

CASE STUDY



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WOMEN IN FAMILY BUSINESSES



TRAINING PROGRAMME FOR LEADER WOMEN

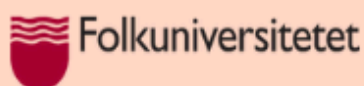
IN EUROPE FAMILY BUSINESSES

MODULE 4 MANAGING MULTICULTURALISM

IN GLOBAL BUSINESS

PRACTICAL PART

2022-1-SE01-KA220-ADU-000087596



CASE STUDY

| NAME OF CASE STUDY | International Marketing |
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| LEARNING OBJECTIVES | <ul style="list-style-type: none"> To examine an example of a situation in which two different cultures have to work together. To think about how to make such a situation work. |
| DURATION | 1 hours |
| DESCRIPTION | <ul style="list-style-type: none"> General description of procedure A UK manufacturing company wanted to boost its flagging exports to continental Europe. Ruud, a young Dutch marketing manager with a lot of experience in the Amsterdam office of the organization was seconded to the company's London headquarters for six months to help with a new marketing project. Ruud spent several weeks researching the marketing department's methods and talking to his counterparts. Eventually, he drew up several clear proposals for boosting European sales, which he intended to present at a senior management meeting. During the meeting Ruud explained what the problems were and what needed to be done to solve them. At the end of the meeting Ruud asked if anyone had any comments or suggestions and was a little surprised when everyone kept silent. A week later Ruud was transferred back to Amsterdam, even though he still had three months of his secondment to serve. Shortly afterwards, Ruud's manager in Amsterdam received a memo from head office suggesting that he be moved to a 'less sensitive' position in the company where he did not have to deal with clients or senior management. The Challenge <ol style="list-style-type: none"> 1. Read the case study below. 2. Apply the 5 RADAR steps, thinking carefully about each step, in turn. Use the knowledge you have learnt in the previous sections of these background notes to analyse the cultural issues and evaluate the best course of action. 3. When you have finished, compare your ideas with the case study analysis that follows. The Solution Recognize the cultural dimension. The misunderstanding took place in a situation in which people from different cultural backgrounds came into contact. Ruud felt that he was acting in a courteous and constructive fashion, yet his behaviour was seen in a different way by his British counterparts. This suggests that cultural differences played a part in what happened. |

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| | <p>Analyse what caused the misunderstanding. The misunderstanding occurred because of a presentation given by Ruud. The Dutch tend to value communication that is direct and explicit. In contrast, the British often value communication that does not rock the boat or expresses criticism in quite ambiguous terms. The British may therefore have misperceived Ruud's considered and polite presentation as overtly confrontational and critical.</p> <p>Decide what options are available. Ruud could choose not to interact with the British again, or simply change his communication style to suit his audience. Alternatively, he could make differences in UK/Dutch communication styles explicit in his next contact with the UK, and work with his counterparts to find a style of communication that suited everyone concerned.</p> <p>Act on the best option(s). The best option in the short term is probably for Ruud to adapt his communication style to suit his audience. This is most likely to enable him to get the response he wants from his communication. In the longer term, addressing cultural differences in the organization will probably be beneficial.</p> <p>Review what happened. Reviewing the response to his next presentation will enable him to decide what effect changing communication style had.</p> |
| SUPPORTING TOOLS (videos, links, ppts, etc) | Text |
| Bibliography | Utley, Derek, Intercultural Resource Pack © Cambridge University Press 2004 |

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| CASE STUDY NO: | 2 |
| NAME OF CASE STUDY | GERMANY VERSUS USA |
| LEARNING OBJECTIVES | <ul style="list-style-type: none"> To show how companies need both a global and a local approach to business. To analyse measures helping a company to meet the challenges of global business. |
| DURATION | 1-2 hours |
| DESCRIPTION | <ul style="list-style-type: none"> General description of procedure <p>In the end of the 1990's the automotive industry was undergoing a period of immense growth and was also in the midst of a stock market frenzy of M&A (mergers and acquisitions), as automotive executives sought to achieve new economies of scale, find</p> |

efficiencies, penetrate new markets and generally grow their businesses by taking over other entities. The most ambitious project of that era was the merger of automotive giants from Germany and the US (Daimler and Chrysler), following the logic that individual continental leaders (Daimler in Europe and Chrysler in America) would achieve notable competitive advantage as well as sizeable efficiencies if they combined forces, especially that, at the time leading to the merger, both companies were profitable (Cook, 1998). The merger was intended to be “a merger of equals”, joining forces to become even more powerful and would allow each company to benefit from the other’s strengths and capabilities. Stockholders in both companies overwhelmingly approved the merger and the stock prices and analyst predictions reflected this optimism.

Performance after the merger, however, was entirely different, particularly at the Chrysler division. In the months following the merger, the stock price fell by roughly one half since the immediate post-merger high. The Chrysler division, which had been profitable prior to the merger, began losing money shortly afterwards and was expected to continue to do so for several years. In addition, there were significant layoffs at Chrysler following the merger.

Differences in culture between the two organizations were largely responsible for this failure.

Ostle (1999) gave an example where “when one of the Americans from Chrysler brought up what he thought was a new issue a German counterpart said, ‘But we have agreed on this already in an earlier discussion. It is all written in the protocol.’ The American looked puzzled and said, ‘What protocol? I remember you took some notes and you sent me some papers recently, but I didn't think they were important. Next time I'll take a look.’ The German said the exchange was typical in the combined company - the new partners don't do things in the same ways and the differences have threatened to undermine the merger.”

- The Challenge

How do you think this problem would be solved?

- The Solution

The two national cultures, which con-formed the organizational cultures in each of the component corporations, were responsible for the differences in communication styles (Gates, 2016):

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| | <ul style="list-style-type: none">- In Germany the primary purpose of speech is to give and receive information. Americans are also factual, but use speech emphatically to give opinions and are more persuasive than Germans. In this respect they often use hype, which Germans instinctively react against. Americans tend to evince optimism and put forward best scenarios.- Germans are more comfortable with a cautious, somewhat pessimistic view which envisages worst scenarios. They want a lot of context before approaching any important decision. The let's get-on-with-it approach of the Americans often increases German caution- Americans are anxious to expound the grand strategy and mop up the details later. They seek simplification of issues to clarify their route to action. Germans have a tendency to complicate discussion (life is not simple, you know)- German formality is evident in their style of communication and may seem stiff and distant to Americans.- Germans are used to asking serious questions to which they expect serious answers. Germans are not fond of small talk and often find Americans chatty. Charismatic Americans find Germans lacking in charisma and perhaps dull.- Brainstorming is popular with Americans but less so with Germans, who would be reluctant to speak out in front of a superior. German ideas are expressed guardedly with considerable caution. American speech is quick, mobile, and opportunistic.- Germans seldom argue with a colleague's remarks. Americans prefer a free-for-all discussion. American agreements are usually reached by persistent persuasion in open discussion; Germans find agreement through thorough analysis of details, leading to clarification and justification.- Listening habits were also an issue in the communication process. How would Germans and Americans listen to each other? The American (audience) demands initial entertainment and tends to listen in snatches if not amused. Slogans and catchphrases are readily absorbed by Americans. Germans don't use them. The German listener does not yet wish to know about the present; the past must come first. |
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While diversity in communication styles lead to early misunderstandings, later procedural and structural differences emerged (ibid):

- US corporations usually have strictly centralized reporting. German companies often feature decentralization and compartmentalisation. Each department reports vertically to its department head.

- Departmental rivalry is much more acute than in the US. In this area German managers tend to be extremely touchy. Americans are more thick-skinned.

- American managers chase their staff around the building exchanging views. Germans by contrast like to do the job on their own.

- American managers like to shower good executives with praise. German staff expect no praise from the boss. They are paid to do the job efficiently.

- Germans are class conscious. Senior managers are usually intellectuals. In classless American intellectuals were often called “egg-heads”.

- Germans give pride of place to well-tested procedures and processes.

In addition, the two units traditionally held entirely different views on important things like pay scales and travel expenses.

As a result of these differences and the German unit’s increasing dominance, performance and employee satisfaction at Chrysler were noticeably reduced with sizable numbers of departures among key Chrysler executives and engineers, while the German unit became increasingly dissatisfied with the performance of the Chrysler division. Chrysler employees became extremely dissatisfied with what they perceived as the source of their division’s problems: Daimler’s attempts to take over the entire organization and impose their culture on the whole firm.

The German solution was to bring in a German executive to apply German principles to the problem (Hammerich & Kai, 2013). Under “efficient” German control, Chrysler was in 2006 perhaps the healthiest car company in Detroit. Unfortunately, the excessive focus on the American division, took the executives’ focus away from the German operations, which suffered from lack of focus: executive “neglect” led to its reputation for quality being dented by unfavorable consumer reports and the company’s move down-market into Smart

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| | cars piled up huge losses. It was then the turn of the German end of the DaimlerChrysler group to undergo painful restructuring similar to that which had taken place in the previous 4-5 years in Detroit. |
| SUPPORTING TOOLS (videos, links, ppts, etc) | Text |
| Bibliography | UNDERSTANDING CULTURAL AWARENESS AND CROSS-CULTURAL COMMUNICATION SKILLS © Culturewise Limited 2015 |