Evropean Polytechnic Institut, s.r.o.

Management a Marketing of International Trade

INTERCULTURAL MANAGEMENT IN CONTEMPORARY MANAGEMENT PRACTICE

(Diploma Thesis)

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I declare that I created this work alone with the use of bibliography and information sources in the affidavit.

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Introduction

My bachelor work deals with problems of intercultural management, because at present knowledge of such management is indispensable for many companies, although in practice this management is still neglected by a lot of companies or it does not prosper too much.

I have chosen this theme after the consultation with the Business Manager, who is the supervisor of my bachelor work, as company managers have still regarded the global environment as a close one, that is to say as a number of separated national markets and countries, and it is very difficult for them to be well acquainted with this environment and to act accordingly.

A success in the intercultural communication does not only depend on perfect knowledge of a foreign language but it also depends on good knowledge of culture and especially of partners´ cultural differences.

At present foreign commerce is being continually globalized, globalisation applies to practice of business dealing as well. More frequent business and personal contacts, businessmen´s business trips abroad and unification of commercial practices make for the globalisation. There are still differences in approaches towards business dealings, which are caused by cultural differences – by different cultural mentality of business partners. The knowledge of national mentality allows us to understand partner´s behaviour and to adjust to the circumstances where necessary. Complying with various cultures creates favourable environment for course of dealings and in some cases it is the prerequisite of successful transaction, or improvement of mutual relations – both business and personal many a time.

The bachelor work is divided in the theoretical and practical part. In the theoretical part I have tried to take down the most important and the latest knowledge of the intercultural management from the professional literature.

The practical part is divided into five chapters. Individual national cultures are characterized in the frist chapter. The second chapter deals with problems of the contemporary managament practice. The third one contains evaluation and summary of both above-mentioned chapters. The fourth chapter it the most significant one in view of the stated goal and deals with the proposals and recommendations, which would raise the standard of intercultural management. Implementation of particular recommendations for the company Agropa Group, s.r.o. is given in the last chapter.

The aim of this work is, on the basis of acquired information and data about intercultural management, to create proposals and recommendations for raísing intercultural management standard. These proposals and recommendations should serve for better co-operation between countries in their business relations.

The working hypothesis has been defined as follows:

Lots of problems are connected with the intercultural management, however they can be solved.

1 Theoretical and Conceptual Bases of Attitudes towards the Intercultural Management

1.1 Globalisation

By virtue of collapse of international trade barriers and thanks to the development of the new global economy, a lot of companies has undergone sequential scale of changeover from an international company (which laid emphasis on export and import orientation), over the multinational company (building up of large units of concern abroad and their concentration on specific relatively protected markets), to the global company (which views the whole world like the single market). The new global economy has already matured[1].

Globalisation of contacts, interactions and relationships among individuals, groups as well as communities, national companies and state formations is a significant feature of the secular global trend. This globalisation manifests itself by high multiformity of its forms. National and state-owned companies have developed copious range of "process instruments" of their influence on other companies.

The end of the second millennium and beginning of the third one is bound up with the intensification of globalisation processes and a number of phenomena, which are interconnected in the globalisation process[2].

In general, globalisation can be understood as the complex all-planetary process of spreading, grading and causal interconnecting of man-initiated impacts of

[1] KETS de VRIES, M.F.R.; FLORENT-TREACY, E. *Nový globální lídři: Richard Branson, Percy Barnevik, David Simon,.* Management Press, Praha 2001, page 10.
[2] LUHMANN, N. *Soziale Systeme.* Frankfurt: Suhrkamp, 1987. page 33.

arious factors, processes and events on other, continually further factors, processes and events[1].

A plenty of companies and their managers have come to conclusions that if they shall outlive in the coming century, they have to adopt "global perspective". They have to become global organizations, i.e. organizations that are able to operate in more than one country.

If companies shall adjust to the global operating environment, their managers have to learn to understand global factors, powers and conditions as well as the fact, how these powers and conditions participate in creation of particular opportunities and threats for the company. For example, the fact that in the 90s the primary attention was paid to global aspects of management in addition to the business ethics and business communication in American commercial schools bears the evidence of the growing significance of global and multicultural aspects of management.

International management is usually defined as the process of application of management concepts and techniques in multinational environment[2].

At present more and more top managers are beginning to understand that their company has to operate, outlive and develop in global environment. This environment has not only opened for their companies, but also cogently surrounded them. So it represents for them a significant resource of challenges and risks, opportunities and threats, to which companies have to react. Present companies can do business, compete and gain support for their activities more freely in the global environment than before. Without even wishing it, at the same time they expose themselves to various kinds of dangers, resulting from the fact that when global companies operate they are exposed to the competition and they compete with other companies in more than one country.

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[1] MATEICIUC, A. *Úvod do interkulturálního managementu. Text přednášek na SU Opava v zimním semestru 2000.*
[2] HODGETTS, R.M.; LUTHANS, F. *International Management,* New York, McGraw-Hill, 1997. page 108.

1.2   National Culture

Culture is the collective phenomenon because it is at least partly shared by people who live or lived in the same social environment, which they have acquainted with. What distinguishes members of one group or category from people of another group, is the collective programming of mind. Culture is learned, not inherited. It is derived from the common environment, not from genes and it is necessary to distinguish it from human nature as well as from the character of individual people[1].

The English anthropologist E. B. Tylor (1871) created one of the first definitions of culture. He regarded culture as the "complex unit, which includes cognition, faith, arts, law, morals, customs and all other skills and manners that the man acquired as the member of "the society". The concept culture has begun to be used as the comprehensive denotation of facts, by which the man distinguishes from animals. Abiological means and procedures, through which people adapt to external environment, mean the culture. Culture includes both repertoire of activities and products, which enable the man to survive in natural environment, and concepts, ideas and faith that give sense to this survival[2].

Culture is characterized by following features:
- learning
- sharing
- transgenerations
- symbolism
- structure
- adaptability

Learning
Culture is not connate to society members, it is not inherited biologically. An individual acquire its components by learning and experience.

Sharing

[1] HOFSTEDE, G., *Cultures and organizations,* McGraw-Hill, London 1991, page 4.
[2] KELLER, J. *Úvod do sociologie*. Praha: Sociologické nakladatelství, 1992. page 15.

Culture is shared by all members of the social group, organization as well as society. In spite of particular outward individual differences in behaviour and manifestations of individuals, culture of members of certain social unit is not individualised.

Transgenerations

Culture if of accumulative nature. It is transmitted from generation to generation.

Symbolism

Culture is formed on the basis of the human ability to use things and expression like a symbol, that is to say in such a way so that they represent something else.

Structure

Culture has a certain structure and is integrated. Change of one component of the culture system brings changes in another cultural field.

Adaptability

Culture is based on the human ability to adapt itself and vary, so on learning. It is the opposite of instinctual behaviour of animals.

Every society, social group, social orgazation has its own culture. Culture is formed not only in the individual social contact, but in their mutual diffusion and in their interaction within the wide historical framework.

Roughly three basic cultural spheres have been singled out in the historical production of cultural expressions[1]:

 ➢ religious sphere
 ➢ national sphere
 ➢ sphere of individual social entities

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[1] NOVÝ, I. et al., *Intercultural management:: People, culture and management,* Grada Publishing, Praha 1996, page 9.

Religious sphere

The religious sphere includes individual big cultures and they are only roughly denoted as religious. Combination of culture and religion, or denoting culture by the religous system is given by the significance of religion in the time and in particular communities, when elements of culture, its ideas and values were constituted.

National sphere

A nation is historically created community that in the course of its specific development created its own culture, which defines it today. The nation is, in brief, a historical phenomenon.

Since the 19th century the national sphere proves to be dominant. It is the cultural sphere, which historically asserts as the most widespread community, within which individual subjects find common interests – national interests. The importance of the nation and national culture is also increased thanks to the most significant symbolic system, which is the language. The language is the intrument of communication and preservation of the meaning that is developed and improved in the nation. It is a symbolic system of most intensive connections.

Sphere of individual social entities

Family, economic organization, professional groups and youth belong to this sphere. It is not a homogeneous sphere. The fact that is common for these individual cultures is that their specifics allow differentiation from other units of the same type. They stem from one national culture and form its version that is determined in detail in some moments.

Movement of individuals betweeen these particular social systems means movement between cultures, but at the same time it is usually movement in one national culture because cultures have a common base. These people can switch from one culture to another one without any difficulties and in addition to it they can make use of experience acquired in the culture of another social system.

Then cultures can be compared with the intent that we compare what elements of the man´s concrete behaviour are emphasized in the respective culture.

So individual cultures can be adequately compared at the level of general trends in behaviour of members of the particular culture.

These basic trends in behaviour of members of the culture are referred to as **dimensions of culture,** which are mutually impervious. However, **types of cultures** can be joined and formed. On the basis of broad experience Hofstede alleges that any national culture can be defined in following four dimensions[1]:

- relationship to the authority
- relationship between the individual and society
- concept of manliness and womanliness
- methods of conflict resolution

In some countries there are clear-cut cultural elements, which contribute to the perception of uniformity of culture within the framework of one state. Swiss accuracy, at least in the eye of others, will mask difference within the Swiss society. In case of Switzerland the accuracy is not only token, but a symbol of something, which is the expression of the culture of country, without regard to the fact, whether it involves country inhabitants who speak German, French or Italian.

Within the framework of a national state there are various subcultures by differences of language, religion or ethnic origin. Their significance is different, from marginal to very significant, for example Hispanic Americans or immigrants from Asian countries in the United States of America, Gypsies in our country.

In most cases it can be assumed that in practical dealing with inhabitants of one state, their membership of the uniform national culture of the particular country will rather outweigh differences between subcultures of the country.

Values and standards are fundamental elements of the national culture. Values can be regarded as general ideas of what is considered to be good, proper, desired and best in society.

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[1] HOFSTEDE, G., *Culture and Organizations, Software of the Mind,* HarperCollins Publishers, London 1991, 1994, page 13.

Standards are unwritten social laws and code of behaviour, which prescribe proper behaviour in individual situations and form people´s mutual behaviour. Two types of standards play an important role in the national culture. These are conventions and moral standards. Conventions mean social conventions of daily life.

Moral standards are those that are usually considered to be crucial for functioning of the society and its social life. They are much more significant than conventions. Moral standards include prohibition of theft, infidelity and incest. Between various national societies there are considerable differences in moral standards and their sanctioning.

In view of existence of many varied cultures, understanding of culture impacts on people´s behaviour is becoming crucial skill of managers of international and global companies. Provided managers with international competence know very little about culture of countries, where they work, and about people, whom they are in touch with or they should meet, they can cause themselves unexpected inconvenience.

In past years a number of trends and methods of examination of cultural differences and their impact on multicultural management were developed. Perhaps the most important, from the point of view of attainment of stated objectives in the field of management activity, is the effect that the culture has on people´s thinking, activity and behaviour.

Hodgetts and Luthans[1] give a number of examples how the culture and society can influence management approach of members of the particular cultural sphere or national culture:

- ➢ centralized versus decentralized decision taking
- ➢ safety versus risk taking
- ➢ individual versus group evaluation
- ➢ informal versus formal procedures
- ➢ high versus low loyalty towards the company

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[1] HODGETTS, R.M.; LUTHANS, F. *International Management,* New York, McGraw-Hill, 1997. page 205.

- ➤ co-operation versus rivalry
- ➤ short-term versus long-term horizons
- ➤ stability versus innovation

<u>Centralized</u> versus <u>**decentralized decision taking**</u>

In some societies important organizational decisions are passed only by top managers, while in other cultural conditions they are prepared jointly, within the framework of the whole company and middle and lower level management participate in crucial decisions.

<u>Safety</u> versus <u>**risk taking**</u>

In some cultures staff responsible for organizational decisions dislike the risk. If they shall decide under uncertainty, they trouble. Conversely, in other societies undergoing the risk is favoured and in general, decision-making under uncertainty is applied.

<u>Individual</u> versus <u>**group evaluation**</u>

Staff, who carry out their work in an excellent way, are individually appreciated by bonuses and promotion to higher position in some cultures. On the contrary, elsewhere individual bonuses are not so welcomed and cultural standards require group reward.

<u>Informal</u> versus <u>**formal procedures**</u>

In some societies majority of objectives can be achieved by informal means, while in others it is necessary to observe fixed procedures strictly.

<u>High</u> versus <u>**low loyalty towards the company**</u>

In some societies people highly identify themselves with their companies or employers, while in others they rather identify themselves with their professional or other reference group (sports club or similar).

<u>Co-operation</u> versus <u>**rivalry**</u>

In some societies co-operation is more likely supported, while in others it is competiton and rivalry.

Short-term versus **long-term horizons**

Some national companies prefer concentration on very short-term horizons of reasoning (short-term objectives, immediate profit), while on the contrary others concentrate on long-term objectives (obtaining share of the market, technological development, thinking of the future).

Stability versus **innovation**

The national culture of some countries lays stress on the stability and dislikes changes, while in other countries changes and innovations are weighted.

Similar cultural differences, which have been mentioned above, considerably affect the way of implementation of the national and multicultural management.

1.3   Hofstede´s Model of the National Culture

One of the most renowned researches of national cultures was the Dutch Gert Hofstede, IBM´s psychologist. Hofstede collected allegations of more than 100,000 company´s employees, working in approximately 70 countries. Their allegations related to values and standards that were appreciated and recognized in the corresponding national culture. Then, on the basis of acquired data, at first Hofstede laboured four-dimensional and after it five-dimensional model of national culture. This model allows to plot a profile that characterises a particular national culture.

Hofstede´s[1] five-dimensional profile of national culture includes the following five dimensions:

Individualism versus collectivism

> ➢ low versus high power distance

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[1] HOFSTEDE, G. *Culture and Organizations, Software of the Mind.* London: HarperCollins publishers, 1991, page 119.

- ➤ performance orientation versus welfare orientation
- ➤ low versus high trend to lay off risks
- ➤ long-term versus short-term orientation

Individualism versus **collectivism**

Individualism means a world outlook that acknowledges the value of individual human liberty of action, self-expression and opinion that people should be assessed according to their individual performance and not according to their social origin. It means the trend to have consideration only for oneself and one´s close family. In Western countries the individualism usually becomes evident in admiration of personal success, in strong desire to have individual rights to and to respect individual business activities. On the contrary, collectivism is a world outlook acknowledging subsidiarity of an individual to collective objectives and principle that people should be assessed according to the fact how much they contribute to a group, collective. Managers´ task is to ensure so that companies and their members would respect stress that is put on individualism or collectivism in the national culture. Especially Asian cultures can be numbered among collective cultures, then from European ones especially Romance (Spain, France); North American culture is the typical example of individualistic cultures and from European ones it is German culture. The Czech culture is somewhere in the middle between both extreme poles.

Low versus **high power distance**

By power distance Hofstede understands the degree of acceptance of the idea that unequality of citizens´ power and material well-being is caused by person´s individual physical and intellectual capacities and by inheritance, by the society. The concept of power distance is also based on the degree of tolerance of unequal power distribution, which becomes evident in the power distance in the management hierarchy. Withal it is not the real, objective distance thus much, but a distance which is perceived subjectively and tolerated. Repeated empirical findings are suprising because according to them in Europe, in addition to the French culture, also the Czech culture is quite considerably hierarchical, while the German culture is considerably less hiearchical.

Performance orientation versus **welfare orientation**

Societies with performance orientation positively appreciate assertiveness (i.e. low-pressure self-assertion), performance, success, competition and excellent achievements. By contrast, societies with welfare orientation prefer quality of life, warm human relations, attendance and care of the invalids.

Low versus **high trend to lay off risks**

Societies as well as individuals differentiate from one another by its resistance to uncertainty and risk. Societies with low level of laying off risks are carefree, they appreciate variety, tolerate differences in personal opinions and activities. Companies with low level of laying off risks are more rigid. They are more sceptical as to people, whose behaviour and opinions differentiate from the standard. Such societies prefer conformity to social and working groups, to which people belong to, and tolerance of their values. This conformity becomes the standard. People prefer structured and plain situations, in which they feel secure.

Long-term versus **short-term orientation**

This dimension describes people´s orientation towards life and work. A national culture with long-term orientation is characterized by values such as thriftiness, economy and effort to achieve objectives. A national culture with short-term orientation usually concentrates on maintenance of personal stability, happiness and enjoyment of present. European countries can be examples of short-term oriented societies, while Asian countries are typical representatives of those with long-term orientation.

Manliness versus **womanliness**

Hofstede defines manliness as situations in which success, money and things are dominant values. Its contrary, womanliness, means situations in which care of others and quality of life are dominant values in the society.

1.4   Corporate and National Culture

Culturology conception of a company gets a new dimension only if its employees come into contact with other companies and institutions, which have its origin and registered office abroad, while doing their entrepreneurial activities. These are countries with other cultural traditions, with different social and cultural patterns[1].

There are many cultural specifics which, from the point of view of business dealings or even joint venture, can become limits, leading to a collapse of mutual co-operation. Education, motivation, staff´s career as well as the management style are always influenced very much by specific patterns of particular national or regional culture, which determines their behaviour, acting and thinking at work to obvious extent.

Differences in the cultural environment cannot be assessed as good or bad, developed or unadvanced; as such an attitude implies certain superiority in advance. Cultural specifics must be respected and one should act accordingly.   Proper behaviour becomes an advantage then and leads to the success in management and all business activities. Culture of society and corporate culture are two different things.

1.5   National Mentality

Cross-border trade is being continually globalized and also ways of business dealings are being globalized. More numerous business and personal relations, managers´ business trips abroad and unification of business conventions are instrumental to globalisation. However, there are still differences in attitudes towards business dealings, which are caused by cultural differences, different cultural mentality of business partners.

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[1] NOVÝ, I., *Intercultural management:: People, culture and management,* Grada Publishing, Praha 1996, page 39.

By the concept of national mentality we understand the fact that man´s behaviour is conditioned by the relationship between his/her personality and cultural environment. There are different behaviour patterns for different cultural areas. These are the result of impact of history, language, religion, values, attitudes, law system, education and upbringing, political, economic and climatic conditions[1].

Knowledge of mentality of others would be pointless if it did not reflect in particular measures adopted at business dealings with partners. However, not all of them must be sufficient because even partners from one country can be very different. The national mentality is of consequence because it forms base for social relations between people, but also because it can be a base for misunderstanding between people from different cultures.

Managers often ask themselves to what extent they should adapt themselves to the mentality of others, especially in business dealings. For example, whether in business dealings in Japan the Czechs should adapt themselves to Japanese conventions and the Japanese in the Czech Republic to Czech conventions. A good manager will strain after adaptation of himself /herself to the other party and will not behave in such a way that the second party would regard as unpleasant or nonacceptable. He/she can adapt himself/herself to a certain environment without dispensing his/her trading conditions and aims that he/she pursues. That is why it is important to distinguish business conventions from the national mentality.

Differences in the cultural environment can be divided, from the viewpoint of their significance, into three groups.
- cultural imperative
- differences in behaviour and conventions
- cultural exclusivity

Cultural imperatives

A businessman must respect these imperatives. For instance, in Brazil he/she cannot be offended by the effort of the locals to touch their partners during the whole conversation – this custom is not an attempt to restrict personal space, but a gesture

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[1] ŠRONĚK, I., *Etika a etiketa v podnikání,* Management Press, Praha 1995, page 147

of good will and friendship, eventually the way how to highlight a particular point in dealings.

Differences in behaviour and conventions

Foreigners can, but not necessarily have to, adapt themselves to these differences. For example, they do not have to wear national clothes, neither they have to eat national food, to which they are not accustomed.

Cultural exclusivity

Behaviour and conventions, from which foreigners are excluded, belong in this category. If, for instance, the Christian wanted to behave or act like the Muslim, he/she would raise distrust in their partner. It is also considered inappropriate to criticise foreign countryside, its features and appearances, respectively even if the locals criticise these appearances between themselves.

2 Significance of the Difference between National Cultures

Intercultural differences are the result of development of international trade, services, foreign investments and to a great extent also of expansion of multinational companies on a worldwide scale and they are component of globalisation.

Differences between international cultures have considerable importance and significant consequences for managers of global companies. Regarding cultural differences, a management practice that is effective in one country can cause difficulties in another one. Management procedures and practices often have to be "tailor-made" to the particular cultural context, in which companies operate. An effective approach in one country does not have to work reliably in another one just because of differences in the national culture.

Managers working with people from other countries must be, for the benefit of assurance of the system operation effectiveness, sensitive to value systems and standards of these countries and they must behave in line with them. For instance, in view of the fact that Friday is the Muslim holiday, when they do not work, it is not only impolite, but also profane to ask managers who profess Islam to come to work.

Disregard of influence or ignorance of culture, national mentality and business partner´s way of life can lead to considerable complications both in cross-border trade and in business activities. Knowledge of these differences allows to close an international business and to break into the market.

2.1 Europe

In Europe principles of business activities, commercial practices stem from Christian-Judaic principles. Religous principles positively influence even the business ethics, which is relatively at high level including contract morals and observance of

orally agreed on obligations. In Europe a lot of people are sensitive to religous issues, that is why these issues are not a suitable talking point. In many parts of etiquette there are differences between European countries. These differences are the consequence of different traditions and conventions of countries and regions. If a partial unification occurs, then it is apparently a pragmatic consequence of extending contacts within large cultural units, which is a common phenomenon[1].

Pic. 1 Map of Europe

Source: http://europa.eu.int/abc/maps/index_en.htm

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[1] NOVÝ, I.; SCHROLL-MACHL, S a kol. *Interkulturální komunikace v řízení a podnikání*. Praha : Management Press, 1999. s. 49.

2.1.1   Business dealings

Business dealings are, from the factual as well as time viewpoint, concentrated to the limit. Consistent preparation for dealings and in the course of them as short time wasted by pettinesses as possible are expected. Introduction principles are also important in the business and entrepreneurial sphere. The act is usually associated with shaking hands. In European countries each participant of dealings must be introduced to the others.

At contacts with partners from EU countries it is necessary to have at disposal business cards written in one language of these countries. It is advisable to take into account conventions relating to academic degrees and company positions in such a way so that the business card would serve its function and acquaint receiver by understandable form with the person, who hands over the business card.

A nude conversation is the common part of dealings. Its purpose is to relax at the beginning of dealings and to meet up with the other party. The nude conversation is limited to a minimum and takes short, a period of a few minutes of the total time devoted to dealings.

There are certain topics, which either cannot be the issue of the conversation or it is advisable to avoid them. Personal finance belong into this category.

As to greetings, the socially younger person greets the socially older one. Men greet women, younger people greet older ones, subordinates greet superiors. Holding out one´s hand and shaking hands are common but they are limited to a minimum in Great Britain, on the contrary they are frequent in Germany and France. Socially older people hold out their hand to socially younger people. Physical contact between men, e.g. holding hands, slapping one´s back, is never used and sometimes it is even considered improper in Great Britain and northern countries, however it occurs in southern countries.

2.1.2   Relevance of Time

Accuracy and punctuality mean, on the one hand, keeping within the time limits of arranged meetings, but also accuracy in carrying out of agreed on

obligations. In general, in European countries there is a trend towards accuracy, but there are still apparent differences between countries and regions. Business partners in Netherlands, Germany, Belgium and in northern countries are stricter about punctuality. Partners in Greece, southern part of Italy and France have more casual attitude. However, coming early, keeping within the time schedules and observance of concluded agreements are expected from foreign partners everywhere.

2.1.3   Working Languages

A number of partners from EU countries have good knowledge of languages. Before every contact, in case of need at its beginning, it is necessary to agree on a language, which will be used for negotiations.

Knowledge of English is spread in large companies, but in most cases firms frown on if they are to adjust to the other one in language.

In EU countries communication skills in other languages are considered to be matter of course, except for the British and the Irish. Especially knowledge of others than main languages, i.e. in addition to English, French or German, is welcomed and appreciated. Though everyone notices a foreign accent, it does not interfere and nobody, except for the Britih, minds it.

2.1.4   Social Rules

In dressing there are not big differences between EU countries. A suit with a tie is a duty for men. A more conservative way of dressing is apparent in Great Britain, Spain and Portugal. Special care is always devoted to footwear (men´s as well as women´s), which must shine in addition to the fact that it must be clean. Women are dressed elegantly, but not eccentrically. If special clothes are required for functions, it is always apparent from the invitation card. In Great Britain men´s evening dress is named *dinner jacket* and in the invitation card it is specified as "black tie". Gifts are specialized on corporate tokens such as calendars and writing materials. Costly gifts are excluded because of the fear of possible accusation of

bribery. On non-work occasions, for example on home invitation, it is advisable to bring flowers for the hostess and for the host a bottle of liquor, not wine.

2.1.5   Leadership Style

The Europeans are in the habit of appreciating energetic, individualistic and dominant leadership style, in which abilites to make independent decisions and to implement one´s decisions successfully are involved. Negative aspects are that the Europeans must be always pushed forward somewhere and all their work, which they do, must be approved and praised by somebody. Work without thedetermined task, clear instructions and tangible goals seems to be boring and without sufficient scope to them.

European relations are rather competitive than consensual. Winning is very important for them, whether it is a decision, argument or real conflict. Competibility is considered to be an inventive and constructive quality.

Table 1 Basic data of commercial relations relevant to Europe

Number of acting people	It depends on the complexity of contract.
Number of lawyers	It depends on the nature of contract.
Knowledge of international negotiations	At medium level
Knowledge of foreign languages	They speak different languages.
Emphasis on preparation of negotiations	On whole careful preparation
Course of business dealings	They do not needlessly speed up dealings.
Relevance of time	Punctual

Source: own research

Table 2   Number of inhabitants able to understand conversation in another language in %

Number of languages	0	1	2	3 and more
Belgium	50	22	18	9
Denmark	40	30	25	6
France	67	26	6	1
Ireland	80	17	3	-
Italy	76	19	5	1
Luxembourg	1	10	47	42
Germany	60	33	6	1
Netherlands	28	29	32	12
Portugal	76	14	8	2
Greece	66	27	5	2
Spain	68	26	5	1
Great Britain	74	20	5	1

Source: Mole, J. Jiný kraj, jiný mrav. Page 19.

2.2   The United States of America

The U.S.A. represent the largest economy of the world, a large internal market with 270 million of consumer-orientated purchasing public, with a large industrial base that is a potential market for goods of investment nature, for industrial components and half finished products. In addition, the American economy is characterized by an advanced and large-scale tertiary sector.

The potential of the American market is a sufficient reason for Czech exporters to include it in their commercial plans, to inquire carefully into possibilites of use of their goods or services there and to prepare well for negotiations with American partners[1].

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[1] KULIŠ, J. Obchodní jednání a národní zvyklosti. Obchod kontakt marketing, 2002, roč. 11, č. 4, s.10.

Pic 2 Map of The United States of America

Sourace: http://www.odci.gov/cia/publications/factbook/geos/us.html

2.2.1   Accepted Values

Partners´ attitudes and behaviour must be understood in the context of accepted values of the American society, to which freedeom, democracy, free competition, individual liberty, membership of the social group, individualism and relying on one´s own abilities belong. The American is aware of his/her relatively high standard of living, they are sincere and friendly. For majority of the Americans the USA are, in spite of the partial criticism of government and government policy , the best country in the world.

2.2.2   Business Dealings

Before business dealings take place, an important aspect of establishing commercial ties with the American counterpart is the presentation of sufficient references of the respective person and represented company. It is non-acceptable so that people who have not introduced to each other would deal with each other. At

the first contact with large American companies on the top management level, it is customary to exchange partner´s brief CVs before the meeting takes place.

A face-to-face contact is important, but it plays a minor role in business dealings in the USA. A deal can be also closed by phone or by quick exchange of e-mails.

In general, business dealings are very matter-of-fact, frank and straightforward. American partners´ argumentation is based on detailed financial analysis, operation feasibility analysis and quality requirements. To close the deal, not to exchange general or personal opinions, is the keynote of the dealing. The common conversation is limited to a minimum. The speciality of the American approach is being informal, straightforward and quick change over to first-naming. As to conversational topics, it is advisable to avoid politics, sex, money, religion or jokes, which cannot be explained to American partners.

For a good partners´ agreement is considered that one, which is beneficial for both parties. It is impossible to expect that the original offer remained without modifications, which were made according to American partner´s ideas. The dealing style depends on American partner´s experience in many respects.

Businessmen in the USA rely on the stable legal environment and on legal consultancy. American trade contracts belong to the most perfect ones in the world and they rigidly further interests of the American party.

The most suitable time for business dealings is between 9 and 11 o ´clock in the morning or between 2 and 4 o´clock in the afternoon. Business dealings very often take form of business breakfast or lunch with simple refreshment. Alcohol consumption in business contact nearly does not exist. No gifts or invitations are expected from a foreign guest. Handing over of corporate gifts is limited to a minimum, as well as personal hospitality.

An exchange of business cards is the essential part of the introductory meeting. It is necessary to have the English version of your business cards. It is necessary to take into account the difference in specification of position.

The course of action with foreign partners differentiates according to the character of companies. The company hiearchy and low flexibility in decision taking are apparent with great companies.

Provided the business and personal contact of business partners is longer, it is customary to have over business partners, but the private sphere remains strictly

separated from the business one. Great gifts are not expected from the visitor, but small gifts, a bottle of wine or flowers for the hostess are welcomed.

2.2.3   Relevance of Time

The slogan "time is money" still applies in the USA and in this sense negotiations   should be also conducted. The American party regards as a complication, when the foreign partner is not able to approve suggested modifications during negotiations, or he/she will protract negotiations by any reasons. Negotiations are matter-of-fact, they discuss agreed items on the agenda. It is not possible to jump from one subject to another one. Business partners cannot leave the negotiating table   until both parties are clear in their own minds, what are conclusions of negotiations and what are next agreed steps of both parties. The unconditional fulfilment of agreed conclusions is expected.

Meetings must be properly planned and arranged in advance. Punctuality is another essential part of the business ethics – 10 to 15 minutes are tolerated because they can be excused by transportation difficulties. In case of a longer delay the meeting will be cancelled.

2.2.4   Social Rules

In the USA smoking is prohibited in public places, airplanes, restaurants and company buildings. Lighting of a cigarette during negotiations or common conversation will be regarded as gross impertinence.

At introduction the physical contact is limited to a minimum and consists in short grip. Several established phrases are uttered.

Men´s and women´s clothes are very formal and conservative, the standard is dark business suit or plain two-piece suit with decent fashion accessories.

Person´s position in a corporation is beyond the scope of immediate business circles. The importance that is attached to work and social position is generally

greater than in a number of European countries. On social occasions the job is the most frequent topic of conversation.

2.2.5   Organization and Leadership Style

All significant theories associated with management originated in the USA and they are based on the faith that everything, what is going on in the organization, can be methodically analysed and improved. Every event in the company up to a banal report and decision is subject to the detailed quantitative analysis.

Companies exist independently on their members. Individual needs do not weigh so much as organization´s needs. Every member of the company has their own clearly determined position, of which duties they have to execute, and if such a position is not needed any more, then the company does not need the particular person either. Preparedness of companies to dismiss redundant employees or people who do not work well is high. Provided further changes occur in the company, later the same people can be hired by the same company. Once a person belongs to the company, he/she must show that he/she has identified themselves with company´s objectives and they have to evidence their loyalty. Loyalty should be with all their heart.

In the American society the power resides in hands of the President and is exercised by small operational and executive committees of top executive managers. In the American society the vertical subordination rankings is more important than relations between colleagues, which are generally highly emulative.

Below the level of the top management the responsibility is clearly defined and it is necessary to report up to slightest details, in terms of profitability or another financial factor.

American managers are not accustomed to polemics or open disagreement on the part of their subordinates. Inside of the company the hierarchy is strict and is rigidly observed. Positions in the hieararchy do not depend on proficiency or post, on the influence or any other "social" viewpoint. This position is determined by the fact how great power you have. The power is measured by the fact, what is directly reported to you. It is measured differently, sometimes by the number of people, who

are governed by you, sometimes by the amount of profit, which you show, or amount of earned money.

The Americans have difficulties with foreign cultures that are based on participation and committees. The Americans do not like collective responsibility and collective decision, which was made, but they expect total commitment to work, which is the individual fully responsible for. Every sign of shared responsibility fades out if work does not go well.

Meetings are, above all, a communication intrument. In meetings people communicate or acquire information, which is grounded by relevant data or other facts. Next, there is forum, where proposals are formally presented. Presentation inside of the company for a small group, or even for their own manager, requires professional preparation. The aim of such a presentation is not to make a decision, the decision is made after certain lobbing and subsequent approval, but to test professional knowledge, profundity of preparation and knowledge of the presenting person, namely sometimes by trivial questions.

When negotiating with colleagues at all levels, it is necessary to prove one´s abilities and professional level. If you submit the problem to someone else, quietly hoping that you will reach the solution together, it will be a signal of your professional weakness. Professionalism is demonstrated by a number of analytical approaches towards problem solving. No matter how you reach the solution at any qualitative level, a comprehensive analysis will antecede the solution.

The daily contact in the work environment is dynamic and straightforward. Business discussions are very straightforward up to brusqueness.

The Americans start to work rather earlier than the Europeans and leave for home for their families in such time so that they can have dinner together early. However, they take into account that during the evening, at the weekend or on holiday somebody can contact them as to work.

In all European countries managers, who try to find alternative for their traditional style, fix their eyes upon the USA. The Europeans woud sooner follow the American model than, let us suppose, the German one, which has achieved a quite comparable success.

The American business culture is more varied than its European sister with its strange behaviour and education.

Table 3   Basic data of commercial relations as to the USA

Number of acting people	Only one person
Numbers of lawyers	Yes – they participate in negotiations.
Knowledge of international negotiations	At low level
Knowledge of foreign languages	Mostly they speak only English.
Emphasis on preparation of negotiations	Occasional preparation
Course of business dealings	Short
Relevance of time	They are punctual.

Source: own research

2.3   Japan

Japan is a parliamentary democracy, the Emperor is the "symbol of union of Japan and union of the Japanese nation".

As to religion Shintoism, Buddhism and Christianity exist side by side. Especially Buddhism contributed to the fact that the Japanese society is not individualistic, but collectivist, it lays stress on units. These can be companies and the whole society is understood as a unit too[1].

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[1] ŠRONĚK, I. *Etika a etiketa v podnikání.* Praha: Management Press, 1995. s. 167.

Pic. 3 Map of Japan

Source: http://www.odci.gov/cia/publications/factbook/geos/ja.html

2.3.1   Accepted Values

For many Westerners the Japanese way of thinking and behaviour is full of obscurities, mysteries and relativities. The Japanese are inculcated the respect for their olders, for authorities, and the respect becomes evident in a family, and especially at work by their discipline and belonging to the company or institution, which they work for. The typical qualities are perseverance and stiffness when asserting their own opinions, the sense of order, small flexibility and especially lack of improvisation ability. The Japanese think themselves that there is nothing obscure in their behaviour at all. On the contrary, they find a lot of confusion and eeriness in the astute speech and behaviour, which the Europeans regard as natural.

Even the ways of listening are different. The listening Japanese adopt the attitude of *aizuchi – "yes"* or "I do not understand" like the comment, which encourages the speaker to another talk. The Westerners wrongly put a construction on *aizuchi* as a consent.

2.3.2   Business Dealings

At the beginning of negotiations greetings and introduction of participants are very significant. These are a great formality, which it is necessary to prepare for and which must be mastered. The Japanese greet among themselves only by a bow and accompanying words, which is also recommended to foreigners.

The prerequisite of face-to-face negotiations is a good deal of business cards that are printed on both sides, namely in English on one side, in Japanese on the reverse side. It is necessary to be particular in correct description of positions and to adapt them to Japanese conventions in such a way so that they would be understandable for a receiver. An exchange of business cards as the part of introduction is a ritual, which must be always gone through.

The English language is the only communicating language that comes into question for foreigners. The top managers of companies speak with foreigners only through an interpreter. So it is best to have at disposal your interpreter for negotiations with representatives of Japanese companies.

The opening part of every business dealing is very formal and can seem too lengthy, but it is utterly necessary. Course of dealing with Japanese partners is characterized by providence, slowness and multiple repeating of the same questions. A Japanese partner wants to have thorough information about the company, which he/she deals with, about the company´s operations, about acting people, their functions, authorities and competencies.

More people on the Japanese side always participate in the dealing with a foreing partner. It is related to the system of management and co-operation between company departments as well as to the fact that the decision-making process proceeds from middle management´s proposals to the final decision which is made by the top management. Hierarchically top emloyees participate in the very negotiations sometimes at the beginning, namely very formally and for a short time, and at the end of negotiations, if the agreement has been reached. Decisions of essential nature are not made during face-to-face communication with a foreign partner.

The essential part of negotiations with Japanese partners is the exchange of gifts or tokens. Japanese partners consider things that are specific for the particular country to be these gifts, not company promotional material.

2.3.3 Relevance of Time

Japanese are very punctual, if the politeness requires so, especially if they are higher management. Otherwise time is variable quantity for them. Meetings are held that long until they wind or some superior interrupts them with his/her demans. The work day is usually very long in the view of the demanding work ethics and high level of commitment to work. A person who leave for home first, in spite of the fact there is nothing for him to do, shows his/her unconcern about the team. The Japanese regularly work on Saturdays, they rarely have holiday that is longer than a week, they rarely draw the full number of days of holiday, which they are entitled to, and days, when they were ill, consider to be their holiday.

2.3.4 Social Rules

A large part of the Japanese etiquette and behaviour, which seems for the Westerners very conformable and intolerably incomprehensible, purports to avoid any battle and conflict.

The Japanese feel better, when they are addressed by their surname, which is followed by the word *san.* Older people can address each other by a degree plus *san* instead of a surname. First names are earmarked for the family and close friends.

The omnipresent politeness and effort to avoid own as well as someone else´s troubles is more important than language wordings. Japanese manners are based on the mutual return, feeling of a mutual debt. Relationships at all levels are based on exchange, whether of gifts, politeness, help or information. In the Japanese environment there is higher tolerance of professional and human shortcomings, but it is counterbalanced by higher requirements on loyalty and trustworthiness.

The Japanese ususally dislike flippancy or banalities and self-depreciation is a complete mystery for them.

2.3.5   Organization and Leadership Style

The system "Just-In-Time" (JIT) and the system of total quality are two examples of stiff Japanese management technique. The aim of JIT is to continuously adjust the volume of output as much as possible to the market demand, starting with the stage of long-term planning and ending with the moment, when the product reaches its consumer. The aim of the Total Quality System is to eliminate error and wasting in all stages of operations. It does not apply only to the factory hall, but also to all levels and every activity of the company and to every stage of operation[1].

These systems require, in addition to professional skills, involvement and absolute commitment to this style from every person in a company. Provided they are only approached as another instrument for managing people, then this system will fall through. It does not work either in a highly directive culture or in the one where relations between various level of company are attached by confrontation.

In the Japanese culture, loyalty towards a close team, in which a person lives in the first place and not even private interests, can outbalance commitment, which the person has towards his/her close community. Open offices are even customary for relatively high management.

Japanese organizational charts show only collective units, not any degrees and names of individual people. The hierarchy is based on proficiency and experience, responsibility is also very important. Significant group relations are also between people of different positions and qualifications. There is a relationship of mutual support between a superior and subordinate person. People and groups zealously compete with each other and fractions really flower. The difference is in the fact that the personal failure cannot be separated from the failure of a group. People rarely blame each other for a mistake.

The higher the Japanese manager is promoted in his/her company, the more efforts he/she has to make for concealment of his/her ambitions, abilities and for the fact so that he/she would not be regarded as a strong leader. The integral co-operation with the group and communication of all information, which he/she has at disposal, are expected from a Japanese manager. The manager usually spends all his career in one company, mostly in the same post, so it is assumed that he/she will perfectly know his/her subordinates´ jobs as well as his/her own one.

[1] MOLE, J. *Jiný kraj, jiný mrav,* Management Press, Praha 1995, page 158

The basics are as follows: do not do anything, which would be beyond the scope of your function, do not do anything, which woud interfere with the function of someone else.

More and more Europeans will have Japanese managers, colleagues and business partners and will stand a better chance to jump in a Japanese company. The school of Japanese management theory, inspired by Japanese examples, is acquiring more and more popularity.

Table 4 Basic data of commercial relations as to Japan

Number of acting people	Always a large team
Number of lawyers	Lawyers do not participate in negotiations.
Knowledge of international negotiations	Very good
Knowledge of foreign languages	Knowledge of English, they prefer an interpreter
Emphasis on preparation of negotiations	Very careful preparation
Course of business dealings	Long
Relevance of time	Very punctual

Source: own research

2.4   The United Arab Emirates

After contracts termination with Great Britain in 1971, sheikhs ruling in the former contracting Oman agreed on establishment of the United Arab Emirates. The United Arab Emirates belong to those Arabian countries, which are characterized by very stable political environment and by high dynamics of growth of all industries. Economic prosperity attracts thousands of legal and illegal migrants. The most significant export article is raw oil, which forms overall majority of the net export[1].

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[1] ŠRONĚK, I. *Etika a etiketa v podnikání.* Praha: Management Press, 1995. s. 167.

Pic. 4 Map of The United Arab Emirates

Source: http://www.odci.gov/cia/publications/factbook/geos/ae.html

2.4.1   Accepted Values

Loyalty towards the family in a broader sense is in the fist place and it is followed by loyalty towards friends.

Religion is the inherent part of daily life. All attitudes and approaches, with which can be met in their whole wide spectrum anywhere in the Arabian world, are more understandable if we know five basic duties of the Muslims (to adopt belief in God and his prophet Mohammed, to say one´s prayers five times a day, to provide the poors with alms fee, to fast in the month of Ramadam and at least once in life to make a pilgrimage to Mecca). In fact it is a logical sequence and external expression of these elementary and from time immemorial set principles. A man who is able to accept this fact is well on the way to understand different mentality, thereby he/she increases their chances to succeed in a field, where they play another game, than to which we are regularly accustomed. It is important to make efforts so that our potential business partner would feel that we are trying to understand him/her and that we approach towards him/her with a certain rate of empathy and respect of his/her values.

2.4.2　Business Dealings

Partners from the United Arab Emirates are not punctual and they come to meetings late. Every conversation, either private or business, begins with local partner´s questions concerning the health of a visitor or his/her family. It is essential to ask such questions the host as well. For local society it is typical that during one or two meetings a contract or agreement will not be concluded yet. Negotiations last considerably longer than it is usual in our geographical latitudes. At first it is important to build mutual confidence and friendly relations with the local party. At the beginning of every negotiation a lot of time is devoted to mutual cognizance, sometimes more time is devoted to it than to actual negotiation. The nude conversation is finished by the Arabian partner, who indicates change over to negotiations. Patience, self-control and knowledge of conventions are the fundamental prerequisites for negotiations. Team negotiations are rather preferred and the best time for scheduled meeting is, in view of the daily composition of prayers, before midday. In consideration of climatic conditions it is better to plan calls in Arabian countries between November and April. Negotiations are usually prepared in several-week advance. Arabian partners prefer face-to-face contact to telephone or other technical resources.

The actual business and similar negotiations are conducted very differently from the European practices. The Arabs "love" business, dealings and everything that is related to it, i.e. bargaining. They bargain everywhere and for everything. In case of a future contract they bargain for delivery terms, warranty service and postwarranty servis and of course for the price. That is why it is important to have a clear idea of the price and to take into account that the second party will try to persuade us, just on principle, about the lower price. However, it is not advisable to put up the price too much so that partners would not feel that they are "plucked" or that we consider them to be fools. However, it is common practice of local businessmen, who always put up the price of the product and then wait, what price is acceptable for us. If we accept the price or conditions of the second party without bargaining, we can be regarded as a weak partner, who can be easily persuaded.

Decisions concerning more significant contracts rest with close circle of people. A face-to-face contact with them is crucial for the success.

The acting language is Arabic and English and business cards handed over to local partners are also in English. When dealing in Arabic it is advisable to employ as an interpreter the Czech, not the local interpreter.

Arabian partners like to negotiate with concrete people, whom they know and concern. Impersonal contact and frequent exchange of acting people at long-term connection mean delays and raise distrust.

The Arabians consider personal friendship to be more significant than achieved results. It is necessary to "raise" connections of friendship and then to maintain the friendship permanently. To settle an important matter it is necessary to visit the Arabian partner over and over again.

Oral promises cannot be considered binding. All agreements have to be in writing and arrangements must be constantly checked. In face-to-face dealing it is necessary to repeat your own opinion several times. The partner must conceive of an idea that he/she himself/herself reached the result of dealings, including the price, without restraint of the second party. That is also the prerequisite of agreement performance on the part of the partner. Treat of business partners by soft drinks is the part of negotiatons. To refuse offered coffee, which is very sweet, or tea is nearly impossible.

2.4.3   Relevance of Time

Time is relative quantity and the Arabian world holds it true twice. Punctuality is really not the local virtue. It is best to accept this fact immediately after the arrival and one should not be carried away by emotions during waiting. The expression of impatience and blazes of anger raise negative subconsciousness with local people. Local businessmen know very well that in our countries other importance is attached to a time factor and that is why it is not advisable for us to be late. It could be perceived as the expression of disrespect or the lack of interest in the particular person or business.

2.4.4   Social Rules

Wide range of clothes can be expected with Arabian partners. The European should wear exclusively European clothes, which should be adequate in materials and its form for local climatic conditions. The Europeans should adapt their clothes in the formal way, they should never wear informal clothes. Women from other than Arabian countries can exceptionally participate in negotiations, but presence of Arabian women in business activities is unimaginable. The most suitable clothes for women are various types of long dresses with sleeves, always completed with tights, or two-piece suit, which should cover up shoulders as well as arms.

It is possible to ask questions concerning the whole family, eventually concerning a son or sons, but never the wife or daughters.

Nonverbal communication plays an important role when meeting Arabian partners. The space, distance that is permanently kept from other people, is considerably shorter than it is customary in Europe. Partners always look into each other´s eyes. Nevertheless, foreigners should avoid eye contact with Arabian women and partners´ wives. It is common that two men or women hold each other´s hands. There is anything unusual in it and it has nothing to do with sex. If anything is handed over to the other person, e.g. a business card, paper or gift, it can be done only by the right hand. To slap someone´s back is forbidden. Legs should be never placed in such a position so that their lower part could be seen.

2.4.5   Establishment of a Company

At present it is not possible for nationals of other state to establish their own companies with or to own land of more than 49%. There are seven legal forms altogether for newly established firms. At first it is necessary to find a good local partner, the so-called sponsor. However, this is the most frequent stumbling block, because it is very important to know, in which position of the hierarchical system the parner is, as the top of hierarchy is controlled by representatives of dominant families. The only method, how to establish a branch office of your company in the United Arab Emirates and how to avoid these legal limits, is its location in a duty free zone. So far there are seven of these zones in the United Arab Emirates, however some

restrictions also apply to these zones, for example the sort of business and sort of manufactured products. Nevertheless, exemptions from all taxes and customs duties for the period of 15 years, excellent infrastructure and sufficiency of qulified labour are reasonable attractionw for thousands of companies.

Table 5 Basic data of commercial relations as to the United Arab Emirates

Number of acting people	Large team
Number of lawyers	No – they do not participate in negotiations.
Knowledge of international negotiations	Very good
Knowledge of foreign languages	Knowledge of English, they prefer an interpreter.
Emphasis on preparation of negotiations	Preparation in several-week advance
Course of business dealings	Negotiations are divided in several days.
Relevance of time	They are not punctual.

Source: own research

3 Analysis of Contemporary Problems of the Management Practice

3.1 Czech Management and its Formation

Formation and development of the Czech management can be understood as a purely national matter. Management in Bohemia has always developed in the context of interference of varied foreign interests and impacts and it has always inclined to and more or less has been always forced to adopt foreing conceptions and models. Nevertheless, it has its own national identity and "face".

Since the first republic interference of several cultural traditions has been distinctive of the Czech management. It concerned the emphasis on the Czech nationality and Czech national values such as industriousness and creativity and there was also considerable orientation to the USA as the symbol of economic development and progress.

The Czech management has its own traditions and in spite of the long period of central administration it does not have to be exclusively referred to imitation of foreign patterns. Tomáš Baťa, who can be compared to the Czech "father" of international managers, can be described as the greatest character of the Czech management. Baťa´s foreign activities never followed only close interests of his own company´s prosperity, but were based on understanding of and complying with needs and interests of the other party, a different culture.

3.2 Main Contemporary Problems

This chapter deals with main problems, which occur at contact of managers from various cultures. Managers working abroad for a long time have to face a number of challenges:

- How to manage the transfer to another country, another home and other work as a matter of fact?
- How to understand unknown rules, with which even the simplest tasks comply?
- How to cope with foreign isolation?
- How to handle stress, which is experienced by family members in the time of move?
- How to cope with the frustration of the schedule and with obstacles when doing planned activities?
- How to overcome the feeling of crossness at the moment when problems emerge?
- How to understand real motives of activities of colleagures at the workplace, who are in their native country?
- How to understand company´s policy?
- How to cope with the fact that the job or function performance differ from our expectations?
- How to overcome the feeling that inhabitants of the given country are boring and uninteresting?
- How to arrange new friendly contacts?

A number of problems, which managers have to cope with in their practice, is connected with these challenges, and managers should learn to face these problems and to solve them in a proper manner. The basic problems of the contemporary management practice are as follows:

Cultural shock. Work in the environment of another national culture can cause the so-called cultural shock. Cultural shock describes or characterizes mental state, which the person living abroad for a longer time finds himself/herself in. It is a consequence of the fact that members of one particular sphere are inclined to explain behaviour of members of another cultural sphere according to their local culture. Individual elements that characterize the cultural shock are especially the following:

- The feeling of uncertainty, what behaviour is expected from the newcomer in his/her position.

- Surprise or frustruation after the newcomer becomes aware of certain conventions of the new cultural environment.
- The feeling of loss of familiar environment, friends, things and cultural conventions.
- The feeling that members of the new cultural environment reject the newcomer or are not willing to admit him/her.
- The loss of self confidence, because the inability to move and act in the new cultural environment does not allow the newcomer to fulfil work tasks well.
- The feeling of helplessness from the inability to influence his/her new environment.
- The inclination to question old values, theretofore regarded as matter of course.

Unrest, frustration, inadequate social behaviour, the sense of isolation, depression and disorientation belong to other responses arising out of the cultural shock.

Cultural shock is experienced in a parcitular phase of their stay abroad by many managers and if they are not prepared well to it and if they have not undergone appropriate training, they needn´t know how to cope with it, how to behave, act and do business successfully in the foreign environment. Cognition and acquisition of a different culture require some time, efforts and taking opportunities.

In my opinion the cultural shock is one of the most severe problems of the contemporary management practice, because it can influence the course of work activities and quality of work performed abroad and in multicultural environment in a large extent.

Loss of face. In view of the fact that the bachelor work also deals with the Japanese cultural environment, which is the part of Asian culture, it is important to tackle this problem too, because it issues from this culture. The possibility of loss of face is a factor which has to be taken into account in Eastern countries, though not always and everywhere, however managers have to take it into consideration.

Face in this sense can be explained as the position of a certain person in eyes of the group, which he/she belong to. Position, reputation and honour are of first rate importance in this group. A person looses his/her face as soon as he/she is not able, whether it is his/her fault or close people´s fault, to meet basic requirements, resulting from his/her social position. It is a phenomenon which has to be taken into account in societies that are not individualistic but group, so societies where a collective means more than an individual.

People can loose their face under many circumstances. It can be experienced by a person, who have been personally offended, in whose presence somebody has uttered something improper whether as a note or comment. Next, if the position of a particular person is not taken into consideration, if somebody is impelled to give up values, which he/she has special relation to, if somebody makes a concession that other members of the group or the public do not consider necessary, inattention towards a particular person, failure when trying to achieve anticipated objectives, if the person discovers that he/she is uncapable, violation of dear personal relationship and many others.

As to this problem we have to take into consideration that the threat of loss of face can be more significant than conclusion of a contract, or reaching of another concrete conclusion or result and that it can negatively influence long-term co-operation.

Cultural prejudice. Cultural prejudice is the sign of some kind of hostility. The idea that some people are superior, bettter, of higher level and the others are worse and of lower level is the basis of cultural prejudice. This kind of hostility cannot have positive effect on any form of mutual relations between subjects, whether legal persons, i.e. companies, or between states.

If people are to live side by side and to co-operate with each other, there must be a certain minimum in the sphere of cultural understanding, on which basis people can communicate. If such a minimum does not exist, or if people (managers) do not agree on it, various business activities between different cultures cannot be carried out.

Ethnocentrism. This problem is based on the hypothesis that culture of a particular country, group or society is the centre, from which other cultures are judged. The fundamental ethnocentric approach is that what is practised by a group of managers or by the whole society, belonging to a particular culture, is right. On the contrary, what is practised by members of other cultures is wrong. This approach often leads to superiority, putting oneself forward above the others. For instance, a problem arises at confrontation of different cultures in practice. The confrontation can come at the moment when one culture criticizes another one, because when expressing their view they keep to their standards, assumptions, principles, values and conventions.

Stereotypes. Heart of this matter is that managers perceive other nations in an oversimplified way, they stress only one or few superficial matters, which are striking, representative of or specific for attributes or features of the particular group, especially of other nations, races and cultures that are then classified according to the stereotype.

Though it is true that cultures differ and have their specific features as compared with others, could it be said that these features are always the fundamental characteristics of the given culture? No, they only show the odd aspect of their etiquette, which, however, does not characterize their knowledge, values and approaches at all. This stereotyped view of managers is not always right and especially it is an incomplete view, because it abridges or reduces differences between individuals within the framework of the given group or nation.

4 Evaluation of Results of Carried out Analysis

4.1 Result Evaluation of Differences between International Cultures

The summary of results clearly shows key differences between individual national cultures. It points out differences which significantly modify perception and communication and which can fundamentally influence mutual understanding and sympathy between people and positively stimulate or negatively limit common success at work or in business activities.

Table 6 Comparison of basic data of commercial relations as to individual states

	EUROPE	THE USA	JAPAN	THE UNITED ARAB EMIRATES
Number of acting people	It depends on the complexity of contract.	Only one person	Always a large team	Always a large team
Number of lawyers	It depends on the nature of contract.	Yes – they participate in negotiations.	Lawyers do not participate in negotiations.	Lawyers do not participate in negotiations.
Knowledge of international negotiations	At medium level	At low level	Very good	Very good
Knowledge of foreign languages	They speak different languages.	Mostly they speak only English.	Knowledge of English, they prefer an interpreter	Knowledge of English, they prefer an interpreter
Emphasis on preparation of negotiations	On whole careful preparation	Occasional preparation	Very careful preparation	Preparation in several-week advance
Course of business dealings	They do not needlessly speed up dealings.	Short	Long	Negotiations are divided in several days.
Relevance of time	Punctual	They are punctual.	Very punctual	They are not punctual.

Source: own research

4.2 Result Evaluation of Contemporary Problems of Management Practice

The summary clearly shows main contemporary problems of the management practice in the intercultural management. These problems become a source of many misunderstandings between managers and they are often barrier of the mutual co-operation.

The main contemporary problems and their basic characteristics are tabulated for better lucidity.

Table 7 Main contemporary problems of management practice

Main contemporary problems	Basic characteristics
Cultural shock	Loss of self confidence, unrest, uncertainty, frustration, depressions ...
Loss of face	Failure, nonability, nonfulfilment of basic requirements
Cultural prejudice	The sense of superiory, of higher level
Ethnocentrism	Simplified judging of other cultures on the basis of one´s own culture.
Stereotypes	Perception of other nations on the basis of one or few characteristics.

Source: own research

On the basis of these results, which have been attained, the following chapter specifies proposals and recommendations to raise the standard of contemporary intercultural management.

5 Proposals and Recommendations to Raise the Standard of Intercultural Management

5.1 Recommendations How to Cope with the Cultural Shock

Every manager, who leaves for work abroad, should spend some time gaining of information about the particular country and company which he/she will wor ink. They should also get knowledge of symptoms and consequences of the cultural shock before their departure, because the cultural shock will become evident in any case regardless of a country, where they are going to work. Next, it is useful for managers to employ enough time in adaptation in the particular culture and they should also make sure that the company will provide them enough time for settling down. After the arrival in the particular country managers should take every opportunity to arrange contacts with other managers in the country, because these contacts can help them to overcome the cultural shock as well as other problems associated with the arrival in the given country. In case of after-symptom of the cultural shock managers should not condemn professional help, i.e. of a psychologist or of professional advisers. Every professional manager should not forget that the cultural shock has also its positive aspects, because he/she gains experience in the cultural shock and they can apply this experience to another stay abroad.

5.2 Recommendation How to Cope with the "Loss of Face"

If managers want to avoid situations, when they could "loose their face" in the personal or business contact, they should avoid any expressions which could give rise to personal insult, humiliation or abasement of a person who is a part of a certain

group. Managers should take into consideration the position of the particular person in the group, they should not urge on the person who they deal with to give up values which the person bears special relation to.

5.3   Recommendation How to Minimize Cultural Prejudice

Managers, who are about to work in a particular country, should know the culture of the country very well. Knowledge of the culture and its standards and conventions is one of the first conditions of mutual understanding and good co-operation. Despite its reputed simplicity of this recommendation, this step is not either too customary or easy, beacuse a number of managers do not pay enough attention or time to this step. The culture of the country must be not only known but also respected. First of all, manager´s respect of the different culture means to take into consideration its differences and specifics, without judging them. Managers should never show their feelings, that they think that some culture is more advanced, perfect than another one, i.e. the culture of the country which the manager comes from. Managers should realize that cultures are various, different from each other and that they represent optimum coping with life situations of inhabitants in conditions, in which they live for a long time. Any gesture of good will or any willing step towards the relationship with the foreign culture also contribute to good mutual co-operation. This willing step or gesture, knowing the foreign culture and its standards, does not require too much efforts from managers or giving up of their own cultural background. On the contrary, sometimes we should sacrifice what does not mean much for us, but what means a lot in the other culture. However, this is not possible if we do not know our partners and their cultural background.

5.4   Recommendation How to Overcome Ethnocentrism

Managers should realize that every culture has its positive and negative aspects. Every country, company as well as individual maintain particular values, whether they are from the West, East, North or South. Such an approach is subjective everywhere and in contact with other cultures it depends on every

manager whether and what he/she will be able or willing to tolerate. Managers should try to minimize possible disadvantageous consequences of cultural differences. For managers it means to try to emphatise with the others´ position, to try to make use of the difference of the given culture for their own work, to watch their surroundings closely, to take into account the others, not to be prejudiced against people from the other culture, not to withdraw into their shell and try to know the country as much as possible.

5.5 Recommendations How to Overcome the Stereotype

The stereotype is dangerous only in case if it is a stiff one. However, in other cases it can represent, under certain circumstances, also the basis for broader and higher knowledge of other cultures. In the stereotype managers should discover its cognitive function. Managers should only regard stereotype as the basis, because it is necessary to familiarize with culture of other nations more broadly, not only because they "practise something somehow", but to question why, on what basis, for what reasons and whether it is practised by everybody or only by somebody and whether it will be practised by those people, whom they will be in contact with.

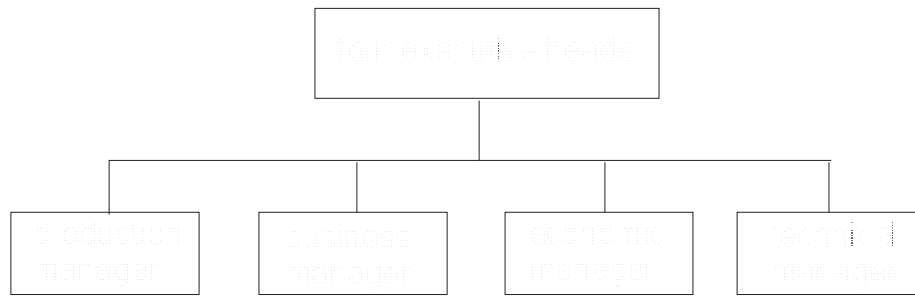# 6 Implementation in the Company Agropa Group, s.r.o.

6.1 Characteristics of the Company

The company was established by four partners in June 1995 as the association of enterpreneurs. Purchase and sale of spare parts for agricultural machinery Ostroj and Lemken, rework of older machinery and their subsequent sale were the original scope of business activities. In 1996 they decided to produce some spare parts at their own cost and in the same year hardening shop technology was put in operation. In 1997 the offered range of products was diversified by other types of spare parts of the following companies: Eberhardt, Besson, Ross Roudnice and others., and by sale to Poland. Together with the manufacturing firm Agropa, association of enterpreneurs, they have decided to establish the sale company Agropa Group, s.r.o. In 1999 the manufacturing technology Agronom was improved. The company´s goal is to complement the range of products with other manufactured spare parts. The company has several subsidiary companies (branches) not only in the territory of the Czech Republic.

Service companies, which are engaged both in the direct sale to final customers and in the distribution to their contracting centres, are main buyers. Agricultural plants as well as private land holders are the final customers.

The company co-operates with countries such as Sweden, Finland, Slovenia, Poland, Byelorussia, Germany and in future it would like to aim at other countries as well.

Pic. 5 Organizational structure of Agropa Group, s.r.o.

6.2   Implementation in the Company

In view of the fact that the company Agropa Group, s.r.o. operates at the international market and is interested in improvement of their customer and supplier network within the framework of the international market, it should pay more attention and time than hitherto to the sphere of the intercultural management. Managers of this company should realize that this term does not only apply to foreign companies but that with the entry into the EU and also with improvement of business contacts it is also more and more actual for this company.

In this chapter I will try to outline recommendations and particular proposals and steps, which could help the intercultural management in the company Agropa Group, s.r.o. to function better. Managers in this company attend to intercultural management and try to apply it to commercial relations, but nevertheless I put forward a few proposals, which I have arrived at during the analysis of the document and consultation with the Business Manager. Although the company tries to attend to the intercultural management, it is, it could be said, in the very beginning and my proposal could contribute to improvement of intercultural management functioning.

Recommendations and proposals:
- ➢ **Definition of clear objectives.** The company should make up a summary data base of countries which it trades with and also of countries which it would like to trade with in future. The list of these countries should contain demographic, economic, political, religous, legal and social system of a

country and next cultural values, standards, specifics, differences and customs. When making up such a data base, the company should use not only the Czech literature but also the foreign one and last but not least the Internet, which is not used too much by the company as it should be when acquiring this kind of information. This data base should be synoptical, always available to all company managers, namely not only before departure abroad.

- ➢ **Implementation of intercultural trainings.** Intercultural training or training of the manager´s intercultural competence is a very important and effective instrument to prevent or to minimize adverse effects of the cultural shock. Managers´ intercultural competence is one of the importances of the social competence of international managers, who co-operate with members of foreign cultures at their work. With the intercultural training, knowledge and understanding of cultural standards of individual cultures are concerned. The intercultural training can have, on the basis of the stated goal, the form of:

1) Training based on reporting of information. This training has an informatory function, it provides important facts of economic, political and social relations in the particular country to participants by means of written documents, lectures, visual documentation, films, diagrammatic illustrations and personal knowledge. Concrete requirements on managers´ social and work behaviour, which are necessary to achieve working objectives and to fulfil working tasks, follow from the training.

2) Culture-oriented training. The purport of this training is not only information, but also a personal experience. The training objective is to demonstrate to participants a typical behaviour of members of particular cultures, what values they share, what social standards predominate with them and to what extent these values and standards influence work behaviour and how they proceed in solving of conflict situations. Basic instruments are: solving case studies, discussions, playing work roles, etc., which are often analyzed directly with the participation of a representative of foreign culture. In this case the company should lay great emphasis on the selection of the trainer, who plays an important role at this type of training.

3) <u>Training oriented to interaction and communication.</u> During this course the main emphasis is placed on verbal and non-verbal communication under conditions of personal meetings. Students meet foreign culture by means of the direct contact with foreign participants. Thanks to immediate contact various misunderstandings, vagueness and mistakes, which are made at mutual interaction, are explained in this training. Good knowledge of languages of all participants is the fundamental prerequisite of success of this training.

4) <u>Training of team co-operation.</u> Development of team co-operation of international working teams is concerned in this type of training. This training is one of the most demanding trainings for the company, because it depends on the general social climate, ability and willingness to frankly formulate problems concerning their previous personal experience in solving conflicts and it depends on the effort to use their experience in solving particular working tasks. It is important to point out that this form of training does not use model situations, but real tasks, problems and conflicts, which usually bother both sides. Although this training is very demanding, for the company it means a unique opportunity to establish its relations on the mutual understanding, tolerance and effort to achieve common objectives together.

In general, all these trainings should help to overcome the cultural shock, to establish open and willing relations to foreing cultures, to establish good relations with members of foreign culture, to manage working and daily requirements, tasks and duties, to improve social and communications skills, to improve the ability how to cope with stress and last but not least they help to support interests in foreign cultures.

➤ **Managers´ evaluation by means of knowledge tests.** After attendance of the above-mentioned trainings managers should undergo knowledge tests. These tests should be also done during the whole year so that it would be possible to find out what the training really gave them, what they remember and what was the general benefit of the training. Thanks to these knowledge

tests managers make certain of their acquired knowledge and also of problem areas, which they should go into deeper in the next traning.

Conclusion

In my bachelor work I have dealt with the intercultural management in the contemporary management practice. There are several reasons, why I have chosen this particular theme. This theme is becoming more and more topical in the world and it is written and spoken about more and more. According to available sources the intercultural management does not get along too much in our country and adequate attention is not paid to it. Despite the fact that knowledge of the intercultural management could considerably help in business relations with other countries, it is becoming to be known very slowly by our managers.

The bachelor work has been divided in the theoretical and practical part. In the theoretical part I have tried to give the most important and the latest knowledge in the intercultural management field from the professional literature.

The practical part has been divided in five chapters. The first chapter describes individual international cultures. The second one tries to cast light on problems that occur in the contemporary management practice. The third chapter is an evaluation and summary of both above-mentioned chapters. The fourth one is the most important in view of the stated goal and it attends to proposals and recommendations, which would raise the standard of the intercultural management. Implementation of concrete recommendations for the company Agropa Group, s.r.o. is brought forward in the last chapter.

On the basis of a thorough analysis of our as well as foreign literature and consultations with the Business Manager, supervisor of my bachelor work, we have found out a number of problems which the intercultural management has to deal with at present. After analysis of these problems I have prepared proposals and recommendations, which could help to overcome these problems and which should contribute to raise the standard of the intercultural management.

To prepare proposals and recommendations for raising the standard of the intercultural management on the basis of acquired information and data was the goal of my bachelor work. These proposals and recommendations should help better co-operation between countries in the business relations.

I suppose that the goal of my bachelor work, which I have stated in the introduction, has been achieved. The goal have been achieved with the considerable help of the Business Manager and supervisor of my bachelor work.

The working hypothesis was that the intercultural management bears relation to many problems which are however not inrresolvable. This hypothesis has been confirmed. The evidence of which is making up of proposals and recommendations that could eliminate a lot of problems associated with the intercultural management in practice.

Thanks to this bachelor work I have learnt a plenty of interesting information from the sphere of intercultural management and I hope that this work will serve as a good basis for managers of the company Agropa Group, s.r.o who want to pay more attention to this sphere in near future because they have realized the importance and significance of the intercultural management for their company.

Summary

In my bachelor work I deal with problems of the intercultural management.

The goal of my bachelor work is, on the basis of acquired information and data about the intercultural management, to prepare proposals and recommendations to raise its standard. These proposals and recommendations should help better co-operation between countries in business relations. I have tried to achieve this goal on the basis of a thorough analysis of our as well as foreign literature and on the basis of consultations with the Business Manager and supervisor of my bachelor work.

The bachelor work is divided in the theoretical and practical part. In the theoretical part I have tried to give the most important and latest knowledge in the sphere of intercultural management from the professional literature.

The practical part is divided in five chapters. Individual international cultures are characterized in the first chapter. The second one tries to cast light on problems that occur in the contemporary management practice. The third chapter contains evaluation and summary of both above-mentioned chapters. The fourth one is the most important chapter in view of the stated goal and it contains proposals and recommendations that could raise the standard of the intercultural management. Proposals and recommendations and their implementation in the company Agropa Group, s.r.o. are given in the last chapter.

This work should serve as a good basis for managers of the company Agropa Group, s.r.o. who want to pay more attention to this sphere in near future because they have realized the importance and significance of the intercultural management for their company.

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