CULTURAL PREFERENCES OF COMPANIES OPERATING INTERNATIONALLY

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Abstract: The main objective of the paper is to present research results pertaining to cultural preferences of companies operating internationally. In addition, the study enables a diagnosis of the existing organisational culture and culture gap. The study encompassed 30 Polish companies and 250 respondents. The research results indicate that the preferred organisational culture ought to be characterised by a low communicative context, focus on surrounding environment, people focus, status based on achievements, individualism, small distance to authority, low tolerance of insecurity, and activity. The analysis of results pertaining to the culture gap indicated a shift from task focus to people focus, and a positive reinforcement in the manifestation a some values. The majority of preferred cultural values form a cultural environment favourable to internationalisation.

Keywords: organisational cultural, cultural preferences, culture gap, international company.

1. Introduction

When expanding internationally, companies devote much attention to organisational culture. It is perceived as a set of values facilitating members of the organisation understanding of what it supports, how it operates and what it considers important (Griffin, 2005). It is also viewed as uniqueness of the organisation (Glinka, 2010), or the structure of knowledge, perception (Wiśniewska-Mikosik, 2014).

The analysis of international determinants encompasses various fields. In case of internationalisation, not only economic region, but also other economic, political, legal, socio-cultural, and financial environments, are significant (Rothlaufa, 2010). These pose challenges in the decision-making processes by creating a specific set of barriers and problem-areas to be considered. According to R. Winkel, several characteristic features of organisations, such as the organisation's resources, management practices, form of operation, advancement of internationalisation, situation on international and national markets, not only diversify their significance, but also the level of them being overcome by companies (Winkler, 2007).

Business practice regarding internationalisation and numerous studies of the subject matter classify organisational culture as one of the crucial factors determining the efficiency of international cooperation. In addition, organisational culture of the guest country is considered as a barrier for successful international business relations. Such a view is presented by Daszkiewicz who mentions a barrier for export associated with the lack of sufficient resources, a marketing barrier, and one associated with the manager and organisational culture, among the most significant (Daszkiewicz, 2004). Business practice of Polish export companies indicates that cultural and linguistic, formal and legal, and political barriers constitute the most fundamental ones (Plawgo et al., 2014). In addition, barriers regarding mutual restriction of access to information, fear of losing independence, ill-adjustment of partners regarding cultural aspects, may arise in international cooperation. Such a phenomenon was already observed in 1995 by Griffin and Pustay (Griffin, and Pustay, 1995). On the other hand, problems emerging in the cooperation of Polish and foreign mangers employed in international companies operating in Poland, such as lack of flexibility in decision-making, ethnocentrism, issues in communication, resulting from the attitude towards work, lack of trust for foreigners, are of a cultural nature (Przytuła, 2013).

When discussing the issue, M. Rozkwitalska concludes that if the organisational culture constitutes an element of the organisation, then, it is also a natural source of cultural barriers. These in turn, may emerge from national culture, individual features of the company, or employees (Rozkwitalska, 2011). Moreover, a change of the organisational culture requires time. Therefore, cultural ill-adjustment may result in the failure of the whole undertaking (Winkler, 2007). According to Nieżurawski et al. cultural differences distinct for particular countries and companies ought to be evaluated on a permanent basis- starting with negotiations and up to trade practices (Nieżurawski, and Nieżurawska, 2013). This seems even more valid in light of the studies conducted in the framework of the Smart Growth Operational Programme, which prove that cultural differences are underestimated by European companies, and in case of cooperating with Asian or African companies, may result in the emergence of critical export barriers (Wójcik, 2013). Therefore, familiarity with organisational culture, constituting a factor facilitating internationalisation, seems critical. On the other hand, successful management of the culture ought to take cultural preferences of employees into consideration. These constitute the expression of their ideas, justification of their way of thinking and behaving, and their understating of work and interpersonal relations.

2. Research methodology

The paper presents the results of studies pertaining to the preferred organisational culture of companies operating internationally. The identification of a desired organisational culture, the existing culture, and culture gap, were based upon the system of cultural values. It encompasses several opposing values, such as people focus – task focus, small – large distance to authority, individualism – collectivism, high – low avoidance of insecurity, low – high communicative context, activity – conservatism, surrounding environment focus – internal focus.

The diagnosis of cultural preferences was conducted by means of a survey with the use of a questionnaire. It encompassed questions regarding manifestations of the analysed cultural values. The respondents applied a 5-point scale to evaluate the intensity of the assessed values (1-weak, 5-strong).

The study was conducted among 30 Polish companies operating internationally, and included 250 managers and specialists.

3. Preferred organisational culture

The research results revealed cultural preferences of companies operating internationally. These preferences encompass required cultural values of various intensity, and frequently conflicting ones (Figure 1).

Figure 1. Preferred organisational culture of companies operating internationally. Own study based on research results.

Low vs. high communicative context reflects the verbal and non-verbal dominance regarding coding and decoding of messages. The diagnosis of the preferred means of communication was conducted on the basis of respondents' answers regarding verbal and non-verbal communication and the significance of context in dialogue. The respondents strongly believe in the application of verbal communication to acquire and transfer information (4.04). They strongly support direct and unrestricted expression of ideas (3.70), however, the intensity of the preference is average. The approval of a low communicative context is manifested by the lack of high-context preference for hidden meaning (2.94). One of the manifestations of a high communicative context encompasses intuition as the facilitator of conversations (3.27). However, such preference is low. In conclusion, it can be observed that the respondents expressed an inclination towards building dialogue based on low-contextuality (3.98).

Surrounding environment focus vs. internal focus indicates areas the organisation derives values and models of behaviour from. The following were applied in order to evaluate preferences regarding the value: dominance of relations with the surrounding environment vs. internal matters, tolerance of foreign values, and employees' identification with the company. The results indicate focus on external relations (4.01) rather than internal matters (3.42). An average score for tolerance and respect for foreign values (3.82) also constitutes a proof of surrounding environment focus. On the other hand, employees' inclination to identify with the organisation indicates internal focus. The preference for this cultural feature was assessed as average (3.78). To conclude, results pertaining to the surrounding environment vs. internal focus manifest that the respondents give preference to cultures focused externally (3.91).

People vs. task focus encompasses values pertaining to people's place and role in the organisation. As far as the assessment of these values is concerned, it was based upon the understanding of success, features of a good manager, and focus on results vs. interpersonal relations. Characteristics of task oriented cultures include strong support for economic and financial indicators as a measure of success (4.10), and emphasis on individual tasks and results (3.54). On the other hand, people-focused cultures are characterised by strong intensity of the supportive and caring role of the manager. The management's focus on appropriate interpersonal relations scored an average level (3.58). On the basis of these results, the preferred organisational culture of the studied companies may be described as people-focused.

Status based upon assignment vs. one based on accomplishments indicates the way employees and their careers are assessed in the organisation. The preference for either seniority or accomplishments of employees as the criterion for promotion includes the characteristics and the basis of respect for managers. A detailed analysis of results indicated that respondents give preference to the position in hierarchy as the basis of respect for their superiors (3.97). The intensity of the feature was average. On the other hand, the position of an employee in the organisation ought to stem from their competences (3.92) and an

assessment including an element of development (3.79). Both features, as elements of status-, accomplishment-based culture, scored average intensity. Status based upon assignment, describing promotion based upon job seniority, scored very low (3.22). Ultimately, the preferred organisational culture of companies operating internationally is characterised by status based on accomplishments.

Individualism vs. collectivism depicts a dilemma of whether people consider themselves as individuals or a part of a group. The preference in this area was evaluated on the basis of priority given to individual or group interests, degree an individual was willing to sacrifice their independence to, and attitude towards crises. The preference for individual responsibility (3.48) and willingness to cooperate provided the independence is retained (3.87), describes an inclination towards individualism. On the other hand, the preference for collectivism is expressed in the average score for avoidance of conflicts (4.01), pursuit of harmony and responsibility for colleagues, and sacrifice of one's independence for the sake of cooperation (3.25). In general, the respondents' answers suggest that organisations ought to be characterised by individualism.

Small vs. large distance to authority reflects an attitude towards inequity in organisations. The preference was assessed on the basis of the following: types of relations and distance between the manager and their subordinates and the intensity of the feeling of subordination. The preference for small distance to authority is indicated by a stress on friendly relations between the manager and subordinates (4.09), and the fact that professional relations are not transferred outside the workplace. However, this feature has little significance (3.09). The inclination for distance to authority was determined as low (3.09), and respondents did not agree to professional relations to be transferred outside the workplace (2.67). To sum up, the desired organisational culture ought to be characterised by a small distance to authority.

Low vs. high tolerance of insecurity reflects an attitude towards novelties and alterations. The preference regarding this element was assessed by analysing the prevalence of formalisation, an attitude towards flexibility regarding actions and risks, and significance of work. The respondents voiced an average need for the organisation's actions to be formalised (3.91), and an average intensity regarding the need for adjusting regulations to the circumstances (3.84). The inclination towards risk scored very low (3.24). Work as the highest value scored low as well (3.24). Ultimately, the organisational culture of the assessed companies ought to be characterised by a high avoidance of insecurity.

Activity vs. conservatism indicates the mode tasks and objectives in the organisation are achieved in. The preference in this area was based upon the respondents' views on employees' activity, attitude towards change and the role of tradition in the organisation's operations. The respondents assigned an average preference to active employees who willingly take initiative (3.77), and perceive changes as opportunities for organisations (3.34). The latter symptom of activity scored very low. In addition, the preference for activity was also supported by a negation of employees' passive attitude (2.82). Considering tradition as

a vital benchmark for the decision-making processes scored very low (3.30). The results in this area prove an average preference for active cultures.

4. Culture gap

The present study served as the basis for a diagnosis of the present organisational culture of companies operating internationally. The present and preferred organisational cultures allow for the culture gap of companies operating internationally to be determined (Figure 2). The gap describes differences in systems of values of the assessed cultures as far as the significance of values and the intensity they are manifested in are concerned. The gap is detailed in Table 1.
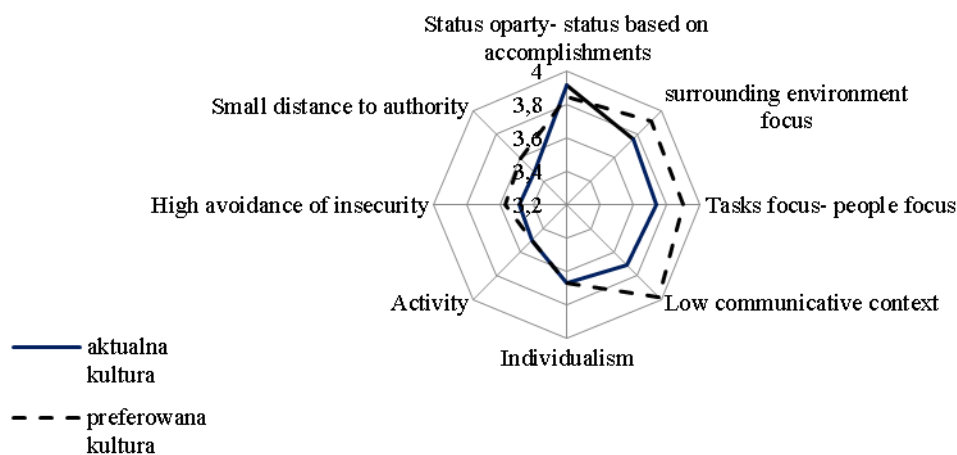

Figure 2. Culture gap. Own study on the basis of research results.

The research results indicate a change in the system of values with regards to a single cultural value. The preference pertains to a change from task to people focus. As far as the remaining cultural values are concerned, the respondents opted for them to be manifested further.

Table 1.
Culture gap in companies operating internationally

Value	Dominant present values	Dominant preferred values	Culture gap
Tasks – people focus	Tasks focus 3.74	People focus 3.90	Change of value
Individualism – collectivism	Individualism 3.67	Individualism 3.67	No changes
Small – large distance to authority	Small distance to authority 3.48	Small distance to authority 3.59	Positive intensity Promotion in the system of values

Surrounding environment – internal focus	Surrounding environment focus 3.76	Surrounding environment focus 3.91	Positive intensity
Low – high tolerance of insecurity	Low tolerance of insecurity – 3.49	Low tolerance of insecurity – 3.57	Positive intensity
Activity – conservatism	Proactivity 3.50	Proactivity 3.55	Positive intensity Demotion in the system of values
Status based on accomplishments – assignment	Status based on accomplishments – 3.92	Status based on accomplishments – 3.85	Negative intensity Demotion in the system of values
Low – high communicative context	Low communicative context – 3.71	Low communicative context – 3.98	Positive intensity Promotion in the system of values

Note: Own study on the basis of research results.

When analysing the culture gap of the assessed companies, the change in the significance of values in the preferred system of values ought to be discussed. Such cultural values as low communicative context, and small distance to authority, may be assigned higher significance. On the other hand, status based upon accomplishments and activity, may be moved to less significant positions in the prospective system of values. In detail, changes would be reflected by the following:

- small distance to authority changed from position 8 to 6.
- activity changed from position 6 to 8,
- status based upon accomplishments moved from position 1 to 4,
- low communicative context moved from position 4 to 1.

Further changes in the preferred system of values pertain to modifications regarding the intensity of the analysed cultural values. The impact of some of them upon the organisational life ought to be larger. This pertains to small distance to authority, low tolerance of insecurity, surrounding environment focus, activity, and low communicative context. The greatest preference for a change was observed with regards to a low communicative context (+0.27), which may be a reflection of its association with two values in the system, i.e. surrounding environment focus and people focus. Each of these is connected with openness and directness. The research results indicate a manifestation of surrounding environment focus and a small distance to authority being stronger. On the other hand, activity constitutes a cultural value a positive change of which is the least desired (0.05). In addition, status based on accomplishments is the only value the impact of which upon employees is postulated to be reduced (-0.07).

5. Conclusions

The preferred organisational culture of companies operating internationally constitutes a specific cultural environment which strongly manifests directness and openness in interpersonal relations. It is true for means of communication, development of positive relations among employees, management and subordinates, and with objects in the surrounding environment. Individual employees' activity would be dominant and constitute a criterion of their assessment and promotion. The limits of activity are determined by a low acceptance of an ambiguous and insecure situation.

The prospective organisational culture is, in general, characterised by the same cultural values, when compared with the existing one. The only difference between the two is people focus. Therefore, cultural changes ought to encompass actions and methods changing the significance and people's position in the organisation. Promotion of teamwork, development of loyalty, participatory management, conflict management, development of tolerance, respect, training and promotion systems, which take accomplishments into account, and fostering the feeling of security and stabilisation, can be found among these. Undeniably, the remaining preferred values are also positively correlated with people focus. These include: small distance to authority, low communicative context, status based on accomplishments, and activity. In addition, when the fact that in case of virtually all values, their intensity is expressed, is considered, another positive stimulus of people-focused cultures emerges. On the other hand, individualism and a low tolerance of insecurity constitute two values which hinder the popularisation of such cultures.

When the main context of the studied companies' operations, i.e. internationalisation, is considered, it may be observed that numerous preferred values facilitate the achievement of the objective. In general, surrounding environment focus, low communicative context, small distance to authority, status based on accomplishments, and activity, may be counted among the values. High avoidance of insecurity may pose a considerable barrier in business expansion. Entering foreign markets entails risks, challenges, instability, change, and becoming familiar with dissimilarities and tolerance. These constitute an opposition to a low tolerance of insecurity.

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