

Characteristics of Organizational Culture Content in Austrian and German Subsidiaries in the Czech Republic: Results of Empirical Research

Zdeňka Konečná¹

Abstract

The paper is devoted to the issue of cross-culture management and presents results of the pilot study to the planned empirical research project into organizational culture. The main objective of this part of the empirical research was to identify characteristic features of organizational culture content towards human resources in Austrian and German subsidiaries operating in the Czech Republic. The qualitative research method of incomplete sentences was used. The questionnaire was filled-in totally by 135 respondents – representatives of management and subordinate employees. The main result of this part of empirical research was to map characteristics concerning behavior of the Austrian and German subsidiaries operating in the Czech Republic towards human resources. The results obtained within this pilot study will be the basis for formation of quantitative research instrument in forthcoming quantitative survey.

This paper was written with the support of the Hertie Foundation within the framework of Scholarship Program for Human, Social and Economic Scientists from Central and Eastern Europe at the Chemnitz University of Technology in Germany.

Key words: cross-culture management, organizational culture, Austrian and German Subsidiaries, Czech Republic

¹

Ing. Zdeňka Konečná, Ph.D.
Lecturer and Researcher
Brno University of Technology
Faculty of Business and Management
Institute of Management
Kolejní 2906/4, 612 00 Brno
Czech Republic
Phone: 0042054114 3756
Fax: 0042054114 3751
E-mail: konecna@fbm.vutbr.cz

1 Introduction

The process of internationalization, globalization, and multiculturalism has been nowadays proceeding very quickly and it has been becoming to a greater extend a characteristic feature of the present. International operating companies are attracted by non-filled markets, cheap qualified labor force, convenient location or tax relief and nowadays they are able to position and move very quickly any source into any territory that bears, in their opinion, the most suitable conditions for increasing their value. International working teams are quite common these days. Companies more and more get into touch with members of various national cultures. This includes above all their employees and in the area of management it means that management should not be limited only to performing of economic and technical operations but also pay attention to the so called soft aspects – above all to the influence of cultural background of the cooperating partners and employees.

2 Theoretical Background

If fusions or acquisitions are created within one country, which means among local companies, the cause of conflict is difference of the organization cultures' contents. In the case of fusions and acquisitions which are created among companies from different countries, the employees are exposed to a double conflict: a conflict on the level of organization cultures as well as a conflict on the level of national cultures. The confrontation on the level of organization processes, systems, practices and behavior of employees that takes place here is relatively visible for the employees of the fusing companies. Less visible (or even hidden) is the conflict on the level of national specifics – values, attitudes or patterns of behavior. The scholars agree that the

differences in thinking, feeling and behavior resulting from differences of national cultures are deeper than the differences resulting from various organization cultures (Hofstede, 1993, 2001, Hall, 1995, Gancel, Rodgers, Raynaud, 2002, Sackmann, 2002, Hofstede, Hofstede, 2004, and other). The more distant are the countries of origin of the fusing companies the more different are not only the main conditions and preferences of values, but also organization characteristics of these companies, because differences in national cultures lead to different organization practices and different employees' expectations (Kogut, Singh, 1988, according to Larsson, Risberg 1998) and to nationally specific management style (Olie, 1990, according to Larsson, Risberg, 1998). Scholars found out so far that if the cultures of the fusing companies are alike, the results of fusions and acquisitions are more favorable than in case of different cultures (Larsson, Risberg, 1998, Forstmann, 1998). The results of fusions and acquisitions may not necessarily become worse with the growing extend of cultural difference, because the extend of impact is influenced by other factors that play a certain role here (Larsson, Risberg, 1998) and cultural difference also does not have to automatically mean a devastating collision (Very, Lubatkin, Calori, 1996), especially when the employees of the fusing companies are well prepared to this fact.

Success of cooperation depends to a great extend on abilities of workers who operate in multicultural conditions. These workers should meet certain conditions of successful fulfilling of everyday tasks in a multinational company. Preparation as well as selection of employees whose role it is to fulfil work tasks in international environment depends to a great extend on the form of cooperation between the partner companies which are represented by the individual workers. In case of a looser cooperation between companies, for example based on business contracts, the selection and preparation of workers takes place rather on informative and individual level. In cases of closer cooperation, such as fusion, company takeover of direct foreign activities, the selection as well as preparation of workers should be more complex and very intensive and it

should concern workers of the whole company. Unfortunately, cooperation in international conditions is often not as successful as originally expected. Very often it we can meet international teams consisting of great specialist in their field, but despite all effort, suitable conditions and perfect work of individuals, the output of the team as a whole does not correspond to the expected results. It is not always possible to reach mutual understanding, despite the fact that the same language of communicating and corresponding techniques are used. Habits based on long-term traditions may be different in different countries and the efficiency of mutual cooperation depends to a great extend on how much effort the colleagues from different cultural environments exercise to come into agreement. Misunderstandings or conflicts, which usually represent serious obstructions of successful cooperation, appear especially due to the fact that ideas about certain cultures are deeply rooted and as such they are considered to be generally true. In the processes of partner meetings or long time cooperation spontaneous reactions occur and thus it can happen that the way the partner acts is seen as something imperfect or even funny. This way cultural differences may easily cause different perception and misunderstanding of the communicating partners. As one of the most frequent reasons why the cooperation is not such successful as expected, can be seen rightly in not understanding of cultural specifics of a cooperating partner. Some cross-culture management studies (e.g. Hofstede, 1993, 2001, Adler, 1997, Trompenaars, Hampden-Turner, 1998, Kinast, Schroll-Machl, Thomas, 1999, Hofstede, Hofstede, 2004, House et al., 2004) show us that successful international acting should be based on an understanding of how national culture affects business activities. It is useful to realize that management style, decision making, educating or involvement of employees are closely connected and, as stated Nový and Schroll-Machl (2002), determined by specific patterns of a given culture that direct the ways of acting and thus “prescribe“ to the individuals how to behave in specific situation.

Each employee who fulfils his or her tasks in multicultural environment, no matter if he or she is a company representative for a prearranged period or as an employee, should know several basic rules that can make the orientation in a strange environment easier. When overcoming cultural differences, it is necessary to know oneself perfectly, which means to know one's own culture, which is neither obvious nor simple. An enormous pitfall is the fact that within one's own culture the approach to the others as well as interpretation of their behaviour is verified and does not cause big problems, because despite the globalisation tendencies, the depth of cultural roots, patterns and standards influences perception and evaluation of gained information. The starting point for managing intercultural standards is realization of validity of the patterns of the own culture and recognition of cultural groundwork of the partner. The awareness of the fact that for example the Czech culture is optimal for solving of life situations just in the Czech society is a very important point in the effort to manage smooth operation in multicultural conditions.

The Czech Republic has become one of the attractive countries for foreign investors, particularly after joining the European Union. The international companies have been attracted above all by convenient location or tax allowances. When deciding going international, it is crucial for managers to be familiar with not only external environment and business conditions, but also internal environment of the firms already established on the target market. Acting and ways of behavior of managers in multicultural environment is influenced by many factors. One of the most important factors are information about partner culture. Understanding and correct interpretation of different behavior of coworkers can contribute to mutual understanding and good cooperation. The knowledge of the organizational culture content in the international companies operating in the Czech Republic can be seen as an orientation base for further

investors coming not only from German speaking countries as well as for potential partners and above all employees which plan cooperate with such organizations.

3 Objectives of the Research

The objective of this pilot study was to identify characteristic features of attitudes towards human resources in the Austrian and German subsidiaries in the Czech Republic. The qualitative research method has been used. The obtained qualitative findings will be the basis for formation of quantitative research instrument. The instrument shall be used in order to map behaviour of Austrian and German subsidiaries in relation to their Czech employees.

4 Research Method

Method of written questioning was used for the collection of research data. The method of incomplete sentences has been chosen - the questionnaire comprised of 25 open ended statements which represented the beginnings of sentences. The respondents were asked to complete the statements so that they become entire and meaningful ones representing current situation in their companies. The focus of the inventory has been wide-ranging, therefore only following incomplete sentences related to internal environment were chosen:

- With respect to employees, the company is ...
- The company wants to provide employees above all with ...
- The workers in our company are considered to be ...
- The workers are rewarded above all for ...
- The employees are, above all, expected to ...

5 Sample

Totally 135 respondents filled-in the questionnaire of incomplete sentences - representatives of management and subordinate employees, 69 of whom were from German and 66 Austrian subsidiaries. One respondent has been interviewed in each company i.e. 135 companies operating in the Czech Republic have been included into the sample.

Structure of the sample investigated is documented in detail in tables 1, 2, 3 and 4.

Company	n	%
manufacturing	40	29
manufacturing with associated services	32	24
providing services	38	28
business	26	19
totally	135	100

Table 1 Sample structure based on business orientation of company

Company size	n	%
< 50	61	45
51-799	52	38
> 800	23	17
totally	135	100

Table 2 Sample structure based on company size

Gender	n	%
women	57	42

men	75	56
not specified	3	2
totally	135	100

Table 3 Sample structure based on sex point of view

Position	n	%
top management	12	9
middle management	24	18
low management	30	22
subordinates	65	48
not specified	4	3
totally	135	100

Table 4 Sample structure based on working position in company

6 Results Processing

The obtained responses have been compartmentalized, and for each incomplete sentence the categorization of responses has been classified. The incidence for each category has been determined in order to find out which responses are typical and which are rare.

7 Research Results

The selected incomplete sentences in relation to human resources are examined in the following paragraphs. The results obtained within Austrian and German subsidiaries are treated

separately. The responses are organized and incidences for each category are showed in the round brackets. Responses that occurred sporadically i.e. only once are listed without incidence.

With respect to employees, the company is ...	
Austrian subsidiaries:	German subsidiaries:
<ul style="list-style-type: none"> ➤ oriented on their performance (16x), ➤ correct (13x), ➤ being responsive (9x), ➤ tolerant (8x), ➤ considerate (4x), ➤ friendly (4x), ➤ stable (3x), ➤ decent, ➤ open, ➤ fair, ➤ solid, ➤ companionable, ➤ fosters team spirit and collegiality ➤ rightful, ➤ appreciative, ➤ adequately attentive, ➤ impersonal ➤ would-be honest 	<ul style="list-style-type: none"> ➤ oriented on results (13x) ➤ oriented on their performance (12x), ➤ oriented on control (12x), ➤ stable (6x), ➤ pays attention to education and development (3x), ➤ reserved (2x), ➤ solid (2x), ➤ rigorous, ➤ willing to make an agreement, ➤ impersonal, ➤ despotic, ➤ exploitive, ➤ abusive, ➤ superficially interested in needs of its employees.

Table 5 Responses to the research question “With respect to employees, the company is ...”

The company wants to provide employees above all with ...	
Austrian subsidiaries:	German subsidiaries:
<ul style="list-style-type: none"> ➤ work (22x), 	<ul style="list-style-type: none"> ➤ good financial rewards (13x),

<ul style="list-style-type: none"> ➤ support (15x), ➤ good financial rewards (11x), ➤ adequate working environment (6x), ➤ long-term perspective (3x), ➤ polite treatment, ➤ fulfilment, ➤ social benefits, ➤ individual approach, ➤ development. 	<ul style="list-style-type: none"> ➤ pay guarantee (9x), ➤ stability (9x), ➤ possibility to co-operate (5x), ➤ feeling of success (5x), ➤ possibility of career (2x), ➤ fulfilment, ➤ social benefits, ➤ professional maturation.
--	---

Table 6 Responses to the research question “The company wants to provide employees above all with ...”

The workers in our company are considered to be ...	
Austrian subsidiaries:	German subsidiaries:
<ul style="list-style-type: none"> ➤ co-creator of the prosperity (9x), ➤ resource (8x), ➤ colleagues (7x), ➤ family members (7x), ➤ partners (5x), ➤ support (4x), ➤ team members (4x), ➤ indispensable part of the company (2x), ➤ friends (2x), ➤ alpha and omega, ➤ know-how, ➤ company wealth, ➤ the most precious asset of the company, 	<ul style="list-style-type: none"> ➤ resource (12x), ➤ inseparable part of the company (9x), ➤ instrument for increasing the profit (7x), ➤ qualified production forces (7x) ➤ an important element crucial for success of the company (5x), ➤ key capital (4x), ➤ professionals (4x), ➤ driving force of the company(3x), ➤ reliable (2x), ➤ colleagues (2x), ➤ team members (2x), ➤ representatives, ➤ being under attack of the company

<ul style="list-style-type: none"> ➤ helpful, ➤ company foundations, ➤ spirited, ➤ replaceable ones or those who are only requested to work, ➤ incompetent rebels, ➤ greedy, ➤ twits and fools. 	<ul style="list-style-type: none"> owners, ➤ slaves, ➤ non-thinking beings, ➤ good-for-nothings, ➤ nitwits who must be always pushed somewhere.
--	--

Table 7 Responses to the research question “The workers in our company are considered to be ...”

The workers are rewarded above all for ...	
Austrian subsidiaries:	German subsidiaries:
<ul style="list-style-type: none"> ➤ results (14x), ➤ fulfilment of tasks (12x), ➤ attendance in work (11x), ➤ performance (9x), ➤ for the turnover (6x), ➤ profit (4x), ➤ loyalty (2x), ➤ increase of incomes, ➤ newly made business, ➤ personal approach, ➤ successes which can bring profit, ➤ according to the pay scale. 	<ul style="list-style-type: none"> ➤ results (19x), ➤ performance (11x), ➤ work done (10x), ➤ quality of work done (8x), ➤ meeting the deadlines (8x), ➤ the number of new customers (3x), ➤ increase of incomes (2x), ➤ profit ratio on orders, ➤ tasks related to the position, ➤ fulfilling the plan, ➤ attendance in work.

Table 8 Responses to the research question “The workers are rewarded above all for ...”

The employees are, above all, expected to ...	
Austrian subsidiaries:	German subsidiaries:
<ul style="list-style-type: none"> ➤ be loyal (12x) ➤ to work (8x) 	<ul style="list-style-type: none"> ➤ to fulfil given tasks (16x), ➤ to meet the deadlines (12x),

<ul style="list-style-type: none"> ➤ to support company (7x), ➤ to mind the good reputation of the company (5x) ➤ professional (3x) ➤ to do a good job (3x), ➤ be efficient (3x), ➤ reliable (2x), ➤ to acquire new clients (2x), ➤ abide by the rules (2x), ➤ to share the same objectives (2x), ➤ customer-oriented (2x), ➤ to search for new business opportunities, ➤ to keep company secrets, ➤ to honour organization values, ➤ to perceive their work as their hobby ➤ self-sacrificing, ➤ honest, ➤ conscientious, ➤ to work long hours. 	<ul style="list-style-type: none"> ➤ obey commands (9x), ➤ professional (6x), ➤ to do their job (5x) ➤ to respect the laws (4x), ➤ to increase their qualification (4x), ➤ to be good representatives (3x), ➤ correct (2x), ➤ be active (2x), ➤ to increase the effectiveness of the working hours (2x), ➤ be loyal (2x), ➤ customer and quality-oriented, ➤ to perceive the company from the long-term perspective, ➤ persistent, ➤ solid, ➤ be requested to toil, ➤ to work for free.
--	---

Table 9 Responses to the research question “The employees are, above all, expected to ...”

8 Conclusion

Companies more and more get into touch with members of various national cultures. Success of cooperation depends to a great extend on abilities of workers who operate in intercultural conditions. These workers should meet certain conditions of successful fulfilling of everyday tasks in a international company.

The results obtained within the pilot study provide us with information concerning qualitative characteristics of internal environment of Austrian and German subsidiaries operating in Czech environment. The incidence of such characteristics will be found out by forthcoming quantitative survey. The identified qualitative characteristics concerning behaviour towards human resources give evidence about what attitudes and relationships in Austrian and German subsidiaries. There occurred some differences in responses of Czech managers and employees in perceiving of the internal environment of Austrian and German companies acting in the Czech Republic.

References

1. Forstmann, S.(1998) Managing Cultural Differences in Cross-cultural Mergers and Acquisitions. In M. C. Gertsen, A. Soderberg and J. E. Torp (eds.), *Cultural Dimensions of International Mergers and Acquisitions*, Berlin: Walter de Gruyter, 57 – 84.
2. Hall, W. (1995) *Managing Cultures: Making Strategic Relationships Work*. Chichester: John Wiley & Sons.
3. Hofstede, G. (1993) *Interkulturelle Zusammenarbeit: Kulturen – Organisationen – Management*. Wiesbaden: Gabler.
4. Hofstede, G. (2001) *Culture's Consequences, Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. Thousand Oaks CA: Sage Publications.
5. Hofstede, G. and Hofstede, G.-J. *Cultures and Organizations: Software of the Mind*. New York: McGraw-Hill U.S.A., 2004.
6. House, R.J., Hanges, P.J., Javidan, M., Dorfman, P.W., Gupta, V. (Eds.) (2004) *Culture*,

Leadership, and Organizations. The GLOBE Study of 62 Societies. Thousand Oaks CA: Sage Publications.

7. Gancel, CH., Rodgers, I., Raynoud, M.(2002) *Successful Mergers, Acquisitions and Strategic Alliances.* London: McGraw-Hill.
8. Kinast, E., Schroll-Machl, S., Thomas, A. (1999) Entwicklung interkultureller Handlungskompetenz von international tätigen Fach- und Führungskräften durch interkulturelle Trainings. In: K. Götz (eds.) *Interkulturelles Lernen / Interkulturelles Training*, Mering: Hampp.
9. Larsson, R., Risberg, A.(1998) Cultural Awareness and National versus Corporate Barriers to Acculturation. In M. C. Gertsen, A. Soderberg and J. E. Torp (eds.) *Cultural Dimensions of International Mergers and Acquisitions*, Berlin: Walter de Gruyter, 78 - 109.
10. Nový, I., Schroll-Machl, S. (2002) *Interkulturní komunikace v řízení a podnikání.* Praha: Management Press.
11. Sackmann, S. (2002) *Unternehmenskultur: Analysieren – Entwickeln-Verändern.* Neuwied-Kriftel: Hermann Luchterhand Verlag.
12. Very, P. Lubatkin, M. and Calori, R. (1998). A Cross-National Assessment of Acculturative Stress in Recent European Mergers, *International Studies of Management and Organization*, 1/1996, 59-86.