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**Paper on the topic:**

**Cross-cultural integration in International Business  
- German and American approaches**

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and International Economic Policy”

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by

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## **1. Introduction**

Entering the 21<sup>st</sup> century companies all over the world have to face more challenges than ever in the history of trade. In order to escape limited home markets businesses engage in a bigger and harsher international competition which requires a better preparation in the set of a world-wide economy. Due to the continuing “globalization” process, companies not only need to think internationally, but to go global. The fast pace of links and interdependencies being established between businesses in different countries reflected by a vast growing amount of foreign investments also demonstrates the success of international business on the verge to the new century, we have just entered.

Looking at different forms of conducting international business you have to examine the environmental conditions a company will be confronted entering a new market with different parameters. Facing new conditions companies realize that there are many advantages to expanding their sales in many different markets, diversifying their sources of sales and supplies, acquiring new resources, with the urge of cooperation to maintain the competitive edge and minimizing competitive risk.

The cross-cultural management seminar organized in cooperation between the University Tuebingen, Germany and the University of Maryland, U.S.A. is a good example for the need of training and preparation of future managers for international assignments they might be given working for a multi- or transnational corporation after finishing their MBA studies. Focusing on the cross-cultural integration process this paper copes with cultural differences and barriers companies have to face and overcome doing international business. This essay also makes effort to briefly introduce the existing theories on this topic as well as to show examples and finally to draw conclusions for the future given the fact that a whollistic theoretical approach on this topic has not been achieved yet.

The research for the paper included also an interview with Mr. Belitza, Head of Sales at the Rökona GmbH, Tuebingen. The visits to the Daimler Chrysler Corporate Headquarters in Stuttgart as well as to the Roesch and Roekona GmbH and eventually the Walter AG suited as perfect examples for different approaches to cross-cultural management for all these companies are conducting business operations in different countries ranging from exports, joint ventures, greenfield operations up to the global heavy-weight merger of Daimler and Chrysler. All the companies visited, successfully deal with cultural dimensions of global business.

## 2. Concept of Culture and Perceptions

As already implemented in the topic of the seminar culture and cultural values represent crucial factors to the differences and problems that emerge on the international business scale because there are always human beings involved in every company and business operation who actually perform business and who have to adapt to the conditions they face in foreign countries. First of all we have to define the term culture to build upon the further research. Culture is widely seen as acquired knowledge that people use to interpret experience and to generate social behavior. Since different cultures exist in the world, an understanding of the impact of culture on behavior is critical to the study of international management. If managers do not know something about the cultures of the countries they deal with, the results can be quite disastrous. Culture also has the characteristics<sup>1</sup> of being learned, shared, transgenerational, symbolic, patterned and adaptive. There are many dimensions of cultural diversity<sup>2</sup>, including centralized vs. decentralized decision making, safety vs. risk, individual vs. group rewards, informal vs. formal procedures, high vs. low organizational loyalty, cooperation vs. competition, short-term vs. long-term horizons, and stability vs. innovation.

The term “perception” refers to a person’s view of reality. A stereotype is the tendency to perceive another person as belonging to a single class or category. People in international settings therefore have perceptions and stereotypes of both themselves and each other which influence their behavior and as a result perceptions and stereotypes continue to be major areas of concern in international business. Defining values we have to see them as basic convictions people have regarding to what is right and wrong, good and bad, important and unimportant. Research that has been conducted<sup>3</sup> shows that there are both differences and similarities between the work values and managerial values of different cultural groups and that these work values often are the reflection of culture and industrialization and that managerial values are highly related to success. Research also indicated that values tend to change over time and often reflect age and experience. Trying to provide a composite picture of culture the dutch researcher Geert Hofstede examined in the largest organizationally based study its parts, or dimensions<sup>4</sup> and found 4 dimensions of culture that help explain how and why people from various cultures behave as they do: power distance, uncertainty avoidance, individualism, and

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<sup>1</sup> Hodgetts, R.M., Luthans, F. *International Management*. 2<sup>nd</sup> ed. New York: McGraw-Hill, 1994. p.59

<sup>2</sup> Hodgetts, R.M., Luthans, F. *International Management*. 2<sup>nd</sup> ed. New York: McGraw-Hill, 1994. p.61

<sup>3</sup> Myers, D.G., *Social Psychology*, 3<sup>rd</sup> ed. New York: McGraw-Hill, Inc., 1990, pp.171-172

<sup>4</sup> Hofstede, G. *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, Calif.: Sage Publications, 1980

masculinity. Each of these dimensions will affect a country's political and social system. The integration of these factors into two-dimensional figures can illustrate the complexity of culture's effect on behavior. Other research studies have attempted to cluster countries into similar cultural groupings to study similarities and differences. Through the use of smallest space analysis (SSA)<sup>5</sup>, they have constructed two-dimensional maps that illustrate the similarities in work values and attitudes between countries, in order to help us understand intercultural similarities in the complex area of world-wide cultural diversity.

### 3. Corporate vs. National Culture

Given the fact that research has been conducted in the area of national as well as the corporate culture it is possible to divide it into studies that have sociocultural structuring and those that concentrate on "mental factors"<sup>6</sup>. Sociocultural models see culture in a very broad sense of the word, as the total of all manifest non-cultural things (i.e. buildings, art, religion, processes, institutions etc.) that are observable and to some extent measurable. However cultural theories that have mental factors as their focus see in culture the total of all behavior-controlling and behavior-oriented things like values, norms, unwritten rules, programs or a sense of reality. Edward B. Taylor<sup>7</sup> defined culture as "the complex whole, which includes knowledge, belief art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society". The elements contained in this definition are still valid in current management theory for example Edward Schein, one of the most quoted analysts of corporate culture, who elaborated three central levels of corporate culture<sup>8</sup>. In his view, the lowest level remains unknown or preconscious and is thus not measurable. Values form the second level and are at a higher level of consciousness, whereas artefacts, the third level, are certainly measurable, but difficult to interpret. Analyzing management theory covering corporate culture that if one accepts that culture can be measured, this measurement can be performed by looking at either inputs to culture such as norms and values or outputs from deeper-lying phenomena such as modes of behavior or preferred means of doing things, which holds true for both national and corporate culture.

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<sup>5</sup> Ronen, S., Kraut, A.I. "Similarities among Countries Based on Employee Work Values and Attitudes", *Columbia Journal of World Business*, Summer 1977

<sup>6</sup> Forstman S., "Managing Cultural Differences in Cross-Cultural Mergers and Acquisitions." *In Cultural Dimensions of International Mergers & Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter, 1998

<sup>7</sup> Tylor, E.B. *Primitive Culture: Researches into the Development of Mythology, Philosophy, Religion, Language, Art, and Custom*. New York, 1871

<sup>8</sup> Schein, E., *Organizational Culture and Leadership*. San Francisco: Jossey-Bass, 1985

The importance of the cultural dimension for the development and implementation of companies' strategic goals has long been recognized in management theory, identifying factors influenced by cultural dimensions like strategy of a company, incentives and compensation structures, relationships between superiors and subordinates as well as group behavior. Published theories also emphasize the social-integrational powers of a corporate culture, stressing factors created by a company's corporate culture like a sense of meaning for employees, a foundation and general understanding of means and channels of communication, a general behavioral orientation and transparency as to learning and internal developmental potentials. The bottom line of the research<sup>9</sup> is, that culture, at both national and corporate levels, appears to be a complex phenomenon significantly affecting a company's employees beliefs, practices, systems and procedures – sometimes labeled “cultural manifestations” – or in other words a company's way of doing things.

#### 4. Cultural Dimensions of International Business

Having identified possible dimensions for a culture or cultural values of people in different countries we are able to draw our own map setting the variables for every country in order to classify and visualize the differences this research-paper focuses on. To keep with the limited time-frame I will mainly try to show the differences between the two countries, that cooperated in the seminar namely the United States and Germany. Using the introduced model to measure the cultural differences we come up with the following comparison:

Dimensions	Germany	U.S.A.
power distance	small (35%)	small (40%)
uncertainty avoidance	strong (65%)	weak (45%)
individualism	high (65%)	very high (92%)
masculinity	high (64%)	middle (58%)

Adapted from Gert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991) p. 75

In order to contrast cultural values more of the relevant variables need to be examined to suffice to a full comprehension of the matter like temporal dimension, work and achievement, relationship to nature, youth orientation, informality, competition, relative status of sexes and others. The current U.S. Culture being individualistic, precise in time reckoning, future oriented, nature controlling, youth oriented, informal, competitive with relative equality of

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<sup>9</sup>Forstman S. „Managing Cultural Differences in Cross-Cultural Mergers and Acquisitions.“ *In Cultural Dimensions of International Mergers & Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter , 1998

sexes and active in terms of working and achievement is pretty close to the cultural values of the German Culture, which is also due to an ongoing process of cultural “Americanization” in the past 50 years. This adaptation process of German Cultural Values is also a proof that these values can change in time. Having established a closer definition of our cultures means a more fertile soil for cooperation between U.S. and German businesses, with a higher probability of success than it was 50 years ago.

Recently conducted research on the determination of cultural differences in German and American companies inquired employees, how important different work-conditions are for them. The outcome is a web-chart that visualizes the similarities and differences of the employees’ attitudes in both countries:

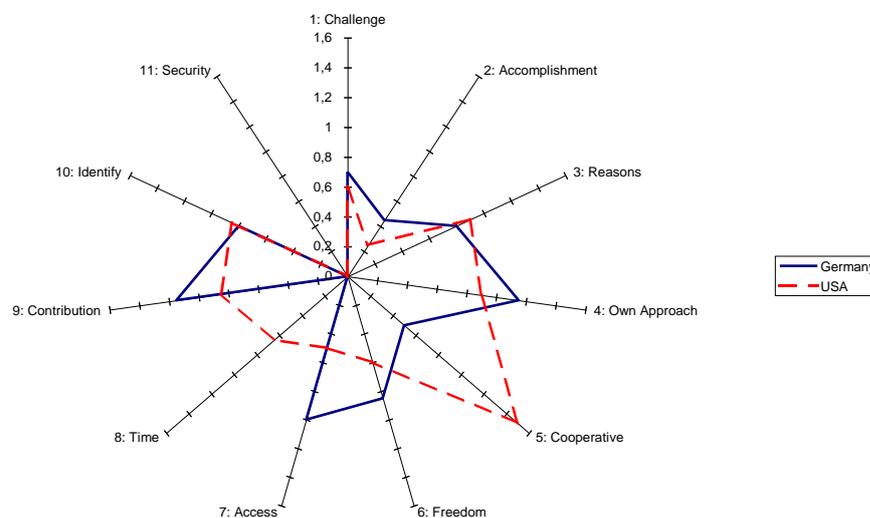


Figure: Value difference between the German and American Employees. Forstman S. „Managing Cultural Differences in Cross-Cultural Mergers and Acquisitions.“ In *Cultural Dimensions of International Mergers & Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter , 1998

## 5. Acculturation Process

Analyzing cultures by surveying and systemizing the behavior and stated attitudes of individual members includes also the concept of acculturation, which is vital to the study of contacts between different cultures and is therefore of interest in this context. Acculturation is defined as changes induced in two cultural systems as a result of the diffusion of cultural elements in both directions. In fact practice shows that one group always dominates when

acculturation occurs, which results in potential conflicts during the process of change. The conflict is reduced through an adaptation process that can assume various forms<sup>10</sup>, namely:

- ⇒ assimilation: the non-dominant group relinquishes its identity
- ⇒ integration: the non-dominant group maintains its cultural integrity but becomes at the same time an integral part of the dominant culture
- ⇒ rejection: the non-dominant group withdraws from the dominant culture
- ⇒ deculturation: the non-dominant group loses cultural and psychological contact with both its own original culture and the dominant culture

These different modes of the adaptation process are theoretically possible, but the most interesting one in terms of cross-cultural management certainly is the integration stage, which implies the highest grade of success in an international cooperation between businesses.

Cultural differences like the ones stated above mean also a potential source for conflict during the integration process between companies from different countries. Before applying the result on the examples of Daimler-Chrysler Corporation or Roesch GmbH we should take a glance at international Mergers & Acquisitions as one major form of international business cooperation to demonstrate the importance of cultural differences.

## **6. International Mergers & Acquisitions**

Although the levels of investment are very high the outcomes of M&A activities are pretty disappointing. Research evidence<sup>11</sup> based on a wide range of performance indicators present a rather gloomy picture in suggesting that at best no more than 50 percent of M&A achieve the level of success initially anticipated. Similarly, joint ventures and other forms of strategic alliance record failure and dissolution rates in the region of 40 percent. Having scrutinized the economic, financial and strategic aspects research has now turned to the role and contribution of human factors to M&A performance due to negative effects of M&A including high labor turnover, low morale, high absenteeism, reduced job satisfaction and organizational commitment as well as employee stress. According to behavioral sciences this underperformance stems from factors relating to partner selection and lack of cultural fit. It is

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<sup>10</sup> Gertsen M.C., Soderberg A.M., Torp J.E. "Different Approaches to the Understanding of Culture." *In Cultural Dimensions of International Mergers & Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter, 1998

<sup>11</sup> Acrtwright S. "International Mergers and Acquisitions: The Issues and Challenges" *In Cultural Dimensions of International Mergers and Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter, 1998

the way in which the integration or acculturation process is managed and the negative response of employees to widescale organizational change.

In the context of most Mergers & Acquisitions, integration means the successful imposition of the existing culture of the acquirer or dominant merger partner on the other rather than the fusion or blending of the two. It seems that when cultural differences are not managed in strategic alliances misunderstandings occur between partners and tension increases which jeopardizes cooperation. Culture is considered to be a common sense of reality, which means that those who do not possess a culture which is compatible, do not share the same reality with each other. Typically cultural incompatibility would seem to refer to the situation where there is lack of cultural assimilation or integration because the membership of one or both partnering organizations are unwilling to abandon in total or part their own cultural identity and values and have no shared understanding or appreciation of the “other” culture. This means that there is a failure to share or accept a common reality and mode of acculturation and the culture clash. Therefore an awareness and understanding of cultural differences and similarities i.e. “realities between organizations has a potentially useful and informative role in guiding selection decisions and influencing integration strategies.

To illustrate the issues a company has to face engaging in an international operation you have to consider both cultural and environmental problems. Taking the example of international Mergers & Acquisitions, studies have shown that cross-cultural communication is a key issue in international management, where different cultural encoding and decoding create signification barriers to mutual understanding between persons of different nationalities. To visualize the issue Rikard Larsson and Anette Risberg developed a chart<sup>12</sup> that illustrates Corporate and/or National Culture Clashes in M&A:

		Domestic M&A	Cross-Border M&A
Corporate Culture Differences	High	corporate clash	dual clash
	Low	cultural similarity	national clash

<sup>12</sup> Larsson, R., Risberg, A. “Cultural Awareness and National versus Corporate Barriers.” *In Cultural Dimensions of International Mergers & Acquisitions*, Gertsen M.C., Soderberg A.M., Torp J.E., Ed. New York: Walter de Gruyter , 1998

Reasoning from that model we can make the prediction that domestic M&A with similar corporate cultures will have the highest level of acculturation and cross-border M&A with different corporate cultures will have the least. However it is also possible that the parties involved in cross-cultural interaction at the national level are more aware of possibly impeding cultural differences. More obvious cultural differences at the national level can prompt a greater cultural awareness and sensitivity which might compensate for extra cross-border clashes. The fact that there are more than twice as many M&A with different corporate cultures suggests that the usual recommendation to select combinations with similar cultures is seldom heeded and leads to the assumption that the skewed distribution can be explained by collective defense mechanisms that emphasize cultural differences and repress cultural similarities in order to protect one's own culture. While 80 percent of the examined domestic M&A have different corporate cultures only 50 percent of cross-border M&A do it, which indicates another possible explanation based on cultural awareness.

Summarizing the topic of cross-border M&A as an example for international business operations may make decision makers more aware of cultural differences, so they might give more weight to cultural issues in the selection process than they do in domestic operations, where cultural matters may be taken more for granted.

## **7. Scrutinizing companies**

Overlooking all the introduced models of cultural differences and the integration process it becomes obvious that there is no universal remedy for succeeding the pitfalls of cross-cultural management. The cultural dimensions of international business have lately been receiving more attention than ever in order to fight the barriers. To make up our own minds on the cross-cultural issues the seminar in Tuebingen included visits to three internationally operating companies, namely DaimlerChrysler, Roesch/Roekona GmbH and finally the Walter AG. As already indicated in the analysis of different cross-cultural aspects of international management there is a huge potential for conflict in this area, which now should be further scrutinized at the examples of DaimlerChrysler and Roesch/Roekona that the class actually visited. Analyzing the way these companies deal with cross-cultural management issues based on the theory introduced at the beginning I will try to draw conclusions regarding success for global business.

## 7.1 DaimlerChrysler

Looking at a global player, which has merged with one of the biggest U.S. automotive manufacturers one year ago we visited the Corporate Headquarters of the Daimler Chrysler Corporation in Stuttgart Moehringen, where we were given further inside views into the company's structure in terms of the cross-cultural integration as well as corporate strategy. Briefly summing up the reasons for such a gigantic merger between two of the world's biggest car manufacturers the sources on the web<sup>13</sup> name expansion of production capacity, increase of competitive pressure, achievement of economies of scale, potential synergies in R&D, consolidation of the automotive industry and new growth potential in volume markets while minimizing the risk of failure by having already established brands (i.e. Chrysler, Plymouth, Jeep). Taking the step and accomplishing this merger, brought along the problem of the two cultural environments being now unified in one company with equal partners. Drawing conclusions from the acculturation process paragraph however suggest that usually one culture tends to dominate the other one in such a business operation like the Daimler-Chrysler merger.

Therefore it is likely to become a long process to completely integrate both cultures into the corporate culture, which had to be extended to fit in both companies' philosophies. It doesn't surprise that the merger unofficially has been called an acquisition completed by Daimler Benz AG, which would support the theory of one dominating culture. However it's unlikely that U.S. stake and shareholders as well as American workers would appreciate an official statement of being foreign-owned by a German company. On the other side the higher compensation of Chrysler executives compared with their Daimler counterparts is another potential conflict source to the success of this merger.

Unfortunately a globally competing company doesn't have spare time to spend on cultural integration seminars where people get to know each other and become friends. The daily business still requires full attention, so that colleagues from Germany just get to know their counterparts on the phone trying to synchronize their projects transcontinentally. There have been teams established to reinforce the integration process and report any barriers or obstacles, which need to be tackled, but as Mrs. Karin Tegtmeier mentioned the standard procedure is to manage cross-cultural problems rather than to try solve them in integrating the culture. Another good example is related to the German "obsession" of planning stated by the high rate of uncertainty avoidance of 65% vs. 45% in the U.S.(see Cultural Dimensions paragraph) which turned into a problem when German colleagues always wanted to have

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<sup>13</sup> <http://www.daimler-benz.com/categor/news/text/dcinfo.htm>

clearly elaborated, written plans they would agree and stick to whereas the American colleagues rather preferred the cooperative approach (see value difference chart) of discussing and changing plans in the trial and error manner as the project goes along.

As Mr. Schrempp (CEO) already concluded the pace of the integration process is another crucial factor to the DaimlerChrysler (DC) merger as well as solving corporate communication problems like the one shown above with colleagues' attitudes towards planning. To improve the corporate communication DC also bought an airbus airplane for shuttling between the headquarters in Stuttgart and Auburn Hills every day. Tolerance towards other cultures and values, as the ones shown in the preceding paragraphs, is definitely the most important factor of the cross-cultural integration, or in Mr. Schrempp's words: "a company is people, nothing else".

To reinforce the integration DC started an intense exchange between the parent companies and affiliates abroad, because one third of all trade takes place among parent companies and their foreign affiliates. The growing number of joint ventures, strategic alliances and mergers & acquisitions at DC due to globalization leads also to new forms of cooperation challenges for the international human resources (IHR) department. Global management & knowledge transfer, long term and short term delegation as well as setting up cross-cultural teams are the issues the IHR department focuses on right now.

In order to develop leadership capabilities for globalization and M&A activities, DC worked out necessary factors<sup>14</sup> to be trained and focused on like global mindset, participation in multicultural teams, intercultural adaptability, collaboration in solving conflicts, generalist experience, high tolerance towards other cultures/values regarding the integration of companies from different countries, integration team building skills and finally communicational excellence. Furthermore DaimlerChrysler elaborated a triangle of three components of cross-cultural competence:

1. **Knowledge:** ability to identify opportunities/challenges in the other culture  
(assessing information on the other culture, selecting key resources people for information, and understanding organizational processes)
2. **Awareness:** ability to demonstrate one's understanding of another culture by describing a culturally influenced situation in a manner so that is accurate and acceptable to members of that culture  
(recognizing priorities given to basic attitudes, opinions and values, understanding own cultural perspective/limitation, recognizing direct/indirect communication and non-verbal cues)
3. **Skills:** ability to manage an assigned task in the other culture or in a culturally mixed team  
(assessing needs of people in other cultures, high language levels, efficient planning, conduct and evaluation)

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<sup>14</sup> taken from presentations at Daimler Chrysler Corporate Headquarters in Stuttgart, on May 26th, 2000

of tasks in other cultures by matching the appropriate method and approach to the right situation at the right time)

To target the needs of cross-cultural competence, DC assigned different measures to groups like expatriates and their families, business travelers and global players, cross-cultural teams as well as HR professionals. Participants of long term delegation programs are accompanied at every stage of their assignment (selection, preparation, during the assignment, as well as after assignment) and receive “Fit for Abroad”-training, language training, “International Leadership Transition Coaching”. Business travelers get trained in “Connecting across Borders” as well as “Effective negotiations with...Business Partners” for different countries like USA, Japan and China. Existing or just established cross-cultural teams, which have the great opportunity to be innovative, productive and efficient receive different levels of training in order to counteract conflicts and misunderstandings resulting from different cultural backgrounds and afflicting their performance. The first workshop, which is called “Global High Performing Teams” includes the objectives to increase cooperation, cope with internationally-specific dynamics, and develop effective work- and communication processes. The second workshop called “Successfully Working in Cross-Cultural Teams” is set up for executive managers and experts who work in international teams and targets topics like realization of ones own cultural background , realization of specific challenges of international teams and development of strategies to cope with cultural diversity. Another kind of cross-cultural training is offered to the HR professionals in two workshops called ”Continuous Improvement Cross-Cultural Communication“ and “Cross-Cultural Competence” to provide them with the necessary know-how for dealing with international employees. Another interesting program<sup>15</sup> has been established to target future managers:

“The International Management Associate Program DaimlerChrysler is an individual program for Top Talents. With it we are contributing to the development of a new generation of managers for the future challenges of the Group. By recruiting excellent internationally oriented associates with interdisciplinary general management backgrounds, we are making a contribution towards Group integration and worldwide networking. The IMAP is making an important contribution towards strategic junior management development and is actively supported by top management from the selection process to final placement. We want to support and challenge young managers in our program, who are willing to face challenges, drive processes and seek change through innovative and creative ideas.“

The overall conclusion of the cross-cultural integration process at DC is that the company realized business-needs for the 21<sup>st</sup> century and invests big effort in meeting the

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<sup>15</sup> <http://career.daimlerchrysler.com/he/englisch/europa/imap/index2.htm>

requirements. It becomes obvious why global players like DC are more successful in international business than other companies just because they better adapt to global conditions and requirements and are therefore perfectly prepared for dealing with cultural differences and barriers that occur in international human resources management, negotiating, ex- and repatriation, as well as cross cultural and management training. Obstacles might always appear accomplishing such a big international merger, the point is that you need to be prepared and know how to respond to eliminate the problem. Apparently DaimlerChrysler is prepared to deal with it.

## **7.2 Roesch/Roekona**

Visiting the company the class got to know another internationally operating company, which seems to have a completely different approach to the international business than DaimlerChrysler do. Roekona Textilwerk GmbH<sup>16</sup> is a warp knitting and finishing company located in Tuebingen, Germany. Having manufactured highly specialized fabrics for customers world wide for more than 50 years Roekona stands for high tech developments within the Roesch International Creative Culture group, which also has its headquarters in Tuebingen. Being a family owned company all activities are monitored and controlled in Tuebingen for instance the R&D department, which is based next to the production.

Despite the originally regional location of the company, the executives took the right measures at the right time to react on the globalization process establishing business units abroad to tap into new markets and lower production costs. In an additional interview with Mr. Belitza, Head of Sales and Mr. Muders a project manager I was able to get to know more about the company's approach regarding cross-cultural management. The need for looking for international production sites emerged from the growing sales and limited capacity due to success in supplying all major companies in the European automotive industry like Volkswagen, Audi, BMW, DaimlerChrysler, Porsche, Renault with headliners, ABC-pillars, door inserts, windstoppers, sun screens etc. The company also manufactures lining materials for ladies fashion and sportswear, fabrics for workwear and protection as well as for industrial and medical use, coating and lamination. Having analyzed the specific customers requirements, tailor made concepts are developed and corresponding fabrics are manufactured. These have to pass extensive quality checks which guarantee appropriate performance and ensure efficient individual solutions of highest quality. Committed to the

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<sup>16</sup> <http://www.roekona.com>

company's philosophy to provide innovative and individual problem solutions for the customer – at the customer's Roekona established a finishing-subsiary in St. Quentin sur Aisne, France called T.A.S.Q., a production and distribution facility for export markets in Troisvilles en Cambresis, France and a cutting and fabrication plant in Kecskemec, Hungary. A recently established cooperation with the U.S. Gore company extends the scale of Roesch/Roekona's international business activities on another continent.

Outgrowing the limitations of the European markets the company is seeking for supplying their customers all over the world, which means to build up plants, wherever the customer manufactures for example to deliver for BMW, VW and Audi in Asia. The commitment to develop and service the customer worldwide further requires a mutual confidence in partners as a vital factor because the proprietary technology of fabric samples sometimes gets passed on to local competitors, which are more favored suppliers.

Aiming at new markets for sales and production the company never lost focus on its core commitment, which is to provide innovative and individual solutions at highest quality at the same time being very close to your customer to be able to immediately respond to changing needs. This seems to be Roesch/Roekona's strategy to succeed in cross-cultural management, which means that this commitment is seen as a corporate culture that has been applied by all employees and executives.

Managing cross-cultural differences employees, who are involved in international operations like the Gore cooperation, have to undergo an intensive language and cultural training organized with native-speaking teachers to be prepared for any possible conflicts or potential barriers. Another important factor for the cross-cultural integration process in the facilities abroad is the philosophy to hire local native managers, who know best how to suit the different cultural attitudes and values and to avoid cultural conflicts. A further good example is the idea of serving the employee's needs in establishing flexible working hours for women with children as well as setting up company-owned kindergarden. In Germany and in Hungary (where working conditions are pretty poor) this project has been appreciated and rewarded by the countries' governments for family friendly practices. Developing good relations with the unions and governments surely is another advantage for the company's cross-cultural management, because leaving a good impression on employees and officials at home and even more in foreign markets means less potential for conflicts and cultural misunderstanding that can impede business.

The permanent growth of Roesch/Roekona proves the success of the company's international strategy and its cross-cultural management aspects. Being a middle-size, private-

owned company it certainly is not easy to compete with global players in world-wide commerce, but the niche market strategy Roekona applies coupled with cultural awareness towards the customers seems to be a valid remedy. One important factor to that success story is that all experience made in business operations in home markets as well as abroad is gathered and added to the constantly growing corporate culture–code.

### **Succeeding Globally – Future Considerations**

As seen at the examples of DaimlerChrysler and Roesch/Roekona there are many different ways in addressing cross-cultural management issues, which can all be successful. Despite the fact that there is no universal strategy to dealing with cross-cultural differences and barriers some common factors can be identified. A global player like DaimlerChrysler certainly spent more effort on elaborating the factors, which influence business performance in different countries and cultures, to find out results, which a small company like Roesch/Roekona, without big financial backup, figured out as well. Crucial factors for developing global managerial competency already begin with the selection procedures for finding the right environment and employees/managers. Communication skills, personality traits, motivational factors like company loyalty seem to be equally required as cross-cultural training and preparation, cultural awareness and a broad perspective in recognizing and judging complex situations. However personal competence to tolerate ambiguity can only be trained by working abroad and developing it on the job, which means that practical experience in international business is the truly way to attain competencies required for managers in the 21<sup>st</sup> century.

Completing this cross-cultural seminar definitely added new experience to my personal competence of working in an international team, which we intensively did, preparing our presentations, but also broadened my horizon of cultural awareness in terms of dealing with different cultural attitudes and values, which I often applied beyond the seminar working hours in order to get to know the American students and get along with them. Despite the fact that I already spent an exchange year at a university in the U.S. in 1997, my personal impression is that if you disconnect this cultural intercourse you shift back to your former habits and ways of thinking so that such a permanent intercourse seems vital to keeping up your cross-cultural sensitivity. It was in any way a great experience and the best seminar offered at the University Tuebingen from my point of view. This cultural exchange should by any means be continued in the next years as cross-cultural competence will be required even more in future.

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