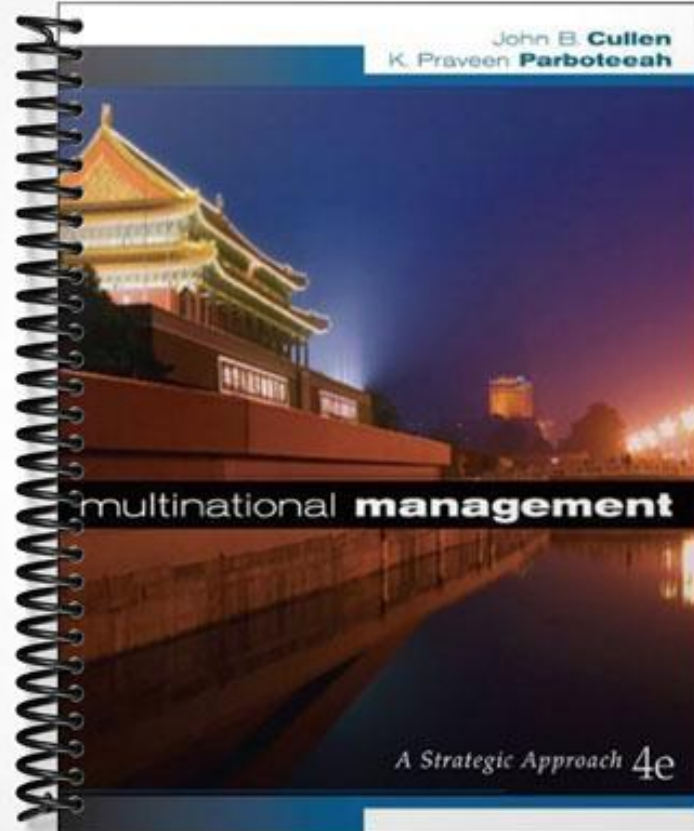


SOLUTIONS MANUAL

John B. Cullen
K. Praveen Parboteeah



multinational **management**

A Strategic Approach 4e

CHAPTER 2

Organizational and National Cultures in a Polish/US Joint Venture

Synopsis

This case focuses on the experiences of a US company with their Polish joint venture. It depicts succinctly some of the major challenges facing US companies as they operate in a former communist country. Specifically, the case shows how US cultural values clash with the Pole's values and focus on how expatriates can manage this situation. The interesting aspect of the case is that the Pole workers are generally very interested in US management styles – however, they clash on some issues.

Case Purpose and Objectives

1. This case provides a good understanding of the challenges facing companies operating in former communist societies – this strengthens the knowledge base as students deal with yet another former communist country
2. The case also shows workers in such societies generally distrust each other – this is the result of decades of the effects of a system where promotion and success is dependent on your connections rather than performance
3. The case also generally depicts the situation faced by multinationals as they try to motivate their workers – Western-based styles don't always work well
4. The case raises important issues regarding cultural differences – it is written clearly enough for students to readily see the differences between US and Polish culture and how they affect the work environment
5. The case also provides the opportunities for students to think about what to do in such situations

Possible Discussion Questions

1. What are some important cultural differences between the Poles and the U.S?
2. Using the Hofstede's and 7d cultural dimension model, explain some of the cultural differences noted in the case.
3. What are some institutional explanations for how the Pole workers are reacting to US management style?
4. How can the joint venture take advantage of the initial enthusiasm of the Polish managers to build a stronger organization?
5. What cultural adaptations would you suggest to the US expatriates managers regarding their management styles?

Other Possible Teaching Approaches

This case can also be used in conjunction with chapter 12 on negotiation. Because of the succinctness of the case, students can be easily tested on their understanding of negotiation and what needs to be adapted if US expatriates/representatives need to negotiate with the Poles. The following questions can be asked:

1. If you were sent to negotiate a contract with a Polish firm, what are some major differences you would expect in the negotiation steps in international negotiation?
2. How can you prepare for such differences?

Analysis

1. What are some important cultural differences between the Poles and the U.S?

This is a fairly simple question – but makes students think about culture and sources of cultural differences. Differences include

- Teamwork vs. individualism – Poles tend to be very individualistic because of the communist system making every worker think for his/her own benefit
- Merit, age, and seniority – Poles respect older people, they believe that young people cannot have the knowledge and experience to manage
- Trust – Poles don't trust as easily as US
- Informality – Poles are more used to formal situations – US tend to be more informal
- Poles expect to be hired immediately as managers – they do not see the importance of knowing basic business functions
- Poles want a clear distinction between work and family – they see the necessary hard work as an intrusion on their family life
- Polish managers are more likely to use criticisms and negative feedback – rather than see the value of positive feedback

2. Using the Hofstede's and 7d cultural dimension model, explain some of the cultural differences noted in the case.

This question can be answered in several ways. First, students can make possible inferences by looking at Hofstede's major cultural dimensions and explain the cultural differences. However, students can also research Poland actual scores on cultural dimensions – Hofstede latest publications provide the following:

Power distance: Poland: 68; U.S.: 40

Uncertainty avoidance:	Poland: 93; U.S.: 46
Individualism:	Poland: 60; U.S.: 91
Masculinity:	Poland: 64; U.S.: 62
Long-term orientation	Poland: 32; U.S.: 27

- The major first major difference is that the Poland is clearly a higher power distance society. This explains the fact that promotions/evaluations are based on trustworthiness. As the text documents, this can also explain the general dislike for work and acceptance of inequality. This can also help the general distrust.
- The second major difference is that Poland is a very high uncertainty avoidance country. This explains why seniority and age is a valued component in Polish. For instance, seniority is a typical criterion for promotion as it reduces uncertainty.

With regards to the 7d model, the following scores are provided for each dimension:

Universalism:	Poland: 37; U.S.: N/A
Individualism:	Poland: 87; U.S.: 77
Neutral:	Poland: 96; U.S.: 54
Specific:	Poland: 90; U.S.: 77
Achievement:	Poland: 39; U.S.: 97
Past orientation	Poland: 39; U.S.: 14
Future orientation	Poland: N/A; U.S.: 21
Internal control	Poland: 100; U.S.: 66

- The first major difference for the 7d model is for the neutral dimension. The high Polish scores provide some explanation for the Pole's level of formality – in more neutral cultures, people are expected to act more under control and not to reveal thoughts or feelings. This translates into a higher level of formality.
- A second critical difference is for the achievement dimension. The lower Polish scores provide an explanation for the preference for seniority (i.e., it is more of an ascription society where status is based on background rather than performance). This also provides an explanation for the Pole's general preference for titles.
- A third critical difference is on the specific dimension. The high score for the Poles compared to the US explains their unwillingness to mix work with other non-work areas such as family.

3. What are some institutional explanations for how the Pole workers are reacting to US management style?

The major explanation here is some of the institutional effects of the communism system and how it affects workers

- For instance, as the text suggests, Poles are used to a communist system where success is dependent on personal connections and affiliation with the party rather than performance – thus this explains their desire to be hired as managers without the appropriate qualifications
- Research by Pearce as discussed in the text suggests that in communist societies, the institutional structures guaranteeing exchanges are missing. Individuals thus tend to be less trusting of other people and rely on personal relationships. This also explains the low level of trust.
- The lack of trust also provides an explanation for why teamwork doesn't function – as the case mentions, any new worker is viewed as a competitor and it is hard to get people to work together if they don't trust each other.
- The lack of feedback on the job typical of communist systems also provides an explanation for why Poles preferred that their salaries are made public – they want to get an idea of where they stand

4. How can the joint venture take advantage of the initial enthusiasm of the Polish managers to build a stronger organization?

Although there are definite cultural differences, there are some strong points that can be relied on:

- As the text suggests, it is necessary that multinationals implement practices that adapt to local cultural situations. First of all, the Polish workers are extremely eager to learn. The US company should invest the necessary resources in order to train the workers in basic business functions. Polish workers were also very enthusiastic about on-the-job training, so US managers can also provide more opportunities there. In that respect, Polish workers can be slowly trained to understand the value basing rewards on objective performance.
- Take time to build trust – maybe organize company events to slowly make the workers trust each other. Show them that they are all now valuable to the company and that their cooperation is necessary to the survival of the organization.
- The Polish managers are also very enthusiastic about their jobs – however, they are reluctant to let their jobs (the firm) interfere their private lives. The company should design policies to respect the boundaries but also take advantage of the enthusiasm on the job. This suggests that workers can be trained and expected to work well during normal firm hours.

5. What cultural adaptations would you suggest to the US expatriates managers regarding their management styles?

- Respect for older people –
- Develop trust etc.
- Respect the degree of formality by using titles etc.
- Respect the Pole’s preference to separate their work lives from their private lives
- Slowly work on the team issue – do not force Polish workers in such situations yet – but provide gradual training

Possible Solutions for Negotiation Questions

1. If you were sent to negotiate a contract with a Polish firm, what are some major differences you would expect in the negotiation steps in international negotiation?
2. How can you prepare for such differences?

General sources of cultural differences:

1. Teamwork vs. individualism – Poles tend to be very individualistic because of the communist system making every worker think for their own benefit
 - Preparation: Develop a relationship to get better teamwork
2. Merit, age, and seniority – Poles respect older people, they believe that young people cannot have the knowledge and experience to manage
 - Preparation: Send older people
3. Trust – Poles don’t trust as easily as US
 - Preparation: Develop relationship first
4. Informality – Poles are more used to formal situations – US tend to be more informal
 - Preparation: Be very formal

Steps in the Preparation Process – text discusses necessary steps – these can be used as good basis to decided what should be done

Step 1: Preparation

Look at sources of cultural differences: text provides a number of good sources

Step 2: Building the relationship

Issue: Poles don’t trust other people – very necessary to work on this issue

Step 3: Exchanging first information and 1st offer

Issue: Poles want traditional sensitive information to be publicly available (ex: salary) – how open can you be?

Step 4: Persuasion

Issue: Will Poles trust your offer? What can be done to persuade them?

Step 5: Concessions etc.

Lessons (as applied to Chapters 1,2 and 3)

- Case depicts the situation of a joint venture in a former communist country and the challenges of operating in that country (topic covered in Chapter 1)
- Case provides for the ability to compare cultural differences to explain workers' approaches to their work (both Hofstede and 7d model as discussed in Chapter 2)
- Case provides some understanding of the institutional environment in a former communist country and how it affects workers (Chapter 3)
- Ultimately, case discusses issues facing large number of multinationals as they try to take advantage of opportunities presented by transition economies