

CROSS-CULTURAL CHALLENGES AND OPPORTUNITIES ACROSS MIDDLE AND TOP-LEVEL MANAGERS IN SELECTED AUTOMOTIVE FIRMS

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Abstract

The rapid internationalization of companies leads international managers to evolve in an international environment without always being prepared. Our article focuses on the vision that global managers have of the challenges and difficulties of their function and the skills and knowledge they consider essential to evolve effectively. We interviewed around thirty managers from the automotive sector, one of the most globalized sectors of the industry. We asked them to describe how they responded to the challenge of their position, how they trained and what they learned. This work allows us to identify the factors that play a role in the daily functioning of global managers, their interactions, and how to deal with them. In reality, global managers are at the center of a system of complex interactions between headquarters, regional entities, and locals. Our paper leads us to question the interest of an approach putting national cultures at the center of the process to define the bases of a subsequent work intended to understand better how organizational cultures manage these interactions.

Key words: International management, soft skills, intercultural management, automotive, organizational culture, national culture

JEL Code: M10, M14

Introduction

In the last forty years, the automotive industry has strongly internationalized. This evolution led to an intense harmonization of processes and ways of operating and increased exchanges between individuals and entities that belong in that industry, regardless of their country of origin (Sturgeon, Memedovic, Biesenbroeck, & Gereffi, 2009). In addition, since the '90s, automotive MNCs entered into many emerging and developed markets across the globe as they embraced new business opportunities thanks to globalization and digitalization (Warter, I., & Warter, L., 2017). Furthermore, automotive MNCs have set many forms of partnerships with local firms, which have increased the need for these firms to work and cooperate more closely by transferring technologies, financial and human capital across the Headquarters and their subsidiaries, especially in the emerging markets (Lee et al., 2019). Thus, automotive firms have

sent many experts to numerous assignments worldwide to manage a large variety of projects. Simultaneously, managers at the head offices have seen the diversity of the teams they work with strongly grow, with employees located on the same site or anywhere globally.

Our research aims to understand the environment in which these global managers operate, what is specific to them, distinguishing them from their colleagues working mainly on national or regional issues. More precisely, we aim to understand their evolution better, knowing their most significant challenges and comprehending how they learned to respond to them. In a way, this objective leads us to identify the various factors that influence global managers' actions, particularly national cultures and organizational cultures, and possibly the links between these two types of cultures. Finally, the information should help us to define the best approach to train newcomers. Therefore, we consider this paper an exploratory document towards a more elaborate system once we have carried out all interviews.

1. Literature: understanding the environment in which global managers operate

Since global managers evolve in an international environment and surf on national cultures, we suggest seeking fundamental understanding in intercultural research. As early as in the second half of the 20th century, Hofstede (2009) defined five dimensions used to identify and compare the cultures of individual countries: power distance, individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, and long versus short term orientation. In 2010, he added another dimension to the original five, namely indulgence versus restraint. He saw indulgence as the satisfaction of primary or basic needs, joy, and time division into work and private life (Hofstede, 2018; Nowrin, 2018; Hofstede, 2010). A few years later, Fons Trompenaars took a relatively similar approach to define a framework for cross-cultural communication applied to general business and management (Trompenaars & Hampden-Turner, 1999).

These models are, above all, present in the Anglo-Saxon areas. In contrast, the French tend to prefer the approach developed by d'Iribarne, based on an anthropological method and qualitative interviews, which brings to the surface the backbone of national cultures, an element which remains over long historical periods in the way people function daily (d'Iribarne, 1996; d'Iribarne, 2009; d'Iribarne, 2015; d'Iribarne, 2012).

But global managers operate today in an increasingly complex environment that opens up to several levels of influence. Thus, we may want to look at the link between work and the

organizational culture of companies (Segal, J. et al., 2003; Segal, J. P. 2014; Baumgartner, R. J. 2009; Brenkert, G. G. 1995). Headquarters culture is more than applying procedures, routines, and strategies, and it touches many other areas.

Other approaches have looked more precisely at the function to define a certain number of skills seen as needed. For example, according to Reynolds (2016), an expatriate should prepare three topics before interacting with another culture: communication (verbal and nonverbal), etiquette in the workplace, and an understanding of companies' organizational structure (attitudes towards authority, expression of opinions, level of formality, gender differences and the role of employees). Promoting another approach, Caligiuri (2000) has developed a system aiming at taking the complexity of the function into account, based on five characteristics that establish the ideal behaviors of international managers: extrovert, agreeable, conscientious, emotionally stable, and open.

Finally, we must retain a current trend that insists that global managers have plural identities of which they play (Lahire, B. 2016; Lahire, B. 2013; Lahire, B. 2005). This identity appeared as an outcome of the different events they have lived: the place of birth, school, and professional relations (Pierre, P. 2002; Pierre, P. 2003).

2. Methodology

We used a qualitative research method based on continuous feedback from and to the field. All managers interviewed belonged to the automotive sector, directly in an OEM (Renault, Skoda, Fiat, etc.), or working for subcontractors (Faurecia, BASF Coatings, Gefco, etc.). Our objective was to interview global managers. Among the respondents, we find two distinct populations: 1. Managers working at the head office or on another site who have a team spread out over several countries; 2. Expatriates, in the broad sense, people who have left their country of origin to work in another; in this last group, people with a local contract are most often managers sent by a company who have decided to stay there mainly for family reasons.

We did half of the managers' interviews remotely, and the other ones, face to face. They lasted between 50 and 90 minutes. We recorded the interviews and transcribed them. They were subsequently analyzed using the Grounded Theory (Glaser, B. G. 1978; Glaser, B. G., & Strauss Anselm. 1967; Strauss, A., & Corbin, J. M. 1997).

We conducted several interviews in the working language of the managers, either French, English, or Italian, whereas we did those with German and Czech managers in English. We did not look at translation issues for this paper, and we contented ourselves with translating

into English the quotes made in other languages. Table 1 gives an insight into several characteristics of the people interviewed.

Tab. 1: Nationalities or countries present among the managers interviewed

| Nationality of the manager | Country of the location of the job | Country of the location of the MNC headquarters |
|----------------------------|------------------------------------|---|
| French | France | France |
| Russian | Russia | France |
| French | France | France |
| Russian | France | France |
| Russian | Russia | France |
| Iranian | France | France |
| French | France | Japan |
| Italian | Italy | Italy/NL/USA |
| Italian | Italy | Italy/NL/USA |
| Italian | Italy/USA | Italy/NL/USA |
| Italian | Italy | Italy/NL/USA |
| Czech | Czech Republic | Germany |
| Italian | China | Germany |
| Czech | Czech Republic | Germany / Czech Republic |
| Czech | Czech Republic | Germany / Czech Republic |
| Czech | Czech Republic | Germany / Czech Republic |
| Czech | Czech Republic | Germany / Czech Republic |
| Spanish | Spain | Germany/Spain |
| French | France | Italy + Netherlands + USA (joint-venture) |
| French | France | Russia |
| Spanish | France | Russia |
| French / Portugal | Poland | Russia |
| French | Russia/Japan | France |
| Czech | Czech Republic | France |

| | | |
|--------|----------------|-------------------------|
| Czech | Czech Republic | France |
| Polish | Czech Republic | France |
| Czech | Czech Republic | France |
| German | Czech Republic | Germany/ Czech Republic |
| French | Czech Republic | Germany/ Czech Republic |

3. Results

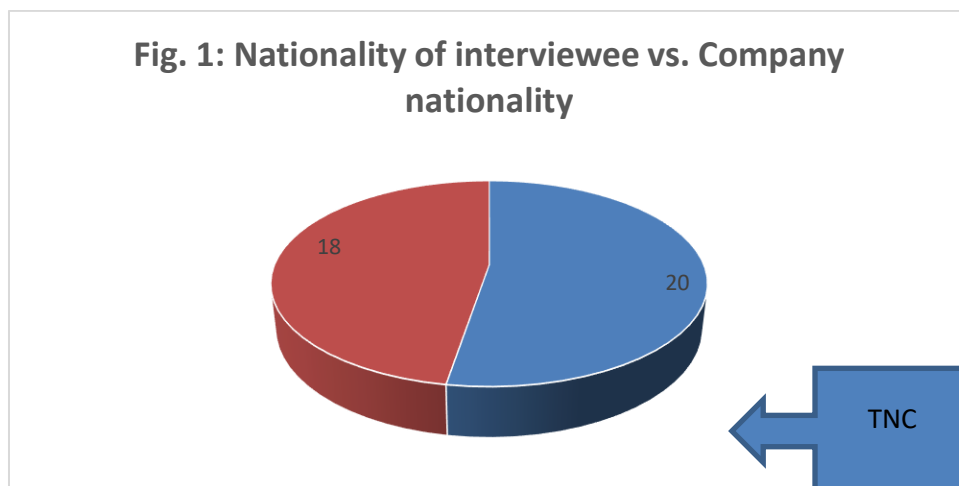
The size of this paper does not allow us to list all our findings or mention many quotes. We will limit ourselves to three phenomena specific to global managers which deserve further investigation.

First of all, the analysis of the interviews shows us a higher level of hybridization than we had imagined. It applies first of all to the managers themselves. We find, for example, in a Czech company, a manager with dual French and Saudi nationalities who is also married to a German. What can be the dominant national culture in this person's attitude and behaviors? Interestingly, when several managers noticed traits that stand out from the country's dominant culture or the company, they admitted that they changed and evolved in their way of operating to come closer to the culture of their immediate environment. These people also sometimes admitted to playing on their cultural affiliations according to contexts.

We can have questions of the same order concerning companies. We have, for example, the interesting case of Skoda, a company of Czech origin that is part of the Volkswagen group. When we questioned Czech managers, their attitudes, the etiquette, the immediate environment in which the interviews took place, all of this was reminiscent of the functioning of German companies. Even if the Czech business culture strongly marks the intermediate and lower levels, we assume that the progression to higher responsibility requires some form of Germanization. Going further in this reflection, we can also ask ourselves whether multinational companies have a nationality or a dominance and how long this situation will remain.

Other facts confirm the hybridization of managers. As it appeared in the early years of international expansions (1990 to 2010), the traditional pattern of expatriation concerned people from the country of headquarters who were sent abroad. However, our data shows that this is less and less often the case. Figure 1 describes the relationship between the nationality of the manager and the company's country (the place where the parent company is located). Suppose some companies (especially Italian and French) still prefer to put people of the same nationality in strategic international positions. It does not seem to apply systematically in North America,

where we have more frequently found situations of dual national memberships. In addition, several European interlocutors indicated that the policy of European groups was evolving rapidly, particularly in the capacity to place managers from emerging countries in critical positions.



Cultural influences are thus increasingly varied and challenging to identify. Yet, in the automotive sector, we also have to reckon with the potent power of a sectoral culture, which tends to unify differences, harmonizing processes and ways of doing things. So, what dominates to explain attitudes and behaviors of these managers?

Our second finding revolves around the organizational culture perceived as defining the rules, norms, rituals, and other modes of operation of the company. We can ask ourselves many questions about this corporate culture without understanding it entirely because this culture varies in its content and its extension from one company to another. Is it limited to a company's procedural systems? Or does it go further as far as shaping the functioning of managers (weight of internal leadership models)? What is the current importance of the culture of the country that gave birth to the company? Despite many articles on the topic (Kotter, John P 2008; Kilmann, R. H et al. 1985), understanding the phenomenon requires going deep into daily functioning. For example, is there still a strong link between the company's culture and that of the country of origin? This situation is also changing very quickly, and we are witnessing an actual hybridization of the culture of the head offices. Daily, organizational culture shows itself in a series of procedures that a company defines to organize its national and international operations. These are accepted globally as an emanation of the center whose task is to manage the complexity of activities. The Headquarters intends to apply them throughout the territory where the company operates. And they need each time to translate them, not only for the language but also for the codes they contain. At the center of this process, we find the global managers who

must implement these procedures at the local level and create the link between the center and the periphery.

The third finding brings together the questions we raised about the impact of cultural influences. The analysis showed that bridging between headquarters and locals is the most challenging part of the job of international managers, which can create a significant level of stress and the one that most distinguishes their task from that of local managers. "Some people do not support, and we must escalate in the group!". Therefore, how to ensure that global managers apply the standards defined at Headquarters without harming the expression of local specificities? They must do it despite significant potential differences between the mentality of the corporate and that of the local markets. *"Czech reports are done in one way, but China is a completely different world [that is difficult to illustrate in the official format]."*

Changes linked to the organization of manufacturers are interesting, but they risk increasing the level of complexity that managers will manage. For example, a manager at Renault told us that certain parts of the supply chain which had remained at the central level are in the process of relocating to better adapt to the demands of local markets. *"R&D is in Paris, but due to the diversity [of requests], we are delocalizing it."* If R&D is relocated, what can we say about the cultural sensitivity of the company? Will it always be linked to the culture of the country of origin? Will it integrate the expectations of various local players, or even those of international managers, if they become critical intermediaries within the company? A French expatriate working for a Czech manufacturer declares: *"China's production is made in China, the same for Africa and the Middle East ... Because not everyone has the same expectations. For example, Chinese people might wish to have a place to put a tea-pot and another to change shoes. "*

To facilitate the task of global managers, it is essential that the company clearly defines its strategy at the head office level *"It is essential to have a global strategy."* It is also necessary to have clear procedures and to know whether they can be adapted or if they should be applied everywhere in the same way. But the question which arises is to understand how to create such strategies, if each market gains autonomy, and if the strategy and the standards continue to be predominantly defined in head offices located in the Western sphere?

An interviewee declared: *"Giving the local dealer a perfect sense of the global point of view while adopting a local view, this is not so easy."* The challenges that global managers face are often local; in reality, their action usually consists of harmonizing a more or less significant number of local challenges. How can this issue be solved? *"The relationship with local people is mandatory to solve the problem. This issue is solved by micromanagement"*.

It confirms what several respondents told us. There is a macro-management for everything that concerns the definition of strategies and procedure and a micro-management for their local application. International managers can be affected by the first or the second group, or both.

Conclusion

General conclusion

Our analysis has shown that approaches based on national cultures do not allow (anymore?) to understand the environment within which global managers work. It is thus increasingly difficult to link companies and organizational cultures to national cultures. The latter no longer constitute the key to accurate readings for understanding the action of managers. Their histories have combined several national cultures, their careers have evolved in several countries, and they have shown an ability to develop their attitudes according to the companies' contexts. Consequently, we cannot limit ourselves to fixed systems that only consider a part of the phenomenon, such as the Hofstede approach.

When we look at what global managers said about their job, the most critical challenge of the function was acting quickly in the complex context in which they evolve. The recent COVID-19 crisis has highlighted the importance of creating new solutions and operating swiftly (agility). Even if there are differences between categories of managers, global managers all play a fundamental role as an intermediary between the central and local levels. And how they carry out their actions effectively depends mainly on the company's organizational culture for which they operate. We have also seen that behaviors of global managers change depending on the work environment, the strategic importance of certain decisions, and the degree of tension between the central and the local.

If a harmonization of technical procedures characterizes the automotive sector, our analysis showed that each company approaches the definition of rules and procedures differently. Later, they implement them locally according to their specific visions of the relations between the center and the local and the degree of autonomy granted. Therefore, to better understand and analyze the environment of global managers, it is necessary to focus more than before on analyzing each of the companies' organizational cultures, focusing more particularly on all aspects of the overall operations. It concerns what happens at two or three levels: the Headquarters, the regional level, and the local (country) level.

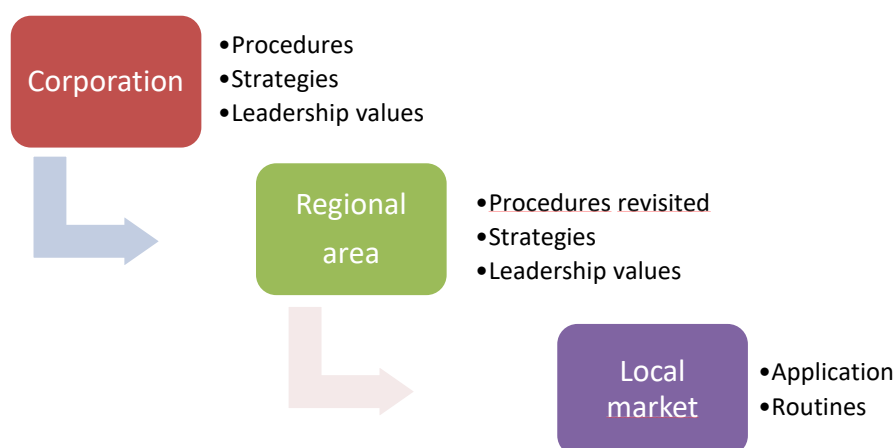
When analyzing the functioning of corporate cultures, the first question to ask is whether there is a sensitive area, a kind of obsession, which the company shall implement with the same force

at the three levels concerned. A quick look at GM, for example, allowed us to see the importance that legal and ethical aspects hold in the company.

Then, it is essential to understand the impact of each level in the definition of general procedures. Is it an utterly anonymous phenomenon? Is it marked or not by a national culture (that of the Headquarters)? It is then necessary to understand if there is a dropout at the regional level. For example, before the merger with PSA, the FIAT Chrysler Group had become very American in its operation at the Headquarters' level, but the European regional operations were essentially Italian.

Procedures are generally reviewed at the regional level. But they only take on meaning when confronted with local market values. Strategy and leadership skills are often less influenced by differences in levels. However, the companies stand out here by the degree of precision and the effort of implementation. Figure 2 attempts to represent the interaction between the different levels.

Fig. 2 Interaction between the Headquarters, the regional and the local levels



Discussion

Compared to a system fixed on national values, the ethnographic approach has the advantage of considering the complexity of the context in which managers make decisions. It can help better understand the influencing factors, but it can also help create case studies to support future global managers' preparation.

In addition, research on the attitude of managers (identity and identity game), on the desired skills, and the decision-making process is proving to be essential for training new global managers in a rapid operating mode in a complex context.

But how to go further. Now we better understand the challenges of global managers. We must now better understand the interactions between the three levels that we have mentioned, understand the differences between the various societies, and possibly constitute a typology.

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