

# **The Impact of the Cross-Cultural Factors on Getting the Management Performances within AKER Multinational Company**

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## *Abstract*

*Our paper approaches the aspects connected to the analysis of the values' system specific to the AKER multinational group, world leader on the market targets represented by cruises and ferryboats, commercial ships and offshore platforms. The case study was developed at Aker Tulcea subsidiary, component of AKER multinational group. We proposed to identify the cultural profile of this firm, on the basis of the organizational cultures pattern elaborated by G. Hofstede. In this way, we conceived a questionnaire addressed to a number of 20 middle managers, in view to analyze the cross-cultural influence upon the performances of this organization. The results obtained during our research revealed that Aker Tulcea subsidiary assumed the values promoted by AKER multinational group, fact which led at the efficient management of the cultural differences and the creation of the premises in order to obtain organizational performances.*

**Keywords:** *cross-cultural, performance, cultural values, motivation, rewards, cultural differences*

**JEL classification:** F23, Z10

## **1. General considerations concerning the cross-cultural perspective in the business strategies**

The organizational culture is one of the most often approached subjects in management, organizational behavior, psycho-sociology etc. due to its impact on a company's functionality and performances. Most of the debates are focused on the capacity of this organizational phenomenon to contribute substantially to the competitive evolution of the company by gathering its resources and especially its human resources.

The cross-cultural perspective supposes taking into consideration the cultural diversity which characterizes the world business environment and also the specific of the participants' cultural values at the international transactions. The cross-cultural studies have in view the contextual character of the management action and present culture as an explicit variable of these actions.

In order to better understand the phenomenon of cross-cultural communication we need to know the features that mark the cultural differences.

These features are reflecting on:

- the necessity to know the components of the organizational cultures, specific to a multinational company;
- the belonging to a group that may represent a condition for a business' success in cross-cultural context;
- the time which is considered an extremely rare resource or as an available good;
- the opening towards communication that may be strong or limited to taboos, fatalist attitudes, excluded subjects or which can't be discussed, the communication based on trust or distrust.

## **2. The analysis of the business mission and the values' system specific to the AKER group**

Aker Yards is the biggest shipyard in Europe, as well as the world leader on the market targets represented by cruises and ferryboats, commercial ships and offshore platforms. The Aker Yards group detains 17 shipyards located in six European countries and in Brazil. Clients from all over the world admit the ability of the shipyards that are part of the Aker Yards group to project and build ships that correspond to the highest quality standards. The concept promoted by Aker Yards – to build ships at a reasonable price, according to the allocated budget and delivered in time – represents a good way to totally satisfy your clients.

Starting with 1996, Aker Yards launches the activity expansion process, acquiring important shipyards in Germany, Finland, Norway, France, Ukraine and Brazil. In 2000, it focuses towards Romania, acquiring the shipyard from Tulcea, and then, in 2003, another one in Braila.

The collaboration that preceded the acquisition of the shipyard in Tulcea by the Aker group determined an opened attitude of the manager and the employees towards a powerful, serious investor that manifests a long term obvious interest, reflected in the objectives that were in view:

- the improvement of the performances regarding the work and environment safety;
- the value of the opportunities created by the integration of the new acquired shipyards;
- the respect of the norms regarding the quality, the delivery terms and the costs' evolution;

- the monitoring and interaction with the collaborators and subcontractors;
- the integration of the operations (the value of the positive effects regarding the cooperation, as a result of the operations' continuous integration projects);
- the continuous training of the employees.

Aker Tulcea represents an important subsidiary from the strategy portfolio point of view of the Aker Yards multinational group; it is designed for the market target represented by offshore platforms and specialized ships, being the main provider of ship structures for the group's shipyards that don't have facilities for the production.

The companies that belong to the Aker group report to a common set of values, based on six essential values that form the basis of an articulated system of values. These values transformed and evolved once with the expansion strategy of the Aker group, reflecting the efforts of the different generations that brought their contribution to the definition of these concepts.

Although the companies part of the Aker group activate in different business domains, they present many common cultural aspects. Six common essential values remark themselves, as representing the nucleus of the efforts during the time that ensures the performance of these companies on a medium and long term. (figure 1)



**Figure 1 The values' system of the multinational company AKER**

The strategy of extensive development promoted by the Aker group, as well as the advantage of the cooperation between its members, have imposed the development of some common values, knowing that “people who talk the same language” collaborate better.

This is the reason why the group management supports the transposition of the values considered fundamental, in procedures and regulations that must be respected by each member of the group; thus ensuring the assimilation of these values at the level of the whole group by means of permanent evaluations.

The adjustment of each member of the group to its common values reinforces and revitalizes the relations of the group with all those who are part of the stakeholders’ category, and thus, the spirit of performance develops.

In the same time, it was observed that the accomplishment of a unitary organizational culture that should be shared by each member of the group supposes a permanent transformation, a continuous dynamism in order to harmonize the inevitable cultural differences, determined by the large geographical area the Aker Group covers. This fact has determined the Aker group management to make efforts to try to develop the cult of the common values at the level of all the subordinate units.

### **3. The identification of Tulcea Aker subsidiary’s cultural profile based on the analysis pattern of the organizational cultures proposed by Hofstede**

In the study we carried out, we chose as a research tool, the questionnaire by correspondence due to its advantages regarding the data collection, which is made in a consequent and objective manner. Another important advantage is the one related to spending time; we established together with the human resources manager of the society that the delivery of the questionnaire should be sending on the e-mail or by the Intranet the company benefits.

The questionnaire is addressed to the persons who have middle management positions selected according to the organizational structure, which leads to a list of 20 managers (department managers and section managers).

The main reasons of this option have been the aspects related to the subjects’ accessibility of the study to Internet and the level of the knowledge aimed by the questionnaire for the correspondents.

The questionnaire had as a purpose the cultural profile identification of the Aker Tulcea subsidiary and serves for the analysis regarding the influence of the cross-culture on the performances of this society. In the analysis that has in view the cultural profile identification, we based on the cultural features and the administration strategy of the cultural differences declared by the Aker Yards group in the report made on 2008 and which was published on the official site of the company.

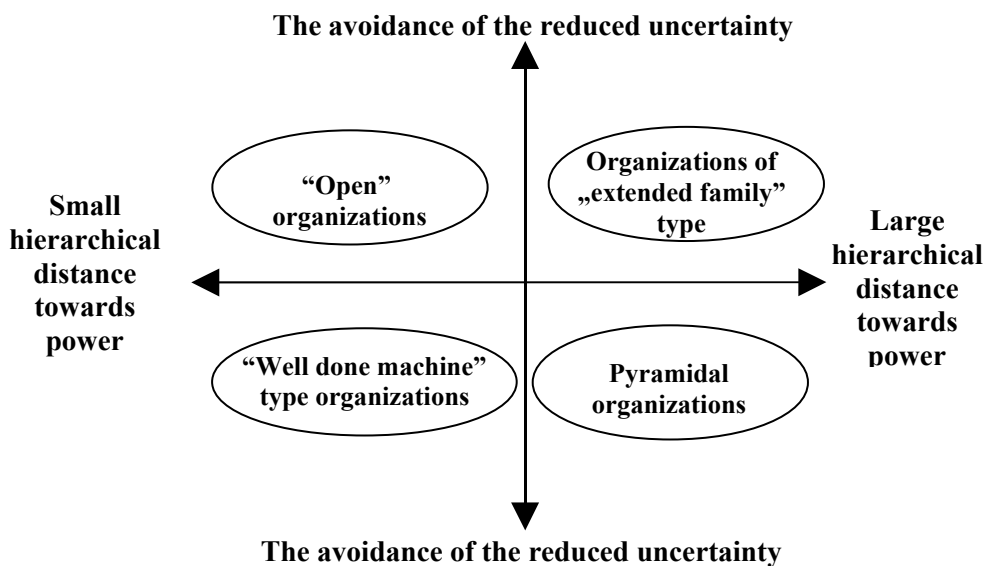
For a more complex characterization of the Aker Tulcea subsidiary we focused the investigation on identifying the cultural profile of this organization,

using G. Hofstede's pattern in order to identify the role of cross-culture in getting the performance in management.

This analysis pattern of the organizational cultures elaborated by Hofstede is based on the information collected by the employees of a multinational company within a world wide research. The criteria that are the basis of the organizational classification pattern have in view:

- the centralization degree of power;
- the standardization and specialization degree and the roles' formalization.

These two key elements correspond to the following cultural dimensions: the hierarchical distance towards power and the uncertainty control. The hierarchical distance towards power provides the answer to the decisions centralization degree that appears in an organization in the following way: the longer the hierarchical distance towards power, the more obvious the power centralization. The avoidance of uncertainty control indicates the tolerance degree towards taking risks. In an organizational culture that presents a strong avoidance of uncertainty, there is the tendency of multiplying rules and valuing the social conformism; the behaviors that deviate from the values' system are considered unacceptable. But, in a more tolerant culture in what concerns the uncertainty control, the individual behaviors of the employees are less controlled and the personal initiatives are encouraged. Based on these two cultural dimensions, Hofstede proposes four types of organizations: open organizations, organizations of 'extended family' type, pyramidal organizations and those of 'well done machine' type. (figure 2)



**Figure 2 The typology of the organizations from the cultural dimensions perspective (Hofstede pattern)**

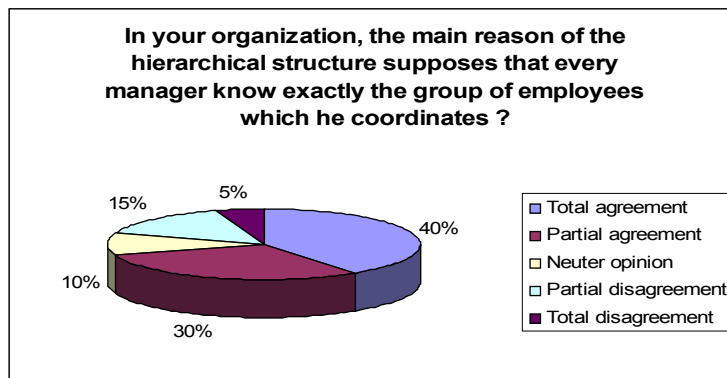
**1. The ‘open’ organizations** are built on values that are characterized by a low level of the uncertainty avoidance and a small distance towards power; they are neither formalized, nor centralized. The relations between the members of these organizations are often opened to the negotiation. The manager is responsible for carrying on the objectives and the subordinates receive tasks to develop their activities efficiently.

**2. The organizations of ‘extended family’ type** are founded on cultural values that are characterized by a low avoidance of uncertainty and a large hierarchical distance towards power, being centralized, but not also formalized. The relations between the employees are strictly established, but there is a considerable zone of initiative in what concerns the work procedures. The cultural values, specific to such organizations are loyalty and the respect of the traditions.

**3. The pyramidal organizations** are characterized from the cultural specificities point of view, by a large hierarchical distance towards power and a strong avoidance of uncertainty. The structure of such organizations is formalized and centralized. Both the work procedures and the relations between individuals are foreseen in a rigid manner, either by formal rules or by habits and traditions. The manager is authoritative and elaborates instructions for his subordinates.

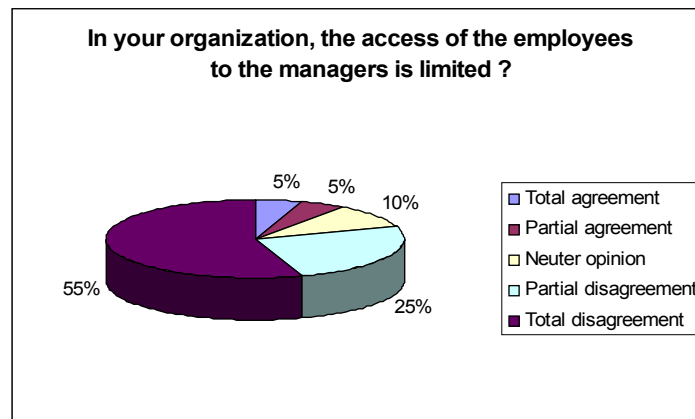
**4. The organizations of ‘a well done machine’ type** are specific to the cultures characterized by a small distance towards power and a strong avoidance of uncertainty. Their structures are decentralized, but formalized; the work procedures are strictly foreseen, but not also the relations between the organization’s members, except their tasks. If we have in view one of the cultural dimensions included in the G. Hofstede’s pattern, that is, the distance towards power, we observe the following answers provided by the respondents, having the following considerations:

The first question had in view the situation in which the main reason of the hierarchical structure is the one that every manager should know on which group of employees that he has authority. (figure 3)



**Figure 3 The analysis of the cultural dimension – distance towards the power from the perspective of the authority exercised by the managers**

According to the answers given, it was observed that a significant percentage from the total number of respondents is registered in the total agreement (40%) and partial agreement (30%) categories, which allows us to notice that within the **Aker Tulcea** subsidiary, the hierarchy underlines an inequality of roles, established conventionally, not an existential inequality, which proves that a small distance towards power is manifested. This observation is also confirmed by the answers to the question regarding **the way in which the subordinates' access to the management staff is done.** (figure 4)



**Figure 4 The analysis of the cultural dimension – distance towards the power from the perspective of the managers – subordinates relationships**

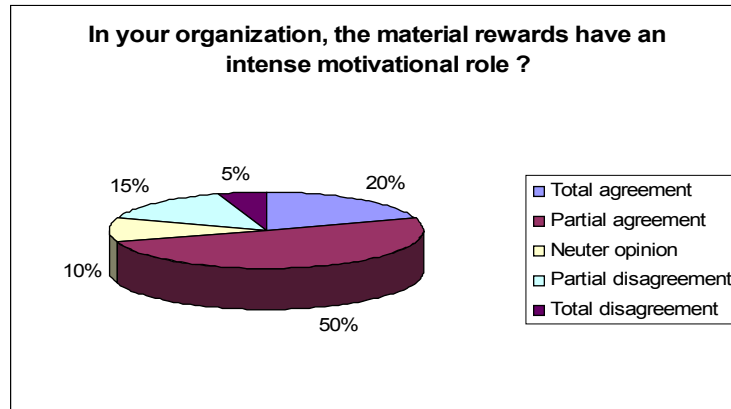
The high percent of the answers registered in the total disagreement (55%) and partial disagreement (25%) categories indicates the fact that, in most of the cases, the subordinates are satisfied in what concerns the access they have to the persons with leading positions in order to express some ideas or requests, a specific feature to an organization in which a small distance towards power is manifested, although we have to observe the fact that the some respondents' answers that claim the access to the management staff is limited, indicate the existence of some contrary cases, that may determine conflictual situations.

Connected to the same cultural dimension, the distance towards power, but under the aspect of **the staff motivation criteria**, the following situation is presented: (figure 5).

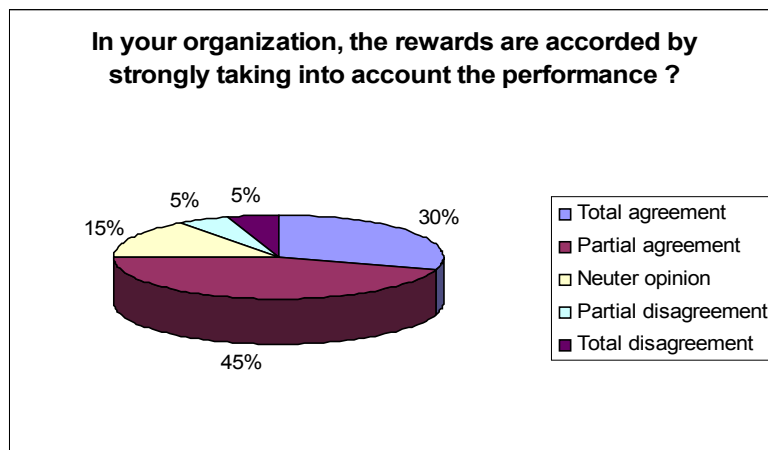
The big number of answers (total agreement – 20% and partial agreement – 50%) that shows the material rewards have a pretty high motivational role for the employees of the **Aker Tulcea** subsidiary, correlated with the fact that **the rewards are given in accordance with the performance obtained (75%)** (figure 6), may indicate a latent state of conflict between them, but also between the managers and their subordinates, considering that, when the rewarding basis is mostly focused on the individual effort, a culture of internal competition is developed, within which the key to success is well kept, the abilities are not

transmitted to the colleagues and the valuable ideas are not shared. Thus, the premises of a culture with a large distance towards power are created.

For a more complex analysis, we associate the previous observation to the reflection way of the individualism – collectivism dimension within the organizational culture of the **Aker Tulcea** subsidiary.



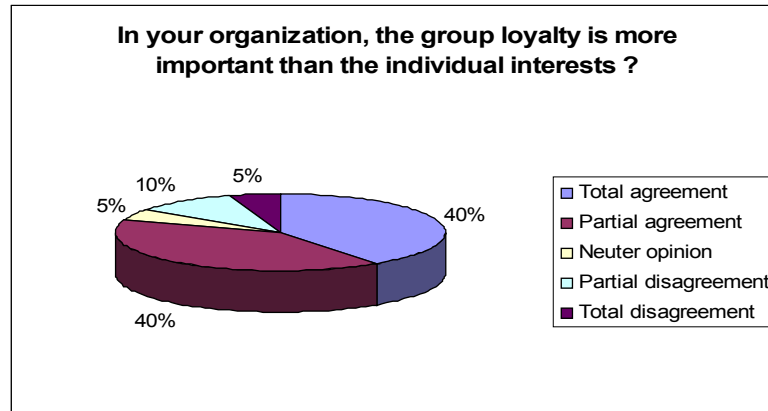
**Figure 5** The analysis of the cultural dimension – distance towards the power from the perspective of the motivational role of the rewards



**Figure 6** The analysis of the cultural dimension – distance towards the power from the perspective of the performance – rewards report

In what concerns this dimension, it is observed a **high level of the collectivism indicated by the loyalty primate to the group (80%)** on the expense of the individual interests (figure 7) and the involvement of the employees from inferior hierarchical levels in the decisional process.





**Figure 7 The analysis of the cultural dimension – individualism vs. collectivism**

We remark the concentration of the answers on the first four steps of the evaluation scale, which emphasizes the orientation in a considerable measure towards the collectivism.

The collectivism, as an orientation towards the common objectives and goals, put the group objectives, the group interests before the individual objectives and interests. A person with a collectivistic mentality considers that due to the increase of the care towards other persons, the life quality will grow for everybody, even if the individual liberties are more restraint. In what concerns the staff motivation, in a collectivistic culture, besides the material advantages, the appreciation and the support from the part of the colleagues represent important work rewards.

In this context, the high level of the importance of the material rewards in motivating the employees of **Aker Tulcea**, doesn't represent a special threat for the company and we can consider the material advantages as a performance stimulating factor, especially that this fact represents an important aspect of the rewarding system.

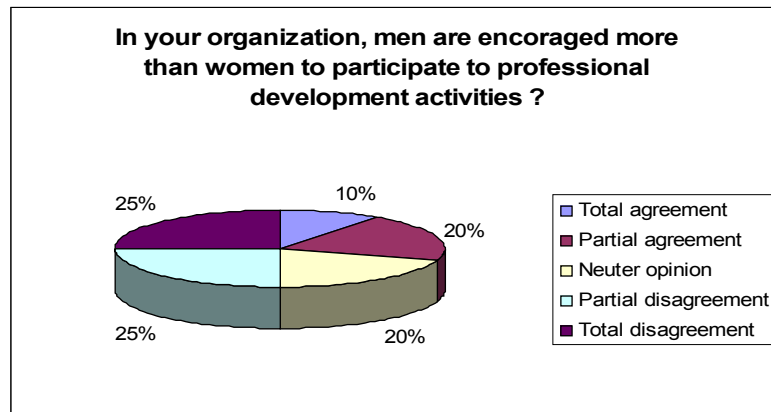
In the same time, we mustn't neglect the fact that, by its specific activities, within the subsidiary **Aker Tulcea** it works a greater number of men in comparison with women, but also the fact that there is a constant preoccupation to diminish the differences between the female and male gender employees. As a proof, we remark the registered answers for the question concerning **the participation at the professional development activities**. (figure 8)

Based on these observations, we conclude that at the level of Aker Tulcea subsidiary, a **relative small distance towards power** is revealed in approaching the interpersonal relationships.

The second dimension included by G. Hofstede in his organizational culture analysis pattern is the **level of uncertainty avoidance**.

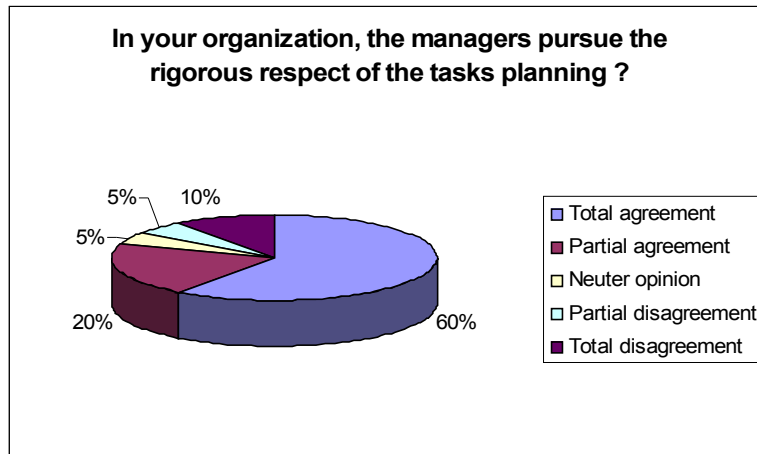
One of the main elements which characterizes this dimension is the top management orientation towards the regulation and the written rules, and in a tight

connection with this one, there is the reaction determined by the deviation towards the standards.



**Figure 8 The analysis of the cultural dimension male – female gender**

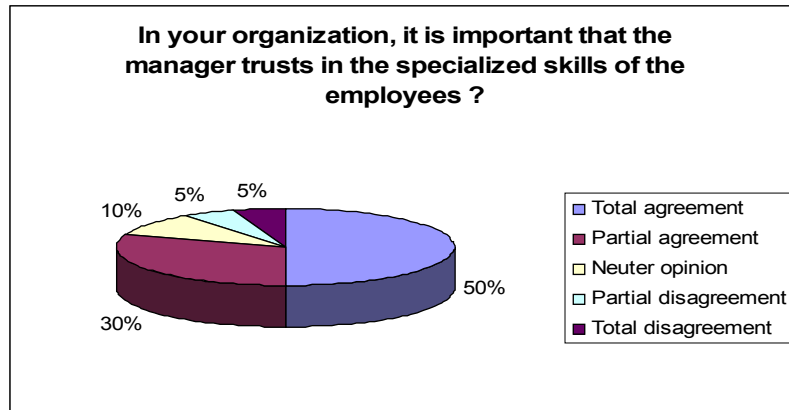
Relevant in this way there is the result obtained at the question regarding the orientation towards the planning of Aker Tulcea subsidiary. (figure 9)



**Figure 9 The analysis of the cultural dimension – uncertainty avoidance**

The concentration of the great number of answers in the category of the total agreement (60%), reflects the obvious orientation towards the planning which indicates a strong uncertainty avoidance. But in the final appreciation on **Aker Tulcea** subsidiary, by the means of this cultural dimension, we mustn't neglect the fact that, firstly, the complex features of the naval building activities, but also the strong competition on the naval market, impose a rigorous orientation to the planning.

Another aspect specific to the uncertainty avoidance level is **the measure in which the top management manifests trust in the employees and in their specialized skills.** (figure 10)



**Figure 10 The analysis of the cultural dimension – managers’ trust in the specialized skills**

The distribution of the answers on the scale emphasizes the trust accorded to the experts and their knowledge. (50%)

Based on these observations, we could appreciate that at the Aker Tulcea subsidiary we observe **a high relative level of uncertainty avoidance.**

Knowing the way in which these two dimensions used by G. Hofstede in his pattern are found at the level of the organizational culture of the analyzed company, we can focus **Aker Tulcea** from the cultural profile point of view, in the category of “**well done machine**” type organization.

#### 4. Conclusions

Following the analysis of the management performance of **Aker Tulcea** subsidiary from the perspective of the values’ system specific to the multinational group AKER, we notice the benefic role of the cross-cultural factors upon the performance of the **Aker Tulcea** management team. This aspect is reflected by the positive economical results registered by **Aker Tulcea** shipyard, after its integration in AKER group. Taking into consideration the cultural profile identified on the basis of the Hofstede pattern, we notice that Aker Tulcea is successfully aligned to the values promoted by AKER multinational company, which proves the efficient administration of the cultural differences and the creation of the premises of a unitary integration.

These results are rewarding the efforts of **Aker Tulcea** management team which follow a permanent improvement of the services quality. In this way, it is necessary to pay attention at the cultural differences management modalities and to value the organizational culture components.

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