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MANAGEMENT STRATEGIES IN MULTICULTURAL ENVIRONMENT

В работе предпринимается попытка объяснить и оценить ряд управленческих стратегий, воплощенных менеджментом компании «Скания» в г.Анжер (Франция) с акцентом на мотивационных аспектах для реализации возможности использовать этот опыт в трансформации организационных структур в России и Татарстане, в частности, в случае экспансии ОАО «Камаз». В статье рассматриваются такие вопросы, как кросс-культурный подход, использование мотивационных технологий, инновационный организационный дизайн.

Ключевые слова: кросс-культурный менеджмент, мотивация, организационная трансформация.

Introduction

The aims of this paper are to explain and evaluate some of the management strategies implemented at Scania, Angers (SAN), with the main focus on motivational aspects of the case, and to apply this experience to a change process in Kamaz, Dalian. The issues of culture, learning, organisational design and leadership will be looked at through the prism of motivation techniques, such as establishing autonomous teams, to back up our hypothesis of a direct correlation between motivation and performance in a potentially demotivating job setting.

The topic has been broadly investigated both from practical managerial and scientific viewpoints, and the importance of enhancing motivation to influence job satisfaction and performance has been stressed by most researchers in this field (e.g. Hackman and Oldham, 1975; Holyforde and Whiddett, 2002; Hume, 1995). Moreover, McGregor (1987: 35) is convinced that assumption about motivation is at the core of any management theory.

In this paper, different sources of data will be used: academic and professional journals, books, newspapers, news releases and websites. Apart from this, we shall apply content analysis and extrapolation techniques to speculate about inaccessible information (Kamaz's internal reports) and to involve data from adjacent fields (changes in mergers

and joint ventures).

Why: Reasons for the Change

Many authors come to the conclusion that before the change took place, Scania faced various problems (Power and Williams, 1989; Craggs, 1993; Nilsson and Dernroth, 1995). The most serious one was slumping sales caused by being irresponsive to customer needs, especially if compared with successful Japanese and German competitors. Swedish highly humanized system was losing in performance to tough, but efficient lean organisation in Japan. Some authors conclude that despite introducing certain changes, Scania faces an uncertain future, "burdened by high costs, poor financial performance, and a tiny home market... competing against even bigger names - like Mercedes-Benz, BMW, and Lexus" (Taylor, 1997: 68).

Opening a new plant in Angers was announced to be a part of a strategy to increase truck production in Europe (International Brief, 1990). Naturally, alongside this 'hard' measure some 'soft' change was inevitable. Soft change takes between three to five years or longer (Brooks and Dawes, 1999), but if we measure it with performance indices, SAN enjoyed the results almost immediately.

Swedish management responded to these challenges in their own way, as the 'carrot and stick' theory is apparently not the case in this people-oriented cultural paradigm. This change was driven by involving employees, training, treating them fairly (e.g. in the way of rewarding success), team-building and thinking culturally. Among major barriers some employee resistance connected with role enlargement, cultural boundaries and training shortage can be named.

After the change took place SAN evidently became a company of the "organic type" (Napier and Nilsson, 2006: 268), with enhanced creativity and capability to function in a changing environment. In other words, it is an example of post-modern organisation, flexible and innovative, but maintaining some features of modern one (decentralised hierarchy with the focus on human relations).

What: Culture and Learning

SAN is a case of an organisational change where there are at least two ways of understanding culture. First, it is a state of mind, with its external manifestations, that has to be changed (e.g. from role to cluster culture). Second, it touches upon national mentalities that may interfere with one another and with the implemented change. Cultural shock caused by this interference may prove essential for a second-order change, playing the role of a catalyst (Brooks and Dawes, 1999) - perhaps it is the case with SAN.

We are convinced that one cannot force people to change their values, beliefs and attitudes, but managers can motivate employees to be acculturated voluntarily, if this results in satisfying some of their needs. Understanding and internalising culture is done through learning, or socialisation process. Socialisation and continuous training are reported to be a norm at Scania, though after the changes took place, learning time was reduced and people had to be acculturated in a shorter period. Gradual increase in task difficulty contributed to successful learning at SAN.

Brusoni and Prencipe (2001), speaking about the increasing tendency of specialization, state that modern conditions require that knowledge should exceed current production needs. It may explain the concept of multi-skilled workers at SAN. According to Senge (1999), another key point here is developing creativity and imagination, which is essential in achieving competitive advantage. If traditionally in management people are viewed as devices, this is not so in the context of Scania, which was always known for creative work design (Buchanan and Huczynski, 2004: 87).

This leads us close to the concept of organisational design and teamwork. Decomposing organisational units into smaller ones is a good technique of managing learning (Becker, 2001). Teams within clusters at SAN are organised exactly in this way, which prevents dispersing knowledge and responsibilities. Napier and Nilsson (2006: 270) argue that "collaborative process and teamwork are important ways for an organisation to produce a specific creative outcome". Customer-supplier relations between teams at SAN are based exactly on the same principle.

Individualism does not contradict team philosophy in the learning perspective: Tsoukas and Vladimirou (2001: 989) highlight that "there is always room for individual judgement" within collective organisational knowledge. This is one of the reasons behind why teamwork proves to be so successful in this highly individualistic Swedish-French setting.

What: Organisational Design

Hume (1995: 62) argues that in a change "occasionally it is necessary to introduce new work designs which could include job enlargement, job rotation, group working, flexibility schemes and job enrichment".

Group working (in clusters or teams) is a focal point of SAN's organisational design. According to Engstrom and Medbo (1994), group relations strongly affect motivation and thereby performance. The idea of self-managing teams is consistent with the concept of flattened hierarchies. Still, according to Ward et al. (2002), who refer to a number of various researches, in culture settings with high power distance and individualism (France) this organisational design is inappropriate. Despite this, teamwork seems to flourish in the highly individual Swedish-French setting. The reason may lie in the teams' relative independence, when they act as individuals: the role of groups' increased autonomy at SAN is crucial. On the other hand, each worker is rewarded by his individual output; here in motivating teams individual considerations are applied alongside team factors.

Group-based workplace is essential for autonomous teams, and Sweden is reported to have the highest score in this category among other European countries (Buchanan and Huczynski, 2004: 416). A research by Murakami (1997) showed that one of Saab's plants was highly ranked in team autonomy, especially in self organisation and production areas, in comparison with other European and Japanese car plants. However, this is far from full autonomy: "management's power in prime task areas of production within the car industry remains unchallenged by the introduction of teamwork" (Murakami, 1997: 755).

What: Motivation

If we apply the Job characteristics model to work design at SAN, we can find all the five characteristics prompting employees' motivation (Hackman and Oldham, 1975): multi-skilling, task identity connected with achieving a visible outcome, task significance to the society, autonomy and feedback received during reviews with cluster managers. High scores in these five factors enable us to esteem SAN's motivation potential as high. Workers here feel that their work is meaningful, that they are responsible for it and know the effectiveness of their efforts. These five factors and three psychological states combined with workers' need for personal development contribute to reaching positive outcomes: internal work motivation, high-quality performance, job satisfaction and low absenteeism and turnover.

Further on, Hackman et al. (1975) give an algorithm for job enrichment that was possibly taken into consideration by SAN's managers. At the diagnostic stage a job's motivation potential score and the current level of motivation should be measured. Perhaps motivation was not the central problem at Scania before the change, as Swedish socio-technical paradigm was always known for its people-oriented approach (Buchanan and Huczynski, 2004: 94). Task significance could be scored as high, because a proper truck assembly is perceived as vital for security on the road. On the other hand, the job of a common employee of an assembly plant by its character is quite low in motivating potential. From that we can judge that skill variety, task identity and constant feedback were the factors to be improved at SAN.

Five 'implementing concepts' for job enrichment at SAN are identified below.

- 1) forming natural work units and workers' sense of responsibility for a visible outcome - a discrete element of a truck;

- 2) combining tasks performed by one team to expand the task identity of a job; managers at SAN even go further including salary negotiations, cleaning up and other tasks oblique to manufacturing process itself;

- 3) establishing client relationships to receive feedback; this is achieved within the plant by establishing sender-receiver relations between teams; outside the plant it is embedded in a new customer-

oriented mission of the plant;

4) vertical loading, i.e. adding some responsibilities formerly reserved for top management, e.g. planning and control tasks performed by SAN's workers;

5) opening job-provided (rather than management-provided) feedback channels; it is fostered here by internal control, when no one is able to say 'This is not my responsibility'.

However, this may be motivating if a job has more positive characteristics than before the change (Hollyforde and Whiddett, 2002: 192). SAN's high performance and low turnover level may prove this.

What: Goal-Setting

Another motivating factor in a change is a new challenging and specific goal. On the organisational level it is manifested in the company's new vision and mission. Turning from product orientation to a customer-oriented business requires deep organisational intervention and culturally valid goal-setting. This component is essential for motivating people, because feedback and payment based on performance will motivate only when complemented by higher goals. Thus, motivation should not be based on payment alone (Engstrom and Medbo, 1994; Hume, 1995), though it may assist transformations in organisational culture (Hume, 1995: 61). However, Locke (1978: 599) states that goal-setting is not the most fundamental motivational concept either, but "it is the most useful motivational approach in a managerial context" of increasing productivity.

Goals set by SAN's management (SMART objectives) combined with methods chosen by staff themselves seem to be an appropriate solution to reach integration. It is the central principle of Theory Y and means "the creation of conditions such that the members of the organisation can achieve their goals *best* by directing their efforts toward the success of the enterprise" (McGregor, 1987: 49).

Who: Managers

Analysing the role of various stakeholders involved in this case, we may segment them by status, nationality and gender, basing on the

available information. In brief, the top management is almost exclusively Swedish and male, workers are French. Absence of female management is said to be compensated by a highly feminine approach, intrinsic to Swedish culture.

A research by Banai and Reisel (1999) showed that people tend not to trust foreign managers. In such a situation managerial intervention in the culture of staff may have various unintended consequences, such as 'cultural withdrawal' (Harris and Ogbonna, 2002), turning potential allies and fellow travellers into opponents or even adversaries. However, research by Gereffi (1992) suggests that globalisation diminishes the influence of national factors.

Another positive feature in his respect is giving the necessary leadership to teams. As we know, leadership, and not management, is a central point in motivating. A strong leader with creative capabilities and a participative managerial style is an important factor of achieving creativity in organisational routines (Napier and Nilsson, 2006), especially at an assembly plant. It is mainly transformational leadership that motivates employees to work in teams (Ward et al., 2001). However, the authors continue by arguing that individualists are more productive with transactional leaders, and people from high power distance cultures (like French) require the autocratic leadership style (Ward et al., 2001: 173), and this seems to contradict the successful performance of SAN.

The possible answer is that in such companies as Scania, power is not concentrated in the hands of a few (Senge, 1999). Power of ideas, not of people or nationalities, is important here. Brooks and Dawes (1999) also state that ability to change is generated within the whole organisation, and cultural leadership can only encourage and facilitate it. Thinking culturally, pluralistic leadership and democracy (open discussions and decision making process involving staff) are essential in a cultural change. Ward et al. (2001: 173) also argue that bringing up stable and committed workforce and fostering job satisfaction is possible only through people-oriented leadership and participative approach, when decision making is in employees' hands, as it is at SAN.

Who: Employees

To evaluate employees' behaviour in the change, we apply motivation theories. Despite all criticism on its part, Hierarchy of needs theory may prove useful in this context. According to Hollyforde and Whiddett (2002: 190), people are usually threatened in a change, their need for safety becoming a focus of motivation. Maslow states that "... the need for safety is seen as an active and dominant mobilizer of the organism's resources only in emergencies, *e.g.*, war, disease ..." (Maslow, 1943: 380). Organisational change is also a critical point causing a feeling of insecurity and resistance to change. On the other hand, 'reversals of the hierarchy' can be mentioned here: if sense of belonging through teamwork is made more important than need for safety for the employees at SAN, this can diminish the negative sides of the change. Perhaps among other reasons, that is what SAN's team-building was aimed at.

Equity theory can be applied here in two ways: in terms of employees comparing themselves with the others (*e.g.* French workers with Swedish management) and employees comparing their new status with the former one. On the one hand, French workers of higher rank, who were reduced in their territory or forced to work on a level with technicians, may feel unfairly treated, this dissonance being a strong demotivator. On the other, the method of pay negotiation is aimed at individual achievements, being a motivating factor in cultures with high individualism scores. From this we may conclude that both hygiene and growth factors are targeted (Herzberg et al., 1959) to motivate SAN's employees: working conditions designed for teamwork and adequate financial reward on the one hand and sense of recognition, enriched job and feeling of responsibility for a visible product - on the other. Turnover probably affected mainly those who were demotivated by interpersonal relations (being on a level with less-qualified workers) and job enlargement (perhaps being not adequately compensated).

How: the Case of Kamaz

As we know, transfer of technology, either in manufacturing or in management, can be successful only if cultural peculiarities of a borrowing organisation are taken into consideration. Further on we are going to look into how the strategies described above could be applied in

a similar organisation in a different cultural setting. The plant under analysis is being projected as a China-located assembly line of the largest Russian truck manufacturer, which, in our opinion, needs a change similar to the one that took place at SAN.

Kamaz Inc. is a heavy-duty truck manufacturer, which produces half of Russia's diesel trucks and has customers in more than 70 countries of the world. The group now comprises 150 enterprises, including several joint ventures and assembly lines in Kazakhstan, Ukraine, India. In 2006 it intended to open a new plant in Dalian, China (Chinese Market – Zone of Kamaz Strategic Interests, 2006). The issue was raised again in 2011, but the company is still not operating in China. Thus any research carried out on a similar case may prove valuable to the plant launch.

To identify the company's mission, content analysis of its official website was done (in 2006 and 2013). The concept of high quality production seems to be dominating, while the linguistic units that could fall into the semantic field of human relations were not discovered. Even the 'staff' page (Kamaz Inc., 2006) was devoted to the company's labour conditions, not to the employees. The same holds true for the English version of the site accessed in 2013, with no page devoted to people who work there. As far as the Russian version is concerned, the 'staff' page here mainly concerns different options of learning and internship, with an ability to download certain documents, like contracts and vacancy information. This enables us to make a conclusion that Kamaz is still a product-oriented company, and 'soft' change is inevitable, sooner or later, at all its branches, including the Dalian plant, if finally launched.

If we apply Hofstede's cultural dimensions to Russia and China, we will see that they have much in common. Russia scores high in power distance, masculinity and collectivism (Hofstede, 2001: pp. 104, 117, 213, 308). In its turn, China, due to its Confucian and Mao Zedong's heritage, also has high power distance, is ranked low in individualism, but both male and female elements are important here (the concept of yang-yin balance), with masculine dominance (Hofstede, 2001: pp. 114, 210, 377, 331).

From what we have learned in SAN case, we may deduce that the best organisational design for Kamaz would be a hierarchical one, with strong authority and supervision. Cluster philosophy and cell workplace design seem to be quite appropriate here. Teamwork does not come naturally to French and Swedish (Brooks, 1995), but Russian and Chinese are more collectivist cultures and may perform even better in such conditions. Teamwork would seem imposed at SAN, if it were not for the teams' high autonomy. For Kamaz, however, this autonomy will hardly work. Temporary project teams are not recommended as well, because Russian and Chinese prefer to avoid uncertainty and will not do their best in a quickly changing environment.

The most appropriate leadership style for these cultures is transformational, charismatic and close to autocratic. Still, to smooth frictions and add concern for people, the plant will need some female managers as both countries score high in masculinity. With respect to national tensions, we learned that employees are reported not to trust their foreign managers. Thus it is recommended that workers of both nations occupy equal positions in the hierarchy, at least initially.

The way people are motivated at SAN seems quite applicable to Kamaz, so far as growth factors are concerned. The opportunities here are even wider than at SAN, as in high hierarchies there is always place for a visible organisational promotion as a part of recognition. As for hygiene factors, the system of pay negotiations may cause a feeling of injustice in this collectivist setting, despite its objectiveness and fairness. Fixed salary and bonuses seem to be more appropriate for Kamaz. Vertical loading and goal setting used at SAN will be more effective, if complemented by managerial control. This is not because of lack of creativity, but as a cultural consequence of an undemocratic heritage. However, we are convinced that this state of affairs could and should be changed. Again, one of SAN's tactics of gradual learning and task complication might be useful in this respect.

Conclusion

This paper attempted to evaluate some managerial strategies implemented at SAN, so that they could be used in similar cases. In short,

it seems that many factors interacted to cause enhanced performance in this cross-cultural setting, the introduction of motivated autonomous teams being, perhaps, the crucial one. Applied to a concrete organisation, this information may be of great interest to managers.

The research demonstrated that such companies as Kamaz need changes. Although its performance seems high, it could be better with enhanced motivation, as SAN's experience demonstrated. Among progressive strategies to be implemented the following are recommended: introducing teams to cross hierarchical boundaries and to gain a visible cell's output; employing Chinese and Russian managers and workers in equal proportions; employing female managers to smooth autocratic leadership tendencies; introducing a bonus system; gradual shifting to teams' autonomy. At this stage of China and Russia's development, these challenges seem to be culture-bound, realistic and leading close to the idea of human-centred organisation, like Scania with its belief in people's potential.

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