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Risks of Projects in a Multicultural Environment

Diploma Thesis

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Graz, March 2010

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Abstract

AVL List GmbH, a high-tech company with its Headquarters in Graz has about half of its employees and most of its revenue abroad. Therefore, risk assessment of projects in a multicultural environment is perceived as being important in order to improve collaboration within AVL globally.

For this reason, the goal is to provide guidelines giving a general idea about the affiliates, explaining the main differences between their cultures, pointing out differences in the treatment of their employees while including the view of the local employees. The focus should be on problems during the project management and order fulfillment process. Sales and customer service should not play such an important role. The way Austrian employees should deal with staff at foreign affiliates should be in the center of interest. However, the treatment of local customers also is discussed.

Interviews with AVL Managers worldwide using questions broken down into objectives, leadership, employees, resources & information/communication, process, customer satisfaction, people satisfaction, adaption & respect of culture and claim management & contract differences were conducted, and social, economic and legal risks are derived. Furthermore, geographical, cultural and development clusters are compared. Besides, the influence of the culture of the affiliate's country on management, organization, motivation and leadership was studied. In addition, the affiliates' countries were compared by using indicators giving an insight into their development, economic competitiveness and corruption.

Kurzfassung

Die AVL List GmbH, eine Hightech Unternehmung mit Hauptsitz in Graz, hat ca. die Hälfte ihrer Mitarbeiter und den Großteil ihres Umsatzes im Ausland. Aus diesem Grund wird eine Risikoabschätzung von Projekten in einer multikulturellen Umgebung als wichtig empfunden.

Folglich sind die Ziele Leitfäden, die allgemeine Informationen über ein Affiliate Land, Hauptunterschiede von Länderkulturen, Unterschiede im Umgang mit Mitarbeitern, und auch die Sichtweise der lokalen Mitarbeiter beinhalten. Das Hauptaugenmerk liegt bei Problemen im Projekt-Management und Order-Fulfillment. Der Umgang von österreichischen Mitarbeitern mit Mitarbeitern aus ausländischen Affiliates ist am wichtigsten. Der Umgang mit lokalen Kunden wird jedoch auch am Rande betrachtet.

Interviews mit AVL Manager weltweit mit Fragen kategorisiert in Ziele, Führung, Mitarbeiter, Ressourcen & Information/Kommunikation, Prozess, Kundenzufriedenheit, Mitarbeiterzufriedenheit, Anpassung & Respekt von Kultur, und Claim Management & Vertragsunterschiede wurden durchgeführt. Daraus lassen soziale, wirtschaftliche, und rechtliche Risiken ableiten. Weiters wurden geographische, kulturelle, und Entwicklungscluster verglichen, sowie der Einfluss von Länderspezifischer Kulturen auf Management, Organisation, Motivation, und Führungsverhalten behandelt. Weiters wurden Affiliate Länder mit Indizes, die über Entwicklung, wirtschaftliche Konkurrenzfähigkeit, und Korruption Aufschluss geben, verglichen.

- 1 Introduction 1**
 - 1.1 The company AVL..... 1
 - 1.2 Presentation of the Problem..... 3
 - 1.3 Goal..... 3
 - 1.4 Approach..... 3
 - 1.5 Structure of Thesis 4

- 2 Current State Analysis 6**
 - 2.1 Definitions 6
 - 2.2 General 9
 - 2.2.1 Obtaining Social, Legal and Economic Risks 9
 - 2.2.2 Problems of the Questionnaire 11
 - 2.3 Closed Questions..... 11
 - 2.3.1 Limits of Result..... 11
 - 2.3.2 Cluster 11
 - 2.3.3 Extraordinary Results 15
 - 2.4 Open Questions 15
 - 2.4.1 General Problems..... 15
 - 2.4.2 Affiliate Analysis..... 16

2.5	Summary	26
3	Affiliate Comparison	27
3.1.1	Hofstede's Dimensions and their impact on business and workplace.....	28
3.1.2	Trompenaars & Hampden-Turner's dimensions and their impact on business and management.....	39
3.1.3	Globe Study	48
3.1.4	Lewis Model.....	50
3.1.5	Differences in Knowledge Sharing.....	54
3.1.6	Country Comparison using Indices	55
3.1.7	Religion and Language.....	58
3.1.8	Affiliate summaries of "Erfolgreich in aller Welt: Über den richtigen Umgang mit anderen Kulturen in der Exportwirtschaft"	58
3.1.9	Affiliate summaries of "Weltweit verhandeln: Mit Kompetenz durch die internationale Geschäftswelt"	63
3.1.10	The special case of India	67
3.1.11	Not covered Models	68
3.2	Management Implications	68
3.2.1	Validity of McGregor's Theory X and Theory Y.....	68
3.2.2	Validity of Herzberg's Motivation Theory	69
3.2.3	Validity of Management by Objectives (MBO)	69
3.2.4	Validity of Maslow's Pyramid	70

- 3.2.5 The Matrix Organization (AVL has one)..... 70
- 3.2.6 Pay-by-Performance..... 70
- 3.2.7 Leadership and Motivation according to Hofstede..... 70
- 3.3 Summary..... 71
- 4 Guidelines..... 72**
 - 4.1 China..... 72
 - 4.2 Czech Republic 78
 - 4.3 France 75
 - 4.4 Germany 77
 - 4.5 Headquarters in Graz..... 78
 - 4.6 Iberica 80
 - 4.7 India 82
 - 4.8 Italy..... 84
 - 4.9 Japan 85
 - 4.10 Korea..... 87
 - 4.11 Moskau..... 89
 - 4.12 North America 91
 - 4.13 Nordiska 93

- 4.14 South America..... 94
- 4.15 Thailand 96
- 4.16 Turkey 98
- 4.17 United Kingdom..... 100
- 5 Summary and Future Prospects 102**
- 6 Table of Abbreviations..... 104**
- 7 Table of Figures 105**
- 8 Table of Charts and Tables..... 106**
- 9 Bibliography 108**
- Appendix..... 112**
- 9.1 Questionnaire 112
- 9.2 Closed Results 120
 - 9.2.1 Closed Answers and Risks 121
 - 9.2.2 Calculation of Clusters..... 122
 - 9.2.3 Chart which is showing the average for each question and risk 123
 - 9.2.4 Chart which is showing the average for each Affiliate..... 124
 - 9.2.5 Chart which is showing the differences in clusters..... 125

- 9.2.6 Chart which is showing the differences between Asia, America and Europe 126
- 9.2.7 Chart which is showing the differences between high- and low Developed countries 127
- 9.2.8 Chart which is showing the differences between “easy” and “difficult” countries 128
- 9.3 Religions 129
- 9.4 Languages 130

1 Introduction

An analysis of how social, economic and legal risks differ in 16 affiliates was made for AVL. Cultural, geographical and development clusters were investigated. Furthermore, the influence of the culture of the affiliate's country on management, organization, motivation and leadership was studied.

1.1 The company AVL

AVL List GmbH is a high-tech company which was founded as a drafting office by Hans List in the 1940th.

Furthermore AVL is the world's largest privately owned company for development, simulation and testing technology of powertrains (hybrid, combustion engines, transmission, electric drive, batteries and software) for passenger cars, trucks and large engines.

The organization has approximately 4,500 employees, with 2,000 in Graz and 2,500 world-wide. The export quota is about 96% with a turnover of 740 Millions Euro in 2008.

The companies' defined values are:

- Pioneer Spirit,
- Customer Focus,
- Problem Solving Competence,
- Responsibility and
- Independence.

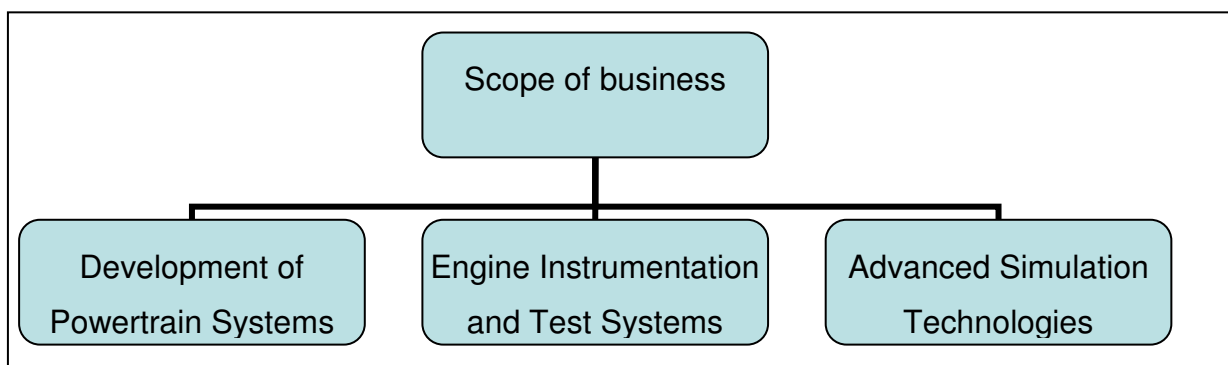


Figure 1: Scope of Business

This thesis is written for Engine Instrumentation and Test Systems, which is one of the three Business areas (Figure 1) and is covering all the instruments and systems required for engine and vehicle testing.

AVL got offices, technical centers and production sites worldwide. However, just the most important ones are dealt with in this work (Figure 2).

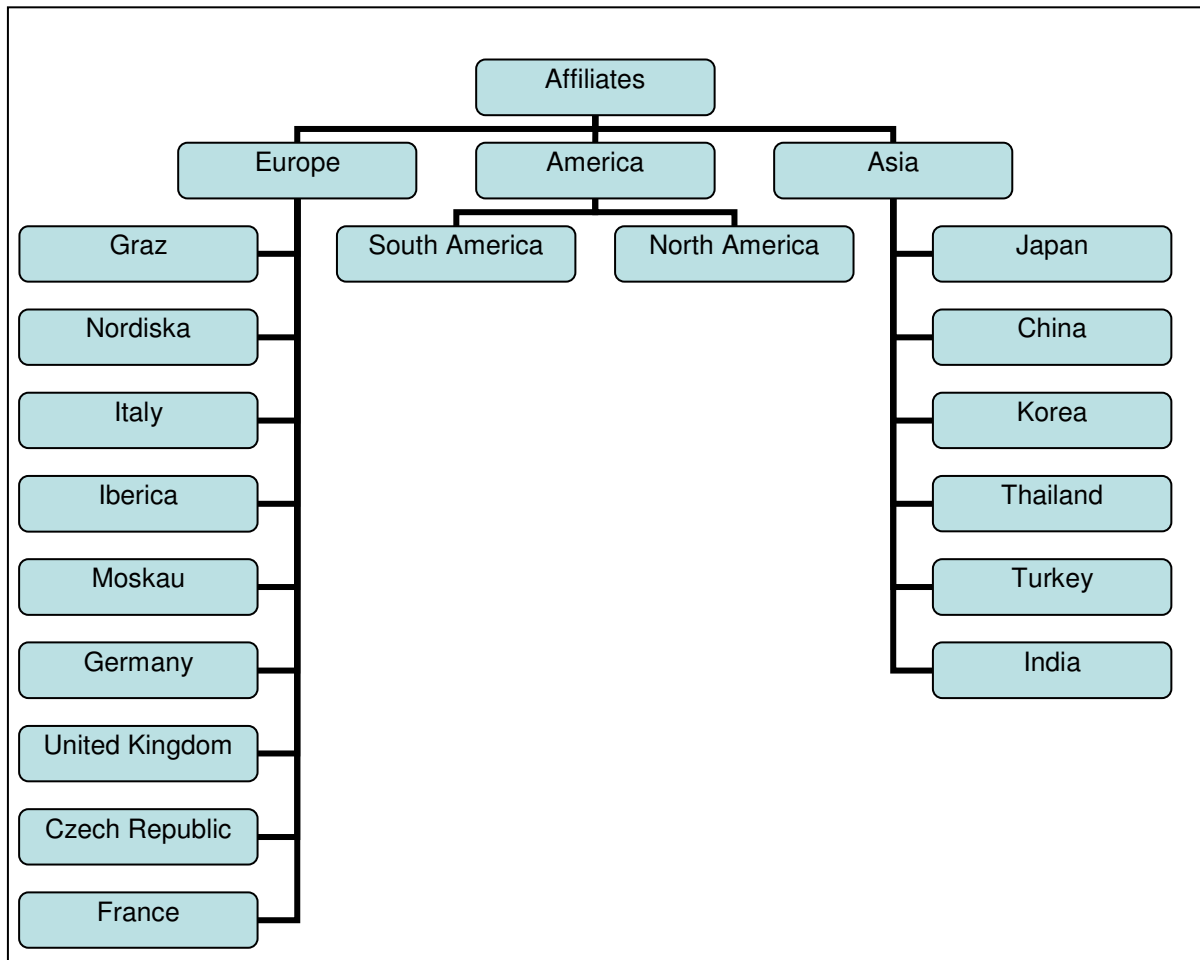


Figure 2: Relevant AVL affiliates covered in the thesis

The companies address is:

AVL LIST GmbH

Hans-List-Platz 1

A-8020 Graz, Austria

Internet: <http://www.avl.com>¹

¹ AVL List GmbH (2010)

1.2 Presentation of the Problem

The high percentage of employees working in foreign affiliates and the very high export quota make multicultural cooperation that works very well essential. However, opportunities for improvement in this respect were identified with project assessments done by the Quality Management Department in Graz.

1.3 Goal

Due to this currently unsatisfactory situation in multicultural cooperation, the goal is to provide guidelines giving a general idea about the affiliates, explaining the main differences between their cultures, pointing out differences in the treatment of their employees and including the view of the local employees. These final goals are covered in chapter 4. The approach how they are developed is documented in detail in chapter 2 and 3. These guidelines are going to be published on the AVL intranet in order to assist, employees, in particular Austrian ones, in treating the employees of sixteen evaluated affiliates.

The focus should be on problems during the project management and order fulfillment process. Sales and customer service should not play such an important role.

The way Austrian employees should deal with staff at foreign affiliates should be in the center of interest. However, the treatment of local customers also is discussed.

1.4 Approach

The thesis was done following the standardized procedure of the Institute for Industrial Management and Innovation Research at Graz University of Technology.

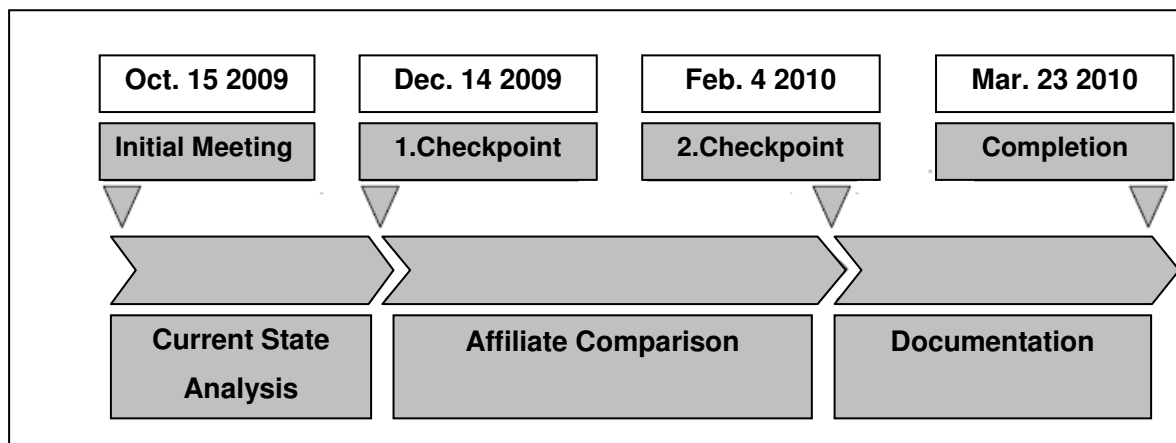


Figure 3: Approach

According to the process model for systems engineering (a model and methodology for solving complex problems), general reading of relevant quality management, project management, cultural variability, intercultural communication, claim management material and a general overview of AVL, including the experience at AVL Korea, may be seen as pre-study. During this phase, strong support was provided by DI (FH) Wurzinger, M.Sc. from AVL.

In the main study, a questionnaire was developed, interviews were conducted, and countries/cultures relevant to AVL were compared.

In the detailed study, which overlapped with the main study, the results of the interviews were analyzed, relevant cultural dimensions and indicators were chosen and compared in more detail. Plausibility of the interview results was checked with relevant literature. When studying literature special attention was paid to find reasons for the problems described during the interviews. However, not all issues mentioned can be explained completely. Furthermore, the analysis of the current state and comparison of affiliates were documented.

During the system build-up phase, guidelines were written. Partly this was also done in parallel to the detailed study. Those guidelines are an easy readable summary of the AVL staff relevant content of this thesis.

Furthermore, those Guidelines were tested for India and Turkey. They will be published on the AVL Intranet and will therefore be available to employees dealing with foreign affiliates. This may be seen as the system installation phase of the model for systems engineering.

Special attention was paid to satisfying the two main stakeholders, AVL List GmbH and the Institute for Industrial Management and Innovation Research at Graz University of Technology. Therefore, usability and academic correctness are emphasized.

1.5 Structure of Thesis

In chapter 1 the company AVL is explained, the problem and goal are defined, the working approach is explained and the structure of this thesis is described.

Chapter 2 deals with the analysis of the current state. It gives an insight into the way the questionnaire was developed and summarizes open and closed results. This outcome is evaluated for every affiliate as well as for every question. Furthermore, social, economic and legal risks are derived. In addition, general AVL problems are pointed out.

Chapter 3 compares affiliates by having a look at the countries of their main business and using models created by Hofstede, Trompenaars, The GLOBE Study, Lewis as well as certain indicators. Religions and languages are also taken into account. In order to get a more practical input as well, business guides are also included. Finally this chapter discusses the cultural dependence of common management approaches.

In chapter 4 covers the guidelines, which are the goal of the thesis.

The appendix contains a detailed analysis of the current state and covers the questionnaire used for this current state analysis. Furthermore, Languages and Religions are included.

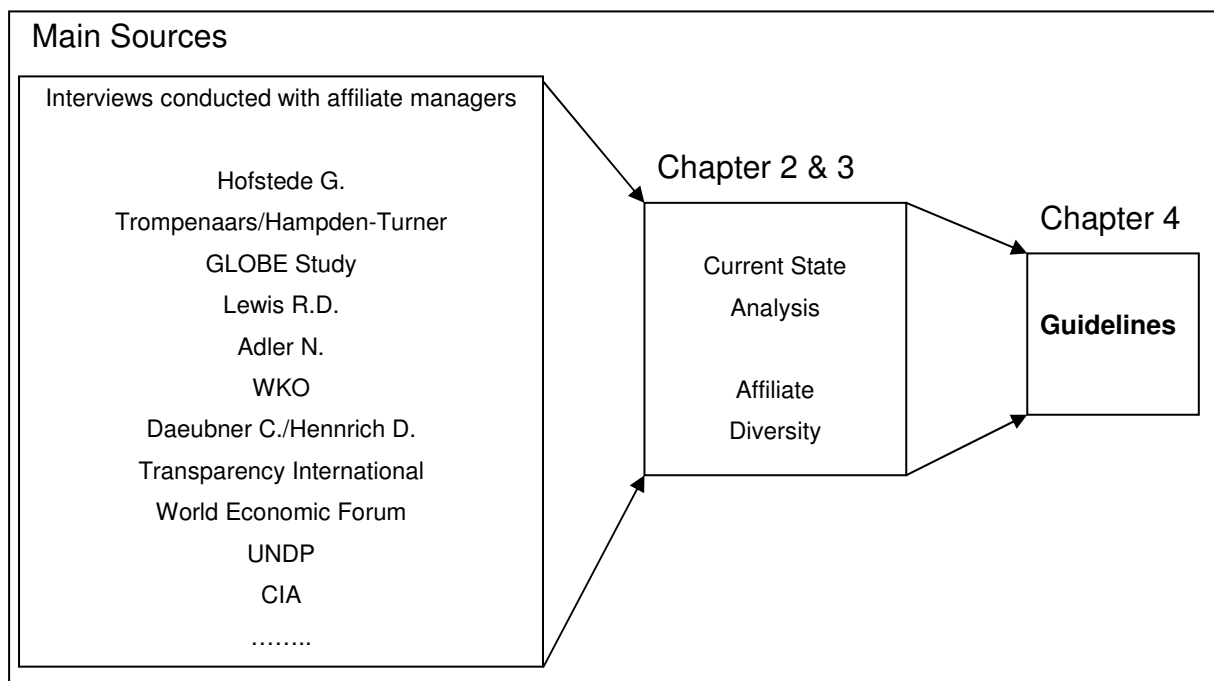


Figure 4: Structure of the Thesis

2 Current State Analysis

Interviews with 16 affiliates and the Headquarters in Graz were conducted. Answers to 28 closed questions lead to social, economic, and legal risks. Problems in geographic, development, and cultural clusters were investigated. Furthermore results to open questions are summarized.

2.1 Definitions

The specific use of risks, issues, problems, scope and quality is described. Furthermore, indices and affiliates will be defined.

Project Risk

“Project risk is an uncertain events or condition that, if it occurs, has a positive or a negative effect on at least one project objective, such as time, cost, scope, or quality. [...] A risk may have one or more causes and, if it occurs, one or more impacts.”²

In this paper risks are summarized to social, economic and legal risks. The causes for the three risks are named problems or issues in this work. (Figure 5 and 7)

Problem and Issue

The terms problem and issue are used as synonym in this thesis. Every question in the interview is a potential problem and was rated by every interview partner from 1 (no problem) to 4 (big problem). In addition to that answers to open questions may also be seen as problems or issues.

Human Development Index (HDI)

“The human development index (HDI) is a summary measure of a country’s human development. It measures the average achievements in a country in three basic dimensions:

- *A long and healthy life, as measured by life expectancy at birth;*
- *Access to knowledge, as measured by the adult literacy rate and the combined gross enrolment ratio in education; and*
- *A decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) US dollars.”³*

² Project Management Institute (PMI), 2004, P. 238

³ UNDP (2009), P. 11

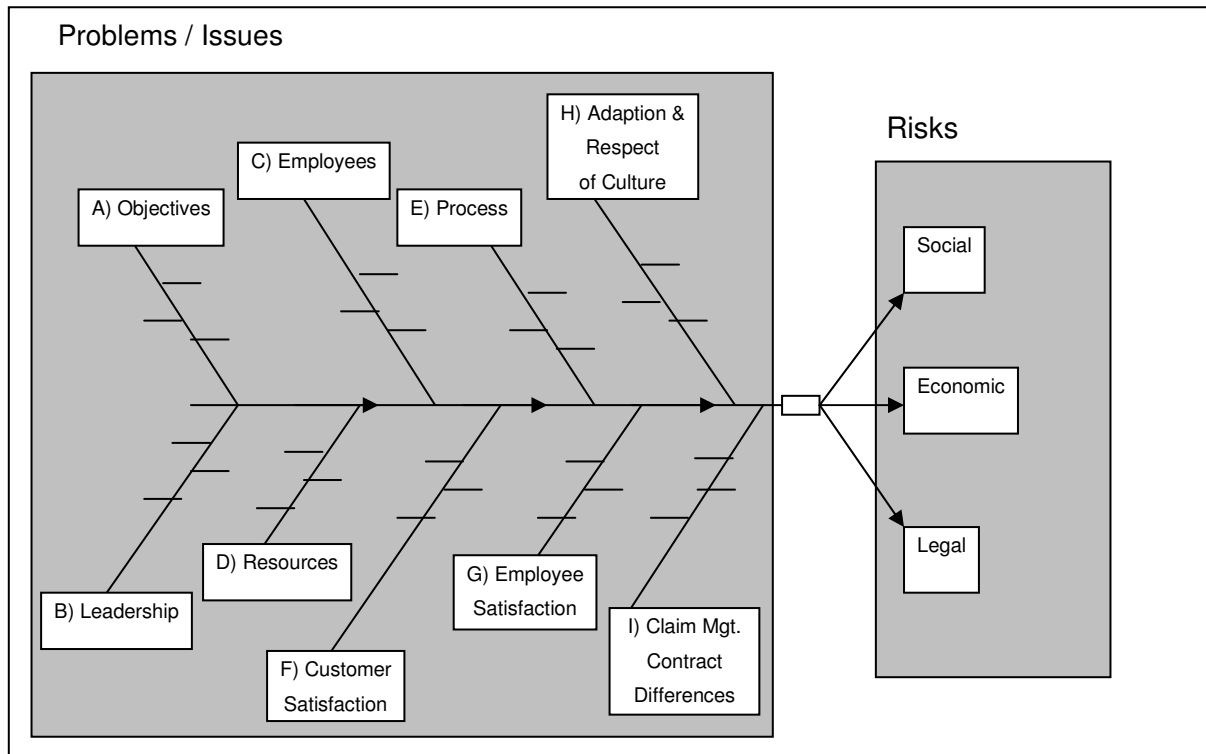


Figure 5: Risks as Result of Problems/Issues (adapted from the Project Excellence Model, PMA)

Power Distance Indicator (PDI)

“The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.”⁴

Hierarchy may be different in different organizations in the same country and should not be confused with PDI. However, hierarchy is influenced by power distance.

Uncertainty Avoidance Index (UAI)

“The extent to which members of a culture feel threatened by ambiguous or unknown situations.”⁵

It measures the tolerance or intolerance of ambiguity in certain countries. People from a high UAI society avoid ambiguity. This should not be confused with avoiding risks.

⁴ Hofstede (2005), P. 402

⁵ Hofstede (2005), P. 403

Project Scope

In the interviews, in contrary to common use, it was used to describe the state when the product has the specified functions but is not exactly the same product.

Quality

“The degree of which a set of inherent characteristics fulfills requirements”⁶

Special attention was drawn to functional requirements. Not to confuse with the scope described above.

AVL Affiliate

Affiliate is the term used for subsidiary AVL internally.

Culture of Affiliates

Cultures of affiliates, often named after the country or region they are located in, are defined as the cultures of the countries they do business with mainly.

- Iberica: AVL Iberica S.A. is an affiliate which is doing business mostly in Spain, Mexico and Portugal and got its offices in Spain. Its culture is represented by Spain.
- South America SA: AVL South America Ltda. is an affiliate which is doing business mostly in Brazil and got its office in São Paulo. Its culture is represented by Brazil.
- North America NA: NA is used for AVL Instrumentation & Testing Inc., AVL Powertrain Engineering Inc., AVL California Technical Center, AVL Powertrain Technologies, Inc., and Schrick LCC. All of them are located in the USA and do business in the USA and Canada. Its culture is represented by the USA.
- Nordiska: Nordiska is used for AVL List Nordiska AB (Haninge), AVL List Nordiska AB, AVL MTC Motortestcenter AB (Haninge), and Södertälje Powertrain Engineering AB. All of them are located in Sweden and are doing business in Sweden, Norway, Finland, and Denmark. Its culture is represented by Sweden.
- Moskau: Moskau is used for AVL Moskau GmbH and is doing business in CIS countries. Its culture is represented by Russia.

⁶ Project Management Institute (PMI), 2004, P. 371

2.2 General

Quality managers, project managers and managing directors from 16 affiliates and the Headquarters in Graz were questioned.

Questions had to be answered from 1 (no problems) to 4 (big problems) and participants were encouraged to give reasons for those problems and should also answer how they deal with them. The focus was on the relationship between Graz and the foreign affiliate, however, participants were also asked to give input about experience with other countries. (Figure 6)

The open answer analysis differs a lot in length. We can not conclude that affiliates with a short answer have fewer problems. The length depends rather on the attitude and knowledge of the interview partner answering the questions.

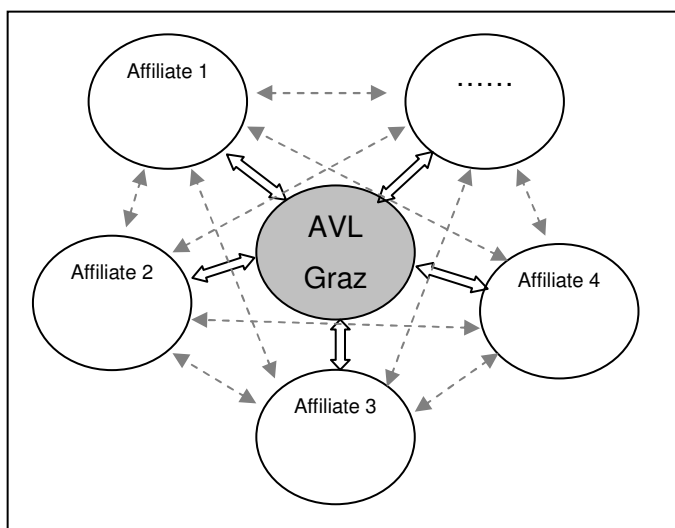


Figure 6: Communication & Collaboration Pattern

2.2.1 Obtaining Social, Legal and Economic Risks

The current state analysis was done with 28 closed questions. They were categorized in objectives (A), leadership (B), employees(C), recourses & information/communication (D), process(E), customer satisfaction(F), employee satisfaction (G), adaption & respect of culture (H), and claim management & contract differences (I). Categories A to G were inspired by the “Project Excellence Model”⁷ concept Categories H and I were added in order to get a better picture of legal and social risks. Those 28 questions should lead to a social, legal and economic risks analysis (Figure 5 & Figure 7).

⁷ cf. Project Management Austria (PMA) (2009), P. 6 (German)

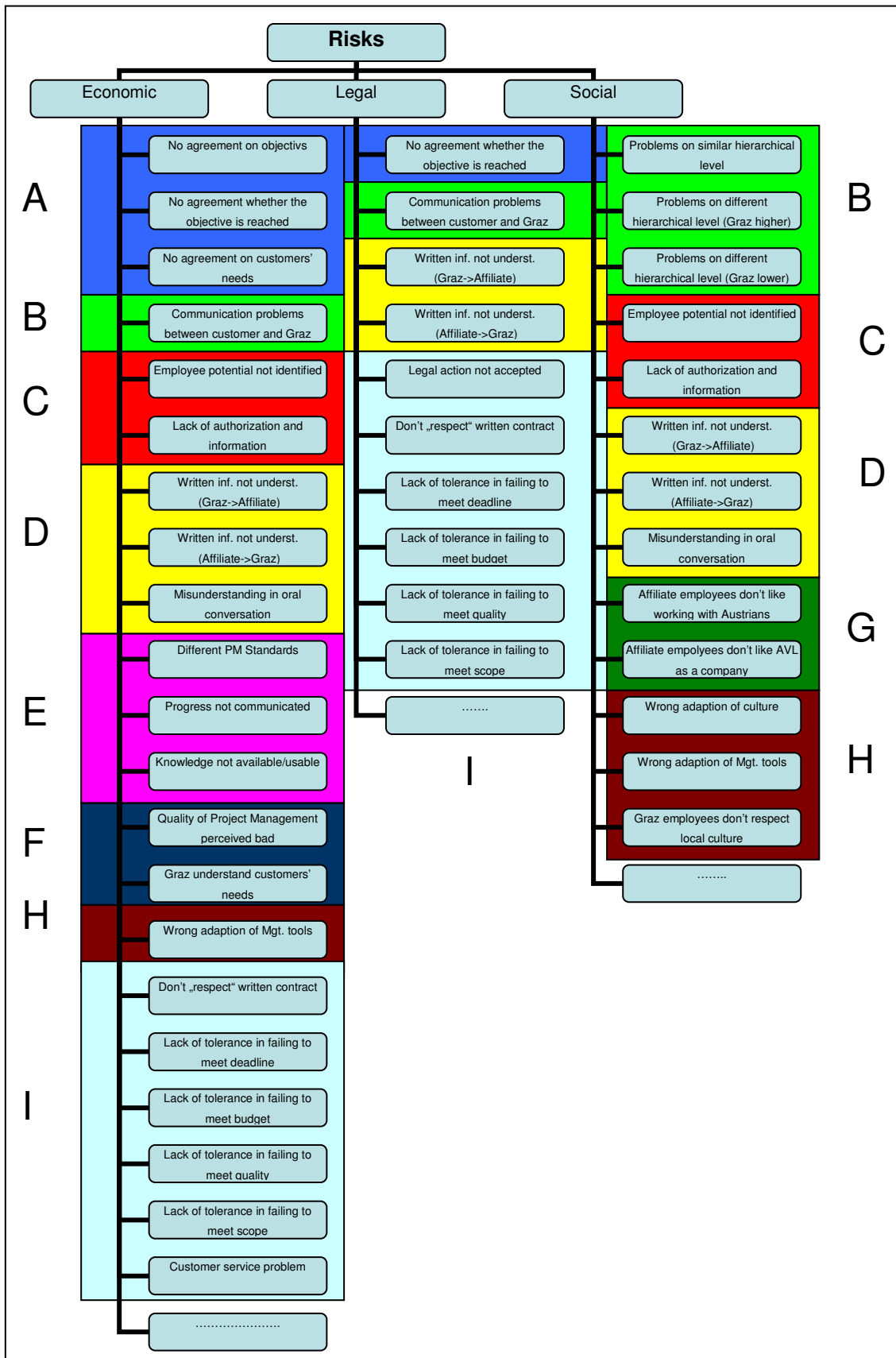


Figure 7: Obtaining Social, Legal and Economic Risks

2.2.2 Problems of the Questionnaire

During the interviews few shortcomings were identified.

- Sometimes, if the customer is a subsidiary of a foreign company, we have the problem that three cultures are clashing at each other. This was not taken into account when designing the questionnaire. (e.g. Toyota as customer in Thailand)
- Second, the diversity of customers was not taken enough into consideration. (e.g. automobile plant behaves different than universities)
- There were sometimes difficulties in getting a concrete answer to the closed questions due to, as it was explained, big range. (e.g. “I would give a two for young employees and a three for older ones”)

2.3 Closed Questions

Answers to the interview questions from 1 (no problem) to 4 (big problem) are obtained.

2.3.1 Limits of Result

The result of the closed questions has due to several reasons limited statistical significance. However, due to the restricted time for interviews and, sometimes, limited availability of suitable employees the number of samples is limited as well.

However, plausibility was checked with relevant literature.

2.3.2 Cluster

Three comparisons with different clusters were done.

The first one, Asia vs. Europe vs. Americas, is geographic. In order to find out about variations because of differences in development two clusters, High- vs. Low Development, were defined. The third comparison was done with the intention of finding variations due to cultural differences.

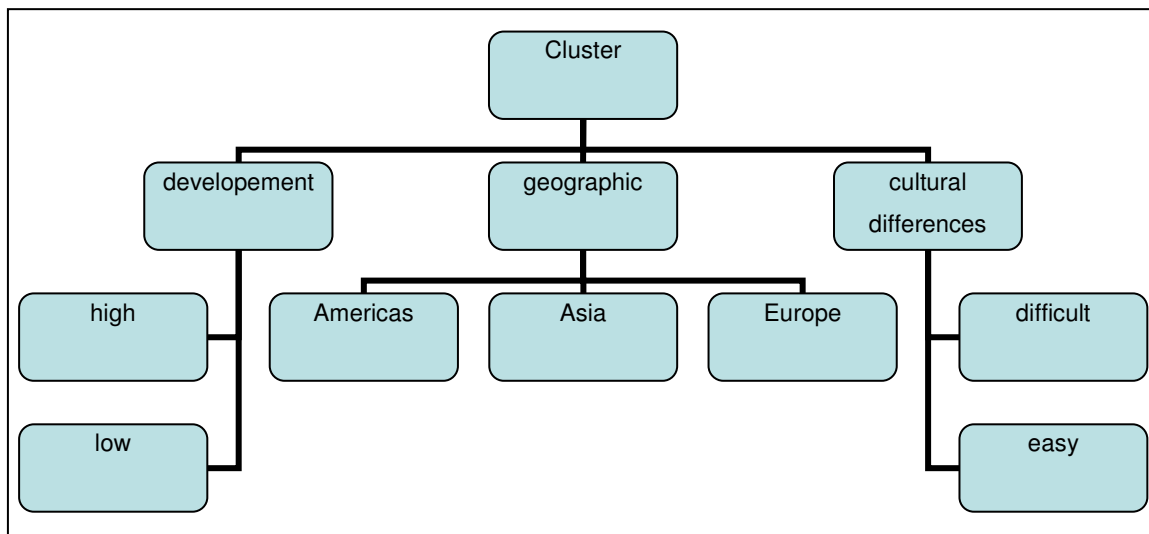


Figure 8: Clusters

Asia vs. Europe vs. Americas

This comparison should identify if there is a difference between Asia, Europe and America in general or in certain areas. Turkey is, in this comparison, part of Asia. Moskau is, in this comparison, part of Europe. Americas consists of the affiliates North America and South America. (Figure 2)

The following big differences were found:

- Communication between Austrians and local customers is worst in Asia and America
- American affiliates have the biggest problems when dealing with Austrians on a similar hierarchical level
- American affiliates state most that their potential is not identified well
- Especially Asians have problems with the lack of authorization and information
- Americans like working with Austrians least
- Legal actions are least accepted in America
- The smallest chance for getting more budget after signing a contract is in Asia

Detailed analysis is in the appendixes.

High- vs. Low Development

Countries were divided according to their HDI. United Nations Development Program (UNDP) is dividing countries in three groups. In this paper, however, just two groups were formed (Figure 9).

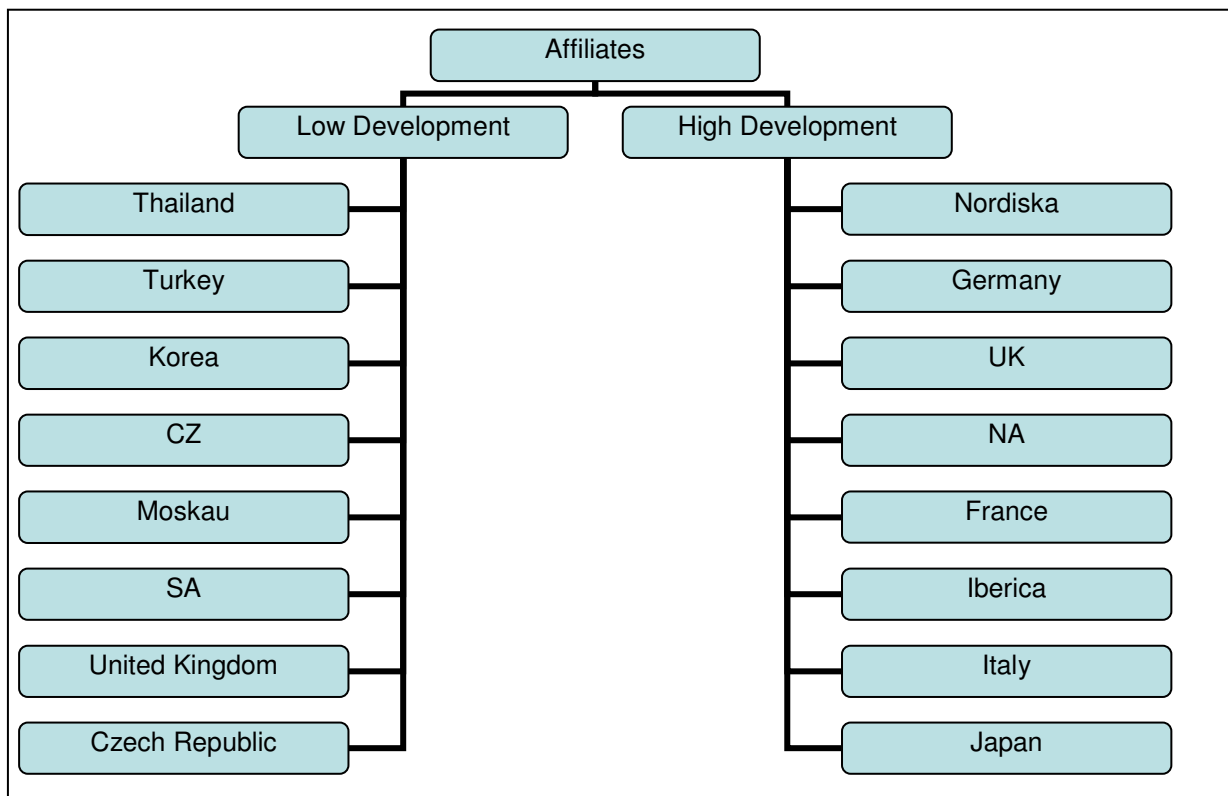


Figure 9: Development Cluster

The following big differences were found:

- Communication between Austrians and local customers is worse in countries with low development
- The lack of authorization and information is perceived as bigger problem in countries with low development
- Quality of project management is perceived worse in countries with low development
- The tolerance to failing to meet the budget is lower in low developed countries
- Higher developed countries have more problems when employees from Austria are on a higher hierarchical level

A detailed analysis is in the appendix.

“Easy” vs. “Difficult” Countries

Geert Hofstede proposed that countries with a high power distance indicator (PDI) are more difficult to manage than those with a low PDI. In addition to that are differences in uncertainty avoidance (UAI) even more difficult to deal with.⁸

⁸ cf. Hofstede (2005), P. 402

affiliates were ranked according to

$$\text{Difficulty} = \text{PDI} + 3 \cdot \left| \text{UAI}_{\text{Austria}} - \text{UAI}_{\text{Affiliate}} \right| \quad (\text{Figure 10}):$$

Austria's UAI is 70. Therefore the UAI difference is never bigger than 41 among AVL countries. Since the highest PDI among AVL countries is 82 we need a factor bigger than 2 in order to fulfill Hofstede's requirement to weight UAI difference higher than PDI. Factor 3 was chosen, however, any factor bigger than 2 can lead to clusters rating countries by their difficulty.

The following differences were found:

- "Difficult" countries feel more that management tools are adapted wrong
- "Difficult" countries have less tolerance if we fail to meet the scope
- "Difficult" countries feel more that Austrian employees don't respect their local culture

A detailed analysis is in the appendix.

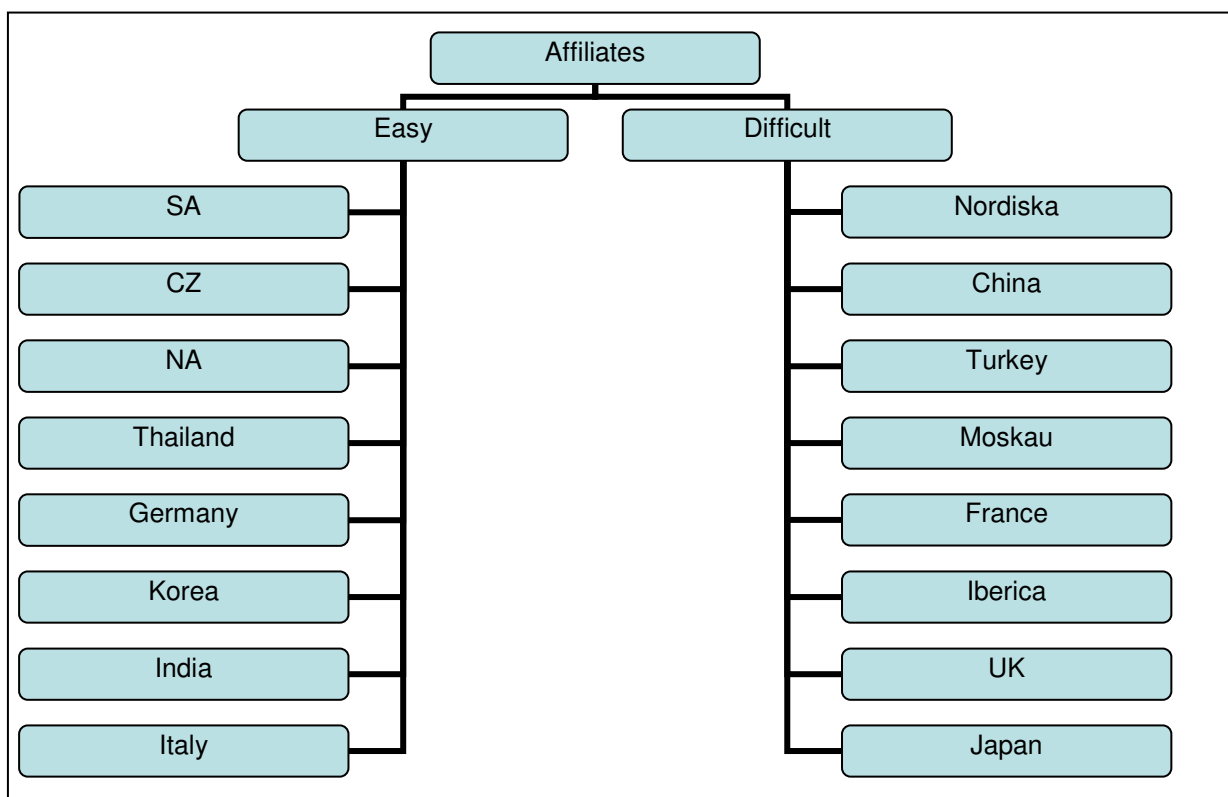


Figure 10: Difficulty Cluster

2.3.3 Extraordinary Results

Small Problems

Most interview partners identified the following problems as small:

- Working with an Austrian employee if he is on a different hierarchical level or age
- Reading written information from Austrian employees
- Differences in project management education

Big Problems

Most interview partners identified the following problems as big:

- Failing to meet the quality agreed on
- Failing to meet the budget agreed on
- Solving problems with legal actions

2.4 Open Questions

In addition to closed questions open questions had to be answered as well. What they see as the source of the problems and how they deal with them should be obtained.

2.4.1 General Problems

Some issues were mentioned frequently.

- Employees from Graz don't understand what local customers really want.
- Many affiliates claim that the affection and presence of project management staff at customers site is not enough for their local customers
- AVL Graz was frequently described as strict, rigid and inflexible in the way they do projects. Therefore they are not able to meet, the often changing, customers needs
- Direct communication between customers and Austrians is rare and difficult due to language and cultural differences. The affiliate has to act as a filter, buffer or translator.
- Almost all interviewees mentioned that Graz is too slow with responses.
- There was often the opinion that efficiency and effectiveness is not so good because of the lack of social contact between staff at affiliates and Graz.

- Especially in not so developed countries employees are underestimated by Austrians. In addition to that, Austrian staff is, even if they are not on a higher hierarchical level, perceived as superior.
- It was hard to draw a conclusion whether AVL is offering a “perspective” and possibility to “grow” for employees. Some feel stranded in a small affiliate without chance of promotion. Others see AVL as a company which is offering good education, global opportunities and high-end products.

2.4.2 Affiliate Analysis

Graz

16 affiliates gave input on how they see the collaboration with Graz. In order to get another point of view one Austrian employee was asked as well. The interview partner mentioned several issues.

Some affiliates claim that they want to help improving AVL products but it makes often the impression that they just want to pass on costs to Graz.

Another concern is that several affiliates want more recourse but don't communicate that directly. The request for those recourses is rather implicit done, in a way not easy to understand for Austrians. In other words, there are misunderstandings due to indirect communication.

Occasionally claims of customers have hidden goals and it sometimes makes the impression that the customer doesn't know much about the problem.

Sometimes requests and reports are written in a rather aggressive and destructive way.

It happens that prejudices about some country are carried over to customers and affiliate employees.

Some customers, especially in China, don't really know what they want and also need to be explained how a project is done.

Mostly Asians have problems in adapting management tools and techniques given by Austrians.

Especially Asia got a lot of interpretation margin when dealing with written contracts.

Iberica

The interview partner identified several risks. Some of those risks were unique to Iberica but most of them at least similar to those in many other affiliates.

When dealing with customers several problems were mentioned. He was claiming that most of them were due to language and cultural misunderstandings. In addition to that Austrians are perceived as rather strict and rigid, not able to adapt flexible. As remedy they use the local affiliate as a “cultural translator”.

It happens that issues arise due to unclear limits and responsibilities in the matrix organization.⁹ Furthermore, he was unsatisfied with the response time of employees in Graz dealing with customers’ errors and information inquiries. Another problem is the identification of responsible employees, for solving problems, in Graz.

Even though cultural adaption works usually fine, he claimed, if issues arise they have to be solved in the Austrian way.

Similar to many other affiliates, there is little tolerance to budget, deadline, quality and scope changes.

Problems when dealing with Latin American customers are due to their “relaxed life”, bureaucracy, useless meetings and high hierarchy. This is truer for Mexico than for Brazil.

Korea

My interview partner from the affiliate in Seoul claims that Korean customers want more affection from a supplier. In addition to that, customers in Korea don’t like that Austrian engineers are just focusing on their specific problem and don’t want do additional things they are not assigned to. Furthermore problems arise due to languages misunderstandings.

There are problems because of general communication problems. In addition to that issues arise because Koreans are too humble when talking to foreigners.

Korean customers are very sensitive if AVL is not able to meet the budget agreed on. He is seeing problems when dealing with 8D (Eight Disciplines Problem Solving) reports because the answers are usually too late and often not satisfying. In addition to that he suspects that the information in the reports is not used properly.

UK

Customers usually have a clear idea about their project goals, however, sometimes problems because of unrealistic targets occur. Further on, language differences make it sometimes difficult to deal with customers.

⁹ This is also discussed later in the chapter about „Management Implications“

Minor problems when dealing with British employees were identified when communicating by writing.

Generating reports with tools from Graz is causing sometimes problems because of national differences in standards and law.

As many other affiliates, the interview partner from UK also claims that help and feedback from Graz is too slow.

South America (SA)

The discussion partner mentioned that there is a big lack of understanding the SA customers' needs by employees in Graz. He also claims that local customers don't trust remote organizations, like AVL Graz, as much as local ones. There are few problems with agreeing on technical details, however, issues arise due to different understandings about duties of project managers and the way how a project should be done. Austrians are perceived as very strict and exact, local customers are more demanding and flexible. Some customers feel uncomfortable dealing with foreigners and might give promises they will withdraw later. A customer in SA might suspect mistrustfulness if he has to sign too many papers in addition to a general contract.

Problems, if employees from Graz and SA from a similar hierarchical level, work together may happen due to a competitive mood. He also thinks that SA employees' potential is usually underestimated because Brazil is a poor country and some employees' basic education is not the same as in Austria, however, they are good technicians. This is especially for the first contact a problem. One reason for many problems is, in his opinion, a lack of social contact. This was, by the way, mentioned by many of the affiliates.

In his view, the relationship with SA customers and German employees is not good at all. Moreover, employees from the USA are not that suitable for SA customers but are very helpful for North American customers in SA. Spanish employees understand SA customers best.

Thailand

The interview was done in German. There is sometimes a difference between the solution the customer wants and what employees from Graz recommend. As many other affiliates, customers complain that employees from Graz don't accompany the project close enough. In contrary to most other affiliates, there is often an agreement on the objective of a project at the beginning, however, technical and organizational problems arise usually later. Thai customers avoid communication with the headquarters in Graz due to differences in time, language and culture.

Austrian employees are, even if they are on the same hierarchical level, put higher than the Thai. If the Austrian employee is on a lower level than the Thai he is rather loyal to his superior in Graz than to his, higher level, colleague in Thailand. Often Thai employees are underestimated due to their humbleness.

He mentioned that his affiliate should work closer to Graz, and in contrary to many other affiliates, he thinks that less authorization in technical issues would be helpful.¹⁰

The reason for the bad knowledge transfer is, in his opinion, the bad training for new employees and the ambition of young Thais get promoted.

Some local employees get the feeling that just Europeans can reach the high management jobs. The reason for that is that the managing director and quality manager are Austrians. Furthermore, most jobs are related to order fulfillment and customers' service.

Respect and adaption of culture works, according to the interview partner, best with young employees and high managers. Social contact and cultural exchange should be emphasized.

He is seeing big problems with German employees because of their self-assertive behavior.

Germany

The result of the interview was in general very good. View problems were identified. However, he sees problems with customers who have an affiliate in Germany and Austria. They try to take advantage of both, Graz and Germany.

He claims that changes in software, which has to be used in Austria and Germany, is sometimes changed without consulting with the affiliate. Furthermore, processes are changed without letting the affiliate know.

As many others, he mentioned that Graz is too slow with giving feedback.

In his opinion some project leaders get a bad evaluation because employees in Graz have a bad availability.

Customer service takes too long as well.

Turkey

Turkey can not really be seen as an affiliate, it is just an office directly reporting to Graz.

There are small problems finding common objectives in project management because Turkish customers have a different perception of how a project manager should work. In addition to that customers and employees from Graz have some communication issues due to language and cultural differences. Local customers perceive, as many other affiliates, Graz as strict and rigid. The interview partner also claims that project management is too bureaucratic and defined processes are not the real world. Problems occur when local customers are blamed for being responsible for errors.

North America (NA)

The interview partner explained that there are few interactions with Graz because they have most experts locally.

If they have to work together problems with agreeing on technical details might come up. In case two employees, on a similar hierarchical level or age, have to work together troubles occur sometimes due to the fact that both of them want to be in charge. Another case, when the employee from Graz is on a higher level than his colleague from NA, might cause problems because the one from Graz doesn't respect the local affiliate and is valuing the organizations chain too much. A small problem is that NA workers are sometimes underestimated. The discussion partner's opinion is that troubles might arise for the reason that there is sometimes competition between NA products and products from Europe.

Usually NA customers respect the staff from Graz. However, they have difficulties dealing with them if they start to blame customers for problems. Communication of project progress is good for big projects but rather bad for small ones. As most countries, NA customers are not satisfied with the time, AVL staff is present on site.

The affiliate finds it difficult to work with the Business Unit Emission which is located in Germany.

¹⁰ This is hard to understand for Austrians. For understanding this point the validity of Herzberg's Motivation Theory and the validity of MBO, discussed later in this Thesis, may help.

Czech Republic (Moravia)

The interview was done in German. The interview partner explained that AVL Moravia has to be seen as producer and Graz as customer. Therefore not all questions were appropriate for Moravia.

Sometimes there are problems finding common objectives when it comes to deadlines and documentation of projects. Employees have sometimes problems if Austrians don't speak appropriate German.

It was explained that there were problems with lack of authorization and information in the past. Another point that improved a lot, in his opinion, is the respect from Austrians towards Czech employees.

He identified a problem with the communication of customers' satisfaction. The result is forwarded as a number without a reason for the rating. In case the customer is not satisfied the Czech affiliate doesn't know why.

A problem with other affiliates, the Czech manager mentioned, is that the Korean affiliate escalates small problems.

Nordiska

Problems with finding common objectives are just organizational not technical. However, there are technical problems dealing with customers due to requirements that differ from AVL standards.

Differences in hierarchy were identified.¹¹ Also the fact that Austrians call each other with Mr. and Ms. and their last name is perceived as weird by Swedes. Due to the small size of AVL Nordiska some employees feel that there is a deficiency in career opportunities. A lack of social contact with employees from Graz is mentioned as well.

He is seeing lack of authority because a project manager can just choose among a very limited pool of employees for fulfilling the project.

There is also a problem with the timing of getting information as well as with differences in version. The information needed from Graz about the progress of a project, is sometimes perceived as useless and unnecessary. In addition to that he sees a problem with making the knowledge and experience of previous projects available.

¹¹ Some authors (e.g. Hofstede) write that Sweden has a higher power distance than Austria. This would lead to that individual subordinates do not want to participate in the leader's decision and expect to be told what to do. However, business guides don't agree on that.

There are, like in many affiliates, problems with the reports from AVL tools due to differences in currency and accounting.

Another problem, again similar to many other affiliates, is that AVL is perceived as too slow in responding to errors and problems of customers.

The relationship with Germans is perceived as difficult.

France

In contrary to many other interview partners the French employee identified more problems within AVL global and fewer problems with French customers.

One organizational problem he identified is the split of Measurement & Instrumentation (M), Emission Test Systems (E), Powertrain Test Systems (P) and Global Customer Service (S). In his opinion they should be merged in order to focus on the whole customer's project.

Other main concerns of him are the conflict within the affiliates of AVL and also the conflicts with the headquarters. He also claims that affiliates get rewarded according to their financial result rather than according to their contribution to a global success of AVL. Therefore, he thinks, AVL is rather a network of many companies than one big company. He confirmed this statement with the point that there is no understanding of a common strategy and claims that every affiliate is just working for their own objectives. In addition to that is AVL Graz in some way too dominant but can't make decisions fast enough. Furthermore, he claims that AVL Graz, on one hand, expects the affiliates to act like an entrepreneur but on the other hand does not allow making decisions by themselves.

There was criticism on the ethnocentric view of Graz because they want to do business in France in the Austrian way.

Language difficulties and lack of acknowledgement of mistakes have a negative effect on social relationships within AVL.

Another issue is, in his opinion that many misunderstandings exist because employees in Graz understand what they want to understand. In addition to that he identified different project management standards as reason for communicant troubles. Furthermore software, management tools and techniques are dictated by Graz. As in most affiliates, France would expect immense problems in case of legal actions and also expects little tolerance from their customers if AVL would fail to deliver high quality.

Employee satisfaction is limited due to little chance for a career within AVL France. However AVL is also seen as a company which is offering good education and has a good reputation as well.

There is often a problem in satisfying the customers' needs. AVL Graz doesn't understand that their high-end products are not always suitable for local customers needs.

Customers realized that service requests going through the affiliate in France are very slow due to the unhurried response of the headquarters in Graz. Therefore contact the Austrian employees directly. In addition to that it is difficult to find the responsible person for resolving the customers' issue.

Moskau

The interview was done in German. It was explained that AVL is rather small in Russia.

The interview partner explained that language is often a problem. This is true for the communication between Russian employees and Austrians as well as for communication between Russian customers and Austrians. In addition to that troubles occur due to the fact that local staff is rather submissive and demands a, compared to Austria, rather strict and authoritarian leadership. Furthermore it is difficult to find a compromise between creativity supporting and private interest preventing management style. Misunderstandings arise sometimes due to "bloomy" language of the Russians. On the other hand local employees have problems with overuse of abbreviations and the ethnocentric view of Austrians.

A threat is the high fluctuation of employees.

A small problem is that Russia has, due to its business size, a rather small priority for AVL globally.

Local customers see, as many others, Austrians too strict and don't understand why their project doesn't get more affection.

Flexibility is limited due to firm customs regulations in Russia.

Interesting is, according to the employee in Moscow, that AVL is doing more for their customers than their competitors are doing. However, the affiliate in Moscow doesn't have the feeling that they receive rewards for it.

India

The situation was described as pretty good, however, the interview partner identified some problems.

It was mentioned that issues might arise due to lack of definition what part should be done by Graz or India. In communicating the progress of projects minor problems happen because of the delayed update of the system. There were, recently, problems because of the learning process of the globally standardized AVL processes. Information and authorization are frequently lacking.

Indian employees perceive Austrians, even if they are on a similar level, as their superior. In addition to that, employees from a more developed country tend to underestimate local staff. Furthermore minor troubles come up due to Indian accent and speed of talking. Moreover, Austrians have a tendency to translate German terms into English. There is also the opinion that local Indian employees don't receive the right training all the time.

When dealing with customers Austrians struggle with language problems. Customers also tend to complain about late delivery, problems with commissioning, bad documentation and additional costs for their training. Even though it happens rarely, Indian customers can deal with legal action and would mostly not refuse further business with AVL. Customers' service is in India, as in many other countries, perceived as too slow and too remote.

The Indian employee criticized the cooperation with the affiliate in Italy for not being able to add value to Indian customers.

China

The interview questions were answered, in contrary to other interviews, from three employees.

There were some difficulties in finding appropriate answers to closed questions because they claimed that there is often a big range.

It was identified that, especially new Austrian project manager do have problems with finding a common objective with Chinese AVL staff. They mentioned as well that sometimes the lack of communication, when an Austrian is in China, is causing troubles. Another issue is that Chinese are occasionally underestimated by their skills and potential. Sometimes a lack of information is hindering efficient work as well as improvable knowledge transfer to newcomers. A difference is the perception of AVL by employees: Young ones perceive it better than old ones.

Local customers have problems dealing with the rigid AVL way of doing projects. They also have frequently, especially inexperienced ones, problems with specifying their needs. Another issue is that communication between Austrian staff and Chinese customers is rare and often difficult due to language and cultural differences. Some customers experience a “shock” because they overestimate AVL, a company from a very high developed country with good reputation, at the beginning and don't expect any problems. As in many affiliates, the Chinese employees mentioned that the response from Graz, in project communication as well as in customers' service, is too slow. Also similar to other, mostly not so developed, countries is that they expect a closer support from AVL when doing projects. Interesting was that, in their opinion, the tolerance to deadlines, quality and scope depends a lot on the relationship to customers.

Japan

The interview questions were answered, in contrary to other interviews, from two employees.

Often problems arise because of technical and organizational reasons. Sometimes, as they mentioned, the schedule is not clear. Especially young and inexperienced employees feel pressure because of too fast English conversation, particularly on the telephone. Furthermore, they are shy and not communicative when they don't know each other well. There is as well a minor problem with underestimating Japanese staffs potential.

They claimed that the knowledge transfer from previous project is not working well because of the lack of time and the absence of a standardized system. There is, in their opinion, also too little time to educate new employees.

When dealing with customers one needs to be aware that there is a big diversity in experience when dealing with foreigners. Misunderstandings come up because of the indirect and not straight forward communication of Japanese customers.

Local customers usually feel a need for more detailed technical information. They also don't like that Austrians just fix a problem and don't search for the root cause.

Japanese companies tend to blame the supplier for the whole faults, even if it is just partly theirs. As often mentioned, AVL is perceived as too slow in response to customers errors. Legal actions are not accepted.

No problems with other countries could be recalled by the interview partners.

Italy

Minor problems with understanding the local market and customers were identified. In case the local customer got high budget AVL may ask for more money in case AVL can't meet the budget agreed on.

Misunderstandings occur because of differences in culture and language. Especially attitude to work is causing problems. Communication on the telephone is described as difficult with Austrians.

A lack of technical information is influencing the performance badly. Information standardization, for example in data bases, is not good in the interview partners' opinion. In addition to that a need for more face-to-face meetings is required.

Italians' have problems when dealing with Chinese employees.

2.5 Summary

Interviews with 16 affiliates and the headquarters in Graz were done in order to get an impression of the current state of the multicultural project management of AVL.

Interviews conducted with AVL managers in different affiliates were pointing out several problems and risks. Geographic clusters show that Asia seems to be the continent with the highest risks and most problems. The least problems may be expected in Europe. Americas is average. In general, more developed countries cause less problems and risks. There are cultures which are, due to cultural differences, more difficult to deal with. This was also confirmed by the results of the interviews.

Legal, economic, and social risks were investigated. Legal risks are the highest. Social risk are the lowest and economic risks are somewhere in between. The biggest problems are seen in France. Also China, Thailand and Japan perceive many issues. UK and Germany seems to have the least problems.

It was also pointed out that affiliate staff is seeing themselves as a buffer or cultural translator to the customers. Austrians are described as strict and rigid. AVL Graz's response to customers' problems is perceived as too slow. A lack of affection to local customers was mentioned as well.

3 Affiliate Comparison

AVL has approximately half of its employees located outside Austria and is making most of its revenue abroad as well. Therefore dealing appropriate with foreign affiliates and customers is essential.

AVL is doing business globally. However, a big part of employees, especially senior managers, are from German speaking areas or at least educated in western countries. This fact poses the threat to ethnocentric management practices. In reality management and organizing is culturally dependent.¹²

Due to the experience, mostly in Austria and Germany, successful events in our own culture are more available in our memory than those in foreign cultures. This is causing overestimation of our own culture.¹³ In reality, however, there is no superior culture. During the fast economic growth of East Asian countries, for example, the long-term-orientation of Korea, Japan, Thailand and China was thought to be evident for success. It was, or still is, a popular opinion that high individualism, like in North America, is connected to national wealth.

Furthermore, organizational culture doesn't erase or diminish national culture. All employees, including senior manager, bring their cultural background to their workplace.¹⁴ The essential part of culture is not visible on the surface.¹⁵ These deeper layers of cultures are changing very slowly and are resistant to changing forces.¹⁶ Therefore, it is important to focus on a deeper layer to understanding of cultures. (Figure 11)

Consequently, this part will focus on how to deal with affiliates by understanding a deeper background of the local culture as well as questioning common management approaches for certain cultures.

Culture may be seen at different levels of depth. Hofstede (Figure 11), and Trompenaars with a similar model, introduced an onion model. It was the intention to cover all layers, with the center of attention on the deeper ones, of the onion.

¹² cf. Hofstede (1983), P. 88f

¹³ cf. Kahneman/Slovic/Tversky (2005), P. 163ff

¹⁴ cf. Adler (2002) P. 67

¹⁵ cf. Trompenaars/Hampden-Turner (1997), P. 3

¹⁶ cf. Hofstede (2005), P. 36

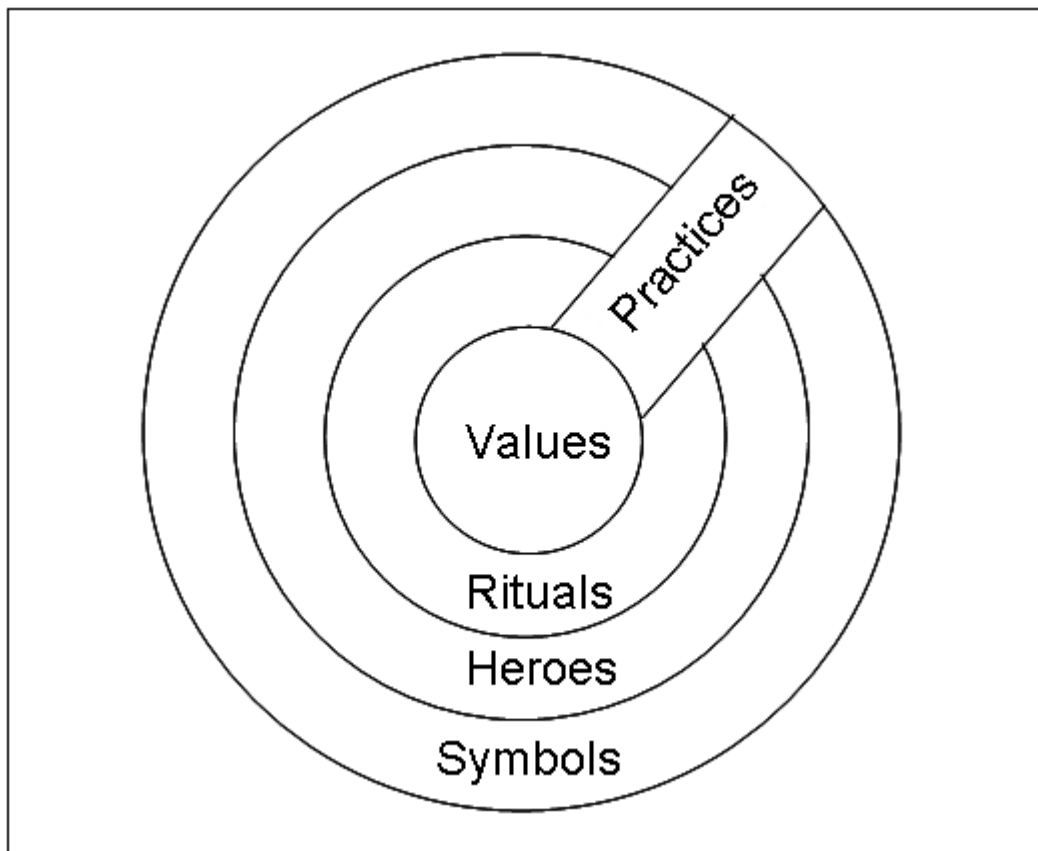


Figure 11: Hofstede Onion¹⁷

Hofstede's dimensions, used in this chapter, just focus on the core values. It is not easy to define on which layer Trompenaars dimensions are. However, they are also rather in the center of the onion. The Globe study, used to investigate appropriate leadership styles, is covering values and practices. Lewis model was used to cover the interaction types. Indices were used to get an insight in the countries competitiveness, education, corruption and development. Furthermore, business guides, language and religion are covered as well.

Affiliate countries are analyzed in comparison to Austria.

Some of the sources cover all countries where AVL affiliates are located in. Others compare cultural or geographical clusters. There are also papers which are just comparing few countries.

3.1.1 Hofstede's Dimensions and their impact on business and workplace

Hofstede was investigating nation's values by 5 dimensions. It is one of the most famous researches on this topic.

¹⁷ Hofstede (2005), P. 7

The dimensions:

- power distance,
- individualism,
- masculinity,
- uncertainty avoidance
- long-term-orientation

are defined and AVL relevant recommendations for countries rated low or high are given. General advantages for those rated high in certain dimensions are pointed out. In order to be able to use them for the guidelines all affiliate countries are compared to Austria.

Finally countries are clustered according to their preferred configuration of organization and cultural dependent leadership goals are compared.

Power Distance (PDI)

Hofstede defines power distance as *“the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.”*¹⁸

Hierarchy is the organization of people at different ranks in an administrative body.¹⁹ Therefore hierarchy may differ in different organizations in the same country and should not be confused with PDI. However, hierarchy is influenced by power distance.

Small power distance	Large power distance
Hierarchy in organizations means an inequality of roles, established for convenience	Hierarchy in organization reflects existential inequality between higher and lower levels
Decentralization is popular	Centralization is popular
There are fewer supervisory personnel	There are more supervisory personnel

Table 1: Key differences between small- and large-power-distance societies: The workplace (1/2)²⁰

¹⁸ Hofstede (2005), P. 402

¹⁹ WordNet Search - 3.0 (2010)

²⁰ Hofstede (2005), P. 59

Small power distance	Large power distance
Managers rely on their own experience and on subordinates	Managers rely on superiors and on formal rules
Subordinates expect to be consulted	Subordinates expect to be told what to do
The ideal boss is a resourceful democrat	The ideal boss is a benevolent autocrat, or a "good father"
Subordinates-superior relations are pragmatic	Subordinates-superior relations are emotional
Privileges and status symbols are frowned upon	Privileges and status symbols are normal and popular
Manual work has the same status as office work	White-collar jobs are valued more than blue-collar jobs
There is a narrow salary range between the top and bottom of the organization	There is a wide salary range between the top and bottom of the organization

Table 2: Key differences between small- and large-power-distance societies: The workplace (2/2)²¹

Individualism (IDV)

Hofstede defines: *"Individualism stands for a society in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family only."* The opposite is collectivism.²²

Therefore societies can be individualistic or collectivist. This collectivism doesn't have any connection to political collectivism. It refers to the power of the group. A group is the source of ones identity in a collectivistic society.

²¹ Hofstede (2005), P. 59

²² Hofstede (2005), P. 401

Collectivist	Individualist
Occupational mobility is lower	Occupational mobility is higher
Employees are members of in-groups who will pursue their in-group's interest	Employees are "economic men" who will pursue the employer's interest if it coincides with their self-interest
Hiring and promotion decisions take an employee's in-group into account	Hiring and promotion decisions are supposed to be based on skills and rules only
The employer-employee relationship is basically moral, like a family link	The employer-employee relationship is a contract between parties on a labor market only
Management is management of groups	Management is management of individuals
Direct appraisal of subordinates spoils harmony	Management training teaches the honest sharing of feelings
In-group customers get better treatment (Particularism)	Every customer should get the same treatment (Universalism)
Relationship prevails over task	Task prevails over relationship

Table 3: Key differences between collectivist and individualist societies: The Work place²³

Masculinity (MAS)

Hofstede defines: *"Masculinity stands for a society in which emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; woman are supposed to be more modest, tender, and concerned with the quality of life."*²⁴

This should not be confused with a biological distinction. A man in a feminine society may also be more feminine than a woman in a masculine society. Therefore masculine people/societies are those who represent typical male (assertive, competitive...) traits.

²³ Hofstede (2005), P. 104

²⁴ Hofstede (2005), P. 402

Feminine	Masculine
Management as ménage: intuition and consensus	Management as ménage: decisive and aggressive
Resolution of conflicts by compromise and negotiation	Resolution of conflicts by letting the strongest win
Rewards are based on equality	Rewards are based on equity
Preference for smaller organizations	Preference for larger organizations
People work in order to live	People live in order to work
More leisure time is preferred over more money	More money is preferred over more leisure time
Careers are optional for both genders	Careers are compulsory for men, optional for women
There is a higher share of working women in professional jobs	There is a lower share of working women in professional jobs
Competitive agriculture and service industry	Competitive manufacturing and bulk chemistry

Table 4: Key differences between feminine and masculine societies: The workplace²⁵

Uncertainty Avoidance (UAI)

Hofstede defines uncertainty avoidance as *“the extent to which members of a culture feel threatened by ambiguous or unknown situations.”*²⁶

It measures the tolerance or intolerance of ambiguity in certain countries. People from a high UAI society avoid ambiguity. This should not be confused with avoiding risks.

²⁵ Hofstede (2005), P. 147

²⁶ Hofstede (2005), P. 403

Weak uncertainty avoidance	Strong uncertainty avoidance
More changes of employer, shorter service	Fewer changes of employer, longer services
There should be no more rules than strictly necessary	There is an emotional need for rules, even if these will not work
Hard-working only when needed	There is an emotional need to be busy and an inner urge to work hard
Time is a framework for orientation	Time is money
There is tolerance for ambiguity and chaos	There is a need for precision and formalization
Belief in generalists and common sense	Belief in experts and technical solutions
Top managers are concerned with strategy	Top managers are concerned with daily operations
More new trademarks	Fewer new trade marks
Focus on decision process	Focus on decision content
Intrapreneurs are relatively free from rules	Intrapreneurs are constrained by existing rules
There are fewer self employed people	There are more self employed people
Better at innovation, worse at implementation	Worse at invention, better at implementation
Motivation by achievement and esteem or belonging	Motivation by security and esteem or belonging

Table 5: Key differences between weak and strong uncertainty avoidance societies: The workplace, organization and motivation²⁷

Long-Term Orientation (LTO)

Long-term orientation was originally called Confucian work dynamism. Hofstede defines: *“Long-term orientation stands for the fostering of virtues oriented toward future rewards, in particular perseverance and thrift.”*²⁸ In Long-Term oriented

²⁷ Hofstede (2005), P. 189

²⁸ Hofstede (2005), P. 401

societies people don't value traditions high. Quick results are not important as well. Social pressure for spending is also less. Especially East Asian countries are very long term oriented.

Short-term orientation	Long-term orientation
Main work values include freedom, rights, achievement, and thinking for oneself	Main work values include learning, honesty, adaptiveness, accountability, and self-discipline
Leisure time is important	Leisure time is not important
Focus on bottom line	Focus on market position
Importance of this year's profit	Importance of profits 10 years from now
Managers and workers are psychologically in two camps	Owners-managers and workers share the same aspirations
Meritocracy, reward by ability	Wide social and economic differences are undesirable
Personal loyalties vary with business needs	Investments in lifelong personal networks (guanxi)
There was slow or no economic growth between 1970 and 2000	There was fast economic growth between 1970 and 2000
Small savings quote, little money for investment	Large savings quote, funds available for investment
Investment in mutual funds	Investment in real estate

Table 6: Key differences between short- and long-term orientation societies: Business and Economics²⁹

Competitive Advantage of Different Cultural Profiles in International Competition

As mentioned before, there is no superior culture, however, different cultural dimensions enables countries to be superior in a specific field or challenge.

²⁹ Hofstede (2005), P. 225

Power Distance (small)	Power Distance (big)
Acceptance of responsibility	Discipline
Uncertainty Avoidance (weak)	Uncertainty Avoidance (strong) ³⁰
Basic Innovations	Precision
Collectivism	Individualism
Employee commitment	Management mobility
Feminity	Masculinity
Personal service	Mass production
Custom-made Products	Efficiency
Agriculture	Heavy Industry
Food	Chemistry
Biochemistry	Bulk chemistry
Short-Term Orientation	Long-Term Orientation
Fast adaption	Developing new markets

Table 7: Competitive Advantage of Different Cultural Profiles in International Competition³¹

Affiliate Comparison

Hofstede's 5 dimensions are compared to Austria. A high absolute difference in those dimensions means a high importance of Hofstede's recommendations. The biggest problems and differences can be expected where the percental difference to Austria is the highest. Therefore, especially those dimensions and recommendations are emphasized in the guidelines (chapter 4).

³⁰ cf. Masaaki I. (2002) P. 57, Japan (high UAI) is performing bad in innovation and good in improvement (kaizen)

³¹ Hofstede (2005), P. 345

		PDI	UAI	MAS	IDV	LTO
Difference to Austria [$(Y_{\text{Affiliate}} - Y_{\text{Austria}}) / Y_{\text{Austria}} \times 100$]	Iberica	418%	23%	-47%	-7%	-39%
	Korea	445%	21%	-51%	-67%	142%
	UK	218%	-50%	-16%	62%	-19%
	SA	527%	9%	-38%	-31%	110%
	Thailand	482%	-9%	-57%	-64%	81%
	Germany	218%	-7%	-16%	22%	0%
	Turkey	500%	21%	-43%	-33%	No Data
	NA	264%	-34%	-22%	65%	-6%
	CZ	418%	6%	-28%	5%	-58%
	Nordiska	182%	-59%	-94%	29%	6%
	France	518%	23%	-46%	29%	26%
	Moskau	745%	36%	-54%	-29%	No Data
	India	600%	-43%	-29%	-13%	97%
	China	627%	-57%	-16%	-64%	281%
	Japan	391%	31%	20%	-16%	158%
Italy	355%	7%	-11%	38%	10%	
absolute	Austria	11	70	79	55	31

Table 8: Comparison using Hofstede's Dimensions³²

Five Preferred Configurations of Organizations

Mintzberg's organizational theory and Hofstede's dimensions suggest the following clusters. It gives an insight of how cultures configure and coordinate them. The key part of organizations is also identified.

³² cf. Hofstede (2005)

		Preferred Configuration	Preferred coordinating mechanism	Key part of organization
1	UK, Sweden	Adhocracy	Mutual adjustment of people through informal communication	Support Staff (people in staff roles supplying service)
2	China, India	Simple Structure	Direct Supervision by a hierarchical superior	Strategic apex (the top management)
3	Austria, Italy	Professional bureaucracy	Standardization of skills (specifying the training required to perform the work)	Techno structure (people in staff roles supplying ideas)
4	Brazil, Turkey, Spain, Korea, Russia, Japan, France	Full bureaucracy	Standardizing of work processes (specifying the contents of work)	Techno structure (people in staff roles supplying ideas)
5	Germany, USA, Thailand,	Divisionalized form	Standardization of outputs (specifying the desired result)	Middle line (the hierarchy in between)

Table 9: Five Preferred Configurations of Organizations³³

³³ Mintzberg H. 5 distinctive parts, combined with PDI and UAI Matrix in Hofstede (2005), P 252ff

Relatively most important perceived goals of successful business leaders in seven clusters of countries

In order to understand local leaders one has to understand their goals as well. Six different clusters for seven AVL relevant countries are defined.

Name	Affiliate	Description (importance in this sequence)
"The Executive"	USA	Growth of the business, this year's profits, personal wealth, power, staying within the law, respecting the ethic norms
"The Manager"	UK	This year's profit, staying within the law, responsibility toward employees, continuity of the business, patriotism, national pride, respecting ethic norms
"The Family Manager"	India	Continuity of business, family interests, patriotism, national pride, personal wealth, profits 10 years from now, this year's profits
"The Family Entrepreneur"	SA, Iberica	Family Interests, personal wealth, power, this year's profits, game and gambling spirit, growth of the business
"The Founder"	Germany	Responsibility towards employees, Responsibility towards society, creating something new, game and gambling spirit, continuity of the business, honor, face, reputation
"The Mandarin"	China	Respecting ethical norms, patriotism, national pride, honor, face, reputation, power, responsibility towards society, profits 10 year's from now

Table 10: Relatively most important perceived goals of successful business leaders in different Affiliates³⁴

³⁴ Hofstede/Deusen/Mueller/Charles/The Business Goals Network (2002) in Hofstede (2005), P 260ff

3.1.2 Trompenaars & Hampden-Turner's dimensions and their impact on business and management

In their work cultures are separated by the way people deal with time, nature, and other people. They also separate the way how people deal with other people in five dimensions:

- Universalism vs. Particularism,
- Individualism vs. Communitarianism,
- Affective vs. Neutral,
- Specific vs. Diffuse,
- Status-by-achievement.

Unfortunately not for all AVL relevant countries is data available. Therefore just universalism vs. particularism, affective vs. neutral, specific vs. diffuse, and controlling nature dimensions are covered. Tips for doing business and manage/being managed in those countries are covered in this chapter. In order to be able to use them for the guidelines all affiliate countries are compared to Austria.

Furthermore four cultural clusters:

- Incubator,
- Guided Missile,
- Family and
- Eiffel Tower

are defined and explain how organizations work in those clusters.

Universalism vs. Particularism

It is universalism when rules and procedures apply universally to ensure equity and consistency. On the other hand, particularism is when flexibility is encouraged by adapting to particular situations.³⁵

Before doing business in a country with a big difference in Universalism/Particularism (Table 20) one should bear certain things in mind (Table 11).

³⁵ Trompenaars/Hampden-Turner (1997), P. 44

Universalist (for particularists)	Particularists (for universalists)
Be prepared for “rational”, “professional” arguments and presentations that push for your acquiescence	Be prepared for personal “meandering” or “irrelevancies” that do not seem to be going anywhere
Do not take impersonal “get down to business” attitude as rude	Don’t take personal “get to know you” attitude as small talk
Carefully prepare the legal ground with a lawyer if in doubt	Carefully consider the personal implications for your legal “safeguards”

Table 11: Tips for doing business with universalists and particularists³⁶

Especially manager should be aware of what subordinates expect them to be like. On the other hand it is also essential for subordinates to know what their foreign manager, from a different culture, is like and expects from his/her subordinates.

Universalist (for particularists)	Particularists (for universalists)
Strive for consistency and uniform procedures	Build informal networks and create private understandings
Institute formal ways of changing the way business is conducted	Try to alter informally accustomed patterns of activity
Modify the system so that the system will modify you	Modify relations with you, so that you will modify the system
Signal changes publicly	Pull levers privately
Seek fairness by treating all like cases in the same way	Seek fairness by treating all cases on their special merits

Table 12: When managing and being managed (Universalists and Particularists)³⁷

Individualism vs. Communitarianism

Individualism is encouraging individual freedom and responsibility. Communitarianism is encouraging individuals to work for consensus in the interest of the group.³⁸

³⁶ Trompenaars/Hampden-Turner (1997), P. 48

³⁷ Trompenaars/Hampden-Turner (1997), P. 49

³⁸ cf. Trompenaars/Hampden-Turner (1997), P. 58

Individualism is not compared here since this dimension is similar to individualism according to Hofstede.

Affective vs. Neutral

Trompenaars and Hampden-Turner define: „*In relationships between people, reason and emotion both play a role. Which of these dominates will depend upon whether we are affective, that is we show our emotions, in which case we probably get an emotional response in return, or we are emotionally neutral in our approach.*”³⁹

Before doing business in a country with a big difference in affective/neutral behavior (Table 20) one should bear certain things in mind (Table 13).

Neutrals (for affectives)	Affectives (for neutrals)
Ask for time-outs from meetings and negotiations were you can patch each other up and rest between games of poker with the impassive ones	Do not be put off your stride when they create scenes and get histrionic; take your time-outs for sober reflections and hard assessments
Put as much as you can on paper beforehand	When they are expressing goodwill, respond warmly
Their lack of emotional tone doesn't mean they are disinterested or bored, only that they do not like to show their hand	Their enthusiasm, readiness to agree or vehement disagreement does not mean that they have made up their minds
The entire negotiation is typically focused on the object or proposition being discussed, not so much on you as a person	The entire negotiation is typically focused on you as person, not so much on the object or proposition being discussed

Table 13: Tips for doing business with affective and neutrals⁴⁰

Especially manager should be aware of what subordinates expect them to be like. On the other hand it is also essential for subordinates to know what their foreign manager, from a different culture, is like and expects from his/her subordinates.

³⁹ Trompenaars/Hampden-Turner (1997), P. 69

⁴⁰ Trompenaars/Hampden-Turner (1997), P. 79

Neutrals (for affectives)	Affectives (for neutrals)
Avoid warm, expressive or enthusiastic behavior. These are interpreted as lack of control over your feelings and inconsistent with high status	Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. You are excluding them from „the family“.
If you prepare extensively beforehand, you will find it easier to “stick to the point” that is, neutral topics being discussed.	If you discover whose work, energy and enthusiasm has been invested in which projects, you are more likely to appreciate tenacious positions.
Look for small cues that the person is pleased or angry and amplify their importance.	Tolerate great „surfeits“ of emotionality without getting intimidated or coerced and moderate their importance.

Table 14: When managing and being managed (Neutral and Affective)⁴¹

Specific vs. Diffuse

Trompenaars and Hampden-Turner define:⁴² *„Closely related to whether we show emotions in dealing with other people is the degree to which we engage others in specific areas of life and single levels of personality at the same time.“*

Before doing business in a country with a big difference in specific/diffuse behavior (Table 20) one should bear certain things in mind (Table 15).

⁴¹ Trompenaars/Hampden-Turner (1997), P. 80

⁴² Trompenaars/Hampden-Turner (1997), P. 81

Specific-oriented (for diffuse individuals)	Diffuse-oriented (for specific individuals)
Study the objectives, principles and numerical targets of the specific organization with which you are dealing	Study the history, background and future vision of the diffuse organization with which you expect to do business
Be quick, to the point and efficient	Take time and remember there are many roads to Rome
Structure the meeting with time, intervals and agendas	Let the meeting flow, occasionally nudging its process
Do not use titles or acknowledge skills that are irrelevant to the issue being discussed	Respect a person's title, age, background connections, whatever issue is being discussed

Table 15: Tips for doing business with specific- and diffuse-oriented societies⁴³

Especially manager should be aware of what subordinates expect them to be like. On the other hand it is also essential for subordinates to know what their foreign manager, from a different culture, is like and expects from his/her subordinates.

Specific-oriented (for diffuse individuals)	Diffuse-oriented (for specific individuals)
Management is the realization of objectives and standards with rewards attached	Management is a continuously improving process b which quality improves
Private and business agenda are kept separately from each other	Private and business issues interpenetrate
Conflict of interest are frowned upon	Consider an employee's whole situation before judge him or her

Table 16: When managing and being managed (specific- and diffuse-oriented societies) (1/2)⁴⁴

⁴³ Trompenaars/Hampden-Turner (1997), P. 100

⁴⁴ Trompenaars/Hampden-Turner (1997), P. 101

Specific-oriented (for diffuse individuals)	Diffuse-oriented (for specific individuals)
Clear, precise and detailed instructions are seen as assuring better compliance or allowing employees to dissent in clear terms	Ambiguous and vague instructions are seen as allowing subtle and responsive interpretations through which employees can exercise personal judgment
Begin reports with an executive summary	End reports with a concluding overview

Table 17: When managing and being managed (specific- and diffuse-oriented societies) (2/2) ⁴⁵

Status-by-achievement

Trompenaars and Hampden-Turner define: „While some societies accord status to people on the basis of their achievements, others ascribe it to them by virtue of age, class, gender, education, and so on.“⁴⁶

Austria is a country with rather ascribed status. The reason for that is, in the author's opinion, education and academic titles rather than age, class and gender. There is no data showing why (age, class, gender, education...) a certain society is ascription- or achievement-oriented. Therefore it is not possible to give recommendations for each country.

Past-and Present- oriented vs. future oriented

It considers the relative time horizons of the past, present and future. ⁴⁷

The very interesting dimension dealing with how humans interact with time is due to lack of date not compared as well.

Controlling nature

Trompenaars and Hampden-Turner define:⁴⁸ „*Cultures vary in their approaches to the given environment, between belief that it can be controlled by the individual and belief that the individual must respond to external circumstances.*“

⁴⁵ Trompenaars/Hampden-Turner (1997), P. 101

⁴⁶ Trompenaars/Hampden-Turner (1997), P. 102

⁴⁷ cf. Trompenaars/Hampden-Turner (1997), P. 126

⁴⁸ Trompenaars/Hampden-Turner (1997), P. 154

Before doing business in a country with a big difference in internal/external-control behavior (Table 20) one should bear certain things in mind (Table 18).

Internally controlled (for externals)	Externally controlled (for internals)
Playing „hard ball“ is legitimate to test the resilience of an opponent	Softness, persistence, politeness and long, long patience will get rewards
It is most important to „win your objective“	It is most important to “maintain your relationship”

Table 18: Tips for doing business with internally- and externally controlled societies⁴⁹

Especially manager should be aware of what subordinates expect them to be like. On the other hand it is also essential for subordinates to know what their foreign manager, from a different culture, is like and expects from his/her employees.

Internally controlled (for externals)	Externally controlled (for internals)
Get agreement on and ownership of clear objectives	Achieve congruence among various people’s goals
Make sure that tangible goals are clearly linked to tangible rewards	Try to reinforce the current directions and facilitate the work of employees
Discuss disagreements and conflicts openly; these show that everyone is determined	Give people time and opportunities to work quietly through conflicts; these are distressing
Management-by-Objectives works if everyone is genuinely committed to directing themselves towards hard objectives and if these persist	Management-by-environments works if everyone is genuinely committed to adapting themselves to fit external demands as these shift

Table 19: When managing or being managed in an externally- or internally controlled society⁵⁰

Affiliate Comparison

There is no exact date for comparing those dimensions. However, several surveys make it possible to rate countries approximately. The data is absolute.

⁴⁹ Trompenaars/Hampden-Turner (1997), P. 155

⁵⁰ Trompenaars/Hampden-Turner (1997), P. 156

The biggest problems and differences can be expected were the absolute difference to Austria is the highest. Therefore, especially those dimensions and recommendations are emphasized in the guidelines (chapter 4).

	Universalism vs. Particularism	Affective vs. Neutral	Specific vs. Diffuse	Internal- vs. External control
Iberica	Universalist	Affective	Diffuse	Internal Control
Korea	Particularistic	Neutral	Diffuse	Average
UK	Universalist	Affective	Specific	Average
SA	-	Affective	Diffuse	Internal Control
Thailand	-	Neutral	Diffuse	Average
Germany	Universalist	Neutral	Diffuse(weak)	External Control
Turkey	-	Affective	Diffuse	-
NA	Universalist	Affective	Specific	Internal Control
CZ	-	Affective	-	Internal Control
Nordiska	Universalist	Neutral	Specific	External Control
France	Universalist	Affective	Specific	Internal Control
Moskau	Particularistic	Affective	Diffuse	External Control
India	Particularistic	Neutral	Diffuse	External Control
China	Particularistic	Neutral	Diffuse	External Control
Japan	Average	Neutral	Diffuse	External Control
Italy	Universalist	Affective	Diffuse	Average
Austria	-	Neutral	Diffuse(weak)	Average

Table 20: Comparison using Trompenaars & Hampden-Turner's dimensions⁵¹

3.1.2.1 Corporate images

After measuring the egalitarian-hierarchical and person-task dimension cultures can be clustered in „Incubators“ (fulfillment-oriented culture), „Guided Missiles“ (project oriented culture), „Eiffel Towers“ (role oriented culture), and „Families“ (person-

⁵¹ cf. Trompenaars/Hampden-Turner (1997), P. 35, 37, 39, 70, 88, 93, 96, 143f

oriented cultures).⁵² These clusters differ in the relationship between employees, attitude to authority, way of thinking and learning, attitude to people, way of changing, way of motivating and rewarding, and way of criticism and conflict resolution.

	Family	Eiffel tower	Guided missile	Incubator
Relationship between employees	Diffuse relationships to organic whole to which one is bonded	Specific role in mechanical system of required interactions	Specific tasks in cybernetic system targeted upon shared objectives	Diffuse, spontaneous relationships growing out of shared creative process
Attitude to authority	Status is ascribed to parent figures who are close and powerful	Status is ascribed to superior roles who are distant yet powerful	Status is achieved by project group members who contribute to targeted goal	Status is achieved by individuals exemplifying creativity and growth
Ways of thinking and learning	Intuitive, holistic, lateral and error correcting	Logical, analytic, vertical and rationally efficient	Problem-centered, professional, practical, cross-disciplinary	Process-oriented, creative, ad hoc, inspirational
Attitude to people	Family members	Human resources	Specialist and expert	Co-creators
Ways of changing	"Father" changes course	Change rules and procedures	Shift aim as target moves	Improvise and attune
Ways of motivating and rewarding	Intrinsic satisfaction in being loved and respected. Management by <u>subjectives</u>	Promotion to greater position, larger role. Management by job description	Pay or credit for performance and problems solved. Management by objectives	Participating in the process of creating new realities. Management by enthusiasm
Criticism and conflict resolution	Turn other cheek, save others' faces, do not lose power game	Criticism is accusation of irrational unless there are procedures to arbitrate conflicts	Constructive task-related only, then admit error and correct fast	Must improve creative idea, not negate it

Table 21: Characteristics of the four corporate cultures⁵³

⁵² cf. Trompenaars/Hampden-Turner (1997), P. 159

⁵³ Trompenaars/Hampden-Turner (1997), P. 178

The in Table 21 described incubator cluster is valid for

- Nordiska and
- UK.

North America can be seen as a guided missile.

The Eiffel tower cluster applies to

- Germany,
- Austria and
- France

The corporate image of a family applies for

- Iberica,
- India,
- Korea,
- Japan and
- Italy⁵⁴

3.1.3 Globe Study

Values (the way things should be done) and Practices (the way things are done) are available. Leadership attributes exist as well ; some of them are universal negative or positive, some of them culturally contingent. Six, cultural dependent, leadership dimensions were compared (Charismatic/Value-Based, Team Oriented, Participative, Autonomous, Human-Oriented, and Self-Protective). They are rated from one (inhibits outstanding leadership) to seven (outstanding leadership). In order to be able to use them for the guidelines all affiliate countries are compared to Austria:⁵⁵

- Charismatic/Value-Based Leadership: Is visionary, inspirational, self-sacrificing, decisive, integrity and performance oriented.
- Team-Oriented Leadership: Collaborative team orientation, team integration, diplomacy and administratively are the attributes of that leadership style.

⁵⁴ Trompenaars/Hampden-Turner (1997), P. 157ff

⁵⁵ cf. Javidan/House/Dorfman (2004), P. 47f

- Participative Leadership: Participative Leadership is participative and not autocratic.
- Humane Oriented Leadership: Modesty and human orientation are typical.
- Autonomous Leadership: This leadership style is typically individualistic, independent, autonomous and unique.
- Self-Protective Leadership: This leadership style is usually self-centering, status conscious, conflict inducing, face saving and procedural behavior.

Comparison of suitable leadership dimensions

Some leadership dimensions are good in most cultures. Others are rather bad almost everywhere. However, there is a difference how good or bad those dimensions fit to a certain culture. The suitability of those dimensions, compared to Austria, is shown in Table 22.

The biggest problems and differences can be expected where the percental difference to Austria is the highest. Therefore, especially that attributes and recommendations are emphasized in the guidelines (chapter 4).

		Charismatic/Value-Based Leadership	Team-Oriented Leadership	Participative Leadership	Humane Oriented Leadership	Autonomous Leadership	Self-Protective Leadership
Difference to Germanic Europe $\left[\frac{Y_{\text{Affiliate}} - Y_{\text{Germanic}}}{Y_{\text{Germanic}}} \times 100 \right]$	Eastern Europe (CZ, Moskau)	-3%	5%	-13%	1%	1%	21%
	Latin America (SA)	1%	6%	-8%	3%	-16%	19%
	Latin Europe (France, Italy, Spain)	-3%	2%	-8%	-6%	-12%	5%
	Confucian Asia (Japan, China, Korea)	-5%	0%	-15%	7%	-3%	23%
	Nordic Europe (Nordiska)	0%	3%	-2%	-6%	-5%	-10%
	Anglo (NA, UK)	2%	2%	-2%	8%	-8%	2%
	Southern Asia (Thailand, India)	1%	4%	-14%	14%	-4%	26%
	Middle East (Turkey)	-10%	-3%	-15%	2%	-12%	25%
Absolute	Germanic Europe (Austria, Germany)	5,93	5,62	5,86	4,71	4,16	3,03

Table 22: Comparison of suitable leadership dimensions⁵⁶

3.1.4 Lewis Model

In this model cultures are clustered by their interaction modes in

- linear active,
- multi-active and
- Reactive cultures.

General common traits and differences in change and innovation are different in those interaction modes.

Figure 12 shows the modes of all AVL relevant countries. It is also easy to see that some are a hybrid type of more than one interaction modes.

The biggest problems and differences can be expected where the interaction mode is not the same as in Austria. Therefore, multiactive and reactive societies are emphasized in the guidelines (chapter 4).

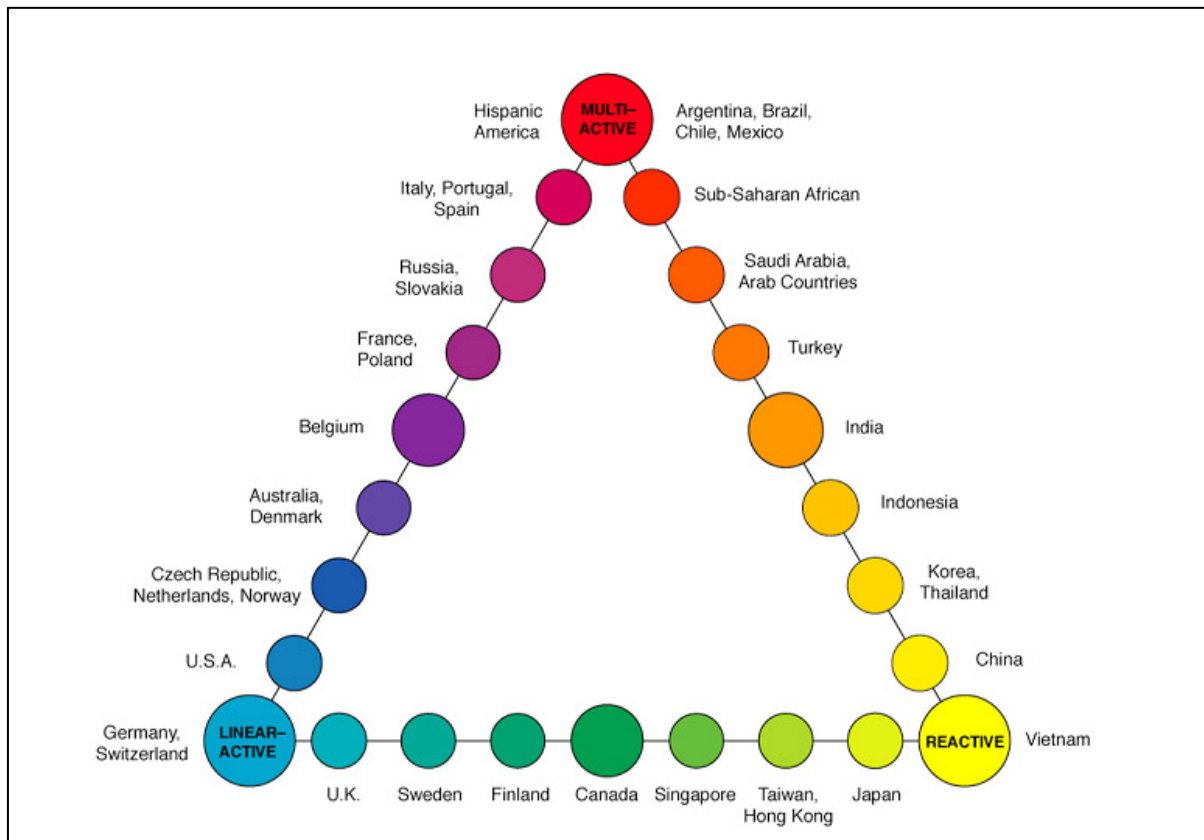


Figure 12: The Lewis Model⁵⁷

Linear-Active Culture

„A culture whose people are task-oriented, highly organized planners, preferring to do one thing at a time in the sequence shown in the dairy.“

Multi-Active Culture

„A culture whose people tend to do many things at once, often in an unplanned order, usually people oriented, extrovert.“

⁵⁶ cf. Javidan/House/Dorfman (2004), P. 42ff

⁵⁷ Richard Lewis Communications (2010)

Reactive Culture

„A culture whose people rarely initiate action or discussion, preferring first to listen to and establish the other's position, then react to it and formulate their own [position]“⁵⁸
(reference for all three culture types)

General Common Traits of Linear-Active, Multi-Active, and Reactive Societies

Linear-Active	Multi-Active	Reactive
Introverted	Extroverted	Introverted
Patient	Impatient	Patient
Quiet	Talkative	Silent
Minds own business	Inquisitive	Respectful
Plans ahead methodically	Plans grand outline only	Looks at general principles
Does one thing at the time	Does several things at once	Reacts
Works fixed hours	Works any hours	Flexible hours
Punctual	Not punctual	Punctual
Dominated by time table and schedules	Timetable unpredictable	Reacts to partners time table
Sticks to plan	Changes plan	Makes slight changes
Job oriented	People oriented	People oriented
Dislikes losing face	Has ready excuses	Must not lose face
Separates social/professional	Interweaves social/professional	Connects social and professional
Confronts with logic	Confronts emotionally	Avoids confrontation
Delegates to competent colleagues	Delegates to relations	Delegates to reliable people
...

Table 23: Common Traits of Linear-Active, Multi-Active, and Reactive Categories⁵⁹

⁵⁸ Lewis (2006), P. 589f

⁵⁹ Lewis (2006), P. 33f & 127f

Differences in Change and Innovation of Linear-Active, Multi-Active, and Reactive Societies

Linear-Active	Multi-Active	Reactive
Change is constantly necessary	Change is imaginative and exciting	Change should be gradual
We must innovate to survive	Innovation should be aesthetic	Imitation and improvement are safer than innovation
Decisions should be future oriented	Decisions should be bold and original	Decisions should be based on best past precedents
Change stimulates growth and improvement	Change stimulates people	If it ain't broke, don't fix it
Plan in detail, then change	Change charismatically, then plan details	Plan change slowly, in harmony with others
Change it top-down	Change after key lateral clearances	Change if all agree
Change should be profit-oriented	Change involves the social reputation of the company	Change should be employment-oriented
Innovation comes from individuals	Innovation is discovered in lengthy discussions	There is little new under the sun
Make innovation a goal	Innovate elegantly	Introduce innovations only when necessary
Democratic brainstorming is an excellent way to foster creativity	Brainstorming is great, but it must be restrained in the presence of superiors	It is better to think in silence than aloud
Customers should be asked about their changing priorities	Customers should be advised what their changing priorities are	One should try to anticipate what customers' changing priorities are and try to prepare for them

Table 24: Differences in Change and Innovation of Linear-Active, Multi-Active, and Reactive Categories (1/2)⁶⁰

⁶⁰ Lewis (2006), P. 33f

Linear-Active	Multi-Active	Reactive
Show support for others' new ideas but voice any reservation about them immediately	Imply you agree to others' suggestions for innovations but modify or drop them later	Approve of others' new ideas even if you fully disagree
One learns best by querying the wisdom of past actions and debating the future	One learns best by discussing actions/decisions from every possible angle	One learns best by just listening to more experienced mentors
Concentrate on worst case scenarios	Concentrate on best case scenarios	Don't have scenarios-discuss all options until the best one becomes evident
Innovation comes largely from eccentrics and deviants from the company or national norm	Innovation comes from brilliance born of first-class education and training	Innovation is born of the aggregate of collective thoughts and effort
Any change is better than no change	Change usually benefits top dogs	Change is often dangerous

Table 25: Differences in Change and Innovation of Linear-Active, Multi-Active, and Reactive Categories (2/2)⁶¹

3.1.5 Differences in Knowledge Sharing

Two cultural dimensions are taken into consideration, individualism-collectivism and vertical-horizontal.

Individualistic cultures prefer dealing with explicit (easy to codify, may be stored in media,...) knowledge. Collectivistic cultures, in contrary, prefer tacit (opposite of explicit, not easy to transfer by writing it down) knowledge. In addition to that, collectivistic cultures are more loyal to their network. Therefore building a personal relationship and gaining trust is essential when dealing with collectivist cultures.

Vertical cultures excel in in-group communication but have problems when they have to "cross the boundary", which is often the case in multicultural projects.

⁶¹ Lewis (2006), P. 33f

The authors are clustering France, Germany, UK and the USA as vertical and individualistic. China, India and Korea as vertical and collectivistic and Japan as the only horizontal & collectivistic country.⁶²

A system for generating ideas, mostly used in China and Japan, is the bottom-up approach as opposed to the top-down system mostly used in the West. Lower rank employees can draft and introduce a proposal to the top leader and circulate it through the chain of command.⁶³

3.1.6 Country Comparison using Indices

Indices can give an insight how a countries' development, competitiveness and corruption is compared to Austria. In order to be able to use them for the guidelines, all affiliate countries are compared to Austria.

Global Competitiveness Index (GCI)

*"We define competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the sustainable level of prosperity that can be earned by an economy. In other words, more-competitive economies tend to be able to produce higher levels of income for their citizens."*⁶⁴ The range is between 1 (Very weak) and 7 (Very strong).

Higher education and training (HET)

*"This pillar measures secondary and tertiary enrollment rates as well as the quality of education as assessed by the business community. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training—which is neglected in many economies—for ensuring a constant upgrading of workers' skills to the changing needs of the evolving economy."*⁶⁵ Higher education and training is a part of the CPI. The range is between 1 (Very weak) and 7 (Very strong).

Technological readiness (TR)

*"This pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries."*⁶⁶ Technological readiness is a part of the CPI. The range is between 1 (Very weak) and 7 (Very strong).

⁶² cf. Möller/Svahn (2003), P.1ff

⁶³ cf. Xu (1987) P. 203f

⁶⁴ World Economic Forum (2009), P. 4

⁶⁵ World Economic Forum (2009), P. 5

⁶⁶ World Economic Forum (2009), P. 6

Corruption Perceptions Index (CPI) 2008

*“The Corruption Perceptions Index (CPI), now in its fourteenth year, ranks countries in terms of the degree to which businesspeople and country analysts perceive corruption to exist among public officials and politicians. The CPI ranks 180 countries. It draws on thirteen different polls and surveys from eleven independent institutions, using data published or compiled between 2007 and 2008.”*⁶⁷ The CPI ranges between 10 (highly clean) and 0 (highly corrupt).⁶⁸

Affiliate Comparison

Most affiliate countries are, compared to a global average, quiet high developed with a high competitiveness and rather low corruption. However, in order to assist Austrian employees affiliate countries are rated relatively to Austria in Table 26.

The biggest problems and differences can be expected where the percental difference to Austria is the highest. Therefore, especially that indices are emphasized in the guidelines (chapter 4).

⁶⁷ Transparency International (2009), P. 395

⁶⁸ Transparency International (2009), P. 402

		HDI	GCI	HET	TR	CPI
Difference to Austria [(Y _{Affiliate} - Y _{Austria}) / Y _{Austria} x 100]	Iberica	0%	-10%	-10%	-11%	-20%
	Korea	-2%	-2%	0%	2%	-31%
	UK	-1%	2%	0%	7%	-5%
	SA	-15%	-18%	-21%	-24%	-57%
	Thailand	-18%	-10%	-17%	-31%	-57%
	Germany	-1%	6%	-2%	4%	-2%
	Turkey	-16%	-18%	-25%	-30%	-43%
	NA	0%	10%	8%	4%	-10%
	CZ	-5%	-8%	-2%	-13%	-36%
	Nordiska	1%	8%	12%	15%	15%
	France	1%	0%	2%	-4%	-15%
	Moskau	-14%	-18%	-17%	-37%	-74%
	India	-36%	-16%	-23%	-39%	-58%
	China	-19%	-8%	-21%	-37%	-56%
	Japan	1%	6%	-2%	-4%	-10%
Italy	0%	-16%	-15%	-17%	-41%	
absolute	Austria	0,955	5,1	5,2	5,4	8,1

Table 26: HDI, GCI, HET, TR, and CPI comparison⁶⁹⁶⁹ cf. Transparency International (2009), World Economic Forum (2009), & UNDP (2009)

3.1.7 Religion and Language

Religion has a big impact on how people think and behave. Therefore it is important to know about common local religions.

The religions of all AVL relevant countries are in the appendix and are used for the guidelines in chapter 4. Language is essential for communication. Therefore it is important to know common local languages. The languages of all AVL relevant countries are in the appendix and are used for the guidelines in chapter 4.

3.1.8 Affiliate summaries of “Erfolgreich in aller Welt: Über den richtigen Umgang mit anderen Kulturen in der Exportwirtschaft“

This business guide published by WKO (Austrian Federal Economic Chamber) is comparing countries to Austria. AVL relevant countries are summarized. Several countries are described in a similar way as in 3.2.10. However, in order to get more points of view both sources are important and were used for the final guidelines.

Japan

Gifts and how they are packed are important in Japan. They shouldn't be opened immediately and should be according to the receivers rank. It is not common to exchange them at a first meeting. Relations, private and business, are important for Japanese. They focus on keeping harmony. The rank is often according to their age.

Being on time for meeting is essential. Business cards, which show the position within the company, should be exchanged with two hands. Social events, like visiting a bar or restaurant, are more common than in Austria. Japanese usually avoid body contact and rather prefer bowing than shake hands. Mostly mimic and gesture are little. It is common not to show once feeling. Interpreters usually translate language and also the meaning.

Due to the importance of harmony positive signs and invitations don't necessary result in a successful business relation. Important decisions are made by high level managers. However, details have to be discussed with lower employees.

Japanese companies are not interested in short term business relationships. Contracts don't have to be detailed and should reflect what was agreed on in meetings before. Legal conflicts are not common.⁷⁰

⁷⁰ cf. Schnitt/Schmiedbauer (2006), P. 38ff

Iberica (Spain)

One should pay attention not to confuse the experience made at a beach holiday with business praxis in Spain. Spanish are known for being proud about themselves and being proud about being Spanish. Especially regional patriotism is wide spread.

Eating time is between 2pm and 4pm for lunch and from 9pm to 11pm for dinner. During Spanish holidays (end of July till middle of August) business life is getting slow.

Spanish are famous for improvising when they plan. In general communication in a language other than Spanish is difficult. A personal discussion doesn't always mean close friendship.⁷¹

United Kingdom

It is important to keep in mind that British and English is not the same. This is true for people and also for the language. British society is rather hierarchical with several social layers. In addition to that, one should never criticize or even make fun of British traditions.

When communication with British a more "polite" language is appropriate. Language mistakes in oral conversations are forgiven easily but written documents should be without errors. Colleagues usually call themselves by their first name. This shouldn't be confused with real friendship. It is not common to use academic titles. Too much body contact, like extensive handshakes, should be avoided. Emotions are usually not shown.

Corporate culture is described as hierarchical as well. Managers don't try to get "close" to an employee. However, it is very important to be fair as manager. UK has one of the highest proportions of female managers.

Meetings should have an agenda. One should show up on time and interruptions should be avoided. Admitting errors is not considered as weakness.⁷²

South America

Brazilians are described as affable, peaceable, sentimental, improvising, patience and religious. Roman Catholic is the most common religion. Soccer and carnival are popular topics for small talk. Brazil has a big difference between rich and poor.

⁷¹ cf. Schnitt/Schmiedbauer (2006), P. 130f

⁷² cf. Schnitt/Schmiedbauer (2006), P. 101ff

Spanish is, after their native language Portuguese, widely spoken. Using clear “No” is avoided. Distance between people is lower and body contact is more frequent than in Austria. It is common to use first names.

Mutual trust is important for doing business. A good relationship is essential for being successful. Companies are organized more hierarchical than in Austria. One should be careful when interpreting affective behavior of Brazilians. Meetings are not always done in the planned sequence.⁷³

Thailand

Many social rules are based on Buddhism and high hierarchy. In addition to that, keeping harmony is essential as well. Therefore monks and the king should not be questioned. Furthermore, one has to be very careful to protect everybody’s face.

Body contact is avoided. Smiling is not always a sign of joy, it is also used for apologizing and even very delicate situations.

Mutual trust is important for doing business.⁷⁴ A good relationship is essential for being successful. Being on time for meetings is important as well.⁷⁵

Germany

Germans are known for their organizational talent and being able to asset themselves well. They are also known for being fussy, formal and not spontaneous.

Being on time is important. Public and private life is separated. It is appreciated to give clear, exact and reasonable information.

One should avoid religious discussion especially in the north. “Ossi” and “Wessi” should be avoided all over Germany.⁷⁶

North America

Local differences are small, even though the USA is very big.⁷⁷

Politics (except Washington DC), religion, discrimination, alcohol and cigarettes are a delicate topic to discuss about.

Economy is short term oriented.

Usually first names are used. It is not common to use academic degrees. One should be on time for meetings and appointments.⁷⁸

⁷³ cf. Schnitt/Schmiedbauer (2006), P. 238ff

⁷⁴ The interview partner from AVL Thailand also mentioned a lack of social contact with staff from Graz

⁷⁵ cf. Schnitt/Schmiedbauer (2006), P. 300ff

⁷⁶ cf. Schnitt/Schmiedbauer (2006), P. 94f

⁷⁷ This is a contradiction to Daeubner/Henrich (2001), P. 259

Nordiska

Swedes usually don't separate business and the person they do business with.

They don't appreciate obtrusive behavior and seem to be cold, reserved, and democratic. Being on time is very important. National pride is common.

When communicating written with Swedes one should come to the point fast. It is not common to use titles. Usually first names are used.⁷⁹ Meetings should be planned and shouldn't surprise the business partner.

Swedish companies have a low hierarchy. Even low lever employees have power to make decisions. Employees are highly educated.⁸⁰

France

France is an individualistic and hierarchic country with were personal relationships and insider contacts are essential. Leadership is authoritative and power is rarely delegated.

Status depends a lot on family background and wealth.

French don't avoid body contact. Knowing their language well is a big advantage. Negotiations are often unstructured and debates are long and extensive. It is not common to use academic titles.⁸¹

Moskau

Due to their history Russians try to deal with problems by using the "back door" rather than solving the problem itself. Furthermore, Russia is a corrupted country.

Leadership is patriarchic, hierarchic and strict with clear orders. Status symbols are very important.

Written contracts are taken less serious than in Austria.⁸² Enforcing contracts by legal actions is difficult as well. Furthermore, contacts and networking is very important.

Russians are patriotic and their national pride shouldn't be challenged.⁸³

India

India is not described in a suitable way in this book.⁸⁴

⁷⁸ cf. Schnitt/Schmiedbauer (2006), P. 56ff

⁷⁹ According the the Swedish employee from AVL Nordiska is he last name referring rather to the family than to an individuum

⁸⁰ cf. Schnitt/Schmiedbauer (2006), P. 85ff

⁸¹ cf. Schnitt/Schmiedbauer (2006), P. 96ff

⁸² This is a contradiction to Daeubner/Henrich (2001), P. 195ff

⁸³ cf. Schnitt/Schmiedbauer (2006), P. 152ff

China

Relations and social networks are very important for doing business in China.⁸⁵ Therefore it is essential to get to know each other before signing a contract.

Negotiations are usually, due to their hierarchy and organizational structure, very time-consuming. It is expected to show up on time.

Academic titles are not important in China; however, it is important to know the hierarchical position within the organization.⁸⁶

Korea

Korean culture is highly Confucian influenced and hierarchical. A network of relations is essential for doing business. For maintaining relations presents, according to the status, are important. Koreans are described as very dynamic and ambiguous.

When communicating, one has to pay attention and appropriate respect to persons on a higher hierarchical level which is often a matter of age. Therefore a business card shouldn't show an academic title but should describe the position within the organization.

Negotiating with Koreans is described as difficult. One of the reasons is that contracts are often seen as a "snap-shot" with no obligations.⁸⁷ Therefore a good relation to a partner is essential. One shouldn't show weakness when negotiating. It also often makes the impression that decisions are not made by logic, rather by feelings.

The differences to Austria are bigger among the oldest, and often more powerful, generation.⁸⁸

Italy

Italy got big differences between the south and north. Their culture is influenced a lot by religion.

Italians are described as extroverted and individualistic. Personal relationships are also very important. The difference between genders is bigger than in Austria and most Italians have difficulties with foreign languages.⁸⁹

⁸⁴ cf. Schnitt/Schmiedbauer (2006), P. 281ff

⁸⁵ This was explained very well by the Chinese employees during the interview. As summarized in the current state analysis, they claim that the tolerance to quality, scope and deadlines depends a lot on the relationship with the customer

⁸⁶ cf. Schnitt/Schmiedbauer (2006), P. 277ff

⁸⁷ This was also identified by a European AVL employee

⁸⁸ cf. Schnitt/Schmiedbauer (2006), P. 284ff

Turkey

Several differences in every-day life are due to the fact that Turkey is a Muslim country.

Negotiations are time consuming and Turks expect their partners to be on time for meetings. Decisions are usually just made by high rank managers. For being successful a good personal relation is important.

One should avoid discussing about Ataturk, Islam, minorities and the lack of human rights in Turkey.⁹⁰

Czech Republic

Czech Republic is not described in a suitable way in this book.⁹¹

Austria

Being on time and correct form of address is important. Austrians don't like to be mixed up with Germans.⁹²

3.1.9 Affiliate summaries of “Weltweit verhandeln: Mit Kompetenz durch die internationale Geschäftswelt“

This business guide is comparing countries to Austria. AVL relevant countries are summarized. Several countries are described in a similar way as in 3.2.9. However, in order to get more points of view both sources are important and were used for the final guidelines.

Japan

Personal relations to business partners are essential. It is important to establish mutual trust and harmony. Therefore are legal conflicts very rare.

Japanese appreciate if their partner is on time. Body contact is avoided and business cards, which show details about once job, are important.

Negotiations are usually done in groups and can therefore take a lot of time.

Contracts are easy to make if the personal relationship is good.⁹³

Iberica

⁸⁹ cf. Schnitt/Schmiedbauer (2006), P. 122ff

⁹⁰ cf. Schnitt/Schmiedbauer (2006), P. 132ff

⁹¹ cf. Schnitt/Schmiedbauer (2006), P. 163ff

⁹² cf. Schnitt/Schmiedbauer (2006), P. 322ff

⁹³ cf. Daeubner/Hennrich (2001), P. 122ff

One should pay attention not to confuse the experience made at a beach holiday with business praxis in Spain. Spanish aim for profit and have competitive attitude. Good personal relations are important for doing business in Spain. It is common that people are not always on time.

Good topics for small talk are family, sports, Spain and its cuisine and landscape. One should avoid discussing about religion, bull fights, the Bask conflict and the Franco era.

Especially small companies are organized hierarchical. There might be a wish for changing contracts after signing them.⁹⁴

United Kingdom

Politeness is very important for British people. It is important not to confuse English with British. Traditions are important for local people in UK.

When communicating British tend to be reserved. It is not common to talk about salary, British royals and family. Foreign languages are rarely spoken.

Hierarchy in companies is getting less.

One can rely on written and even on oral contracts.⁹⁵

South America

Brazil is mostly Roman Catholic. Soccer is a common topic to talk about. Brazilians are famous for being social and like parties like carnivals.

Being late for a meeting is usually not a big problem. It is essential to have good relations with a business partner. Therefore one has to be interested in the person as well. Contracts are not always seen as a legal binding document, rather as a declaration of intention.

Brazilian organizations are very hierarchical.⁹⁶

Thailand

Being on time is important. Politics and especially the Royal family shouldn't be part of small talk.

Thai organizations are hierarchical. When negotiating going "strait to the point" is not appropriate in Thailand. Thai's change their mind often spontaneously.⁹⁷

⁹⁴ cf. Daeubner/Hennrich (2001), P. 220ff

⁹⁵ cf. Daeubner/Hennrich (2001), P. 95ff

⁹⁶ cf. Daeubner/Hennrich (2001), P. 62ff

Germany

Especially in the north people are more reserved than in Austria. German business people like “security” and “evidence”.

It is essential to be on time.

When negotiating with Germans a detailed answer for every question has to be available.

Germans try to keep a contract in every detail.⁹⁸

North America

The USA got quite a lot of regional differences.⁹⁹

It is very important to be on time. Americans like to come to the point fast.

Lower- and middle management got more decision power than in Austria.

It is not common to make small talk about politics and religion. In addition to that one should avoid talking about negative topics.

In case of a problem Americans search less for the “guilty” person and try faster to find solutions.

Contracts are reliable.¹⁰⁰

Nordiska

It makes the impression that the part about Sweden is based on the book of Schnitt/Schmiedbauer summarized before.¹⁰¹

France

French prefer oral discussions to written communication. They also tend to a lot and get emotional. Actions, however, are less impulsive. Foreign languages are not used often. It is not common to use academic titles.

Companies are organized very hierarchical.¹⁰²

⁹⁷ cf. Daeubner/Henrich (2001), P. 236ff

⁹⁸ cf. Daeubner/Henrich (2001), P. 79ff

⁹⁹ This is a contradiction to Schnitt/Schmiedbauer (2006), P. 300

¹⁰⁰ cf. Daeubner/Henrich (2001), P. 259ff

¹⁰¹ cf. Daeubner/Henrich (2001), P. 259ff

¹⁰² cf. Daeubner/Henrich (2001), P. 88ff

Moskau

Good relations are necessary to do business successfully in Russia. It is common to get to know Russians by having dinner and drinking. Negotiations usually take lots of time.

There are few problems with contracts.¹⁰³ Difficulties might arise with receiving the payment.

Leadership is dominant and hierarchical.¹⁰⁴

India

India has a big diversity in many aspects.

It is appreciated to be on time. Using an explicit "no" is not common.

Negotiations are usually done on a middle-management level but decisions are made on top management level. Indians don't like to rush when negotiating. Mutual trust is expected before signing contracts. Contracts are written and are usually adhered to.¹⁰⁵

China

Patience is essential when negotiating with Chinese. It is common to decide in the last minute. Exchange of delegates and decision makers happen also frequently.

Chinese are hierarchically organized.

Academic titles are not commonly used but the function in the organization is important.

The signed contract doesn't assure that adherence. Further negotiations should be expected.

One should avoid talking about political problems. It is also not appropriate to let your partner wait.¹⁰⁶

Korea

It makes the impression that the part about Sweden is based on the book of Schnitt/Schmiedbauer summarized before.¹⁰⁷

¹⁰³ This is a contradiction to Schnitt/Schmiedbauer (2006), P. 152ff

¹⁰⁴ cf. Daeubner/Henrich (2001), P. 195ff

¹⁰⁵ cf. Daeubner/Henrich (2001), P. 98ff

¹⁰⁶ cf. Daeubner/Henrich (2001), P. 72ff

¹⁰⁷ cf. Daeubner/Henrich (2001), P. 139ff

Italy

Italy has big differences between the north and south. Italians have, contrary to the common opinion, no time management problem. Especially in the south time is “relative” and being on time is not so important.

Italians prefer oral discussions to written communication.

Smaller mid-size companies are organized patriarchic and bigger ones according to modern management concepts.

It is important for Italians to be sympathetic and trustworthy before signing a contract. Emotions are allowed when negotiating.¹⁰⁸

Turkey

Misunderstandings might arise due to the fact that Turks perceive negative things as impolite. It is also common that they estimate the situation very optimistic.

One should avoid Ramadan for doing business in Turkey. Criticism on human rights, Kurds, Cypress, and Islam are not recommended.

It is very important to build a personal relationship or even friendship when doing business in Turkey.

Leadership and organization is usually patriarchic and hierarchic.

One can rely on contracts.¹⁰⁹

Czech Republic

It is not appreciated to discuss or criticize Czech politics or level of development. Especially state-owned companies decide in committees. Therefore notations tend to be time consuming and difficult.¹¹⁰

3.1.10 The special case of India

The big cultural diversity of Indian cultures with an influence of Western values makes it very difficult to do business there. We have to expect a broader distribution in India than in other countries.¹¹¹

¹⁰⁸ cf. Daeubner/Henrich (2001), P. 119ff

¹⁰⁹ cf. Daeubner/Henrich (2001), P. 145ff

¹¹⁰ cf. Daeubner/Henrich (2001), P. 239ff

¹¹¹ cf. Fusilier/Durlabhji (2001), 233f

3.1.11 Not covered Models

- Not covered in this work are the very famous dimensions of Hall (time, space, and context). The reason for that is the lack of data for classifying the AVL relevant countries.
- For the same reason the “Group-Grid-Model” is not mentioned as well.
- Nine AVL relevant countries are covered by Andre Laurent’s research about philosophies and behavior of managers. However, they are due to implementation problems not used here.
- Kluckhohn and Strodtbeck’s value model is also not covered since just comparison of the USA and Japan were found.
- The “World Values Survey” is mostly covering the changing values and their impact on social and political life.¹¹² No recourses about the impact on work- or business life were found.

3.2 Management Implications

We can not assume that theories developed by individuals in certain cultural environment and observing a certain cultural environment are valid globally.¹¹³

“Most organization theories were “Made in the USA” and therefore shaped by the political, economic, and cultural context of the USA in the twentieth century”¹¹⁴

“If Western management principles don’t work somewhere, this is not the fault of the principles but of the people.” These principles don’t change over time but differ a lot from one country to another country.¹¹⁵

3.2.1 Validity of McGregor’s Theory X and Theory Y

McGregor is distinguishing two different motivating theories. One is that employees basically dislike work and try to avoid it and therefore have to be directed and controlled. The other one suggests that employees should be integrated in organizational goals.¹¹⁶

¹¹² World Value Survey (2010)

¹¹³ cf. Hofstede (2005), P. 248

¹¹⁴ Adler (2002), P. 164

¹¹⁵ Hofstede (2007), P.2

¹¹⁶ cf. McGregor (2005), P. 43ff & P. 59ff

This theory is irrelevant in Southeast Asia because of work is not seen as a goal, harmony is more important, differences in authority and collectivism. A supplementary approach is suggested Theory T and Theory T+. ¹¹⁷

3.2.2 Validity of Herzberg's Motivation Theory

Herzberg suggests that certain factors (achievement, recognition, work itself, responsibility, advancement, and growth) have power to motivate and energize people. Other factors (supervision, work conditions, salary, company policy and administration...) just have the power to demotivate. ¹¹⁸

These factors are also not global. *"In every culture, certain factors act as motivators and others act as demotivators. Specific motivators and their relative importance are unique to each culture and, all to frequent, to each situation"* ¹¹⁹

Cultures with big uncertainty avoidance and low power distance, like for example Austria, see *"company policy and administration"* also as motivator. Countries with high power distance, like Russia ¹²⁰, China, India..., see *"supervision"* ¹²¹ also as motivator. ¹²²

3.2.3 Validity of Management by Objectives (MBO)

This principle was developed by Peter Drucker in 1954. It suggests that personal initiative and responsibility should be possible. Furthermore, efforts should get an aligned direction, teamwork should be supported and individuals' goals should be in harmony with the company. ¹²³

"The essential basic ideas are:

- *Target- instead of procedure-orientation*
- *Participation of employees during the target definition*
- *Regular review of targets and adaption if necessary*
- *Performance control and performance evaluation using target/actual comparisons"* ¹²⁴

¹¹⁷ cf. Hofstede (2005), P. 266ff

¹¹⁸ cf. Herzberg (1987), P. 5ff

¹¹⁹ Adler (2002), P. 177ff

¹²⁰ This became also very obvious when interviewing the German manager of AVL Moskau

¹²¹ This became very clear when discussing with the employee from AVL Thailand (summarized at the beginning of this Thesis)

¹²² cf. Hofstede (2005), P. 265

¹²³ cf. Stein (2007)

¹²⁴ Haberfellner (2009), P. 174

MBO requires not too high PDI, low UAI and high MAS.¹²⁵ View countries possess all three requirements.

3.2.4 Validity of Maslow's Pyramid

Maslow suggested that human needs may be clustered in a five level hierarchy where the next level can just be activated after the lower level needs have been satisfied.

High UAI countries prefer job security and life time employment more important than an interesting and challenging job. The difference between individualism and collectivism is also not covered.¹²⁶

3.2.5 The Matrix Organization (AVL has one)

The matrix organization is very clever for many countries. However, it is not suitable for countries with a "family model" (Spain¹²⁷, India, Korea¹²⁸, Japan, Italy) as described before.¹²⁹

The leader is seen as a "good father". A child only got one father. Therefore problems with loyalty may arise.

3.2.6 Pay-by-Performance

Pay-by-performance is working well in countries where status is determined by achievement but is working badly in countries where status is ascribed.¹³⁰

3.2.7 Leadership and Motivation according to Hofstede

Leadership is mostly influenced by IDV and PDI. High IDV cultures focus on "*need of individuals who seek their ultimate self interest*". In a collective society the individuals have to be transformed in an ingroup. If the PDI is high individual subordinates do not want to participate in the leader's decision.

Motivation varies with IDV, MAS and UAI. Employees in an individualistic country are motivated to fulfill their obligations towards themselves not their group. The same is vice-versa valid in collectivistic countries. High UAI is leading to the fact that security

¹²⁵ cf. Hofstede (2005), P. 275

¹²⁶ cf. Adler (2002), P. 174ff

¹²⁷ The employee from AVL Iberica also mentioned problems with a matrix structure

¹²⁸ The authors experience, within AVL Korea and observing the differences in how graduate students organize their „Lab“ at a Korean university, also confirms that

¹²⁹ cf. Trompenaars/Hampden-Turner (1997), P. 184

¹³⁰ cf. Trompenaars/Hampden-Turner (1997), P. 184

has to be offered if high performance of staff is needed. The high masculinity indicates that are very motivated by achievement and challenge as well.¹³¹

3.3 Summary

The power distance, the acceptance and expectance of unequal distributed power, is much lower in Austria than in most other countries. In addition to that masculinity, which is leading to a rather aggressive work attitude, is higher in Austria.

Austrians should expect most affiliate employees to be more affective when doing business.

Problems due to the matrix organization should be expected in Iberica, India, Korea, Japan and Italy.

Especially Asian affiliates and Turkey differ a lot in the suitability of leadership dimensions.

Iberica, SA, and Italy are very multi-active. Japan and China are the most reactive cultures of all AVL affiliate countries.

Big differences in knowledge sharing should be expected in China, India, and Korea.

The largest differences in development, economical competitiveness, and corruption may be expected in China, India, Moskau, Turkey, Thailand, and SA.

¹³¹ cf. Hofstede (1983), P 85f

4 Guidelines

The guidelines are the AVL employee relevant summaries of the current state analysis and the affiliate comparison covered in this thesis. Therefore all references for this chapter may be found in chapter 2 and chapter 3. They are going to be published on the AVL intranet in order to assist, employees, in particular Austrian ones, in treating the employees of sixteen evaluated affiliates.

The guidelines are broken down into four parts:

- General.
- What are XY (e.g. the Swedish) like?
- How to treat XY (e.g. Brazilians) people.
- The XY (e.g. Korean) employees' view.

AVL employees are advised that this work just covers the differences due to national culture. Certain features are the same in every country and culture (human nature). Personality also has an effect. In some countries (e.g. India), there are many different (sub-) cultures.

Therefore, it is mentioned that employees should bear in mind that these paper states an average. Quite often there are no black-and-white pictures either. The pictures might be gray, and you should just see them as showing a tendency.

4.1 China

General

The level of productiveness is slightly less competitive than in Austria. Development, higher education and training, adoption of existing technologies to enhance the productiveness, and corruption is worse than in Austria.

Daoism and Buddhism are the most important religions. However, China is officially atheistic. Standard Chinese or Mandarin (Putonghua, which is based on the Beijing dialect), Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan and Hakka dialects are the most important languages.

Relationships and social networks are very important for doing business in China. Therefore, it is essential to get to know one another before doing business. Attention should be paid to the hierarchical position of the business partner. Patience is very

important when negotiating. It is common to decide in the last minute. A signed contract doesn't assure adherence.

What are Chinese people like?

Chinese people prefer dealing with tacit knowledge (tacit = opposite of explicit, not easy to transfer by writing it down). In addition, they excel in in-group communication but have problems when they have to "cross the boundary".

In their opinion, power should be distributed much less evenly than in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-Superior relationships are emotional. Status symbols are normal and popular. Common sense is more important than experts. Chinese employees are members of "in-groups" who will pursue their "in-group" interest. Management is management of groups. Subordinates are not supposed to appraise in order to keep harmony.

Chinese people like everything to be coordinated by a hierarchical superior directly supervising them.

Respecting ethical norms, patriotism, national pride, honor, face, reputation, power, responsibility towards society and profits 10 years from now are regarded as being the most important goals of Chinese leaders.

Chinese people want to get to know their business partners personally. There usually is a lot of personal "meandering" and "irrelevancy" that doesn't seem to go anywhere. It is difficult for Chinese people to separate private life and business. Private and business issues interpenetrate. Softness, persistence, politeness and patience will get rewards.

Chinese people are reactive. Therefore, they tend to be introverted, patient, silent and respectful. They think that change should be gradual and just if all agree.

How to treat Chinese people

- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in China than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but less harmful in China than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to very high power distance.

- In contrary to Herzberg's motivation theory, "supervision" may be seen as a motivator in China.
- Brainstorming does not work well.

The Chinese employees' view

New Austrian Project Managers, in particular, have problems when they have to find common objectives with Chinese staff. A lack of communication between Austrians and Chinese, especially customers, was identified as well. Chinese employees feel that they are often underestimated by Austrians. In addition, Chinese customers tend to overestimate AVL's capabilities and are surprised if there are problems. Local customers expect to be supported by AVL Project Managers even more and perceive customers service as being too slow. The customers' tolerance to missing the deadline, scope and quality depends on the relationship with them a lot.

AVL can't expect any tolerance when failing to meet the budget of Chinese customers. Legal actions are not accepted either.

4.2 Czech Republic

General

The Czech Republic (CZ) has a slightly lower economic competitiveness than Austria. There technological readiness, the agility with which an economy adopts existing technologies to enhance the productiveness of its industries, is slightly lower than in Austria. Corruption is significantly higher in CZ. Roman Catholics are the biggest religious group, their percentage amounting to 27%. 68% are unaffiliated or unspecified. Czech (95%) and Slovak (2%) are the most important languages.

In state-owned companies, negotiations are difficult and time-consuming due to committee decisions.

What are Czech people like?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are more emotional. Status symbols are normal and popular. Rewards are based on equality. They prefer solving conflicts by making compromises and holding negotiations.

There is no reason to panic if Czech employees get emotional. Furthermore, Austrians should be more "cordial" when dealing with locals. In addition, being enthusiastic about something shouldn't be confused with a decision. Czech people

tend to try to control their environment and don't like to respond to external circumstances.

How to treat Czech people

- Participative Leadership (not autocratic) is good, in general, but much less suitable in CZ than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is bad, in general, but causes much fewer problems in CZ than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to high power distance and high uncertainty avoidance

Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. You exclude people from "the family".

The Czech employees' view

There are sometimes problems when looking for appropriate deadlines and documentation. Communication is sometimes difficult if Austrians don't speak standard German.

There is no tolerance in CZ when it comes to quality or budget. Failing to meet the scope or deadline is a problem as well.

4.3 France

General

France's development, economic competitiveness, higher education and training and technological readiness are on a similar level with Austria. However, corruption is significantly higher.

About 85% are Roman Catholics and about 8% Muslims.

French is the most important language.

What are French people like?

French people prefer dealing with explicit knowledge, i.e. with knowledge that is easy to codify, may be stored in media,

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status

symbols are normal and popular. They prefer solving conflicts by making compromises and holding negotiations. The employer-employee relationship is a contract between two parties only. Management may be seen as management of individuals. Tasks tend to be more important than relationships.

Full bureaucratic configuration and standardized work processes are common.

Arguments and presentations are likely to be “rational” and “professional”. A “get down to business” attitude is common. The legal aspects should be handled carefully. Objectives, principles and numerical targets are important. There is no reason to panic if French employees get emotional. Furthermore, Austrians should be more “cordial” when dealing with locals. In addition, being enthusiastic about something shouldn’t be confused with a decision. Objectives, principles and numerical targets are important. Everything should be structured relating to time. French people tend to try to control their environment and don’t like to respond to external circumstances.

France has a hybrid interaction culture which has a multi-active part as well as a linear-active part, which is similar to Austria. Due to the multi-active part, French people tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria.

How to treat French people

- Participative Leadership (not autocratic) is quite good, in general, but less effective in France than in Austria.
- Autonomous Leadership (individualistic and independent) is not that good, in general, but even less suitable for France.
- When using Management by Objectives (MBO), one should expect problems due to high power distance.
- “Supervision” is not a hygienic factor but can be seen as a real motivator in France.

Seek fairness by treating all similar cases in the same way. Strive for consistency and uniform procedures. Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. Private life and business should be kept separated. Management may be seen as realization of objectives and standards, rewards being promised. All reports should have an executive summary.

The French employees' view

There was criticism on the ethnocentric view of Graz because they want to do business in France in the Austrian way. Language difficulties and lack of acknowledgement of mistakes have a negative effect on social relationships within AVL. In addition, different project management standards were identified as being a reason for problems with communication. Furthermore, software and management tools and techniques are dictated by Graz. France would expect immense problems in case of legal actions and also expects little tolerance to failing to deliver high quality. As customers have the feeling that service requests going through the affiliate in France are very slow due to the unhurried response of the Headquarters in Graz, they directly contact the Austrian employees. In addition, it is difficult to find the person responsible for resolving the customers' issue.

4.4 Germany

General

Germany's development, economic competitiveness, higher education and training, technological readiness, and corruption are on a similar level with Austria.

34% are Protestants, 34% are Roman Catholics, 4% are Muslims, and 28% are unaffiliated or have a different religion. German is the only important language.

What are German people like?

In their opinion, power should be a bit less evenly distributed than in Austria. Therefore, individual subordinates do not want to participate that much in the leader's decision and expect a bit more to be told what to do. Status symbols are a bit more normal and popular.

Germans like everything to be coordinated by standardizing outputs (specifying the desired result).

For successful German business leaders, the following goals are perceived to be most important: responsibility towards employees, responsibility towards society, creating something new, playing and gambling spirit, continuity of the business, honor, face and reputation.

Arguments and presentations are likely to be "rational" and "professional". A "get down to business" attitude is common. Legal matters should be prepared carefully. Objectives, principles and numerical targets are important. Everything should be structured relating to time. Status is achieved by individuals exemplifying creativity and growth.

Germans believe more that they have to respond to external circumstances. Therefore, softness, persistence, politeness and patience will be appreciated and recognized even more.

How to treat German people

“company policy and administration” may be seen as a motivator (in contrary to Herzberg’s Motivation Theory) (this is similar to Austria)

Striving for consistency and uniform procedures is recommended. Treating all cases in the same way is perceived as fair.

The German employee’s view

Graz is too slow with giving feedback, and customer service also takes too long. Communication about the progress of projects also is worth improving.

4.5 Headquarters in Graz

General

This guideline compares Austria with the average of all the affiliates’ countries.

AVL Graz is located in Austria and has also most employees from there. Austria is a highly developed country with high economic competitiveness, good higher education and training and high technological readiness. Corruption is very low.

Most Austrians are Roman Catholics (74%). There are 5% Protestants and 4% Muslims. Around 90% speak German (official nationwide). The Turkish, Serbian, and Croatian languages are spoken by around 2% each.

Being on time and a correct form of address are important. Austrians don’t like to be mixed up with Germans.

How are Austrians?

Compared to employees in other affiliates, Austria has a tendency to have less supervisory personnel and a narrow salary range between the top and bottom of the organization. Managers rely on their own experience and their subordinates. Subordinates expect to be consulted and not told what to do. Privileges and status symbols are frowned upon. Manual work has the same status as office work. There also is a tendency to solve conflicts by letting the strongest win. Management tends to be aggressive and assertive.

The Austrian configuration of organization may be seen as a “professional bureaucracy” with standardization of skills (specifying the training required to perform work).

It is recommended to put as much on paper as you can beforehand. If Austrians don't show emotions, it doesn't mean they are disinterested or bored, only that they do not like to show their hand. All negotiations are typically focused on the object or proposition being discussed, not so much on you as a person.

Austria has a linear-active interaction culture whose people are task-oriented, highly organized planners, preferring to do one thing at a time in the sequence shown in the diary. It is typical to show support for others' new ideas but also normal to voice any reservation about them immediately. Concentration on the worst case scenario is also common. Austrians also don't avoid confrontations and try to convince with logic. Changes in plans are not appreciated, and working hours should be fixed.

How to treat Austrian people

Charismatic/Value-Based Leadership (visionary, inspirational, self-sacrificing, decisive, integrity and performance oriented) is good in general but even more important in Austria than in average “AVL countries”.

Team-Oriented Leadership (collaborative team orientation, team integration, diplomacy and focus on administration are the attributes of that leadership style) is good, in general, but less important in Austria than in average “AVL countries”.

Participative Leadership (not autocratic) is quite ok, on the average, but very suitable for Austria.

Human Oriented Leadership (modesty and human orientation are typical) is not that good, in general, but even worse in Austria.

Autonomous Leadership (typically individualistic, independent, autonomous and unique) is usually pretty bad but causes less harm in Austria than in average “AVL countries”.

Self-Protective Leadership (typically individualistic, independent, autonomous and unique) is bad, in general, and even worse in Austria.

Management by Objectives (MBO) is limited due to the high uncertainty avoidance.

“Company policy and administration” may be seen as a motivator (in contrary to Herzberg's Motivation Theory).

Avoid warm, expressive or enthusiastic behavior. These are interpreted as being a lack of control over your feelings and inconsistent with high status. Look for small clues showing you that the person is pleased or angry. And amplify their importance.

The Austrian employees' view

Some affiliates claim that they want to help to improve AVL products but there often is the impression that they just want to pass on costs to Graz. There are misunderstandings due to indirect communication. It happens that prejudices about some country are carried over to customers and employees of the affiliate. As for Asia, the interpretation margin when dealing with written contracts is particularly high.

4.6 Iberica

General

Iberica mostly does business in Spain, which is a highly developed country with a slightly lower economic competitiveness, a slightly lower level of skilled employees and higher corruption than in Austria.

The main language is Castilian Spanish. Besides, some regional languages are spoken. The main religion is Catholicism.

Spanish people tend to improvise, don't take meeting times so seriously, eat later and are not very efficient during the summer holidays.

What are Spanish people like?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-Superior relationships are emotional. Status symbols are common. They prefer solving conflicts by making compromises and holding negotiations.

Full bureaucratic configuration and standardized work processes are common (specifying the contents of work).

The most important goals of leaders are family interests, personal wealth, power, this year's profits, playing and gambling spirit, growth of the business.

Arguments and presentations are likely to be "rational" and "professional". A "get down to business" attitude is common. Legal matters should be prepared carefully. Objectives, principles and numerical targets are important. There is no reason to panic if Spanish employees get emotional. Furthermore, Austrians should be more "cordial" when dealing with locals. In addition, being enthusiastic about something

shouldn't be confused with a decision. Spanish people want to get to know their business partners personally. There usually is a lot of personal "meandering" and "irrelevancy" that doesn't seem to go anywhere. It is difficult for Spanish people to separate private life and business. They tend to try to control their environment and don't like to respond to external circumstances.

People tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria.

How to treat Spanish people

- Participative Leadership (not autocratic) is good, in general, but less suitable in Spain than in Austria.
- Autonomous Leadership (typically individualistic, independent, autonomous and unique) is not good, in general, but even worse in Spain than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to too low a masculinity and a high power distance.
- "Supervision" is not a hygienic factor but can be seen as a real motivator in Spain
- Brainstorming is great but it must be restrained in the presence of superiors.

Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. You exclude people from "the family". Due to a diffuse culture, one has to consider an employee's whole situation before judging him/her.

The Spanish employee's view

Legal actions are not accepted by Spanish customers. There is little tolerance to failing to meet the deadline and quality and no tolerance to failing to meet the budget of the customer. Within AVL, there are some problems due to linguistic and cultural misunderstandings. This is even worse when staff from Graz has to deal with local customers. Austrians are perceived as being "strict" and "rigid". Spanish customers and employees are neither happy with the response time of Graz nor with the way questions put by AVL Iberica are handled and customer service. Due to the matrix structure, responsibilities in Spain and in Graz often are not clear.

4.7 India

General

India is not that developed and has a significant lower level of economic competitiveness, higher education and training, technological readiness and a much higher corruption than Austria.

The most important religions are Hinduism with 81%, Islam with 13%, Christianity with 2% and Sikh with 2%.

The languages mostly spoken are Hindi (41%), Bengali (8%), Telugu (7%), Marathi (7%), Tamil (6%), Urdu 5%, Gujarati (5%), Kannada (4%), Malayalam (3%), Oriya (3%), Punjabi (3%), Assamese (1%), and Maithili (1%). English is the most important language for commercial communication.

India has a big diversity in many aspects. Negotiations are usually done on a middle-management level but decisions are made on top management level. Indians don't like to rush when negotiating. Mutual trust is expected before signing contracts.

What are Indian people like?

Indian people prefer dealing with tacit knowledge (tacit = opposite of explicit, not easy to transfer by writing it down). In addition to that, they excel in in-group communication but have problems when they have to "cross the boundary".

In their opinion, power should be distributed much less evenly than in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-Superior relationships are emotional. Status symbols are normal and popular. Common sense is more important than experts. They prefer solving conflicts by making compromises and holding negotiations. There is a focus on long-term profit as well as a lifelong personal network.

Indian people like to be coordinated by a hierarchical superior directly supervising them.

The most important goals of leaders are continuity of business, family interests, patriotism, national pride, personal wealth, profits 10 years from now and this year's profits.

Indian people want to get to know their business partners personally. There usually is a lot of personal "meandering" and "irrelevancy" that doesn't seem to go anywhere. It is difficult for them to separate private life and business. Indians believe more that

they have to respond to external circumstances, and therefore softness, persistence, politeness and patience will be appreciated and recognized even more.

Their corporate culture may be seen as a “family” with powerful “parent figures” and diffuse relationships.

India has a hybrid interaction culture which has a multi-active and reactive part. Due to the multi-active part, Indian people tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria. Due to the reactive part they tend to be introverted, patient, silent and respectful. They think that change should be gradual and just if all agree.

How to treat Indian people

- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in India than in Austria.
- Human Oriented Leadership (modesty and human orientation are typical), which usually works to a mediocre extent, is more suitable for India than for Austria.
- Self-Protective Leadership (usually self-centering, status conscious, conflict inducing, face saving and procedural behavior) is not good in general but much less harmful in India than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to a very high power distance.
- “Supervision” may be seen as a motivator (in contrary to Herzberg’s Motivation Theory).

Creating informal networks and private understanding will help a lot when doing business in India. Treating all cases by awarding special merits is regarded as being fair.

The Indian employees’ view

Issues might arise due to lack of definition what part should be done by Graz or India. Recently (in 2009), there have been, problems because of the learning process of the AVL processes, which are standardized globally. Information and authorization are frequently missing.

Indian employees perceive Austrians as their superiors even if they are on a similar level. In addition, employees from a more developed country tend to underestimate

local staff. Customer service provided in India is perceived as being too slow and too remote. When dealing with customers, Austrians struggle with language problems.

4.8 Italy

General

Italy is on a similar level of development as Austria. However, economic competitiveness, higher education and training, the agility with which an economy adopts existing technologies to enhance the productivity of its industries, and corruption are significantly worse in Italy.

Roman Catholics are the biggest religious group in Italy, their percentage amounting to 90%. Italian (the official language) and German, (which is spoken in parts of the Trentino-Alto Adige region), are the most important languages.

There are big differences between the north and the south. Smaller and medium-sized companies are organized patriarchally. It is important for Italian people to see the other party is likeable and trustworthy before they sign a contract.

What are Italian people like?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-Superior relationships are emotional. Status symbols are normal and popular. Rewards are based on equality. The employer-employee relationship is a contract between two parties only. Management may be seen as management of individuals. Tasks tend to be more important than relationships.

Italian people like to specify the training required to perform the work, not so much the contents of the output. Their configuration of organization may be seen as a "professional bureaucracy" with standardization of skills (specifying the training required to perform the work).

Arguments and presentations are likely to be "rational" and "professional". A "get down to business" attitude is common. Legal matters should be prepared carefully. There is no reason to panic if Italian employees get emotional. Furthermore, Austrians should be more "cordial" when dealing with locals. In addition, being enthusiastic about something shouldn't be confused with a decision. Italians want to get to know their business partners personally. There is usually a lot of personal "meandering" and "irrelevancy" that doesn't seem to go anywhere. It is difficult for them to separate private life and business.

Their corporate culture may be seen as a “family” with powerful “parent figures” and diffuse relationships.

People tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria

Italian people tend to have problems with a matrix organization.

How to treat Italian people

- Human Oriented Leadership (team orientation, team integration, diplomacy) usually works well but is even less effective in Italy than in Austria.
- Participative Leadership (not autocratic) is less effective in Italy than in Austria.
- Autonomous Leadership (individualistic and independent) is usually bad and causes even more problems in Italy than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to the high power distance and high uncertainty avoidance.
- Brainstorming is great but it must be restrained in the presence of superiors.

Striving for consistency and uniform procedures is recommended. Treating all cases in the same way is perceived as fair. Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. You exclude people from “the family”. Due to a diffuse culture, one has to consider an employee’s whole situation before judging him/her.

The Italian employees view

There is a chance to get more money if AVL realizes that the budget can’t be reached. The differences in attitude to work lead to problems. Communication on the telephone is described as difficult. More face-to-face communication is wanted. A lack of technical information has an adverse impact on performance.

Italian customers have no tolerance if we fail to meet the quality we agreed on. The Italian employees’ potential sometimes is not identified well either.

4.9 Japan

General

Japan’s economic competitiveness is slightly higher than in Austria. However, corruption is perceived slightly higher in Japan.

Shintoism and Buddhism are the most common religions. Japanese is the only important language.

Personal relationships, mutual trust and harmony are essential in Japan. Body contact should be avoided, and negotiations are usually done in groups. Being on time is appreciated, and business cards are important. An interpreter should be chosen carefully because this person also translates the meaning. Japanese people like long-term business relationships.

What are Japanese people like?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-Superior relationships are emotional. Employees with a lower rank can draft and introduce a proposal to the top leader and circulate it through the chain of command. They have an emotional need for rules and an inner urge to work hard. Top management is more concerned about daily operations. Implementation works better than inventions.

Full bureaucratic configuration and standardized work processes are common.

There is a focus on long-term profit as well as a lifelong personal network. Japanese people expect a person's title, age, and background and also connections to be respected. It is difficult to separate private life and business. Softness, persistence, politeness and patience will get rewards.

Japanese corporate culture may be seen as a "family" with powerful "parent figures" and diffuse relationships.

Japanese people are reactive. Therefore, they tend to be introverted, patient, silent and respectful. They think that change should be gradual and just if all agree.

Job security tends to be very important, and Japanese people tend to have problems with a matrix organization.

How to treat Japanese people

- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in Japan than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but less harmful in Japan than in Austria.

- When using Management by Objectives (MBO), one should expect problems due to the high power distance and high uncertainty avoidance.
- Brainstorming does not work well.

It is more useful to specify the contents of work than the desired result. Due to a diffuse culture, one has to consider an employee's whole situation before judging him/her. Employees should get enough time and opportunity to handle conflicts quietly. The staff can be expected to adapt to shifting external demands quite well.

The Japanese employees' view

Sometimes there are problems because of unclear schedules. Knowledge transfer from previous projects does not work well because of the absence of a standardized system. Another issue is that Austrians don't search for the root cause of a problem and just fix errors.

Spoken English is often perceived as too fast, especially on the telephone. Japanese are shy when they have to communicate with somebody they don't know well. There are often misunderstandings due to the indirect communication of Japanese.

Japanese companies tend to blame the supplier for all the mistakes even if it is partly their fault. AVL is perceived as being too slow in response to mistakes identified by the customers. A big diversity in the experience of Japanese customers in dealing with foreigners was mentioned.

There is no tolerance to failing to meet the budget, quality or scope of the project. However, some customers tolerate a small delay. Legal actions are not tolerated at all either.

4.10 Korea

General

Korea is on a similar level in terms of human development, economic competitiveness, higher education and training and technological readiness. However, corruption is perceived as significantly higher than in Austria.

Christianity and Buddhism are the most common religions, about one quarter of the population having these confessions. Korean is the only important language.

Korean culture is highly influenced by Confucian principles and is hierarchical. A network of relations is essential for doing business. Negotiating with Koreans is described as difficult. It is also reported that contracts are often seen as "snapshots" without obligations. The difference to Austrians is bigger among the older generation.

What are Korean people like?

Korean people prefer dealing with tacit knowledge (tacit = opposite of explicit, not easy to transfer by writing it down). In addition, they excel in in-group communication but have problems when they have to “cross the boundary”.

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status symbols are normal and popular. They prefer solving conflicts by making compromises and holding negotiations. Korean employees are members of “in-groups” who will pursue their “in-group” interest. Management is management of groups. Subordinates are not supposed to appraise in order to keep harmony. “In-group” customers get better treatment. There is a focus on long-term profit as well as a lifelong personal network.

Full bureaucratic configuration and standardized work processes are common.

Koreans want to get to know their business partners personally. There usually is a lot of personal “meandering” and “irrelevancy” that doesn't seem to go anywhere. It is difficult for them to separate private life and business.

Korean corporate culture may be seen as a “family” with powerful “parent figures” and diffuse relationships.

Korean people are reactive. Therefore, they tend to be introverted, patient, silent and respectful. They think that change should be gradual and just if all agree.

Job security tends to be very important, and Korean people tend to have problems with a matrix organization.

How to treat Korean people

- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in Korea than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but less harmful in Korea than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to a high power distance and high uncertainty avoidance.
- “Supervision” may be seen as a motivator (in contrary to Herzberg's Motivation Theory).

- Brainstorming does not work well.

Creating informal networks and private understanding is helping a lot when doing business in Korea. Treating all cases by special merits is considered as fair. Due to their diffuse culture one has to consider an employee's whole situation before judging him/her.

The Korean employee's view

Austrian staff does not give enough affection to Korean customers. Austrian engineers just focus on their specific problem and are not willing to do more.

Language misunderstandings, humble Korean employees and general cultural misunderstandings lead to problems as well.

Answers to claims are often given too late and are not satisfactory.

Korean customers cause big trouble if AVL is not able to meet their budget. In addition, there is little tolerance to legal actions, failing to meet the deadline and failing to meet the quality agreed upon.

4.11 Moskau

General

AVL Moskau mainly does business in Russia, which is not that developed and has a significantly lower level of economic competitiveness, higher education and training, technological readiness and a much higher corruption than Austria.

Most Russians are unaffiliated. However, 15-20% are Russian Orthodox and 10-15% Muslims. The main language is Russian. However, there are many minority languages.

Due to their history, Russians try to deal with problems by using the "back door" rather than solving the problem itself. Enforcing contracts by legal actions is difficult. Furthermore, contacts and networking are very important.

What are Russian people like?

In their opinion, power should be distributed much less evenly than in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status symbols are normal and popular. There is an emotional need for rules even if these rules do not work. There is a tendency to believe in experts and technical solutions rather than generalists and common sense. Russian people are better at implementation than invention. They prefer solving conflicts by making compromises

and holding negotiations. Russian employees are members of “in-groups” who will pursue their “in-group” interest. Management is management of groups. Subordinates are not supposed to appraise in order to keep harmony.

Full bureaucratic configuration and standardized work processes are common.

Russian people want to get to know their business partners personally. There usually is a lot of personal “meandering” and “irrelevancy” that doesn’t seem to go anywhere. It is difficult for Russian people to separate private life and business. There is no reason to panic if Russian employees get emotional. Furthermore, Austrians should be more “cordial” when dealing with locals. In addition, being enthusiastic about something shouldn’t be confused with a decision. You can expect staff to adapt to shifting external demands quite well.

People tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria.

How to treat Russian people

- Participative Leadership (participative and not autocratic) is good, in general, but much less suitable in Russia than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is bad, in general, but causes much fewer problems in Russia than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to very high power distance and high uncertainty avoidance.
- Job security tends to be more important than an interesting and challenging job.
- “Supervision” may be seen as a motivator (in contrary to Herzberg’s Motivation Theory).

Creating informal networks and private understanding will help a lot when doing business in Russia. Treating all cases by special merits is considered as fair. Due to a diffuse culture, one has to consider an employee’s whole situation before judging him/her. Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance.

The local employees view

Language often is a problem. In addition, problems are due to the fact that local staff is rather submissive and demands leadership that is rather strict and authoritarian as

compared to Austria. Furthermore, it is difficult to find a compromise between a management style supporting and preventing private interest. Misunderstandings are sometimes caused by the Russians' "bloomy" language. On the other hand, local employees have problems with overuse of abbreviations and the ethnocentric view of Austrians. Local customers think Austrians are too strict and don't understand why their project is not looked after more closely.

There is no tolerance to failing to meet the quality or scope agreed upon. Legal actions are not accepted. Knowledge from previous projects often is not available or usable.

4.12 North America

General

AVL NA mostly does business in the US, which has a slightly higher economic competitiveness and slightly better higher education and training. However, corruption is also perceived as being slightly higher in the US.

There are about 51% Protestants and 24% Roman Catholics in the US. English (82%) and Spanish (11%) are the most common languages.

Americans like to come to the point fast. Lower and middle management have more decisional power than in Austria.

What are American people like?

American people prefer dealing with explicit knowledge, i.e. with knowledge that is easy to codify, may be stored in media, ...

Uncertainty avoidance is very weak, and individualism is very high. This leads to tolerance for ambiguity and chaos. American people tend to be better at innovation than implementation. Common sense is more important than experts. The employer-employee relationship is a contract between two parties only. Management may be seen as management of individuals. Tasks tend to be more important than relationships.

Growth of the business, this year's profits, personal wealth, power, staying within the law and respecting the ethical standards are perceived as being the most important goals.

American people like things to be coordinated by specifying the desired result.

Arguments and presentations are likely to be "rational" and "professional". A "get down to business" attitude is common. Legal matters should be prepared carefully.

There is no reason to panic if American employees get emotional. Furthermore, Austrians should be more “cordial” when dealing with locals. In addition, being enthusiastic about something shouldn’t be confused with a decision. Objectives, principles and numerical targets are important. Everything should be structured relating to time. American people tend to try to control their environment and don’t like to respond to external circumstances.

American people like a “guided missile” as corporate culture. That means that their aim shifts as the target is moving. Just constructive task-related criticism is allowed. Errors should be permitted and corrected fast.

How to treat American people

- Human Oriented Leadership (modesty and human orientation are typical), which usually works to a mediocre extent, is slightly more suitable for the US than for Austria.
- Autonomous Leadership (typically individualistic, independent, autonomous and unique), which usually does not work well, causes fewer problems in the US.

Seek fairness by treating all similar cases in the same way. Strive for consistency and uniform procedures. Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. Private life and business should be kept separated. Management may be seen as realization of objectives and standards, rewards being promised. All reports should have an executive summary.

The American employees’ view

Sometimes it is hard to agree on technical details when working with Austrians. If two employees, who are on a similar hierarchical level, work together, both of them want to be in charge. It also happens that American employees are underestimated by Austrians. The competition between Austrian and NA products sometimes spoils the atmosphere. American customers don’t accept if they are blamed for problems. Customers are not satisfied with the time staff is present at the site either.

Legal actions are not accepted.

4.13 Nordiska

General

Nordiska mainly does business in Sweden, which is slightly better in terms of economic competitiveness and also better in terms of higher education and training. Sweden is even more ahead in terms of technological readiness and corruption.

Lutheran Protestantism is the most important religion, 87% of the population sharing this religion. Swedish is the only language, with the exception of small Sami speaking and Finnish speaking minorities.

It is difficult for Swedish people to separate business and the person they do business with. They often make the impression to be cold, reserved and democratic. It is appreciated to be on time, and meetings should be planned. Swedish companies have a low hierarchy, and even employees on a low level have the power to make decisions.

What are Swedish people like?

Their weak uncertainty avoidance makes them strong at basic innovations. This also leads to tolerance for ambiguity and chaos. Having more rules than strictly necessary is avoided. Common sense is more important than experts. Swedish people have a strong tendency to solve conflicts by making compromises and holding negotiations. Careers are optional for both genders. The employer-employee relationship is a contract between two parties only. Management may be seen as management of individuals. Tasks tend to be more important than relationships.

Swedish people like things to be coordinated by mutual adjustment enabled by informal communication.

Arguments and presentations are likely to be “rational” and “professional”. A “get down to business” attitude is common. Legal matters should be prepared carefully. Private life and business should be kept separated. Management may be seen as realization of objectives and standards, rewards being promised. All reports should have an executive summary. Softness, persistence, politeness and patience will be rewarded.

Swedish people like “business incubators” as corporate image, which enable them to make innovations.

How to treat Swedish people

- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but even more harmful in Sweden than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to a low masculinity.

Striving for consistency and uniform procedures is recommended. Treating all cases in the same way is perceived as fair. Private life and business should be kept separated. Management may be seen as realization of objectives and standards, rewards being promised. All reports should have an executive summary. Employees should get enough time and opportunity to handle conflicts quietly. You can expect staff to adapt to shifting external demands very well.

The Swedish employees' view

There are problems with finding common organizational objectives. More social contact between employees would improve the cooperation. Information about ongoing projects sometimes is perceived as being useless. AVL Graz is perceived as being too slow in responding to errors and problems of customers.

Usability and availability of knowledge of previous projects are perceived as being insufficient. Legal actions, failing to meet the quality, failing to meet the budget and failing to meet the scope would cause big problems. Failing to meet the deadline would cause problems as well.

4.14 South America

General

AVL SA mainly does business in Brazil, which is not that developed and has a significantly lower level of economic competitiveness, higher education and training, technological readiness and a much higher corruption than Austria.

Christianity (Roman Catholic 74%, Protestant 15%) is the most important religion in Brazil. Portuguese (official and most widely spoken language) and Spanish (border areas and schools) are the most common languages.

Being late for a meeting is usually not a big problem, and it is essential to have good personal relations with business partners. It is also reported that contracts are often seen as "snapshots" without obligations. Brazilian organizations tend to be very hierarchical. Body contact and affective behavior are more common than in Austria.

What are Brazilian people like?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status symbols are normal and popular. Rewards are based on equality. They prefer solving conflicts by making compromises and holding negotiations. Brazilian employees are members of "in-groups" who will pursue their "in-group" interests. Management is management of groups. Subordinates are not supposed to appraise in order to keep harmony. "In-group" customers get better treatment. There is a focus on long-term profit as well as a lifelong personal network.

Full bureaucratic configuration and standardized work processes are common (specifying the contents of work).

The most important goals of leaders are family interests, personal wealth, power, this year's profits, playing and gambling spirit, growth of the business.

There is no reason to panic if Brazilian employees get emotional. Furthermore, Austrians should be more "cordial" when dealing with locals. In addition, being enthusiastic about something shouldn't be confused with a decision. Brazilian people want to get to know their business partners personally. There usually is a lot of personal "meandering" and "irrelevancy" that doesn't seem to go anywhere. It is difficult for Brazilian people to separate private life and business. They tend to try to control their environment and don't like to respond to external circumstances.

People tend to do many things at once, often in an unplanned order. This multi-active behavior is especially difficult for such linear-active cultures as Austria.

How to treat Brazilian people

- Participative Leadership (participative and not autocratic) is good, in general, but less suitable in Brazil than in Austria.
- Autonomous Leadership (typically individualistic, independent, autonomous and unique) is not good, in general, but even worse in Brazil than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is bad, in general, but causes fewer problems in Brazil than in Austria.
- Brainstorming is great but it must be restrained in the presence of superiors.

Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. You exclude people from "the

family". Due to a diffuse culture, one has to consider an employee's whole situation before judging him/her.

The Brazilians employees' view

Austrians don't understand the Brazilian customers' needs. In addition, there is a lack of confidence in "remote organizations". The duties of a project manager also are different in Brazil. Austrians are perceived as being "strict" and "rigid", and local customers are more demanding and flexible. Brazilian customers may give promises they will withdraw because they feel uncomfortable/insecure when dealing with foreigners. Making local customers sign too many papers will cause them to suspect mistrust. A lack of social contact with staff from Graz is an issue as well. Austrian employees tend to underestimate local staff especially at the beginning.

Big problems would arise if legal actions were taken or the quality was not met. Problems are also perceived if there are discussions as to whether the objectives are reached, if employees on a similar hierarchical level have to work together, if there is communication and knowledge transfer relating to project management issues and if the budget agreed upon is not met. It was also mentioned that there might be problems with "compliance" with written contracts concluded with customers.

4.15 Thailand

General

Thailand is not that developed and has a significantly lower level of economic competitiveness, higher education and training, technological readiness and a much higher corruption than Austria.

Buddhism (94.6%) and Islam (4.6%) are the most important religions. Thai and English (secondary language of the elite) are the most common languages.

Many social rules are based on Buddhism and high hierarchy. In addition, keeping harmony is essential. Body contact is avoided. Mutual trust is important for doing business.

How are Thai people?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status symbols are normal and popular. They prefer solving conflicts by making compromises and holding negotiations. Thai employees are members of "in-groups" who will pursue their "in-group" interests. Management is management of groups.

Subordinates are not supposed to appraise in order to keep harmony. “In-group” customers get better treatment. There is a focus on long-term profit as well as a lifelong personal network.

Thai people like things to be coordinated by specifying the desired result.

It is difficult to separate private life and business.

Thai people are reactive. Therefore, they tend to be introverted, patient, silent and respectful. They think that change should be gradual and just if all agree. The importance of not losing one’s face and avoiding confrontation are typical as well.

How to treat Thai people

- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in Thailand than in Austria.
- Human Oriented Leadership (modesty and human orientation are typical), which usually works to a mediocre extent, is more suitable for Thailand than for Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but much less harmful in Thailand than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to the high power distance.
- “Supervision” may be seen as a motivator (in contrary to Herzberg’s Motivation Theory).
- Due to differences in tradition and need for harmony, D. McGregor’s “Theory X and Theory Y” is irrelevant in Thailand.
- Brainstorming does not work well.

Due to a diffuse culture, one has to consider an employee’s whole situation before judging him/her.

The local employees’ view

There often is no harmony between what Thai customers want and what Austrian staff thinks is appropriate. There also is a lack of affection perceived by Thai customers. Austrian employees are put higher than the Thai employees even if they are on the same hierarchical level. If the Austrian employee is on a lower level than the Thai employee, the Austrian employee will rather be loyal to his/her superior in

Graz than to his/her colleague in Thailand, who is on a higher level. Often Thai employees are underestimated due to their humbleness. Respect and adaption of culture work best with young employees and high managers. Social contact and cultural exchange should be emphasized. Less authorization in technical issues would be helpful.

Legal actions, failing to meet the deadline or failing to meet the scope agreed upon would cause big problems.

4.16 Turkey

General

Turkey is not that developed and has a significantly lower level of economic competitiveness, higher education and training, technological readiness and a much higher corruption than Austria.

Islam 99.8% (mostly Sunni) is the only common religion in Turkey. Turkish (official) and Kurdish are the most common languages.

Negotiations are time-consuming, and Turkish people expect their partners to be on time for meetings. Decisions are usually just made by high-ranking managers. For being successful, a good personal relationship is important. Leadership and organization usually are patriarchic and hierarchic.

How are Turkish people?

In their opinion, power shouldn't be distributed as evenly as in Austria. Therefore, individual subordinates do not want to participate in the leader's decision and expect to be told what to do. Subordinate-superior relationships are emotional. Status symbols are normal and popular. They prefer solving conflicts by making compromises and holding negotiations. Turk employees are members of "in-groups" who will pursue their "in-group" interests. Management is management of groups. Subordinates are not supposed to appraise in order to keep harmony. "In-group" customers get better treatment. There is a focus on long-term profit as well as a lifelong personal network.

Full bureaucratic configuration and standardized work processes are common (specifying the contents of work).

There is no reason to panic if Turk employees get emotional. Furthermore, Austrians should be more "cordial" when dealing with locals. In addition, being enthusiastic about something shouldn't be confused with a decision. Turkish people want to get to know their business partners personally. There usually is a lot of personal

“meandering” and “irrelevancy” that doesn’t seem to go anywhere. It is difficult for Turkish people to separate private life and business.

Turkey has a hybrid interaction culture which has a multi-active and reactive part. People tend to do many things at once, often in an unplanned order and usually people oriented and extrovert. But people also rarely initiate action or discussions, preferring to listen to and establish the other’s position first and then react to this position and formulate their own position.

How to treat Turkish people

- Charismatic/Value-Based Leadership (visionary, inspirational, self-sacrificing, decisive, integrity and performance oriented) is usually very good but less effective in Turkey than in Austria.
- Participative Leadership (not autocratic) is quite good, in general, but less appropriate in Turkey than in Austria.
- Autonomous Leadership (typically individualistic, independent, autonomous and unique) is not good, in general, but even worse in Turkey than in Austria.
- Self-Protective Leadership (behavior that usually is self-centering, is conscious of the status, induces conflict, saves the face and is based on procedures) is not good, in general, but much less harmful in Turkey than in Austria.
- When using Management by Objectives (MBO), one should expect problems due to the high power distance.
- “Supervision” may be seen as a motivator (in contrary to Herzberg’s Motivation Theory).

Avoid detached, ambiguous and cool demeanor. This will be interpreted as negative evaluation, as disdain, dislike and social distance. Due to a diffuse culture, one has to consider an employee’s whole situation before judging him/her.

The Turkish employees’ view

There are small problems finding common objectives in project management because Turkish customers have a different perception of how a project manager should work. In addition, customers and employees from Graz have some communication issues due to language and cultural differences. Local customers perceive Graz as being strict and rigid. Problems will occur if local customers are blamed for being responsible for errors.

Local customers regard failing to meet the quality agreed upon and failing to reach the deadline as being big problems.

4.17 United Kingdom

General

UK's agility to adopt existing technologies to enhance the productiveness of its industries is slightly better than in Austria. However, corruption is perceived as being slightly higher in UK.

Different branches of Christianity are the most common religion. About one fifth doesn't have a Religion. The most common languages are English, Welsh (about 26% of the population of Wales) and a Scottish form of Gaelic (about 60,000 in Scotland).

It is important that one doesn't mix up English and British. British traditions shouldn't be criticized. A more polite language is appreciated, and body contact should be avoided. Meetings should always have an agenda.

What are British people like?

British people prefer dealing with explicit knowledge, i.e. with knowledge that is easy to codify, may be stored in media,

Uncertainty avoidance is very weak, and individualism is very high. This leads to tolerance for ambiguity and chaos. They tend to be better with innovation than implementation. Common sense is more important than experts. The employer-employee relationship is a contract between two parties only. Management may be seen as management of individuals. Tasks tend to be more important than relationships.

British people like things to be coordinated by mutual adjustment enabled by informal communication.

Goals of leaders are this year's profit, staying within the law, responsibility towards employees, national pride, ...

Arguments and presentations are likely to be "rational" and "professional". A "get down to business" attitude is common. Legal matters should be prepared carefully. Objectives, principles and numerical targets are important. Everything should be structured relating to time. Status is achieved by individuals exemplifying creativity and growth.

British people like “business incubators” as corporate image, which enable them to make innovations.

How to treat British people

- Human Oriented Leadership (modesty and human orientation are typical), which usually works to a mediocre extent, is slightly more suitable for the UK than for Austria.
- Autonomous Leadership (typically individualistic, independent, autonomous and unique), which usually does not work well, causes fewer problems in the UK.
- Performance related pay works well in the UK.

Striving for consistency and uniform procedures is recommended. Treating all cases in the same way is perceived as fair. Private life and business should be kept separated. Management may be seen as realization of objectives and standards, rewards being promised. All reports should have an executive summary.

The British employees' view

Sometimes problems occur due to unrealistic goals of customers. Language differences cause problems as well.

Generating reports with tools from Graz sometimes causes problems because of national differences in standards and legislation.

Feedback and help from Graz are perceived as being too slow.

The biggest problems should be expected if AVL fails to meet the expected quality and scope.

5 Summary and Future Prospects

Interviews conducted with AVL Managers in different affiliates demonstrated several problems and risks. Geographical clusters show that Asia seems to be the continent with the highest risks and most problems. The smallest problems may be expected in Europe. The problems of the Americas are on-the-average. In general, more developed countries cause fewer problems and risks. There are cultures which are more difficult to deal with because of cultural differences. This was also confirmed by the results of the interviews.

Legal, economic and social risks were investigated. Legal risks are the highest risks. Social risks are the lowest risks, and economic risks are somewhere in between. The biggest problems are seen in France. China, Thailand and Japan also raise many issues. The UK and Germany seem to have the smallest problems.

It also became obvious that the affiliates' employees see themselves as a buffer or cultural translator to the customers. Austrians are described as being strict and rigid. The response to customers' problems that is given by AVL Graz is perceived as being too slow. A lack of affection to local customers was mentioned as well.

Differences in several cultural dimensions lead to many differences in the way affiliates organize themselves. They also influence the preferred leadership style and the way how to motivate employees. Variations in knowledge sharing and usability of common management approaches were also discussed. In addition, the way people interact one with another is discussed. Especially when dealing with those affiliates that differ most in those dimensions, significant differences in cooperation and staff behavior should be expected.

In order to get a general idea, development, education, corruption, economic competitiveness and technological readiness were included.

Since language and religion also influence the cooperation, they were covered as well.

With the intention to round up the contents of the guidelines and questions the results, business guides were included.

Many, especially those who are not so satisfied with the current situation, were very eager to answer my questions. Especially employees from Brazil, France, Thailand and Sweden were very willing to give input. I got the impression that they were waiting for an opportunity to give feedback about their situation.

When doing further investigations, a higher number of interviews would give a more exact and more convincing result. Due to certain circumstances, a cultural triangle (e.g. Toyota as AVL customer in Thailand) should be investigated in future. The diversity of customers could be taken into account even more. Universities and automotive companies, in particular, seem to have different demands. There was the impression that there also is diversity among foreign employees (e.g. young – old).

The most famous/important cultural dimensions with data for relevant countries have already been taken into account. However, there is more literature focusing on team building and the human resources aspect. It is difficult to compare small and economically less important countries, such as Austria, with others.

The guidelines, the final results of this thesis, will only be useful if they are used and followed. Therefore, it is essential to publish them as to make them easily accessible and promote them as being very helpful.

6 Table of Abbreviations

AVL	Institute for Internal combustion engines List (German: Anstalt für Verbrennungskraftmaschinen List)
BU_E	Business Unit Emission
CIA	Central Intelligence Agency
CPI	Corruption Perceptions Index
CZ	Czech Republic
E	Economic Risk
GLOBE	Global Leadership and Organizational Behavior Effectiveness
GCI	Global Competitiveness Index
HDI	Human Development Index
HET	Higher Education and Training
IDV	Individualism
LTO	Long Term Orientation
L	Legal Risk
MAS	Masculinity
NA	North America
PDI	Power Distance Indicator
S	Social Risk
SA	South America
TR	Technological Readiness
TQ	Department for Quality Management at AVL
UAI	Uncertainty Avoidance Indicator
UK	United Kingdom
UNDP	United Nations Development Program
USA	United States of America
WKO	Austrian Federal Economic Chamber (German: Wirtschaftskammer Österreich)

7 Table of Figures

FIGURE 1: SCOPE OF BUSINESS	1
FIGURE 2: RELEVANT AVL AFFILIATES COVERED IN THE THESIS	2
FIGURE 3: APPROACH	3
FIGURE 4: STRUCTURE OF THE THESIS	5
FIGURE 5: RISKS AS RESULT OF PROBLEMS/ISSUES (ADAPTED FROM THE PROJECT EXCELLENCE MODEL, PMA)	7
FIGURE 6: COMMUNICATION & COLLABORATION PATTERN	9
FIGURE 7: OBTAINING SOCIAL, LEGAL AND ECONOMIC RISKS	10
FIGURE 8: CLUSTERS	12
FIGURE 9: DEVELOPEMENT CLUSTER	13
FIGURE 10: DIFFICULTY CLUSTER	14
FIGURE 11: HOFSTEDE ONION	28
FIGURE 12: THE LEWIS MODEL	51
FIGURE 13: CHART WHICH IS SHOWING THE AVERAGE FOR EACH QUESTION AND RISK	122
FIGURE 14: CHART WHICH IS SHOWING THE AVERAGE FOR EACH AFFILIATE	123
FIGURE 15: CHART WHICH IS SHOWING THE DIFFERENCES IN CLUSTERS	124
FIGURE 16: CHART WHICH IS SHOWING THE DIFFERENCES BETWEEN ASIA, AMERICA AND EUROPE	125
FIGURE 17: CHART WHICH IS SHOWING THE DIFFERENCES BETWEEN HIGH- AND LOW DEVELOPED COUNTRIES	126
FIGURE 18: CHART WHICH IS SHOWING THE DIFFERENCES BETWEEN “EASY” AND “DIFFICULT” COUNTRIES	127

8 Table of Tables

TABLE 1: KEY DIFFERENCES BETWEEN SMALL- AND LARGE-POWER-DISTANCE SOCIETIES: THE WORKPLACE (1/2)	29
TABLE 2: KEY DIFFERENCES BETWEEN SMALL- AND LARGE-POWER-DISTANCE SOCIETIES: THE WORKPLACE (2/2)	30
TABLE 3: KEY DIFFERENCES BETWEEN COLLECTIVIST AND INDIVIDUALIST SOCIETIES: THE WORK PLACE	31
TABLE 4: KEY DIFFERENCES BETWEEN FEMININE AND MASCULINE SOCIETIES: THE WORKPLACE	32
TABLE 5: KEY DIFFERENCES BETWEEN WEAK AND STRONG UNCERTAINTY AVOIDANCE SOCIETIES: THE WORKPLACE, ORGANIZATION AND MOTIVATION	33
TABLE 6: KEY DIFFERENCES BETWEEN SHORT- AND LONG-TERM ORIENTATION SOCIETIES: BUSINESS AND ECONOMICS	34
TABLE 7: COMPETITIVE ADVANTAGE OF DIFFERENT CULTURAL PROFILES IN INTERNATIONAL COMPETITION	35
TABLE 8: COMPARISON USING HOFSTEDE'S DIMENSIONS	36
TABLE 9: FIVE PREFERRED CONFIGURATIONS OF ORGANIZATIONS	37
TABLE 10: RELATIVELY MOST IMPORTANT PERCEIVED GOALS OF SUCCESSFUL BUSINESS LEADERS IN DIFFERENT AFFILIATES	38
TABLE 11: TIPS FOR DOING BUSINESS WITH UNIVERSALISTS AND PARTICULARISTS	40
TABLE 12: WHEN MANAGING AND BEING MANAGED (UNIVERSALISTS AND PARTICULARISTS)	40
TABLE 13: TIPS FOR DOING BUSINESS WITH AFFECTIVE AND NEUTRALS	41
TABLE 14: WHEN MANAGING AND BEING MANAGED (NEUTRAL AND AFFECTIVE)	42
TABLE 15: TIPS FOR DOING BUSINESS WITH SPECIFIC- AND DIFFUSE-ORIENTED SOCIETIES	43
TABLE 16: WHEN MANAGING AND BEING MANAGED (SPECIFIC- AND DIFFUSE-ORIENTED SOCIETIES) (1/2)	43
TABLE 17: WHEN MANAGING AND BEING MANAGED (SPECIFIC- AND DIFFUSE-ORIENTED SOCIETIES) (2/2)	44
TABLE 18: TIPS FOR DOING BUSINESS WITH INTERNALLY- AND EXTERNALLY CONTROLLED SOCIETIES	45
TABLE 19: WHEN MANAGING OR BEING MANAGED IN AN EXTERNALLY- OR INTERNALLY CONTROLLED SOCIETY	45
TABLE 20: COMPARISON USING TROMPENAARS & HAMPDEN-TURNER'S DIMENSIONS	46
TABLE 21: CHARACTERISTICS OF THE FOUR CORPORATE CULTURES	47
TABLE 22: COMPARISON OF SUITABLE LEADERSHIP DIMENSIONS	50

TABLE 23: COMMON TRAITS OF LINEAR-ACTIVE, MULTI-ACTIVE, AND REACTIVE CATEGORIES	52
TABLE 24: DIFFERENCES IN CHANGE AND INNOVATION OF LINEAR-ACTIVE, MULTI-ACTIVE, AND REACTIVE CATEGORIES (1/2)	53
TABLE 25: DIFFERENCES IN CHANGE AND INNOVATION OF LINEAR-ACTIVE, MULTI-ACTIVE, AND REACTIVE CATEGORIES (2/2)	54
TABLE 26: HDI, GCI, HET, TR, AND CPI COMPARISON	57
TABLE 27 AFFILIATE RELIGION (1/2)	128
TABLE 28: AFFILIATE RELIGION (2/2)	129
TABLE 29: AFFILIATE LANGUAGES (1/2)	130
TABLE 30: AFFILIATE LANGUAGES (2/2)	131

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Appendix

Results and questionnaire of the current state analysis as well as religions and languages are covered in detail.

9.1 Questionnaire

Using this questionnaire the current state analysis was conducted. Questions are clustered in 9 categories and were answered open from 17 partners and closed by 16 interview partners.

A) Objectives:

1. How difficult do you find it to agree on the objectives for a project? (E)

4	It is very difficult for us to agree on common objectives with the headquarters in Graz
3	There are frequently problems with finding common objectives
2	Problems with finding objectives are usually small
1	Usually we agree fast and without any problems on common objectives

Why, do you think, is it a problem to agree on objectives?

How is your affiliate dealing with that problem?

2. Is there, in your opinion, an agreement between customers and AVL Graz employees whether the project goals are reached? (E)

4	They usually don't agree on whether the project goals are reached
3	There are frequently problems with agreeing on whether the goals are reached
2	There are rarely problems with agreeing on whether the goals are reached
1	There is no problem with that

What is the Problem?

How are you dealing with it?

3. Is there a difference in the understanding of the customers' needs? (E)

4	We usually don't agree on the customers' needs.
3	Consent on the customers' needs is not easy.
2	There are just minor problems with that.
1	We always see the customers' needs the same way.

What is the reason for the disagreement on the customers' needs?

How is your affiliate dealing with that kind of problem?

B) Leadership:

4. How is your feeling about the collaboration when both employees, from Graz and your affiliate, are on a similar hierarchical level and age? (S)

4	Difficult, misunderstandings, blaming each other...
3	There are problems but we usually get arranged.
2	There are minor problems.
1	Easy, we understand each other well, teamwork...

What is the reason for problems in teamwork with employees on similar hierarchical level and age?

How are employees in your affiliate dealing with that kind of problems?

5. How is your feeling about the collaboration when the employee from Graz is on a higher hierarchical level or age then the employee from your affiliate? (S)

4	Difficult, misunderstandings, blaming each other...
3	There are problems but we usually get arranged.
2	There are minor problems.
1	Easy, we understand each other well, teamwork...

What is the reason for problems in teamwork when the employee from Graz is on a higher hierarchical level or age then the employee from your affiliate?

How are employees in your affiliate dealing with that kind of problems?

6. How is your feeling about the collaboration when the employee from Graz is on a lower hierarchical level or age then the employee from your affiliate? (S)

4	Difficult, misunderstandings, blaming each other...
3	There are problems but we usually get arranged.
2	There are minor problems.
1	Easy, we understand each other well, teamwork...

What is the reason for problems in teamwork when the employee from Graz is on a lower hierarchical level or age then the employee from your affiliate?

How are employees in your affiliate dealing with that kind of problems?

7. What do you think about the communication between a customer in your country and an employee from Graz? (E,L)

4	Frequently misunderstandings, try to avoid each other
3	Problems and misunderstandings but both try to get arranged
2	Mostly good with small misunderstanding problems
1	Understand each other well, friendly, curious about each others culture

What is the reason for the communication problems between local customers and AVL Graz employees?

How are employees in your affiliate dealing with that kind of problems?

C) Employees:

8. Do you feel that the potential of employees in your affiliate is identified well by AVL Graz employees? (S,E)

4	Many good employees' potential is due to cultural differences/misunderstandings not identified.
3	There are often problems with identifying potential of employees.
2	There are minor problems in identifying potential of employees.
1	It is as good as it would be in a local company.

What is the problem with identifying potential of local AVL employees?

How do you deal with that in your affiliate?

9. Is, in your opinion, the level of authorization and information appropriate for working independently? (E,S)

4	We feel very limited due to the lack of information and authority.
3	We often feel limited due to the lack of information and authority.
2	We sometimes feel limited due to the lack of information and authority.
1	We got everything we need.

Where would you need more authority?

Where is usually a lack of information?

How do you deal with these problems?

D) Resources & Information/Communication

10. Is the information (documentation, emails...) written by AVL Graz employees understandable for employees in your affiliate? (E,L,S)

4	Very difficult to understand.
3	Hard to understand.
2	Minor problems.
1	Very clear. We understand everything.

11. Do you have the feeling AVL Graz employees understand information written by employees in your affiliate? (E,L,S)

4	Mostly don't understand what we want to say.
3	Often misunderstandings.
2	Good.
1	Very good.

12. How efficient do you think is oral (telephone, face-to-face) conversation with AVL Graz? (E,S)

4	Bad
3	Ok
2	Good.
1	Very good.

E) Process:

13. There are different standards and approaches in project management (Project Management Institute PMI, International Project Management Association IPMA, PRINCE2, ...). How do you think these differences influence the collaboration between AVL Graz and your affiliate? (E)

4	Very much
3	Quiet a lot
2	A bit
1	Not at all

How do you deal with those differences?

14. How well does the communication about the progress in projects work? (E)

4	Bad
3	Ok
2	Good
1	Very Good

Why do you think does it work badly?

How do you deal with it?

15. How available and usable is the knowledge/experience gained in previous projects? (E)

4	Not available
3	Sometimes available and understandable
2	Not always available and understandable
1	Available and understandable

Why do you think does it work badly?

How do you deal with it?

F) Customer satisfaction:

16. Are customers satisfied with the quality of AVL project management? (E)

4	Not at all.
3	They don't like it but can deal with it.
2	They like it.
1	They are found of it.

What problems do they see with the AVL project management?

How are employees in your affiliate dealing with customers who are unsatisfied with the AVL project management?

G) Employee Satisfaction:

17. How happy are employees in your affiliate about working with Austrians? (S)

4	Not at all.
3	They are ok with it.
2	Quiet well.
1	Like it a lot.

What makes employees in your affiliate dislike working with Austrians?

How do they deal with it?

18. Is AVL seen as a company where employees can grow personally? (S)

4	Not at all.
3	A bit.
2	Quiet a lot.
1	Absolutely

Why do they think that they can't grow personally?

How are they dealing with that?

H) Adaption & Respect of Culture:

19. Do AVL Graz employees respect the local culture? (S)

4	Not at all.
3	A bit.
2	Quiet a lot.
1	Absolutely

20. Are AVL employees of your affiliate adapting to the Austrian culture or are AVL Graz employees adapting to the local culture? (S)

4	AVL Graz is adaption completely OR local affiliate is adapting completely
3	One is adapting much more than the other one.
2	One is adapting a bit more than the other one.
1	They meet in the "middle"

21. Are most management tools/techniques used in your affiliate adapted from AVL Graz? (S,E)

4	Yes all of them OR No, none of them.
3	
2	
1	It depends on the type of problem. Adapted tools/techniques.

What kind of problems do you know about due to the differences of these tools/techniques?

How are you dealing with those problems?

I) Claim management & Contract differences:

22. In case of a disagreement: Are legal actions accepted by the customer? (L,E)

4	Not at all.
3	
2	
1	Yes

What would be the consequence of a legal action?

Would the result of a legal action be accepted by the customer?

23. Oral agreement vs. written contract: How much can we rely on the written contract? (L,E)

4	Not at all. Contract is just a clue. Oral agreement is important. Frequent changes
3	
2	
1	Written contract is the only thing that matters

24. Do local customer tolerate if we fail to meet the deadline? (E,L)

4	Not at all.
3	Yes, but cause big problems.
2	Yes, but cause small problems.
1	Yes

How should we behave in case we realize that we can't meet the deadline?

How is the local affiliate dealing with problems due to not meeting the deadline?

25. Do local customer tolerate if we fail to meet the budget we agreed on? (E,L)

4	Not at all.
3	Yes, but cause big problems.
2	Yes, but cause small problems.
1	Yes

How should we behave in case we realize that we can't meet the budget?

How is the local affiliate dealing with problems due to not meeting the budget?

26. Do local customer tolerate if we fail to meet the quality we agreed on?
(E,L)

4	Not at all.
3	Yes, but cause big problems.
2	Yes, but cause small problems.
1	Yes

How should we behave in case we realize that we can't meet the quality?

How is the local affiliate dealing with problems due to not meeting the quality?

27. Do local customer tolerate if we fail to meet the scope we agreed on? (E,L)

4	Not at all.
3	Yes, but cause big problems.
2	Yes, but cause small problems.
1	Yes

How should we behave in case we realize that we can't meet the scope?

How is the local affiliate dealing with problems due to not meeting the scope?

28. How is, in your opinion, the satisfaction of customers about the "AVL way" of dealing with customers errors? (Open issue resolution, Responsiveness, availability) (E)

4	Bad
3	Often not satisfied.
2	Mostly satisfied.
1	Good

What is the Problem?

How are you dealing with it?

29. Any suggestions on how we could improve our collaboration?

9.2 Closed Results

Results of the closed answers of the current state analysis conducted with 16 affiliates are covered here.

9.2.1 Closed Answers and Risks

Nr.	Affiliate	Austria	CZ*	NA	Thailand	Turkey**	Germany	UK	Korea	Iberica	France	Moskau	India	China	Japan	Italy	Sum	sigma		
																	xq	%		
1	Nordiska SA	Austria	3	2	2	1	2	1	2	2	2	3	2	2	2	2	2,063	0,574		
2			3	1	3	1	3	1	2	2	2	2	3	1	3	3	2	1,813	0,834	
3			2	2	2	4	3	1	2	1	2	1	3	3	1	2,5	2	2,094	0,861	
4			1	3	1	3	2	1	1	1	1	2	2	2	1	1	2	1,625	0,719	
5			2	1	1	3	1	1	1	1	1	2	3	1	1	1	2	1,563	0,814	
6			1	1	2	2	1	1	1	1	1	2	2	1	1	3	1	1,500	0,632	
7			1	3	3	4	3	4	3	2	3	2	4	4	2	3	2	2,633	1,060	
8			1	4	1	2	2	2	1	1	2	2	3	3	3	3	3	2,063	0,929	
9			2	2	1	2	3	2	2,5	1	2	2	3	1	3	3	3	2,167	0,748	
10			1	1	2	2	2	1	2	1	2	1	2	1	1	1	1	1,375	0,500	
11			1	1	1	2	3	2	1	2	1	1	3	3	3	2	2	1,750	0,775	
12			1	1	2	2	1	3	1	1	2	1	3	3	2	1	2	1,750	0,775	
13			1	1	1	1	1	1	1	1	2	1	1	3	1	2	1	1,375	0,619	
14			2	3	2	1	2	3	3	3	1	3	3	2	1	3	2	2,063	0,854	
15			3	3	3	2	4	2	1	1	1	3	2	4	3	3	2	2,375	1,025	
16			2	3	2	2	3	3	2	2	2	2	2	4	3	2	3	2,400	0,737	
17			1	3	2	2	1	1	1	1	2	2	2	3	1	2	1	1,563	0,727	
18			3	2	2	1	3	1	1	1	1	2	3	1	1	2	3	2	1,875	0,806
19			2	2	2	1	2	3	1	1	1	2	2	3	1	2	2	1,813	0,911	
20			1	1	2	1	1	1	1	1	1	1	3	4	1	2,5	2	1,531	0,921	
21			4	1	3	2	2	2	1	3	1	1	4	4	1	4	1	2,188	1,276	
22			4	4	4	4	4	4	2	1	1	3	4	4	4	4	4	3,200	1,146	
23			1	3	1	2	1	1	1	1	1	2	2	1	1	2	3	2	1,563	0,727
24			3	2	3	2	4	2	2	2	3	3	3	3	2	2	2	2,500	0,632	
25			4	3	4	2	3	4	2	2	4	4	4	3	3	4	4	3,188	0,834	
26			4	4	4	2	3	4	2	3	4	4	4	4	4	3	4	4	3,438	0,727
27			4	2	3	2	4	2	2	3	2	4	2	4	2	4	2	2,813	0,911	
28			3	2	2	1	3	2	3	2	3	2	2	3	1	2	4	4	2,400	0,986
Social	1,615	1,769	1,692	1,923	1,923	1,500	1,115	1,308	1,385	1,692	3,000	1,846	1,385	2,192	1,923	1,692	1,751	0,433		
Economic	2,333	2,381	2,000	2,000	2,619	2,250	1,500	1,810	2,000	2,238	2,905	2,667	2,048	2,643	2,524	1,762	2,243	0,384		
Legal	2,556	2,556	2,571	2,333	3,111	2,333	1,444	2,000	2,444	2,778	2,889	3,000	2,222	2,667	2,778	2,000	2,484	0,425		
Average	2,143	2,250	2,000	1,984	2,393	2,000	1,375	1,607	1,921	2,179	2,929	2,321	1,786	2,536	2,393	1,679	2,086	0,390		
interview time	63,0	83,0	60,0	47,0	67,0	40,0	37,0	45,0	60,0	55,0	76,0	54,0	70,0	71,0	60,0	57,0	59,06	12,76		

9.2.2 Calculation of Clusters

Nr.	Geographic												Development				Power Distance and Uncertainty Avoidance			
	Asia			Europe			Americas			HDI>0,95 "rich"		HDI<0,95 "poor"		"difficult"		"easy"				
	xq	sigma	xq	sigma	xq	sigma	xq	sigma	xq	sigma	xq	sigma	xq	sigma	xq	sigma	xq	sigma		
A 1	2,000	0,632	2,125	0,641	2,000	0,000	2,250	0,707	1,875	0,354	1,875	0,354	2,375	0,518	1,750	0,463				
A 2	2,000	0,894	1,625	0,744	2,000	1,414	1,750	0,707	1,875	0,991	1,875	0,991	1,875	0,835	1,750	0,886				
A 3	2,250	1,173	2,000	0,756	2,000	0,000	1,875	0,641	2,313	1,033	2,313	1,033	2,438	0,496	1,750	1,035				
A 4	1,500	0,548	1,375	0,518	3,000	0,000	1,500	0,707	1,500	0,756	1,500	0,756	1,500	0,535	1,750	0,886				
B 5	1,500	0,837	1,500	0,756	2,000	1,414	2,000	0,926	1,125	0,354	1,125	0,354	1,875	0,835	1,250	0,707				
B 6	1,500	0,837	1,500	0,535	1,500	0,707	1,500	0,535	1,500	0,756	1,500	0,756	1,500	0,756	1,500	0,535				
B 7	2,833	0,753	2,143	1,345	3,000	0,000	2,000	1,069	3,143	0,690	2,625	1,061	2,625	1,061	2,429	1,134				
C 8	2,000	0,632	1,875	0,991	3,000	1,414	1,875	0,835	2,250	1,035	2,250	1,035	2,000	0,926	2,125	0,991				
C 9	2,800	0,447	1,813	0,753	2,000	0,000	2,188	0,651	2,143	0,900	2,143	0,900	2,143	0,900	2,188	0,651				
D 10	1,187	0,408	1,500	0,535	1,500	0,707	1,500	0,535	1,250	0,463	1,250	0,463	1,250	0,463	1,500	0,535				
D 11	1,833	0,753	1,750	0,886	1,500	0,707	1,750	0,707	1,750	0,886	1,750	0,886	1,875	0,835	1,625	0,744				
D 12	1,833	0,753	1,750	0,886	1,500	0,707	1,825	0,744	1,875	0,835	1,875	0,835	1,875	0,991	1,625	0,518				
E 13	1,333	0,516	1,500	0,756	1,000	0,000	1,625	0,744	1,125	0,354	1,125	0,354	1,500	0,756	1,250	0,463				
E 14	2,000	0,894	2,125	0,835	2,000	1,414	2,000	0,926	2,125	0,835	2,125	0,835	2,375	0,744	1,750	0,886				
E 15	2,500	1,049	2,250	1,165	2,500	0,707	1,875	0,835	2,875	0,991	2,875	0,991	2,500	0,926	2,250	1,165				
F 16	2,667	0,516	2,143	0,900	2,500	0,707	2,000	0,535	2,857	0,690	2,857	0,690	2,500	0,756	2,286	0,756				
F 17	1,333	0,516	1,500	0,756	2,500	0,707	1,500	0,756	1,500	0,756	1,500	0,756	1,500	0,756	1,625	0,744				
G 18	2,000	0,894	1,875	0,835	1,500	0,707	2,000	0,926	1,750	0,707	1,750	0,707	2,000	0,926	1,750	0,707				
G 19	1,833	0,753	1,875	1,126	1,500	0,707	1,825	1,061	2,000	0,756	2,000	0,756	2,250	1,035	1,375	0,518				
H 20	1,417	0,665	1,750	1,165	1,000	0,000	1,750	1,165	1,313	0,594	1,313	0,594	1,938	1,148	1,125	0,354				
H 21	1,833	1,169	2,625	1,408	1,500	0,707	2,125	1,356	2,250	1,292	2,250	1,292	2,375	1,356	1,500	0,756				
H 22	3,333	0,816	2,857	1,464	4,000	0,000	3,000	1,414	3,429	0,787	3,429	0,787	3,375	1,188	3,000	1,155				
I 23	1,833	0,753	1,125	0,354	2,500	0,707	1,375	0,518	1,750	0,886	1,750	0,886	1,500	0,756	1,625	0,744				
I 24	2,500	0,837	2,625	0,518	2,000	0,000	2,375	0,518	2,625	0,744	2,625	0,744	2,500	0,535	2,500	0,756				
I 25	3,667	0,516	3,000	0,926	2,500	0,707	2,875	0,991	3,500	0,535	3,500	0,535	3,500	0,756	2,875	0,835				
I 26	3,333	0,516	3,625	0,744	3,000	1,414	3,375	0,916	3,500	0,535	3,500	0,535	3,750	0,463	3,125	0,835				
I 27	2,833	0,983	3,000	0,926	2,000	0,000	2,875	0,991	2,750	0,886	2,750	0,886	3,250	0,886	2,375	0,744				
I 28	2,833	1,169	2,143	0,900	2,000	0,000	2,500	0,926	2,286	1,113	2,286	1,113	2,750	1,035	2,000	0,816				
Social	1,718	0,340	1,745	0,560	1,846	0,109	1,784	0,565	1,712	0,262	1,885	0,525	1,885	0,525	1,611	0,288				
Economic	2,347	0,287	2,152	0,477	2,190	0,269	2,134	0,457	2,326	0,293	2,421	0,338	2,421	0,338	2,039	0,343				
Legal	2,593	0,327	2,405	0,538	2,444	0,157	2,347	0,502	2,613	0,308	2,625	0,325	2,625	0,325	2,335	0,484				
Average	2,155	0,326	2,029	0,487	2,107	0,202	2,033	0,494	2,138	0,276	2,263	0,389	2,263	0,389	1,908	0,321				

9.2.3 Chart which is showing the average for each question and risk

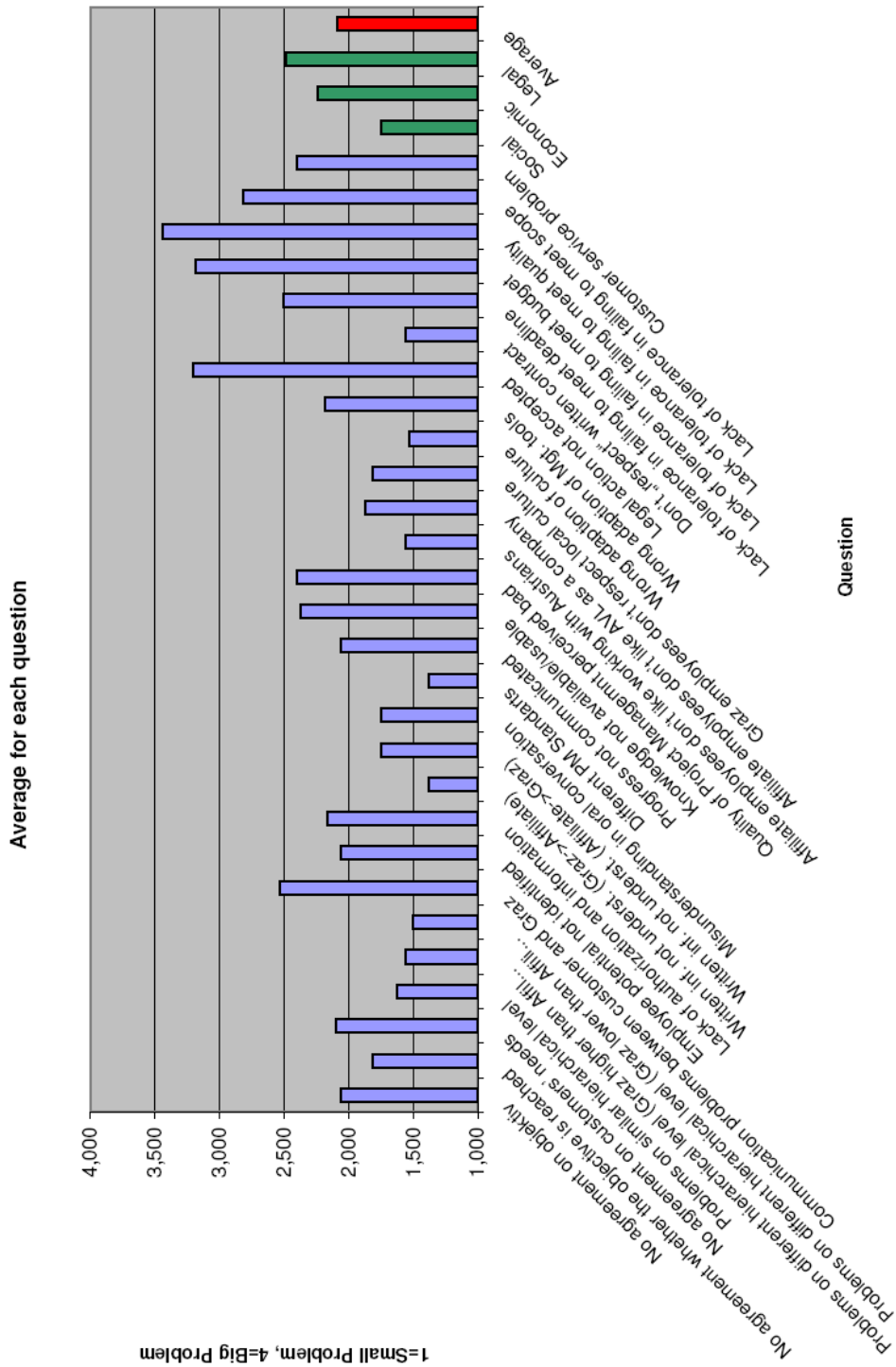


Figure 13: Chart which is showing the average for each question and risk

9.2.4 Chart which is showing the average for each Affiliate

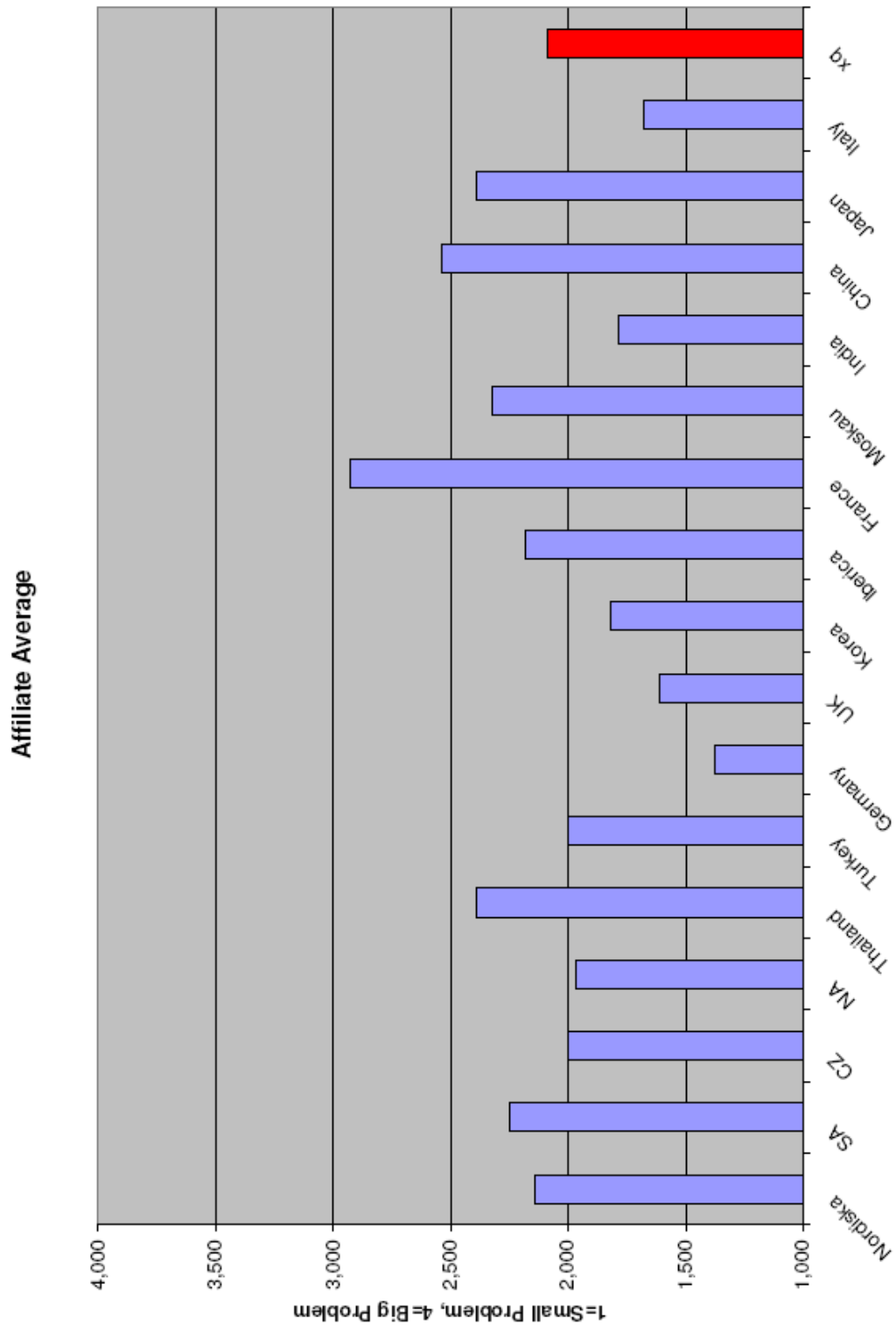


Figure 14: Chart which is showing the average for each Affiliate

9.2.5 Chart which is showing the differences in clusters

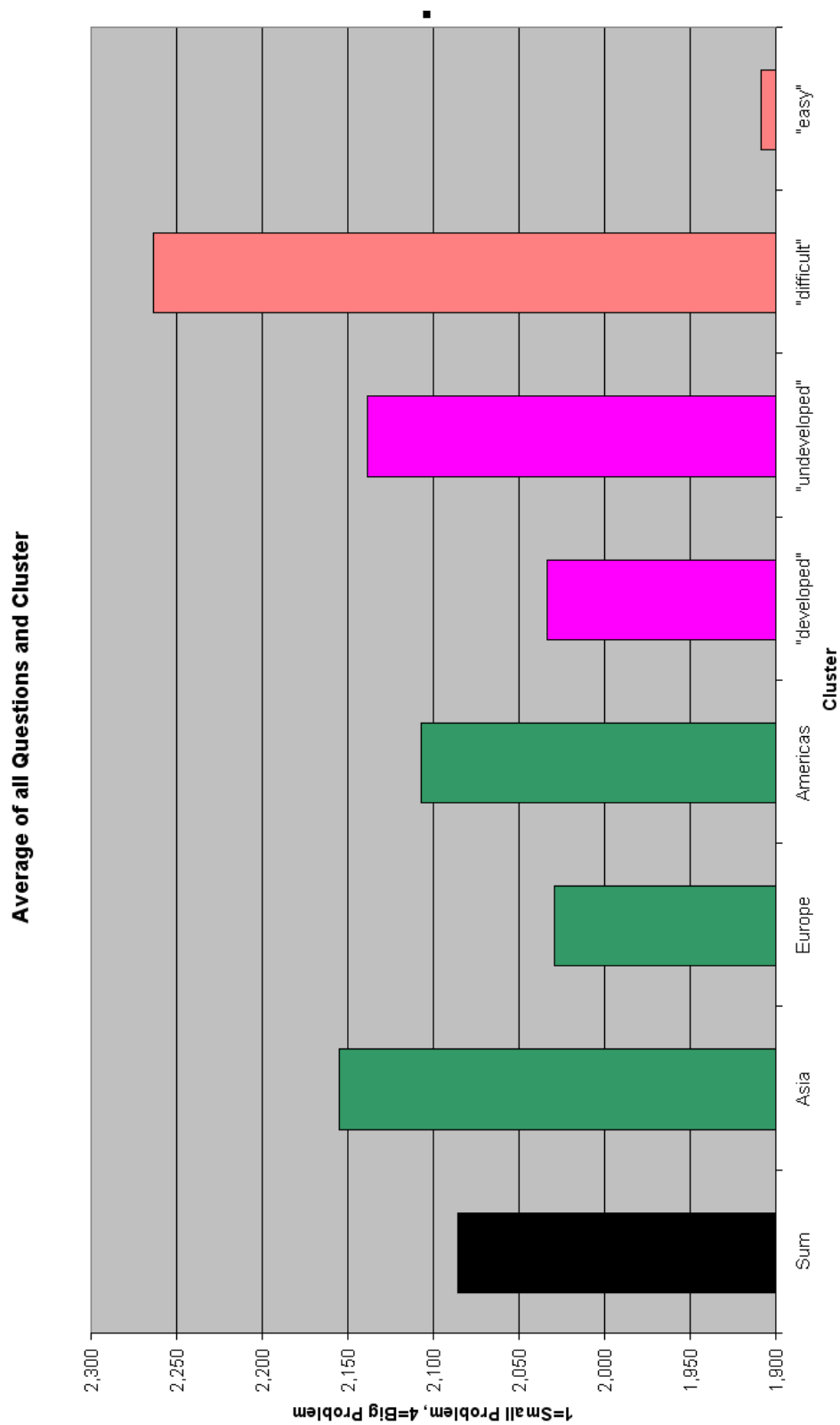


Figure 15: Chart which is showing the differences in clusters

9.2.6 Chart which is showing the differences between Asia, America and Europe

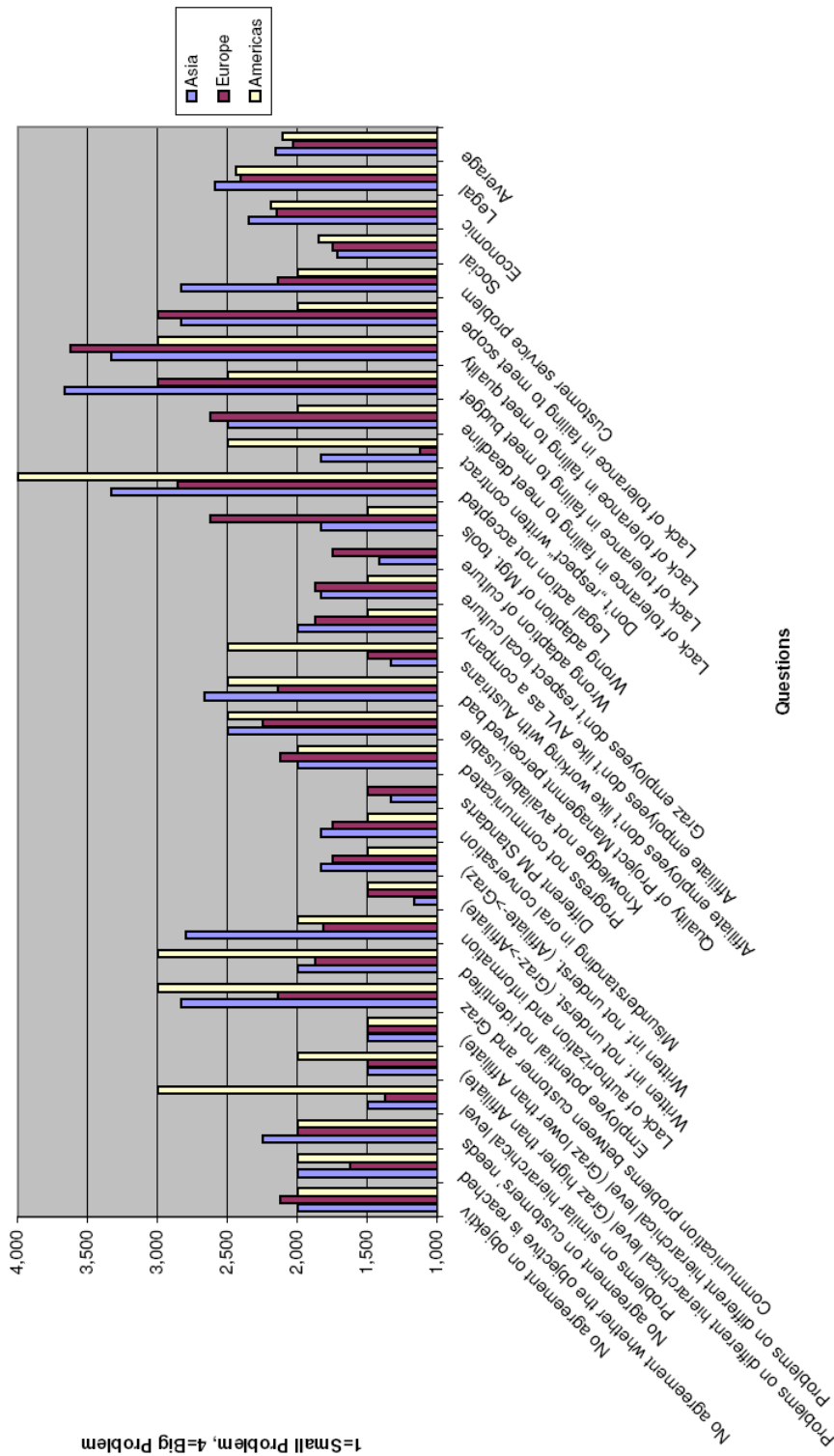


Figure 16: Chart which is showing the differences between Asia, America and Europe

9.2.7 Chart which is showing the differences between high- and low Developed countries

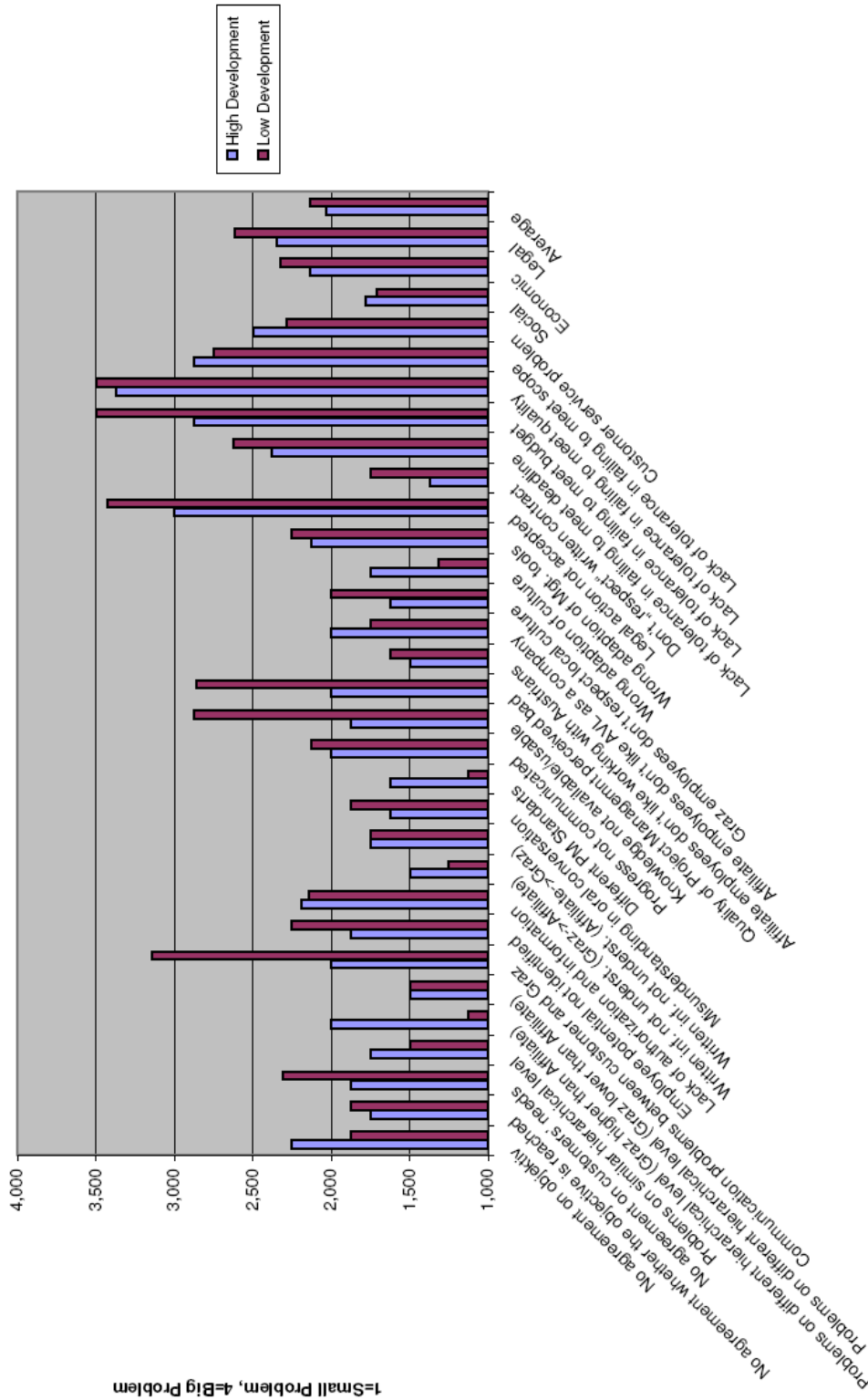


Figure 17: Chart which is showing the differences between high- and low developed countries

9.2.8 Chart which is showing the differences between “easy” and “difficult” countries

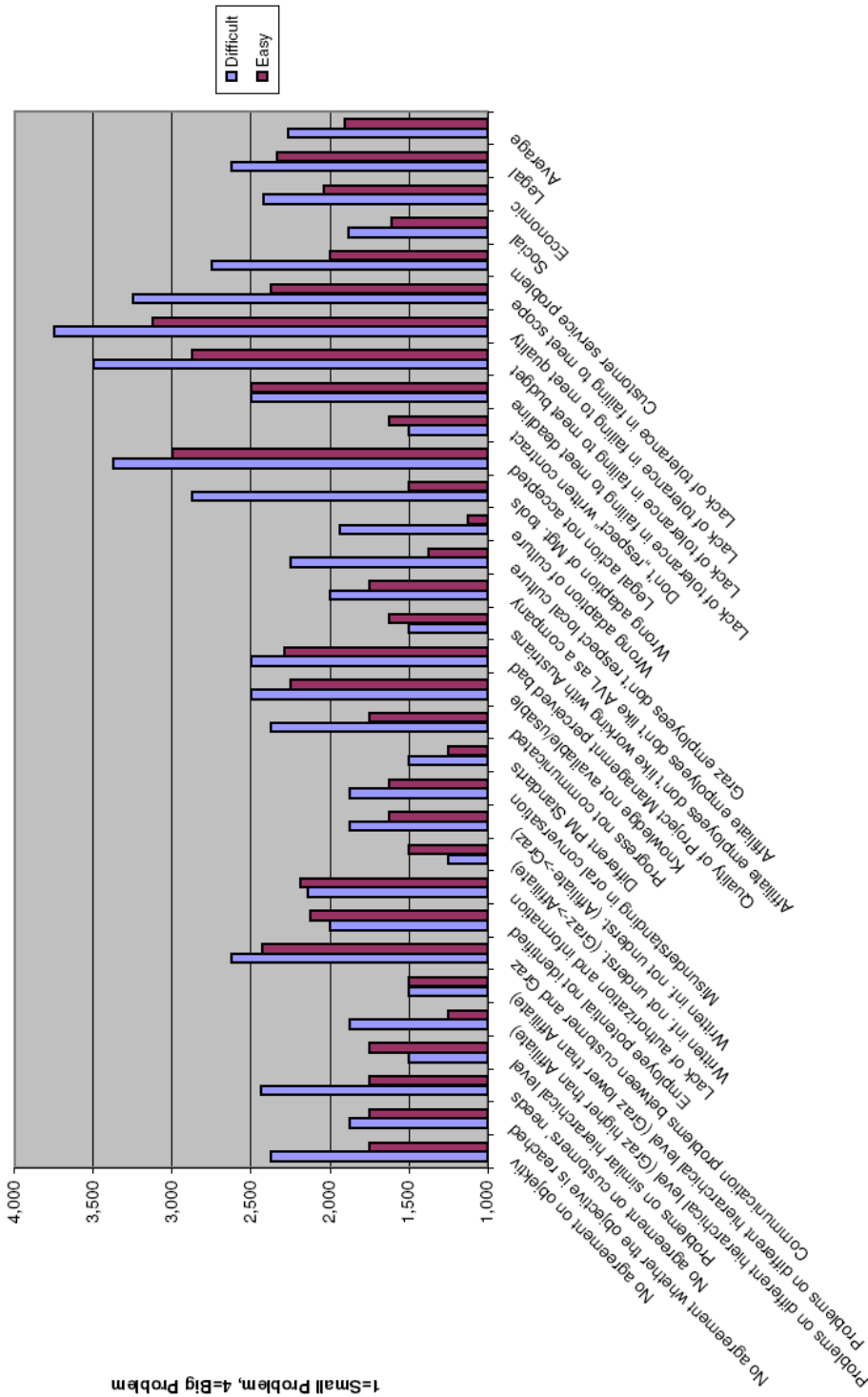


Figure 18: Chart which is showing the differences between “easy” and “difficult” countries

9.3 Religions

Iberica	Roman Catholic 94%, other 6%
Korea	Christian 26.3% (Protestant 19.7%, Roman Catholic 6.6%), Buddhist 23.2%, other or unknown 1.3%, none 49.3% (1995 census)
UK	Christian (Anglican, Roman Catholic, Presbyterian, Methodist) 71.6%, Muslim 2.7%, Hindu 1%, other 1.6%, unspecified or none 23.1% (2001 census)
SA	Roman Catholic (nominal) 73.6%, Protestant 15.4%, Spiritualist 1.3%, Bantu/voodoo 0.3%, other 1.8%, unspecified 0.2%, none 7.4% (2000 census)
Thailand	Buddhist 94.6%, Muslim 4.6%, Christian 0.7%, other 0.1% (2000 census)
Germany	Protestant 34%, Roman Catholic 34%, Muslim 3.7%, unaffiliated or other 28.3%
Turkey	Muslim 99.8% (mostly Sunni), other 0.2% (mostly Christians and Jews)
NA	Protestant 51.3%, Roman Catholic 23.9%, Mormon 1.7%, other Christian 1.6%, Jewish 1.7%, Buddhist 0.7%, Muslim 0.6%, other or unspecified 2.5%, unaffiliated 12.1%, none 4% (2007 est.)
CZ	Roman Catholic 26.8%, Protestant 2.1%, other 3.3%, unspecified 8.8%, unaffiliated 59% (2001 census)
Nordiska	Lutheran 87%, other (includes Roman Catholic, Orthodox, Baptist, Muslim, Jewish, and Buddhist) 13%
France	Roman Catholic 83%-88%, Protestant 2%, Jewish 1%, Muslim 5%-10%, unaffiliated 4%

Table 27 Affiliate Religion (1/2)¹³²

¹³² cf. CIA (2010)

Moskau	Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2% (2006 est.) note: estimates are of practicing worshipers; Russia has large populations of non-practicing believers and non-believers, a legacy of over seven decades of Soviet rule
India	Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, other 1.8%, unspecified 0.1% (2001 census)
China	Daoist (Taoist), Buddhist, Christian 3%-4%, Muslim 1%-2% note: officially atheist (2002 est.)
Japan	Shintoism 83.9%, Buddhism 71.4%, Christianity 2%, other 7.8% note: total adherents exceeds 100% because many people belong to both Shintoism and Buddhism (2005)
Italy	Roman Catholic 90% (approximately; about one-third practicing), other 10% (includes mature Protestant and Jewish communities and a growing Muslim immigrant community)
Austria	Roman Catholic 73.6%, Protestant 4.7%, Muslim 4.2%, other 3.5%, unspecified 2%, none 12% (2001 census)

Table 28: Affiliate Religion (2/2) ¹³³¹³³ cf. CIA (2010)

9.4 Languages

Iberica	Castilian Spanish (official) 74%, Catalan 17%, Galician 7%, Basque 2%, are official regionally
Korea	Korean, English widely taught in junior high and high school
UK	English, Welsh (about 26% of the population of Wales), Scottish form of Gaelic (about 60,000 in Scotland)
SA	Portuguese (official and most widely spoken language); note - less common languages include Spanish (border areas and schools), German, Italian, Japanese, English, and a large number of minor Amerindian languages
Thailand	Thai, English (secondary language of the elite), ethnic and regional dialects
Germany	German
Turkey	Turkish (official), Kurdish, other minority languages
NA	English 82.1%, Spanish 10.7%, other Indo-European 3.8%, Asian and Pacific island 2.7%, other 0.7% (2000 census) note: Hawaiian is an official language in the state of Hawaii
CZ	Czech 94.9%, Slovak 2%, other 2.3%, unidentified 0.8% (2001 census)
Nordiska	Swedish, small Sami- and Finnish-speaking minorities
France	French 100%, rapidly declining regional dialects and languages (Provençal, Breton, Alsatian, Corsican, Catalan, Basque, Flemish) overseas departments: French, Creole patois
Moskau	Russian, many minority languages

Table 29: Affiliate Languages (1/2)¹³⁴

¹³⁴ cf. CIA (2010)

India	<p>Hindi 41%, Bengali 8.1%, Telugu 7.2%, Marathi 7%, Tamil 5.9%, Urdu 5%, Gujarati 4.5%, Kannada 3.7%, Malayalam 3.2%, Oriya 3.2%, Punjabi 2.8%, Assamese 1.3%, Maithili 1.2%, other 5.9%</p> <p>note: English enjoys associate status but is the most important language for national, political, and commercial communication; Hindi is the most widely spoken language and primary tongue of 41% of the people; there are 14 other official languages: Bengali, Telugu, Marathi, Tamil, Urdu, Gujarati, Malayalam, Kannada, Oriya, Punjabi, Assamese, Kashmiri, Sindhi, and Sanskrit; Hindustani is a popular variant of Hindi/Urdu spoken widely throughout northern India but is not an official language (2001 census)</p>
China	Standard Chinese or Mandarin (Putonghua, based on the Beijing dialect), Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka dialects, minority languages (see Ethnic groups entry)
Japan	Japanese
Italy	Italian (official), German (parts of Trentino-Alto Adige region are predominantly German speaking), French (small French-speaking minority in Valle d'Aosta region), Slovene (Slovene-speaking minority in the Trieste-Gorizia area)
Austria	German (official nationwide) 88.6%, Turkish 2.3%, Serbian 2.2%, Croatian (official in Burgenland) 1.6%, other (includes Slovene, official in Carinthia, and Hungarian, official in Burgenland) 5.3% (2001 census)

Table 30: Affiliate Languages (2/2) ¹³⁵

¹³⁵ cf. CIA (2010)