland. Summary of the research findings

Cultural distance as a barrier to cross-cultural interactions
<p>Almost all respondents see differences in the behaviour of Poles and foreigners. For 63.6% of them, these differences are the reason behind some types of problems at work. However, the problems are not very frequent.</p>
Organisational factors as cultural barriers
<p>The analysis of the interviews allows to distinguish the most important cultural barriers that are affected by organisational factors. These include:</p> <ul style="list-style-type: none"> • Institutional ethnocentrism that was pointed out by 43.8% of the interviewees, • Insufficient understanding of the Polish general environment, mostly the law and economy, as well as the task environment, i.e. the specificity of particular Polish sectors by the central office or expatriates, • Strategic orientation of the central office, especially the dissonance between declarations and actions, • Strategic choices, i.e. problems with integration of organisational cultures in TNCs that use acquisitions, • Limitations of Human Resources practices, i.e.: formal defects in recruitment, promotion, and evaluation requirements for cross-cultural knowledge, inefficient selection and utilisation of expatriates, insufficient level of communication skills (use of a functional language) in foreign affiliates of TNCs and their headquarters.
Individual rooted cultural barriers
<p>The research proved significance of the following individual rooted barriers:</p> <ul style="list-style-type: none"> • A tendency to make assumptions in cross-cultural interactions, • Possible Pygmalion effect, • Ethnocentric attitude of the Polish employees towards employment policy in subsidiaries, except for the leadership of Polish entities, • Ethnocentrism of foreigners, • Weak communication in the functional language among TNCs' employees, • Lack of ability to communicate in the Polish language among expatriates working in Poland.

Source: M. Rozkwitalska, 2010. chapter 5.1, table 5.5.

Table 2. Impediments to cross-cultural interactions according to the interviewees

Cultural distance as a barrier to cross-cultural interactions
<p>Cultural differences were perceived by interviewees with reference to:</p> <ul style="list-style-type: none"> • Perception of superior roles and positions, as well as styles of leadership, • Preferences within the scope of authority, delegation and decision-making styles, • Preferences within the scope of information flow between job positions in a subsidiary and in contacts with the central office, • Behaviour towards women that is considered to be inappropriate, • Life priorities: work versus personal life dilemma, • Verbal and non-verbal behaviour, • Approach to necessity and scope of formalisation, • Importance of interpersonal relationships in an organisation and with partners, • Approach to Human Resource Management - hard or soft, problems with feedback, • Styles of communication, • Practices, styles of work, foreigners' expectations. <p>The factors mentioned above were perceived by the respondents as cultural barriers.</p>
Organisational factors as cultural barriers
<p>Interviewees tended to mention the following factors as barriers:</p> <ul style="list-style-type: none"> • Transfer of foreign patterns to the Polish environment, • Behaviours of headquarters revealing its domination and conviction that they are better than their subsidiaries, • Conflicts between declarations and actions, • Actions not in conformity with the Polish specificity, lack of understanding of the Polish reality, • Integration of organisational cultures and the culture gap, • Problems with using of the functional language (see also table 4): <ul style="list-style-type: none"> ◦ Necessity of translation and difficulties with literal translation that can lead to communication noises, ◦ Cross-cultural communication that is time-consuming and costly, • Geocentric point of view that can lead to (see also table 4): <ul style="list-style-type: none"> ◦ Overwhelming belief in the universality of promoted solutions, ◦ Rigidity of attitudes and solutions, ◦ Tendency to force solutions without questioning, ◦ Tendency to ignore subsidiaries' issues, • Ethnocentric policy of promotion (see also table 4).
Individual rooted cultural barriers
<p>With references to individuals, the respondents pointed out barriers are caused by:</p> <ul style="list-style-type: none"> • Ethnocentric foreigners – ethnocentrism affects communication and internal relationships (see also table 4), • Expatriates with insufficient qualifications or efficiency, • Employees and contractors who have difficulties in using of the functional language and insufficient skills.

Source: adapted from M. Rozkwitalska 2010, chapters 5.1 and 5.2.

In both tables the sources of the cultural barriers were arranged according to the concept described in the first part of this article. All types of the cultural barriers were identified in the analysed subsidiaries. The interviewees also indicated other impediments in TNCs' internal cooperation (see table 3). They can be associated with the nature of transnational corporations. They may be responsible for accumulation of negative attitudes towards the central office, e.g. suspicions about its motives or authenticity of actions (i.e. hidden motives). These can further affect the relationships with foreigners inside and outside of a TNC. Activities, norms, behaviour that are perceived as strange, difficult or incomprehensible whilst they are subconsciously associated with nationality or the nature of corporation can produce ethnocentric attitudes with their negative impact on cross-cultural interactions. Information included in table 3 refers to the answer to the third research question mentioned previously. The table includes some examples described during interviews.

Table 3. Organisational factors that can strengthen cultural barriers according to the interviewees

Corporate reporting, planning, and accounting systems
<p><i>Different approaches to reporting and planning in small and large organisations can cause tensions in a relationship between the central office and its subsidiaries:</i></p> <p>In a subsidiary of an English corporation Polish partners who run their office in Poland negatively assessed the corporate requirements to “fill tables” and prepare long-term plans. According to them, the specificity of the Polish market makes it impossible to formulate realistic assumptions. As a result, they see long-range planning as a time-wasting activity: “Statistics are useless, they cannot produce real effects. They only allow us to demonstrate the mass of clerks’ results to the central office” (from an interview). Meeting of the reporting and planning requirements of the central is a huge burden for a small Polish office hiring only a few employees. According to the top managers, this situation makes it impossible for the office to focus on attracting new clients. At the same time, this subsidiary is accountable for its results. This is one of the major factors that create problems in the cross-cultural interactions in this entity.</p>
<p><i>Meeting the headquarters’ requirements can be a big strain for the subsidiary and can produce tensions in interactions:</i></p> <p>A manager working for a French corporation said that his central office loves reports and statistics. However, nobody controls whether the data in the tables are true. The investor also requires expanded administration for budgeting purposes. To meet this requirement the subsidiary makes savings in other areas. It affects the employees’ perception of the business competence of the French investor.</p>

Global efficiency imperative and cost pressure
<p><i>Division of company profits in a corporation can produce the feeling of inequity in a subsidiary and can decrease employees' motivation:</i></p> <p>Negotiations with global clients are conducted on the central basis in a small subsidiary. Competition forces the corporation to decrease the price level. Contracts are realised by local foreign subsidiaries. Part of the income achieved from the contracts is paid back to the headquarters. Low margin negotiated globally by the headquarters is the cause of low profitability of contracts for subsidiaries. It also puts pressure on the Polish office to increase its turnover. Thus, employees work harder but subsidiaries' profits are still the same. As a result it is difficult to compensate the employees for their growing efforts. Motivation and job satisfaction decrease. Employees cannot see any advantages of cooperation with a foreign investor. Aversion to the corporation increases.</p> <p><i>Some of corporation's activities produce suspicions among subsidiaries' employees as to the real motives of these actions and the competences of corporation's managers:</i></p> <p>In a subsidiary of an American corporation the eco-saving action was launched as an effect of the world crisis. As part of this action paper towels in toilets were replaced by electric dryers. According to a respondent, this action was more propaganda than helped to reach the planned objectives. No calculations or any assessment of the action's influence on the natural environment were made (at least subsidiaries did not receive any such information). As a result the employees do not believe in authenticity of these activities.</p> <p><i>Sometimes it is hard for subsidiaries' employees to accept the precedence of the corporate interest over the subsidiary interest:</i></p> <p>Global efficiency pressure can negatively influence subsidiaries' relationships with their clients. If the turnover generated by a client is too small in relation to the turnover of the whole group, this client is marginalised. From the central office point of view such a client is no longer attractive.</p>
Time zones
<p><i>Objective factors can also create barriers to task realisation in a corporation. Managers of subsidiaries are aware of the phenomenon:</i></p> <p>Time zones create problems in functioning of multi-cultural teams. Lack of physical presence of team members at one location hampers control and leading activities.</p> <p>Time zones had a huge impact on difficulties in implementation of a reporting system in a subsidiary of a Mexican corporation. According to the manager of this company: „(...) vast time differences require very intensive and time-consuming work on processing of data that have to be sent at the end of each reporting period.” (from an interview)</p>

Source: Extracted and adapted from Rozkwitalska 2010, appendix 5, table 17.

Table 3 shows the necessity of providing subsidiaries' staff with appropriate training that should raise awareness of the specificity and needs of a TNC. This can prevent or decrease the occurrence of problems described in table 3.

The next table provides the answer to the fourth question. A few examples in the table define the major areas where cultural barriers appeared in the analysed subsidiaries.

Table 4. Areas of occurrence of cultural barriers according to the interviewees

Communication
<p><i>Technical/branch language as a cultural barrier:</i></p> <p>The manager of a subsidiary in a Norwegian corporation paid attention to a communication barrier resulting from differences in technical vocabulary, meanings of terms, and mistakes associated with them. This problem may result from differences between the educational systems in Poland and Norway. Translations that are made by external translators are full of mistakes, because they do not know the branch vocabulary. Some managers also emphasise difficulties in finding staff with appropriate knowledge of the branch language.</p> <p><i>Colloquial language as a cultural barrier:</i></p> <p>In spite of good language skills of Vietnamese employees colloquial language was incomprehensible to them and had to be avoided. Due to time restrictions it was not easy to pay attention to vocabulary all the time. This caused problems in communication in a subsidiary of a Vietnamese corporation.</p> <p><i>Ambiguity of words as a communication barrier:</i></p> <p>This problem was raised in a subsidiary of a French corporation. According to the manager, translation from French to English created misunderstandings because English is more ambiguous.</p> <p><i>Barriers in written communication:</i></p> <p>In spite of the fact that English is the functional language, some documents and correspondence in a Belgian corporation are written in Flemish.</p> <p><i>Videoconference and teleconference as a cultural barrier:</i></p> <p>The quality of transmitted signals hampers communication during video- and teleconferences. Additional problems occur because of differences in accents and speech defects. Thus, employees often use emails after video- or teleconferences. This practice prevents mistakes but enlarges the amount of time spent on communication.</p> <p><i>Native speakers' syndrome:</i></p> <p>Some of the interviewees indicated that communication with native speakers is much more difficult than with non-native speakers. Non-native speakers tend to be more tolerant and pay more attention to being understood properly. However, presentations made by native speakers were evaluated higher, as one of the respondents noticed.</p> <p><i>Exclusion barrier:</i></p> <p>The interviewees said they experienced discomfort when foreigners were speaking in their native language during meetings or teamwork. They felt excluded from the group.</p> <p><i>Language barriers in sale:</i></p> <p>In spite of the law requirements, documents for clients are not always translated into a local language. A lack of a local name for a given product can also be a barrier in sale.</p> <p><i>Financial consequences of communication in a functional language:</i></p> <p>Costs of translation into the functional language and language courses are included in subsidiaries' budget and increase inputs.</p>

Application and use of corporate solutions

Corporate regulations sometimes hamper or block carrying out of tasks:

A manager of a small niche German corporation's subsidiary pointed out problems with acquiring of necessary documents that enable certification processes in Poland and launching of a product to our market. Stiff procedures pursued in the central office are the cause that problem. According to the respondent, the headquarters' managers use procedures to protect themselves or to reduce autonomy of the subsidiary in Poland.

Implementation of corporate solutions in a subsidiary without taking into consideration its specificity, can produce problems in mutual interactions and negatively affect perception of the central office:

Some problems with implementation of methods in technology management occurred in a subsidiary of a French corporation. Disparities between technology used in the Polish subsidiary and other affiliates and the central office were the reason behind incompatibility of methods and the subsidiaries' needs. Despite the above problems, the central office put pressure on the subsidiary to use the designed methods because they brought results in other affiliates. Implementation process was evaluated only by the reporting system. Polish managers could not argue with the central, so they decided to report results of the implementation they did not achieve. They filled the tables with data which represented results of implementation of the Polish, not the corporate, concept. If figures in rows tally, nobody in the headquarters is interested in whether the solution was applied or not.

Corporate culture

The sense of being a separate unit is not always perceived as a cultural barrier:

Not all respondents believe that being a separate unit means that cultural barriers in interactions between the subsidiary and the corporation exist. Such individual features can be a source of innovations, according to a manager working for a Norwegian corporation: "We must be separate if we are to be innovative." (from an interview)

Some Polish employees are sceptical about customs promoted in the organisational culture. Some of them are reluctant to accept corporate mores and behaviour:

According to interviewees, there were some problems in their subsidiaries with implementation of lunch break or open space. At the beginning, Polish employees had difficulties with receiving and giving feedback. Some engineers were reluctant to develop soft skills. Typical American political correctness is incomprehensible and seems to be strange and useless for some Polish employees. Not everyone believes in the sense of evaluation process and development plans. In a subsidiary of a Japanese corporation employees cannot accept the prohibition of listening to the radio during working hours.

Unreasonable implementation of corporate symbols in a Polish subsidiary can be a cultural barrier:

An English corporation wanted to unify the image of its local offices. Each subsidiary was to implement corporate symbols and a uniform interior design. Polish partners found this idea useless and costly (changes in decor were to be financed by the subsidiary). The reason was obvious. Clients of local offices do not visit them but usually contact them

via the telephone, email or meetings outside the company, because of the specificity of the sector.

Insufficient training courses on the corporate culture can create a cultural barrier:

A problem in implementation of 5S and *kaizen* methods occurred in a subsidiary of a Japanese corporation. According to the interviewee, the reason consisted in insufficient level of a corporate training course. Employees did not understand the importance of methods and their goals.

A dissonance between declarations and performance raises suspicions of subsidiaries' staff towards authenticity of promoted values and norms:

If there is a discrepancy between declarations and actual actions employees start to be suspicious and treat values as propaganda.

The range of universality of promoted values can be a cultural barrier in implementation of corporate culture:

Problems associated with promotion of corporate values among Polish employees (as well as other affiliates) could be observed. The employees tend to regard themselves as outstanding, due to the fact that they work for a famous international company in a subsidiary of an English-speaking corporation. As a result, young employees start to demand higher salaries.

Development of local personnel

Inefficient corporate training:

In a subsidiary of a French corporation a manager pointed out the lack of ability to analyse the training needs. People with good language skills are very often sent to language courses, and other employees who should attend them, are not.

Promotion paths as cultural barriers:

Flat organisational structure limits vertical promotion opportunities in a subsidiary of an American corporation. This company offers horizontal promotion to its other affiliates and other entities. Each year the employees declare their development plans and whether they want to be moved abroad. According to the respondent this practice does not solve the problem in the case of people who want to continue their career in Poland.

Ethnocentric promotion policy as a cultural barrier:

A manager pointed out that opportunities of pursuing an international career in a subsidiary of a Portuguese corporation are limited. According to the interviewee, the Portuguese have priority over other nations during recruitment proceedings

Insufficient parent-company language acquaintance as a barrier in an international career:

According to an interviewee, the French associate the French language proficiency with intelligence and competence. As a result, people with good French language skills were promoted in a subsidiary.

Another respondent told that only Poles who knew Swedish could pursue a career in the headquarters despite the fact that the functional language in this TNC was English.

Internal cooperation

Ethnocentrism and cultural distance as sources of cultural barriers in internal cooperation:

An Austrian subsidiary of a French corporation tends to blame a Polish subsidiary for their clients' complaints. There is a lack of willingness to examine this problem objectively.

There are a number of obstacles in the way of cooperation between a Turkish affiliate and another subsidiary. A respondent pointed out the following reasons: incomparable level of technical qualifications, differences in the scope of formalisation, and different approaches to discussion.

Taboo as a cultural barrier:

Cooperation between a Polish subsidiary and a Finnish corporation was problematic. The reason consisted in the management fee - it was too high for the Polish entity. Negotiations lasted for over half a year. The Finns found it inappropriate to question the level of the management fee. They treated it as a kind of taboo. They put pressure on the Polish director. The Polish party started to demand a detailed bill for the management fee. As a consequence, they began to demand payment for services that previously were free of charge. Finally, the crisis was reconciled. The management fee was reduced to the level accepted by the Polish party.

Source: Extracted and adapted from M. Rozkwitalska 2010, appendix 5, table 22–26.

According to the research findings the major areas where cultural barriers occurred included communication, organisational culture, Human Resource Management, that is development plans referring to local staff, and internal cooperation. Three sources of the cultural barriers could be observed in all these areas.

The last question stated at the beginning of this chapter refers to the significance of the cultural barriers noted in the analysed foreign subsidiaries. During the research it was assumed that the important cultural barriers might cause prejudices, lack of satisfaction from contacts with foreigners, and work dissatisfaction. The interviewees from 18.2% of analysed subsidiaries admitted that there were significant cultural barriers in their workplaces. They also confirmed the following view: "It is impossible to cooperate effectively with some nations." All of the above mentioned respondents were also dissatisfied with their jobs. However, one of the respondents noticed that the cultural barriers in the subsidiary he worked in helped him to develop his professional competences. Table 5 recapitulates information referring to self-assessment of job satisfaction and satisfaction from cross-cultural interactions according to the interviewees.

Table 5. The level of satisfaction in cross-cultural interactions and job content according to the interviewees

The level of satisfaction in cross-cultural interactions	Percentage of people (%)
satisfactory	54.5
highly satisfactory	38.6
neutral	6.8
dissatisfactory	4.5
Job satisfaction	Percentage of people (%)
Occurrence of job satisfaction	87.5
Reasons for job satisfaction	Reasons for job dissatisfaction
<ul style="list-style-type: none"> • Satisfaction of the need for fulfilment, • Work for TNC, • Contacts with foreigners, • Material incentives (salary, financial stability), • Atmosphere, • Material incentives other than salary, • Satisfaction of the need for esteem, • Satisfaction of the need for security. 	<ul style="list-style-type: none"> • Cultural barriers, • Burnout, • Slow growth of the Polish subsidiary.

Source: M. Rozkwitalska 2010, chapter 5.2, table 5.8.

Almost all respondents were satisfied with cross-cultural interactions. The same is true if we consider job satisfaction. The major reason for the job satisfaction is connected with the need for fulfilment consisting of approach to knowledge, promotion perspectives, challenging tasks, development of skills, and participation in management process etc. The respondents also said that working for a corporation was a source of their job satisfaction. They associated their work in a TNC with openness to the world, a sense of security as a result of professional management in a TNC, and their better situation on the labour market. The interviewees very often mentioned cross-cultural interactions as the reason behind their job satisfaction.

Only 12.5% of the respondents were dissatisfied with their work and some of them blamed it on the cultural barriers.

The analysis showed occurrence of cultural barriers in the studied subsidiaries. However, according to the interviewees they were not significant. In more than ten subsidiaries the culture barriers played an important part. The origin of capital was not the main reason behind the cultural barriers. Nevertheless, some

of the cultural barriers determinants could be indicated. The cultural barriers are likely to be greater if:

1. An entry option is an acquisition and type of foreign subsidiary in a joint venture with a local partner,
2. Foreign equity stake is less than 100%,
3. Strategic orientation of the central office is ambiguous,
4. TNC uses third language as a functional language.⁴

5. Conclusions

Cross-cultural interactions face various obstacles. TNCs are multicultural by nature and so are their subsidiaries. They need to handle different cultural barriers stemming from cultural distance, and organisational factors as well as factors ingrained in the minds of individuals.

In the article the author defined major types of cultural barriers and provided empirical evidence of their occurrences. Such classification can be used to design appropriate methods of solving problems in cross-cultural settings. It emphasises that a TNC can decrease importance of cultural barriers with appropriate decisions and structuring. It is necessary to use proper recruitment techniques to select employees who are open to cross-cultural interactions and to train local staff and expatriates. According to the research findings, the major areas of concern were communication, company culture, human resource practices, and interpersonal relationships.

The research findings also suggest that cross-cultural interactions or work in a multi-cultural environment can be a determinant of job satisfaction. Functioning in such an environment affects development of competence and influences satisfaction of the need for fulfilment.

Abstract

The aim of this article is to label major cultural barriers and to present results of empirical findings referring to barriers to intercultural interactions in foreign subsidiaries of transnational corporations (TNCs). The qualitative research was conducted in TNCs' foreign subsidiaries operating in Poland in the winter of 2009/2010. The article describes how the respondents perceived the problems in cooperation with foreigners, defines sources and significance of these problems and areas in which they occur.

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⁴ The majority of subsidiaries in the sample used third language as their functional language. Thus, the sample selection process could confuse real influence of this determinant on cultural barriers.

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Transnational Corporations and Cross-cultural Management

1. Introduction

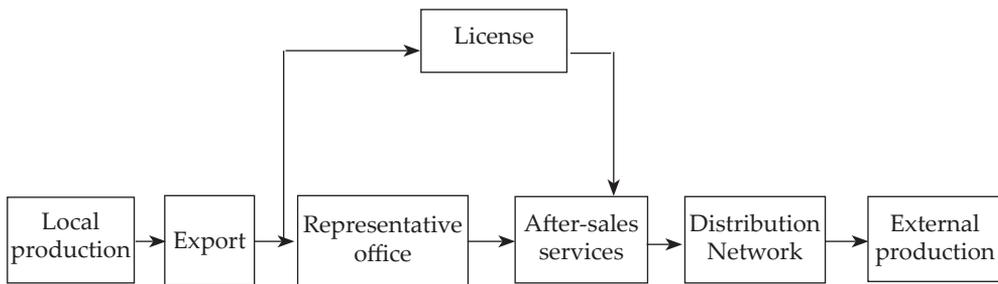
Transnational corporations have been established for a long time now. Although the term *transnational corporation* was used for the first time by the US economist E. Karcher in 1964, it became popular as late as the 1970's and 1980's, when the UN formed its Commission on Transnational Corporations. In the early years of the 21st century, the number of international corporations was estimated at over 64,000 organisations that controlled at least 870,000 local subsidiaries [see Obłój 2007, pp. 40–41]. The existing literature on strategies pursued by multinational corporations and small-sized companies that decide to go international gradually is very extensive. Without this knowledge, we would not be able to grasp “the complexity of processes affecting the conditions under which modern organisations make their decisions, the behaviour of their managers and other members of the organisation; whether a firm is local or international it influences its external environment, thus becoming an important component of the global system” [see Kostera, Śliwa 2010, p. 12]. It has been proven beyond any doubt that cultural determinants strongly shape the functioning of transnational corporations. According to R. Linton [2000, p. 151] the recognition of culture was one of the most significant moments in the development of modern science. Some say that the last thing a creature living in the depths of the sea will discover is water. Likewise, entrepreneurs do not notice the weight of factors determining cross-cultural management until they start internationalising their companies. The presented study of internationalising medium and large-sized domestic companies in the textile and clothing industry aims to extend our knowledge of

the marketing tools they use, their organisational culture and the techniques of international negotiations.

2. The internationalisation of domestic textile and clothing companies

The pace of internationalisation arises from the company's size and its line of business, the relations it has with the business environment and government's policy towards the business sector. In the high-tech firms whose export reaches 25% of their total sales within three years from their establishment, the process is usually fast (the Born Global model), while local firms need more time to become international (the Uppsala model) [Madsen, Servais 1997, pp. 561–583]. The surveyed textile and clothing firms were found to represent the second model, which means that their internationalisation was divided into stages. They started with export activities of various intensity, then established their own chains of outlets, signed license or similar agreements, finally setting up manufacturing facilities in foreign countries [Buckley 2002, pp. 96–100]. Figure 1 provides a graphic illustration of the process.

Figure 1. A business internationalisation model



Source: A. Buckley, *Inwestycje zagraniczne. Składniki wartości i ocena*, Wydawnictwo Naukowe PWN, Warsaw 2002, p. 97.

It is worth noting that the model above is a simplification of a complex process. Other ways of organizations' expansion into external markets are illustrated by the internationalisation stages in table 1.

Table 1. Stages of business internationalisation

Company's status and stage of internationalisation	Organisation's sphere of activity
Domestic company	All operations are run in one country.
International corporation	Most operations are run in one country. Foreign countries provide a large part of the organisation's resources and revenue.
Multinational corporation	The multinational market is the place where the organisation purchases raw materials, borrows money, manufactures and sells its products.
Transnational corporation	A borderless organisation that cannot be connected with one country.

Source: based on R. Griffin, 2004. *Podstawy zarządzania organizacjami*. Warszawa: Wydawnictwo Naukowe PWN, pp. 143–144.

At the **domestic company stage** the cross-cultural aspects are not very important, especially in Poland where the labour force is, in fact, ethnically homogenous. At this stage, almost all company's resources come from the domestic market and its products are also sold locally.

The international corporation stage characterises an organisation that is based in one country, but sells its products abroad. As an exporter, the organisation needs to know the cultural background of its customers to sustain demand for its products. Because much of its resources are also procured abroad, cultural elements gain importance. Knowledge of foreign languages and business protocol is a prerequisite for communicating with foreign suppliers and buyers, because business meetings make a regular part of the business.

The multinational corporation stage takes place when an organisation decides to move its manufacturing activity abroad. Employing foreign labour force, the organisation has to deal with the host countries' government agencies in charge of labour relations. When its managers come from the firm's home country, then the cultural elements become even more important. It takes a great deal of knowledge to cooperate with the local staff, local suppliers and local consumers.

The transnational corporation stage is reached when an organisation establishes many centres forming a global business network. The decisions about the organisation's development are made by managers that come from different countries and represent a variety of cultural backgrounds. Because strategic decisions require consensus, the cultural factors are also significant at this stage of internationalisation.

Polish textile and clothing companies tend to choose the step-by-step internationalisation. The events that have paved the way for their stronger involvement in internationalisation are as follows:

- On the 1st of March 1992, the Interim Agreement gradually liberating trade in goods between Poland and the European Union was put into effect. The standstill principle was adopted, banning the introduction of new customs duties on exports and imports, as well as the quotas. The agreement expired in 1997;
- The GATT 1994 was intended to remove the restrictions imposed by the Multi-Fibre Arrangement within a period of 10 years. The bilateral restrictions under the Arrangement were gradually removed inside the organisation;
- After the Polish Parliament ratified the agreement on the 1st of July 1995, Poland became a full WTO member;
- Since the 1st of January 1998, after an interim period, Polish enterprises were allowed to trade freely on the Single European Market (customs barriers on textile and clothing products, etc, were lifted).
- In December 2001, China, one of the largest exporters of textile and clothing products in the world, became a WTO member. With the expiry of the interim period in which the *Agreement on textiles and clothing* is effective, China will enjoy the same rights as all the other WTO members.
- On the 1st of May 2004, Poland (with nine other countries) became a full EU member and adopted the common customs tariff and instruments protecting the internal market.
- On the 1st of January 2005 ended the ten-year interim period in which the *Agreement on textiles and clothing*, signed during the Uruguay Round (Marrakech, the 15th of April 1994), was effective. As a result, selected clauses protecting trade in this group of products were nullified.

The above events, enabling free movement of goods inside the EU, triggered internationalisation processes among the Polish textile and clothing manufacturers. Looking back after the several years, we can see that the organisations:

- Intensified their restructuring and modernisation processes,
- Lowered their prices and extended ranges of products on offer,
- Gradually improved their international competitiveness.

By becoming an EU member state, Poland assumed the obligation to apply the common external tariff to trade in textile and clothing goods with third countries whose customs duties are lower than Polish rates applied before the country integrated with the European Union. The average customs duties on textiles and clothing stand at 7.9%, compared with 13.1% imposed under the

national Polish customs tariff [Kaczurba, Kawecka-Wyrzykowska 2002, pp. 108–109]. Following lower customs duties and because of the international agreements that Poland actively joined as the EU member, many textile and clothing companies that were unable to compete have gone bankrupt, while others launched sophisticated restructuring processes. At the same time, new firms able to cope with the new economic environment have been established.

In the firms covered by the survey, internationalisation started with the export of products. It should be noted that all surveyed organisations exported (2%) or export (98%) **their own products and/or B2B services**. The services mainly involve manufacturing of clothes from materials provided by clients. The importance of this segment of the textile and clothing firms' international business can be illustrated by the fact that in 1994 the services accounted for 26% of UK's output, with the rate steadily rising [Ambler 1999, p. 138] (the statistics for Poland are not available). The domestic producers' competitiveness in this area is based on the high-quality workmanship and competitive costs of labour. This observation is confirmed in K. Wadell's report, from the Boston Consulting Group, according to which the quality and productivity of labour were comparable, however, wages in Poland were twelve times lower than those in Germany. As a result, the actual costs of making a man's suit were 30% lower in Poland than in France or Germany [Wróblewski 2004, p. 120]. The Polish clothing manufacturing services still have competitive advantage over those provided by Asian producers, but only in the segment of high-end products that are produced in limited numbers and frequently replaced, which requirement is not met by clothing manufactured in Asian countries.

The survey also identified some more advanced activities pursued by domestic clothing firms in the international markets. They corresponded to the stages shown in Figure 1:

– **Establishment of firm's own chain of outlets;**

This process is costly. The costs are not a problem for the largest domestic apparel maker, the Gdańsk LPP firm, whose 2009 sales exceeded 2,000,000,000 PLN (an increase by 25% compared with 2008). LPP, a public company since 2001, has created six mainstream brands of clothing: Reserved, Cropp, Mouse, Mohito, Esotiq and Promostars. LPP sells its products in Poland and 11 countries in the region, from Estonia to Bulgaria, as well as in Germany, Russia and Ukraine. The Reserved brand alone has 263 stores, whose commercial space totalling 180,000m² has been provided at the cost of around 4,000,000 PLN. Other clothing companies have been equally expansive for many years now; for instance, the Łódź KAN company (the Tatum brand) sells its products in the Benelux countries, the UK and Ireland, and runs its own stores in Hungary, Prague and Moscow. KAN is also expanding its network of stores in Russia and the Czech Republic.

– **Procurement of intermediate materials;**

The European manufacturers of intermediate materials for the clothing industry supply fabrics and accessories for the high-end products. Such products are made in limited numbers according to the latest fashion trends designed mainly in Italy and France. Apparel manufacturers producing for other market segments work with Asian suppliers, who copy the most popular models or modify original products to avoid accusations of copyright infringement. Asian manufacturers come to all major fabric fairs in Europe and run their representative offices in the various countries (including Poland), because one way of checking fabric quality before it is purchased is organoleptic testing. Personal business contacts are more effective when business communication is aided by cross-cultural communication.

– **Product manufacturing;**

It has become common in the 21st century to place orders for apparel delivery with the Asian manufacturers. The practice stems from rising production costs and it is likely to go on in Poland until the country enters the eurozone. It is also worth noting that the Asian manufacturers have better access to fabrics, which are basically made in their region. Their global competitiveness arises from their cheap workers with outstanding skills, favourable property prices and legislation, efficient transport between the corporation headquarters and its subsidiaries, on the one hand, and the network of outlets on the other. One working hour in China costs on average around 80 cents. K. Waddell from the BCG believes that manufacturing costs are so low in China that even if they doubled, they would still be lower than in Poland. This encourages large domestic companies to move their production to China, India, Indonesia, Thailand or Vietnam. The countries' cultures are so exotic that knowledge of them can frequently determine whether a business undertaking will be successful or not.

– **Capital transactions;**

In addition to capital transactions involved in the establishment of a firm's own network of outlets abroad, the study found two other examples of capital operations run by domestic firms. One is the Kalisz Big Star Ltd. firm (jeanswear) which purchased shares and the rights to the brand from a Swiss corporation Big Star Holding. The other case is a joint-venture company that was established by a Łódź firm with a Lithuanian partner to enter the Lithuanian market. The Polish firm contributed machinery and expertise, while the foreign partner provided premises for the new company's headquarters, a distribution network and the knowledge of the market.

3. Cross-cultural activity and firm internationalisation

In addition to financial barriers, the internationalisation of the domestic textile and clothing firms is mainly obstructed by their limited knowledge of foreign markets, foreign legislations and cultural norms. To avoid pitfalls that are

likely to occur at each stage of internationalisation, a firm has to improve its knowledge of the so-called „soft” factors. Failing to do so, the firm may retard its growth or experience unnecessary failures. Let us analyse now the types of internationalisation as found among the textile and clothing companies with respect to the cross-cultural factors.

To export textile and clothing articles to international markets, a strategic decision has to be made, whether the product will be standardised or differentiated. Standardisation means that the same range of products will be offered to the same target segment in all supplied markets. In the world of the satellite TV and global media, lifestyles can be observed to converge. Managers’ dress codes are similar regardless of the country of their employment. The front office personnel or TV presenters have to look almost the same in most countries of the world. With pastime activities becoming alike, clothes people wear on such occasions are becoming standardised too. Sports fans going to see a game dress the same, whether in Europe, South Africa or the USA. Only the colours of their favourite teams are different. Cyclists, rowers or climbers wear the same dresses in various parts of the world. (The Scandinavian and Mediterranean consumers favour different colours, though, because the volumes and intensity of sunshine in the two regions are different too). It follows from the above that it is rational to standardise a textile and clothing product, when [Bartosik-Purgat 2006, p. 47]:

- Volume of production reduces unit production costs,
- R+D savings reduce the manufacturer’s costs,
- Marketing costs involved in the promotional strategies targeting particular markets can be decreased,
- Global competitive advantage can be gained by concentrating resources around a small number of programmes,
- Similar products can be sold in different foreign markets; buyers are very mobile today and wherever they go they tend to seek brands they know and recognise (e.g. sportswear brands such as Nike, Adidas, or high-end clothing by Dior, Armani, Boss),
- High-quality products are involved,
- Standardisation facilitates delivery of after-sales services and spare parts (for products other than clothing).

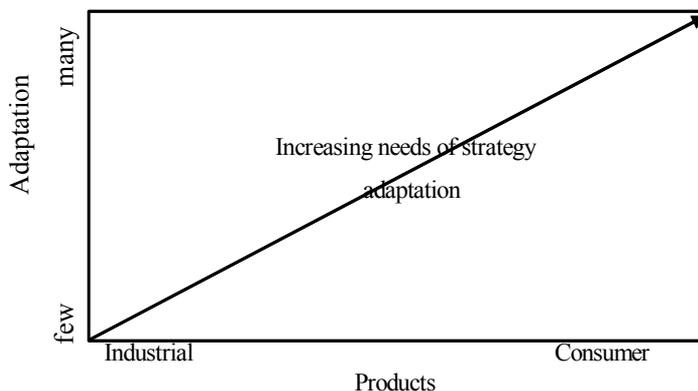
There are certain exceptions to clothing standardisation that arise from cultures that developed from centuries-old traditions of many nations. For instance, orthodox Muslims will tend to use their clothing as one way of manifesting their attachment to tradition, wherever they live. On the other hand, the global market for textile and clothing products for such customers is so large that a product differentiation strategy can be justified too. An example of customised sale is the LPP company’s decision not to sell its Cropp brand on the

Russian market. Cropp is a special brand addressed to young people, characterised by tracksuit tops with hoods and baggy, low-crotch pants. The products and the related hip-hop music are not in demand on the Russian market. Hence, the main objective of the product differentiation strategy should be to adapt the product to local culture, when [Bartosik-Purgat 2006, pp. 48–49]:

- A foreign market shows the diversity of conditions determining product use (in the case of clothes these are mainly climatic conditions),
- The markets have different legal, political and economic characteristics (e.g. when the levels of populations' incomes are different),
- Product technical standards are considerably different between markets (clothing is basically excluded from this),
- Products are offered to culturally diverse customers (preferring different colours, having different consumption habits, values, religions, etc.),
- Product use is market specific,
- Competitors adapt their products to the given foreign market,
- The firm pursues a management decentralisation strategy.

When an item of clothing is adapted to meet the requirements of the selected segment of a foreign market, the risk of the product being rejected can be reduced, or its competitiveness may even improve, thus increasing the manufacturer's profits. An item of clothing targeted at many market segments may have culture-bound traits. Figure 2 illustrates the relationship between a product type and its capacity for standardisation or differentiation. Examples of the so-called culture-free products are products made by the armaments industry.

Figure 2. Product type and the degree of standardisation/differentiation



Source: L. Hoecklin, 1996. *Managing Cultural Differences. Strategies for Competitive Advantage*. London: Addison-Wesley, p. 97.

A marketing strategy a firm pursues in foreign markets can also be standardised or differentiated. While the first approach reduces marketing costs, the other offers a better match between particular marketing elements, so customers can be reached more easily.

For an international textile and clothing corporation, foreign purchases of intermediate materials are as important as the export of its products. In this specific industry, the import of the **intermediate materials** involves more interpersonal communication than the export of products, because organoleptic testing is one way of confirming fabric quality. In the course of the survey, the respondents stressed that in dealing with the Chinese suppliers the client's surname and the appropriate title have to be used. The surname is always at the top of a business card, followed by two given names. Business protocol describing the appearance of a business card and the proper manner of handing it over is an important element of interpersonal communication and its details are discussed in the literature. However, the verbal and non-verbal aspects of communication are crucial. Communication can be divided into three levels: macro, organisational and micro. The middle level is connected with the culture of a given organisation. Even the appearance of employees' and managers' offices alone may give a lot of information about their organisation. For instance, "(...)who has a personal office and who shares space with others; whether the office doors are usually closed or open; (...) how the office space is arranged; how easy it is for external persons to get access to the organisation's premises" [Kostera, Śliwa 2010, p. 82] reveal the organisational culture and the hierarchy of the personnel. The way the organisation's members say hello and goodbye to each other is also important. The author had the opportunity to watch Hyundai's personnel in their free time. Particularly low bows unmistakably indicated the superior in the group. While in Poland addressing a superior by his or her first name signifies close contacts with the person, in the UK the practice is common. People of the same cultural background may view a person raising their private and family issues during a business meeting as straightforward, but others may consider this non-business behaviour. Some of the surveyed respondents mentioned that the dress code was part of their organisations' culture. In Poland, it is obligatory for employees meeting with outside persons to have a very tidy appearance. A British banks that offered its female staff to set up training in dressing attractively for work met with protests, as the initiative was interpreted as a discriminatory practice against women [Kostera, Śliwa 2010, p. 83]. Other elements of non-verbal communication include gestures, postures, mimics, proximity, etc., that are specifically discussed in the literature. In conclusion, non-verbal communication treated as part of interpersonal communication can be an important source of information offering significant advantage in negotiations to the party that can use thus acquired information.

Verbal communication is similarly diverse. It can be divided into three styles. In the study, the Anglo-Saxon style was represented by German suppliers. Germans start talking as soon as the interlocutor stops and break off immediately when the other person resumes. They believe that cutting in is a very uncivil habit. Italian suppliers represent the Latin style, where interrupting proves the person's strong involvement in negotiations. Negotiations with Asian suppliers are very different and characterised by moments of silence that are meant to express respect for the interlocutor and to gain time for thinking decisions over. Because the Oriental suppliers have become a major source of materials for the textile and clothing industry, the knowledge of their negotiation style is a necessity today.

Knowing the context of verbal communication is equally important. The Japanese represent a high-context culture where the negating person loses face. The Japanese show their respect for the interlocutor by frequently repeating *hai* (yes), which does not necessarily mean that the Japanese person admits we are right, but rather confirms that we have been heard and understood. By being aware of these forms of behaviour, we can save ourselves many misunderstandings during commercial negotiations.

There are many areas where verbal communication can be found to affect business relations. Even an awkward product name may disqualify it from the market. The survey showed that the "Pupa" manufacturer of cosmetics had problems with finding Polish buyers for its products, even though they were of high quality and elegantly packaged. The grand piano manufacturer "Calisia" had to rename its products exported to the Arabian countries to avoid inappropriate associations.

Many mistakes in the advertising business arise from mistranslated slogans or from advertisement authors missing the fact that some peoples write from right to left, while others from top to bottom. The context of advertisements is also important. For instance, the low-context advertisements transmit a direct message to the consumers. They are devoid of allegories and subtexts. Such messages can be typically found in the German, US or Belgian markets [de Mooij 1998, pp. 272–283].

A careful businessperson should remember to bring samples of packaging and materials to a business meeting, however, a crucial aspect of such meetings is verbal communication. The first thing to be determined when a meeting is being set up is the language of negotiations. The situation is optimal when both parties speak the same language well (e.g. English, Spanish, French). The respondents covered by the survey indicated that English was the most popular language of business negotiations. Interpreters were invited when one of the negotiating partners could only speak his or her native language. Such persons were found among both Polish and foreign businesspeople. The respondents stressed that

particular languages operate special, industry-related terminology and accurate interpretation can be a problem even to professional interpreters.

Similar problems in verbal communication have been observed at the **product manufacturing stage**, where the cultural factors also play an important role. In order to find more solid arguments to confirm these observations, the survey was extended to some domestic clothing manufacturers delivering B2B services to German producers. Technical and technological documentation with pattern descriptions attached to the intermediate materials was usually translated by a person from among the provider's staff. Even with the person's good knowledge of the German language doubts occasionally appeared, when colloquial phrases (frequently difficult to translate into Polish) or very specialist terms (incomprehensible to a German philologist) were used for describing particular assembly processes. In particularly difficult cases, questions and more detailed explanations of the unclear processes were exchanged by email. In some cases, a client's employee delegated to Poland to carry out some special assignments (e.g. to assess product quality) would demonstrate how a given product should be made or how the more vulnerable processes should be performed. Such problems were usually unknown to providers with a long history of cooperation with their clients, as they had enough time to absorb the technical terminology the clients used.

Capital transactions represent an especially complex area of international cooperation. Like the aforementioned interpersonal communication, they also require both parties to have good knowledge of each other's national cultures and according to E.B. Taylor this includes national legislations. In 1871, Taylor defined the term "national culture" in his work *Primitive Culture* as a complex set consisting of knowledge, faith, arts, morale, law, customs and other abilities and habits that people acquire as members of society. Because international capital transactions frequently involve contracts of substantial value, the latter are meticulously prepared by lawyers, translators and the representatives of contracting parties. Contracts are required to be drawn up in the national languages of all interested parties. Unclear provisions are usually rephrased, so that all partners can understand them in the same way. In a company internationalisation process, capital transactions appear when the company starts to establish its own network of outlets. The purchase or rental of property marks the beginning of foreign investments, which are preceded by analyses of the local market and of these elements of local culture that may have an effect on business operations. As far as the Polish textile and clothing producers are concerned, foreign distribution networks are set up not only by the aforementioned LPP and KAN, but also by Simple Creative Products (founded after 1989, like LPP and KAN); Monnari, which started restructuring after being hit by the 2008 crisis; Redan, the owner of the brands Troll, Top

Secret, Happy Kids, Adesso Fashion and Top Promotion; Vistula & Wólczanka and Bytom, three popular Polish brands that have been restructured and now are expanding into international markets. The Łódź-based underwear company Elear exports around 35% of its products. Today, high quality underwear and lingerie products sold in international markets represent an important part of the domestic textile and clothing industry's business. Polish companies are likely to increase their involvement in foreign capital transactions, when the WTO members complete their negotiations on the reduction of third countries' duties on textile products. For instance, the customs duty that India imposes on imported clothing is 99.72%; Thailand, New Zealand, Canada and Mexico levy higher customs duties (12.35%) than the EU. For the domestic textile and clothing transnational corporations to be able to demonstrate their cross-cultural management skills, the EU will have to launch some actions to protect the industry from unfair competitors.

4. Conclusion

The presented study of the cross-cultural management focused on domestic medium and large-sized firms operating in the textile and clothing industry. The formal determinant of the firms' expansion into the global markets are international agreements, mainly Poland's WTO membership and the country's integration with the European Union. However, the soft factors are equally important. A company failing to address them is likely to suffer from obstructed international growth or failures. The author's analysis of the cultural background's meaning for cross-cultural management was based on her survey of domestic textile and clothing manufacturers. The analysis intended to identify the status of the process in the selected segment of the country's economy. Theory confronted with practice allowed the author to formulate the following conclusions:

1. Domestic textile and clothing firms internationalise themselves step by step, in line with the Uppsala model. The surveyed companies were either international or multinational corporations, which means that they exported their products and imported intermediate goods, established their own distribution networks outside Poland and manufactured their products in third countries. Expansion intensified their processes within cross-cultural management.
2. The surveyed companies exported (2%) or export (98%) their products. This means that they sell abroad their own products or assemble apparel under B2B services for foreign clients. These two areas of business activity involve different cultural requirements.
3. Domestic textile and clothing companies have competitive advantage in the high-end product segment. Such products are made of high-quality materials,

according to the latest fashion trends and involve a high standard of workmanship. The actual interpretation of the terms “quality” and “fashion” depends on the customer’s national culture.

4. Exported textile and clothing products can be either differentiated or standardised (i.e. targeted to customers emphasising cultural factors or susceptible to globalisation processes, respectively).
5. Import of intermediate materials emphasised the importance of interpersonal communication with foreigners in the surveyed companies, as this type of transactions involves organoleptic testing before a product is accepted or when its quality is questioned afterwards. Knowledge of the oriental style of verbal communication turned out to be particularly useful, as the Asian suppliers are becoming the major source of intermediate materials. Domestic companies that were skilful enough to derive information from the non-verbal messages confirmed their importance as a source of knowledge about their business partners that offers certain advantage in negotiations.
6. The main vehicle of verbal communication during the business partners’ face-to-face meetings was the English language. When the partners were Polish and German firms, trying to translate the German industry-specific terminology into Polish via English sometimes caused difficulties. Then the non-verbal communication was used.
7. Foreign capital transactions are usually preceded by analyses of local markets and of these elements of foreign culture that are likely to affect business activity. Whether the transactions will expand depends on the results of negotiations conducted with the third countries in order to reduce their customs duties (including those on textile and clothing products) and on the EU Member States’ effectiveness in protecting their markets against dishonest competitors. The initiatives can be expected to provide Polish enterprises with conditions enabling the development of the cross-cultural management.

Abstract

The process of going international shows, stage by stage, how an organisation becomes a transnational corporation. Companies embark on such transformation to improve their market position and to boost their growth. To achieve the goals, internalisation has to take account of cultural determinants, as the knowledge of cultural factors makes it easier to run business on an international scale. The entrepreneurs are increasingly aware that the pursuit of formal and rational goals involves also ethical, legal or strategic aspects. The article deals with some selected dimensions of national cultures that significantly affect negotiations with foreign partners, production management and the sale of products manufactured by transnational corporations. The article is based on surveys carried out in the textile and clothing industry.

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The Cross-cultural Leadership Aspect

1. Introduction

Modern times amaze with the suddenness of different issues and the rate at which everything changes. From a business point of view, more obvious would be the fact that many factors influence the achievement of success by an enterprise. For a long time, dominant was a statement that there were some conditions which had to be comply with in order to achieve the success [Porter 1992]. However, after some time passing, it started to be noticed that those conditions make the success easier to achieve but they do not determine it completely. This is why greater attention has started to be paid to issues connected with culture and cultural influence over the economy – in its broadest definition [Hofstede 2007]. That change of an approach to a company's success and building its competitive advantage were also caused by noticing the importance of the organisation human capital and its development [Bylok, Cichobłaziński 2009]. That is why, in such new environmental conditions being a manager who realises functions of management seems to be not enough. Organisations need leaders who would not only manage people but rather work with them in order to achieve common goals, participate in solving group and individual problems and make them aware of changes [Borkowska 1998, p. 79]. Moreover, a matter of greater importance would become interpersonal relations between members of an organisation and a leader because their quality is considered as a base of the organisational effectiveness [Bartkowiak 2003, p. 12]. Problems of the leadership seem to be especially important in enterprises which run their business on the international and cross-cultural market. Leaders in those companies need to take into consideration not only economical, political, law, technological, but also – or rather mainly – cultural differences between countries where they run their business because they are connected with people and that is why influence all enterprises' activities.

The aim of that article is to present theoretical assumptions and concepts concerning leadership and culture in an organisation. A special attention is paid to the authentic leadership idea [Avolio, Gardner, Walumbwa 2005], which is a new concept and hardly ever has been empirically verified in Poland. The author presents research results and tries to indicate co-relations between cultural dimensions and features of the authentic leadership style.

2. Leadership – the theoretical approach

A phenomenon of leadership has become a matter of scientific interest for over 100 years. In subject literature there are many descriptions and definitions of that notion. Stogdill has even claimed that there are as many definitions of leadership as there are their authors [1974, p. 259]. Researchers [Bennis, Nanus 1997] emphasise that a main cause of that state is a multi-sidedness of that notion. Maxwell [1994, p. 15] claims that leadership is an ability of having influence. Yukl presents a similar point of view [2006], describing leadership as a process in which a leader would influence other members of a group in such a way as to allow achievement of group and organisational goals. Griffin [2001, p. 491] also points out exerting an influence without using means of constraint, basing on a leader's charisma, authority and a fact that he/she is accepted as being a leader by his followers. Locke's opinion seems to be the same because he says that the main difference between a dictator and a leader is using physical, psychological and economic constraint by a first one and not using by the second one [1991]. A strength of a leader means an ability of building positive relations with his/her subordinates. It means that fellows accept a leader because they like, respect and admire him/her, not because they are afraid or because of leader's formal power and his/her position in the organisation's hierarchy [Cialdini 2001]. Moreover, Bennis and Nanus [1997] indicate that leadership could also be perceived as a process of social changes of an organization because it imposes new meaning of an enterprise's members' activities. On the other hand, McGinnis [1993, p. 131] claims that for being a leader only two things are needed: knowledge of putting other people into action and having a 'spirit' of engagement and energy. In many definitions, authors [Kozłmiński, Jemielniak 2008, pp. 21–23] emphasis that a leader should become an inspiration, an example for their followers. Moreover, leadership is related with interpersonal relations between different organisation's members and a role of a leader is crucial in building positive mutual relations within an organisation and social approaches in order to achieve success [Bartkowiak 2003, p. 12]. Creating a vision of an organisation, presenting it and inspiring followers (influencing them) to its realisation seem to be the most important of leader's functions [Blanchard 2007]. However, it should be mentioned that all organisations for effective functioning need not only charismatic leaders who would create and inspire but also efficient managers who would fulfil tactic functions - putting leaders' visions into practice [Jachnis

2007, p. 85]. What is more, Zeleznik [2005, pp. 82–83] points out specific differences in the way interpersonal relations are built between managers and leaders. The first one needs to create a relationship with other people because being lonely is distressing to him, but his relations are without any emotions. A leader - as far as his relations with followers are considered - is characterised by empathy and intuition. He/she is never neutral and insensible that very often arouses extreme feelings and probably that is why, a charismatic leader could better motivate, encourage his followers in order to achieve success of the whole organisation. A way of building interpersonal relations seems to be crucial in international enterprises which run their business on cross-cultural market. A statement that interactions between members of different cultures usually are difficult and could cause many misunderstandings is a truism. However, understanding the differences between cultures, accepting and respecting them, seems to be a necessity to run the effective international business. Thus, a leader of a cross-cultural team needs to widen his/her horizons of cognition beyond the borders of the country.

3. The authentic leadership concept

The authentic leadership concept is one of the most up-to-date leadership theories. Conceptual and theoretical origins of the authentic leadership concept refer to humanistic psychology and integrate knowledge of several fields, including transformational leadership [Bass 1990; Bass, Avolio 1994], positive psychology [Seligman 2002] and ethics and morality [Schulman 2002]. Especially, assumptions of the transformational leadership theory are essential. Although the main scientific questions while creating the authentic leadership concept was whether a leader could be transformational and immoral.

Key aspects of the transformational leadership theory are four “i” behaviours [Bass 1990]:

- *Idealised influence* (often identified with charisma) – transformational leaders are perceived by their followers in an idealised way. They want to identify with the leaders and their mission because, they develop strong feelings about such leaders, in whom they invest much trust and confidence and that is why, leaders gain power and influence over their followers.
- *Individualised consideration* which means to understand and share other’s concerns, needs and to treat each individual uniquely. Moreover, transformational leaders provide opportunities and develop organisational culture supportive of individual growth.
- *Inspirational motivation* means articulating simply common goals and mutual understanding of what is right and important for individuals, groups and organisations. Transformational leaders encourage followers and promote positive expectations on things which should be done.

- *Intellectual stimulation* – transformational leaders enhance to recognise old problems in new ways. They stimulate followers to ask questions about their values, beliefs, needs, assumptions. Thanks to that, in the future they would be able to solve problems unforeseen by the leader.

Bass [ibidem] claims that the integration of those four features has the strongest influence on employees' motivation for the leader's vision realisation and solving problems. Transformational leaders become a source of inspiration to others through their commitment and their willingness to sacrifice self-interest on behalf of others. However, it should be emphasised that a transformational leader do not have to act in an ethical and moral way.

This was one of the reasons that Bass and Steidlmeier [1999] suggested a notion of "authentic transformational leader" in order to distinguish "authentic" leaders from those whose behaviour does not allow call them "authentic". According to those authors, ethical conducting is the essential aspect of the authentic leadership. At the beginning, a notion "authentic" was understood by different scientists in different ways in their concepts. It was concerning a leader's courage [Terry 1993], skills of building a strong organisation [George 2003], or employees' motivation and their growth [Villani 1999]. Currently, the authentic leadership theory is – as it was mentioned above – deeply rooted in positive psychology and Luthans and Avolio [2003, p. 243] define the authentic leadership as "a process that draws from both positive psychological capacities and a highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development". Thus, authentic leaders are persons who act consistently with their values which are visible for their followers. They focus on ethical, moral and right things which are to do within an organisation. Moreover, they communicate in a transparent way, are open for back-information and a priority to them is growth of others and building positive emotions [Avolio, Gardner, Walumbwa 2005]. Therefore, authentic leaders could be called as those "who know who they are and know in what they believe" [ibidem, p. 13]. In the authentic leadership theory there are four characteristic features (dimensions) which describe leaders' behaviour and allow them to be recognised as authentic [Luthans, Avolio 2003]:

- *Transparency*,
- *Self-awareness*,
- *Ethical/ Moral*,
- *Balanced Processing*.

Transparency of a leader is closely related with his/her high level of openness and trust in close relations with followers. Moreover, a leader acts consequently in accord with one's values. He/she also cares of a development of one's positive

features as: optimism, hope, self-confidence which helps him/her to build relations. It has an influence on a growth of a leader and his/her followers. An essential condition of transparency is one's integrated functioning in all aspects of life. Scientists [Gardner, Avolio, Luthans 2005] agree that it is impossible to be the authentic leader if – relative to different situations – one would put different “masks”. What is more, authentic leaders value and work to achieve transparency and truthfulness in their relationships.

Second characteristic dimension is *Self-awareness*, which could be defined as “a process where one continually comes to understand his or her unique talents, strengths, sense of purpose, core values, beliefs and desires” [ibidem, p. 349]. Being aware of one's self and one's value system, it is possible to motivate one's self to act in such a way which would give satisfaction. Because of an optimal self-evaluation and a great optimism, authentic leaders could enhance followers to be the same.

Next feature is *Balanced processing* which means that authentic leaders are open and ask for feedback, listen to and accept other viewpoints, and acting on suggestions even if they are critical for him/her.

The fourth dimension, which distinguishes authentic leaders from so-called-leaders in the most significant way, is the *Ethical/ Moral*. It involves acting in accord with one's values and needs rather than to please others, receive rewards, or avoid punishments. To be truly authentic, leaders must align their core and espoused values and actions.

Authentic leaders are aware that the most important are not their individual success but their followers' success and realisation of organisation's goals. Because of that they try to help other people to achieve better results of their performance and delegate more power, authority and responsibility to their followers. The main result of the authentic leadership style is a growth of trust in relations between a leader and his/her followers [Harter, Schmidt, Hayes 2002]. Moreover, scientists [Avolio, Gardner, Walumbwa, Luthans, May 2004] suggest that authentic leaders are able to enhance follower attitudes such as engagement, commitment, and motivation to improve their work and, ultimately, performance outcomes through the processes of personal identification with followers and social identification with the organisation. The internal integration of leaders which coexists with personal development, a sense of security and a satisfaction with current job could also cause a growth of followers' engagement. Being an inspiration and example for employees enhance them to discover and use of their talents. Gardner, Avolio and Luthans [2005] indicate the importance of empowering organisational climate in that transparency is one of the most important features. Moreover, they acknowledge that leaders play a major role in fostering such organisational climate and that transparency in culture is pivotal to learning and growth.

4. Culture in an organisation

Relations between culture and an organisation and organisational success have become a subject of many scientists' interest for 60ties of 20th century. There are few reasons of such a situation. As it was mentioned above, the economic environment is still changing and for main changes are considered: closer relationship between East and West, expansion of South-Eastern Asian countries, growing importance of information and technology transfers, development of multinational – what usually also means multicultural – enterprises [Hofstede 2007]. Because of those, achieving the competitive advantage has been determined not only by economic factors, but also – or rather mainly – by societal and cultural factors. Their role seems to be crucial as they are related to human capital which is considered to be the most important organisational resource.

There are as many definitions of a notion of culture as there are members of it. There is no single or most appropriate definition. One may agree with what Herder [2000, p. 22] has said: „There is nothing more indefinite than the word ‘culture’”. The differentiation stems from the domain one treats as the root for the definition (anthropology, sociology, psychology). Although, researchers point out some common elements of that notion as: knowledge, art, language, religion, beliefs, law, customs, symbols or values [Gajda 2005, pp. 24–44]. It also should be mentioned that national culture is treated as that factor which differentiates groups/ nations the most. Culture has profound meaning, both in life on an individual, as in the life of the group. It teaches the members of the given community, how “to live”, think, behave, perceive the world. Thanks to it the individuals receive prepared patterns of behaviour and thinking. Culture „retains” the norms and values, which the members of the given culture share, and which mark the difference between them and the members of other cultures. Culture itself creates the division between people, the division into “us” and “them” [Nishiyama 2000, pp. 16–17].

As far as cross-cultural research is considered, the most popular and often cited are Hofstede's [2000, 2007] survey of IBM and his definition of culture as “the software of mind”. Hofstede's [1980] original study based of research among IBM managers and employees in over 40 countries and later [2000] other countries and samples were added. It is important to mentioned that, though widely usage, Hofstede's research has received substantial criticism mainly on a selection of a research sample¹ [Hunt 1981], taking into consideration only few selective features [Trandis 1982] or some doubts whether Hofstede's cultural dimensions could be treated as universal or characteristic only for research period [Lowe 1981; Smith 2002]. However, despite of those points of criticism, Hofstede's research has influenced almost all further cross-cultural survey.

¹ one multinational corporation – IBM

The approach is most widely used while studying culture is through the identification and measurement of its dimensions which are presented as a continuum with the extreme notions on its ends. Those dimensions describing the intensity of a culture's features are gathered into larger conceptual categories such as attitude towards their surroundings, attitude towards human nature, nature of human's actions, understanding the truth and time, attitudes towards interpersonal relations between organisation's members. Several different typologies of societal cultural value orientations or culture dimensions have been developed [Trompenaars, Hampden-Turner 2002; Hofstede 2000; Gesteland 2000; Hall, Hall 1990]. Those dimensions allow to conduct the comparative analysis between values of dimensions specific for a particular culture. Although scientists point out a large number of cultural dimensions, it is needed to single out those of them which would be considered as the most important in discussing relations between culture and leadership, especially authentic leadership dimensions. They would be: *Power distance*, *Avoiding the uncertainty*, *Individualism versus Collectivism*. Those dimensions could be found in most of culture's concepts. Moreover, they are considered as primary features, which significantly differ organisational cultures [Sułkowski 2002, p. 65]. Giving certain values of specific cultural dimensions allow diagnosis of organisational culture of a particular enterprise.

Power distance (PD) - Hofstede [1980, 2000] defines it as the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally. In cultures with large differences in power between individuals, organisations will typically have more layers and the chain of command is felt to be more important. PD has an impact on management style in different organisations and is related to leadership. It also varies between cultures. GLOBE project [House, Wright, Aditya 1997] results concerning PD show the endorsement of participative leadership in different parts of the world (in different cultures). Other scientists [Dorfman 1996] also emphasise impact of PD on leadership effectiveness.

Avoiding the uncertainty (UA) - is another dimension identified by Hofstede. UA refers to the degree to which members in a society feel uncomfortable with ambiguous and uncertain situations, and take steps to avoid them. It describes a society's reliance on social norms and procedures to alleviate the unpredictability of the future. Hofstede [1980] defined uncertainty avoidance as the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by believing in absolute truths and the attainment of expertise, providing greater stability, establishing more formal rules, and rejecting deviant ideas and behaviours. This has several broad implications for organisations. For example, Shane [1993] found that uncertainty-accepting societies are more innovative than uncertainty avoiding societies. UA has

an impact on the characteristics associated with outstanding leadership and leaders' typical career patterns. UA also influences the expectations leaders have of subordinates and customers have of businesses. In high UA cultures, planning and detailed agreements are the norm, whereas in low UA cultures flexibility and innovation are more prominent.

Individualism versus Collectivism (IC) – Cultures characterized by individualism can be seen as loosely knit social frameworks in which people are supposed to take care of themselves and look after their own interests and those of their close family only. A tight social framework with strong and cohesive in-groups that are opposed to out-groups is a key characteristic of high collectivism. People expect their in group to look after them and are loyal to it in return [Hofstede 1980, 2000].

One of the reasons a particular leadership style will exist in an organisation is culture, in its national and organisational aspects. It is perceived as a specific base of that leadership style, which in fact would be constantly modifying in order to adjust to conditions of the environment [Kozłowski 2005, p. 152]. It also should be emphasised that – despite the fact that culture is common for a whole organisation – leaders play an important role in its creating [Hofstede 2007]. Because leaders have becoming an example, an inspiration, they show followers behaviours which are accepted or which should be eliminated. Moreover, they also indicate norms and values which often are obeyed in organisations by next generations of members. On the other hand, culture influences leaders, ways of their performance and ways of building relations with subordinates. Moreover, in different types of organisational cultures, using different leadership style seems to be a necessity. Researchers [Avery 2009] claim out that very often if leader changed an organisation, a change of the leadership style is also needed. Culture influences behaviours of organisation's members, creates them and limits at the same time. Thus, culture is closely related to building relations between a leader and his/her followers, to which a special attention is paid in the authentic leadership theory which is a matter of that article author's interest.

The empirical verification of relations between dimensions of culture (*Power Distance, Avoiding the uncertainty, Individualism versus Collectivism*) and dimensions of the authentic leadership (*Transparency, Self-awareness, Ethical/Moral and Balanced processing*) seem to allow indication of the optimal leadership style for a particular organisational culture (see Picture 1.). As the optimal leadership style would be recognised that one, which allows to achieve organisational and personal goals of a leader and his/ her followers and to build positive relations between them (rotation rate). The evaluation of a leader in the aspect of using professional and social competences made by different evaluative subjects would indicate to what degree a certain leadership style is optimal for particular organisational culture (periodical evaluation of the 360 method). The additional verifying index seems to be also job seniority as a manager.

Figure 1. Culture and the authentic leadership – the model

Source: own study.

5. Organisation of the research

Having as base assumptions the concepts presented above, research was conducted with the aim of finding the answer to the following questions:

1. What are cultural patterns of German and Polish enterprises?
2. What is a level of the authentic leadership in German and Polish enterprises?

Research was conducted in two Polish and German large productive enterprises which run their activities in Wielkopolska region in 2010. In research took part 48 and 50 employees of those enterprises. Survey was carried out using questionnaire technique with two questionnaires: the Authentic Leadership Questionnaire (ALQ) and the Values Survey Module 2008 (VSM08).

The authentic leadership style was measured by using the Authentic Leadership Questionnaire (ALQ, version 0.1) which authors are Avolio, Gardner and Walumbwa from The Gallup Leadership Institute. That questionnaire was created basing on theoretical assumptions of the authentic leadership concept and it is used to measure its four dimensions:

- *Self-awareness* (5 items) – shows to what degree the leader is aware of his or her strengths, limitations, how others see him or her and how the leader impacts others,
- *Transparency* (4 items) - indicates to what degree the leader reinforces a level of openness with others that provides them with an opportunity to be forthcoming with their ideas, challenges and opinions,
- *Ethical/Moral* (3 items) – gives answers to questions about setting by the leader a high standard for moral and ethical conduct,

- *Balanced Processing* (4 items) – allows gaining of information on a degree to which the leader solicits sufficient opinions and viewpoints prior to making important decisions.

That questionnaire consists of 16 items. All of them describe different kinds of the leader's behaviour which constitute the authentic leadership style. In a particular version of that questionnaire the leader his/herself (version 0.2) or his/her subordinates (version 0.1) would give answers to presented questions. In the version for subordinates which was used while conducting research, tested people pointed out on a five-point Likert scale (means 0 = "not at all", 1 = "once in a while", 2 = "sometimes", 3 = "fairly often", 4 = "frequently, if not always") how often presented statements fit to a leadership style of their superiors, leaders. The ALQ has gone through extensive validation work, and is being used currently in a number of projects around the globe. A version which was used in research was translated from the English language version with "back translation" method.

During the research proceeding, dimensions of culture were investigated using the Values Survey Module 2008 by Hofstede [Hofstede 2000, 2007]. Although, according to Sułkowski's suggestion² [2002, p. 65] only three dimensions of national culture were taken into consideration during research. It should be mentioned, however, the latest version of the Values Survey Module (VSM 08) concerns seven dimensions. The twenty-eight content questions allow index scores to be calculated on seven dimensions of national value systems as components of national cultures: *Power Distance* (large versus small), *Individualism versus Collectivism*, *Masculinity versus Femininity*, *Uncertainty Avoidance* (strong versus weak), *Long- versus Short-Term Orientation*, *Indulgence versus Restraint*, and *Monumentalism versus Self-Effacement*.

All content questions are scored on five-point scales (1-2-3-4-5). Index scores are derived from the mean scores on the questions for national samples of respondents.

- *Power Distance Index* (PDI) - *Power Distance* is defined as the extent to which the less powerful members of institutions and organisations within a society expect and accept that power is distributed unequally.
 - *Individualism Index* (IDV) - *Individualism* is the opposite of *Collectivism*. *Individualism* stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only. *Collectivism* stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which continue to protect them throughout their lifetime in exchange for unquestioning loyalty.

² The author claims out that primary dimensions of national culture are those the earliest appointed, means: *Power Distance*, *Individualism versus Collectivism* and *Uncertainty Avoidance*

- *Uncertainty Avoidance* Index (UAI) - *Uncertainty Avoidance* is defined as the extent to which the members of institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations.

6. Research results³

Data obtained during research show that Polish and German enterprises differ in a statistically significant way only as far as one cultural dimension is considered – *Individualism versus Collectivism*.

Table 1. Dimensions of national culture in German and Polish enterprises

Type of a dimension	Polish enterprises	German enterprises	„ μ ” ¹ value
Power distance	17,50	13,50	1,5984
Individualism/Collectivism	87,50	71	2,0043
Uncertainty avoidance	37,50	42	1,5272

¹ The criterion value is „ μ ”>1,96

Source: own study.

The scores for three dimensions of culture were calculated using weighted means of individual items and constants as it was described by Hofstede [1994], which result in a distribution ranking from 0 to 100. This allows for comparisons with previously published country scores.

Analysing dimensions of national culture using VSM 08 of Hofstede showed a relatively low level of *Power distance* both in Polish and in German enterprises. That kind of situation shows that employees of Polish and German enterprises do not indicate a problem of observing *Power distance* and treat differences of being in power as a “normal” state.

A medium level of *Avoiding the uncertainty* in both Polish and German enterprises could indicate that members of those organisations try to a certain degree predict the future, because ambiguous and uncertain situations could cause their discomfort. A slightly higher level of UA in the German enterprises confirms previous survey results [Hofstede 2000]. It also could mean that German managers would expect reliability, punctuality and they tend to plan future actions more, and in a more careful and detailed way.

The analysis of a level of *Individualism versus Collectivism* of investigated people showed that this dimension of national culture is relatively more developed (in comparison to *Power Distance*) in Polish and German enterprises. In a statistically

³ Those research results were partly previously presented in [Bartkowiak, Furmańczyk 2010].

significant way data of research show that a level of Individualism is higher among Polish employees in comparison to employees of German enterprises. That kind of situation has several implications. First, those results confirm an influence of national culture of an enterprise's country of origin on organisational culture (German culture is – according to Hofstede's research - more collectivistic than Polish). Moreover, it could be assumed that in German enterprise – because of higher Collectivism level – followers would be more prone to identify with their leaders' goals and the common purpose or shared vision of the group and organisation and typically exhibit high levels of loyalty [Jung, Bass, Sosik 1995]. On the other hand, employees of Polish enterprise – because of higher level of Individualism - are expected to be more motivated to satisfy their own self-interests and personal goals. Individuals take care of themselves, and individual initiative, achievement and rewards are central.

Data which were obtained while research procedures show that there is a difference in the authentic leadership levels in Polish and German enterprises. That difference concerns both: a dimension of *Transparency* and a total score for a whole questionnaire.

Table 2. A level of the authentic leadership in Polish and German enterprises

The authentic leadership dimension	Polish enterprises	German enterprises	“ μ ” value ²
Self – awareness	13,35	15,29	0,922
Transparency	10,17	6,72	1,989
Ethical/Moral	8,74	9,11	0,847
Balanced processing	9,83	7,16	1,972
Total score	44,24	39,21	2,007

² The criterion value for alfa = 0,05 is „ μ ” > 1,96 [Greń 1976]

Source: own study.

The analysis of above data shows that a general level of the authentic leadership in Polish enterprises is higher than in German enterprises which run their activities in Poland. That correlation is statistically significant (differences were verified by a significance of differences test “ μ ”). What is more, a correlation of both groups of research participants in the aspect of *Transparency* dimension is also statistically significant. According to obtained data, a level of *Transparency* of managers in Polish enterprise is higher. They probably are more open while communicating their decisions than managers of German enterprise. Moreover, they might show their emotions and ideas in a clear, direct and open way and they

more often admit to their mistakes. It could be assumed that a higher total score of the authentic leadership in Polish enterprises indicates more direct, basing on an authentic exchange of their ideas, judgements and emotions. On the other hand, it should be emphasised that independently on a total index score observed differences concern only one of the authentic leadership dimensions and they hardly cross (maybe because of a small number of respondents) a criterion of the statistical significance.

The research conducted did not verify all relations in the presented model of the optimal leadership style, but are – probably – a very important beginning. Thus, the model should be further empirically verified. Obtained data show that there is difference between a level of the authentic leadership in Polish and German enterprises. Those enterprises differ also as far as values of cultural dimensions are considered. Thus, there are correlations between dimensions of the authentic leadership and dimensions of culture, although it should be emphasised that the current research has limitations. First, probably the most important is the small number of respondents, which does not allow for expression of general statements. That is why, survey results should be taken with caution and further research concerning relations between culture and leadership should be carried out. On the other hand, the importance of a leader and his/ her role in an organisation is emphasised again.

Summing up, the emerging authentic leadership concept is still in the early stages of development and testing. However, it should be claimed that clarity of its construct and comprehensiveness of its theoretical assumptions could be a base for further research on relations between the authentic leadership and other aspects of organisational performance. The special attention should be paid to culture because it affects leader's behaviour, ways of thinking, perceiving of the world and through elements of culture the leader could have an influence on his/ her subordinates. Being an inspiration and example for his/ her followers could allow for adjustment more effectively to the changing economic environment and – in the future - building of a competitive advantage.

Abstract

The aim of the article was to present theoretical assumptions and concepts concerning cultural determinants of leadership. While describing the authentic leadership concept's theoretical assumptions and the relationships between an organisation and a culture, the author presented the results of empirical research, conducted in Polish and German enterprises. However, these results did not verify all aspects of the cultural determinants of the authentic leadership phenomenon, and so they could be perceived as a promising beginning and an inspiration for further research.

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Aneta Jakonis

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Organisational Culture in Multicultural Organisations – Mexico

*Truly, the journey of discovery lies not in seeking
new landscapes but in possession of new eyes.*

[Proust, in: Kostera 2003, p. 165]

1. National culture and organisational culture

There is a lot of different definitions of the “culture”, Kroeber and Kluckhohn pointed at over 150 of them [Zbiegień-Maciąg 2002, p. 13]. Trying to define the culture in the most total and general way, it can be described as human’s creations – material and immaterial [pl.wikipedia.org] such as artefacts, knowledge, beliefs, art, norms, values, language, etc. There are different grounds of cultural appearances:

- material, which is the material dimension of cultural phenomena,
- behavioural, such as external behaviours (creating) an internal ones (reliving),
- psychological, for example: evaluation, attitudes, motives,
- axionormative: norms and values [pl.wikipedia.org].

The bare bones, the contemporary science avoids valuation of the term “culture”. This term was previously equated with the civilization and progress and even now we can still meet sometimes the valuation of the term “culture” [Kłoskowska 2007]. My use of this term is neutral and descriptive in this article, because of the underlining variety and multitude of the cultural appearances.

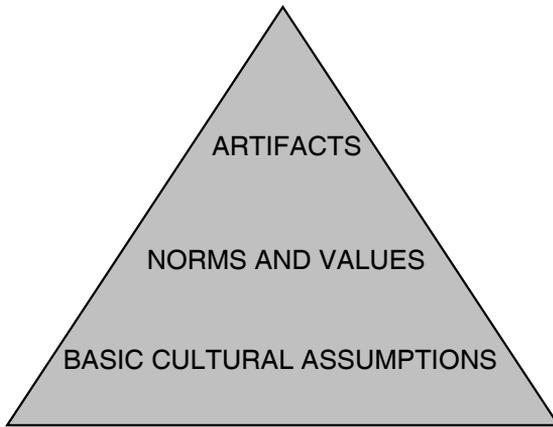
Assuming that “culture is the totality of objective products of human activity, tangible and intangible, values and practices capable of spreading socially and transmitted to the next generations” [www.eioba.pl], this is such a wide definition

that we can transfer it to the level of organizational culture and sciences of management. And we have a lot of definitions of organisational culture as well. So there is the viewpoint that organization is a culture, than the line that an organization has a culture and to the point that a culture is only a term which is made meaningful by people and it is not a thing one can explore [Zbiegień-Maciąg 2002].

The national culture influences the organisational culture very strongly. The cause of a such state can be the assumption that people create the organisational culture on the grounds of their attitude towards the environment, the sense of reality, the nature of humanity, activity and personal relations [Zbiegień-Maciąg 2002], which are the constituents of the national culture. That is one of the reasons why I was interested in the subject of my study – the international corporation with its headquarter in the USA. During the project of creating new subsidiary in Mexico, the corporation not only has enforced its worked out rules but has matched its way of acting to the local cultural environment as well. One of the conditions of the effectiveness was the knowledge of the local action's patterns and attitudes and their implementation into the main structures. It does not mean that the local culture has dominated the global organisation, but certainly we can not talk about the phenomenon as the global culture of this organisation. Generally the organisational practitioners agree that we can see global artefacts or norms, but when we step to the level of values and the basic assumptions – this is the national culture which determines what our organisational grassroots will be like.

In this article the E.H. Schein's definition of organisational culture is accepted. According to him, the organisational culture is the aggregate of "reasonable rules of conduct, discovered, established and developed by the group, used to wrestle with the problem of internal integration and external adaptation, which, thanks to good enough effect, define for the new members the way of thinking and feeling in the terms of above problems" [Zbiegień-Maciąg 2002, p. 16]. Therefore the organisational culture is perceived as existing in the human's minds and emotions, it is shared, it regulates the corporate life and it is procession in nature [compare: Schein 1986].

Figure 1. The structure of organisational culture according to E.H. Schein



Source: own work.

The artefacts are the external, explicit form of the culture and her surface reflection [www.eioba.pl]. They are visible and audible, they need to be interpreted, but at the same time they are easy to explain. Here we distinguish: linguistic artefacts (like language, stories, myths about the company's history), behavioural artefacts (like customs, ceremonies, rituals, patterns) and physical ones (like symbols, art, technology, organisation of the office, logo, design, exterior).

Values and norms define the way of acting which is acceptable and desirable. There are guidelines for behaviour, ideologies, goals, procedures, requirements and prohibitions. They are partially visible and set up, but partially concealed and unaware.

The basic cultural assumptions [Zbiegień-Maciąg 2002, p. 22] are invisible and unconscious, very often too difficult to be aware of. Here we can have: attitude to the environment, nature of reality, time and space, human nature, the nature of activity and human relations [ibidem], and the perception of the truth, motivations, attitudes, emotions [compare Stoner, Wankel 1997]. This is the deepest, the most permanent and the most difficult level to get to know, even by the creators and the participants of the organisation.

If about the main functions of organisational culture we can feature [Sułkowski 2002, p. 56]:

- understanding of the mission, goal and strategy of the organisation,
- integrity and engagement of participants,
- standardization of ways to measure and criterions for evaluation of the effects,

- brightening the way of acting,
- having common language and the conceptual instruments,
- defining group's boundaries, criteria of acceptance and rejection,
- determination of power's rules, criteria of status, avoiding power's conflicts, negative emotions, aggressive acts,
- defining the way of obtaining the authority and the rules of criticising the executives and their proposals.

I have not used the culture as a core metaphor in this article. Nevertheless this metaphor is characteristic for the interpretative perspective in which this work has been done. I have adopted the modern perspective and the assumption that the company's culture is the internal variable, connected with the effectiveness of the organisation [Kostera 2003]. I don't mind the capacity that the organisation is the culture, but in this work I have adopted the phenomenon of culture as something which is produced within an organisation, produced by executives and by works being the result of the peculiar mix of the global values and local conditions. Coming back to the E. Schein's diagnosis of organisational levels "a culture is deep and complex set of factors which can be affected by one, if it is diagnosed accurately" [Kostera 2003, p. 31]. So if about my research perspective, I am coming further away from the cultural anthropology and although I am using qualitative methodology – the ethnography "from the human's level of the view" [Kostera 2003 p. 25] I am closer to the descriptive sociology and the practise of organisational management.

The national culture has been used in this work as one of the independent variables which determines the organisational culture characteristic for the international organisation which is built in different than the aboriginal country. I do not identify the national culture with the organisational one because I consider it too abbreviated. But what is proceed from my research is that the grassroots values of the national culture (grown from tradition, historical experience etc.) are the key determinant of the organisational culture which is built by the members of the nation. In the international, multicultural organisations one has to be ready for the compromise between local and global values. If we assume that organisations are an open systems, that there is the phenomenon between the culture of organisation and the national culture called cultural diffusion and value's transmission. "In the long term we can observe the evolution of the organisational culture in the direction of the values compatible with the cultural context of the society" [Sułkowski 2002 p. 8].

2. National culture of Mexico

The United Mexican States, commonly known as Mexico covers almost 2 mln km, and it has an estimated population of over 100 million people. Mexico is the federation of 31 states and Federal District with the capital – the Mexico city –

one of the most populated city in the world [pl.wikipedia.org]. From the 90-ties of the XX century Mexico has started its dynamic economical development and from around 2000 – democratization of the political life as well. In 1821 Mexico gained independence from the Spanish hegemony and in 1823 the republic was raised. In the next few decades Mexico was involved in the wars like with USA or France and in the internal conflicts. In XX century there was one ruling party – the Institutional Revolutionary Party, which has lost the presidency in 2000 [pl.wikipedia.org].

The majority of Mexicans are Mestizos – 60 % (those of mixed European and Amerindian ancestry), 30 % are Amerindians (native American Indians) and Europeans and others. The majority of the population is concentrated in the middle of the country because of the climate (dry north and tropical south) and because of the possibility of earning. The 2/3 of the population is concentrated within the cities of Mexico, Monterrey, Guadalajara and others [pl.wikipedia.org]. Nevertheless the majority of population is poor and is living at the edge of poverty, mainly Indians and Mestizos [Onstott 2003]. A small percentage of rich Mexicans is constituted by businessmen, the owners of big farms and persons implicated in criminal activity. The crime and lack of the respect of human's rights are one of the main contemporary problems of this country. Drug trafficking, corruption in government administration and police, brutal criminal structures in the country have been the common and visible phenomena during the everyday life in this country.

Mexico has a lot of natural resources (silver, oil, coal) but not a lot of plow. The main sources of national income are the tourism and oil's export [www.naukowy.pl]. There is another important issue for the Mexican economy which are the problems of overpopulation and earning – legal and illegal immigration labour, mainly to the USA [pl.wikipedia.org].

Mexico is a culturally diverse country: there are small local communities of Indian farmers – legacy from great civilizations of Mayas and Aztecs, there are colonial Spanish towns (Spanish is a dominative language in public life). The history of powerful old civilizations is mixed in here with Spanish culture and the great power of the Roman Catholic Church. Not without the reason one can find in the Mexican museums, common symbols of the power within this country – the statues of Indian peasant, Spanish king and the bishop.

Most Mexicans perceive themselves as a religious people [pl.wikipedia.org] and one can see a common participation in the religious practices and wide use of religious artefacts in everyday life (at the work's station, as a jewellery). As well as religion, the other important value is the family and tradition. The family is the patriarchal cell, man is providing the income, woman is taking care of children and the household and very often she is working as well, especially in the poor families.

Mexico is the country of contrasts [Gołębiewski, Draga 2007], both in terms of climate conditions, touristic regions and deeply hidden Indian cottages, as well as social and economical contrast. The foreigners can see only a small part of the reality – comfortable hotels, tasty food, cheap currency, stunning wildlife are mostly the tourist attraction. Working and living in Mexico for about a half a year one can see the second face of this place – poor slums considered homes for the majority of the population, dirty streets, food shops and corners which have nothing in common with the basic European hygienic requirements, work for minimal wage, hardship of getting higher in the social structure, criminality and hidden disbelief to foreigners. These two extremes of the country define both its potential and its difficulty in taking advantage of it.

2. The profile of the organisational culture of the Mexican subsidiary of international company

I spent half a year (2009/2010) in Monterrey's suburbs in Mexico, about 200 km from the USA border. I participated in the process of setting up a new subsidiary of an international company dealing with packaging service for international customers. The company was founded in 1899 in South Carolina, USA, it has been in Europe since 1923. It is presented in following market segments: consumer business, paper tubes and cores, packaging services and other [KJ, 2010]. It treats the production based packaging as a service [Warnecke 1999]. This is a multinational enterprise [Winkler 2008], multicultural organisation, in which there are interactions between different cultural foundations (pluralism), individuals are socialized to different cultural contents (acculturation) and they are treated equally regardless their cultural origin (integration) [Winkler 2008 p. 27].

In 2009 a new project was started – to create a new subsidiary localised in the suburbs of Monterrey and responsible for the packaging of products for an international client, whose intended market was North America. After the planning phase, which was ongoing from August till October 2009, there has started realizing the hiring and adjusting of the production and office building, cooperation with international suppliers and other subsidiaries from USA, UK, Poland and Mexico. The production of packaging was to start in January 2010. By March 2010 the subsidiary achieved favourable financial results and its activity has been stabilized and prepared to the further development.

During this project I made the research by the case study method – the subject of the research was the Mexican subsidiary. I used such techniques as free interview, participatory hidden observation and the secondary materials such as procedures, documentations, marketing materials, etc. I was involved in every aspect of setting up this Mexican subsidiary, from contacts with suppliers, recruiting and selection to work on the production line [compare Doktor 1961].

The parent company has its worked out procedures, regulations, artefacts which are spreading in all factories around the world. The main rule is safety –

safety of the workers, visitors, clients etc on the shop floor. The safety equipment is required – safety glasses, shoes, highly visible jackets, prohibition of wearing jewellery on the shop floor. There are procedures and instructions about safety using of equipment, conservations, behaviour in emergency situations etc., but they are not standardized, enforced, expected and not normalised. The Quality Management System based on the norm PN EN ISO 9001:2009 is the desired but not obligatory element as well and it can be adjusted to the local conditions in different environments. And if about other areas of activity, the standardization is not far-reaching feature. The well-tried rules are used, but the new procedures according to the local requirements are set, so as the company can be defined as a highly flexible one.

Multiculturalism in researched organisation can be characterized as different practices and traditions existing next to each other in one organisation and locally differential [Winkler 2008 p. 18]. “Due to the fact that every organisation has not only exact for itself organisational climate, but also its own organisational culture which is autonomic both in terms of the culture of the country in which the organisation acts and the cultures of the countries which the participants come from – we will have to deal with the phenomenon of organisational multiculturalism when the organisation is founded as a result of the connection of two or more organisations or if the organisation has considerably autonomic subsidiaries with their own culture [Winkler 2000, p. 19].

After spending six months of working and observing this Mexican subsidiary, collecting data and analyse it, I have detailed a few categories which has been dominated in the collected data. They were highly repeatable both in the production and in the service area. I have grouped these categories into the following groups: informal communication (body language and informal relations), relations between sexes, core values/institutions (family and religion), attitude to work, price, *maniana* and contrasts.

Informal communication is very important both on the formal and informal levels and it evinces in the body language and in making informal networks. Convincing glances, smiles, handshake, shoulder slapping, jokes and lack of sketches in discussion are the base of the networking. The reliance, although restricted, is used to make the business contacts more informal. Even if about the Mexican attitude to the English speaking foreigners, which is very careful, they prefer to make the contacts more personalized and though if it is the façade, they like to have this semi informal sensation of relationship. Informal contacts and elations are important when for example there is the possibility for employment. Than people’s reaction is quick and pressurized on recommendation for their families and friends [materials from the meeting 27/10/2009, recruiting 09/11/2009]. For that matter people in the work environment integrate quickly and easily, cooperate in informality and free-floating but respectful atmosphere [observations from 13/12/2009].

Relations between sexes depict the basic cultural assumption of Latin America: patriarchal society and social inequalities. This relationship is visible in the interactions with the representative of other cultures as well. It has been depicted by my observations and interpretations made afoot: “women show far-reaching solidarity with me as a female – smile, handshake, informal nonverbal communications comments such as “you must feel funnily in here, guys themselves and you alone...?” If about men, especially older, they show the distance. In relation to coeval and the prominent men they show the coquetry, dally, act passively and subordinated, on the business ground of course. Men treat me as a daughter or the sexual object, not directly of course. They show caring attitudes and they can deliver what I am asking for, but it can be felt that they do not treat me as a partner, not as much to reckon with my opinions, they show rather courtesy in their behaviour. They carry out my instructions if behind schedule and they are not happy when I point out to them or force them to finish their work. Men on the whole behave as a partners to the other men, If they get to know each other better – they begin to act in more informal, social and open way. They show to each other the far-reaching solidarity” [02.11.2009].

The basic Mexican values and institutions, which they cultivate, which they are talking about and which artefacts are visible in their every day lives are – the family and the religion. During the talks and interviews they frequently chat about families, children, parents, sibling etc. Their families are very important for them, it is the element which can define you. The catholic religion is the second inevitable element of their everyday. Images of the saints next to the computer, crosses worn as a necklaces, the altar with the God’s Mother at the entrance to the factory or situated in the touristic attractions are the common artefacts. I have seen Mexicans as very religious and familial people. They represent it through artefacts and symbols. One could be tempted to transfer their attitude to these values for the company ground, into the organisation. We could think about something as religious metaphor – organisation seen as a church in a sense of community [compare to: Morgan 1997]. Dedication to an employer, which can be caused by high unemployment as well as by the need of fixture, loyalty and the pride of being the part of company as well as the part of the nation, are the declared values. The further research can be done if the real values tie in with the declared ones.

Attitude to work is a category which spans both the attitudes to the employee, organisation as the work and employer’s duties. It was researched by recruitment interviews with the standardised list of searched information and by participant hidden observation. Mexicans care for work and its is professionally very attractive to work for big foreign company. Especially if we notice the high level of unemployment and the young ambitious people speaking some English and searching for a opportunities. If it’s about declarative attitudes, Mexicans are presenting themselves as a hard-working, ambitious, honest and dedicated to the

employee, responsible, success orientated: “I will wear the shirt with your logo with pride” [recruiting and selection: 13/11/2009]. When they apply for a job, they are not presented themselves as a partner, rather as a subordinated, they try to show themselves from the best aspects. Although the language barrier makes the effective communication harder very often. Potential employers, especially applying for the managerial positions, are very well educated. They have good technical knowledge and longer or shorter managerial practise and they have the understanding of such tools as: 5S, “kaizen, kanban”, lean production etc. which is not very common for example on Polish ground.

But if we are coming to the work environment, the effectiveness of the tasks is getting to be the matter of opinion. Despite the cooperation and the high level of integration (“the team has private laptops which has been provided by one of the workers from his private resources, they are working late hours” [04.01.2010]), the teams’ effectiveness is very low. The tasks are completed with delays, there is no self-initiative, if there is failure nobody wants to take the responsibility. Nobody feels guilty as if the failure would not be anything noticeable or anything you really want to notice.

According to the low, the week of work has 48 hours in Mexico, so people work generally 6 days a week. Nevertheless administrative employees, office workers and especially managers work much later hours, about 20 (unscheduled) hours of overtime a week. When I asked them why they are staying late at work, even if there is no need for that, they are surprised by my question and not giving me any rational answers. It looks like overtime is the unwritten norm for the managers in these culture, the natural and expected evidence of engagement and appreciation. It shows that Mexicans think that they are evaluated due to their engagement and the amount of time they are giving to the employee, not due to effectiveness of their work.

A few people who I spoke to, told me that Mexican employees can claim a lot – HR people gave me the advice to control the staff strongly and be quite strict with people. As one of the Mexican directors said: “the more you are giving to them the more they think they should, they must be kept short” [15.12.2009].

Another interesting phenomenon is the low regulations about employment in the research company in Mexico, which one do not exist in the subsidiaries in Poland or America. The person who is to be employed on the permanent contract, has to go firstly through the specific medical examinations. If the potential employee is diagnosed with the medical condition, for example obesity or with high blood pressure, these are considered as the “obstacles regarding the fitness to do work” and as a consequence they are not hired. These rules are very strict and they exclude from the work environment even person who could be approved to be valid to work in USA or Europe without any doubt. On speaking with the HR department representative about the explanation of that

situation, I received the answer that the reason for such politics is to protect the company against financial problems due to potential financial claims towards the company by the people whose health conditions could be exacerbated (!).

The most irritating issue, from the European point of view, is the phenomenon I call *mañana*. This is defaulting if about the terms, delays and waiting for the finalising even simple tasks in the unspecified future. *Mañana* (read: maniana) means “tomorrow” [www.talktalk.co.uk], in Spanish “tomorrow, morning, morn” [www.geozeta.pl]. This word means as well the specific way of behaviour of Latin America’s habitants, understanding of time, specific relationships. It means that its main characteristic is subjectivity and relativity, lack of haste and very liberal attitude to the time. *Manana* means tomorrow but it is not exact tomorrow. This is tomorrow in the unspecified future, so it can happen in one or in a couple days or in just some future. The answer for the question: when our order will be delivered? When do you finish this job? etc is: *manana*. It means more or less – in the future, so for the European it is no answer at all. There is nothing like such statement in our restricted and precise understanding of the time. Now I can write about this issue with the sense of humour, but being in the centre of this experience – it was one of the best exercises of patience and calmness for me.

The realisation of plans to a timetable seems to be challenging within Mexico, converting decisions into effective orders and the realisation of the results seems to be problematic [27.10.2009]. The negotiations about the contract of renting the building last 3 months: “contract is still unsigned, Mexican side is impatient and retard work at the factory’s adjustment, do not invest all its power and funds, so we have delay about adjusting the office space. Tenant is waiting for the acceptance of signing the contract by the highest management who seems to not understand that delay in making this decisions causes disaffection of many people engaged in the project” [10.12.2009]. *Maniana* made us really frustrated: if some problem occurred, something stand in the way of acting, than everybody would wait for the solution which was to be made by itself. Nobody wanted to make any binding decisions and be responsible for the effect, nobody thought to react in any way. Everybody was waiting when the situation is going to be fixed by itself. One can tell that Mexican *maniana* is contradictory to Japanese “on time in full” [www.glossaryofmanufacturing.com].

The price is next interesting category, especially from the foreigner’s point of view. The price means that everything has its price or one can have everything what he/she wants but it will cost “properly”. Mexico is mostly expensive for the foreigners speaking English as a core language. As the director of the estate agency said: “there is nothing for free in this country” [05.11.2009]. Renting the production space for example, tenant receives empty wall, floor and the ceiling. And he has to take care of such additional as water, electricity, anti-firing system, security or cleaning by himself. An it raises the cost up twice or more, so

property in Mexico are not subjectively cheap any more. The argument of local entrepreneurs for that situation is the statement that the cost of the building could be relatively expensive but workforce is still relatively cheaper (!) what is disputable if about the final cost as well.

Negotiations about the price are long and painful process. The contract of hiring the production space was negotiated 3 months. Tenant expected to have all the basic installations in the building and not higher height of the rent that in Europe. After cottoning on the cultural reality, he expected only the price to be “fair” and to get in it as much as he can. Negotiations were running from the position of strength for a long time, both sides politely but toughly did not want to make concessions. Stripped off plate technique – calm but inductile, continuous, monotonous repetition of the tenant’s requirements has taken effect. Probably patience is not the strongest side of Mexican negotiators. Nobody wanted to talk openly about the financial issues as well: profit, what is the real mark-up, how much would they earn. It seems to be a taboo topic – Mexican businessman affirms that he is making a loss, even he owns thousands acres of land and driving new model of prestigious car. Informal contacts and reliance is rather deceptive and at the bottom there is business distrust and readiness to make as much profit as possible and leaving the other side happy with what it got.

Mexico is the country where at least for foreigners there is nothing for free. Even the basic service is not basic when the additional payment like “tip” is seen to be expected and inevitable element in all kinds of services. The same situation is into organisation, when the pace of work is too slow, additional payment activates people very efficiently. Money seems to be the basic motivational factor in the effort to work.

The tip is an unwritten requirement from the client. There is unwritten acceptable amount of the tip – not less than the lowest daily rate – about 50 pesos (4 \$). If the tip is given, one can count on not only the interest but on courtesy as well and the problems are solved immediately like fixing the TV in the hotel room. It looks like the tips are inevitable part of Mexican economic system, they are seem to be the part of basic, free income for the worker and huge saving for the employee, at least in the service sector.

Contrasts in Mexico seem to be its characteristic. On the one side there are three social sources of the power: state power, church and tradition, which are upholding promoted national values, on the other side – there is omnipresent corruption, police on the payroll of drug’s mafia and criminality.

Contrasts in organisations are visible on the example of division of three social classes: lower, middle and higher which differ if about income, education, access to resources and the style of living. During the talk with the quality manager from international company who works in Mexico for a year I have been told that the social inequality in Mexico is huge, especially between workers and managers. They have significantly different motivations to work as well, as the

hired temporarily workers work for the basic money and cater to the basic needs of their families, as the managers work additionally for the prestige and adhesion to the higher social class [compare: Maslow 2006]. Differences about salaries are very high and dependent on the place of living. Monterrey is considered to be the best and the wealthiest work market in the country right now.

Internal contrasts are seen in the organisational life as well, for example in the procedure's field. If the safety requirements in the factory are not met, the Mexican government can even close the factory. But during the project phase many of Mexican subcontractor's employees did not obey basic safety rules. They did not use safety equipment during dangerous work, do not care for security of unsafe installations which can cause death etc.

3. Summary

Summarising this short characteristic of the organisational culture of organisation which has been built in Mexico, I would like to conceptualise it by some theoretical terms. This presented culture can be defined as:

- pragmatic: there are basic norms kept, as time of work, safety requirements but at the same time there is a lot of elasticity. Leaders promote professional knowledge, task orientated attitudes, individual experience and group wisdom (by such techniques as a brain storms) [compare: Zbiegień-Maciąg 2002],
- strong: with stable structure, unwritten rules about effectiveness, requirement of competency, and high level of involvement from the personnel, high quality of products and sharing the common sense of success [compare: Zbiegień-Maciąg 2002],
- moderately protransactional: the effectiveness of negotiations depends on references from the third command and on the informal relations. They are direct, long-lasting and the lawyers are engaged as well. The partnership is mixed here with the formalisation [compare: Gesteland 2000],
- collective: cooperation orientated, internally integrated, with a lot of national solidarity [compare: Humpden-Turner, Trompenaars 2003], but the collectivity here is more about internal interactions of the people than the team work,
- polychronic: people are more important than terms, punctuality or harmonograms, time is not so strictly watched [compare: Gesteland 2000].

Simultaneously I want to underline that there is not such phenomenon as a global culture in the researched organisation. Despite a few norms and rules which has been set up at the beginning, the internal life of the organisation constituted around the values characteristic for the national Mexican culture and the attitudes of people raised in this country. This can be the characteristic of the researched organisation, which one lets people grow up and sustain local values and different internal realities within the organisation around the word.

Abstract

The article presents the organisational culture of a Mexican subsidiary of international packaging company. The shown data was collected during a half year stay in Mexico and it was gathered by observation, interviews and secondary sources. The main subject of this study was the subsidiary of the American production company, the formation of its organisational culture and the influence of the national culture on the basic values of the Mexican workers. The article presents the conclusions in this range in regards to the most interesting characteristics.

In the beginning the definition of organisational culture has been presented, then the influence of the national culture has been described and the business behaviours of the Mexicans has been shown. At the end of the article the chosen typologies of cultures are summarised and their connection to this case study have been presented.

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Attitudes Towards Foreign Administration Models in the Process of Reforms of the Government Administration in Interwar Poland (1918–1939)¹

1. Introduction

Debates about public administration issues show that the problem of administration reforms has always been topical, regardless of the ever-changing context in which reformers act and the criteria of the assessment of their actions. At present, reformers of the public sphere tend to utilize experiences and solutions already gained and developed by market sector organizations. It does not seem to be a novelty: administration systems in the course of their history have used various models, including those developed by the armed forces. The phenomenon of the use of ideas and concepts originating from different spheres of human activity or other cultures is relevant to researchers, as it shows the role of ideas, their transmission in time and space, as well as processes related not only to their creation, but also their transmission and reception.

The problem of the impact of ideas on human activities is a classic problem in the social thought more and more often raised by researchers of organization and management issues [“Global Ideas” 2005]. The application of sociological knowledge to research organization and management problems allows to understand processes related to the reception of management concepts, as well as conditions of their reception, transformation and use in new conditions. The paper is aimed at presenting inspirations used by Polish people in the course of public administration reforms in the interwar period. As the subject of the

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research relates to past events, the historic perspective method had to be adopted for the purpose of the interpretation of historic sources [Górski 2007]. The base source was provided by statements related to organizational changes in public administration and my attempt was to extract those statements that showed various attitudes of their authors towards foreign models. The recognition and awareness of values and action projects of the actors of reforms carried out 80 years ago may prove helpful to understand mechanisms governing the present reforms in Poland.

2. Public administration reforms in interwar Poland – conditions and actors

Public administration reforms in interwar Poland were determined by many factors and circumstances.

Firstly, state administration structures after the end of WWI were created in an uncontrolled manner and changes of the cabinet often resulted in enthusiastic and somewhat disorderly actions, missing careful long-term planning. In the initial period, optimism was prevailing that originated with a belief that Polish people, building a new state system, were not like other states, restrained by bureaucratic traditions. The Polish had no such tradition and thought that all they had to do was to reject the administration systems of the former invaders and built up everything anew. The belief soon turned out to be just an illusion because (1) certain traditions, as unrevealed as they could be, were rooted in the customary habits of the civil servants of former administrations, (2) the tradition was instilled in the relation of Poles to any government and administration – which phenomenon is of particular importance, and (3) public discontent with the new administration system increased. The development of administration was obstructed by objective conditions: legislation works in progress and a lack of qualified administration staff.

Secondly, the increased pace of administration reforms after the coup d'état by Józef Piłsudski in 1926 were driven by ideological factors. The government administration was perceived as the pride of the state, which corresponded with the ideology and citizen education for the state, promoted by the Piłsudski's governing group.

Thirdly, people became aware that the number of tasks to be performed by the government and administration was apparently increasing, which entailed that government administration reforms were required in order to enable the administration to meet new challenges and to ensure a more effective performance of its duties.

Fourthly, an important factor considerably limiting the range and feasibility of reforms, particularly in the 1930s, was the situation of the state budget troubled by the economic crisis.

Nonetheless, the reforms of administration were assigned clear objectives: administration was to be more efficient, less expensive and more responsive to

citizens' expectations. The aforementioned goals seem to have remained valid until today. References to foreign concepts of administration, to be presented further in this paper, revealed new criteria for the assessment of government administration and new tools for the analysis of actions.

In my description of attitudes to foreign administration models, prevailing in the course of reforms, I will refer to three groups: (1) the Association of Civil Servants (*Stowarzyszenie Urzędników Państwowych*), (2) reformists promoting scientific management and (3) higher officers of the Ministry of Internal Affairs who drafted new organization rules. The development of reform projects was entrusted with the Committee for the Improvement of Public Administration /*Komisja dla Usprawnienia Administracji Publicznej*/.

3. In search of models and inspirations

The leaders of civil servants associated in the Association of Civil Servants in the 1920s represented an orientation related to the patriotic tradition of Polish intelligentsia, which was close to the views of the protagonists of Stefan Żeromski's novels. Their involvement in the creation of the foundations of the Polish administration was inspired by patriotic feelings and the sense of public service, i.e. dedication to the state. Civil servants were expected not only to be loyal to the authority and to act in a professional manner in compliance with laws, but also to be dedicated to the state and to show their patriotic attitude. Civil servants expected that in consideration of the foregoing they would not only gain public respect and their material status would be secured, but also that they would be allowed to participate in the development of laws related to civil service.

From the end of the 1920s, civil servants organised in the Association of Civil Servants showed – more and more frequently and openly – their criticism of subsequently changing governments. Their criticism was based on the conviction that governments failed to respect covenants related to the basic interests of civil servants, i.e. their wages, rules of advancement, medical care and pension plans, *which (by failure of the authorities – author's note) is detrimental to the functioning of the administration system and impacts upon the interests of the state (Walny Zjazd Delegatów Kół SUP 1929, p. 2)*. As social tensions were growing due to economic conditions (affected by the crisis) and political situation (attempts by “Sanacja” governments to gain more and more authoritarian power), civil servants became increasingly critical about governing groups of the 1930s. It was then that the Association of Civil Servants undertook actions in co-operation with other groups of civil workers from whom the Association would dissociate in the previous decade [*Kongres pracowniczy 1936; Nowe drogi ruchu zawodowego 1936*]. Civil servants criticized capitalist economy and not only demanded more state interventionism in economy, but also wished for more involvement of government in social policy in order to counteract social inequality [*Deklaracja*

społeczno-gospodarcza 1936]. Civil servants criticized laws imposing restrictions on civil freedoms [*Nowe prawo o stowarzyszeniach* 1932]. In their actions they demonstrated that their patriotism and sense of responsibility for the state did not allow them to go on strike (which, at that time, was declared by French civil servants) [*Drastyczny dowód* 1933]. A turn to the left side of the political scene quite clear in the 1930s did not mean a surge of sympathies towards solutions proposed by the USSR or fascist governments [*Ruch pracowniczy a wybory* 1937]. Generally, civil servants in the interwar period were not favourably predisposed towards any novelties from abroad. They would argue that government administration should be based on highly qualified civil servants, well educated and dedicated to the state. They struggled against nepotism, corruption or nominations of army officers to civil servant positions in public administration [*Niedole urzędników cywilnych w administracji wojskowej* 1932; *Jądro zła* 1936]. Their attitudes to the idea of the application of scientific management principles to public administration is well illustrated by the following: In the middle of the 1920s, “*Życie Urzędnicze*” published a number of articles by promoters of the application of scientific management principles to public administration [Twardo 1925; 1926; *Dwanaście zasad wydajności H. Emmersona* 1926]. The reception of the publications by civil servants was initially that of curiosities, but when certain solutions offered by scientific management were eventually applied to employment policies in the government administration, they were strongly objected [“BP” 1936].

The promoters of the application of scientific management principles to public administration, along with promoters of the principles of such principles in economic organizations, referred, first of all, to American experiences [Górski 2005]. They argued that a new approach and new criteria for the assessment of government administration should be transplanted onto the Polish ground and that expert centres should be established in order to support decisions of the administration at the government level. “*Przegląd Organizacji*” in its first issue of 1926 published a paper *Wydajność pracy urzędników państwowych* credited to Frederick Winslow Taylor. The publication of a work by the American pioneer of scientific management was intended to show challenges faced by the administration and readily available solutions well tried in industrial companies. The author’s approach is also noteworthy, and is so characteristic of Americans convinced that civil servants are paid by taxpayers, which gives ground to see if the administration is effective and inexpensive. The effectiveness and costs, that is, time saving, procedures describing jobs to be performed by civil servants and modes of handling matters became the subject of concern of Polish pioneers in scientific management as well.

Other American aspects pointed out then were the importance of civil servants being apolitical, as well as the requirement to establish expert and counsel

groups to support decision making processes. The solutions were implemented in the US by the promoter of scientific management, the future US President, Herbert Hoover, when he was still the Minister of Trade [Spaczek 1929].

One of the Polish authors who published in "Przegląd Organizacji" in the early 1930s and who referred to the American models of administration reforms was Czarnecki [1931]. He pointed out that the USA was the only state in the world in which so much attention and effort was devoted to the formation of the administration system and – in particular – its management. The efforts consisting in the establishing of various committees and offices *were intended to make the state (federal) machine less expensive and to co-ordinate actions of the units of that machine* [op. cit., p. 2]. Czarnecki was impressed by the organisation system of the US federal administration. He described the structure and scope of competence of an office responsible for the organization of work in federal departments. The head of the office reported directly to the President. Czarnecki, with all his heart, recommended the application of American solutions to the Polish administration system. The idea that units to support government administration should be established at the ministerial level in order to develop work organization methods was promoted by Kazimierz Barliński [1935; 1936], but his initiative was ignored in the course of the re-organisation of the Polish administration system.

However, American office work techniques using chronometers and Gantt charts were applied. At the end of the 1920s, they were used in the work organization systems applied in the offices of land districts (powiat) of the Warsaw Voivodship (województwo). They helped to facilitate citizen service, internal communication in offices and the development of organization structures [Tomaszewicz 1929]. New solutions were developed without an explicit reference to the American experience. Instead, rational and universal rules were invoked in a belief that effectiveness and efficiency criteria, as well as methods on which the solutions were based, have a universal dimension. Solutions proposed in the interwar period by the promoters of the application of scientific management into public administration were limited and covered only the organization of municipal offices and utility companies, such as waterworks, power stations or natural gas distribution companies [Górski 2009. pp. 77–88].

The third group that formulated its opinions about foreign administration models were the senior officers of the Ministry of Internal Affairs. They developed a re-organization scheme of the government administration in the late 1920s and early 1930s. Their attitude noticeably combined two approaches: (1) the legal approach marked by the conviction that good, clean-cut legislation must be developed, this originating from the awareness that the uncontrolled development of the administration system had resulted in the depreciation of laws, and (2) the approach founded on the conviction that it was necessary

to apply solutions ensuring that the administration system would be efficient and economic, i.e. such as offered by scientific management. The said attitude of senior officers resulted in the implementation of certain aspects of scientific management into administration actions. The various aspects were applied not only to the organization of office work, but also to planning, control and inspection. Organization solutions used for this purpose were based on legal regulations, and corresponded to new requirements addressed to the managers and officers of planning and control/inspection units. Planning and control/inspection activities were linked with the improvement and effectiveness of the work of offices performing duties assigned to them.

Foreign models used for these purposes were mostly of German origin. Leon Biegeleisen, responsible for the education of administration staff, and Stefan Stosyk, assigned to implement changes in the organization of government administration offices, co-operated with the Committee for the Improvement of Public Administration and travelled to Germany, England and France. Germany, defeated in WWI, had to focus on the re-organization of its administration system with regard to costs and work efficiency of offices. However, whilst Americans talked about economizing in the context of the financing of civil service by taxes, Germans stressed the effectiveness with which citizens' cultural and economic requirements had to be satisfied [Biegeleisen 1926]. Reforms carried out by Germans helped to develop the sense of independence and responsibility among civil servants, whose number was decreased and thus the increase of their wages was allowed.

As regards the education of civil servants, Biegeleisen appreciated the establishment of specialist institutions and university chairs in Germany, addressing municipal issues, which helped to combine theory, practice and economic policy. He also appreciated that social and economic studies were added to university curricula [Biegeleisen 1931, p. 34]. But he also valued the English system of educating civil servants in which students were allowed to share their critical and individual opinions about subject matters and were not required to memorize material being taught, but to solve practical problems based on sources and scientific principles [op. cit. p. 547]. However, administration staff education oriented towards practicalism was objected in Poland by academic lawyers who could not imagine that the education of administration staff could be based on anything other than law science, by which they understood the Roman law and subjects related to the history of law [Brody 1937]. Prolonged debates of lawyers, concerning the teaching of law as well as the financial turmoil of the 1930s obstructed and eventually disabled the establishing of an education system addressed to administration personnel in interwar Poland.

Germans also provided models for the reform of office work in Polish offices. Stosyk appreciated Germans for their systematic approach, formalism and

acceptance of new rules and regulations by civil servants [1929]. Following German patterns, he recommended that the administration be reformed from top to bottom, i.e. that instructions should be developed for the central administration first. He also acknowledged that the reform of office work was a part of the general reform of the administration system in Germany. The organization of office work in administration was based on office work organization rules which became an independent branch of science. In Germany, the reform was supported by the central institute dedicated to research and development of work organization principles for administration. The institute carried out research, collected data related to organizational experience of offices from all over the country in order to analyze the same and publish best solutions. Research work was combined with training courses in office work rationalization. The key mission of the German administration reform was *Wirtschaftlichkeiten*, which Stosyk translated as *gospodarcza praktyczność /economic practicality/*.

According to Stosyk, office work rationalization was not the ultimate purpose for Germans to achieve, but a means to streamline the work of office work. Actions of Germans were aimed at economizing efficiency (which was calculated with the proverbial German accuracy) and usefulness. What mattered to Germans were both time and efficiency. Hence, they introduced a rational division of labour and a clear distribution of responsibilities and competences. They also changed the mode of office operations in order to enable clearer and more accurate decision making, and to introduce a uniformed system for the handling of acts with the use of a set of symbols affixed to each document (which Stosyk particularly liked). They also introduced standardized forms for applicants' submissions and for officers to issue routine decisions. According to Stosyk, Germans assigned high priority to the work system organization reform in the government administration, which was proved by the fact that in each ministry there was an officer appointed specifically to streamline administration work, while an inter-ministerial committee working on issues related to work streamlining was composed of all officers so appointed in each ministry.

It's obvious that Stosyk, having collected so many positive impressions, concluded his description of German office work methods in administration with a recommendation that German solutions should be used in the reform of the Polish administration. He wrote: "I conclude my work with a motion that the principles of the new-German system be adopted as a basis for the future uniformity of office work system in Poland. I say "principles" because in our conditions certain detailed solutions may vary. The implementation sequence and the time span of certain stages of reforms may also be different. I am of the opinion that there are bases in Poland developed enough [to introduce reforms – author's note] and the need is urgent. Let us not allow others outdistance us too much. We have lost too much time on considerations and attempts to implement

– in various locations – inadequate solutions which had not been thought out well enough” [op. cit. p. 9]. What is noteworthy in this statement is not only the acknowledgement of well-tried, scientific methods but also the patriotic inspiration and the awareness of challenges that the Polish administration had to meet in the course of changes resulting from reforms. It’s also noticeable that Stosyk considered foreign models (in this case – German ones) in terms of general principles to be respected by Polish reformers, and that he did not take them as ready-made and readily-available solutions.

4. Conclusions

Public administration reforms in interwar Poland were noticeably influenced by the traditional intelligentsia ethos which was still vivid in the social consciousness of civil servants. The ethos stimulated individual and personal dedication to the creation of the structures of the state administration and inspired readiness to sacrifice. The actions of civil servants were inspired by patriotic feelings and belief that the efficiency of administration depends, in the first place, on professionalism and morale of civil servants. They believed that the government administration was to observe the principles of democracy in relation to both citizens and civil servants who expected that their adequate social position and employment stability would be secured.

However, as the number of duties to be performed by the government administration increased, the efficiency of the administration system could no longer be secured solely by the quality of its staff. This is why specialists from the Ministry of Internal Affairs, who reformed the government administration, used Western models amongst which German ones were particularly valued. Following the German experiences, the reforms of the government administration were carried out in a systematic and planned manner, starting from the central administration level through the provincial (*województwo*) level to complete the reform at the land district (*powiat*) level. The transparency of the system, the legislative order and office work organization were considered particularly important. Financial turbulences of the 1930s caused that the range of reforms was limited, particularly as regards the administration control system and education efforts addressed to civil servants.

Inspirations provided by scientific management and the use of methods applied in industrial organizations are noteworthy. American inspirations were not reduced to the organization of office work, but extended to the idea of agencies assisting central administration bodies in their decision making processes. However, these inspirations did not enjoy favourable public reception and remained merely the projects of the promoters of scientific management. Nonetheless, the principles of office work organization were applied at a larger scale which covered citizen service and the improvement of internal communication.

The reforms of the government administration were prepared and implemented from the mid 1920s until the mid 1930s. The reforms were accompanied by the awareness that to have the genuinely Polish administration with Poles as civil servants (which had been merely a dream before Poland regained its independence) was not all that was needed. Polish people were increasingly aware of the importance of good laws and such organization principles that would ensure effective performance of tasks that the administration in a modern state was to perform. While creating their modern administration system during the economic crisis of the 1930s, the Polish were open to use the experience gathered by Western countries considered to have rich traditions and well organized public administration and institutions.

Abstract

The paper is aimed at presenting inspirations used by Polish people in the course of the public administration reforms carried out in Poland in the interwar period. The views of three groups expressing their opinions about foreign models in the context of the public administration reforms were presented against a historical background coloured by the coup d'état by Józef Piłsudski, the difficult situation of the state budget due to the economic crisis of the 1930s and the increase of duties to be performed by the state. The three groups consisted of (1) the promoters of the principles of scientific management to be applied to the government administration, (2) higher officers of the Ministry of Internal Affairs who prepared the reform of the administration and (3) civil servants associated in the Association of Civil Servants. Differences in the attitudes towards foreign models, as presented by each of the groups, were briefly described in the paper, as a result of search of a model that could ensure an increased efficiency of the administration and thus satisfy the requirements of the first two groups mentioned above, and that could secure professional and material position of the third group, as well.

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