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Development of Intercultural Management in Conditions of Civilization Challenges¹

SUMMARY

Civilization calls and integration processes bring the adjustments in cross-cultural interaction of subjects of globalized market and their management. Taking it into account, the issues of cross-cultural management is examined through the prism of the protracted evolutionary development of principles, mechanisms and forms of cross-cultural collaboration. In the article it is indicated on the necessity of research of cross-cultural differences for direction of their interaction for effective international projects. Taking into account internationalization of business, modern enterprises become international players at the international market, that induces to take into account the differences of national cultures and worldviews. Taking it into account, the authorial reason is in the necessity of organizational culture forming on the principles of national mentality, combining national aspects with global. In this context it is marked on a variant and purchase of strategy of development of cross-cultural management option: adaptations, borrowing (culture of borrowing) or innovative development (culture of passing). Thus, a conclusion is done in the article, that a basic task in the

1 Nomenklatura oraz terminologia naukowa i rynkowa wykorzystana w artykule, choć w dużym stopniu zbliżona do powszechnie znanej i przyjętej w świecie naukowym, może niekiedy posiadać subtelne różnice w interpretacji.

context of development of cross-cultural management consists not in opposition, but concordance of interests, determination of general strategic priorities, which will result in a successful collaboration in integrated space..

KEYWORDS: cross-cultural management, civilization challenges, organizational capital, national culture

STRESZCZENIE

Ukraińska i polska kultura zarządzania i pracy – podobieństwa i różnice

W dużym stopniu treść niniejszego artykułu jest spojrzeniem na problemy wielokulturowości z punktu widzenia ukraińskiej perspektywy naukowej i rynkowej co może stanowić dodatkowy grunt do dyskusji, w szczególności z uwagi na zwiększającą się rolę czynnika ukraińskiego na zarówno polskim jak i zachodnioeuropejskim rynku pracy. Różnice kulturowe podlegają analizie i są wykorzystywane w biznesie. Z jednej strony została dokonana analiza możliwości wykorzystywania różnic kulturowych jako przewagi konkurencyjnej. Z drugiej zaś wskazano, że elementy kultury danego kraju wpływają na kulturę organizacyjną poprzez narodową mentalność i archetypy, niekiedy, przy dominującej pozycji jednego czynnika, stanowiąc zagrożenie dla mniejszości. Uwzględniając to zjawisko, autorzy wyrazili opinie na temat potrzeby tworzenia kultury organizacyjnej opartej na mentalności narodowej, łącząc aspekty narodowe oraz globalne. Podkreślono, że nośnikami poszczególnych obszarów kulturowych są zbiory wartości przekładające się na zachowanie personelu oraz ich przekonania etyczne. W tym kontekście wskazano na zmienność i możliwość wyboru strategii zarządzania międzykulturowego, w tym: adaptacji, zapożyczenia (kultura zapożyczenia) lub innowacyjnego rozwoju (kultura wyprzedzenia). W związku z tym została postawiona teza, że najważniejszym zadaniem w kontekście zarządzania międzykulturowego nie jest konfrontacja, lecz pogodzenie interesów oraz określenie wspólnych priorytetów strategicznych, które doprowadzą do udanej współpracy w zintegrowanej przestrzeni gospodarczej.

SŁOWA KLUCZOWE: zarządzanie międzykulturowe, wyzwania cywilizacyjne, kapitał organizacyjny, kultura narodowa

Introduction

Today, a new civilization space is being created; in which different cultural worlds exist. In order to effectively structure this space, institutional organization of the management processes that operate within it needs to be organized. At the same time, civilization challenges are emerging that are a threat, but they also create opportunities for real progress in cultural, economic, political and social processes.

The basic civilization challenges that affect all aspects of the life of every society, and especially the economic and social processes, are:

- Total globalization, accompanied by internationalization of business, creation of international corporations, multinational corporations, development of integration processes;
- Technological gaps as the different countries are at different levels of the technological system, so the question is what effect different technological systems have on the separation or even, the opposite, on the convergence of cultures;
- Modern trends, affecting labor productivity, including robotics activation requiring man-technology interactions between cultures, i.e. robotics;
- Technological progress, in which Ukraine is rather a country forced to choose a loan culture;
- Different values, leading to the choice of different paths of development and the emergence of conflicts;
- World inequality, generating significant polarization of societies and nations;
- Limited resources on a global scale that distort the balance and aggravate the problem of ecological culture;
- The ineffectiveness of many institutions around the world, causing the destruction of the institute of trust for international cooperation;
- Exacerbating intercultural conflict and the source of conflicts in the world.

It is not intended to analyze these problems but it is emphasized that they are collected in two basic concepts: the culture of cooperation in these difficult global realities and effective management. In other words, modern geopolitical processes have strong cultural foundations. These cultural traits of each country shape the corporate culture on the basis of national mentality and national archetypes. Because of the internationalization of entrepreneurship, modern companies are becoming international players on the international market, forcing them to take into account differences in national cultures and worldviews. The emergence of transnational corporations as an objective and unavoidable reality is a response

to global market demand and aspirations in solving current problems. On the other hand, operating in a polygamous cultural space, they generate new problems. Intercultural management is to become a tool that can help solve problems in international corporations. Therefore, at the time, there are studies of intercultural differences in their cooperation for effective international projects and economic cooperation. This prospect is especially harsh for Ukraine, which is fighting for European integration course at a price of great effort and loss.

Intercultural management is the subject of many national and international studies exploring the various aspects of the impact of management on improving the effectiveness of international business,² creating intercultural communication³ in a globalized world and pointing to problems in studying intercultural differences.⁴

The influence of cultural differences on various aspects of international business relations and management on top of typology of cultures presented by leading international researchers – Geert Hofstede, Fons Trompenaars, Charles Hampden-Turner, Charles Handy and others – has become the basis of the new field of intercultural knowledge under which is worth to be traditionally understood as managing cultural differences and managing the business relationships that occur at the crossroads of cultures.

One of the most widely known studies in this area are the ones conducted by Geert Hofstede, who analysed almost 80 countries all over the world and confirmed a significant impact of a national culture on attitudes and values. The studies revealed that culture had a stronger impact on the results than gender, age, occupation, and the position of an employee.⁵ Other scientists, Fons Trompenaars and Charles Hampden-Turner, described seven elementary dimensions of values: two of which (individualism – collectivism and equality – hierarchy) correspond to dimensions of culture proposed by G. Hofstede; the remaining ones include: universalism vs. particularism, neutral vs. emotional, specific vs. diffuse, achievement vs. ascription, sequential vs. synchronic, and internal vs. external control.⁶

2 Петрушенко Ю.М. Крос-культурні аспекти підвищення міжнародного бізнесу //Ю.М. Петрушенко//Вісник Хмельницького національного університету. – 2009. – №5. – Т. 1. – С. 146-148.

3 БУРЯК О.С., Крос-культурна комунікація як наслідок глобалізаційних крос-культурних контактів//О. Буряк//Грані. – 2012. – №5(85). – С. 119-122.

4 СТЕГНІЙ О.Г., Методологічні складності крос-культурних досліджень //О.Г. Стегній//Український соціум. – 2013. № 2. (45): Соціологія – С. 99-111.

5 HOFSTEDE, G., *Culture Consequences. Comparing Values, Behaviors, Institutions and Organizations Across Nations*, Thousand Oaks, CA: Sage 2001.

6 TROMPENAARS, F., HAMPDEN-TURNER, CH., *Siedem kultur kapitalizmu. USA, Japonia, Niemcy, Wielka Brytania, Szwecja, Holandia*, 1998, pp. 20-21.

The above mentioned dimensions reveal many similarities, for example, the division into high-context and low-context cultures is similar to the division into individualistic and collective cultures and pro-transactional and pro-partner cultures.⁷

Main assumptions of the article

The subject of intercultural management and the principles of its realization have been shaped along the years and have undergone a certain evolutionary path. At each stage, the basic principles of incorporating and harmonizing cultural differences were identified, and the key elements of intercultural competence were pointed to. The first stage took place in the conditions of access to the international market of multinational corporations that linked businesses from countries with different cultural traditions. National cultures manifest many differences, so for the efficient pursuit of business, the task at this stage was to study the specific characteristics of national cultures and the factors that influence them to create comfortable working conditions. This was a strategy of smoothing out cultural peculiarities. The second stage was the result of a deepening international division of labor that required corporate culture search technology and the emergence of theories in relation to a specific national mentality. It was considered that the national mentality determines the ways of economic behavior and organization of their processes. The success of this stage was the typology of cultures based on the specificity of the national mentality. At the third stage, the question of recognizing the diversity of cultures and finding mechanisms for managing cultural diversity in global corporations was dominant. In this context, the concept of “cultural diversity”, which required other personnel management tools, has changed in order to change the traditional concepts of human resource management.

At present, intercultural management considers the phenomenon of culture as an important organizational capital, and cultural differences are not seen as a threat, but, at the contrary, as an opportunity to acquire new knowledge that deepens organizational knowledge and actively participates in shaping the leading position in the international market. This vision speaks not of dangers, but of special competitive advantages within a multicultural environment. However, it is not a simple matter, because under such conditions, there are always some difficulties. Among them,

7 DULINIEC E., *Marketing międzynarodowy a marketing międzykulturowy*. In: *International Journal of Management and Economics* 19, 2006, p. 13.

first of all, the following should be distinguished: differences in the value system, possible discomfort of employees who work in other countries under the contract of employment, possible conflict of business methods and management styles at the intersection of cultures, differences in professional competence, and so on. In many cases, as mentioned by Ukrainian scientists,

transnational corporations use the Ukrainian economy as a raw material by providing Ukrainian partners with technologies that are not suitable for their level of development with rigid sales restrictions. In addition, transnational corporations declare their social policy in Ukraine, but in reality they often violate certain domestic labor laws, take advantage of the shortcomings of Ukrainian environmental legislation and so on.⁸

Thus, the main goal of intercultural management should be to integrate national cultural heritage (values, knowledge, and experience) into shared multicultural activities. This is the opinion of intercultural management researchers, noting that

successful implementation, by intercultural management, of its main goals allows the company to verify, accumulate and synthesize culturally determined knowledge, achieving synergistic effects while collective intellectual capital is greater than the potential of individual members. Intercultural knowledge transmission helps to create new unique knowledge, i.e. knowledge that is unlikely to originate in the corporate headquarters. As a precursor, gaining new knowledge can turn a company's unique competitive advantage.⁹

Every national culture consists of an instrumental and symbolic subsystem, which operates in three spaces: symbolic, institutional and in the factual space. The knowledge of these subsystems and spatial patterns in the context of specific national cultures is an indispensable element in the effective management of multicultural organizations according to the principles of intercultural management. Of the above-mentioned cultural cross-sections, the symbolic one is not limited by any boundaries as an expression of spiritual life. Spatial limitations and cultural diversity are present in the institutional cultural dimension that influences the formation

8 ЛЕГА Н.Ю., Процеси транс націоналізації як засіб залучення іноземних інвестицій / Н.Ю. Лега // Молодий вчений. – № 3(30), 2016, с. 121.

9 ПЕТРУШЕНКО Ю.М., Крос-культурні аспекти підвищення ефективності міжнародного бізнесу» / Ю.М. Петрушенко // Вісник Хмельницького національного університету. – № 5, 2009/ Т. 1, с. 147.

of social and economic relations between members of an intercultural society and the choice of management methods. Due to the various technological structures that are manifestations of civilization challenges, the material cultural space is recognized, reflecting its material dimension. Therefore, the development of intercultural management should take place in parallel with the development of all cross-sections of culture.

In addition, given the multifunctionality of culture, the development of intercultural management should also take place in the context of the inclusion of cultural functions and management functions as they are congruent. It is obvious that functions reflect the essential meaning of the category, but the reception of functions as a concrete action is the same, so it is expedient to approach them conceptually in their consideration from the system's point of view. The main cultural functions that overlap with management functions are regulating, motivating, and communicative, informative, and adaptive ones, especially in the personnel management system.

The communicative function will be effective provided that barriers to communication are eliminated for the representatives of different cultures who work in multicultural corporation resulting from internal rejection of the environment, negation of other values, stereotypical thinking and national dominance. In the communication system, the official language of communication and a coordinated system of informal communication will be deemed to be a cultural influence tool. In the process of cultural communication, the principles of tolerance and openness must be respected, and only then the relations between the representatives of different cultures will be harmonious. The development of homogeneous communication resources and media space also facilitates the creation of social relationships.

The information function of both culture and management is a projection of technological globalization, the internationalization of national economies, and the deepening of the differentiation of cultural space. For such realities, the information function in intercultural management has its peculiarities in relation to the information system, serving multicultural corporations and the different requirements and needs of making information in different countries. The way to acquire information is also different in intercultural business entities, despite the high capacities of information systems of intercultural companies with high analytical capacities. The headquarters of an international corporation focuses both on internal information as well as information from foreign departments, which should reflect all possible changes in the countries where these entities are housed, including political, legal, cultural, social and economic changes. However, the informational culture of each country does not always ensure the high quality of co-ordination of joined activities.

In the context of communicative and informative functions in relation to cultural differences, the role of advertising should be considered as an important element of intercultural communication. Advertising is designed to exert influence on consumer behavior, which, as already mentioned, depends on the national *modus operandi*, established at a subconscious level, which determines the motives of behavior, that is, it is perceived in the general cultural context. National mentality sets the perception of a certain image by the human addressee, a sign that is interpreted in various ways by different cultures, so every message is perceived through the eyes of culture. The world of values of different cultures is varied, which also affects the perception of advertising. So, the question arises – is it a proper advertising strategy to standardize or adapt one's behavior patterns to each target group and national culture? This question also arises because of the existing world-wide international brands, so international corporations emphasize the use of unified global strategies and standardized advertising. It seems that more effective advertising that would take into account the cultural traditions of the target groups and adapt to the national cultural environments. Of course, such a strategy for shaping advertising policies is more expensive in terms of price, but in terms of effectiveness – it is much more efficient.

The regulatory function of intercultural management manifests itself through regulatory actions, instructions and other factors of institutional influence. It is therefore necessary to conduct an intercultural analysis of the legal framework, national legal capacity and the constraints. This is an important task, because it is possible to practice the liberalization of personnel training, so the control of national states over the reproduction of human capital is lost. And the different approaches to insolvency, taxes, antitrust policy all complicate the mechanism of intercultural management.

Concerning the motivational function, different motivational policies that are not acceptable to everyone involve conflict situations. Culture and management combine motivational aspects, where culture reflects the emotional and subconscious aspects of human motivation, while management marks targeted actions determined by the human desire to increase effectiveness. Financial or moral motivation will always be an obstacle determined by the country of origin of the worker. Typically, the representatives of developed countries tend to value self-fulfillment and improvement, so for them moral motivation is very important. Employees from low-income countries are more likely to respond to financial compensation and social protection. Motivation is a part of the human resource policy of any organization; in a multicultural environment it is not only necessary but even problematic. So it is necessary to show maximum respect to the representatives of different cultural traditions, supporting the development of

workers and smoothing differences in socio-cultural competences. It should be taken into account that the motivation of staff in relation to the evaluation of work also depends on cultural practice. For example, the culture of universalism has a rather strict approach to institutional requirements and it envisages special regulation and instruction of work, the cataloging of qualification criteria determining the quality of work necessary to stimulate it. These conditions are set out in employment contracts or other contracts with employees. Representatives of particular cultures are more liberal in relation to the assessment and motivation of employees.

New challenges dictate new approaches, but they also do not defend the use of traditional motivation or assessment methods for employees that are up-to-date and effective against ongoing changes. So the task of human resource managers is to use the expertise to combine innovation with tradition in the right proportions.

Research in this direction of HR must be continued, as it should gain a new sound in the context of new trends in the development of economy, management and society.¹⁰

The adaptive function is not just about adapting to another environment, but also about showing the organization's expenditure on adaptation processes, especially if corporations come from many different cultural worlds. Therefore, the management must decide on the optimal proportion of employees of different nationalities. As a motivational item, it is worthwhile to compare the effectiveness of different types of personal cultures.

Differences in the stereotype of thinking appear in the planning function, which imposes time frames for work or commitments. According to the typology of cultures by Geert Hofstede,¹¹ the planning function can be included in a dimension that represents a long-term orientation (LTO), a semantic content that depends on the plan and anticipates the future, defines the target orientation and plans future actions to achieve goals. Long-term orientation culture is believed to be respected in China, Japan and Taiwan. Countries that are more susceptible to short-term orientation are the USA, Germany or France, whose business practices involve planning each stage separately and estimating its duration in order to achieve the goal in a timely manner.

10 ZAKHARCHYN H.M., LYBOMUDROVA N.P., SOBOL I.B., *Motivation and evaluation of personnel in modern challenging environment/* H.M. Zakharchyn, N.P. Lybomudrova, I.B.Sobol// *Economscs, Entrepreneurship, Management*. 2016. – № 1. – Volume 3. – pp. 31-34.

11 HOFSTEDE G., *Culture and organizations: software of the mind*, London, New York, McGraw – Hill,1991.

Due to different values, another problem arises – the choice of intercultural management strategy. It is true that each person identifying themselves as representatives of the nation will be close to the values produced by deep layers of national culture and national archetypes defining economic behavior. Adjusting to foreign feelings and values causes the emergence of personal internal conflict. The task of intercultural management lies in simplifying this adaptation. Each organization operating in a multicultural environment has the right to choose an intercultural management strategy by promoting a loan, adaptation or an anticipating culture. Although it is effective to combine and reconcile of the national and the global based on the typology of cultures already takes into account national differences, decision making, ownership issues and role status, risk acceptance and forecasting of unforeseen situations, proportions of male and female aspects of collectivism and individualism, and others, this combination does not speak of creating another culture, a hybrid model, or even creating a model of modern intercultural management that skillfully uses tradition and innovation. It is also worthwhile to include a model of economic activity determined by the specificity of the national mentality described in Richard Lewis's study, which identified three groups of cultures: monoactive, polyactive and reactive.

A monoactive culture is a culture of rigorous planning and organization of a concrete action in accordance with the logic of processes, steps, or in accordance with the principle of coherence. This culture focuses on doing one thing at a time.¹²

It is a culture of concrete issues and concrete individuals. Lewis sees examples of this kind of culture in the United States, Germany and Switzerland. A polyactive culture is focused on people, not on the work and is characteristic of the representatives of Slavic, Italian, Hispanic and Latin American nations, according to the scientist – “the swift peoples.” The characteristics of this culture include quite a general-purpose approach to planning, carried out in a general way, not specific, not particularly attached to the case, as in the previous culture. Here, plans may change and facts may be interpreted at one's own discretion. However, people who adhere to such a culture can do many kinds of work or projects. A culture that distinguishes relationships as the dominant is a reactive culture represented by China, Japan and Finland. This is a culture of trust, as the representatives rarely revise their plans and adhere to their partners' work schedule.¹³

12 ЛЬЮИС Р.Д., *Деловые культуры в международном бизнесе. От столкновения к взаимопониманию.* / Д. Льюис. – М.: Дело, 1999. с. 24.

13 *Ibidem*, s. 64.

Limited resources on a global scale as a civilization challenge aggravate the ecological culture whose level in many countries is very low. Different cultures reflect cultural differences in approach to nature and its protection. There are cultures with an internal orientation (e.g. the USA) without peculiar respect for the environment, resulting from a lack of ecological education. This means that the representatives of such cultures treat the environment as a normal resource – one providing a profit. The lack of respect and disregard for ecological regulations allows corporations with such a culture of thinking to deplete natural resources for profit in any way. Another view on nature recognizes the need for respect for the ecological balance and a thrifty approach to natural resources, treating them not only as production means, but as a natural formation that a human being is not entitled to. This type has an external orientation vector and dominates in the Japanese culture and several European cultures (Italy, Sweden, the Netherlands). It is clear that, in conditions of deterioration of environmental problems, technological disasters and depletion of natural resources, a humane policy of using the naturalized environment and supporting the development of a global ecological environment must be pursued.

Conclusions

It can be inferred that cultural differences and the specificity of national mentality are influenced by patterns of behavior and patterns of management practices, and this influence can be both positive and negative.

Today's world is a world of cultural interpenetration and globalization processes influence the emergence of new mental economic management principles, while observing the desire of man not to get lost in the process of integration, not losing his identity, the desire to respect human values. Interculturalism is not opposed to, just the opposite of coordinating interests, defining common strategic priorities that will lead to successful cooperation in an integrated space. It is therefore necessary to develop intercultural education, to develop intercultural analysis in all dimensions, to promote intercultural orientation, to systematically work for cultural dialogue, to combine national mentality with modern world experience, to work together for the good of the civilization and not just a single corporation.

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