

3.3. CONCEPTS OF CROSS-CULTURAL ORIENTATION: A COMPARISON OF LATVIAN AND GERMAN BUSINESS CULTURES

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Introduction

More than 50% of all national and international mergers and acquisitions fail to live up to the hopes and expectations of their initiators and collapse in the first four years of their existence (Cartwright, Cooper, 1992). The main reason for these sad statistics is very often not the “hard facts” (such as the implementation and correct usage of the market and technology factors), but the clash between different organizational cultures (Thomas, 2003).

At first it is necessary to explain the terms “national culture”, “organizational culture” and “business culture” that will be explored in this article. National culture can be defined as an orientation system shared by a large number of people who belong to one nation by their birth or just by the feeling of being assigned to and that has been historically developed and taken for granted by its members. Moreover, every member of the orientation system is influenced by this system and participates in its creation at the same time (Thomas, 2003). Organizational culture in its turn is “a pattern of shared basic assumptions that the group learned as it

solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (Schein, 1992, p. 12)

In order to compare German and Latvian business cultures, which is the purpose of this article, it is crucial to understand the reasons that lead to differences in organizational cultures. “The term organization automatically implies leadership – people in authority who write the rules for the system” (Lewis, 1996, p. 66) Schneider and Barsoux (1997, p. 64) mention the values and beliefs of founders and leaders of enterprise as the first cause that makes corporate cultures unlike. This point of view is neither original nor new; the influence of managers’ attitudes on their behavior which in turn affects the attitudes and behavior of their employees (having an effect on the culture of the organization involved) was already stated by Douglas McGregor, a classical American management theorist, in his eminent “X Y Management Theory” (1985). Schein (1992), a recognized guru of the organizational culture science, also emphasizes the role of the leader in the creation of organizational culture. Consequently, as the superiors of organizations build their beliefs and attitudes in accordance with the national culture they are raised in (Child, 1981; Laurent, 1983; Adler, 1997; Hofstede, 2001; Thomas, 2003) the impact of national culture on organizational culture becomes even more evident.

As a result it may be concluded that organizational culture has to be examined only in the context of particular national cultures. Since the 1970s several cross-national studies of organizations have been undertaken in order to reveal the impact of national culture on organizational structures and cultures (Lutz, 1976; Gallie, 1978; Sorge, Warner, 1986; Maurice *et al.*, 1986; Jürgens *et al.*, 1989; Lane, 1989; Heidenreich, 1990; Whitley, 1991; Heidenreich, Schmidt, 1991).

The most fundamental studies in this field were provided by Hofstede (1980, 1991, 2001), Schwartz (1994) and Trompenaars (1998) who produced several cultural dimensions in order to reveal, explain and comprehend the cultural differences existing between various nations.

Trompenaars' cultural dimensions (1998). The research was conducted over a 10-year period and comprised 15,000 interviews. The participants responded to questionnaires that asked a range of questions designed to identify how cultural values would influence people's decisions when faced with a choice of behavior.

Trompenaars (1998) distinguishes organizational cultures in two dimensions: Power priority versus Role dominance and Task orientation versus Person orientation.

1. Power priority: in Power-oriented corporate culture "the leader is regarded as a caring father who knows better than his subordinates what should be done and what is good for them" (Trompenaars, 1998, p. 139). Authority is based more on personal charisma than on professional achievements. The bond between an employee and his/her boss is created on the basis of mutual sympathy or at least definite respect from the side of the subordinate that depends much more on the personal than professional qualities of the superior. Thus managerial status is ascribed to the higher position and not achieved in terms of professional accomplishments. As a consequence, universal rules are not being implied here, moreover, certain conduct is modified for the particular situations and particular persons.

2. Role dominance, on the contrary, means that subordinates are obeying their boss not because of his/her charisma and special capabilities, but because of the legal authority that is prescribed to the superior. In this type of corporate cultures everyone is working according to instructions; otherwise the system could not function. In Role-oriented corporate cultures the superior "is only incidentally a person. Essentially he or she is a role. Were he to

drop dead tomorrow, someone else would replace him and it would make no difference to your duties or to the organization's reason for being." (Trompenaars, 1998, p. 148) Accordingly, an authority in this kind of an organization achieves his/her status by means of professional accomplishments and not because of personal magnetism as it is in power-oriented cultures. However, as soon as an official position is gained (based on the achievements and experience during the previous career), subordinates will implicitly accept the authority of the superior, ascribing the status to the role. Specific relationships mean that there is a strict separation between personal life and professional sphere. Thus in Role-oriented cultures colleagues seldom engage in shared free time activities. Because of the abovementioned differentiation between personal and professional fields, employees do not take criticisms in a personal way.

3. Task orientation: in organizational cultures that tend towards Task orientation, the emphasis is on the achievement of the best results even if it demands the sacrifice of personal relationships. In a Task oriented organization, an employee has to be competent and fully qualified for his or her position, because the main goal of this type of organization is the best accomplishment of its mission. As a consequence, Task-oriented corporate cultures are impersonal: "people or 'human resources' are conceived of as similar to capital and cash resources. People of known qualifications can be planned, scheduled, deployed and reshuffled by skill sets like any other physical entity" (Trompenaars, 1998, p. 151).

4. Person orientation: here, on the contrary, the priority is on the maintenance of good personal relationships. Thus the creation of a friendly atmosphere at the workplace is of a great importance. Employees are feeling like one big family, reminding Power-oriented cultures. Because of the emphasized importance of relationships between the colleagues, "they may be motivated more by praise and appreciation than by money. Pay-for-performance rarely suits well with them, or any motivation that threatens fam-

ily bonds.” (Trompenaars, 1998, p. 147) In the Person-oriented cultures employees do not hide their emotions, and argumentation not always depends on logic and facts, but more often on affective grounding (Trompenaars, 1998).

The purpose of the present article is to examine Latvian business culture in the context of the cultural orientation systems devised by Trompenaars (1998) and compare it with German business culture. It provides a pilot study on Latvian business culture regarding the national specifics of this country. Since Latvia gained independence from the USSR in 1991, international business relations between Latvian and foreign entrepreneurs have been increasing steadily every year. Moreover, as Latvia entered the European Union last year, cross-cultural contacts and international communication became routine practices in the majority of Latvian enterprises. Thus the need to define and comprehend Latvian business culture has gained in importance. It is a given that during the Soviet rule, no studies on Latvian business culture were conducted, nor was there any emphasis on cross-cultural research and its impact on management practices. Regrettably, no such discussion has taken place in recent years either. The only work addressing Latvian business culture published in Latvia was written by an English author John Mole (2003), and there are barely three pages that are devoted to this problem. The present paper seeks to fill this gap by examining the basic systems of cultural orientation in Latvian organizations and comparing them with German business culture. Germany was chosen as an object of comparison because the economic dominance of this country in Europe is unquestionable (Hickson, 1997) and because the number of German companies investing in the Latvian economy has increased considerably in the last few years, creating a demand for coherent information about the Latvian business environment.

Method

As this enquiry is an experimental study on Latvian business culture, which has to be continued in the future, the qualitative research method was chosen as a tool for analysis. The reason for the selection of qualitative instead of quantitative analysis is that no similar study on the Latvian business culture has been conducted until now and qualitative methods allow gathering a maximum amount of initial information necessary for further exploration, whereas structured surveys are restricted by precisely defined questions with multiplied answers (Alvesson, Sköldberg, 2000). Thus, in order to build the general concepts and preliminary comprehension of the subject, content analysis of semi-structured interviews with Latvian managers was opted for as the most appropriate method to make inclusive statements about Latvian business culture. Moreover, as the cultural orientation is relative rather than absolute phenomenon and thus is better comprehended in comparison with other cultures (Hofstede, 1980; Hall, Hall, 1990; Trompenaars, 1998; Adler, 1997; Hodgets, Luthans, 1998; Matsumoto, 2000; Thomas, 2003), the following study provides a comparison of Latvian business culture with German culture. Information about Germany was gathered from a review of relevant literature (Child, Kieser, 1979; Lawrence, 1980; Hall, Hall 1990; Nuss, 1993; Warner, Campbell, 1993; Adler, 1997; Mole, 2003) and from the results of similar empirical studies (Heideneich, Gorman, 1995; Brück, 2002; Schroll-Machl, 2003; Thomas, 2003).

The analysis was structured using the framework of cultural dimensions devised by Trompenaars (1998). The interview questions were adapted from Trompenaars' two main dimensions of organizational culture – Power priority versus Role dominance and Task orientation versus Person orientation. However, to create a complete picture of Latvian business culture, additional questions related to Time orientation and Collectivism-Individualism dimensions were asked. Semi-structured interviews were

conducted with eight Latvian managers from large, small and medium-sized enterprises. The interviews lasted approximately 40 minutes each and were all tape-recorded. The taped interviews were then transcribed verbatim. These transcriptions were then content analysed according to the dimensions noted above using the method of open and axial coding, and the answers to specific questions were tabulated. The interviewees were selected so as to represent as broad a range of the executives as possible, taking into account the restricted number of interviews: managers of international enterprises as well as managing-directors and owners of smaller unmitigated Latvian firms were questioned. The questionnaire consists of five blocks of questions (see Appendix 1).

Results

Person-Task Orientation: The empirical study on Latvian business culture revealed that Latvian managers and their employees are more inclined towards Person orientation than Task orientation. In German enterprises, on the contrary, Task orientation is an evident priority (Schroll-Machl, 2003). Breidenbach (1994) even defines Germany as a prototype for meritocracy (Leistungsgesellschaft). Achievement is one of the main values in the German society in professional but also in personal spheres (Lawrence, 1980). In some aspects of business culture Latvian interviewees showed similar points of view with their German counterparts.

Regarding status as the characteristic of Task orientation Latvian managers agreed that this factor does not play a great role in decisions taken by personnel management:

“No. I don’t pay attention to the prestige university degree at all. It may happen that a person has graduated from three universities and has PhD degrees, but is ignorant and brainless. The most important factor for me

is that the person is intelligent and bright and you can't get these qualities from any so-called prestige university."

"A university degree does not prove the ability to work in our enterprise. The only thing that it shows is the capability to reach a certain goal in a long term. For that reason I find it better to recruit graduates. But, as I told before, it is not a priority. As for the prestige of a university, we do not pay attention to it at all."

Another similarity between Latvian and German organizational cultures that speaks in favor of Task orientation in both countries is in the accepted reward systems: seven of eight interviewed managers mentioned that they had Pay-for-Performance salaries at their enterprises. This payment system is widely recognized in Germany as well (<http://www.eurofound.eu.int/index.htm>). Moreover, for the majority of the respondents, for the recruitment of new personnel, the professional qualities of a candidate are of greater importance than the personal ones, which is quite similar by the German perception. Nevertheless, some considerable differences were discovered between the two compared business cultures. Namely, according to Schroll-Machl (2003) Task orientation in Germany means that emotions have to be controlled; a professional approach is characterized by orientation on goals and the ability to support one's arguments with facts. Thus resolving conflicts and making decisions, Germans operate with carefully gathered data and statistics and never with emotional or irrational reasoning. Moreover, during meetings or business discussions voices are never raised, otherwise the partner would be considered as a bad-mannered (Hall, Hall, 1990). Our analysis of Latvian business culture displayed that Latvian employees, on the contrary, are inclined to be rather Affective and emotional. There were three questions in the interview that belonged to the Affective-Neutral dimension and the entire interviewed cohort of managers showed surprising consensus answering these questions. For example, everyone admitted that at least the majority of their subordinates do not conceal their emotions at the workplace. More-

over, asked if his subordinates showed their emotions at work, one of the managers mentioned a particular case that may serve as a good example:

“Yes, they do. Especially they show their excitement. Actually there is a cliché that Latvians are cold and un-emotional. But it is not true. I have heard from many friends who are managers in other Latvian firms that emotions very often get high at the workplace. And I can tell one example from my own experience as well. Namely, once there were two secretaries who had a row and refused to come to work for several days because they were so angry with each other! And no one could do anything about it....”

The next question was if sometimes during conflicts someone raised their voice or ran out of the meeting room. Here again the answers were very homogeneous: although it is not usual that someone would run out of the meeting room, all managers admitted reluctantly that the conflicts are as a rule solved rather emotionally. This impassioned behavior of Latvian employees leads to the rejection of facts as means of argumentation and a tendency to operate with irrational, emotional reasoning:

“...and I can tell that it is common to play on the emotions during the conflicts. Unfortunately sometimes when my subordinates fail to find appropriate arguments to support their point of view, they start to be very emotional...”

Another manager stated a very similar opinion about his employees:

“They try to base their argumentation on emotions and not on the facts. I am attempting to teach them to support their decisions with data. There are some people who are very hot-headed.”

Such tempted behavior clashes with the rational German approach and may cause misunderstandings or even conflicts between Latvian and German colleagues.

An overwhelming Task orientation in German organizations explains the fact that the creation of a friendly, warm atmosphere at the workplace is less important than aiming to the best performance. Relationships with your colleagues and superiors do not have to influence the professional achievements. If you like your boss, it may be your advantage, but it cannot be the main reason for coming to work every morning (Schroll-Machl, 2003).

At the same time, Latvian managers view the creation of a friendly atmosphere as their primary task. The following statement illustrates the general opinion of the interviewees:

“Yes, we do everything we can to make sure that people feel themselves comfortable on their job. And I think that we are succeeding in it. The policy of our enterprise is that human resources are the most relevant for us and we are trying to do our best to satisfy the needs of our personnel.”

Furthermore, considerable differences in the perceptions of German versus Latvian managers in terms of Person-Task orientation arise from the attitude towards rules and regulations. According to Nuss (1993), Germans believe in the general logic of laws. If a law has been written, there was a good reason for it, even if it is not evident to everyone at the first moment. Rules are not doubted in Germany even if they are not appropriate for a particular situation. If we start making exceptions every time that some statute does not fit the situation, the whole system will collapse (Brück, 2002). Latvians definitely do not share such a position: in Latvia people are not disposed to following the rules just because they exist, without questioning if they suit the particular situation, especially when no punishment for an illegal action is expected. For example, Latvian managers would not mind making forbidden

maneuvers if it did not harm their managerial position. People are more inclined to cheat whenever there is a favorable chance without recognizing it as fraud, which may make them corrupt and untrustworthy in the eyes of their German associates. On the other hand, Germans, due to their universalistic perception and reliance on rules in all situations may seem naïve, cold-hearted and untrustworthy to Latvians because they even do not help their friends when they have all opportunities to do so. In addition, interviewees confessed that Latvian managers are not punctual at their work and they usually differentiate between important and unimportant meetings, deciding when they can afford to be late. Such behavior can also be viewed as a rejection of the rules. For Germans harmony and success may arise only from law and order (Nuss, 1993). Thus *die Ordnung* is one of the most important values in both private and professional spheres of life. If we start to differentiate friends and relatives from other people and treat them differently, regardless of the rules, the world will turn into a chaos. It may be suggested that the people who tend to help their beloved ones despite the general rules are viewed by the German side as dishonest. For example, to have members of a family work in one office in Germany is seen as a disadvantage because it harms the efficiency of an organization if the relationships between colleagues become impersonal (Adler, 1997).

On the contrary, in Latvia it is habitual to treat friends and relatives otherwise than strangers, which may seem like abnormal behavior to Germans. If Latvians have an opportunity to support their friends using their professional benefits they will definitely do it, because there is a belief that people have to help their beloved ones:

“I would try to help my friends and relatives when it is possible. But I would not risk my professional position for that reason either.”

Moreover, in the small and medium-sized Latvian organizations, family members working in one and the same office is a common

practice. However, managers of international enterprises stated that the policy of their headquarters did not allow such performance and these rules are obeyed.

The main differences and similarities between Latvian and German organizational cultures considering Person-Task orientation are illustrated in the Table 1.

Table 1. Comparison of Latvian and German business cultures according to the Person-Task orientation; derived from the interviews with Latvian managers and literature analysis on the German business culture

| Cultural features | Latvians | Germans |
|---|----------|---------|
| Equal treatment of friends and strangers | No | Yes |
| Being late for insignificant occasions | Yes | No |
| Reliance on Rules | No | Yes |
| Showing their emotions at work | Yes | No |
| May raise voice during the meeting or conference | Yes | No |
| Build argumentation only on facts and logics | No | Yes |
| Prestige of the college graduated from is important | No | No |
| Pay-for-performance reward system | Yes | Yes |
| Usually late | Yes | No |
| Creation of friendly, family-like atmosphere at the workplace | Yes | No |

Power-Role orientation: This dimension incorporates Ascribed versus Achieved apprehension of status and Specific versus Diffuse cultural orientation systems. Interviews with Latvian managers did not articulate any clear-cut conclusions about Power-Role orientation in Latvian organizations; thus the urgency of further study is evident. However, after the analysis of interviews it was

possible to conclude that Latvians are relatively more inclined to Power orientation than to Role orientation. Nevertheless, the answers to some questions pointed out that in particular circumstances Latvian managers tend to be Role oriented.

German organizational culture in its turn can be defined as clearly Role oriented (Trompenaars, 1993). Here everyone is doing his task and authority depends exclusively on the professional qualities and not on the personal charisma. As a result, in Germany individuals do strictly separate their private lives from their professional activity. According to Schroll-Machl (2003) Germans are completely different at home and at work. They devote themselves fully to the tasks they are doing during the day at their workplace and they relax with the same enthusiasm when the day is over. Latvians as well as Germans separate their personal lives from professional activities; however, Latvian managers admit that it is not always possible. Several managers articulated the same thought that can be stated as a quotation:

“Well, yes, I try to separate my work from my personal life when it is possible. But sometimes it is not possible.”

While in Germany the contacts that are held at work grow into personal relationships very rare if ever (Schroll-Machl, 2003), in Latvia it is a common practice: all interviewees recalled some situations when their customers or business partners became their friends or at least acquaintances. Here significant differences between Latvian and German organizational cultures were revealed, allowing us to suggest that Latvians are relatively more Power than Role oriented. For example, employees in Latvia would rather lie and make up some false story than frankly refuse helping their superior in doing some personal favor:

“He will lie that he can’t do it, because of some circumstances. But he will never tell it straight to my face that he doesn’t want to, no. I am their boss after all. They cannot refuse helping me.”

Such behavior does not arise from the general politeness, as it is customary in Asian countries; Latvians are able to refuse helping their friends or strangers: such rejection is not viewed as bad manners in everyday life. Thus it may be concluded that in Latvian organizations a superior does not lose his power to enforce obedience outside office as it is in Germany, where individuals are just playing their certain roles during the working day and leave these prerogatives when the day is over. These discrepancies between German and Latvian cultures grow into another dissimilarity: Latvian managers noted that their subordinates sometimes take unprejudiced criticisms personally. This behavior of Latvian employees enforces executives to indirect disapproval: namely, interviewees pointed out that the tone and the message of the disapproval depend on the employee's personality and on what kind of mistake has been made, which is in great contrast with the German approach of "constructive criticisms".

As stated above, Power-Role orientation correlates with Ascribed-Achieved status apprehension. Namely, members of Power oriented organizational cultures tend to view status on the basis of ascription, while in Role-oriented organizational cultures status is a matter of certain achievements. Thus examining Latvian business culture, some questions relating to the status perception were asked. For example, all the interviewed managers pointed out that in Latvia personal appearance is of crucial importance. Moreover, it has to be mentioned that it is a common trend in Latvia that people are not negligent about their clothes and they evaluate others on the basis of their appearance as well, which speaks in favor of ascribed status. In addition, in the countries where status is believed to be ascribed to the members of society, it is crucial for the employees to know everything in their professional field; it is a shame to admit that a professional does not know something concerning his sphere (Trompenaars, 1998). Thus the managers were asked if their subordinates would be able to answer frankly that they did not know something that was asked by their manager or they would try to equivocate. The following quotation illus-

trates the general sense that arises from the entire body of answers:

“They will try to answer anyway, that is for sure. No one wants to admit that they do not know something.”

The main differences between Latvian and German business cultures in terms of Power-Role orientation are summarized in the following table.

Table 2. Comparison of Latvian and German business cultures according to the Power-Role orientation as derived from the interviews with Latvian managers and analysis of literature on German business culture

| Cultural features | Latvians | Germans |
|---|-----------------|----------------|
| Separation of private from professional spheres | Yes | Yes |
| Business partners may become friends | Yes | No |
| Superiors may interfere in the private sphere | Yes | No |
| Direct criticism | No | Yes |
| Appearance is a matter of a great importance | Yes | No |
| Expect to know all the answers | Yes | No |

Individualism versus Collectivism: Some additional questions were asked regarding this dimension to receive a possibly more complete picture of Latvian business culture. This examination, though, did not involve a deeper investigation of Individualism-Collectivism tendencies in Latvian and German organizational cultures.

The interviews revealed that Latvian business culture may be defined as slightly more collectivistic than individualistic. However, like all the discoveries within this study, this statement as well is

only a hypothesis that needs to be proved by further research in the future.

According to Trompenaars (1998), Germany tends to be more an Individualistic than Collectivistic country. Nevertheless, its ranking in Individualisms is not very high. So it cannot be stated that Germany is typically individualistic; thus it is only an inclination. As a consequence, in Germany everyone is responsible for his/her own performance; such things as “collective responsibility” do not exist here (Hall, Hall, 1990). Moreover, only 14% of Germans prefer to work collectively (Trompenaars, 1998). However, decisions have always been made by consensus and never individually, and thus require a long time (Hall, Hall, 1990).

According to the interviews conducted with Latvian managers, there are many similarities between Latvian and German business cultures in terms of this dimension. For example, collective responsibility is appreciated neither in Latvian nor in German organizations; usually there is one person who is accountable for the performance of the group even in case of team projects:

“The captain of the group is responsible. It is completely wrong if the whole group has to answer for the mistakes made when there was an appointed leader.”

“Well, responsible at the end is a team leader. There is always the one who is responsible for the project and others are just doing what he is saying. So it would not be wise to punish everyone in the group.”

“Certainly the captain is responsible. There always is the one who is responsible. And I try to find him to make sure that he will not make the same mistake next time.”

Still, there are also some differences that illustrate Latvian culture as a bit more collectivistic. In particular, Latvians work in groups more willingly than German associates. Namely, all the respondents stated that group work is popular and appreciated among their subordinates. In addition, it seems that the colleagues' opin-

ion is more important for Latvians than for Germans, which is a peculiarity of the collectivistic approach. One of the managers even pointed out that the opinion of the others is important for everyone in Latvia and he told an anecdote that given an opportunity to buy an elephant, a Latvian would consider at first what the elephant would think of him.

Answering the question about participation in the decision-making, managers from the big international enterprises stated that the most significant decisions are made by the consensus of the entire management team, while the managers of smaller firms with purely Latvian capital said that they did not consult anyone when making their settlements. Thus it is impossible to draw any conclusions about the national specifics of Latvian enterprises regarding decision-making because these differences are likely to be connected with the size of the organization; more profound research is needed in the future, distinguishing pure Latvian and international enterprises operating in Latvia as well as sorting the organizations by their size.

The existing differences and similarities between Latvian and German business cultures in terms of this dimension are illustrated in Table 3.

Table 3. Comparison of Latvian and German business cultures according to the Individualism-Collectivism dimension as derived from the interviews with Latvian managers and literature analysis on German business culture

| Cultural features | Latvians | Germans |
|--|---|---------|
| Denial of collective responsibility | Yes | Yes |
| Preference for team work | Yes | No |
| Opinion of colleagues is of the crucial importance | Yes | No |
| Decision making in consensus | In big enterprises – Yes In small – No | Yes |

Time orientation: The interviews brought to light that Latvian executives recognize themselves being unpunctual. Almost all interviewees said that they are usually late to meeting and appointments, in contrast with the punctuality and exactness of Germans, which sometimes even grows into obsession. According to this dimension of Trompenaars (1998), Germany is a typical monochromic country where the events occur one by one and any turbulence in the sequential order of activities creates discomfort and stress.

Moreover, Hall and Hall (1990) state that time lies at the core of German culture. They continue that “changing plans after things are in place may strike Germans as arbitrary and irresponsible” (1990, p. 35). Time is money and thus instead of being wasted it has to be used wisely. Precise and long-term planning is an important tool of successful management. Moreover, a term “time management” is a determinant for the accomplishments of any aims both in professional and personal spheres (Schroll-Machl, 2003). Thus in Germany everything has to be done in time and punctuality is a hugely important virtue; lack of it is likely to be misinterpreted as an irresponsibility, egocentricity or rudeness (Hall, Hall, 1990).

In comparison to their German counterparts Latvian managers are much less precise. Thus Latvian delays may be interpreted by their German colleagues as negligence and unserious attitude towards their professional duties. Another difference between Latvian and German business cultures appeared in the mode of planning the agenda. Namely, the interviewed executives stated that had flexible timetables because many unexpected events usually occurred during the day. German businessmen, on the contrary, are much less prepared for sudden interruptions into their schedules and abrupt changes create stress and negative emotions (Trompenaars, 1998). Moreover, conversations with Latvian managers displayed that not for everyone time has great worth. Namely, some Latvian managers are not disturbed seeing that

their subordinates are wasting their time instead of doing something useful, while in Germany the expression “time is money” is very characteristic and proves to be true in the most organizations. These differences and similarities are summarized in the Table 4.

Table 4. Comparison of Latvian and German business cultures according to the time orientation, derived from the interviews with Latvian managers and literature analysis on German business culture

| Cultural features | Latvians | Germans |
|---|----------|---------|
| Usually late | Yes | No |
| Flexible agenda, prepared for unexpected events | Yes | No |
| Generally believe that Time is money | No | Yes |

Conclusions

The current study on Latvian business culture revealed some crucial differences as well as several similarities between Latvian and German business cultures. To help German colleagues successfully deal in the Latvian environment, ten practical recommendations with interpretations were elaborated in the Table 5.

Cross-cultural studies conducted in the last few decades have proved that the impact of national culture on organizational behavior is evident (Cohen *et al.*, 1980; Child, 1981; Swidler, 1986; Trompenaars, 1993; Heideneich, Gorman, 1995; Adler, 1997; Thomas, 2003).

“Does organization culture erase or at least diminish national culture? Surprisingly the answer is no. Employees and managers bring their ethnicity to the workplace.” (Adler, 1997, p. 61)

Table 5. Recommendations to German managers dealing in Latvia

| Recommendations | Interpretations |
|---|---|
| Be prepared for delays and the fact that meetings will not always start on time. | However, if you will insist on punctuality, employees will change their habits, because Latvians usually distinguish between really important occasions where they have to be on time and routine meetings where they can be a bit late. Thus the superior have to explain their position in the matter of punctuality. |
| Invent some control system. | It is not that obvious in Latvia as it is in Germany that employees have to follow the rules. If there is no control from the superior subordinates may afford to be lazy sometimes. There is a saying in Latvia: “trust them but check them”. |
| Show more tact and diplomacy criticizing your subordinates; do not be as direct and frank as it is habitual in Germany. | In Latvia employees sometimes take criticism very personally and get offended. It is better to say at the beginning some compliments about the achievements of the subordinate and only then start with the negative feedback. |
| Be prepared that conflicts may be solved rather emotionally. | Colleagues may raise their voices during a meeting or conference if the topic affects them personally; it is not considered as bad-mannered. |
| Be ready to hear very irrational and provocative arguments when resolving conflicts. | Logic does not always work in Latvian organizations. Similarly, do not be surprised that rational reasoning is not always enough to persuade your Latvian colleagues. |
| Pay attention to your appearance. | Fashionable and expensive clothes will raise your status in the eyes of subordinates. |
| Do not refrain from joking at the meetings, conferences and during the daily routine. | Latvians appreciate humor and some fun is expected at the work-place to reduce strain. Even simple jokes are better than overly serious atmosphere. |

Table 5 continued

| Recommendations | Interpretations |
|---|---|
| Arrange a team-work project when possible, but always delegate the responsibility to someone. | Collective responsibility is not appreciated in Latvian organizations. |
| Do not hesitate to talk with your subordinates and colleagues about their families, free time activities, arts and any other preferences; it will make you more trustworthy and reliable in their eyes. | Better rapport will be created with your colleagues and subordinates if you involve in small-talk. If you are very business-like and performance oriented all the time, your Latvian associates will take you for a cold and arrogant person. |
| Spend some time on building warm and sincere relationships with your subordinates. | Latvians do associate their job with the personality of their superior. In Latvian organizations the creation of friendly, family like atmosphere is one of the most important motivating factors. |

Despite the importance of cross-cultural studies, Latvian business culture is still *terra incognita* for foreign entrepreneurs: no serious research has been done in this field and there are very few if any literary resources to provide coherent information about the subject. This paper has been written as a pilot attempt to gather relevant knowledge by examining the basic cultural orientation systems in Latvian organizations and comparing them with German business culture. As a result, some differences as well as similarities were revealed and on the basis of these findings practical recommendations to German managers were elaborated.

The word “difference” has several meanings. The most commonly used one is “being different or unlike”. However, another significance of this word is “disagreement or argument, conflict, quar-

rel” (Elliot, 1997). This second definition viewed in the cross-cultural contest is very pessimistic. The meaning of cross-cultural studies is to ensure that differences that are not avoidable will not lead to serious conflicts. The present study pursues the same goal: it aims to help German entrepreneurs to comprehend and be aware of the most clashing differences between Latvian and German business cultures, thus minimizing the possibilities of quarrels originating in cultural incomparability.

However, all conclusions and generalizations that arise from the study may be stated as hypotheses, because it is evident that more interviews have to be organized and at least the separation between big and small, Latvian and international enterprises has to be provided. Moreover, the need to distinguish between several branches may arise during further analysis. Thus it is apparent that a lot of work has to be done in the future in order to define Latvian business culture and to draw any firm conclusions. Nevertheless, this study may serve as a starting point for further, possibly quantitative research on Latvian organizational and business culture.

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Appendix 1. Some examples of interview questions**General questions about personnel management, motivation, payment system:**

In your personal opinion, what is the best way to recruit new employees?

Which recruitment mode is more common in your organization?

Questions according Person-Task orientation:

Are you trying to create a warm, family-like atmosphere at your workplace or would it only handicap the productivity of work and your prestige as a boss if everyone started feeling like at home?

Do your subordinates show their emotions at work?

Questions according Power-Role orientation:

Do you strictly keep your private life separate from your work or is it a very important part of your life that you can't isolate from your other activities?

Have you experienced that your business partners or customers became your friends?

Questions according individualism versus collectivism:

Is teamwork common in your organization?

If there are some teamwork projects, then in case some mistake has been made, who is responsible for that – the captain of the group or the whole group?

Time orientation:

Do you have a harsh agenda you always stick to?

Are you punctual at your job?

Are you or your boss displeased when your subordinates are having too long coffee breaks?