

Managing Multinational Team – the Importance of Cultural Diversity Awareness

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ABSTRAKT

Ve své práci se věnuji problematice kulturních odlišností v pracovním prostředí. Teoretická část pojednává o tom, jak jednotlivec ovlivňuje efektivnost týmu a jaké negativní dopady má nedostatek interkulturního vzdělání na celkovou kvalitu a produktivitu týmu. Praktická část je zaměřena na stručné představení společnosti a analýzu jednotlivých kultur působících ve firmě. Analýza je podložena grafickým znázorněním, přímým působením ve společnosti a využívá poznatky Hofstedovy teorie. V závěru této práce jsou uvedeny moje návrhy a doporučení.

Klíčová slova: interkulturní komunikace, cross-kulturní management, mezinárodní tým, mezinárodní manažer, globální organizace, kulturní dimenze

ABSTRACT

This thesis deals with the area of cultural diversity at the workplace. The theoretical part describes an individual's influence on team's effectiveness and negative impacts on the quality and productivity of a team caused by the lack of intercultural training. The practical part focuses on a brief introduction of a company and analysis of particular cultures presented in the company. The analysis is based on graphical illustrations, personal interaction, and using Hofstede's outcomes. In conclusion, I am giving further suggestions and recommendations.

Keywords: intercultural communication, cross-cultural management, multicultural team, international manager, global organization, cultural dimension

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DECLARATION OF ORIGINALITY

I hereby declare that the work presented in this thesis is my own and certify that any secondary material used has been acknowledged in the text and listed in the bibliography.

May 7, 2010

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CONTENTS

INTRODUCTION	11
I THEORY	12
1 MANAGING CULTURAL DIVERSITY	13
1.1 Training International Managers.....	13
1.1.1 Managing Differences Abroad.....	13
1.1.2 Managing Differences at Home.....	15
1.1.3 Virtual Teams	16
1.2 The Alternative: Ignoring Diversity.....	16
2 INTERCULTURAL COMMUNICATION	18
2.1 Benefits of Studying Intercultural Communication.....	18
2.2 Getting across Communication Barriers.....	18
2.2.1 Identifying Attitudes, Beliefs and Values.....	19
2.2.2 Recognition of Universal Systems.....	20
2.2.3 Physical, Emotional and Motivational Barriers.....	20
2.2.4 Language Diversity.....	21
3 HOFSTEDE'S DIMENSIONS OF CULTURE	22
3.1 Power Distance	22
3.2 Individualism vs. Collectivism.....	23
3.3 Masculinity vs. Femininity	23
3.4 Uncertainty Avoidance	24
3.5 Long-term Orientation vs. Short-term Orientation.....	25
4 PARTIAL CONCLUSION	26
II ANALYSIS	27
5 DSG INTERNATIONAL PROFILE	28
5.1 DSG International Shared Service Center	28
5.1.1 Values and Principles	28
5.1.2 Team Values	29
5.1.3 Employees Structure Based on Nationalities.....	30
6 EVALUATING POSSIBLE THREATS ACCORDING TO HOFSTEDE'S CULTURAL DIMENSIONS.....	36
6.1 DSGi SSC Scores	36
6.1.1 Power Distance	36
6.1.2 Individualism.....	37

6.1.3	Masculinity	38
6.1.4	Uncertainty Avoidance	39
6.1.5	Long-Term Orientation.....	40
7	SUMMARY OF PRACTICAL KNOWLEDGE.....	42
8	RECOMMENDATION.....	43
8.1	Make Them Be Aware.....	43
8.1.1	Managers' and Superordinates' Training	43
8.1.2	Subordinates' Training	43
8.2	Basic Tips on Improving Intercultural Communication	44
	CONCLUSION	45
	BIBLIOGRAPHY	46
	LIST OF ABBREVIATIONS	48
	LIST OF GRAPHS	49
	APPENDICES	50

INTRODUCTION

The aim of this thesis is to reveal the possible threats stemming from the lack of knowledge of intercultural issues in multinational teams. Nowadays, more and more people work in cultural diverse teams, which provide both opportunities and difficulties. Members of different cultures have different values, attitudes and beliefs, thus the effect on team performance is significant. It is necessary to realize that multinational team brings competitive advantage only if managed successfully. The key predictor in managing such a team is awareness of cultural diversity.

The theoretical part of the thesis focuses on international managers, managing diversity and intercultural communication. Furthermore, I introduce the study of Dr. Geert Hofstede. He developed the model that identifies four primary dimensions, and later added fifth. These dimensions analysis can help in better understanding the intercultural differences within regions and between countries.

The mounting technological development brings people from different culture close together. These developments require from managers to be aware of the approaches and thinking of each individual, therefore it is essential to see each worker both as an individual and a member of a team. While there is much overlap between managing differences at home and abroad, contrasting two roles needs attention. The thesis shows required competences for each position.

More companies are depending upon virtual teams, where managers will find themselves working with colleagues from all over the world, sitting in different places, different times zones and without ever meeting face to face. These teams must be proactively managed, otherwise will fail to achieve their goals.

Furthermore, key ingredient for successful multinational interaction is intercultural training. Studying intercultural issues brings benefits and help get across the communication barriers which may and do occur among people with different cultures.

The practical analysis applies theoretical knowledge in DSG International Shared Service Center. The aim of the practical part is to outline and illustrate cultural differences in the company and to provide with conception of how to prevent misunderstandings in cultural diversified workplace.

Last but not least, I mention my recommendations for the company concerning intercultural interaction.

I. THEORY

1 MANAGING CULTURAL DIVERSITY

At the very beginning, I would like to outline how important is to distinguish between managing and managing cultural diversity. It is essential to realize how cultural differences affect the final outcome of the team, and to know that cultural diversity in a team or work group brings economic benefits when managed successfully (Saphiro et al. 2005, 17). As far as multicultural members bringing together are concerned, they promise to bring different perspectives and information to a team, diversity in team also brings creativity and innovative problem solving (Saphiro et al. 2005, 39). On the contrary, “members of different cultures express different values and priorities when they make and implement decisions. These values influence work relationship, whether between superior and subordinate, peers, international joint venture partners, managers in headquarters and subsidiary, and others. The international manager needs to recognize and respond to the opportunities and threats that they present” (Mead 2005, xi).

1.1 Training International Managers

The main aspect for training international managers is to make them to understand different attitudes stemming from different cultures. International organizations are now able to easily communicate with their counterparts on different part of the world. The mounting technological development enables organizations to extend their influence across the globe. Electronic communications provide not only exchanging information, but also trading ideas and knowledge. Such communication brings people from different cultural background close together. These developments require from managers to be aware of the approaches and thinking of people from different culture (Melkman and Trotman 2005, 3).

Cultural diverse teams may face to failure such as achieving their goals due to the different values, priorities and thinking (Saphiro et al. 2005, 39). According to Plunkett, “there is an inherent conflict in considering workforce diversity because of the need to see each worker both as an individual and as a member of a group” (Greer 2000, 301).

1.1.1 Managing Differences Abroad

When describing how to manage cultural diversity, it is important to recognize between managing abroad and at home. The major clash for organizations operating in foreign country is to decide whether to accept or change cultural habits. Attempt to change the local culture must be taken seriously and needs a conscious strategy. On the other hand,

very often the original policy has to be accepted in order to reach success (Hofstede 1984, 276).

According to Schneider and Barsoux, these are the competences for managing abroad: interpersonal skills, linguistic ability, motivation to live abroad, tolerance for uncertainty and ambiguity, flexibility, patience and respect, cultural empathy, strong sense of self, sense of humour (Schneider and Barsoux 2003, 191).

Interpersonal skills are described as the ability to form relationships, building trust, improving coordination and control, and transfer of knowledge. However, in practice, interpersonal skills are rarely seen as the very important criterion for selection. “Expatriate managers are primarily selected on their strong track record at home, that is, their reputation for getting the job done. Either way, expatriates are most often chosen based on technical or conceptual rather than interpersonal skills” (Schneider and Barsoux 2003, 190).

As Ladová in Holistic management assumes, the main barrier in intercultural communication is obviously the language itself (Porvazník et al. 2008, 246). Not taking into consideration only English as the main tool of communication, but when managing abroad, willingness to speak local language does not have such a huge practical value, but the impact is significant. To refuse the other’s language can have damaging impact in building relationships.

Further essential aspect for managing abroad is motivation to live abroad. “Motivation to work and live abroad has been shown to be a key ingredient to the successful adaptation of the expatriates and their families” (Schneider and Barsoux 2003, 192).

Ladová explains that misunderstandings might end up in conflict subsequently. With the view of decreasing the possible threat of misunderstanding, it is necessary to identify the diversity and realize each culture is individual (Porvazník et al. 2008, 246). The multinational managers have to be able to tolerate and cope with uncertainty and ambiguity. They have to be aware that “circumstances change unexpectedly, the behaviour and reactions of local employees may be unpredictable...and that everything is not a straightforward as it seems” (Schneider and Barsoux 2003, 192).

Patience and respect are crucial ingredients for international managers. Expatriates must be patient because so many countries, so many customs, while trying to understand local reasons. “It is therefore important to be aware of the existence of these differences and to

identify what are the approaches we differ in, and understand why this is so and to try to respect this in our behaviour and communication” (Porvazník et al. 2008, 246).

Last but not least, “retaining a sense of humour is seen as a way for manager to butter the frustration, uncertainty, and confusion” (Schneider and Barsoux 2003, 194). On the contrary, managers have to be fully aware that the use of humour has either facilitating or destroying cross-cultural interaction. It must be remembered that humour is a sensitive issue and what is funny in one culture may be humiliating in another.

1.1.2 Managing Differences at Home

While there is much overlap between managing differences at home and abroad, contrasting two roles needs attention. International managers must be able to understand interdependencies, as they are engaged in complex interactions across country and functional boundaries. They play multiple roles – as leaders in some teams, and as members in others (Schneider and Barsoux 2003, 195).

The ability to respond to different culture is a crucial aspect. Dealing with people from different cultures makes managers to understand their diverse customs, attitudes and values. According to Ladová “Every culture has an important impact on the human being, and particularly on the individual education techniques expressing the nature of individual cultures and on the formation of psychologically important personality features” (Porvazník et al. 2008, 242).

The changing demands on international managers require additional skills and competencies. “Managers need cross-cultural skills on a daily basis, throughout their career, not just during foreign assignments, but also on regular multi-country business trips and in daily interaction with clients or colleagues worldwide” (Schneider and Barsoux 2003, 197).

Furthermore, for managers to be effective in multicultural team require to develop a cultural-general approach. They must be able to identify national, corporate, or functional differences.

Finally, a challenge for international managers is to rapidly learn and unlearn. This means to be always ready for taking on new perspectives and trying new approaches (Schneider and Barsoux 2003, 198).

1.1.3 Virtual Teams

More companies are depending upon virtual teams, where managers will find themselves working with colleagues from all over the world, sitting in different places, different times zones and without ever meeting face to face (Melkman and Trotman 2005, 4). They will be expected to interact effectively, whether to develop a project or to satisfy customers. People from such a team may not only have different national cultures, but also different corporate and functional cultures.

The golden rule of the effective teamwork is trust. However, this is also culturally determined; it is based on human nature, relationships with people and with the environment (Schneider and Barsoux 2003, 244 - 246).

Each organization operating worldwide must proactively manage their global virtual teams (Melkman and Trotman 2005, 4). “Team members need time and training, not only in terms of using technologies and managing the task, but also in managing each other. Cultural differences must be taken into account” (Schneider and Barsoux 2003, 247).

1.2 The Alternative: Ignoring Diversity

So far, I have focused on managing cultural diversity and how important, if not the most, is to be aware of cultural differences. Now I would like identify the alternative and that is when the diversity is being ignored.

According to Mead, there is only one possibility when ignoring diversity may work in the workplace - when people in group are independent, i.e. they are assigned different task and do not need to collaborate.

These are the situations when refusal to recognize diversity occurs:

- When management lacks the awareness and skills to recognize diversity
- When management recognize diversity but lacks skills to manage it
- When negative effects of recognizing diversity seem likely to cause greater problems than ignoring it
- When expected benefits recognizing and managing diversity do not justify the expected costs
- When the work offers no opportunities for deriving advantages from diversity

(Mead 2005, 19).

Having described situations when ignoring diversity occurs, I dare to claim that cultural diversity awareness is vital for multicultural teams. A wide range of cross cultural literature

reveal, that cultural values strongly influence the behaviour of individuals in work settings (Saphiro et al. 2005, 40).

2 INTERCULTURAL COMMUNICATION

The crucial pattern of the team interaction is communication. Communication can be described as a process of sending and receiving of information between sender and receiver by words and non-verbal factors, such as gestures and facial expressions. The sent message can be very different or completely broken from the message that was received.

Being focused on intercultural communication, the definition is a communication among people from different cultures (Gibson 2002, 9).

Chaney defined intercultural business communication as a “communication within and between businesses that involves people from more than one culture” (Chaney 2007, 2). According to Chaney, effective nonverbal communication is the key for successful multicultural business, thus knowledge of another culture’s oral and nonverbal communication patterns is essential for business in the international marketplace (Chaney 2007, 117).

2.1 Benefits of Studying Intercultural Communication

Firstly, studying intercultural relationships gives knowledge to look at one’s life and problems from different perspectives. On the other hand, ignoring this possibility to get better understanding of one’s world limits one’s own growth.

Second benefit of studying intercultural matters is freedom from ignorance. One is able to make effective choices. These choices may be of social, personal or business sphere of one’s life.

Perhaps, the ultimate and crucial benefit is the ability to develop quality relationships. Nowadays, people have more and more opportunities to interact with others who do not share the ways of making sense of the world. Culture is basic part of everyone’s life. One can avoid confusion and frustration by having intercultural skills (Hall 2005, 22).

It is essential to realize that people differ and if we are aware of this, it is a huge step forward.

2.2 Getting across Communication Barriers

Getting across any barrier is a key for success. One should be able to deal with any obstacle which may arise, not to ignore it. The main problem, which we are getting at, is communication barrier. The essential ingredients in the communication are transmitter, the message, which is encoded and transmitted through the medium (e.g. writing), receiver,

who responds by decoding the message, and feedback (Gibson 2002, 9). If any of these ingredients fail in any way, communication process will be spoiled and misunderstanding will arise (Greer 2000, 152). Communication can be a challenge if there is a difference between two cultures, thus communication barriers arise (Gibson, 2002, 9).

As Chaney stated, understanding intercultural communication will help to break down these barriers, to limit misunderstanding and to avoid any failure in such a communication (Chaney 2007, 12).

2.2.1 Identifying Attitudes, Beliefs and Values

People are the fundament for quality and productivity in the workplace, thus individual's attitudes, beliefs and values are critical to the organization's success.

An attitude is defined as "a person's manner of thinking, feeling, or acting toward specific stimuli" People's attitude about work is their work ethic. Supervisor can help to shape each associate's attitude about work, therefore it is essential to know "why people are working for the company, what they think of this work, and the quality of their performance." There is a relationship between behaviour and attitude, they influence each other and if attitude is changed, behaviour will also correspond and vice versa.

An attitude displays beliefs. "A belief is a perception based on conviction that certain things are true" (Greer 200, 182 - 187). Beliefs are individual and are based on one's opinion. Process of reasoning and problem solving varies across culture, thus have a great impact on communication (Chaney 2007, 117).

It is also necessary for each supervisor to develop an understanding of the values of each of his or her subordinates. According to Greer, values are defined as "judgment about what is right or wrong (ethic). Values are often expressed as wants and worthwhile objectives. However, some values can be shared, they are not universal and usually more difficult to change than attitudes. Values significantly influence one's behaviour, therefore even team performance.

Attitudes, values, and beliefs influence each other. It is essential for managers to develop their intercultural awareness and recognize individual differences (Greer 2002, 185 -186). Since with different values, religion, belief and priorities, people have different understanding of the role of a leader, how to measure the success and other critical factors, which may cause surprise or frustration (Melkman and Trotman 2005, 4).

Here are tips how to prevent conflicts which may arise from different attitudes, values and beliefs:

- Learning about yourself and your own cultural background
- Trying to identify any notions which are held about others and how effect interaction
- Getting know about cultural diversity, learning about associates – their values, customs and traditions
- Attending seminars on cultural diversity, valuing the opportunity for cross-cultural training
- Treating people as they want to be treated. Approaching each person as an individual and avoiding being judgmental (Greer 2000, 92).

2.2.2 Recognition of Universal Systems

Regarding successful intercultural awareness, attention must be paid to universal system as well. Cultural systems, such as economic system, political system, educational systems, marriage and family systems, social hierarchies have also impact on intercultural communication.

To identify the type of economic system of a country are useful for negotiation process. Multinational companies are affected by economic, political and competitive pressure, thus they must to learn how to manage and predict politics or economic situation.

As societies are different, it is no wonder that formal education varies across culture, thus cultural heritage is also different. “Cultural heritage is the body of customary beliefs, social forms, material traits, thoughts, speech, and the artistic and intellectual traditions of society.”

Managers have to be aware of these different universal systems, as all aspects influence one’s perception, performance and relationships (Chaney 2007, 21 - 31). They have to learn that these systems do not stop at national borders, but they are exposed to common problems (Hofstede 2003, 12).

2.2.3 Physical, Emotional and Motivational Barriers

Physical, emotional or motivational barriers include e.g. time, environment, comfort and needs (Chaney 2007, 12). If the receiver does not think clearly, or is in emotion, or speak in haste, he or she will not hear the sent message. When a person is improperly prepared to communicate, communication process is likely to be spoiled. Communication environment

should be also freed from possible noises, otherwise attack a clear understanding (Greer 2000, 153).

2.2.4 Language Diversity

A predictor for successful communication within multicultural team is to understand a common language. Without this shared language, communication problems arise when a message is translated by translator or interpretator (Chaney 2007, 93). Translating is necessary for global organizations, but can create problems of interpretation when translated message do not come across exactly what their originator intended (Greer 2000, 152).

Businesspeople who are motivated to learn English as a second or third language retain much of their foreign accent. “Language holds us together as group, differentiates us into group, and controls the way we shape concepts, how we think, how we perceive, and how we judge others” (Chaney 2007, 94).

Here are some tips on how to adapt language to audience, if you are speaking in English:

- Avoiding idioms
- Speaking more slowly and clearly
- Stressing important words
- Making the structure clear to audience
- Checking whether the audience is following arguments
- Supporting arguments with visuals (Gibson 2002, 95).

3 HOFSTEDE'S DIMENSIONS OF CULTURE

A number of authors have attempted to develop a model of cultural diversity to give an idea of understanding dimensions of cultural differences. I would like to introduce and follow Dr Geert Hofstede, the Dutch social psychologist and engineer, conducted the most comprehensive study of how values are influenced by culture.

In the late 1960's and early 1970's, while working at IBM as a psychologist, he collected and analysed data from over 116 000 individuals working in 72 of the company's subsidiaries, who followed 38 different occupations and spoke 20 languages (Gibson 2002, 27). He developed the model that identifies four primary dimensions, and later added fifth. I would like to describe each dimension and how they are presented at workplace.

These dimensions analysis can help in better understanding the intercultural differences within nations and between countries.

3.1 Power Distance

First dimension is power distance. Power distance represents the degree of equality, or inequality, "between people in the country's society and indicates the extent to which the less powerful expect and accept that power is distributed unequally" Melkman and Trotman 2005, 8).

Large power distance situation indicates that superiors and subordinates consider each other as unequal. Subordinates are expected to do what they are told. In such organizations are found a lot of supervisory levels and people reporting to each other. Wide gaps in salary systems are found between top and the bottom of the organization, which also relate to huge difference between manual and office work. Superiors are entitled to privileges and any kind of contacts between superior and subordinates should be initiated only by the superiors. Relationships between subordinates and superiors are often loaded with emotions due to the diversity of feelings towards superiors. Further aspect of high power distance organization is that older superiors are more respected than younger ones. That means, for example, if somebody becomes a victim of power abuse by one's boss, it is just bad luck.

On the other hand, small power distance situation indicates that superiors and subordinates consider each other as equal. Somebody's subordinate might become his or her boss within a day, as the roles in hierarchical system may change. Regarding salary ranges, differences between top and bottom jobs are not significant, workers are usually highly qualified and

high-skill manual worker has a higher status than low-skill office worker. There are no privileges for superiors, who are supposed to be accessible for subordinates. Subordinates are aware, that the boss is the one who has final decision, however they expect to be consulted before a decision is made that affects their work. In small power distance organization, younger bosses are more appreciated than older ones. In case of power abuse, organization should have ways of dealing with such situations (Hofstede 2003, p. 35-37).

3.2 Individualism vs. Collectivism

The second Hofstede's dimension, individualism, represents the "degree to which the society reinforces individual or collective achievement and interpersonal relationships" (Melkman and Trotman 2005, 8).

In individualist culture employees are expected to act according to their own interests and the work should be organized in such way that the employee's interest corresponds to employer's. Family relationships on work in individualist culture are considered unacceptable, because they may lead to conflicts. It is usual to have a rule that if one employee marries another, one of them has to leave. The relationship between employee and employer is just a business transaction, thus poor performance of the employee or better pay offer from another employer are accepted reasons for terminating a work relationship. In individualist society is management of individuals, bonuses are based on individual's performance and everyone should be treated as others alike.

On the other hand, in collectivist culture employees are hired as a person who belongs to a group, not like individualist. Furthermore, employees are supposed to act according to the interest of this group, which may not correspond to his or her individual interest. As far as process of hiring in collectivist culture is concerned, it is preferred to hire relatives, especially of the employer, but also of other employees. The relationship between employee and employer resemble a family relationship and is seen in moral terms. Poor performance of the employee is no reason for dismissal, however performance and skills determine the employee's given tasks (Hofstede 2003, p. 63-65).

3.3 Masculinity vs. Femininity

The third cultural dimension, masculinity versus femininity, focuses on the distribution of roles between the genders, whether the society reinforce or not the traditional masculine work role-model of male achievement, control and power.

In the high masculinity ranking, males dominate with power structure. In masculine society the conflicts should be resolved by a good fight. Money and possessions are predictors for success and it is preferred to work in large company (Melkman and Trotman 2005, 9). Assertiveness, ambition, and competitiveness are prevailing values, and rewarding is on the basis of equity (according to performance). Men are expected to aim their career and live in order to work. Masculine cultures have competitive advantage in manufacturing and in bulk chemistry.

In the societies with the low masculinity ranking, conflicts are being resolved by compromise and negotiations. Modesty and solidarity are dominant values and organizations reward people on the basis of equality (according to need). People and warm relationships are very important. Career aspirations are not compulsory within feminine society and people work in order to live (Hofstede 2003, p. 92-96).

3.4 Uncertainty Avoidance

The fourth dimension, the uncertainty avoidance, “focuses on the level of tolerance for uncertainty and ambiguity within the society, in other words unstructured situations” (Melkman and Trotman 2005, 9).

A high uncertainty avoidance ranking indicates that that in the country is many formal laws and informal rules controlling the duties of the employer and employees. Furthermore, there are also many internal rules and regulations controlling the work process. In strong uncertainty avoidance societies, people like to work hard, life is hurried, and time is money. Precision and punctuality are dominant values in society with high uncertainty avoidance, also high stress prevail, that means aggression and emotions are common. People within this society feel that what is different is dangerous and are afraid of ambiguous and of unfamiliar risks.

In the country with very weak uncertainty avoidance, rules are only established when it is necessary. People believe that many problems can be solved without rules. There is kind of paradox that although rules in weak uncertainty avoidance societies are less sacred, they are generally more respected. In such societies, people are able to work hard, but only if there is a need for it, as they like to relax. There is low stress, thus aggression and emotions should stay hidden. People are not afraid of uncertainty and feel comfortable with ambiguous situations and with unfamiliar risks. What is different is curious (Hofstede 2003, p. 120-125).

3.5 Long-term Orientation vs. Short-term Orientation

The fifth cultural dimension, which was added later after further study and survey, long-term orientation, “focuses on the degree to which the society embraces, or does not embrace, long term devotion to traditional, forward-thinking values” (Melkman and Trotman 2005, 10).

Societies with high long-term orientation respect traditions and change do not occur rapidly. Business may take longer to develop in such country.

On the other hand, low long-term orientation ranking indicates that change can occur more often, as these countries do not reinforce concept for long-term, traditional orientation (Melkman and Trotman 2005, 10).

4 PARTIAL CONCLUSION

I would like to summarize and point out the findings which we can learn from the theoretical part of this thesis.

At the very beginning, I have tried to explain what is important for managing diversity and what international managers need to recognize and respond to. I have described the situation when the diversity at workplace is being completely ignored. The cultural diversity awareness is a fundamental for multicultural teams, therefore such ignoring brings failure.

Secondly, I have focused on introducing intercultural communication. Since communication is the most important pattern of the team interaction, this must be taken seriously into account. Intercultural communication is a pivotal pattern for company's success and must be identified accordingly.

Finally, I have introduced the most comprehensive model conducted by Dr. Geert Hofstede. His analysis consists of five dimensions, which brings better understanding the intercultural differences and explains reasons for different behaviours and opinions.

The practical part of this thesis will introduce DSG International Shared Service Center and implement Hofstede's analysis in the company.

II. ANALYSIS

5 DSG INTERNATIONAL PROFILE

I would like to take an opportunity while working for DSG International SSC and apply my theoretical knowledge in here. I will introduce DSG International, DSG International SSC, and describe and focus on nationalities along the workplace and misunderstanding which may arise from low intercultural awareness.

First of all, I would like to introduce DSG International plc. DSG International plc is Europe's leading specialist retailing group with a turnover in excess of £7bn (10bn Euros). DSG International plc is trading through 1,450 stores and online stores, spanning 28 countries and employing 40,000 people. More than 100 million customers shop in-store and online every year.

They are split into 3 main divisions:

Electricals – Currys, Currys.digital, Distributions, DSG Ireland, Electro World, Kotsovolos, El Giganten, Gigantti, Lefdal Lavpris, UniEuro, Markantalo, Elkjop, DSG Insurance Services, DSGI Sourcing

Computing – PC World, PC City, Genesis, DSGI Business, The TechGuys, DSG Business Services

New Business (E-Commerce) – Dixons.co.uk, Pixmania.com

The motto is: “We reward talent, we value diversity” (DSGi plc).

5.1 DSG International Shared Service Center

DSG International plc is supported by DSG International Shared Service Center in Brno, the Czech Republic. Electro World is the Czech Republic's favourite electrical retailer, having won the Czech Confederation of Commerce's Retailer of the Year award twice in row, voted for by consumers.

Electro World has 16 stores and more than 600 employees. DSGi customers can shop online at www.electroworld.com and www.pixmania.com, following the Group's acquisition of a controlling stake in Pixmania's parent company Fotovista in 2006 (Personal Guide for Employees, 2002).

5.1.1 Values and Principles

The motto of the DSG International SSC is “It is our business to be the best”.

Being the best means:

Operating with honesty and integrity,

Giving outstanding service to customers,

Respecting our colleagues,

Continually seeking ways to improve performance,

Working together to beat a competition.

(Personal Guide for Employees, 2002).

As a part of DSG international plc, DSG International Shared Service has the financial backing to grow even faster and provide its employees with greater career and training opportunities within Czech Republic and wider group.

The culture of DSG International Shared Service is derived by every employee working with the same company values:

We will be hard working

We will go the extra mile

We will show the initiative

We will be dynamic

We will be honest

We will have the high levels of attention to detail

We will be very enthusiastic

(Personal Guide for Employees, 2002).

5.1.2 Team Values

The vision of DSGi Shared Service Center is included in following mottos:

“We will provide a world class service to DSGi most important customer – your customer.”

World class means: everybody owns our customers, taking responsibility for solving problems, right first time, taking proud in our results, always striving to raise the bar, operating in high performance environment, taking pride in our working environment, embracing “one team” approach in all we do

“We will provide a high performance environment where we welcome change and invest time and energy in developing our people.”

High performance means: open two way communication, ongoing performance reviews, pride in achievement of targets, embracing and understanding change, understanding and utilizing the talents of each team member, facilitating and developing individual and team ambitious.

“Your leaders will provide energy and inspiration to make you aware of your worthwhile contribution you make to DSGi.”

Your leader will...

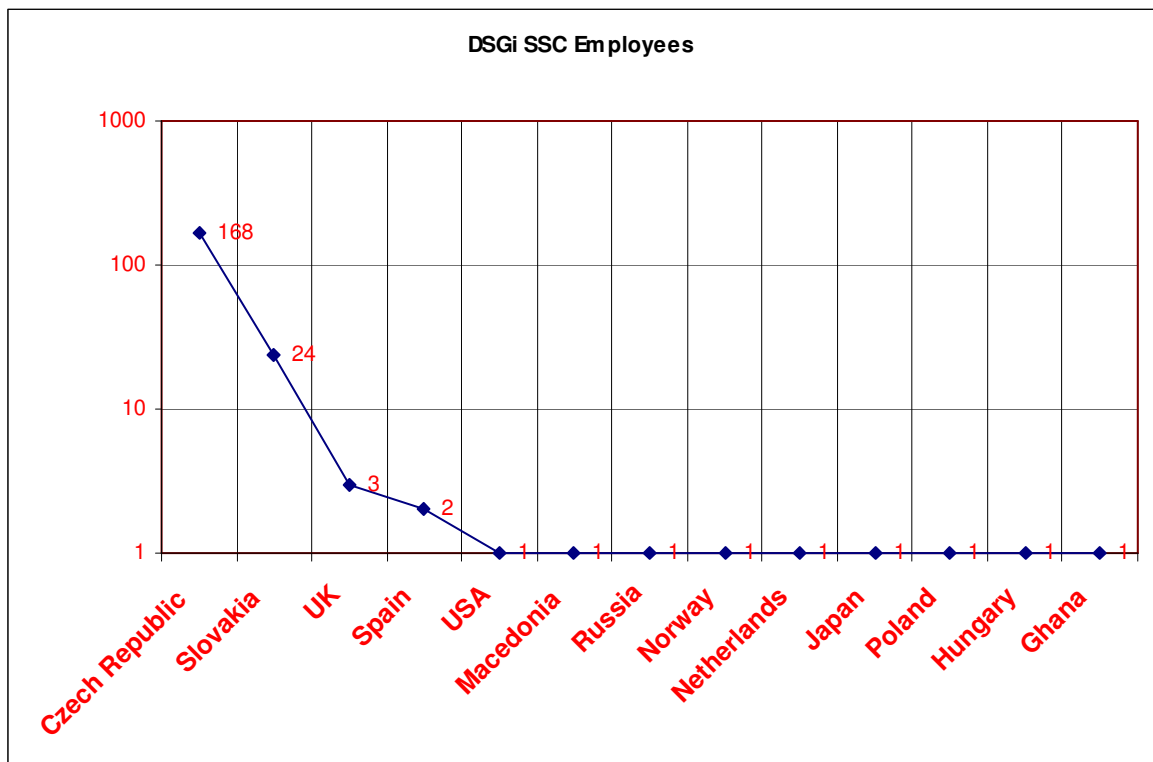
Provide energy and inspiration, take pride in encouraging team spirit, set clear goals for their team, lead a team who have pride, energy and respect for their customers, make their teams aware of their worthwhile contribution to DSGi, share information to ensure their team knows what is expected from them, provide frequent open, honest, two way communication (Ambrožová, 2009).

5.1.3 Employees Structure Based on Nationalities

I will acquaint the employees' structure based on nationalities of DSGi SSC by using the graphs in order to achieve conception of employees' impact within the company.

5.1.3.1 Employees' Impact

Thirteen nationalities are working together in DSGi SSC. This fact indicates the essential importance of cultural diversity awareness.



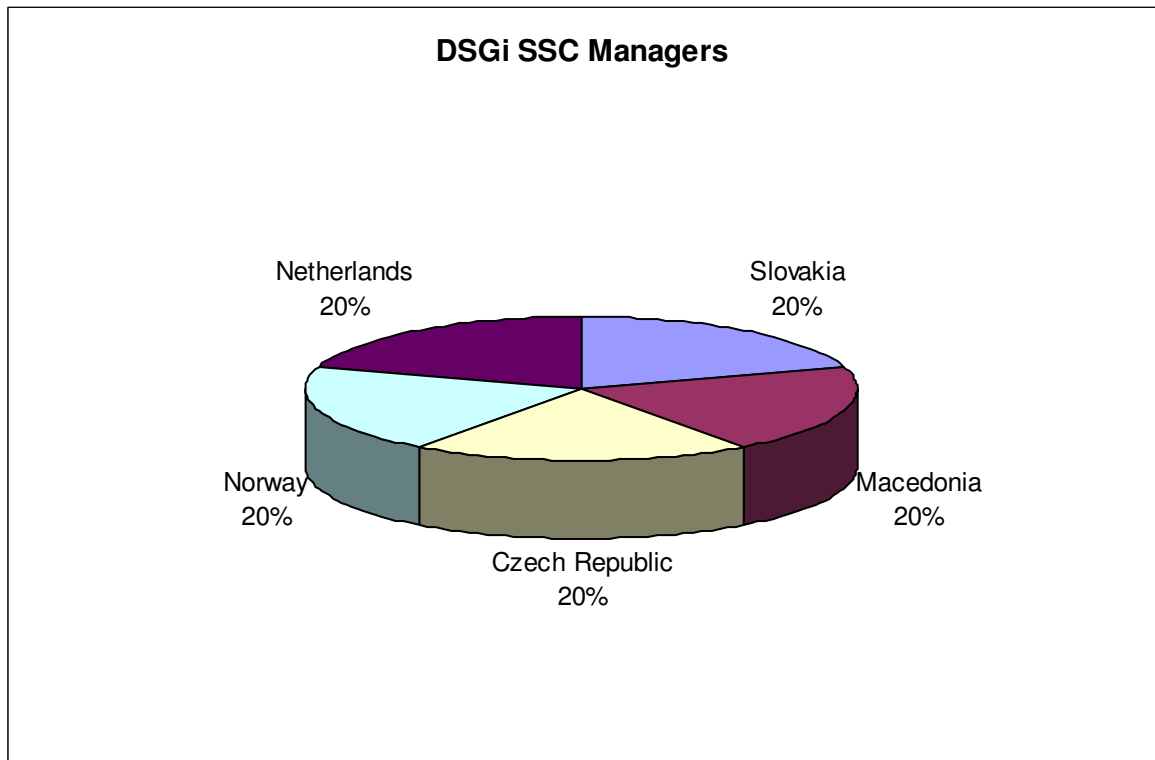
Graph no. 1: Proportion of nationalities within the company (own source)

Graph no. 1 implies that more than 80% of total employees consist of Czechs.

Following this outline, I would like to draw charts of managers', team leaders', specialists' and associates' line to give a notion of the proportion of nationalities working together and clear idea who is at superordinate and who is at associate positions.

5.1.3.2 Managers' Impact

Managers are generally responsible for the processing and maintenance of their accountabilities with good organizational and analytical skills along with being able to deliver under their own initiative.

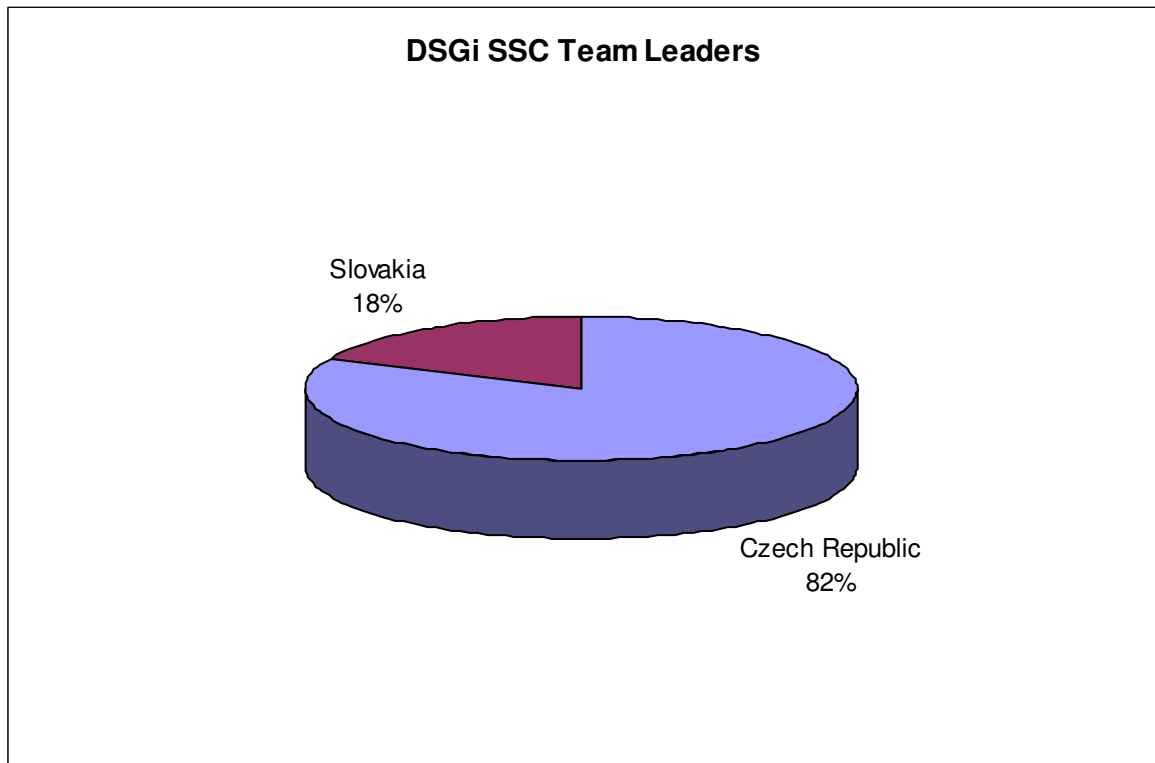


Graph no.2: Proportion of nationalities within the managers' positions (own source)

From managers' chart is obvious that manager positions are being seated by foreigners. This might indicate that managers' knowledge and experience use different attitudes and approaches to reach set goals and success. There are six managers in DSGi SSC with different nationalities and different cultural background. Hence intercultural recognition must be applied especially here.

5.1.3.3 Team Leaders' Impact

Team leaders are generally responsible for the performance of their teams and report to their line managers.

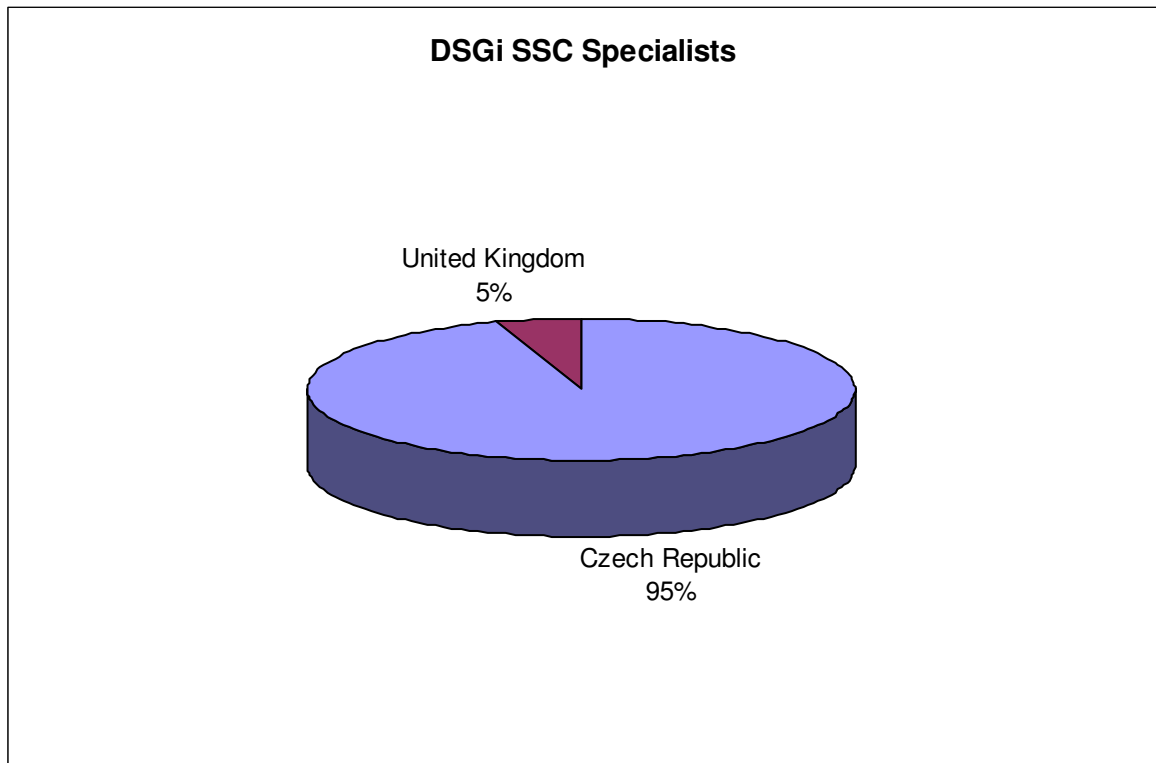


Graph no.3: Proportion of nationalities within team leaders (own source)

The positions of team leaders within the company are seated by Czech and Slovak. Although Czech and Slovak are very close nations, considered the fact that former Czechoslovakia used to be one state – one unit; surprisingly these two close nations have quite different values and attitudes and reached different scores in cultural dimensions. Therefore, one must keep in mind that Slovaks and Czechs working together will need cultural awareness as well.

5.1.3.4 Specialists' Impact

Specialists' principal abilities are controlling and reviewing duties of the associates, training of new members, and providing backup to the team leader. They are the first point of any assistance or queries for their associates and regularly report to their team leaders or line manager.

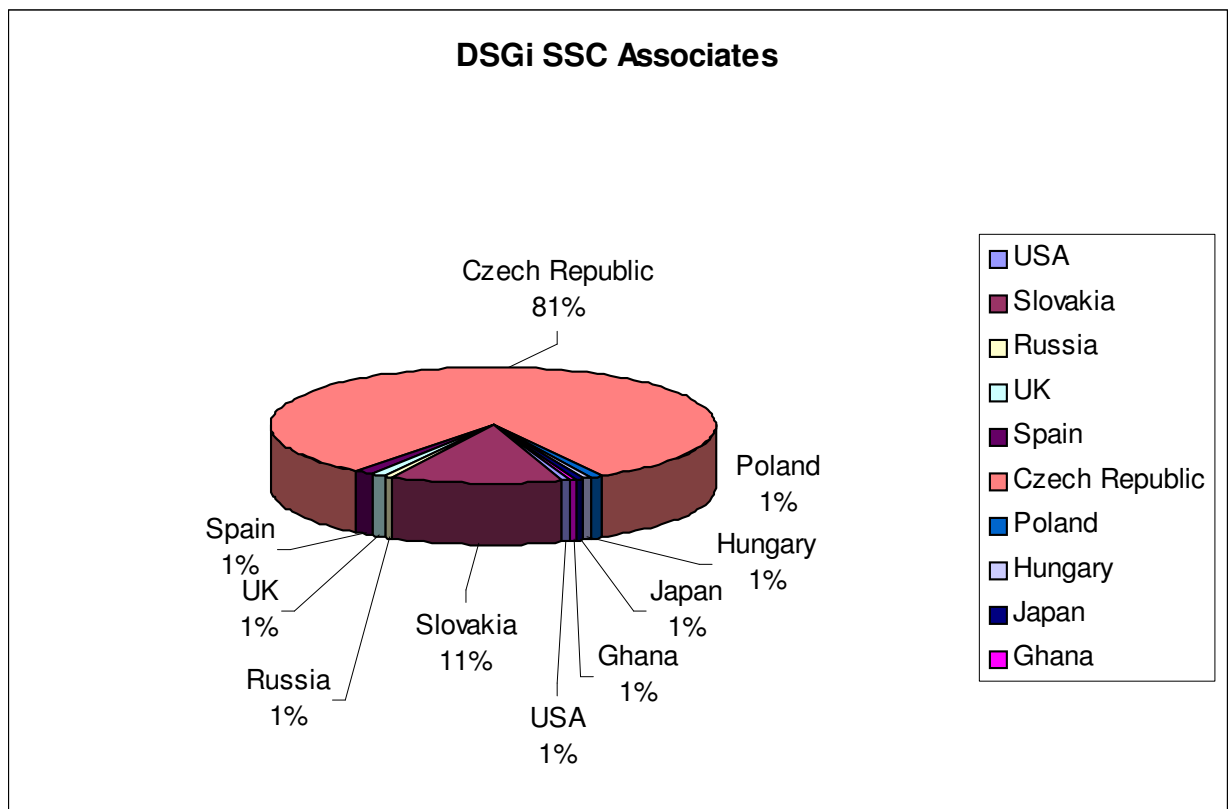


Graph no. 4: Proportion of nationalities within specialists (own source)

Specialist positions are filled mostly by Czech. Since more than 80% of employees are Czechs this can be expected and does not need any further explanations.

5.1.3.5 Associates' Impact

Associates mostly work in the team, thus their principal required personal skill is a team player with an excellent interpersonal skill. Associates fulfill their principal responsibilities and together within the team reach the set goals. They report to their specialist or team leader. If they need to speak to their manager, they have always chance to ask for the meeting, or to come and discuss provided they are available at the moment.



Graph no. 5: Proportion of nationalities within associates (own sources)

Associates' positions are using experience, knowledge and abilities of diverse cultures. According to graph number 5, it is apparent that most diverse culture can be found within associates. This must be recognized by managers or their superordinates as well as by their colleagues.

Having described the necessity of cultural awareness, the associates' positions and their culture must be respected in order to achieve proactive approach and quality relationships.

6 EVALUATING POSSIBLE THREATS ACCORDING TO HOFSTEDE'S CULTURAL DIMENSIONS

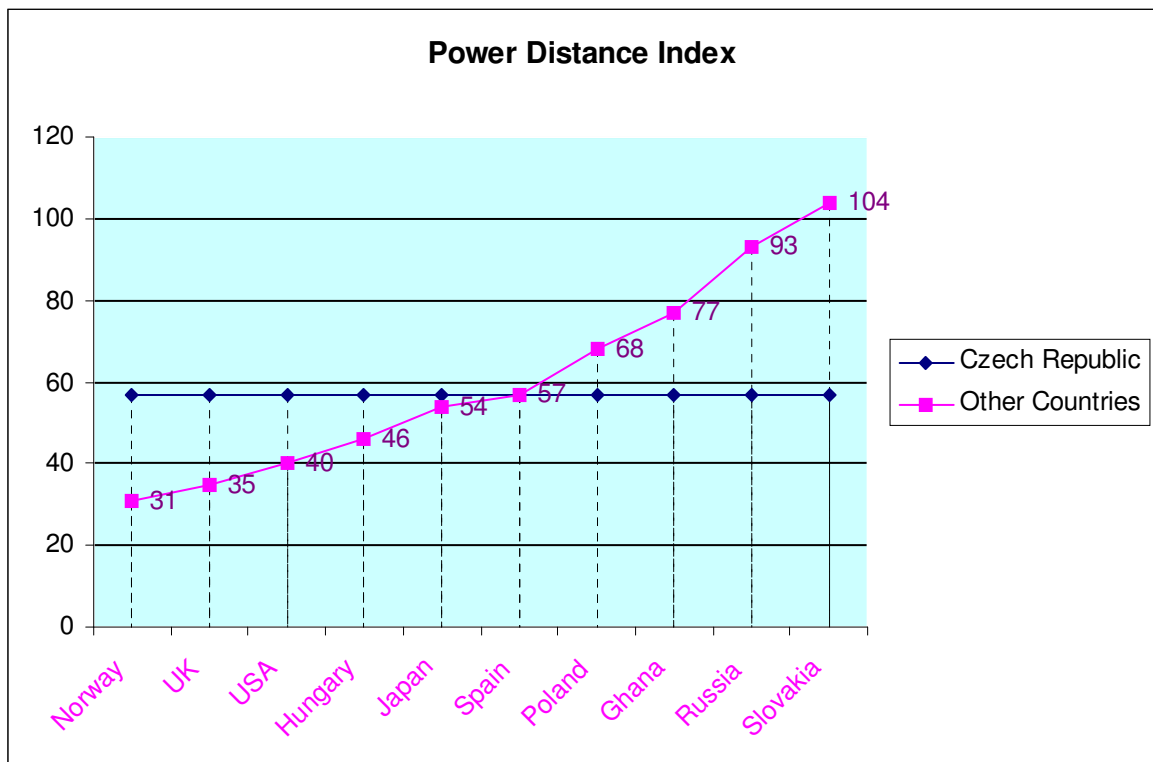
Following the Hofstede's theory of cultural dimensions, I would like to describe possible threats at workplace, which might stem from different culture, values, principles and attitudes. I will take each nation one by one and compare it with each other using the graphs with the red indicator of the scores for the Czech Republic due to the fact that I have identified Czech working environment. Each figure corresponds to particular cultural dimension. This evaluation will give likely outline which particular international manager should be aware of. However there are few things, which one must keep in mind. Even though the model has proven the figures are most often correct, it might not be applied to each individual, and not all regions with subcultures fit into this model. This must be taken as a guide to explain and understand cultural differences.

6.1 DSGi SSC Scores

First of all, it is necessary to identify the scores within the company. Since DSGi SSC is situated in the Czech Republic, Head of Operations is Czech and more than 80% employees are Czechs, we can identify the scores for DSGi as stand for the Czech Republic accordingly. Therefore I will use figures for each dimension in accordance with Czech scores.

6.1.1 Power Distance

The score for Power Distance is 57, which indicates lower power distance in the company. The flat organizational structure can be found here meaning that few levels of management between executive level and front-line employees occurring. This kind of organizational structure is designed to make employees be more productive, allowing more rapid change and problem resolution.



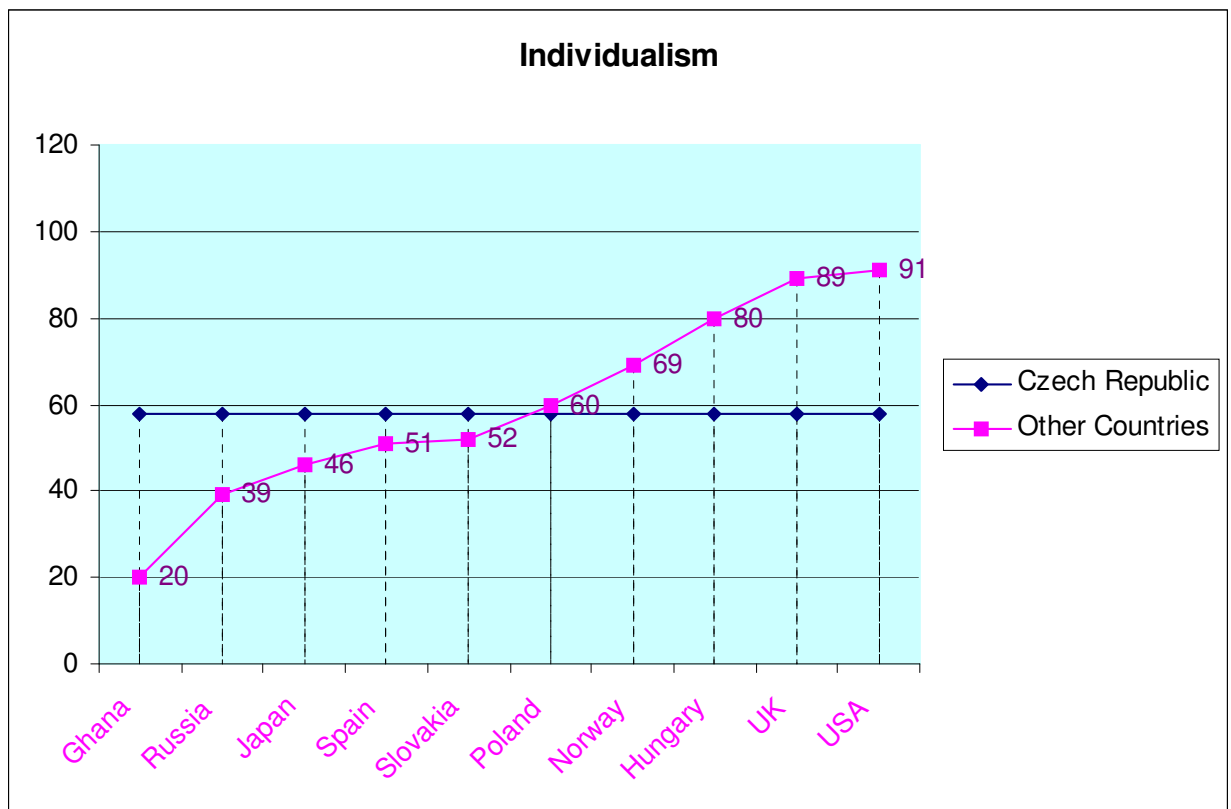
Graph no. 6: Power distance index in each country presented in the company (own source)

The scale for Power Distance Index within the company ranks from the scores 31 to 104, which suggest the highest power distance index exists in Slovakia, Russia and Ghana. In such countries where high score is presented, people will likely to follow caste system, power is centralise as much as possible in few hands and subordinates expect to be told what to do. The ideal boss is a benevolent autocrat or good father.

As far as low power distance index is concerned, this ranking achieves Norway, United Kingdom and United States. This low score denotes that people believe in equality between subordinates and superordinates. In these societies equality and opportunity is important for everyone. Subordinates expect to be consulted and ideal boss is a resourceful democrat.

6.1.2 Individualism

The score for Individualism is 58, hence Czech culture is a combination of collectivism and individualism. Furthermore, the mixture of both can be found in DSGi SSC too. Family relationships at work are considered undesirable, on the other hands, employees are hired as a person who belongs to a team. In addition to this, employees are supposed to act according to the interest of particular team and together achieve set goals.



Graph no. 7: Individualism score in each country presented in the company (own source)

The second dimension – Individualism vs collectivism indicates how the ties are in regards to a collective, achievements and interpersonal relationships. The rank of individualism within DSGi employees is from 20 to 91.

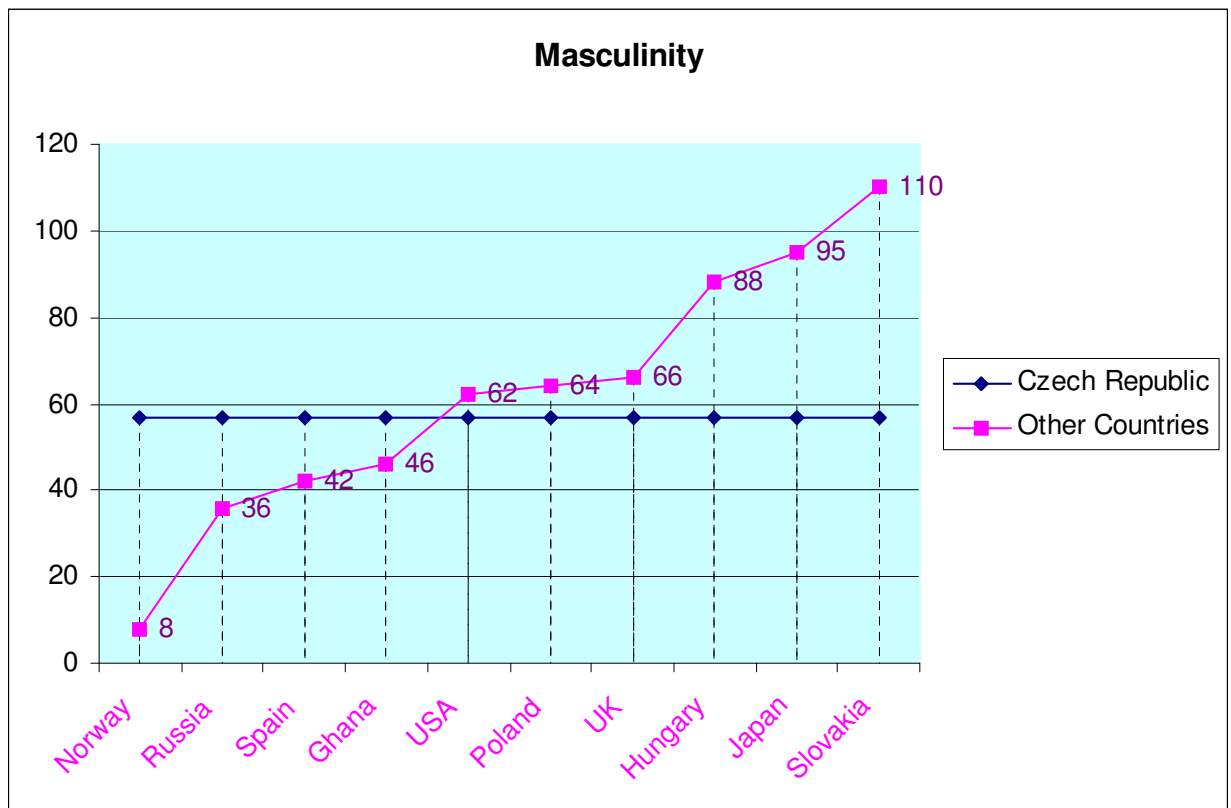
The lowest individualism score can be found in Ghana, Russia and Japan. This refers to the fact that in these countries collectivism prevails. Thus tight connection with people, respect for each other and harmony exist. There seems to be relationship between power distance and individualism vs. collectivism. Large power distance countries tend to be more collectivist, small power distance countries more individualist. However this is not a rule.

USA, UK and Hungary (with low power distance index) are specified by high individualism score. That is why these people tend to value their time and freedom, like challenges and expect reward for their hard work.

6.1.3 Masculinity

DSGi can be deemed as a company with low masculine culture. Although success, assertiveness and competitiveness prevail, these values are being reached by negotiations

and modesty. Warm relationships are important to employees (femininity), on the other hand money is the high priority (masculinity).



Graph no. 8: Masculinity score in each country presented in the company (own source)

The third cultural dimension deals with the proportion of masculinity and femininity in societies. According to the graph which points the scale from 8 to 110, we can see the biggest difference among all dimensions.

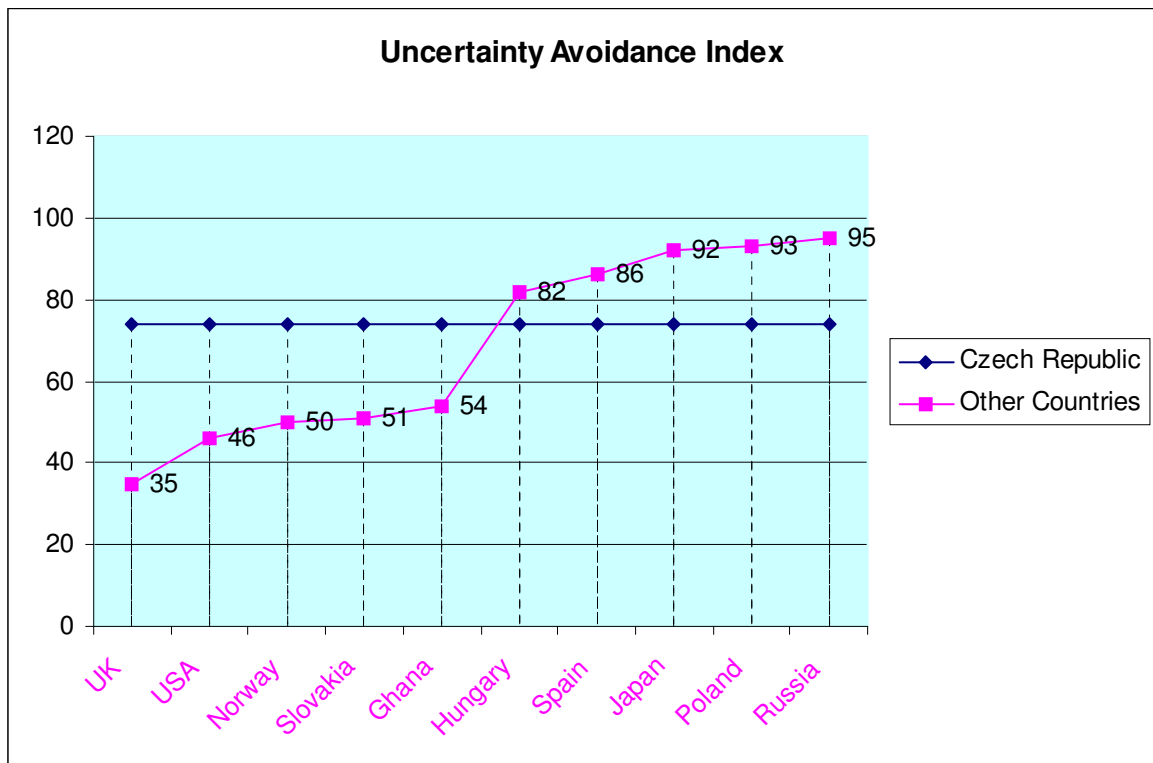
The high masculinity score reigns in Slovakia, Japan and Hungary. Hence people are supposed to be assertive, ambitious and tough and live in order to work, and females are being controlled by males. These countries experience a high degree of gender differentiation. Dominant values are success and progress.

On the other hand, low masculinity scores prevail in Norway, Russia and Spain. In these countries feminine characteristics are typical - warm relationships, conflicts being resolved by compromise, women are treated in the same way as men are. The main values for these cultures are caring for others, sympathy and modesty. People work in order to live.

6.1.4 Uncertainty Avoidance

The score of uncertainty avoidance is quite high in the Czech Republic – 74. This can be supported by the fact that many internal rules controlling the duties of the employees are

being reviewed and discussed. People might feel what is different is dangerous and generally respect the accepted rules and norms.



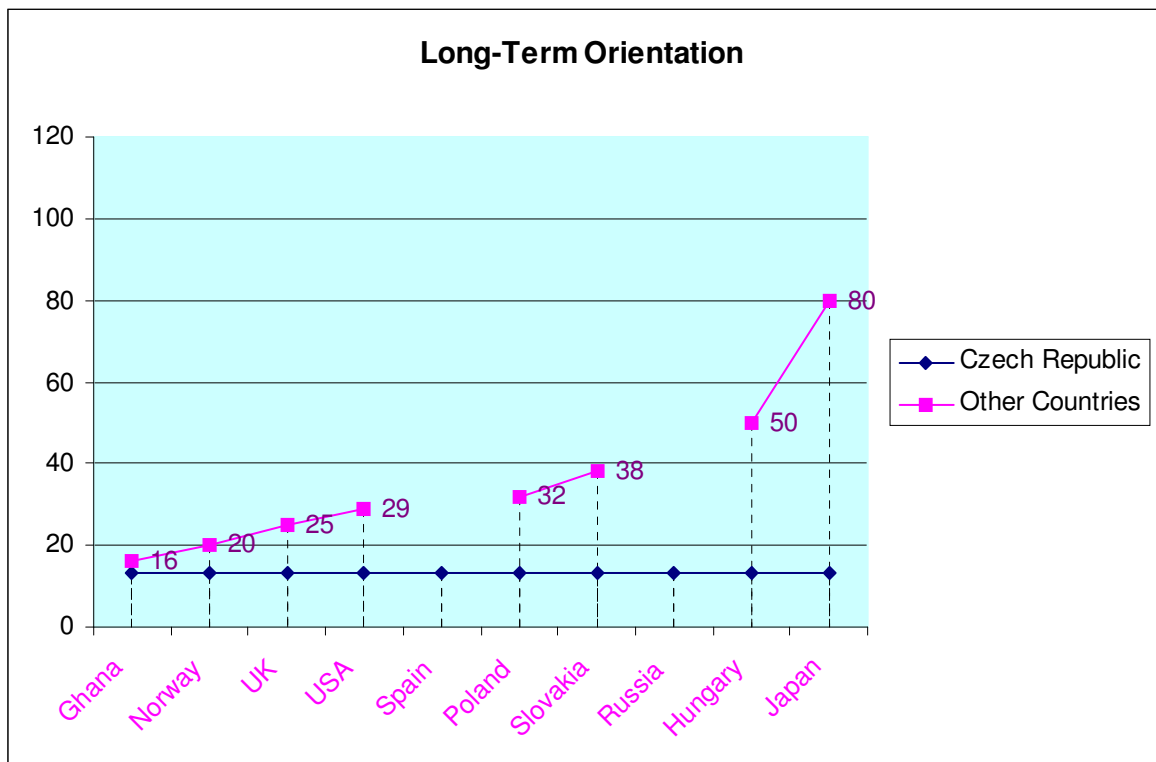
Graph no. 9: Uncertainty avoidance index in each country presented in the company (own source)

Uncertainty avoidance index within the company is spreading from 35 to 95. The weak uncertainty avoidance appears in UK, USA, Norway, Slovakia, Ghana and Hungary. The main characteristics in these cultures are low stress, hope for success and more risk-taking. Tolerance for various opinions, new ideas and changes is open.

High UAI scores exist in Russia, Poland and Japan. Typical features for these nations are need for rules, more worry about the future, resistance for change and fear of failure. These people tend to stay with the same employer and as little as possible should be left to chance. Uncertainty and ambiguity are being prevented by rules and regulations.

6.1.5 Long-Term Orientation

The fifth dimension is tightened to the perspective in society. The score for this dimension is low – 13. In such a country change can occur rapidly, as respect for tradition is not so highly valued. This ranking means that society is not afraid of change and business does not take long to develop.



Graph no. 10: Long-term orientation score in each country presented in the company (own source)

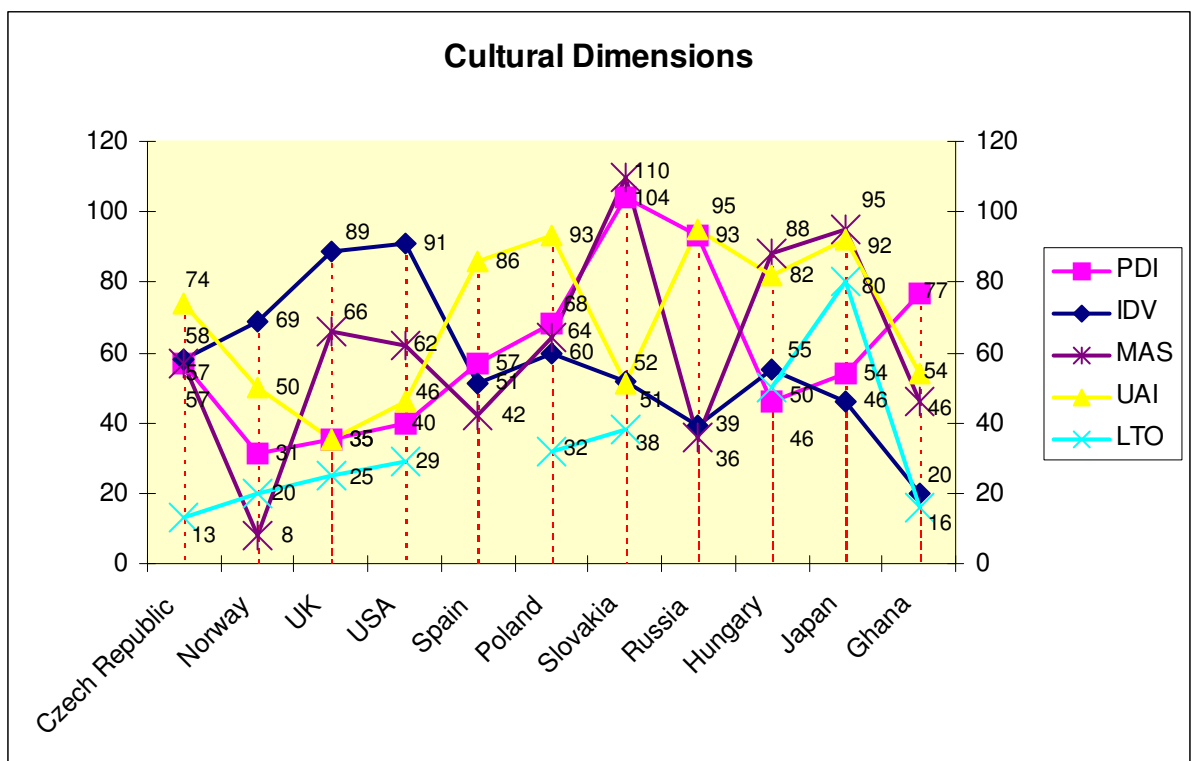
The scale for identifying long-term and short-term orientation is from 16 to 80. Among countries with the low-term orientation belong Ghana, Norway, UK and USA. The typical features for these countries are creativity and promotion of equality. One should treat others as he or she would like to be treated. The Czech Republic owes the lowest score of all countries.

The long-term orientation score reaches Japan and Hungary. Hence strong respect for traditions, high value for education and training are being stressed and work ethic can be found.

7 SUMMARY OF PRACTICAL KNOWLEDGE

The overall graph is showing the total chart curves. By this graph, I would like to draw the idea how cultural diversity appears in DSGi SSC. Each curve owes different direction, each curve owes different score for every dimension, and therefore one must be also mentioned: every culture is different, every individual is different and if we want to reach success we need to be aware of this fact.

Since team work is a base unit for this company, each team is led by their specialists and team leaders encouraging their team to reach set goals in order to achieve success. As a means to reach this, communication is necessary on daily basis. Having explained how communication can be broken, one must bear in mind that key predictor for successful communication is awareness of diversity and proactive approach.



Graph no 11: Summary of cultural dimensions with all countries presented in DSGi SSC (own source)

8 RECOMMENDATION

Following my analysis using the tool of Dr. Geert Hofstede and his cultural dimensions, I will now explain recommendations which I found useful for the company. From my point of view, I personally appreciate Personal guide for employees, where company's values, principles and internal rules are clearly stated as well as explained before signing the employment contract itself. Furthermore, Team values presentation presented to each newcomer is also valuable and appreciated, as giving everybody clear idea of declared values within the company.

8.1 Make Them Be Aware

The primal step is to make employees be aware of the fact that they are working with people from diverse cultures. This might be considered as a matter of fact once working in international company, however this is not usually the reality.

If a receiver of the message decodes the message differently adding ignorance of cultural diversity, misunderstanding will arise, which can lead to devastating impact. Each culture must be respected and this can be achieved by intercultural training, which is certainly step forward and pivotal measure.

8.1.1 Managers' and Superordinates' Training

I strongly recommend starting up the new training for all superordinates focusing on intercultural communication and cultural diversity awareness. If managers work with different cultures, one of their requirements to be fulfilled should be interpersonal skills. They must be able to understand interdependencies; and they must be able to tolerate and cope with uncertainty and ambiguity in order to reinforce interaction without fear, handle stress and prevent failure. Study of intercultural communication will eliminate possible mistakes which one might make when dealing with people from different cultures.

Benefits stemming from studying intercultural relationships are obvious: making effective choice, acquisition of different perspective, building trust and quality relationships. One of the competences of international manager is definitely excellent interpersonal competence, which can be reached by intercultural training.

8.1.2 Subordinates' Training

If we intend to implement intercultural training, associates should be involved as well. Since associates are the fundamental part of the whole company, making them aware of

cultural diversity at their workplace might give them an answer for their questions if they experienced any kind of failure of interaction or communication. If not, this will help them to prevent such a failure and give them an opportunity to build trust and quality relationships.

8.2 Basic Tips on Improving Intercultural Communication

Intercultural communication is not only about language. However, by learning other's language or at least basic phrases, you will show that you respect their culture. Intercultural communication is about understanding different cultures, thought patterns and social attributes in a particular country.

When speaking with person from different culture, make sure to avoid any expressions which may take up confusion, such as idioms, slang or native style. Always express clearly, stress important words and if necessary repeat your message and check whether the receiver understands. It is also valuable to support your message visually or at least by text. If non native speakers can read your message, it is much easier for them to understand. Be very careful when using humour. One might laugh, the other might get insulted.

Avoid being judgemental and respect others behaviour, culture and customs. Learn about basic behaviour and formal manners or style of particular country. Be prepared in advance, so that you are not surprised.

If intercultural conflict occurs, stay positive, try to analyse and find solution. Do not blame anybody. Make sure to set measures in order to avoid such a conflict again.

By participating an intercultural training you will get closer to your colleagues, you will understand why somebody might behave differently, and last but not least, you will deepen your interpersonal competence.

CONCLUSION

I once asked a friend of mine who is working for an international company if he ever participated in any intercultural training. He answered: “No”. I asked why. He replied: “Since working for an international company, I am expected to be mature enough to understand that each culture is different.” The question came to my mind. Why do employees participate in training such as assertiveness, team values, effective meeting and so on? One might have expected others to be mature enough to be aware of team values, how to be assertive or how to effectively lead a meeting.

Field of cultural differences is wide and extremely sensitive. It is well known fact, that most of the international conflicts and sad to say – wars – arose from cultural clash. The more is one aware of cultural diversity, the more conflicts can be avoided.

The aim of this thesis was to explain and describe why cultural diversity awareness is a critical predictor for an international company. When intercultural interaction is on daily basis, one must keep in mind that he or she meets different attitudes, diverse values and various beliefs, which is very often caused by cultural background. This needs to be recognized.

The practical part applied knowledge of Geert Hofstede and his comprehensive classification of cultural dimensions. I used graphs as a tool for presenting the differences and introducing as well as illustrating the variety of cultural dimensions across DSGi SSC. I described characteristics for each score of particular dimension. By using the curves for comparison of all countries presented in DSGi SSC, one can get idea why cultural emphasis is major matter in multicultural workplace.

Since communication is a pivotal aspect for successful team work, getting across communication barriers and understanding person’s reaction will help remain competitive in international environment with increasing globalisation of business.

I believe that I provided the overview of cross-cultural sensitivity and explained how to prevent misunderstanding and poor communication in regards with working in culturally diversified workplace.

I hope my recommendations will be useful for DSGi SSC and wish all the best for the future success.

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LIST OF ABBREVIATIONS

UAI	Uncertainty Avoidance Index
PDI	Power Distance Index
IDV	Individualism
MAS	Masculinity
LTO	Long-term Orientation
STO	Short-term Orientation
NLD	Netherlands
NOR	Norway
ESP	Spain
JPN	Japan
MKD	Macedonia
RUS	Russia
GHA	Ghana
HUN	Hungary
CZ	Czech Republic
SK	Slovakia
UK	United Kingdom
USA	United States of America
TL	Team Leader
SP	Specialist
ASC	Associate
MNG	Manager
DSGi	Dixon Store Group International
SSC	Shared Service Center

LIST OF GRAPHS

- Graph no. 1 Proportion of nationalities within the company (p. 30)
- Graph no. 2 Proportion of nationalities within managers' positions (p. 31)
- Graph no. 3 Proportion of nationalities within team leaders (p. 32)
- Graph no. 4 Proportion of nationalities within specialists (p. 33)
- Graph no. 5 Proportion of nationalities within associates (p. 34)
- Graph no. 6 Power distance index in each country presented in the company (p. 36)
- Graph no. 7 Individualism score in each country presented in the company (p. 37)
- Graph no. 8 Masculinity score in each country presented in the company (p. 38)
- Graph no. 9 Uncertainty avoidance index in each country presented in the company (p. 39)
- Graph no. 10 Long-term orientation score in each country presented in the company (p. 40)
- Graph no. 11 Summary of cultural dimensions with all countries presented in DSGi SSC (p.41)

APPENDICES

P I Organizational Chart

P II Geert Hofstede's Research – Cultural Dimensions – All Data

P III DSG International plc Structure

APPENDIX P II: GEERT HOFSTEDE'S RESEARCH – CULTURAL DIMENSIONS – ALL DATA

Country	PDI	IDV	MAS	UAI	LTO
Arab World**	80	38	52	68	
Argentina	49	46	56	86	
Australia	36	90	61	51	31
Austria	11	55	79	70	
Bangladesh*	80	20	55	60	40
Belgium	65	75	54	94	
Brazil	69	38	49	76	65
Bulgaria*	70	30	40	85	
Canada	39	80	52	48	23
Chile	63	23	28	86	
China*	80	20	66	30	118
Colombia	67	13	64	80	
Costa Rica	35	15	21	86	
Czech Republic*	57	58	57	74	13
Denmark	18	74	16	23	
East Africa**	64	27	41	52	25
Ecuador	78	8	63	67	
El Salvador	66	19	40	94	
Estonia*	40	60	30	60	
Finland	33	63	26	59	
France	68	71	430	86	
Germany	35	67	66	65	31
Greece	60	35	57	112	
Guatemala	95	6	37	101	
Hong Kong	68	25	57	29	96
Hungary*	46	80	88	82	50
India	77	48	56	40	61
Indonesia	78	14	46	48	
Iran	58	41	43	59	
Ireland	28	70	68	35	
Israel	13	54	47	81	
Italy	50	76	70	75	
Jamaica	45	39	68	13	
Japan	54	46	95	92	80

Country	PDI	IDV	MAS	UAI	LTO
Luxembourg*	40	60	50	70	
Malaysia	104	26	50	36	
Malta*	56	59	47	96	
Mexico	81	30	69	82	
Morocco*	70	46	53	68	
Netherlands	38	80	14	53	44
New Zealand	22	79	58	49	30
Norway	31	69	8	50	20
Pakistan	55	14	50	70	0
Panama	95	11	44	86	
Peru	64	16	42	87	
Phillipines	94	32	64	44	19
Poland*	68	60	64	93	32
Portugal	63	27	31	104	
Romania*	90	30	42	90	
Russia*	93	39	36	95	
Singapore	74	20	48	8	48
Slovakia*	104	52	110	51	38
South Africa	49	65	63	49	
Spain	57	51	42	86	
Surinam*	85	47	37	92	
Sweden	31	71	5	29	33
Switzerland	34	68	70	58	
Taiwan	58	17	45	69	87
Thailand	64	20	34	64	56
Trinidad *	47	16	58	55	
Turkey	66	37	45	85	
United Kingdom	35	89	66	35	25
United States	40	91	62	46	29
Uruguay	61	36	38	100	
Venezuela	81	12	73	76	
Vietnam*	70	20	40	30	80
West Africa	77	20	46	54	16

* Estimated Values, ** Regional Estimated Values: “Arab World” = Egypt, Iraq, Kuwait, Libya, Saudi Arabia, United Arab Emirates; “East Africa” = Ethiopia, Kenya, Tanzania, Zambia; “West Africa” = Ghana, Nigeria, Sierra Leone

APPENDIX P III: DSG INTERNATIONAL PLC STRUCTURE

