

# **INTERCULTURAL COMMUNICATION —THE EFFECT OF CULTURAL DIFFERENCES IN EVERYDAY WORKING ENVIRONMENT OF COMPANIES (FROM GERMANY, SWITZERLAND, AUSTRIA) IN HUNGARY**

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## **Abstract:**

The increasing globalization and cross-cultural interaction increases the importance of the realization of the successful intercultural cooperation. In this context, the identification of friction points and the improvement of the potentials of intercultural communication is an important project. On the basis of the research study the author shows that the formation of a culture that allows compromise can be considered as a possible success factor. The recognition and acknowledgment of cultural differences is an important prerequisite for the commercial success of international companies. The author believes that the culture (or the cultural society) influences the understanding of the management systems and communications on an organizational level and has a significant impact on the company's success through the intercultural communication of the employees. The presentation for the conference is based on the findings of a research proposal by Dr. Krisztina Frankó (2011), who finished her doctoral studies at the University of Berne (Switzerland) in 2010.

*Keywords: intercultural management, cultural differences, intercultural interaction, compromise, leadership, Hungary, Germany, Austria, Switzerland.*

## **1. MOTIVATION FOR CHOOSING THE TOPIC**

In practice, the dimension of intercultural communication and international alliances are often misunderstood and neglected. The main reason is the difficulty of understanding different languages, different legal, social, economic, infrastructural framework of the macro environment and cultural differences. The cultural differences are based on the native country's culture and can present enormous differences. This can be shown not only in different manners and customs, but for example in the notion of ethics, individual goals and behaviors in the relationship with others. On one hand, we find a lack of awareness about the importance of cultural factors and the need for its consideration; on the other hand, we can find the lack of appropriate concepts that include not only the expatriates (Davoin & Tscheulin, 1999, pp. 443–457), but also the local staff as further aspects of failure. In Hungary, some foreign businesses have failed because of cultural differences - though unspoken.

Despite the research interest in cross-cultural management and intercultural communication is high; these two issues have still got little attention in practice. Most managers - as the preliminary study of the author (which was realized through expert interviews) showed - are convinced that a successful manager in his home country will also be successful abroad. Management approaches are now global, therefore, culturally independent. This comes from the 'culture-free thesis', which says that a management subculture is formed by identical tasks and functions of management. The remaining differences in management behavior can be attributed to differences in the development of their economies. Regardless of the scientific approach the empirical research confirms the so-called 'culture-bound thesis'. This says, in contrast to the culture-free thesis that culture is managing a pattern of interpretation, therefore, management and culture cannot be separated. Management theories and concepts are culture bound and cannot readily be transferred to a foreign culture. The author focuses on the second hypothesis.

## **2. RELEVANCE REGARDING THE CURRENT STATE OF KNOWLEDGE**

The discussion of these two approaches resulted many further correlative research theories. These are said to be a "comparative management theory jungle" (Osterloh, 1994, p. 97). The existing research approaches on intercultural research are either "individual case-based micro analysis" or "generalized macro analysis" (Bolten, 2002, pp. 103–124). The goal of the macro-analytical approach is to identify categories or dimensions of cultural differences based on the definition of culture. Fundamental problems have over-generalized the cultural dimensions, according to Bolten. They are summarized as follows (2001, 104–124):

- 1 Working with cultural dimensions brings no information about specific individuals and their behavior.
- 2 "Anyone who operates with such distinctions, and strictly separates between 'inside view' and 'external view', overlooks the fact that cultures are not a container, but is a product of interculturally interconnected actions. In this sense, 'inside view' is a much more diffuse concept than 'emic' research (means with the eyes of an insider) is always assumed" (Bolten, 2001, p. 105).
- 3 The cultural dimensions have no explanatory function and may thus lead to stereotyping. The descriptive statements do not necessarily lead to an understanding of other cultures. This results a virtual reality in a sense.

- 4 Through the application of culture dimensions will be determined in which form the culture will be realized.

In contrast to the macro-analytical approach here not the over-generalization, but the individual case-based micro analysis is considered to be critical. The cognitive value of micro-analysis is limited to the studied subject matter and does not allow transfer to other nationalities.

The best-known research in intercultural communication research started in the sixties. The work of Kluckhohn and Strodtbeck (1961), Hall (1976) and Hofstede (1980) is using a macro-analytic approach to cultural description. These approaches are applied in different versions (Trompenaars, 1994; Apfelthaler, 1999). The problem of such approaches is reflected in the over-generalization, which involves the danger of stereotyping. The above all in cultural anthropology and anthropological studies using micro-analytical approaches (Geertz, 1987; Hymes 1962; Garfinkel, 1967; the Thije, 2001), including the methodology of ‘critical-incident analysis’ are showing their limits in the individual case orientation. In Germany, especially those of Thomas (1991) and Schroll-Machl (2004) represented as part of the culture standard research. The methodological approach of most studies, that explore intercultural communication alone or also from an economic perspective, as is the case with the GLOBE study, are mostly quantitative and they exam the leadership as part of the intercultural communication research field. The GLOBE study is focused on leadership styles and cultures in 61 countries. As a result, six global leadership approaches are identified (Javidan & House, 2002); Bakacsi, et al., 2002, pp. 69–80; House, et al., 2002, pp. 3–10; Szabo, et al., 2002, pp. 55–68). However, this brings the problem of macro-analytical approaches with itself and limits the findings of the empirical investigation. Qualitative studies are either dealing mainly with linguistic and anthropological issues or belong to the micro-analytical research. Cultural standards are a popular tool to explore cultural differences. These works emphasize the interaction-oriented exploration of cultural orientation systems. So they take this research as an individual case-based micro analysis, where mainly multi-cultural teams (with more than 4 people / cultures from around the world) or project teams (where time of coworking is limited) are studied. Only a few research works are available that examine the cross-cultural communication between the German-speaking countries and Hungary (Peterson, 2003; Wade, 2003). The majority of research projects are examining the cross-cultural collaboration in relation to two countries, i.e. Hungary, and a country from the German-speaking countries such as Austria (Meierwert & Hováth-Topcu, 2001, pp. 111–124; Meierwert & Dunkel 2002, pp. 203–232) or Germany (Szalay, 2002). The relevance of the study of the author results from the lack of research activities dealing with this issue from an economic perspective. Most papers have studied the communication from a linguistic point of view and / or use only quantitative methods or examine only one aspect of communication. The majority of the studies between Hungary and the German-speaking world affect either the Hungarian and German or the Austro-Hungarian cross-cultural communication. As part of the research macro-analytic studies were conducted, in particular the work of Kluckhohn and Strodtbeck (1961), Hall and Hall (1990), Hofstede (1980a, 1980b) and micro-analytical approaches, especially the critical-incident analysis and culture standard research by Thomas (1991) are considered. The study points out the style of research at the terms of Bolten (1999, 2001), who tried to integrate the micro and macro analytical approaches and taking into account the combination of qualitative and quantitative methods of empirical studies. This research project intends to bridge the research gap described above.

### 3. ANALYTICAL METHODS AND RESULTS

The author used a combination of qualitative and quantitative research method, through which the advantages of both approaches became available. By the results of the research project it can be shown that differences between Hungary and the countries of the German-speaking culture are considerable. These differences arise primarily from the different norms and values, actions and behaviors that have their roots in the history of the country. The research results also show that to be successful everyday cross-cultural cooperation should be considered despite the daily difficulties in an intercultural working environment. Empirical studies have shown that cultural differences are affecting communication and decision-making and can cause conflicts. The conducted empirical studies do not allow generalized statements. There is a clear need for further investigations. In comparison to the initial conceptual framework of the research project is striking that out of the non-operational framework conditions the legal-political and socio-cultural framework conditions have very high relevance. The importance of the economic environment is getting more into the foreground. The final part of the paper summarizes the key findings of the research project. In particular, the operational framework of the business processes and multilingualism is important. They have a direct impact on intercultural communication. Company size is a more basic condition, which affects the internal cross-cultural communication. As the study is associated with the human conditions of the norms and values, professional competence and language skills, the leadership and behaviors are highly relevant. Age dependence is also an important aspect when considering the cross-cultural communication. Of the indirect action parameters, as it has been proven many times already in the literature by empirical studies the leadership and corporate culture play an important role in intercultural communication. Last but not least a clear corporate structure defined for successful intercultural communication is a must. The intercultural communication itself and the informal contacts contribute mainly to the success of intercultural cooperation. The instruments of intercultural human resource development, the formal working relationships and an active, integrated system of incentives form the basis of a sustainable and successful intercultural cooperation. Among the instruments of cross-cultural human resources development are mainly the training measures. The result can only have the desired effects in a well-designed, structured and continuous form, with feedbacks. The informal working relationships must be clearly defined. An integrated system of incentives should promote the goal of the company goals and values of corporate culture by supporting certain actions and behaviors and highlights. Also, formal and informal meetings and events can help promote a smoother intercultural communication. The degree of interaction is of great importance in the success of a cross-cultural cooperation. Among the degrees of the interaction are mainly included the frequency, intensity and the level of relations.

The results of the qualitative part of the research have indicated that the smallest differences and thus probably also the least culturally based conflicts are those between Austrians and Hungarians. This assumption could be confirmed neither by the qualitative nor by quantitative research. From the interviews resulting potential areas for improvement are congruent with those of the online survey.

The qualitative empirical study yielded information on the topic of cross-cultural communication within companies that come from German-speaking countries and are active in the study was based on an online questionnaire. The results of empirical studies brought findings that are summarized in this section. Significant cultural differences are reflected in the daily cooperation between the Germans, Austrians, Swiss' and the Hungarians. The

differences are partly due to the different historical backgrounds and the associated differences of the macro-environmental framework. On the other hand the current political system, but also internalized values, norms and attitudes from the past play an important role. These are partly in Hungary so pronounced that it will take several generations before they can get rid of these old, embossed patterns. Since the entry of Hungary into the European Union, significant changes were made partly in the law system, but especially in the economic environment. During the adjustment of the economic conditions the changes are carried out faster and Hungary will certainly need to adapt the legal framework for several years. The socio-cultural conditions reflect a greater willingness to adapt, but the values, standards, the related actions and behaviors are considered to be authoritative in a culture, so changes might only be visible in medium or long term.

The identified cultural differences do not evaluate their own or other culture. There is no culture that is better than the other. In a globalizing world in which cultures become over time more and more of a 'melting pot', the cultural differences exist, but show up in a differentiated form on several levels. At first glance, culture might have a single meta-level image, but at the level of subcultures and especially at the individual level there are significant differences. The work is not aimed to present the cultural differences so that they show a negative image of the culture. Cultural differences can cause conflicts in cooperation, as the empirical studies confirm this thesis, but they have also pointed out that success is possible by approaching and getting to know the other, an improved understanding and fruitful cooperation. Both sides have to make efforts in this regard. Based on the data of empirical studies of the author there are cultural differences between Germans, Swiss, Austrians and Hungarians, seen in the differing views of behavior, practices, values and norms. The following aspects are emphasized:

- Operation (working procedure);
- Binding: connected to time management, meeting deadlines, appointments, arrangements, agreements;
- Communication: didactic, rhetorical differences, type of criticism, cultural controversy;
- Hierarchy and power distance (strongly associated to control behavior);
- Behaviors in conflict, conflict resolution mechanisms;
- Separation between private and business matters;
- Interpersonal relationships (horizontal relationships);
- Responsibility (associated risk-taking);
- Decision-making;
- Result: Result orientation, understanding of the outcome of the work;
- Type of motivation.

Reduce of conflicts takes adjustments from both sides. The improvement can be summarized in a compromise model and is developed on the design recommendations to improve cross-cultural collaboration. The qualitative studies point to some action and conduct major differences between self-image and public image. Significant differences between public image and self-image are in the evaluation of the decision to recognize. The assessment of leaders' behavior is even more differentiates in the opinions. The leadership is seen more as a culture-independent factor, in which the activities of the individual have the most influence on the leadership with its own culture. The author believes that the culture of the homeland certainly influencing both decision-making and leadership implications. Important is also to be noted that on the meta-level of the analysis the organizational culture and the personal culture have a greater influence on our conduct and behavior than the culture of the homeland.

The results of the quantitative study give a clear potential for further research activities. Future research is needed. In this context, there is an urgent need to elucidate the extent to which the relationship between the headquarters and the subsidiary influences the intercultural communication. Another question is what the corporate culture influence can cause in the internal cross-cultural communication.

The different changes in economic conditions such as the increasing interdependence of the world economy, the economic integration of Europe, the transformation of Central and Eastern Europe and the dynamics of the technological development have resulted in the fact, that the internationalization of business activities was inevitable. New businesses and firms were set up as a "conversion" of Western companies, as part of collaborations or linkages with Western organizations. The intercultural understanding cannot keep up with the pace of globalization. Business cooperations between different nations often fail due to the difference of the cultural values and attitudes. "A lot of [...] cross-border activities fail, however they are often economically viable. This is partly due to the fact that people of different countries and cultures work together. Such cross-cultural contacts are: dealing with external customers and business partners, internal operations abroad or working in intercultural teams. Different perceptions, interpretations and behaviors bring not only uncertainty, but often reduce efficiency, which can ultimately strongly affect the economic success"(Elham, 2007). The failure of co-operation shows that purely economic conditions for success are necessary but not a sufficient condition for a successful collaboration. In addition to the necessary economic conditions, cultural aspects should be involved.

Globalization and European integration brought new challenges for employers and workers, and changing the cross-cultural collaboration. What role has the personnel department in intercultural communication, and what conditions can lead to the success of intercultural communication? These are explored in the context of different research approaches. This paper first examines whether and how cultural differences exist in relation to the object examined and how they affect intercultural communication. Then measures are presented, leading to a successful collaboration. A critical self-reflection completes the analysis.

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