

## **Intercultural Management – Trend of Contemporary Globalized World**

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#### **Introduction**

The phenomenon of globalizations has been persistent since the last decade of 20th century and is still a factor that influences organizations and people these days: businessmen, entrepreneurs, public sector employees and professionals communicate with people from other cultures face to face or in an electronic form.

Therefore, people should understand and respect their counterparts and they should strive to improve their skills and competencies in order to boost their work effectiveness. Managing intercultural differences becomes imperative for individuals, global managers, governmental and non governmental organizations in all countries. Understanding business environment creates a basis for competitive advantage while successful adjustment to the environmental changes is a necessary prerequisite for survival on the market. Businesses operate in complex settings and there are many stakeholders and numerous environmental factors that influence the day-to-day operations of the companies. Thus, culture is finding its place of significance in the experience of global individuals. As Schein puts it [1]: „Consider any complex, potentially volatile issue, Arab relations-the problem between Serbs, Croats, and Bosnians, corporate decision making, getting control of the U.S. deficit, or health-care costs, labor/management relations, and so on. At the root of the issue, we are likely to find communication failures, and intercultural misunderstandings that prevent the parties from framing the problem in a common way, and thus make it possible to deal with the problem constructively.“

Schneider and Barsoux [2] correctly point out that, the embracing of culture in all its diversity ‘as a resource rather than a threat is essential for responding to the demands of a global market economy, for reaping the full

benefit of cross-border alliances, and for enhancing organizational learning.

The presented paper discusses the current issues of intercultural management, upon the discussion of culture and its management implications.

#### **Culture and its characteristics**

Culture is the way we do things. It is how we behave as individuals and in groups. This is, however, far too simple an explanation. It is more useful to regard culture as referring to shared assumptions, beliefs, values, norms and actions. Thus, often considerable culture differences separate not only countries, but also regions within countries.

According to Ray Sleeman [3], culture is shaped by our experiences in a wide variety of situations that influence the way we view and understand the world in which we live. These past experiences, often handed down from generation to generation, influence.

- Our values: what we consider attractive and unattractive.
- What is and is not acceptable behavior.
- What is right and wrong.
- How we interpret the world.

Kroeber and Kluckhohn [4] perceive the concept of culture as essence.

- The members of culture system share a set of ideas, and especially, values.
- These are transmitted (particularly from one generation to another ) by symbols.
- Culture is produced by the past actions of a group and its members.
- Culture is learned.

- Culture shapes behavior and influences one's perception of the world (based on Adler, 1991, and Guirdham, 1999).

Hofstede [5], one of the most influential writers about intercultural management identifies six such broad levels of culture.

- A national level according to one's country (or countries for people who migrated during their lifetime).
- A regional level and/ or ethnic and /or religious level and/or linguistic affiliation level, as most nations are composed of culturally different groups and/or ethnic and/or language groups.
- A gender level, according to whether a person was born as a girl or boy.
- A generation level, which separates grandparents from parents and children.
- A social class level, associated with educational opportunities and with a person's occupation or profession.
- For those who are employed, an organizational or corporate level, according to the way employees have been socialized by their work organization.

Given these overlapping affiliations, Hofstede [5]: rightly points out: 'In research on cultural differences nationality – the passport one holds – should therefore be used with care.' Each of these levels may be seen as spheres of interaction, where the social production of meaning contributes to a concept of culture, according to which 'culture is ...seen as a determining and not just a determined part of social activity, and therefore culture is a significant sphere for the reproduction of social power inequalities [6].

For Cross T. et al [7] the word culture... implies the integrated pattern of human behavior that includes thoughts, communications, actions, customs, beliefs, values, and institutions of a racial, ethnic, religious, or social group. Peterson [8] reduces "dictionary-style" definition of culture to one sentence, as follows: "Culture is the relatively stable set of inner values and beliefs generally held by groups of people in countries or regions and the noticeable impact those values and beliefs have on the peoples outward behaviours and environment." In line with this, culture influences human resource management practices [9] how employees perceive their own performance [10] or what ethical standards will be placed at work [11].

To summarize it, as Mead says [14] culture is sometimes very significant, and on other occasions it is not, and the other factors are more so. The manager needs the skill to recognize when culture is significant, to weight its influence against that of other factors, and then respond appropriately.

### Dimensions of culture

*Hall* [12].

- Monocronic and polycronic time orientation.
- High and low context communication.
- Space: personal/physical.

*Hofstede's model* [5].

- 4 dimensions of culture: power distance, uncertainty avoidance, individualism-collectivism, masculinity-femininity.

- Hofstede and Bond (1988): later broadened their classification and added the fifth dimension - long-term orientation vs. short-term orientation.

*Trompenaar's model* [15].

- National cultures from 3 perspectives:

1. Relationships with other people.
2. Relationship to the environment.
3. The meaning of time.

*Schwartz* [13].

- 7 value types are identified, structured along three polar dimensions: a) gender Conservatism vs. intellectual and affective autonomy; b) hierarchy vs. harmony.

*House et. al (project GLOBE)* (various authors and dates) – the first five of their dimensions reflect Hofstede's pioneering model.

1. Uncertainty avoidance.
2. Power distance.
3. Collectivism1: societal emphasis on collectivism.
4. Collectivism2: family collectivist practices.
5. Gender egalitarianism.
6. Assertiveness.
7. Future orientation.
8. Performance orientation.
9. Humane orientation.

The above mentioned model shows the development of number of comparisons and approaches tried by scholars. A variety of cultural dimensions has been identified. Even if working life and business are more and more global, the cultural background affects the behavior, relationship to others, relationships to environment, and to our feelings. It is worth to note that no culture is better than the other, they only may differ. As it is unlikely that the world will become a "monoculture", the need to understand cultures and develop skills to effectively work in the multicultural work setting will remain persistent.

### Intercultural Management

"World culture is a myriad of different ways of creating the integrity without which life and business cannot be conducted. There are no universal answers but there are universal questions or dilemmas, and that is where we all need to start" [15].

The importance of intercultural management has inspired researchers to examine the phenomena of intercultural encounters and trying to find answers to what makes them successful and how a person can act competent and effectively in an intercultural environment. [16].

Intercultural management is a new area of research, the importance of which is growing with progressing globalization. It is of particular interest to global managers who work for multinational corporations located in different countries. It also offers platforms for managers who work for diversified enterprises with plants and branches in different locations that are not necessarily in

different countries. The cultural differences are evident when comparisons are done across countries, e. g. in companies that have different branches, each branch being imbued with a distinctive cultural heritage.

Nina Jacob [17] defines Intercultural Management as concerned with the effective functioning of diverse groups of people. Diversity can arise due to variations in ethnicity and nationality. Managers from different countries work together in cohesive teams.

Researchers are concerning with following features:

- fluid structural form such as organic modes;
- teams constituted of internationally representative managers;
- leadership encompassing versatile skills appropriate for the global context;
- motivation appropriate for diversity;
- organizational cultures such those characterizing learning organizations;
- communication methods and systems;
- negotiation for the mutual benefit of all the players;
- human resource management systems and practices that reflect the dynamics of operating in a global context. These range from managing expatriates, to liaison with foreign consulates, to procuring visas and work permits.

Intercultural management is about paradox management, ambivalences and ambiguities.

Therefore, it can be assumed that problems, arising from intercultural management could be reasonably anticipated and solved. Intercultural management is viewed by her as a subset of international management. Gooderham and Nordhaug [18] define international management as the generation and transfer of knowledge across settings and organizations. O'Connell [19] defines the notion as planning, staffing, and control of international business activities. These activities occur between business units that are located in different countries, whether joint venture partners, headquarters, and subsidiary, principal and agent, supplier and customer. Both emphases – international management as a knowledge-based activity and as a function-based activity [14].

Intercultural management is associated with the knowledge-based economy and the need to develop new managerial outlooks and competencies which have been coined as 'the global mindset' [20] or 'global literacy' [21]. Globalization is creating the need for new ways of understanding, managing and coping with culture differences.

### **Intercultural management vs. international business**

There are cases, when, 'intercultural management' and 'international business' share the same platform, especially when concerning business practices with cultural norms, assessing those norms, adjusting and influencing those norms. The two sub-fields of management are however significantly different in many ways. International business views culture from the perspective of an environment that the organization faces. Intercultural management views culture both within the organization and

externally. For international business, culture and its consequences make up only one dimension of the many dimensions that are stressed. The other dimensions international business specifically examines include the external political environment, the external legal environment, governmental influences, world financial institutions, and the strategic management of various functional systems [17]. All in all, international cross-cultural management, as developed by writers over the last forty years or so, is a somewhat murky area of management thinking [22].

### **Typical features of intercultural management**

Traditional market glut causes companies to establish themselves in new markets, usually across the borders. That means, to penetrate to the market in another location, or to move the production there. Since mid-1990s, Slovakia as well as many countries in the region of CEE have become the target countries for many transnational corporations. Such behavior is economically beneficial for the transnational companies and also brings multiple benefits of the home (i.e. accepting) country, such as creation of new employment opportunities, development of skills, and transfer of knowledge and management practices. This is the primary area of interaction between the culture of the home country and the culture of the foreign company; this is where the intercultural management plays a vital role. The degree to which the foreign companies might succeed in incorporating their managerial practices is influenced by the similarity of the two cultures, mainly in the area of respecting authority, decision making and communication [23].

### **Dimensions of intercultural management**

Intercultural management in organizations comprises particular dimensions, such as [14]: team management, leadership, corporate strategy, organizational structure, human resource management, knowledge management, and conflict resolution.

### **Conclusion**

Effective intercultural management contributes to high effectiveness of global corporations. Organizations with „learning“ orientation are able to face intercultural management challenges. Relevant managerial challenges are cultural awareness, culture sensitivity and flexibility to deal with diversity.

Intercultural management is positively linked to corporate profitability in the global business arena. The research agenda in the field on international management stems from the needs and requirement of the business community. The companies that will not embrace the notion of intercultural management and will not promote cultural understanding and develop skills necessary to succeed in the multicultural environment are risking to become a second tier companies.

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### **D. Caganova, M. Cambal, S. Weidlichova Luptakova. Intercultural Management – Trend of Contemporary Globalized World // Electronics and Electrical Engineering. – Kaunas: Technologija, 2010. – No. 6(102). – P. 51–54.**

The presented paper discusses contemporary trends in the arena of intercultural management and underlines the main concepts that both academicians and corporations should focus on. As the workplaces become more diverse, culture and intercultural management gain more importance. The importance stems from the fact that the present world is not a homogenous “monoculture” and the organizations increasingly face two simultaneously evolving issues: a) the challenges presented when companies move to new, often culturally different locations; and b) labor mobility that resulted in diverse workplaces where people from different cultural backgrounds share their work experience. This presents a twofold challenge for companies and underlines the need to focus on intercultural management. Bibl. 24 (in English; abstracts in English, Russian and Lithuanian).

### **Д. Цаганова, М. Камбал, С. Вейдличова Луптакова. Тенденция современного мира в управлении международной культуре // Электроника и электротехника. – Каунас: Технология, 2010. – № 6(102). – С. 51–54.**

Описываются общие идеи управления международной мировой культурой с учетом влияния мировоззрения ученых и разных компаний. Главной задачей следует считать „вызовы“ по организации различных рабочих мест, национальных традиций людей и разнообразии подготовки кадров. Особенно это проявляется в разных культурных телевизионных программах и развитии международного сотрудничества в области культуры. Библ. 24 (на английском языке; рефераты на английском, русском и литовском яз.).

### **D. Caganova, M. Cambal, S. Weidlichova Luptakova. Tarpkultūrinė vadyba – šiuolaikinio globalizuoto pasaulio tendencija // Elektronika ir elektrotechnika. – Kaunas: Technologija, 2010. – Nr. 6(102). – P. 51–54.**

Aptariamos šiuolaikinės tarpkultūrinės vadybos tendencijos ir pabrėžiamos bendros idėjos, kurioms mokslininkai ir kompanijos turėtų skirti daugiausia dėmesio. Kultūros ir tarpkultūrinė vadyba tampa vis reikšmingesnė didėjant darbo vietų įvairovei. Dabartinis pasaulis nėra homogeniškas „vienkultūris“ ir organizacijos susiduria su dviem tuo pačiu metu kylančiais klausimais: iššūkiams, kurie kyla organizacijoms persikeliančioms į naujas, dažnai kultūriškai skirtingas vietas, ir darbuotojų mobilumą, kuris lemia darbo vietų įvairovę bei skirtingų tradicijų žmonių dalijimąsi darbo patirtimi. Tai dvigubas iššūkis organizacijoms ir didėjantis tarpkultūrinės vadybos poreikis. Bibl. 24 (anglų kalba; santraukos anglų, rusų ir lietuvių k.).

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