

ELEMENTS OF INTERCULTURAL MANAGEMENT

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ABSTRACT: The intercultural management has developed as a specific discipline since 1970s in response to accelerated tendencies of economic globalisation. This field of management uses three approaches in dealing with cultural differences (synchronic, strategic, and diachronic) that apply on two cultural dimensions: universal construct, respectively indigenous construct. The intercultural management is particularly important for the EU context, where the 27 nations of the union depict significant cultural differences; without an appropriate approach – specific for the intercultural management – the cooperation between EU members would be rather complex and complicated.

1. INTRODUCTION

Various definitions have been given to the notion of culture, which is generally viewed as a set of distinctive spiritual, material, intellectual and emotional characteristics of a society or a social group. More important than the notion of culture, the last few decades have brought to attention the cultural diversity as an essential element characterising the present societies. The cultural diversity implies pluri, multi, respectively inter-cultural aspects.

While the pluralism represents a more general societal characteristic, being common not only to the culture but equally to political and religious domains, the multi-cultural and inter-cultural approaches are specific for the sphere of culture. The multi-cultural aspect, which is the Anglo-Saxon version of pluralism, insists on the recognition of distinct cultural entities and gives priority to the group to which the individuals of the same culture belong. The individual is therefore an element of the group and consequently his/her behaviour is determined by the overall characteristics of the group. The identity of the group passes before the individual's identity, but the group may depict a large religious or ethnic diversity. Thus the multi-cultural approach sums up the mosaic of differences and puts the accent on structures, categories, and characteristics of the group.

The inter-cultural approach establishes a direct relation between individuals, groups, and identities. This means that the inter-cultural framework does not necessarily rely on comparisons between individuals, but places him in the centre of the debate, on the basis of the following principles:

- i) Decentring: the individual's system of references are objectivised by recognising the existence of other perspectives than s/he detains;
- ii) Cooperation: the individual tries to understand the others' attitudes, mentalities and behaviour;
- iii) Understanding the reality by balancing: universality versus particularity, collectivism versus individualism, objectivism versus subjectivism, etc.

These elements constitute the individual cultural universe, associated by Hall [7] with a personal sphere that expands or contracts according to several factors: the relations with other individuals, cultural heritage, emotional elements, etc. Very few persons are allowed to penetrate this sphere and for only limited periods of time. When the sphere is large (the case of

North-European people), the individuals keep their distance vis-a-vis the others. On the contrary, the Mediterranean people have a reduced personal sphere; consequently, a subject of discussion that is considered very personal in the North of Europe (family matters, earned salary, etc.) represents a normal conversation in the south part of the continent.

The existence of these personal spheres, which is a cultural characteristic, represents an important element of intercultural exchanges. When a foreign individual looks distant or even aggressive, it does not necessarily mean that his personality is aggressive, but simply his/her personal sphere is larger than ours.

2. THE ROLE OF INTERCULTURAL MANAGEMENT

The economic globalisation, the technological progress and the revolution of ICT sector has facilitated the communication among the people around the world [1]. While the psychology and sociology reacted by studying the relations deriving from cultural exchanges, the economy developed in the 1970s a new discipline – the intercultural management – aimed at adapting the marketing rules to the specific cultural characteristics of a targeted market [2]. Since then, the scope and object of study have expanded to include the management at the level of organisations that operate in a multi-cultural environment [5]. This is specific in principal for companies that open branches outside the country of origin. Consequently, the intercultural management has rapidly developed the notions of mother-culture versus enterprise-culture [4]. The first element is specific for the country from which the delocalised company originates, while the second for the country where the company opens its branch. In order to avoid the possible cultural conflicts, the intercultural management uses specific tools and methods that mediate between the two cultures.

The need for a specific intercultural discipline in the management field comes from the evident insufficiency of linguistic competencies: speaking a foreign language is not enough for full communication between people belonging to different cultures because the formal structures of a language represent just a vector of communication, the surface of a process that is much more complex than the simple understanding of what the other says. This is because the communication is not linear, which means that the transmission of a message is never neutral; the spoken message transmits words and notions, but also norms and values and some of

these norms and values may not be fully shared by the interlocutors.

In recent years, the intercultural management became particularly important as the phenomenon of globalisation has been accompanied by increasing migration flows, enlargement of the European Union, economic openness of many countries around the world, the emergence of new economies like China or India for example, and the expansion of economic partnership between countries disposing of different economic systems. We often speak about the Japanese economic model, the Russian way, the American type of economy, the Scandinavian model, etc. The cooperation between these different economic systems, which are based on significant cultural differences, requires a new – intercultural – approach.

3. TYPES OF INTERCULTURAL MANAGEMENT

Depending on the situation and the area of application, three types of intercultural management are used in practice. The first is the classical one (type I), which is specific for large companies opening branches abroad, where natives from the country of origin are preponderantly employed. The predominant culture in the firm is the one of the mother-company.

The second type of intercultural management (type II) applies when a company buys a foreign enterprise abroad and tries to integrate it – the case of French firm Renault that bought Dacia in Romania. In this situation, the culture of the country where the enterprise operates tends to overcome the culture of the mother-company.

The third type (III) is usually present in case of joint-ventures between companies belonging to different cultures. In general, in this type of enterprises the management is provided by the company disposing of the necessary technological competences, while the production and distribution processes are under the responsibility of local staff. This situation is frequently subject to cultural divergences and conflicts, unless a *Modus Vivendi* is found, in the form of a common code that respects the two cultures, do not place them in opposition, and meets the interests of the two parties.

Irrespective of the type of management utilised, there are three approaches in dealing with cultural differences:

- a) The *synchronic approach*: there are common points across all the existing cultures, and they should be identified for reducing and eliminating any possible conflict.
- b) The *strategic approach*: within each cultural group, there are differences between individuals; the members of the same culture may offer therefore different solutions to identical problems.
- c) The *diachronic (historical) approach*: over time, a culture changes, is renewed, and evolves towards new principles, directions and values.

It follows that the intercultural management considers two dimensions of the culture: the universal one (known as the *universal construct*), respectively the particular dimension (*indigenous construct*). The universality implies that there exist a common set of rules that must be respected in all cultures and in all situations. The particular dimension insists on the fact that there are specific rules which apply in a particular culture.

These two dimensions have given place to a dual conception of the intercultural management: “emic”, respectively “etic”. The two concepts come from the linguistic domain, where the *phonemic* approach is associated with studying the particularities of a language, while the *phonetic* dimension deals with the universal rules that apply to all languages. It follows that the “emic” concept in the intercultural management refers to the indigenous construct, while the “etic” concept is associated with the universal construct. In the light of these two conceptions, the discipline of intercultural management is demanded to build the necessary bridges between the “emic” elements, while integrating the diversity of “etic” components.

4. HOW THE INTERCULTURAL MANAGEMENT WORKS IN PRACTICE?

The multinational organisations use various methods to apply in the real life the principles of intercultural management. The Deutsche Shell, for example, sends young German professionals to its foreign branches to work for a certain period of time before being nominated in high positions within the mother company. At the same time, a more or less equal number of foreigners working abroad within the firm’s branches spend the same period of time with the headquarter in Germany, before being promoted. Moreover, Volkswagen included the intercultural management in its training programme. The joint-ventures (type III of intercultural management) try to develop a common identity within the company, while focusing on the objectives set at the level of mother-company within the enterprises belonging to the group. It is the case of DASA (Deutsche Aerospace AG) for example.

The most interesting case study of practical application of the specific principles of intercultural management is described by Hofstede [8] within the IBM group. The author analyses 53 foreign branches of IBM in terms of interactions between the firm’s culture and the national culture of the country where the branch is implanted. Hofstede concludes that the company’s culture is not the same across the IBM branches, which means that the national culture remodels the culture of the mother company, a process that the authors call *antagonist regulation*.

The first managerial aspect that is influenced by this antagonist regulation is the hierarchical distance within the company. Depending on the characteristics of the national culture, the hierarchical distance becomes larger or, on the contrary, narrower. The smaller hierarchical distance was observed in Japan, where little differences exist between higher and lower positions in terms of how the people dress, where the top managers and the simple workers take lunch at the same table at the common canteen, the wage differential between highest and lowest salaries is the smallest within industrialized countries, and everybody in the company – irrespective of his/her level of education – starts the career with the same salary, the differences appearing later on as a result of performance and competence.

Based on these findings, Hofstede calculated an *Index of Hierarchical Distance*, which records an average value of 57 for the 53 countries included in analysis. The value of the index ranges from 11 in Austria (low hierarchical distance) to 104 in Malaysia (high hierarchical distance). In-between, the index is 22 in Denmark, 36 in Australia, 39 in Canada, 40 in USA, 57 in Spain, 77 in India, and 94 in Philippines.

The significant differences with respect to the hierarchical distance are to a large extent the consequence of different

weight of individualism versus collectivism, which is one of the basic principles of intercultural management. More individualistic management teams generate higher distance of hierarchy. Hofstede concludes that the *Index of Individualism* is very high in United Kingdom (89), Australia (90) and United States (91); at the other extreme, the collectivism is predominant in countries like Equator, Columbia, and South Korea, where the Index of Individualism is respectively 8, 13 and 18.

All these cultural elements that define the management strategy of organizations acting in a multi-cultural environment tend to imprint certain characteristics of the capitalist system. In fact, the universal capitalism based on the same rules everywhere, and exclusively on economic rules, does not exist in reality. On the contrary, the literature distinguishes between several forms:

- i) The Anglo-Saxon model, which is based on extensive governance of practically all spheres of economic and social activity. The individual and his success is at the centre of preoccupation, everything is governed in terms of return (including education, for example), the allocation of resources is done through very sophisticated financial markets, and the competition reigns all the domains. This form is specific for UK and United States economies.
- ii) In the state capitalism, functioning in Latin American countries but equally in France, the state regulates almost everything. The economy is free, but within a complex framework of norms, rules and legislations.
- iii) The socio-democrat form is characterized by a generalized system of negotiations among social partners (employers, unions, government). The consensus is therefore the key element of all forms of policies. Although considered moribund by certain specialists, this type of capitalism is still successful mainly in Scandinavian countries.
- iv) The meso-corporatist capitalism of Japanese type is based on a multitude of coordination mechanisms aimed at ensuring the well functioning of markets.

5. INTERCULTURAL ASPECTS OF THE EUROPEAN UNION

The European Union has a particular status on the map of the world. Although it has common institutions, legal rules and administrative structures, the EU is neither a country nor a federation. The member states maintain their national configuration but the individuals are completely free to move and settle in any of the countries forming the union. This freedom has contributed to a significant movement of persons within the EU area, which in turn has contributed to cultural diversification at the level of each nation. In spite of a frequent use of the term "European culture", the continent is the most diversified geographical space in the world in terms of nations, traditions, and social values.

These differences are less pregnant at present, as a common cultural vector (essentially based on Christian values) exists in almost all countries, but in the past they produced two world wars and numerous similar conflicts. Not surprisingly, the European Union pays particular attention to intercultural issues, such that the strong cultural personality of each member states does not impede the cooperation within the union. Apart from activities at EU level, the intercultural management represents a major preoccupation at country level. In France, for example, the Regional Council of Alsace has a special structure in charge of Franco-Germano-Swiss relations.

The three countries are the pioneers of this type of cooperation, aimed at over-passing the cultural differences between them. Based on their initiative, which goes back to the beginning of 1990s, the Euro-Institute was created to extend the cross-border cooperation to other countries of the European Union by offering consultancy to public, para-public and private actors. In more than 18 years of existence, the institute has solved many divergent issues appearing in various bi and tri-lateral projects, caused by significant administrative differences between the countries. German and Swiss local authorities have a large decisional autonomy, which allow them to make instantaneous commitments. This is not the case for French counterparts, where a high vertical hierarchy forces the French participants to ask the approval of their superiors for matters that are considered of minor importance by German and Swiss partners. For example, in a common project related to water supply in Alsace only one authority from Germany participated to discussions with five different hierarchical levels of authority from France.

These specificities are determined by the cultural background of participants. In fact the German/French cultural differences represent the classical case-study in the intercultural management within the EU context [6]. It is well known that Germans have a long-term vision of any project; they plan meticulously each phase of its execution, financing, and delivery. In contrast, the French people are more general; during the meetings, the meticulous preparation of Germans is interpreted by the French partners as a tendency of Germans to impose their ideas, while the weak preparation of French counterparts is perceived by Germans as a lack of seriousness.

Germans are known as fanatics of organization, concentrating on the operational task to be accomplished collectively. In opposition, French are notorious disorganized and indolent persons, acting much more individualistically. As a result, the Germans are perceived as being inflexible and slaves of the rule, while French as disorganized and very often in contradiction with the others.

Germans are much more direct during discussions and whenever they do not agree with a proposal they will openly express that opinion, while French – more diplomats – do not dare to say directly no, which is interpreted by the others as an accord. For a French person there is no clear distinction between formal and informal, while the German is strictly formal. Consequently, French people are ready to discuss professional matters in formal meetings, but equally during coffee-breaks; it is often the case that important decisions are taken during lunch, for example; this is unconceivable for Germans, who do not mix formal professional discussions with informal meetings.

The above example shows how complex the intercultural relations are between only two neighboring nations. In a Europe with 27 members, where very often several different member states are represented during a meeting, the relations are therefore enormously complex [3] and often very complicated [9]. The intercultural approach in the management of these relations is therefore crucial for a successful cooperation.

6. CONCLUSION

In response to increasing economic globalisation, the intercultural management appeared in the 1970s as a discipline offering solutions to organisations performing their activities in a multi-cultural environment. Using three fundamental

approaches (synchronic, strategic, and diachronic), the intercultural management considers two dimensions of the culture: the universal construct, which is based on the existence of a common set of rules in all cultures, respectively the indigenous construct, which implies that there are specific rules which apply in a particular culture.

The study undertaken by Hofstede at the end of 1980s represents the fundamentals of intercultural management at the level of companies. The author identifies the main characteristics of the cultures around the world in terms of hierarchical distance, respectively individualistic versus collectivistic behaviour within enterprises.

The intercultural management is particularly important in the context of the European Union, which groups at present 27 members with significantly different cultural background. The various forms of cooperation between the EU countries requires the partners to consider the principles defined and developed by the discipline of intercultural management in order to overpass the complexity of cultural differences. Starting from the Franco-German initiative in early 1990s, the Euro-Institute is currently very active in this area. However, the issue of cultural differences should be considered at the national level by each country willing to engage in bi- or multi-lateral cooperation within the European Union.

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