

PEDTR 2019**18th International Scientific Conference “Problems of Enterprise Development:
Theory and Practice”****CROSS-CULTURAL FACTOR IN BUSINESS INTERNATIONAL
ACTIVITY**

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juliatic@mail.ru***Abstract***

The author analyses the possibilities of international activities of companies and the advantages they provide for business development. However, this type of interaction has a number of pitfalls. The risks, associated with cross-cultural differences between countries and peoples, must be taken into account. The article discusses different situations that can affect the management and the correct strategy of companies in the context of global interaction. The author of the article explores issues related to the development of corporate culture and employee relationships within the company. The analysis of the activities of companies in which there is no corporate culture is given in the article. The results of studies of the activities of such companies, the level of staff creativity, labour productivity and, as a result, the general results of the activities of such companies are presented. The culture of interaction, socializing and behavior in the workplace, both managers and ordinary workers, undoubtedly affects the success of the company. Companies, existing and operating in related cultures with the same values and values respected by all interacting individuals, will better understand each other, cooperate more effectively and thus achieve high results. The author investigates some common peculiarities of Russian culture and gives advice on how to prepare Russian employers to work in multicultural environment.

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1. Introduction

The internationalization of business and economy is an ongoing process, having many benefits for managers and businessmen. Enterprises are becoming international. For existing organizations, this means the need for detailed knowledge of different cultures. Entrepreneurship goes far beyond national boundaries. The number of people with different cultural horizons is increasing. Cultural differences start affecting business performance.

In modern Russia, the issue of developing international activity of our enterprises and building up global relationship have become very relevant after the country's transition to a market economy. However, at this stage of the country's economic situation and in a difficult geopolitical condition this process requires special attention and careful study. In our opinion, special attention should be paid to the formation of a corporate culture within Russian enterprises and to interaction with other cultures on the foreign market. The problem of interaction between Russian companies and foreign partners is especially relevant in modern society. Nowadays, it is impossible to imagine a large company that would operate completely autonomously, without trying to expand its business, enlarge production facilities, and enter foreign markets. In this regard, a number of questions arise, that require analysis and close investigation. In the context of globalization, a serious challenge is not only the conformity of goods and services to international standards, but also the compliance with the international criteria of a management culture. The management culture, in our opinion, includes relationships in the team, respectful attitude to ordinary employees on the part of managers, a rational distribution of duties, an assessment of employees, fair pay, caring for employees and attention to their problems not only at work, but also outside work. This raises the question of the formation of corporate culture at the enterprise.

2. Problem Statement

The problem of international cooperation is rather complicated and includes several important factors to be considered and investigated. On the one hand, thorough research of necessary and competitive goods to entry into markets would be essential way to expand the business, and on the other hand, foreign collaboration is difficult to organize without better awareness of cultural peculiarities of the country with which business would be conducted. Cultural aspect is necessary to consider at the first steps of developing market strategy - from designing and developing the product to planning its advertising campaign. Another factor to be considered is a corporate culture of foreign enterprises. To achieve effective results in doing business with overseas companies in global environment, corporate cultures of these companies should be studied and learned. Besides, it is important to build up the own corporate culture of an enterprise, involved in this activity.

The internationalization of business involves a widespread use of telecommunication, information and computer support. In the context of the development of information technologies, virtual procedures are an effective tool for implementing market strategies of an economic entity on the global market, taking into account the particulars of the modern management process. Such management procedures require the availability of not only special equipment, but also the means and ways of socializing between companies. When building electronic models of organizing a business on the Internet, it is necessary to think over the

established culture of written communication, such as the choice of content, stylistic features of the text, the lexical design of documents, the grammar of the text, and the traditionally established norms of business writing.

3. Research Questions

- Analyze cross-cultural relations in management;
- Explore the essence of the concept of foreign economic activity of a modern enterprise in the context of globalization and diverse cultural environment;
- Determine the role and functions of international marketing, taking into account cultural diversity in the context of globalization;
- Identify the main elements and features of strategic planning and marketing management in the foreign economic activity of Russian enterprises;
- Substantiate approaches to improving the efficiency of an enterprise foreign economic activity in the global space, based on the development of an international marketing strategy;
- Offer the main directions for the development and implementation of an international management strategy for domestic enterprises focused on cultural differences.

4. Purpose of the Study

The aim of the article is to develop theoretical approaches and practical recommendations aimed at planning and developing the foreign economic activity of Russian enterprises based on the formation of an intercultural communication strategy in the context of globalization. As a professional phenomenon, corporate culture study could contribute toward revealing the mechanisms of interaction among people and companies in professional environment. The study of this problem should begin with historical premises that formed the basis of the established practice of mutual relations in the collective under the Soviet system.

In line with psychological theory, the study of corporate culture and cooperation in the global world will help reach many goals, arising on the way to effective management. Another issue, which is necessary to investigate, is how deep is inherited perception of rejection and negation of other cultures in Russian mentality, and how many people can be flexible and tolerant to another identity. These are not simple questions to study, and they require close attention.

5. Research Methods

The following research methods are used in the article:

- Structural and functional approach;
- Inquiry of target audience;
- Modelling of situations at work with the use of content analysis;
- Study of texts by the method of content analysis.

6. Findings

This issue has been studied for several years. Initially, it was planned to focus on the specifics of interaction between company managers and middle managers with their foreign partners. But, as the research was progressing, it turned out that it was necessary to pay attention to the work of company teams, since cooperation also involves the participation of ordinary workers in the process of communication not only with their managers, but also with the personnel of foreign companies. This can result in some changes of working conditions within companies. Changes in working conditions depend on a decision, which country or countries the company is going to work with. Moreover, the main changes are taking place in Russian companies, and not in foreign ones. Many years of isolation, the so-called “iron curtain”, a planned economy, low labor productivity and local production standards have caused a difficult period of transition and adaptation to world market conditions. It was especially difficult for companies that not only collaborated with foreign partners, but tried to create joint ventures. In this case, reorganization was necessary at all levels of management.

The relevance of the study is determined by the importance of this problematic for the successful development of foreign economic relations of enterprises and with insufficient research of this issue. To achieve economic goals and objectives during negotiations and signing contracts, it is essential to know all shoals of cultural peculiarities.

The more cross-cultural differences appear the higher are the requirements for the cross-cultural competence of the manager. Cross-cultural management is a relatively new field of knowledge in Russia. Such scientists as Chiaburu D.S., Chakrabarty S., Wang J., Li N., Dai, N., Nahata, R., Harrigan, K., Irish, K., Kirchner, T., Rentschler, R., Miao, Y., Zeng, Y., Lee, J.Y., Stahl, G., Tung, R., Trehub, S., Becker, J., Morley, I. developed topical problems, associated with the psychology of intercultural relations of the workforce and corporate culture. Despite numerous theoretical and practical studies of foreign economic activity of modern enterprises, features and factors that determine the strategy of business activity, the intercultural aspect in cooperation with foreign companies has not been widely analysed in the works of scientists and researchers.

The very first level of management, which determines the style and form of communication and depends on the prevailing cultural and managerial traditions in the country, is the structure of the company (Kirchner & Rentschler, 2015).

Traditionally, a command style of team management became popular in Russia, and as a result, a strict hierarchy in the relationship between the boss and the subordinate was established. In a planned economy, this method of management was reasonable and effective. One could say that its shortcomings were the suppression of initiative, the lack of conditions for creative thinking, which did not allow the development of an ingenious personality. May be it is so, but in certain areas of the economy, initiative and high intelligence were appreciated and well paid. Our study shows that the roll of the Soviet economy towards the production of goods of group A to the detriment of goods of group B (consumer goods) contributed to the fact that smart and creative people went precisely to the sector of goods of group B. With the transition of the planned Russian economy to a market one, hierarchical structure of many companies remained unchanged. If we look at this management style from the practical side, then we must admit that in a market economy it was not convenient and not effective. This management style does not imply direct

communication: “the boss - the subordinate”, it creates many bureaucratic obstacles: an employee needs more time to bring some thoughts or ideas to his superiors. We consider this from the standpoint of cultural traditions solely because the main obstacle to direct communication of subordinates with the company leader is the mentality of Russian officials and managers. Some years ago, it was a streamlined and successful work, but now it is out of date, as everything is becoming obsolete in this world. However, the conducted polls show that some managers (18% of the total number of respondents), mostly young people from thirty to thirty-five, are ready for a democratic leadership style. They try to introduce this style in their companies, although, these are not large companies. The questionnaire was compiled in such a way that any untrue answers were reduced to zero. An analysis of the responses showed that 12% of the total number of respondents consider their management style to be democratic, although, in our opinion, this is not true. If a leader drank coffee in the dining room with his subordinate, discussed working matters and then said, that the employer had to write all ideas and transmit through his immediate supervisor, then this is not a democratic style of communication. The survey was conducted among senior and middle managers, who were taking training courses at Samara University of Economics. It is interesting to note that after finishing training courses (their duration ranged from 500 to 1500 hours) their attitude to management methods changed towards a more free and flexible style. In the second survey, the ratio of those who are ready to adhere to a democratic style of management in the future and those who are still going to use an authoritarian style, was changed for 26% and 74%, respectively.

The feedback of stakeholders and the management of the company we consider being the next level of management. If any member of a company team is ready to listen to the client, to meet their needs, to fulfill their requests, then this company can be described as a customer-oriented company. We would evaluate the readiness of Russian companies to listen to customers, to provide after-sales service, to return or replace goods, by 22 points on a scale of 1 to 100. Based on our analysis, we concluded that it was not only a matter of economic factors: high taxes, low labor productivity, staff shortages, but (though economic factors are important) another reason lies in traditionally established relationships: the seller - the buyer, which can be described with the help of a popular saying: “you can’t deceive, you can’t sell”.

It is important to note that when the same managers answer the questions from the perspective of customers, their answers become opposite. However, it should be noted, that there is another saying, most people believe in: "whoever deceives today will not be believed tomorrow". It seems to us that there is one more reason - people who, in a transitional and criminal period, start their business are not very honest on the one hand, and on the other hand, during anarchy, total corruption and the absence of a clear legislative framework for private business, people have to survive. Sometimes this attitude on the part of Russian businesspersons extends to their relations with foreign partners. Since we have been conducting these surveys for more than a dozen years, we can see that the situation is noticeably changing for the better.

How decisions are made in a company is another important situation that we need to address. Of course, we mean important decisions on which the fate of the company depends or those that affect the lives of company employees. In a planned and authoritarian economy, there was no need to consult with the team, to discuss strategic and current plans with employees. In addition, a priori, there was always a distance between the leader and subordinates, it was possible to consult only with higher authorities and it was indecent to discuss something with subordinates. If we analyze these relationships over the past

hundred years, we can conclude that nothing has changed. Thus, at this level, cultural differences with more democratic countries are obvious. Another factor that does not directly affect the management style, but, nevertheless, is a vivid indicator of the nature of the relationship between the leader and subordinates is communication outside work (Dai & Nahata, 2016). Here, according to our polls, the situation has not changed at all. In small companies, an employee can communicate with the leader in an informal setting at the so-called corporate parties, that is, events organized by the company on special occasions, or holidays that the whole country celebrates. In large companies, ordinary employees generally do not have the opportunity to communicate with top managers. If we analyze the literature on governance and cross-cultural communication, it can be noted that this situation is common for many countries (Irish, 2017).

It is important to note that Russia is a multinational country in which the government does not oppress national identity. We could not find any documents that would directly indicate a biased attitude or restriction of the rights of certain nationalities in the USSR. However, many believed that the government infringed small nationalities on their rights, for example, they did not let them hold leadership positions. But we did not find any evidence or laws that confirm these facts.

Thereby, a major finding in this study is that there are no requisites for any difficulties and complications in multicultural communication. On the contrary, there is a lot of evidence and examples of the attitude of Russians towards foreigners who come to Russia and open their companies here. These are mainly agricultural production companies. In Russia, farmers come from Spain, Germany, Canada, and America. It cannot be said that there are a lot of them, but the fact that they are well treated is indicative of that, local people often helped them and no one had problems with communication (Chiaburu, Chakrabarty, Wang, & Li, 2015).

Russian society is very diverse, and Russia is a territorially huge country. Naturally, people live differently in different parts of the country. This is not only the material standard of living, people sometimes speak different languages, dialects, they can have different customs, manners, ways of communicating with each other. Therefore, in our study, we faced with the fact that it is very difficult to draw general conclusions about the life and character of Russians. Therefore, we decided to concentrate on the Middle Volga region, which is located in the central part of Russia.

Another important aspect of the study is the occurrence of industrial conflicts and methods for solving them. Conflicts at work occur in almost all organizations and all managers face them. Unfortunately, Russia has not yet developed a common practice of conflict management. It is a serious problem, which Russian managers have to be consider along with how it is customary to communicate in the family, at school, university and in the team at work. We explored this topic more deeply and began with the living conditions of Russians. Many Russians recall the Soviet past with nostalgia. On the one hand, people talked more, celebrated the holidays with a big company, along with their neighbors. The neighbors knew all the details of each family's personal life. People did not feel lonely. On the other hand, people lived very closely, in small houses and tiny apartments, without basic amenities. In the countryside, there was no water, central heating and sewage in the houses. We believe that conflicts often arose due to a lack of privacy and personal space. Children did not have a place where they could calmly do their home assignments; the adults did not have a place where they could relax after work. Often a family of three or four lived in one room. Moreover, sometimes three generations of people lived in the same apartment. In

such circumstances, conflicts were inevitable. We would explain it by the difficult post-war period, but, unfortunately, it was the government policy. There is evidence of people, who were involved in the architecture and layout of apartments and there are television and radio programs that explain why Russians had such small apartments. It was believed, that people had to spend most of their time outside home — at work, in cultural centers, in various sports sections and clubs. There were various clubs, much attention was paid to sports and sporting achievements. Kitchens were designed in such a way that, standing in one place, you could reach any item with your hand. No this contributed to the strengthening of the family, the upbringing function passed to schools and very often children their behavioral skills up in the street. In addition to this, there was the lack of church education, which before the revolution had played an important role. The value of church commandments have been gradually disappearing from the life of Russians. They did not have a full replacement. The isolation of Russia, the impossibility for people to travel, to see how other peoples live, to compare themselves with others has generated a feeling of exclusiveness. Patriotic education assumed glorifying a strong personality who is not attributable to doubts. Being weak was disgraceful. People tried not to show that they themselves could not cope with some kind of problem, which was bad for them. As a result, conflicts were not resolved either at work or at home. If it was already impossible to hide any conflicts, then the only way to resolve them was through repressive measures. Conflicts were discussed in party or trade unions meetings. These proceedings were usually followed by the punishment of people who, according to officials, were to blame. Therefore, at present, conflicts in firms are rarely solved with the help of psychologists. Russians are not inclined to be frank with strangers. In Russia, psychological agencies are only now beginning to appear, which so far only young people attend. Therefore, if a Russian employer, working in a foreign company, is forced to communicate with psychologists, this will be a great stress for him or her.

International management has many problems. The most important one is the environmental factors. The external environment is always aggressive towards any company. This problem is especially relevant for companies intending to conduct business abroad (Harrigan, 2016).

All environmental factors are interconnected. The interconnectedness of environmental factors results in the intensity with which a change in one factor affects other factors. Just as a change in any internal variable can affect others, a change in one environmental factor can cause a change in others (Miao, Zeng, & Lee, 2016).

The system of values has a direct impact on communication, ways of doing business, the possibility of distributing goods or services, offered by each particular company. Moreover, it is not so easy to identify the values that underpin most beliefs, expectations and customs. Learning customs is much easier. Therefore, before starting activities in another country, managers should learn as much as possible about the customs of the target country, as well as the national language of that country. Managers should also be aware of the features of doing business and limiting competition, and accordingly change the behaviour in interpersonal contacts, as well as change the style and methods of business practice and leadership (Trehub, Becker, & Morley, 2015).

In the process of organizing and expanding a foreign-economic activity of the company, it is necessary to carry out language training of personnel. Firstly, it is important to encourage employees to learn the English language. Furthermore, it is also necessary to study the languages of those countries with

which it is planned to develop business contacts. Of course, you can use the services of a translator, but this is not always convenient. It is not possible to provide a translator to each employee. In addition, learning the language of the target country involves studying its culture, traditions and customs, and this will help employees improve the quality of communication (Stahl & Tung, 2015).

7. Conclusion

Based on the research, we can give several recommendations to managers of Russian companies on how to prepare personnel for work in joint ventures with foreign partners. We propose to carry out preliminary research on management style in the company with which it is planned to cooperate. It is also necessary to study the traditions, customs and cultural features of this country. This includes the style of communication, conflict management, the culture of the meetings, punctuality, writing, including business correspondence. After conducting a comparative analysis, you can draw up a graph that would reflect how close your cultures are to each other. On the horizontal axis, you can mark a line from 1 to 100, and on the vertical axis, arrange important factors for you that you should pay attention to while training personnel. After that, you can create a training program.

Foreign economic activity in a global environment presupposes a strategic level of management activity, including decisions concerning and determining the possibility of entering foreign markets, choosing target segments, ways of winning them, understanding consumer requirements of other countries, etc. Underestimation of the advantages and opportunities of the international activities of a modern enterprise in tactical and strategic aspects leads to low efficiency of its work.

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