

A Study on Cross-Cultural Management in a Cargo Transportation Company

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Abstract

The present study is laid out to know the impact of employees' cultural differences on the management in a multinational company. Peculiarities of cross-cultural management in a cargo transportation company located in Russia, Georgia and Kazakhstan are considered in this research. Main differences in the perception of working issues by representatives of three cultures were identified. The survey among employees was conducted, its results were interpreted and recommendations for the company management were suggested. This study is expected to be helpful to managers as a methodological basis for the development of effective ways to overcome barriers in cross-cultural communication and avoid cross-cultural risks.

Keywords: Cross-cultural communication, cross-cultural management, multinational company.

INTRODUCTION

As a result of the accelerated growth of the service sector in the past few decades, various activities of different companies are very closely related to the cooperation of companies that are engaged in cargo transportation (so-called transport forwarding companies). Nowadays, there are a huge number of logistics companies around the world which carry out transportation of goods in different directions and through different transport modes (e.g. trains, ships, planes etc.). Nevertheless, there

are new user requests that make professionals create more and more new directions and faster ways of delivering, open new branches in various locations and expand their staff. This staff tends to include representatives of different cultures, particularly in Russia. They work together in order to achieve common goals. Therefore, the issue of cross-cultural management has never been as important as it is today.

The relevance of the research is determined by the contradictions in the working process under new

social and cultural conditions caused by the differences in thinking patterns and due to the increase of social importance of cross-cultural competence, ability to overcome cross-cultural barriers in building relationships with employees from different cultural backgrounds.

The research aims to review and identify basic principles of cross-cultural management based on the example of a logistic company "EXPRESS AERO" located in Russia, Georgia and Kazakhstan and to develop recommendations to improve cross-cultural management in the company.

LITERATURE REVIEW

English anthropologist Edward B. Taylor (1871) provided the classic definition of culture: "Culture is that complex whole which includes knowledge, belief, art, law, morals, custom and any other capabilities and habits acquired by man as a member of society".

Professor Geert Hofstede (2001) conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. He defines culture as "the collective programming of the mind distinguishing the members of one group or category of people from others".

Nancy Adler (2008) believed that "culture is a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behavior which are handed down from one generation to the next through means of language and imitations".

According to American anthropologist and social theorist Clyde Kluckhohn (1951) "culture is composed in patterned ways of thinking and feelings, obtained and transmitted by symbols, constituting the distinctive achievements of human groups".

Business dictionary identifies the notion of culture as

"broadly, social heritage of a group (organized community or society). It is a pattern of responses discovered, developed, or invented during the group's history of handling problems which arise from interactions among its members, and between them and their environment. These responses are considered the correct way to perceive, feel, think, and act, and are passed on to the new members through immersion and teaching. Culture determines what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable. It encompasses all learned and shared, explicit or tacit, assumptions, beliefs, knowledge, norms, and values, as well as attitudes, behavior, dress, and language".

The notion "cross-cultural" means interlacing of a large number of languages, cultures and analysis of their interaction. Thus, the subject of "cross-cultural management" is the management of the business relationships, emerging at the intersection of different cultures.

Bunina V.G., the author of the study "Cross-Cultural Management and Intercultural Communication" (2008), understands cross-cultural management as "the creation and application of management's technology of cultural diversity in the context of economic globalization".

On the website of Berlin WEST-OST Institute of International Management and image studies we found the following definition: cross-cultural management is a system of management of the company or organization based on the principles of multiculturalism and treated to the work with representatives of the various territorial, religious, social and cultural groups. Cross-cultural management covers all organizational structures of a company. For example, the existence of multiculturalism is recognized in the preparation of documents (translation into other languages), conduction of special training, formation of cross-cultural competence.

Nigel John. Holden (2002) considered cross-cultural management as a form of cognitive management (knowledge management). “Cross-cultural management is the management of many cultures, both within the organization and in its external relations”. He examined cross-cultural management in three dimensions: self-organization; knowledge sharing and building of interactive networks on a local and global level. N. Holden suggested that the combination of these three components allows us to use the variety of cultures not as an obstacle but as a resource of organization.

Nancy Adler (2008) gave a very understandable definition of cross-cultural management: “cross-cultural management explains the behavior of people in organizations around the world and shows people how to work in organizations with employees and client populations from many different cultures. Keeping this in mind, the present study seeks to examine the impact of cultural differences on the management in a multinational company.

RESEARCH OBJECTIVES

The study has based its research program on the following objectives:

1. To consider cross-cultural relations in the management of the company;
2. To identify cultural differences of perception the issues related to the working process by employees;
3. To conduct analysis of sociological data in order to identify factors that affect management of cross-cultural relations in the company;
4. To suggest recommendations to ensure harmonization of cross-cultural relations in the company.

RESEARCH METHODOLOGY

Scientific methods of observation, description, generalization, comparison were used for summarizing, systematization and interpretation of

the research results. Deep interviews and questionnaires, methods of sociological analysis became a tool for identifying trends, characterizing the specificity of cross-cultural relations in a multinational company.

FINDINGS AND DISCUSSION

The working staff of the company “EXPRESS AERO” represents itself as a multicultural society as its employees are representatives of different cultures. The head of the company is Russian. There are Russian employees, most of them were sent from Moscow to the branches in Georgia and Kazakhstan. There are also local employees – representatives of Georgian and Kazakhi cultures.

Before we make an attempt to analyze the relationship between representatives of three cultures, we will focus on finding out what is different and what is common between them and how it affects the working process. For this purpose we considered some aspects of business etiquette from the points of view of three cultures:

Punctuality: being late for the Kazakhs is common and often this delay can last for a long time. A similar situation is with the Georgians and Russians. Such a business quality as punctuality does not have the extreme value for them. Such attitude to time is clearly expressed in the following Russian proverb “better late than never”;

Bargains: when making deals with the Georgians and Russians you can be faced with the failure of some obligations. The representatives of these cultures are often characterized by a desire to wishful thinking, to present the situation in a more favorable light than it actually is. On the contrary, the Kazakhs say that “word (promise) is as strong as a law, certificate or oath”. They value loyalty to a given word. Honesty and faithfulness to the promise are the most important criteria for them; **Business meeting:** Russian and Georgian employees tend to be emotional speakers. That is why, during the

conversation a tone of voice may rise and gestures may become more active. Although both cultures are distinguished by their hospitality, they can be pretty straightforward in disputes. It is rather important for them to have contact at a personal level. Thus, at the beginning of the meeting, conversations may be far from business issues. It should be noted that the meeting can often be interrupted by extraneous problems. However, it is not because they are not interested. Russian and Georgian employees just do not have difficulty being engaged in multiple affairs simultaneously.

As for the Kazakhs, they are very discreet and among many Russians they have the reputation of very cold people. It is not acceptable for them to express their emotions. Therefore, in an interview with the Kazakhs their reaction is not always understandable. During a meeting they prefer to be focused only on the subject of negotiation and not to be distracted with extraneous issues. Notwithstanding the foregoing, the Kazakhs as well as the Russians and Georgians are persistent and enterprising people; Relationships with superiors: for Russian employees relations with superiors incorporate quite contradictory trends. The desire to "strong hand" sometimes is combined with love to gossip about their authorities, which cannot be found in Kazakhi culture. For effective work a superior should be well-versed in the field and should be able to build personal relationships with employees, who do not have anything against authoritarian style in this case. The same situation is in Georgia where it is not accepted to look down on subordinates because in this case the manager can be perceived as a despot or a tyrant. In Kazakhs` understanding a leadership style is a combination of softness and power. Subordinates value harmony and hierarchy prevailing in a team and rely on trust and good relationship with the manager. Criticism of authorities is unacceptable in a Kazakhi team;

Social and family relations: Russian people try to limit joint business only with their relatives and friends. As for the Georgians and Kazakhs, they

believe that it is easier to solve problems through a line of friends, relatives and one cannot do without them. In business they prefer to have a deal with acquainted people or those who have recommendation from friends;

Business trips: generally, Russian and Georgian employees are not reluctant to get acquainted with other cultures and gladly visit different parts of the world. However, this is not the case for the Kazakhs. They are mostly sedentary people and place of migration is mainly within their country. They feel more relaxed and safer in their homeland because it is full of social relations. Based on the foregoing, it is obvious that the Kazakhs dislike business trips outside their region.

The above research on the cultural peculiarities of the employees suggested that there are a lot of cultural issues which affect the working process and climate in the company in total.

After conducting the survey among the employees – representatives of three different cultures (Georgian, Russian and Kazakhi) and the analysis of their answers, we have come to the inference that 86, 7% of them have had different challenges in the communication with the representatives of other cultures. 13, 3% of asked employees answered that they did not face any problems at work with the representatives of other cultures. These 13,3 % included representatives of Russian and Kazakhi cultures. None of the representatives of Georgian culture confirmed having problems at all. Thus, in general 86, 7% of the employees have experienced certain difficulties.

From the answers of Russian employees we concluded that 30% of them do not face any problems while interacting with the employees of Georgian culture. As for the other 70% of Russian employees, among main difficulties of communicating with the Georgians they named a salary issue with Georgian management, punctuality and craving for disputes. For example, the Russian

employees said that the Georgians always argue, they always have something to retort and they are absolutely not punctual. But almost all Russian employees emphasized that they found it quite comfortable to work with the Georgians. As for communication of Russian employees with Kazakhi employees, the difficulties are more serious. Among main challenges Russian employees consider misunderstanding, absolutely different ways of thinking, lack of emotions, secretiveness and dishonesty, mistrust and nationalism. For Georgian employees, in general, communication with Russian employees does not cause many difficulties. The main points of concern are a lot of claims from the Russian side. The most important of them is connected with the salary. Some Georgian representatives also claim that Russian employees like to argue.

As far as Kazakhi employees, the situation looks different. 30% of them insist on the fact that they do not experience any challenges in cross-cultural communication at work. The most interesting fact is that the remaining 70% perceive the Russians and Georgians as the representatives of one culture. From the answers of Kazakhi employees we found out that basically they do not separate the difficulties which they have with Russian employees from the difficulties with Georgian employees. The exception is only one problem which bothers them quite strongly and consists in the fact that the Georgians very often speak their native language at work. The main challenges for Kazakh employees in the communication with the Russians and Georgians are excessive emotionality (especially from the Georgian side), punctuality, too many promises, non-performance of obligations which leads to the contravention of deadlines.

In our survey, we also found out that 70% of all respondents consider that the main reason for all their challenges is mentality. 13, 3% of respondents insist that there are no problems in the company. Remaining 17, 7% suggest that problems exist because of personal upbringing or personal

characteristics.

Implications of the Research

The present study would be beneficial for managers at various levels of organizations of all forms as a methodological basis for development of optimal methods to stimulate labor activity and personnel management, in particular, correction of labor behavior in enterprises distinguished by their multi-ethnic composition.

CONCLUSIONS

In the 21st century, the existence of a huge number of multinational companies brings new ways of communication, new models of working processes and new requirements for managers. Orientation in the complicated cultural space can be very difficult due to the different factors that, in its turn, will affect the decision-making process and communication with employees in general. Thus, an obligatory condition of successful interaction of the staff is the development of cross-cultural competences. Creation of a special corporate culture in multinational companies is another mandatory element and the key to its successful operation. First of all, the management should take into account national peculiarities of cultures' mentality. In order to solve this problem the notion of "cross-cultural management" was introduced, the subject of which is the management of business relationships emerging at the intersection of different cultures. It includes tolerant interaction of working conditions and successful business at the intersection of different cultures, resolution of cross-cultural conflicts in business environments.

Management of the company "EXPRESS AERO" was faced with several challenges while creating branches in Georgia and Kazakhstan whose cultures are significantly different from their own. In order to adapt to the new culture, employees used the following methods of cross-cultural management:

- hiring a larger number of Georgian/Kazakhi employees for keeping them in the comfortable conditions;
- cross-cultural awareness (familiarity with the traditions, customs, national characteristics and their manifestation in everyday and business life);
- basic knowledge of the Georgian/Kazakhi language;
- joint celebration of national holidays;
- joint business trips around Kazakhstan (taking into account that Kazakhs do not like to leave their region);
- option of employees in the system of payroll.

In general, we can conclude that the managers have succeeded in working in a new environment. The workplace climate is quite favorable. Despite the existence of few difficulties, there are no open conflicts between employees. Based on the results of the study and results provided by the survey we suggested the following recommendations for the company's management:

- to distinguish, understand, accept and respect cultural background of your employees;
- to be culturally neutral. Being different doesn't mean to be better or inferior;
- to be sensitive to cultural norms. Try to understand the employees' culture and how your behavior may influence those norms and your communication with them on the whole;
- Based on the experience of British companies, a manual on operations management for each employee in the company should be developed. We believe that introduction of such practice will allow to simplify the control over the company because the employees will be able to follow these instructions;
- introduction of fines for being late will allow to improve time management;
- introduction of special team building trainings will allow the staff to communicate effectively, regardless of cultural backgrounds;
- enhancement of language learning.

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