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MULTICULTURALITY IN STAFF MANAGEMENT IN AN INTERNATIONAL ENTERPRISE

Summary of dissertation

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1. Introduction

Today, the economic development of countries is increasingly based on international cooperation. Progressive political, economic, social, and technological changes as well as new spheres and manifestations of competition encourage international companies to globalize their business. One of the conditions for gaining a competitive advantage and willingness to be a leader in the industry is the requirement to adapt to the expectations of global customers - that is, the development of the enterprise structure by going through the subsequent stages of internationalization. This process ultimately leads to the creation of a transnational corporation (TC). The first stage is development on a national scale; the second is the internationalization of the sphere of exchange (through export or import); the next, third stage is the internationalization of the enterprise (establishment of branches in other countries); and the final, fourth stage is the full internationalization of activities, leading to globalization (i.e., total consolidation of activities carried out on an international scale). The globalization of economic processes results in the inflow of foreign direct investment and the international flow of goods, services and capital. This forces enterprises to conduct business in countries, which are distant, not only geographically but also culturally, and has specific consequences for the management of organizations and human capital. Under conditions of ever-increasing competition and rivalry, companies are searching for various development opportunities to achieve competitive advantage. Therefore, they most often move towards expansion, especially in new international markets. This process is constantly intensifying - therefore, work on multicultural threads in enterprises is critical and pragmatic. Management applies to both tangible and intangible resources. Financial management will be the same everywhere. On the other hand, revenue creation is the result of appropriate management of employees' human competences as well as their relationships with others (the parent company is responsible for developing relationships in its own national culture). Operating in an environment of a foreign national culture does not always bring the expected results, because it requires breaking stereotypes or reluctance to introduce change. In the Transnational Corporation (TC), it is also important to create proper internal relations among employees who are located at various levels of the organizational structure and concurrently, coming from different cultural environments / national cultures.

Each employee in his position wants recognition for his competence and is sensitive to treatment in horizontal and vertical relationships. The development of a company must be considered in several dimensions - not only financial but also cultural - because the multicultural environment provides the opportunity to achieve synergies that enable the creation of new forms of management and the development of interaction between cultures. Inappropriate management of competences of employees belonging to different cultures can cause numerous conflicts and contribute to a decrease in efficiency. In practice, however, there is often a situation where dynamic international expansion of an enterprise is not preceded by consideration of the foundations of the functioning of TC, i.e. the analysis of organizational culture. In most companies, cultural problems are not perceived and managers explain that the sustained cultural convergence unifies our behaviour, value systems or beliefs. Practice shows, however, that in many cases, the actual failure of international enterprises is precisely due to cultural barriers, which often are revealed to be "firewalls" that do not let through their walls anything that has been previously defined and considered safe and acceptable. Such situations are often based on stereotypical perceptions of reality, through the prism of which, it is difficult to achieve the optimum.

The essence of managing each enterprise is the proper administration of resources (both tangible and intangible) and the optimal use of the company's potential. It is worth paying special attention to the fact that ideal human resource management is not strictly connected with large investments. Proper human resource management is a huge potential resource that must be used fully and skilfully. Appropriate planning, management and control must directly address organizational culture and require a cohesive framework of cultural factors.

 Germany, i.e. a relatively small country in Europe, which is also at the forefront of the world economy, in terms of export value, is particularly "exposed" to the need for international cooperation. This carries the risk of cultural dissonance, which can often discount potential profits through the risk of cultural conflicts. Working in an international environment with culturally diverse people entails the need to use a foreign language, confront different positions and expectations in the professional sphere, and address other working conditions that may lead to exacerbation of intercultural differences, which in turn cause failure.

Apfelthaler's research results have shown that strategic, financial, and technical factors decide only about 30% of failure in intercultural cooperation, while conflicts and cultural differences are determinant in 70%. Therefore, it is worth paying special attention to conflicts and the need to transform them into constructive actions. This is possible, for example, through skilful conflict management - but requires the managerial staff to have deep cultural awareness and a detailed analysis of the cultural context. This issue is critically important, because any misunderstandings in the company can lead to financial losses for the organization and in some cases, yield major competitive advantage to opponents who are hungering for any mistakes and anxious to benefit from such missteps. Therefore, the key issue is determined to be the liquidation or skilful management of conflicts related to the cooperation of branch employees with the headquarters. Such is the core of the corporation and has a significant impact on the creation of international strategy.

2. Problem statement, research objectives

The subject of the work is to identify management problems related to the international expansion of Arnold and consider these in the broad context of interculturalism and cooperation between company branches. The main purpose of the work describes the impact of cultural differences on personnel management and the development of international cooperation of employees at foreign branches (daughter companies) with employees of the parent company. With the primary objective formulated in this structure, specific goals are as follows:

1. Description of the scale of the phenomenon of international cooperation at Arnold;

2. Identification of types of organizational culture in Arnold enterprises and their interdependence with members of the organization;

3. Designation of key cultural competences in the employee's professional development to serve as guidelines for proper preparation for work and assimilation as soon as possible in a new, foreign environment;

4. Analysis of cultural problems, which were resolved in practice, in the professional experience of branch employees while working with the headquarters.

The objective relating to the application of this work will be to develop appropriate recommendations for activities aimed at developing employee awareness in the process of international cooperation within the enterprise and to define and develop an appropriate management model.
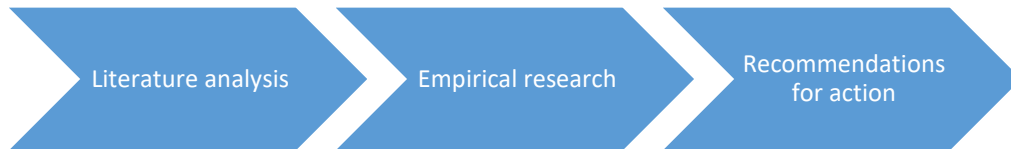
Research hypotheses:

1. There are many types of organizational culture in Arnold;

2. Certain styles of organizational culture in Arnold's enterprises are a source of conflict in international cooperation;

3. The efficiency of group management requires aligning styles of organizational culture;

4. The organizational culture of cooperation / adaptation contributes to increasing international competitiveness;

5. International cooperation among Arnold employees requires strengthening of cross-cultural training.

The work combines three research approaches: theoretical, practical (author's own observations), and empirical and is organized into five chapters.

The following is the methodical scope of work as conceptualized.

Figure 1. Methodical scope of work in terms of a conceptual model.

Literature analysis → Empirical research → Recommendations for action

Source: author's own study

The research methodology was aligned to the implementation of the adopted objectives and research hypotheses.

3. Structure of the dissertation

The dissertation is organized into five chapters. The first chapter, based on literature studies, presents the general conditions for the functioning of international enterprises on the global market. The focus is on an analytical approach to the operation of the company on the international stage. A strategic analysis of the company is presented, which assesses the strategy implemented by the company. Through constant observation of the proximal and distal environments, this analysis enables establishing possible directions for further development in connection with the implemented changes. Then, the macroenvironmental analysis is presented. This is extremely important when building a market entry planning strategy, as it should in principle recognize various barriers to entering or functioning in a given market (e.g. economic, social, legal, cultural). Next, an analysis of the competitive environment is presented and its importance and methods of evaluation are described. The last point concerns the analysis of the internal potential of the company, so that specifications of the advantages of the organization and weaknesses that directly affect the construction of the strategy can be determined. The remainder of the chapter addresses the issue of culture and its definition in various contexts. The subject of organizational culture is treated, as a critical starting point for further reflection and empirical research.

Empirical research is based on the concept of organizational culture of Czesław Sikorski which is presented in the figure below.

Figure 2. Four types of cultures

CULTURE OF DOMINATION	CULTURE OF COOPERATION
• homogeneous, • Low tolerance of cultural dissonance, • organizational stability, • poorly competitive environment • seek to reduce uncertainty and reduces security readiness for change, • there is a desire for domination on the part of superiors, and at the same time to comply with the part of subordinates, • is not well seen going beyond their duties	• a set of non-antagonistic cultures • the prevailing view of the benefits of cooperation, • a small number of conflicts, • lack of bias, • informal network integration • there is respect for the autonomy of cultures and habits to avoid interference with other groups, • avoiding conflict causes a significant reduction in communication • The role of leadership is to inspire and supervision, • organization focused on long-term benefits • there is a concern for the customer and meet their needs, including high quality
CULTURE OF COMPETITION	CULTURE OF ADAPTATION
• the organization there are several subcultures, • continuing clash of cultures, • cultural dissonance is a source of mobilization • there is a focus on the present, • Organization is divided into teams which try to promote and implement their own ideas among companies • base to support the management is effective management of the company to success • Group solidarity means that both the weak and the striking workers do not gain support	• subordinated to the formal organizational goals • exploited, • Employees must be prepared for frequent changes in cultural patterns • achievement-oriented, • promoting individualism, but without disregarding other people's purposes, • Partnership in superior-subordinate relationships, • joint problem solving, • career model based on ordering more and more difficult tasks, • a sense of interdependence among employees and management, • organization able to adapt to the needs of sophisticated

Source: own study based on. C. Sikorski, Kultura Organizacyjna, Warszawa 2002

The second chapter combines theoretical considerations with references to practical applications. It presents modern trends occurring in internationalization enterprises, such as Global Account Management or the concept of Enterprise 2.0, i.e. the use of social media to conduct business. It also describes the importance of intercultural training with a practical example of workshops conducted between employees from the German headquarters and the Chinese branch.

The third chapter describes Arnold Umformtechnik GmbH & Co. KG, its position in the Wurth group and the specifics of its functioning on the international arena. The company's historical background, organizational structure and culture, sales department characteristics, product and geographical expansion policy, and the resulting marketing communication policy in building relationships with Arnold's international clients are presented.

The fourth chapter discusses, on the one hand, cultural barriers occurring in management based on literature research, and on the other, presents practical examples found during daily cooperation from observation and in-depth interviews with members of the Board of Directors.

The fifth chapter is empirical in nature, with a description of the research component relating to the topic of the dissertation. Methodological assumptions of the empirical research and the characteristics of the respondents from individual plants within the Arnold group are discussed and the results of the surveys, including a number of comparative analyses, are presented.

Through the methodological assumptions applied and the research approach used in the work, the main objective of the thesis was accomplished, with specific objectives and verification of the adopted hypotheses achieved. First, the author conducted literature studies to gain familiarity with the current trends in theories of multicultural studies. Multicultural research reports in Polish and English languages were considered and searches also utilized online sources, i.e. scientific articles, documents and reports in an online version from reliable sources. The next step was to conduct primary research through in-depth interviews, specifically interviews with middle-level employees / managers and with the management / Board of Directors. In the empirical portion, for the purposes of verifying the assumed hypotheses, proprietary surveys, which are attached in the annex, were utilized. The dissertation

also presents a case study using an example from Arnold and describes personal observations during cooperation in a multicultural environment with clients and employees based on fifteen years of work experience as a Polish citizen employed in a German company with responsibilities as sales coordinator (4 years), sales manager in Poland (8 years), and leader of a team of regional sales managers in Central and Eastern Europe (Poland, Czech Republic, Slovakia, Hungary, Romania - for 3 years) and Austria.

4. Results and conclusions

The term globalization has become so commonplace that it occurs virtually wherever we deal with the issue of internationalization of various types of entities. Therefore, the question may be asked whether cultural convergence is already integral to the global economy to such an extent that the paradigm of intercultural management science has lost its value. As Hofstede points out, research on the development of cultural values shows that the theses of international convergence of values are not substantiated, and the exception is the widespread increase in individualism in wealthier countries. It can be expected that strong differences between nations will persist for at least the next few centuries. The problem raised in the dissertation therefore gains in value and indicates that the subject of cultural issues will play an increasingly important role in the modern, turbulent economy.

The conclusions presented in the dissertation resulting from the primary and secondary research achieved the primary objective of the work in describing the impact of cultural differences on personnel management and the development of international cooperation between employees of foreign branches (daughter companies) and employees of the parent company. Concurrently, they also allowed validation of the hypotheses and description of the specific objectives of the work.

The first of the detailed objectives analysed was to describe the scale of the phenomenon of international cooperation within the Arnold group. Literature studies have led to the conclusion that any organic development of an enterprise on an international scale must be preceded by in-depth analyses: strategic, macro-environmental and internal potential in terms of human resources. An important role of the company's organizational culture and its impact on management during internationalization was emphasized. The company profile of Arnold Umformtechnik GmbH & CO. KG. was presented and its association with the international group Adolf Wurth GmbH & Co.KG, which currently employs 77,080 employees worldwide. Membership in a large organization is naturally associated with daily contacts with people from different cultural backgrounds. Arnold's clients are also global players who, following new markets, are becoming a flywheel for the development of their key suppliers. The fact that Arnold belongs to such a powerful group as Wurth provides customers with a sense of security

and stability and guarantees the opportunity for long-term cooperation. Established over the years, Arnold's branches worldwide testify to the international nature of the enterprise and simultaneously, provide a "fertile" cognitive field for further research on the phenomenon of international cooperation.

The second of the detailed objectives of the dissertation was to identify the types of organizational culture in Arnold and their interdependence with members of the organization. Through secondary literature research, organizational culture was defined in concept and described. In accordance with the cultural division of Trompenaars and Hampden-Turner, Germany was classified as a highly hierarchical culture and person- and task-oriented to an equal degree. The organizational culture at Arnold also has the hallmarks of a strong culture, whose patterns are expressive, widespread and deeply rooted in the social environment of the organization. Considering Hofested's classification, it can be stated that German culture is characterized by a high degree of individuality, masculinity and a level of avoiding uncertainty. At the same time, Germany has a global reputation for entrepreneurial, hard-working, distant, accurate, precise, long-term, punctual and reliable planners. In turn, according to Sikorski's typology, based on the author's personal observations, an accurate characterization of Arnold's culture is competition culture. There are several subcultures that are in constant conflict and the large cultural dissonance is a source of strong mobilization and motivation.

In contrast, surveys revealed that Germany achieved high scores of 0.7 points equally for dominance, cooperation and adaptation cultures, and a relatively low grade for a culture of competition (0.3 points). This discrepancy between personal observations and survey results may be due to the fact that the author's subjective point of view, in the initial assessment, was coloured by his experiences in the sales department, where competition actually plays a major role in the period observed. By comparison, the surveys were conducted on a larger population in diversified operational departments of Arnold.

The third research objective was to determine key cultural competences in an employee's professional development to serve as guidelines for appropriate preparation for work and assimilation as quickly as possible in a new, foreign environment. First, on the basis of literature research, the author presented the main barriers in the management of TC which

include: barriers in intercultural interactions related to national culture, organizational barriers in managing foreign branches, and sources of cultural barriers rooted in the unit. At the same time, these barriers reveal the directions in which key cultural competences should be developed and underscore the complexity of the problem. Then, a number of key competences were discussed by *leaders of the future*, who during interviews conducted by Goldsmith, Greenberg, Robertson and Hu-Chan unanimously affirmed that "new times will require new qualifications". The most important competences were: global thinking, valuing cultural diversity, developing technological awareness, building partnerships and alliances, and sharing leadership. Another important issue regarding cultural competence is the ability to deal with culture shock. The author also cited an example in practice, when an employee from a German branch was assigned to work in a Chinese plant without prior training. Culture shock appeared as soon as the first week of transfer, when it became apparent that the living conditions did not meet the expectations of the employee and, unfortunately, the entire episode ended in fiasco. In addition to material losses associated with the situation, Arnold also sustained the loss of the employee shortly after the return to Germany. This example illustrates the need for suitable preparation of employees for work in a new environment and the importance of training in cultural competences.

The final specific objective of the dissertation was to analyse cultural problems that had been resolved in practice in the professional experience of branch employees while working with the headquarters. As correctly pointed out by Cz. Sikorski in "the literature on the subject, we can find the statement that cultural conflicts will not occur only if superiors and subordinates come from the same type of culture." Chapter 4.3 of this dissertation describes several cases in practice of resolved employee problems, which in most instances rectified both the financial and human capital losses. The common denominator of all the examples described was the mistakes that were rooted in the shortcomings of the aforementioned cultural competences. It can therefore be concluded that the organization will be more effective with more time devoted to training and development of employees' competences during international activities.

The research conducted in practice also allowed verification of the postulated research hypotheses. The first hypothesis posited that Arnold had many types of organizational culture.

Research showed that the level of specific categories of organizational cultures was different in different countries. The second hypothesis assumed that the types of organizational culture at Arnold were a source of conflict. The third hypothesis postulated that the efficiency of group management requires coordination of organizational culture types. In turn, the fourth hypothesis proposed that international cooperation among Arnold employees requires strengthening of intercultural training.

The results obtained have practical import. For the Board of Directors of the company Arnold Umformtechnik GmbH & Co. KG, the findings provide the basis for a clearer understanding of the current state of organizational culture for both the headquarters and branches, and allow the development of further strategies to achieve synergies in international activities. The results presented also demonstrate that depending on the country, there is different degrees of a given type of organizational culture. This does not suggest that it is necessary to polarize given types of cultures by force and glorify or negate them, but endeavour to extract from them the most important values and strive to gradually implement them. The task is certainly not straightforward, a complexity which was also described in the earlier part of the work on changing the organizational culture, but in the era when good employees become valuable capital, special attention should be paid to a friendly and stable organizational culture. The fact that each branch is guided by different values and directives further complicates this effort. There can be conflicts, misunderstandings and a lack of willingness to cooperate, all of which ultimately lead to the loss of valuable human resources. The so-called, "Knowledge workers" will play an increasingly important role in the enterprise because simple tasks will be automated through artificial intelligence, which in the last decade has made ground-breaking progress towards full utility. Algorithms of artificial intelligence are already capable of communicating with users and satisfying their needs (of course, to a limited extent), but there is no indication that in the next few decades, they will be able to replace experienced employees having extensive skill and knowledge. Modern organizational culture should therefore take into account not only the current and projected image, but also elements of a learning organization, diversity management, and intercultural management that are part of current trends of the globalizing economy. The personnel department also plays a significant role in creating

organizational culture. This division is responsible for ensuring a sense of empowerment for all employees in all branches, that they are capable of self-realization in accordance with their personal goals. Success is determined by the team and its members must feel that they have made their own contributions to the company's accomplishments.

To summarize, the research conducted has addressed the research objectives: primary, secondary and applications. It has been established that the organizational culture at Arnold is diverse and, as a consequence, leads to conflicts; management efficiency requires coordination of organizational culture types; and cooperation among employees internationally will benefit from strengthening of intercultural training. In addition, a number of examples taken from daily work at Arnold was analysed and recommendations necessary to take appropriate actions aimed at developing employee awareness in the process of international cooperation within the group were developed.

The results obtained in the course of the conducted research are of great significance for the practical management of a company which is in the process of international expansion and indicate the challenges with which the company will be confronted. It is also worth noting that this research study is not free from limitations. The most important ones include the limited research sample and the fact that the samples from individual countries were not equal.