

SOME PRACTICAL CONSIDERATIONS ON THE INFLUENCE
OF CULTURAL DIFFERENCES IN MANAGEMENT STYLES

Culture, according to some researchers, is a sort of mental program which is a predictable behavior. In other words it is a programmed behavior. Parts of this program are universal, i.e. shared by all, of almost all mankind; parts of it are collective, i.e., common to people belonging to a certain group or category but different among people belonging to other groups or categories

Cultural differences are in fact differences in value systems

The great mistake which is threatening anybody doing business abroad, is the false assumption that "my" value system does not differ from "his." The danger lies originally in the fact that one's own value system is not considered as such, but as a matter of fact, a self-evident norm as to behavior, thinking, or acting.

"Why can't a women behave like a man?" asks Professor Higgins in the musical, "My Fair Lady."

It takes an effort to accept that somebody else's values are different

The other element to be taken into consideration is that you cannot discuss the value system of your foreign partner without offending him. Never try to convince a Hindu that the refusal to eat meat is not rational

Hungarians, as everybody else, have values which are the fruit of several centuries' breeding. They are only those

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developed in the last four decades, on which everybody concentrates these days.

Let us consider the Hungarian value system as regards work, management, leadership, business, money, law, authority.

1. The basic difference in the judgment of an average Hungarian, in sharp contrast to American values, is to judge somebody else in the first place on what he "is" and not necessarily on what he "does." What he "is," means "To what category or class does he belong?" "What is his status in a particular social set?" Americans are more concerned about another's job, his company

Values attached to money, material well being or success in business, as we see them in the U.S. or elsewhere in the Western world, are nonexistent in Hungary. "Banker," "money lender," "financier" are titles which carry a certain sense of dignity in the U.S. But they are despised in the eyes of an average Hungarian. The Hungarian nobleman has lost his titles of nobleness if in the past centuries he was engaged in business. The peasants' worst enemy were the tradesmen who paid a low price for produce, but exacted a high price for what they sold to the farmer.

The decline of the former ruling class in the last century was linked with the ascendant capitalism. The resentment is still alive.

2. Power and power distance, i.e. values attached to equality in organizations, are very important in the Hungarian value system

While dealing with a "Westerner," the Hungarian negotiator is faced with an impersonal organization, with its rules, regulations as how to act. The "Westerner," on the other hand, has to seek the "boss" if he wants the decision to be made in his favor. Each organization differs in the key point of contact.

3. Risk avoidance is still the most salient feature in today's Hungarian social and economic setup. A Socialist economy, Socialist order meant to the average Hungarian, and to the Hungarian manager as well, a life without risks

Hence the propensity to use risk avoiding rituals, such as writing reports (in most cases justifying failures) or blaming "unforeseen events," which are the sacred refuge of the bureaucratic manager. The other preferred ritual of the risk-avoiding game is the holding of meetings in order to reach "collective decisions.

Then comes the "savior," the computer. These marvelous and expensive machines cannot be used properly, because of lack of reliable data and lack of reliable and knowledgeable personnel, but this is not the point. The point is that a computer is a status symbol and a risk-avoiding device more than anything

4. Risk means stress. Hungarians are more sensitive to stress than their Western partners. Patience is not a Hungarian virtue

5. The prevailing influence of subjective, personal elements in decision-making, leads to a situation in which rules, as well as hierarchical structures of organizations, may be broken for pragmatic reasons. How does this relate here?

6. Individualism is an important part of the value system in each society. But, whereas the American value system recognizes individualism as essentially good, individualism is considered bad in a collectivistic society and carries negative connotations. The political, social and economic changes we are experiencing in Hungary are not likely to alter this value system, since traditionally, Hungarian society has placed a very high value on belonging to a group -- whether it be a nation, a religion, a people or the family. Individualism was perceived as a denial of traditional values. At least two parties scoring good results at the latest elections used the traditional slogan: "God, Fatherland, Family."

In the long run, Hungarians must engage in the moral rehabilitation of the concept of individualism. This can be brought about within a system in which individual initiative is socially encouraged and greater occupational mobility is accepted. We are not there today.

7. The image of a good manager in Hungary is almost identical with the image valued among the developed Western countries: aggressive, competitive, firm, just, rational, vigorous. However, there is a very important difference in the Hungarian assessment when it is compared with Western standards. The ideal Hungarian manager is required to have an unusually high degree of consideration towards subordinates. The working atmosphere in almost every Hungarian firm is "warm," "familial," "personal" -- everybody cares for everyone else's business. That paternal outlook is not necessarily an American virtue.

9. The Hungarian manager as negotiator. "Managers negotiate with those whom they cannot command, but whose cooperation is vital, including peers and others outside the chain of command or beyond the organization itself." (DAVID A LAX and JAMES G. SIBENIUS: THE MANAGER AS NEGOTIATOR" Collier, MacMillan Publishers, London 1986. p.4.)

Under the previous regime in Hungary, the ultimate power to "hire and fire" was not in the hands of managers. Decisions of hiring and firing were made on a "collective" basis, in which the local branches of the party and of the trade unions had a practical veto over decisions of the manager. The situation of the labor market, which amounts to a practical monopoly by the wage earners, has further weakened the Hungarian manager's bargaining position. Thus,

Hungarian managers have little background or experience as true negotiators. They never had anyone with whom to "negotiate," that is, obtain voluntary cooperation.

9. Due to the above described socio-psychological factors, Hungarian enterprises in most cases lack effective organizational structure. Even in cases when they have organization charts, the charts are more often than not bypassed.

10. The power to decide important matters still lies in most cases beyond the realm of the organization. In spite of commendable efforts to limit the intervention of state organs in the day-to-day decisions of Hungarian organizations, the present transitional period from a command economy to a more liberal self-regulating one has not eliminated the "need" for interventions

This is due to the following factors

- a. Subsidies are still important
- b. Foreign trade regulations are numerous, constantly changing, cumbersome and without a clear role.
- c. Regulations are not normative yet; in which case bargaining about them is inevitable.

Remedies, if any:

First of all, one should realize that the changing economic, political and ideological environment will be a long-lasting process. It won't happen overnight.

What should a Western partner in a joint venture do in his day-to-day activities?

He or she should stick to the basic approaches:

1. Be strong, purposeful, hardheaded within the organization.
2. Insist that organizational rules, organization lines be respected.
3. Check in every case if the persons in charge of operations have all the information necessary to make a decision, and that the information be true and complete
4. Eliminate, or at least reduce, the number of and the frequency of "meetings" within the organization
5. Keep track of all external laws and regulations that affect the organization. Don't be surprised
6. Be flexible! Try to live with the peculiarities of the Hungarian value system when dealing with the authorities or other organizations.

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