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Should a U.S. Company Doing Business in the European Union Hire a Cross-Cultural Expert?

Patrick Henning
Lynn University

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SHOULD A U.S. COMPANY DOING BUSINESS IN THE EUROPEAN UNION HIRE A CROSS-CULTURAL EXPERT?

PATRICK HENNING

A thesis present to the Faculty of the School of Management, in partial fulfillment of the requirements for the degree of Master of Business Administration

1994
PREFACE

The Growth of multinational business, the increasing interdependence of economic systems combined with the growth in technology, and worldwide communication capabilities have created the need for global markets. Those markets have given rise to a critical human resource demand and the need to reconsider the role of international management. Unlike managers in a single country business, multinational managers must interact not only with operations in their specific area of responsibilities but also with their host country staff, their parent company, and the host country itself.

In addition, the growth of the European market and the recent passing of the Maastricht Treaty have increased my desire to broaden my knowledge about international business. This thesis allows me to combine two areas of interest and to expand my knowledge about the position I would like to occupy.

I would like to acknowledge the following people for their help and support throughout the development of my thesis: Delphine Contoz and Dr. Jim Miller.

I dedicate this thesis to my beloved father, who passed away two years ago, and to my mother who remained strong throughout all the hardship.

Patrick Henning 18 July 1994
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CHAPTER I

SHOULD A U.S. COMPANY DOING BUSINESS IN THE EUROPEAN UNION HIRE A CROSS-CULTURAL EXPERT?

Statement of the Problem

Introduction. The main objective of this chapter is to provide the background information needed to explore whether a U.S. company doing business in the European Union should hire a cross-cultural expert. This section will focus on defining and explaining the key terms, "Europe" and "culture." It is fundamental to discuss "Europe" because one must understand the European atmosphere in order to feel confident with the development of this thesis. The paper will explore the background of Europe in order to show the important impact its evolution has had on its peoples' behavior and beliefs. Then, the opportunities it offers U.S. businesses will be discussed in order to prove that it is timely and beneficial for Americans to do business in Europe.

As Europe finally reaches its goal of unification with the Maastricht Treaty, a complex market is developing. People, goods, services, and capital move freely across borders creating a very rich cultural environment. The 132 page treaty creates the status of European citizen. As
such, community nationals can live and work anywhere in Europe as well as vote (under specified conditions), and stand as candidates in municipal elections and European Parliamentary elections. The international manager's role has become more important than ever as challenges arise to problems created by the multi-cultural environment. The different roles that national and business cultures have played in Europe will be discussed in order to prove that culture should be one of the most significant factors in the business decision making process. Next, an explanation of why cross-cultural expertise is needed, if companies are to survive in the European market, will be provided. Finally, an overview of the requirements of a cross-cultural expert will be given.

Evolution of the Unification Process in Europe. Europe is a construct defined by economic and political interests rather than physical geography or a common "culture." This construct has varied throughout the region's history: "For the Ancient Greeks, Europe was the land mass behind the Greek mainland; later, it was the domain of the great European powers--the Holy Roman Empire, Napoleon's France, or the Austro-Hungarian Empire of the Hapsburgs." In 1957, Europe acquired a new definition under the name of the EEC. This begun after World War II and especially with the treaty of Rome signed on March 1957, which established the six

\[1\] Nicolas Hildyard, "Maastricht, the Protectionism of Free Trade," Ecologist, March/April 1993, 1.
original members including the Benelux countries (Luxembourg, the Netherlands, and Belgium), France, West Germany, and Italy. In January 1973, Denmark, Ireland, and the United Kingdom entered the Community, followed by Greece in January 1981. Then, in January 1986, Spain and Portugal joined the 12 countries in the Community. In 1986, the twelve member states of the EC signed the Single Act which committed them to dismantling all legislative barriers to the free movement of goods, services, capital, and people among them by December 31 1992. Despite a first rejection of the agreement by the Danish (50.7 percent to 49.3 percent), the Maastricht Treaty was approved at a special summit of leaders of the EC’s twelve member states in the Dutch city of Maastricht in December 1991 and signed in February 1992. This proved that Europe was determined to organize its resources to make the most of its place in global competition.

Attractiveness Of the European Market. Despite suffering a recession in the early 1990s, the European Community continues to offer excellent opportunities for the United States exporter who shows patience and flexibility. As chancellor Kohl declared, "The 1990s will be the decade of Europe, not Japan. This is Europe’s hour." United States’ exports to Europe reached $122.5 billion in 1992,

\[\text{\cite{Barnard}}\]

\[\text{\cite{Novak}}\]
making that region the largest trading partner of the United States. The Western European market accounts for over one fourth of total worldwide U.S. export. Sales from America, particularly manufactured goods, have increased sharply since the twelve countries of the European Community have begun to implement their Single Market Program.

In addition, the seven countries in the European Free Trade Association (EFTA), which include Austria, Iceland, Norway, Finland, and Sweden, are harmonizing regulations with the EC, "incorporating more than 1,500 EC laws and 2,300 pages of technical regulations into national statutes," creating a European Economic Area (EEA) with few trade and other barriers. Even though Swiss voters shocked their leaders by narrowly rejecting a plan to join the EEG, some polls suggest that the Swiss would still like full EC membership. Additionally, the citizens and government leaders of several Eastern European nations can barely contain their excitement about possibly joining the community. This free movement of goods, services, people, and capital means a more open market for European companies and others, such as the United States that are prepared to take advantage of these developments.

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The U.S. trade balance with Western Europe turned the corner in the late 1980s and shifted from deficit to surplus by 1990. The 1992 surplus of $9.7 billion was a decline from a $19.4 billion surplus in 1991. Exports to America's biggest customers weakened slightly in 1992, but still were strong, amounting to $122.5 billion. The U.S. imports from Western Europe were $122.8 billion (Fig. 1). With 345 million consumers and a $6.2 trillion market, compared to the United State's 253 million consumers and $5.7 trillion market, the European Community of 1994 offers a wide range of opportunities and challenges to U.S. exporters.7

In the European countries, evidence of American popular culture is pervasive. Visitors see European youths wearing shirts that bear names and logos of American rock groups and football teams. American culture has a large influence in the EC and, therefore, provides great sales opportunities for U.S. companies. With the reduction of the trade barriers, a distributor in any of these countries can import a company product from the U.S. and then resell it to any of the other eleven countries without tariffs, export declarations, or other barriers. For example, "a German company distributing U.S. products to Europe will be in a very similar situation to a New Jersey company distributing a German product to all fifty-two states."8 So, while it is


8Walter, "Deal Starts Rush to Join European Superpower," 25.
S. TRADE WITH THE EUROPEAN COMMUNITY

BILLIONS OF U.S. DOLLARS

- U.S. IMPORTS FROM EC
- U.S. EXPORTS TO EC

important to target the European market, it is no longer necessary to have a distributor in each country if good contacts have been set up throughout Europe. American companies will find over time, however, that European companies will become more competitive in their own market. In the past, technical barriers and the cost of developing new markets have restricted the potential for small U.S. exporters to sell their products across the Community. The standardization and improvement in transportation systems should enable American companies to lower the cost of selling goods throughout Europe. The thirty-one mile channel tunnel for railroads connecting the United Kingdom and France opened on May 7, 1994. Completion of the channel tunnel and other infrastructure for southern Europe will mean that companies can deliver goods by ground to or from Britain and anywhere on the European continent within twenty-four hours. These initiatives, along with continued efforts to eliminate other customs barriers, will reduce the cost of transportation in Europe.

The European Community has made great improvement towards integrating the economies of the twelve member states. The changes and new procedures will affect both U.S. exporters and the American firms operating within the Community. The prospect of stronger competition in the

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development of the EC companies capable of competing throughout the single continental market is a major factor facing small American businesses.

The Impact of Culture on Businesses. Almost every human perception and behavior is influenced by an individual's cultural background. Each culture shapes perception and behavior by paying selective attention to some details of reality and ignoring others, by permitting some actions and forbidding others. Americans especially are prone to disregard specific traditions from other cultures and to instead search for generalities capable of knitting together the very large multiethnic society they find in the U.S.\(^\text{11}\) In a February 1991 *Training and Development* article, Steve Rhinesmith points to a study indicating that U.S. executives are far behind their European counterparts in valuing experience outside their companies' domestic headquarters and in speaking foreign languages.\(^\text{12}\) The vast size of the United States and the common language spoken across the country make it possible for Americans to disregard foreign ways of behaving and thinking. Americans, and people from other English-speaking cultures, tend to think in terms of sharp dichotomies: "free trade" (good) versus "protectionism" (bad); "free markets"


(good) versus "government interference" (bad); "competition" (good) versus "cooperation" (bad). The American approach to everything from politics to sports to business is universalistic. After all, the Declaration of Independence says that "all men are created equal," not just Americans. And, however strange and disquieting it may seem to a foreigner, it is no mere coincidence that the championship of the American "national pastime" is known as the World Series.

As noted earlier in this chapter, Europe is constantly changing. American companies must become aware of the crucial role the cross-cultural environment will play for their success in the European market. To ease the task of transcending cultural barriers and to gain a better understanding of the cultural environment of the European market, culture must be defined. According to Edgar Schein of MIT, an acknowledged expert on corporate and organizational culture, culture is defined as "invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. These factors as a whole, provide solutions to problems that all societies must solve if they are to remain viable." Culture provides sufficient shared understanding among

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14 Ibid., 94.

persons to allow coordinated social activity. Firstly, as this applies to business, managers who work internationally must understand that cultural socialization is not homogenous in any society; knowledge is distributed by gender, region, social class, and religion (Fig. 2). Secondly, managers should understand the national culture of the host country, something that is shared by all or most inhabitants of a country that shapes their behavior and the way they see the world. Managers should also learn the society's symbols and their meanings; this will allow them to adequately adapt to social norms. If a salesperson from the United States were to try to sell a product in France, he or she must adapt to French social manners before expecting to conduct meaningful business. Ignoring this approach will make sales nonexistent. When business associates share a common culture, they have a common context for communication. But if they work within an unfamiliar culture, the environment beyond the job becomes critical. For example, an American manager confronting German managerial rigidity wins over the new boss by paying greater attention to producing high quality work. Does the French tendency to mix business with pleasure mean that the American managers should forgo the "sandwich at the desk lunch" or accept going out with their colleagues after work? At the same time, one must understand the meaning of "business culture." This means dealing with culture at another level, a socioeconomic one. Business culture is the model for the rules of the game. Business culture
represents the boundaries between being competitive or unethical when conducting business. Business cultures vary. For instance, the French financial manager is more concerned with solvency while the American manager is more concerned with return on investment. In the management department, a German manager may classify managers into groups in the belief that an effective code of conduct is harmony and cooperation within the work group. By contrast, a Spanish manager may perceive managers as individuals, emphasizing the accomplishments of each individual on the job.

**National Culture Versus Business Culture.** But does national culture override corporate culture? Andre Laurent, a professor at the Institute of Business Administration (INSEAD), believes that culture can be thought of as an iceberg, with behavior as just the visible top. What lies below the surface are people’s deep-seated assumptions and convictions. While organizations may be able to influence visible behavior patterns through reward systems, the underlying assumptions are much harder.\(^{16}\) For example, is an IBM facility in Germany more likely to reflect German ethnicity or IBM’s corporate culture?

Research indicates that national culture has a greater effect on employees than does their organization’s culture. German employees at an IBM facility in Munich will be influenced more by German culture than by IBM’s culture.

This means that as influential as organizational culture is regarding managerial practice, national culture is even more dominant. Gaert Hofterd surveyed over 116,000 employees in forty different countries who worked for a single multinational corporation. He found that national culture had a major impact on employees' work related values and attitudes. Managers and employees vary in four dimensions: individualism versus collectivism, power distance, uncertainty avoidance, and quantity versus quality of life.\textsuperscript{17} A deeper analysis of Gaert Hofterd's study is provided in chapter II.

In many situations, firms cannot impose their culture on a foreign business. A firm's corporate culture manages business relationships that are constrained by its country's societal and task environment. A corporate culture that is appropriate within the cultural framework of its own society could be alien if imposed within a foreign environment. When doing business abroad, the potential for misunderstanding is greater than it is at home. Much valuable time may be lost with the negotiating parties talking past each other rather than to each other. It is dangerous and naive to go into international negotiations with the mistaken impression that "business is business all over the world." What works best in domestic situations may not apply abroad.\textsuperscript{18}


Slowly, corporations have discovered that when they ask local international managers to bring corporate messages to employees, it seldom trickles down below the English-speaking layer. There is rarely a professional interpreter available to facilitate the transition. Lack of inter-cultural communication skills is a problem for U.S. companies operating in the European environment. Most firms have believed for a long time that general information about the economy, politics, and history of Europe would be enough to acquire the knowledge needed to perform in the European context. This explains why most companies fail to understand the broad environment and omit researching information on how to get along in European day to day life.

Corporations have also discovered that they cannot extend empowerment and work team concepts to employees overseas without being keenly sensitive to cultural differences, recognizing that American-made theory does not often apply to a non-American work force. American managers who do well in foreign-owned companies are careful not to blindly embrace generalizations about their foreign counterparts or to make the assumptions that all executives care about the same issues in the same way Americans do. Therefore, companies need to understand that the cultural diversity among countries where they do business must be exploited as any other business opportunity and turned into a bottom-line contributor. The companies executives’ need to establish an information system to facilitate
inter-cultural communications and to update their knowledge.

Given the complexity of the European Union and the cultural environment, managers are facing a confusing composition of work force and a large disparity between consumer desires and expectations. Understanding the cultural differences and behavioral mannerisms that might subtly block establishing confidence and trust is necessary in order to survive in the international environment. Even gestures and other nonverbal behavior may contribute to a psychological unease that makes communication more difficult. Different forms of social etiquette or notions of status and dignity can throw delicate egos off balance. All of these factors can have an enormous impact before negotiations are addressed. Given this, a certain level of knowledge should be expected and required of an international business person, and this should include an in-depth knowledge and understanding of the local culture. In other words, not just the "what" and the "where" of behavior is integral to the local culture but also the "why" behind it.19 How do we communicate with the entire global European market? How do we break down barriers? How are we going to get every employee embrace into corporate strategies and visions?

**Definition and Implications of a Cross-Cultural Expert.**

Many publications on international business are full of

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suggestions on how firms should adapt to meet the additional complexities and uncertainties of operating in the European environment. These suggestions, which will be further discussed in chapter III, mainly include the use of consulting firms and training programs in areas such as production, finance, and marketing. But the study of cross-cultural expertise represents a very small part of the management literature. Cross-cultural expertise can be defined as the study of the behavior of people in organizations located in different cultures and nations around the world. But who is the right person to send? Will he or she want to go? Will families be able to adjust? The questions endure.

Hiring a cross-cultural expert can be a high risk although highly rewarding decision for the company. Highly rewarding because the movement of employees around different parts of the organization based in different countries creates cross fertilization and a truly international perspective. It is through such transfer that firms develop international experience and viewpoints, providing another opportunity for the learning enterprise to improve.20 The hiring of a cross-cultural expert can be highly risky because the rate of failure is high among U.S. expatriates, ranging from 20 percent to 50 percent. It costs companies between $55,000 and $150,000 per expatriate failure for a

total of about $2 billion a year.\textsuperscript{21}

So what does the expert do? The cross-cultural expert focuses on the explanation of organizational behavior across the different countries working in the European environment. The expert should be concerned with the domestic as well as the international business relations that could create miscommunication. He or she should have the knowledge to overcome complexity and risk. Expertise about a foreign owner's country allows the expert to challenge the validity of cultural stereotypes, and it necessitates taking action to overcome differences.

In most of the companies that have extensive operations in Europe, there are no departments for inter-cultural management. Most tasks are segregated in various functional departments. For instance, the personnel department is concerned with selecting and training managers for foreign assignments. The international marketing department gathers foreign marketing intelligence. These functions could easily be aided by having a cross-cultural expert. But what are the specifications for the job of a cross-cultural expert?

Firstly, experts should have a neutral view of the assignment. Beyond a motivated interest in it, these experts benefit from a stance of cultural openness. They must have true respect for other people, even for those who are quite different. They must have the ability to accept

that there may be more than one right answer. Since the experts are faced with a multitude of new circumstances, they have to adapt to change. Inner strength is necessary to deal effectively with stress caused by isolation and family pressures. Finally, experts must be able to switch their frame of reference rapidly between different cultures. It is vital to manage change in various cultural contexts and to extend the boundaries of other cultures, without assuming that approaches to change that are successful in one country will necessarily prove to be so in another.

The cross-cultural expert’s tasks are the following:
- Understand the European spirit by understanding the role of language, the need for motivation, and the understanding of attitudes and beliefs.
- Understand the European Union on the legal, political, environmental, and financial level.
- Adapt a geocentric attitude that allows promotion of collaboration between foreign and home country management and encourages the development of managerial skills regardless of the country in which the managers operate.
- Use the diversity factor to reach corporate mission and goals.
- Develop programs such as seminars and workshops to promote awareness of cultural differences.

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22Chowanec, and Newstrom, "The Strategic Management of International Human Resources", 66.

- Adjust the company's structure as the work force changes.
- Adjust the policies and procedures that are used for hiring, recruiting and training employees.
- Most efficiently use the new work force by using employees' talents and abilities to give the organization a competitive advantage.
- Use the best profile of the employee body.
- Share the organization's values to allow employees to perform at their best.
- Adjust the values to suit all groups of individuals in the work force.

Methods of Research Used in Preparing this Thesis.

To prepare this study several methods were used. One was to use the IBM computer system. Information was pulled from CD-ROM indexes, such as Periodical Abstract (articles-all subjects), General Business File (business articles and reports), ABI/Inform (business articles), Newsbank (full text news articles), and F&S (international business articles). Key words such as culture, Europe of 1992, consulting and engineering firms, expatriate, training programs, managerial conflicts, diversity and so on were used as access points. A second method was to use the book holdings listed in the Southeast Florida Library Information Network (SEFLIN). A third method proposed was the use of a survey. The final method was interviewing Staffan Lagervall, vice-president of Electrolux Europe, and Gerald Hinckley, senior project director of N.G.F. Consulting.
Books were mostly used to build up the background knowledge for the thesis. The periodicals were used to update and narrow the information, and interviews and surveys were used to personalize and actualize the data.

**Limits of My Research**

Cross-cultural research is limited by the lack of universal organizational theories. An organization that is successful in one culture may or may not be so in another. The outcome of cross-cultural research should be the identification of universalities in the independent-variable/dependent-variable relationship. However, the more recent reviews used by Barret and Bass, Bhagat and MacQuaid, Roberts and Boyacigiller, and Ronen are optimistic about the progress that has been made. The number of studies on cross-cultural research is increasing slowly. Adler states that the American economic activity has internationalized much faster than has the publishing of cross-cultural articles in American trade journals because cross-cultural studies are more difficult and more complex than are domestic studies.

Most problems of cultural research arise because the term culture is not easily defined. Most published articles use the terms cultural, country, nation, and nation interchangeability. These studies label themselves as cross-cultural when they are only cross-national. The

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articles assume that the domestic population in those countries are culturally homogeneous, which is not true; they are multi-cultural units.

Summary

Since Europe has created the free movement of goods, capital, people, and services, managers in U.S. companies have to face an extremely diverse and complex environment. For instance, a U.S. company must deal with a work force that could be represented by all twelve countries or deal with suppliers from all over Europe. The complexity of the situation clearly demonstrates why a company might consider hiring a cross-cultural expert. All opportunities should be explored. Now is time for America to enter the market and consolidate its position. It must be well prepared in order not to let the Europeans dominate the market. But why would a company hire a cross-cultural expert when the trend is toward downsizing? Would it be beneficial to hire one?

To solve this question we will discuss in the two following chapters the advantages and disadvantages of hiring a cross-cultural expert.
CHAPTER II

ADVANTAGES OF HIRING A CROSS-CULTURAL EXPERT

Understand Language Barriers Facing The Multinational

Introduction. The aim of this chapter is to describe and explain the advantages of hiring a cross-cultural expert. Each subdivision will deal with an area of the
cross-cultural advisor’s expertise and how it benefits the company. Four parts will be devoted to develop this chapter. Part 1 demonstrates the important impact multi-lingual ability has in international business and how the cross-cultural expert uses linguistic knowledge in the company’s favor. Part 2 deals with the values, beliefs, religion, and educational systems that have repercussion on the business environment. Part 3 explains why it is beneficial to have a cross-cultural expert in Brussels through analyzing the European political and social environment. Finally, part 4 will explain how the cross-cultural expert’s knowledge in the complex and ever changing European environment will benefit the company.

Linguistic Environment. Language difficulties represent one of the biggest barriers to cross-cultural communication. There are approximately 3,000 different languages in the world and 10,000 different dialects. Therefore, the objective of this part is to elaborate on the advantages that an expert having linguistic knowledge can provide for a U.S. company. Firstly, an explanation of the meaning of language will be provided in order to understand language’s impact on culture. Secondly, the role of English in the international business world will be discussed. Thirdly, the complexity of the language situation in Europe will be analyzed and, finally, a explanation of how the cross-cultural expert’s knowledge is used to contribute to the company’s success is given.
Language is more than an abstract conveyor of information—it defines the social life for a culture. Language is the first medium of cultural socialization, the way cultural understanding is communicated from one generation to the next. At the same time, it is only a means of communication within a particular culture. Each language has an appropriate vocabulary. For instance, English is relatively rich in vocabulary dealing with transport, commerce, and baseball; whereas, it is not as rich as Italian is when dealing with different types of spaghetti. Nevertheless, many countries share the same languages as a result of imperial and colonial conquest from the fifteenth to the nineteenth centuries, although these nations do not have the same shared culture.

Much of the world’s international business is conducted in English because it has the largest number of native speakers in the world, and English is the most commonly understood language by participants in international business. Although English is becoming a global language, it is important to remember that many of the speakers or listeners of English are familiar with it as a second language and do have some difficulties comprehending it. Also, English spoken in different countries in the world differs from country to country. English is spoken by most business persons in Europe, but dialect, accent, slang, and jargon vary tremendously among different countries, regions,

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25Mc Enery, and Desharnais, "Culture Shock," 47.
subcultures, industries, organizations, and professions.

As a result, international business managers have been spoiled by the status English has in the world and, therefore, many managers omit studying foreign languages. While the use of English as a major international language in business and diplomacy should be welcomed as a tool for understanding across national boundaries, this cannot be safely considered a substitute for direct communication in the many areas and of innumerable occasions when knowledge of English cannot be expected. Recently, a management consulting firm conducted a survey in which 256 U.S. international executives were interviewed. Of the 256, 60% spend more than four month overseas annually, and 60% lived outside their country in the course of their business career for an average of 3.3 years. Yet fluency in another language only reached 44%. One must question, when reading these figures, exactly how effective and efficient these executives are in accomplishing their tasks. For instance, a U.S. manager trying to sell a product in Europe, where nine legal languages are represented, will experience an enormous dilemma in succeeding if he or she does not speak the primary languages.

The Language Situation in Europe. The linguistic situation in Europe is extremely confusing. In 1992 a European Community appeals court dismissed a commission action because the commission had not submitted its judgment in all nine recognized EC languages. Language in the
European Union is not only a barrier for bureaucrats but also for executives. As the market is growing, companies must adjust and their employees must speak the language their customers understand. American companies can no longer rely on doing business in English at all times. According to some research firms, the Community’s Human Resources Task force, in 1991, found that 42 percent of the European Union residents under 25 claimed some competence in English as a second language. This implies that more than half of the European Union youth and a greater portion of older residents speak no English. Then again, the result may be due to a geographical factor, as most northern Europeans are fluent in English compared to their southern counterparts who are extremely poor in their English competency. This can be explained by the fact that the northern European countries of the European Union (Denmark, the Netherlands, Belgium, and Luxembourg) speak a minority language.

The capability of all educational systems in the European Union to provide English instruction is not perfect. Sixty-one percent of the UK residents under 25 have no second language. In Luxembourg, the most multilingual of all the EC countries, only 3 percent of the population speak Spanish. At the same time, German as a spoken language in the community is growing as new members are trying to enter the European Union. For example, once Austria’s application is approved the German-speaking
population will rise to 30 percent. To accentuate the complexity of the situation, 42 percent of the European Community youth are taught French as a second language, although only 16 percent of Community citizens are French natives. To rectify the situation, the European Union has developed two programs that help companies without the necessary resources to train their staffs to learn foreign languages. These two programs are known under the name of Petra, with an 180 million ECU budget, and Lingua. But will American companies have to agree with Emperor Charles V, who dominated much of Europe in the sixteenth century, when he said: "I speak Spanish to God, Italian to women, French to men, and German to my horse." 

The Advantages of Using a Cross-Cultural Expert in Dealing with a Multi Lingual Environment. Cross-cultural experts with a knowledge of languages offer a tremendous advantage for American companies. These experts have the ability to overcome the problems that unfamiliar languages pose. Firstly, they are able to overcome the semantic barriers. This means that the experts understand the real meaning of an individual language's words. Some words have no direct equivalent in English. For instance, President

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27 Ibid 71.

Bush was famous for using slang that confused translators all over the world. In 1989, during a speech about the revolt in Beijing, he said, "Stay tuned," which was translated by a Chinese reporter as "sit close by your radio and listen attentively to what you will hear next...".  

Secondly, experts can overcome the connotation barriers. The word "manana" in Spanish can be translated as "tomorrow" but its real meaning for a Spanish speaker is "some time in the future." Additionally, barriers caused by the home differences of the speaker, formal or more informal tones that are used, or personal or impersonal address, and so on, can be dealt with by experts who make the right decisions as to when to use the appropriate tone or address. Finally, experts can deal with the cultural perception concept in the most profitable way. For instance, they know that Germans perceive responsibility in a different way than do the Portuguese, and that French are less competitively oriented.

Experts will also overcome the language barriers of Europe by communicating more effectively with the host employees, suppliers, distributors, and government officials. Everyone who has conducted international business or diplomatic negotiations recognizes the importance of understanding the person across the table. Further, an inappropriate word here, a misinterpretation there, a wrong assumption, can ruin a carefully develop

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relationship.

The advantages of speaking the customer's language is a crucial aspect of marketing. Experts have the ability to successfully persuade the customer because of their knowledge of the nation's language and therefore help in developing the marketing adjustments required. According to Emanuel De Natale, Executive Vice President of AC Nielsen-Europe: "When sales are booming, retail audits were a sufficient tool to understand where the products were going. Now that the market has slowed down we need to understand the consumer much better than before". When dealing with the supplier, many small national suppliers will speak only the local language and must deal with only those in a firm who speak that language. Any expert is extremely effective in helping the company to comply with local laws imposed by the host country government. For instance, in Germany, payments are made in 30 days, or in 14 with a discount; whereas, in Italy, the period may range up to 160 days.31

Language also represents a barrier when communicating with employees. A firm needs an expert to make sure that information flows fluidly throughout the organization. Production workers in a firm generally have the least education and, therefore, the fewest language capabilities

of any of the employees. A manager cannot require these European workers to learn English, the language of the home country company. This implies that an expert can help place a bilingual manager in the right position of the organizational ladder who speaks English and the local languages. Since Europe offers free movement of labor, the work force can speak more than one language. In Europe there are plants in which workers come from as many as 12 foreign countries. This necessitates separation of the work force along linguistic lines. All instruction has to be given in different languages according to the group with which the manager is dealing. This extremely complex example denotes a strong need for a cross-cultural expert if the company believes in efficiency. Protocol and national pride usually dictate that any communication with government must be in its official language. With all due respect, a company cannot expect to receive rules and laws in English. It must have a person within the organization who is capable of understanding the local language in order to fully understand the complexity of the laws. Not every employee can be expected to speak the headquarter’s language.

The most critical communication link for the cross-cultural expert in international operations is tying the subsidiaries to the parent company. Translation of goals, rules, and objectives from the company’s language into the host country’s language needs to be done properly in order for the subsidiaries to operate in the right direction. Tom Neuman, Manager of Media and Programming
Development for Proctor and Gamble, goes even further and affirms that "it is important that the companies produce standardized multicountry reports; up to now these companies were producing reports for the UK, and for France, but not for Europe as a whole". In summary, the cultural expert offers important advantages. Firstly, knowledge of the host language facilitates communication and structure of the subsidiaries. Secondly, effective communication can be established with employees, suppliers, customers, and government, therefore, saving the company time and expense due to language training and conflicts.

The Role of The Cross-Cultural Expert in Dealing With the Cultural, Political and Social Environment.

Education Environment Facing Multinationals. Another area in which the cross-cultural expertise is important concerns understanding of the effect of education on cultural behavior. Education is the precursor to socialization, which is defined as the normal, right, effective, and efficient pattern in human interactions. Education helps the understanding of what is socially acceptable in a country. "Patterns of personality do exist for groups that share a common culture. In the process of

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being socialized in a given society, the individual picks up the knowledge and ideas, the beliefs and values, the phobias and anxieties of the society. Some of this is taught explicitly and some is absorbed unconsciously.³³ For instance, when doing business in France the manager should use a quick hand-shake with some pressure, and be very punctual. In another case, eating frog legs in France is customary for the French people because they have been brought up eating frog legs, while in England no one would consider eating it.

The level of education in a country determines the complexity of doing business there. For instance, when doing business in Germany or France where the literacy level is 99 percent, a U.S. firm will find it easier to deal with the work force or even the business environment. However, when doing business in Africa, problems might arise. Nestle was blamed for killing Africans who misused powdered milk that was provided them. Education is too frequently stereotyped as serving as just a replicate of ancestors's customs passed from one generation to the next. In reality, the educational levels also affects the quality of people available for employment, productivity, organizational structure, degrees of production, and so on. Countries in Europe have slowly realized this phenomenon and have created national requirements for employees' training programs.

France passed a vocational training law in 1972 that provided for apprentice training and continuing education for workers, either in government centers or within companies. All companies with more than ten employees have to conform to this rule. These programs are funded by a payroll tax. The companies expenses are tax deductible. Companies unaware of such rules can fail to include those expenses in their budget and therefore be shorthanded. The expert will be valuable in avoiding such a mistake. In England, a Training Act is also applied to improve the quality and efficiency of individual training.

**Religious Environment.** Most people do not recognize the impact religion may has on cultural behavior and business. The Western time system and history are based upon religion. For instance, according to the Christian calendar, year 0 was based upon Christmas when the Christ was born. Many religious wars such as the Crusades contributed to the formation of the Western spiritual beliefs.

Today, in Ireland, Iraq, and Iran people continue to fight over religious differences. This section examines the importance of understanding the power of religion in the European Union. To begin, it is important to define religion, then to analyze the major religion in the European Union, and finally to examine how it impacts on the company and how the cross-cultural expert’s knowledge about that belief can prevent expensive mistakes.
Religion can be defined as "the personal commitment to and serving of God or a god with worshipful devotion, conduct in accord with defined commands especially as found in accepted sacred writings or declared by authoritative teachers, a way of life recognized as incumbent on true believers, and typically the relating of oneself to an organized body of believers." Religious is a root of culture, a determinant of the external manifestation of culture. It affects educational systems, political systems, social systems, and the business environment. Through religion, people perceive answers to unanswerable problems or inexplicable wrongs such as injustice and suffering. They also find the motivation necessary to accept the difference in what they want to do and what the society wants them to do.

In the European Union the major religion is Christianity. Christianity has long been regarded as the religion of the colonial powers by the less developed countries that were under colonial rule. The belief in Christianity is primarily divided into two religions, Catholicism and Protestantism. Although the differences between the two are not enormous, these differences can create strong oppositions. Ireland is still divided. In Northern Ireland, Irish Catholics are fighting Irish Protestants, and in Southern Ireland the opposite happens. Catholics believe that the church is the principle element

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of salvation. Jesus is believed to be the only mediator between humans and God the Father. Jesus' mother, Mary, is an earthly woman touched by divinity. The Pope and the Vatican occupy the highest positions in the hierarchy of holy offices. Despite the agreement with Catholic doctrine on many points, Protestants stress the role of the sacrament, the mediating role of Jesus, and the intermediary role of their ministers. In southern Europe, most countries are Catholic. In the northern part, most are Protestant.

In contrast, the Netherlands provide an illustration of religious tolerance between an approximately equal numbers of Catholics and Protestants. Each group has its own political parties, newspaper, schools, and unions. This situation makes it complex for the business environment because it results in a segmentation of the economy that affects production and marketing. In the 1990s many immigrants have come from North Africa. They have introduced Islamic beliefs into the European culture. These Islamic beliefs conflict with Christian beliefs which create dilemmas. Some employees from these countries have not adapted to the religious diversity which creates production problems.

The expert, who has a knowledge of the effect of religion on business is able to overcome three differing aspects of religion in an environmental assessment. Firstly, this person must avoid quick stereotypes about the impact of religion on economic development. Secondly, an assessment of the degree of religious heterogeneity in a
nation and the impact of religious figures and institutions in mobilizing support for social and political movement must also be considered. In other words, the expert analyzes the political risk. Finally, an expert is knowledgeable of the details of religious beliefs that affect operations of the firm. For example, every religion has its own holiday events. The expert prevents those activities from having an impact on production. When members of different religious groups work side by side, different holiday schedules may pose a problem. The cross-cultural expert is capable of adjusting the policies accordingly. This is especially true since workforce diversity is increasing rapidly. Europe now has an estimated 10 million immigrants.\textsuperscript{35} The expert also helps the company in planning its local objectives according to consumption patterns. In Europe, the Christmas season is known as the annual sales. If an expert represents a contraceptive manufacturer, there can be a problem promoting sales items according to the religious constraints or practices of the country. In Italy, for example, a company would never be allowed to advertise for preservatives since it contradicts the ideologies of the Catholic Church.

The Effect of Value on Business Decisions. Value is what an individual or group of individuals find desirable implicitly or explicitly about a state of being or object, which influences the selection of that state or object from

\textsuperscript{35}Islam, "Europe: Ready or Not Here Comes the Bordeless Future," 8.
available modes, means, and completion of action. The concept of value is important because managers from the same culture tend to have similar values, and these value systems influence their interpersonal relationship and their performance of leadership activities.\textsuperscript{36}

Needs in different countries vary, as do the priorities attached to certain desires. Some individuals are more focused on survival level values--the gathering of food, clothing and shelter; while those with high security needs value material possessions, money, job titles, and law and order. North America and Europe are continents in the midst of a value revolution and are concerned with higher values, such as the quality of life, self-fulfillment, and meaningful in experiences. Americans generally place high value on informality and casualness as a means of creating a comfortable social environment. Europeans are typically more formal, both in dress and demeanor, while entertaining guests.\textsuperscript{37} From its value system a culture sets norms of behavior. The acceptable standards include work ethic, family relations, and pleasure priorities. People in different cultures are pleased, concerned, annoyed, or embarrassed about different things because they perceive situations in terms of different set premises. Europeans may interpret Americans' casualness as a sign that Americans

\textsuperscript{36}Harris Philips, and Moran Rober, \textit{Managing Cultural Differences}. Houston, Gulf Publishing Comp.,1991, 265.

do not consider their proposal worthy enough to make it a special occasion. Americans, on the other hand, may consider Europeans unfriendly. This can be explained by the theories of French and Raven and Kotter that recognize different values according to high context and low context cultures. In high context, people first establish social trust and value personal relations agreed upon by general trust. In low context, people tend to get to business first; they value expertise and performance. Agreement is achieved by specific contracts. An overview of where each country stands according to the high and low context cultures is provided in Fig. 3.

Mac Clelland, Rokeach, Kluckholm and Stodbeck, and Parson and Child, have conducted extensive research in the field of culture. But the most cited work on cultural development for the study of organizations is that of Geert Hofstede. He perceives the impact of cultural behavior in four different ways: power distance, uncertainty avoidance, individualism, and masculinity versus femininity. Power distance refers to the limit of a member of a culture can accept difference between the powerful people and the less powerful that. In a high power distance culture, subordinates are more satisfied and expect a directive style of management from their superiors. In a low power distance culture, more participation practices are expected.


39Ibid., 71.
Uncertainty avoidance reflects the impact of ritual behavior, rules, and labor mobility within a culture. For instance, the cross-cultural expert, by understanding the concept of values, will know that in Belgium and France the company deals with high uncertainty avoidance because there is a high level of stress. Individualism reflects the degree to which an individual’s goals are more important than being a member of the group. The most individualistic countries are the United States, Canada, and England. Therefore, the cross-cultural expert must make sure the individualism level of the subsidiaries are not too high for Europe. Finally, masculinity versus femininity deals with culture and countries that perceive a difference between gender. In northern Europe, equality between the sexes is very important; whereas, in Southern Europe, the opposite is true. In a feminine culture, the individual works to live. In a masculine culture, people live to work (Fig. 4).

The cross-cultural expert can use his or her knowledge of the four-dimensional approach to value as a way of relating management practices to culture in the European Union. The economic theories of self-interest can be related to power distance and individualism; the priority of task and work group related to individualism; efficiency of participatory management methods (e.g., theory Z and managerial grid) related to power distance; the expression of effect in organizational context can be related to uncertainty avoidance; and sex role and occupational structure can be related to masculinity. Finally, the
FIGURE No 3

High Context and Low Context Cultures

HIGH CONTEXT
- Establish social trust first
- Value personal relations and goodwill
- Agreement by general trust
- Negotiations slow and ritualistic

LOW CONTEXT
- Get down to business first
- Value expertise and performance
- Agreement by specific, legalistic contract
- Negotiations as efficient as possible

Source: Adapted from Hall (1976)

Business Horizon, May-June 1993, 72.
nature of worker-manager can be related to power distance and individualism.  

The Need for a Cross-Cultural Expert at the Headquarters of the European Union: Brussels

Social Situation. The completion of the internal European market in March 1992 has stimulated European integration in the social field. People have understood that a free European internal market will not be possible without an accompanying social policy. The idea of raising social standards in the community in order to create a Europe of European citizens is supported by all members. They know that a "Europe of companies" will not help the people struggle toward a European Unity. Social policy will help to cover a wide range of policy areas such as employment, restructuring of the labor market, introduction of technological advances by enterprises, and change in the national Social Security System. First, an overview of the European Community Social System is necessary.

The European Community's social system policy has been limited and was mainly aimed at facilitating the establishment and function of the Common Market. Throughout the years the Common Market has presented the profile of a very socially-oriented organization. In 1969, at the summit in Hague, the Community decided that it had to extend its interventions to monetary, regional, industrial, and social

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## FIGURE No 4

Differences in Work-Related Values

<table>
<thead>
<tr>
<th>Dimensions Differentiated</th>
<th>Communication Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. POWER DISTANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Extent to which power is unequally distributed, centralized, and autocratic—and such leadership is accepted by all members</td>
<td>COMUNICATION STYLE, AUDIENCE SELECTION</td>
</tr>
<tr>
<td>• Highest power distance cultures: Philippines, Venezuela, Mexico</td>
<td></td>
</tr>
<tr>
<td>• Lowest power distance cultures: Israel, Denmark, Austria</td>
<td></td>
</tr>
<tr>
<td>• United States: Somewhat low (15 out of 40)</td>
<td></td>
</tr>
<tr>
<td><strong>2. INDIVIDUALISM/COLLECTIVISM</strong></td>
<td></td>
</tr>
<tr>
<td>Extent to which people define themselves as individuals or part of a larger group</td>
<td>COMUNICATION STYLE, AUDIENCE SELECTION</td>
</tr>
<tr>
<td>• Most individual cultures: United States, Australia, Great Britain</td>
<td></td>
</tr>
<tr>
<td>• Most collective cultures: Saudi Arabia, Venezuela, Colombia, Peru</td>
<td></td>
</tr>
<tr>
<td>• United States: Highest (40 out of 40)</td>
<td></td>
</tr>
<tr>
<td><strong>3. UNCERTAINTY AVOIDANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Extent to which people feel threatened by ambiguous situations</td>
<td>AUDIENCE MOTIVATION</td>
</tr>
<tr>
<td>• Highest uncertainty avoidance: Japan, Portugal, Greece</td>
<td></td>
</tr>
<tr>
<td>• Lowest uncertainty avoidance: Singapore, Hong Kong, Denmark</td>
<td></td>
</tr>
<tr>
<td>• United States: Fairly low (9 out of 40)</td>
<td></td>
</tr>
<tr>
<td><strong>4. MASCULINITY/FEMININITY</strong></td>
<td></td>
</tr>
<tr>
<td>Extent to which dominant values emphasize assertiveness and materialism (“masculine”) versus people, concern for others, and quality of life (“feminine”)</td>
<td>AUDIENCE MOTIVATION</td>
</tr>
<tr>
<td>• Most masculine cultures: Japan, Austria, Switzerland, Italy</td>
<td></td>
</tr>
<tr>
<td>• Most feminine cultures: Sweden, Norway, Netherlands, Denmark</td>
<td></td>
</tr>
<tr>
<td>• United States: Somewhat masculine (28 out of 40)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Hofstede (1980)
policies. At the Paris summit, it was recognized to be as important as economic policies. This slow recognition procedure led to the presentation of a Social Action Program which concentrated on four major issues: increased employment, improved living and working conditions and employees in the community as a part of the decision-making process in the social dialogue (discussion between employer and employees on the content of the Social Policy), and the creation of the Community Charter of Fundamental Social Rights.\textsuperscript{41} This Charter is an extension of the Social Charter that was introduced in 1961 which focused on the protection of children and young persons, on migrant workers and their families, on the freedom to work, and on equality between men and women. Yet discrimination based on sex is still widespread in employment, promotion, and wages. The extension will allow more control and supervision over the social environment and within the Council of Europe that could perhaps fill this gap and establish action in several areas covered by the Charter such as equal treatment between women and men and protection for the handicapped. When one evaluates the progress that has been achieved in recent years, it seems the Community laws offer more possibilities in implementing a social policy for political and social partners in the European Trade Union Conference (ETUC).

led to work together in order to optimize the creation of a social policy within Europe, it increases attention towards Brussels.

As the social atmosphere prospers, the cross-cultural expert, by being in Brussels, will help a company by knowing the transformation of the directive of the Community Social regulations. First of all, he or she will be alert to the constantly changing legal position of the worker. As multinational companies expand across the European Union, consequences for the legal position of the worker arise. The cross-cultural expert must be alert regarding the worker's right to information and consultation. In 1983, through the Vredeling Directive, employers and employees were encouraged to participate in discussions. The cross-cultural advisor also knows how frequently an employee should be informed of the economic and financial standing of the firm, and that the firm consults the workers about proposed decisions that could affect them.

Secondly, an expert should know how to adjust to new technology that has consequences for employees. The new technology may lead to reclassification of jobs, and training programs may have to be adjusted according to the ability of the workforce. The cross-cultural expert must also know about the rights of all workers to negotiate and be covered by professional agreements, to be protected by health and safety measures at the workplace, and to contribute to any differing social security scheme. Eventually, all countries in Europe will adopt the same
regulations, which will simplify procedures. Another area in which the cross-cultural expert can help a company is through his or her following up the evolution of laws regarding protection of minorities, women and equal opportunity, adjustment to change in social security formats, support for family unity, and the emphasis on joint social responsibilities the workers and employees have to support disadvantaged groups.

Political Environment. Most companies start as domestic firms and then expand overseas. Many of them have developed into worldwide operations, but they still have headquarters in their country of origin. Further, the majority of their executives and owners typically live as residents of the parent country. Therefore, a multinational cannot ignore the influence the parent government has on its people and the company. A host country views the subsidiary of a multinational that is incorporated under its law as a citizen of its country is totally subject to its laws and law enforcement authority.

With the completion of the single market, the political economy of Europe has been dramatically reshaped. Implementation of the Maastricht treaty will shift power still further from national interest groups to multinational interest groups. This has been realized because the European Union has enabled multinational interests that may be relatively powerless in any given country to increase
their bargaining power by building up alliances with like-minded groups in other member states, using the European Commission rather than national government to push for policies favorable to their goals. The establishment of the European Union and the creation of the four freedoms of movement pushed Europe more closely to capitalism defined as creative destruction. However, each country presently preserves total independence of judgment and decision making because of their voting systems; the members will have to limit their freedom to meet the requirements of the single market. The influence of the European Commission, Council of Europe, and parliament in policy development will remain substantial in the post 1992 period. The Maastricht treaty provides for both enhanced powers for the European Parliament and for additional increase in community competencies. Thus, Brussels is still the place to be for influencing EC laws in the making. U.S. companies get a hearing when the institutions are in the process of drafting new laws. The cross-cultural expert based in Brussels will make a company’s concerns known before legislation is adopted, by presenting a well-documented case to the right Community official at the right time. This will improve the company’s chances of making its voice heard and making its opinion count.

The cross-cultural expert is only concerned with approaching the political environment of inter business at the global level. He or she is concerned with the political system of the whole European Union. At the individual
country level, the subsidiaries already have qualified staffs that do not need assistance. Presently, the Community is not a state even though it has more autonomy than other international organizations. The other important point is that the European Union does not have a balance of class forces. Business interests have always dominated workers, professionals, and consumers during the integration process. The cross-cultural expert can help to broaden this aspect, but the task is far from easy because of the constant economic and political changes that occur in Europe. For example, the lower growth rates, the increase in unemployment, labor market segmentation due to dispersed work sites, the increase of part time jobs, the decline of blue-color occupations, the rise in white and pink collar jobs, and extensive restructuring in some industries, all have forced unions to be on the defensive. Unfortunately the trends are not uniform and each situation changes from country to country. The cross-cultural expert will therefore be alert to political shifts by having an office in Brussels. The Treaty of Rome clearly assigned power and responsibility to the community where competition and trade are concerned, but it provides no specific guidelines regardly monetary and tax policies. Thus it is not surprising that the European Union exerts more power in competition and trade policies than it does in monetary and tax policies. Now the member states have given more power

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to the European Union in setting competitive policies, fiscal policy, and tax policy. Jacques Delor, the Director of the European Commission, believes that the integration process consists of concentric circles to include the new functional tasks of promoting research and development, providing aid for eastern Europe, and monetary union. This explains why a U.S. company should base its experts at the core center of the decision-making in Europe.

The cross cultural-expert is essential because he or she understands the language of the EC institutions and the functions of the Commission (which initiates and drafts the laws), the Council (representatives from the member state who approve the laws) and the parliament (which comments on and under certain conditions and can block laws). For instance, the cross-cultural expert should understand what a common position means for the council.

Also, it is important to be in Brussels because different U.S. companies that may be hurt by the new laws can work together to create an inquiry which would attract more attention to the community officials. Another advantage is that the cross-cultural expert can inform the firm's headquarters that the European Union is developing a law that would have a negative impact on the way a product is sold at an early stage before its introduction in the European market.

Complexity of the European Environment. The European environment is extremely complex and unstable because of the
constant changes that occur. A company that is doing business in Europe must therefore have a cross-cultural expert who keeps informed of the financial developments in Europe in order to anticipate sudden financial changes. The cross-cultural expert can recommend and inform company headquarters on the development of the financial environment, environmental restrictions, and standards requirements.

Financial Complexity. The single market is beginning to perfect its financial services even though they are not fully completed. The Community has concentrated on reshaping three financial sectors: banking, insurance, and investment services. All of these will be discussed further in order to understand how cross-cultural advisement can be beneficial for the company. The European Union wholesale banking market has effectively been functioning for a number of years and has been fully implemented in 1993. The framework for the unified insurance sector will be implemented by the end of 1994, and the investment services and mutual fund sector will be in place by 1996.43 The integration of these markets is founded on common principles. The main feature is the passport license allowing banks to sell services and open branches in other countries of the European Union. Obviously the company must

accept the Union’s rules.

The treaty also provides a framework for transition to a common monetary policy and to a single EC currency (ECU), which should be available at the end of the decade, managed by an independent European Central Bank (ECB) located in Frankfurt, Germany. In April 1972, an arrangement by the EEC, known as the "snake", was established to maintain their currencies within a fixed limit of each other, but it failed due to market pressure causing some currencies to move outside their established limits. Therefore, a large group of European countries joined together in 1979 and created the European Monetary System (EMS) in which member countries agreed to maintain their currency values in relation to one another within an agreed range. An important feature, not available to the "snake", is the European Monetary Cooperation Fund (EMCF) composed of dollars, gold, and member country currencies, which is used to keep their currency values within the agreed relationship to the other currencies. In June 1988, the European Council appointed the Delors committee to devise a new plan for an economic and monetary union. Its report, submitted in April 1989, proposed a three stage approach. "During the first two stages, member governments would endeavor to achieve greater convergence of their economies as measured by four criteria: inflation, interest rates, exchange rate stability and
sustainability of the fiscal position".44 In stage three, the ECB will then be created and will issue a single currency to be called the ECU. The ECU is made with a basket of European currencies, "the German Mark accounting for 32%, French Franc 19.1%, Belgium Franc 8.2%, English sterling 8.2%, Italian Lira 10%, Greek Drachma 1.3%, Irish Punt 1.2%, Luxembourg Franc 0.3%, Portugal Escudo 1%, and Spanish Peseta 5%".45 In the first six months of 1991, more bonds were dominated in the ECU than in any currency except the U.S. dollar. The ECU is being used for various purposes, and support and supplementary networks are being put in place. Bank accounts can be denominated in ECU, and ECU traveler's checks are available. Between units of some international companies, debits and credits are denominated in ECU as they buy, sell, or borrow from one another. A constant follow up of this situation will allow the cross-cultural expert to have an overview of a company's portfolio, therefore allowing him or her to advise the headquarters on which currency to invest in, or which currency to sell. Wages, profits, and other financial indicators will be influenced as currencies fluctuate.

Also, the expert's mix of cultural and financial knowledge provides information for goal setting by companies


with main offices in the United States. For instance, consider the following problem. If a company wants to open a new plant, where should it do it? Because firms are free to settle anywhere they want in Europe, companies have sought to invest their capital wherever it will earn the highest return. "High technology sectors such as the electronics industry are favored over less productive sectors; areas with cheap or unorganized labor over areas where wages are high or where trade unions are strong". Poorer rural areas with low wages or where farmers find it hard to remain on the land are thus targeted for development. With the average worker paid less than $4 an hour in Portugal compared with $13 in Germany and almost $16 in Denmark, it is no wonder that Germany’s unemployment is increasing.

Manufacturers can, with the benefit of new technology, divide up their operation between different countries and shift production from one country to another when economic conditions dictate that they should. This has been done against the odds until now because of the many fiscal, technical and other barriers that existed between the European Union countries; it is now extremely simpler.  

Other Complexities. This last part of the research focuses on the ambiguity of the European Union’s situation. The cross-cultural expert closely follows the company evolution and, therefore, helps the company to adjust in advance to new situations in the constantly changing


47Ibid., 11.
environment. The following areas are briefly discussed in order to understand the difficulties and the benefits of having a cross-cultural expert dealing with such problems.

To facilitate the free flow of goods between countries, the process of making products standard for each country has been moved up in the agenda to become a top priority.\textsuperscript{48} For regulated products, the European Union Commissions developed a series of EC-wide technical harmonization directives which provide manufacturers with a single set of conformity assessment requirements that must be met in order to place their products legally on the European market. A "CE" mark on the product signifies that all legal and technical requirements have been met, and that the product cannot be denied free circulation by an EC member state, unless member state authorities determine that the product poses an imminent danger to public health and safety.\textsuperscript{49} As far as the quality assurance system registration is concerned, EC developed ISO 9000, which is a series of five standards (ISO 9000-9004) used to document, implement, and demonstrate a quality assurance system, but it is not an absolute requirement for most regulated products. "The organization’s ISO 9000 Standard of quality management has been very popular in Europe and is rapidly taking hold in

\textsuperscript{48}Lori Cooper, "European Integration-The Ec and Beyond," \textit{Business America}, March 8 1993, 17.

\textsuperscript{49}Mary Saunders, "Obtaining EC-Wide Certification For Industrial products," \textit{Business America} 1993, 28.
the United States". Outside of regulated product sectors, ISO 9000 is becoming important to the European Union as a competitive marketing tool, especially in aerospace, automobile manufacturing, computer electronic components, and measuring and testing equipment.

In the area of food standards, the European Commission agreed that foodstuff could be sold, provided it specified information for consumers. National food and drink standards have thus been abolished in favor of EEC ones, often bringing lower costs for business but lower food quality for the consumer. For instance, the cross-cultural expert could be beneficial to a company such as Budweiser by introducing and preparing company production for new regulations. Germany's beer producers are projected to save 22 percent of the production cost following the rescinding of the country's age-old "pure beer" laws, the Reinheitsgenbot, which said that beer could only be made from hops and barley, and that beer has no additives or sugar.

According to many trade analysts, the proper relationship between trade and environmental measures will be trade issues in the 1990s. The GATT, the OECD, the

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52 Hildyard, "Maastricht the Protectionism of Free Trade," 4.
United Union, and European leaders have created or reactivated working groups to examine the linkage between trade and environmental policies. European leaders believe that cooperation will culminate in better results because pollution and ecological damage do not stop at home. By the end of 1993, $11 billion will be given to poorer European Union member states to bring their environmental standard up to par with those of other European Union countries. All the environmental laws will affect business and a cross-cultural expert for a U.S. company can adjust to the new rules by having solid knowledge about the European Union environmental system. For instance, a car manufacturer needs to know the changing maximum lead content in gasoline, emissions standards, or air quality and its exact nitrogen oxide and sulfur dioxide quotas. If a firm is going to win long-term respect in the European market, it is vital to demonstrate concern for that environment.

Conclusion

The important impact of language, and the role of education, religion and values in the European business environment proves that companies need a cross-cultural expert. His or her expertise helps the companies to adapt to the European culture, to make adequate business decisions and therefore remain or become successful in Europe. The

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54 Ibid., 1.
cross-cultural expert to be effective, must be located in Brussels, the center of the European union’s political and social decision making process.

CHAPTER III

DISADVANTAGES OF HIRING A CROSS-CULTURAL EXPERT

Introduction

The aim of this chapter is to describe and explain the disadvantages of hiring a cross-cultural expert, and to present other alternatives companies can choose from to overcome the cultural complexity. Four parts are used to develop this chapter. Part 1 analyses the annual cost of hiring a cross-cultural expert. Part 2 deals with the negative repercussions the creation of artificial boundaries and conflict of interest can have on a business. Part 3 analyses the advantages of using a consulting firm. And finally, part 4 explains how training programs can be used in order to overcome a culture shock.

Cost Analysis of Having an Expert

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Financial Agreements Between Governments and Expatriates. Using an outside cross-cultural expert to conduct field examinations saves the costs of hiring and training staff, but since it requires work and extra time, it therefore also requires extra costs in spite of some arrangements that have been made between Washington and other foreign governments. The U.S. has recently signed several tax treaties and other agreements with foreign governments that take some of the bite out of marginal income tax rates and social benefit levies that tend to be much higher abroad. Double taxation treaties, now in force with more than forty countries, also ease the burdens on expatriates. They allow American experts to pay U.S. taxes, which are substantially lower in most cases than abroad, on a portion of their salary. To compensate for social benefits, which often represent a heavier cost than income taxes, the U.S. has so-called totalization agreements with fifteen nations, including Belgium, Ireland, the Netherlands, and Sweden. This will permit the American cross-cultural expert to remain on his/her social security system for at least five years while on foreign assignment. To qualify, the expert should be partially paid from a U.S. payroll in order that social security taxes can be withheld. If the expert is American and spends 330 out of 365 days in a foreign country--for instance, Belgium--he or she could exclude up to $70,000 per year from U.S. income taxes.\textsuperscript{55} In

an interview conducted by the International Business Journal, "Becton Dickinson & Co, the $2.5 billion Franklin Lakes, N.J., medical products company, claimed that totalization agreements have saved it a useful piece of change on lower social taxes for its thirty-two expatriates in Europe". However, despite this testimony and beneficial agreements between nations, major costs persist.

Decentralization and Its Consequences. As we have seen earlier, hiring of a cross-cultural expert increases the size of an organization, which often results in additional levels of hierarchy. Increasing size and spans of control imply greater distance of most subordinates from their superiors. "Increasing spans of control may lead to communication distortion due to serial reproduction loss and distortion in achieving divisional objectives, thus obviating a major advantage of vertical financial ownership." Vertical integration may also result in a loss of access to information and unspoken knowledge as relationships with experienced and more broadly-based employers and clients are severed. Another strategic cost is caused by vertical integration decreasing a firm's flexibility and leading to high exit barriers. Flexibility and stability are antithetical. To the extent that an organization makes commitments to insure stability of operations, it must surrender a degree of flexibility by

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increasing the firm’s dependence on a particular segment of economic demand. This commitment attribute is precisely why the vertical integration decision is appropriately classified as a strategy.

Compensation Plan. Developing an equitable and functional compensation plan that combines consistent motivation, and flexibility is very challenging, especially when the company operates in a number of countries, and when it employs foreign personnel such as a cross-cultural expert. Management must determine the level and components of an effective compensation plan. The level of compensation must bear some relation to the "going market price" for the type of job and abilities required. The company must also determine the components of compensation: a fixed amount, a variable amount, expenses, and fringe benefits.

The fixed amount, which might be salary or a drawing account, is intended to satisfy the expert's need for stability of income. The fixed income for the sole expert, not including the social expenses, should come to $100,000-$125,000 a year. The variable amount, including bonus or profit sharing, is intended to stimulate and reward greater efforts. Bonuses are noncontractual payments for extra effort, merit, or results. Many overseas contracts have a bonus of 10-15% for completion of each year's work. Expense allowances enable the expert to meet the expenses

57Robbins, Management, 673.
involved in travel, lodging, dining, and entertaining. Pay premiums for overseas employees can go up to 200%, depending on the hardship and the cost of living. Because the expert is requested to live in Brussels, housing will have to be provided for him or her, and for a spouse or husband and children. The cost of shipping a family overseas is seen as prohibitive by many companies. Firms are often unwilling to pay the bill for all but the most qualified managers.

"According to Elaine Hodge, manager of human resources at CHE2M Hill International, Denver CO, a typical expatriate employee with a family can cost as much as $200,000 per year".58 Two types of expenses should be considered. One group includes the expenses that the expert would have regardless of how much work is done. These expenses are fixed at basically one level whether he works on one project or fifty. This group includes: rent for the office, lease payments on the photocopier, office salaries, and the like.59 To provide housing for the family, the company would have to lease an apartment. A four bedroom apartment in Brussels will cost $2 million Belgian Francs per year. To this cost, the company will have to add school expenses for the children. The rent of the office will also have to be considered. The expert and the secretary will be working in the office, which will also include a waiting room. Renting such an office will represent a 150 to 200 square

59Robbins, Management, 671.
meter apartment. The base rent for a good location in Brussels is approximately 6,000 to 9,000 Belgian Francs per year and per square meter. Therefore, at 7,000 Belgian Francs per square meter, a 150 square meter office would cost 1,050,000 Belgian francs or $30,000. Above that would be charges representing 20% of the total.

The other group of expenses, called direct expenses, vary with the amount of work done. They are related directly to and arise from the work on a particular project. Direct expenses might include the daily labor rates of associates, travel expenses on an assignment, long-distance phone charges, materials, supplies for mock-ups or presentations, and so on. Once the expense allowances have been considered of, the company would have to add to the expert's cost, fringe benefits.60

Fringe benefits play a major role in many countries. Those working in high-tax countries prefer liberal expense accounts and fringe benefits which are nontaxable instead of direct income subject to high taxes. Because fringe benefit costs are generally high in Europe and because of the expert's unique qualifications, the fringe benefits would probably add 40% to his salary. Fringe benefits are intended to provide security and job satisfaction, and include paid vacations, sickness or accident benefits,

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pensions, and life insurance.\textsuperscript{61} Life insurance and retirement plans would be provided to the expert. Health benefits would be free and will cover all expenses. Local holidays and vacations would be included as well as annual leave, including transportation. The company will also be responsible for extras that the expert might require, such as a mansion, chauffeur and country club membership in order to exploit his public relation skills and be the first one to be aware of any significant move in the business world.\textsuperscript{62}

Overall, the cross-cultural expert employed full time could have a salary between $100,000 to $125,000 a year, with social charges of 40\% included. Even though this price might seem expensive, one must remember that the expert will have skills that are more valuable than those possessed by conventional organizations. Skills that add more value to the organization's products and services also create more wealth.\textsuperscript{63} Consequently, the expert should expect a share of this wealth and earn more money than less-skilled counterparts in traditional organizations.

\begin{center}
\textbf{ANNUAL COST OF A CROSS-CULTURAL EXPERT}
\end{center}

\begin{tabular}{ll}
\textbf{SALARY} & $100,000 \\
\end{tabular}

\textsuperscript{61}Ibid., 671.


FRINGE BENEFITS $32,000
OFFICE RENT AND CHARGES $36,000
AUTOMOTIVE $12,000
HOUSING $56,000
TRAVEL $30,150
SCHOOL’S EXPENSES $2,000
CLUB MEMBERSHIP CARDS $2,000
OTHER EXPENSES $10,000

TOTAL $280,150

(Source: Staffan Lagerwall, president of Electrolux Europe). ¹⁶⁴

The automotive cost represents the lease of an high standard car for a period of one year. The travel expenses have been calculated and based on the fact that the expert would do fifteen trips each year around Europe. The cost also includes the expenses of the hotel room, the rental car, the gas, and the meals. The average trip is three days. The expenses will be as follow: $1300 for the flight, $210 for the hotel, $200 for the car and the gas, and $300 for the meals. A whole trip will then cost $2,010.

School’s expenses cover $1,000 per child (assuming that the expert has two children). This amount covers the public

¹⁶⁴Staffan Lagerwall of Brussels, interview by author, 10 January 1994, Boca Raton, Telephone interview, Electrolux Europe, Brussels.
school's expenses. However, if the children want to go to private school, the parents will be responsible for the extra cost. Other expenses cover all the extra expenses the expert would need to perform his job effectively. It might be, for instance, business phone calls from outside the office, chauffeur, business presents and so on. All other expenses have been discussed earlier.

Creation of Artificial Boundaries and Conflict of Interest

Causes of Resistance. Hiring a personal cultural advisor requires external recruiting, which will create a change in the organization, and may eventually lead to conflicts that might hinder the work force in its effectiveness and efficiency, and might consequently hurt the company's success.

Resistance to change is often caused by uncertainty, self-interest, differing perceptions, or feelings of loss. Being located in Brussels, the cross-cultural expert will be outside the 'family business' and will therefore be subject to resistance. The level will depend on the prosperity, happiness, and harmony within the company. When workers prosper by working together, they develop a trust for the other that protects and isolate the group from the outsiders. Gaining a share of the trust becomes a true challenge. The biggest resistance might come from the

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65 Robbins, Management, 386.
marketing manager who may fear for his or her recognition and even a place in the organization. This manager may worry that over time, people will realize his job, or a part of it, is no longer needed. Consequently, the marketing manager will resist change rather than cope with the anxiety and nervousness that would have resulted from such insecurity.

People might also resist the cross-cultural expert's integration because they will rightly feel that the expert's external position will alter perceptions of the organization's goals. Because the expert will not live with the workers and will not participate in the management decisions on a day-to-day basis, he will see the situation in a different light and will develop a different diagnosis that might be rejected by insiders who believe they have a better background and therefore a better understanding of the organization's strategy and goals. If participation is not encouraged by the director, the group within the company may develop animosity toward the expert who will be seen as an alien.66 The shell that the insiders would form will only be a protection to defend their self-interests. The marketing manager may resist the expert's association and his future participation in the firm's management because he fears it threatens his control and recognition. Consulting the expert before making any decision will reduce the legitimate power of the marketing manager, as well as his

66Ibid., 393.
expert status since knowledge and expertise will have to be shared, consequently reducing the manager’s importance.

Organizational Changes Caused by the Expert. Hiring a cross-cultural expert will involve altering work assignments and work schedules. As a result, informal groups and close working relationships among peers may be disturbed or even broken up. These bitter feelings of losing security, status, power and familiarity with existing procedures could create real problems to overcome and may seriously reduce employee motivation.

Motivation is a set of processes that determine behavioral choices, people need recognition, feelings of accomplishment or affection. When needs become strong enough, people engage in efforts to fulfill them and experience various levels of satisfaction. The extent to which people find their needs satisfied will then influence their future efforts to satisfy the same need. According to Maslow’s hierarchy of needs, people must satisfy five groups of needs in this order: physiological, which are actions human take to survive; security, which reflects the desire to have a safe physical and emotional environment; belonging, which includes the desire for love and affection and the need to be accepted by peers; esteem, which comprises the need for recognition and respect from others, and the need for self respect and a positive self-image; and self-actualization which represents the need to continue to
grow, develop and expand capabilities. People begin trying to satisfy the lower-level needs, and, as they are satisfied, those needs no longer serve as catalysts for motivation. They then move to the next level. However, if one level of need is not satisfied, people will remain at that level trying to find ways to satisfy it. Of course, if they continue to be unable to satisfy it, they will likely become frustrated and will revert to the previous level. As we have seen earlier, working with the expert will decrease the opportunities for the marketing manager to take on increasingly important tasks and to gain recognition.

Since a change may also alter job assignment and job schedules, the 'foreign' participation of the expert will involve the destruction of the safe emotional environment and of the informal groups, which will send back the worker to the first level of needs. The marketing manager will then see the expert as a barrier to fulfilling the higher level of needs, and will probably become frustrated in his or her efforts, consequently harming his or her work and the company's success. Because recognition and responsibility are real motivators, motivation will decrease as the feeling of loss will increase.

Disadvantages of Group Decision Making Process. Not

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only can the cross-cultural expert disturb the atmosphere, the spirit and the efficiency of the working environment, but he will also create extra work and extra time to complete the same goal. Being dependent on the expert, the marketing manager will not have freedom to make his or her own decisions. He or she will have to gather all the relevant information and present them to the expert. As this process will need extra work, it will also imply extra time. Information flowing in and out of the firm will be time consuming. The expert might ask deeper background questions of the situation to develop the right diagnosis. He or she might require an interview with the manager or other workers to analyze the problem more accurately and to implement a better strategy. Even though this task group will have more significant input, it will also "carry" the disadvantages of a group decision-making process.

First of all, because there are more people involved, communication breakdowns occur more frequently. In order for a group to work smoothly, each participant has to accept and understand his or her role. Some people may expect an employee to have a role that might be sensed and perceived differently by this specific person who will therefore behave in a different manner. Here is how ambiguity and conflict start. The person might not be capable of executing the perceived role, or he or she might simply choose not to execute it in the way that others expect. Also, since the expert will be part of the group, but will come from outside the company, the other members of the
group would probably be jealous and reluctant, and would not be motivated to work and remain together. A group with a low level of cohesiveness, in which the members do not like to be together, do not work well together, and would casually leave the group if an opportunity arose, will probably fail to attain the goals expected. This may in turn lead to more personal dissatisfaction and probable termination of the group.

The importance of cohesiveness is accentuated when it is considered in the context of group norms. Because the expert will not be part of the firm, he or she will be more likely to ignore and then violate certain standards of behavior and will therefore be punished with unpleasant looks, snide remarks, and the like. Confronted with a set of norms in the established firm's group, the expert will either accept and conform to the norms, in which case no conflict should occur, or reject the norms, in which case the newcomer would probably be ostracized. Low performance norms present a major obstacle to overcome and to attain effective group decisions. Instead of making the decision by himself or herself, the marketing manager will have to consult the expert, which will involve a group decision-making process. This system will present several disadvantages. One of them, and perhaps the more

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70 Ibid., 416.

71 Ibid., 417.

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significant one in the business "jungle", is that groups
tend to take longer to reach a decision, because all members
may want to discuss every aspect of the decision. Although
it may be a plus, it adds a lot of time to the process and
slows down the benefits of the project. This may hurt the
competitive position of the company and may give the
competitors a chance to catch up or to move ahead. The
group may also try too hard to compromise. Some degree of
compromise may be necessary and perhaps even desirable, but
compromise might be sought to the exclusion of a superior
decision that the group could have attained with more
effort. It is only possible that the marketing manager or
the expert will dominate the process. If this happens, the
decision may be too widely accepted because it would have
the appearance of having been made by the group. Allowing
one member to make the decision will put aside all the
potential advantages of group decision-making (more input
and more alternatives). If the marketing manager dominates
and ends up making the decision alone, the presence of the
expert will therefore be useless and very costly for the
company. On the other hand, if the expert takes over, he or
she may overlook significant inside information and might
not make the best decision for the organization’s interests.

Hiring an expert is a major change for an organization.
Every detail needs to be analyzed and well managed to make
the new process work. If communication cannot get through,

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72Robbins, Management, 170.
or if a detail is overlooked, the expert's involvement may cause disaster for the productivity and the success of the firm.

Consulting Firms

Introduction. The increasing complexity and sophistication of business in the United States calls for the expertise and special skills that consulting firms provide. The increase in competition has created the need for more skills and knowledge than ever before. Consulting firms give the company the talent, experience and flexibility it needs in a package. Consulting is a business that is rapidly growing and has a major impact on the economy. New consulting firms are on the cutting edge of innovation. Consultants now offer a wide range of services that have become an integral part of the world economic system. They offer services to companies, government agencies and nonprofit organizations.

The Opportunities for a Consulting Firm. The European Union is one of the largest markets for consulting work primarily due to its need for temporary assistance. The opportunity for consultation work in the public and private sectors exists wherever an organization has maximized its

internal capabilities. Rather than search for new and unusual skills, the client merely seeks to supplement the skills it already has. Many large U.S. firms in Europe regularly fill a significant percentage of their positions with temporary assistance from consultants.\textsuperscript{74} When it comes to technical assistance, high technology industries such as aerospace, electronics, and computers are examples of companies that rely heavily on consultants. Fig. 5 is an overview of the consultant's activity. By using a consultant, organizations save money because it costs less to hire a temporary consultant than to hire a permanent expert. The second reason to use consultants is that the organization remains more flexible than if it use an expert. For an organization to hire someone on a permanent basis, it must be very certain not only that the individual can do the job and will do it, but also that the expert talent will be needed for as long as he or she is with the company. Yet, in the worst scenario, if the employee does not work out at all, the employing firm may encounter further difficulties.

In contrast, when a company uses a consultant, it does not incur the same cost or liability. Consultants pay for part or most of their own "hiring" expenses by being able to make immediate recommendations for operational improvement. Consultants, as opposed to cross-cultural experts, are obligated to become effective contributors sooner than other employees. An expert may have longer time to do his

\textsuperscript{74}Susan Fry, "How to Succeed in the New Europe," Public relations, January 1991, 19.
research since he is a full time employee.

Consulting firms are better capable of finding a niche in the marketplace and companies can use these consultants' general knowledge and apply it in an unique fashion in a specialized industry.

Consultants also offer tremendous advantages in the financial sector. For instance, an organization that runs into a cash crisis typically reduces its expenses by laying off personnel and curtailing its other cost. A consulting firm assists in helping the organization by avoiding the cost of hiring and maintaining permanent personnel. Most problems are deeper than cutting down costs; therefore, the company will hopefully recognize that a deeper analysis is needed. Consulting firms have different consultants and experts in their domain. Therefore they may be more likely than the cross-cultural expert to discover the deeper problem.

Consultants also have an advantage in acquiring resources, whether those resources are of a fiscal, inventory, or personnel nature. These days it is much cheaper to buy a factory and refurbish it than to invest in new facilities. Consultants, with the knowledge of who needs what and where to find it, can offer advantages for U.S. firms doing business in the European Union. Some work may include both inventory and the human resources. The consultant in contrast to the cross-cultural expert has the opportunity to use a broad spectrum of management.

Every time the European parliament gets together it
Consultants' Activities

Research:

- find suppliers
- find target markets for ideas or products
- find talent
- find experts
- find commercial possibilities for abstract ideas or concepts
- assess the public mood
- assess political realities
- trace problems, ideas, etc. to their source

Analyze:

- classify data
- perceive and define cause-and-effect relationships

Invent:

- design educational events
- improve on others' ideas
- update others' ideas
- adapt others' ideas
- create commercial possibilities for abstract ideas or concepts

Synthesize:

- summarize
- assess people's needs
- extract the essence from large quantities of data

Predict:

- plan financial matters
- predict obsolescence
FIGURE No 5

Recommend:

recommend experts
recommend suppliers
allocate scarce resources

Communicate:

arbitrate disputes
negotiate agreements
terminate people/projects/processes
translate jargon
help others express their views
help others clarify their goals and values
handle difficult people
interview

Motivate:

sell an idea, program, or course of action to decision makers
raise money for nonprofit institutions
raise money for business ventures
recruit leadership
direct creative talent

Evaluate:

appraise monetary value
judge people's effectiveness
identify and assess others' potential
analyze communication situations

seems that they pass a law that changes the nature of the game. The consultant allows organizations to respond rapidly and effectively to avoid sanctions and injunctions.

Cost of Using a Consulting Firms. People in business do not contact consultants to get rehashed solutions and approaches. Firms are willing to pay high fees because they expect the best. For instance, given an opportunity to hire a consultant who is going to charge a lower fee may not result in a company getting better results. Firms may want to pay more and get better results from the work done by a more competent consultant. The average daily rate charged by a consultant in some specialties is given in Fig. 6. The rates have steadily increased due to inflation and the increase in demand for consultants. Consulting firms will charge $285 to $430 per hour, and for a special project, $10,000 to $15,000 or more.

Training Programs

Introduction. To understand how training can be beneficial this part of the chapter will first explain why a company should have a training program, then explain the advantages it provides.

Training Programs and the International Business World. U.S. companies have reduced the number of expatriates sent

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abroad to operate subsidiaries. The reasons are numerous, but the main one is that companies were experiencing high failure rates, which resulted in enormous expenses. Each failure costs a company anywhere from $250,000 to $1 million, depending on the employee's salary, location and whether a family transfer was involved. In London, the failure rate is 18 percent, in Tokyo 30 percent, and in Saudi Arabia 68 percent (of Americans who return to America because of their inability to bridge the cross-cultural gap). U.S. companies have not taken training into account as a serious element of success, only 5 to 7 percent of senior management in American business has had any significant overseas or intellectual experience or speaks a foreign language. Between 50 percent to 60 percent of corporations that do business abroad do not provide any preparation for employee. "The military trains its soldiers before sending them to battle, churches educate and train their missionaries before sending them out to proselytize, and government trains their secret agents before they go under 'deep' over. But U.S. firms send employees overseas cold". In fact it is estimated that 57 percent of the training programs only last a week or less, 29 percent last two to three weeks, and 14 percent last one

77Ibid., 36.
78McEnery, and Desharnais, "Culture Shock," 44.
FIGURE No 6

### MEDIAN DAILY BILLING RATE OF CONSULTANTS SURVEYED

<table>
<thead>
<tr>
<th>Specialty/Field</th>
<th>All</th>
<th>Top 10%</th>
<th>Lowest 10%</th>
<th>Median Annual Income After Business Expense/Before Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Consultants</strong></td>
<td>$903</td>
<td>$1801</td>
<td>$427</td>
<td>$90,866</td>
</tr>
<tr>
<td>Accounting</td>
<td>914</td>
<td>1818</td>
<td>455</td>
<td>95,121</td>
</tr>
<tr>
<td>Advertising</td>
<td>987</td>
<td>1903</td>
<td>517</td>
<td>93,001</td>
</tr>
<tr>
<td>Agriculture</td>
<td>626</td>
<td>931</td>
<td>311</td>
<td>66,543</td>
</tr>
<tr>
<td>Aerospace</td>
<td>992</td>
<td>1189</td>
<td>636</td>
<td>93,056</td>
</tr>
<tr>
<td>Arts &amp; Cultural</td>
<td>630</td>
<td>855</td>
<td>271</td>
<td>54,307</td>
</tr>
<tr>
<td>Banking</td>
<td>881</td>
<td>1503</td>
<td>543</td>
<td>85,144</td>
</tr>
<tr>
<td>Broadcast</td>
<td>844</td>
<td>1179</td>
<td>588</td>
<td>87,447</td>
</tr>
<tr>
<td>Business Acquisition/Sales</td>
<td>823</td>
<td>1626</td>
<td>421</td>
<td>96,208</td>
</tr>
<tr>
<td>Chemical</td>
<td>902</td>
<td>1588</td>
<td>456</td>
<td>86,190</td>
</tr>
<tr>
<td>Communications</td>
<td>683</td>
<td>981</td>
<td>320</td>
<td>64,705</td>
</tr>
<tr>
<td>Construction</td>
<td>809</td>
<td>1355</td>
<td>625</td>
<td>83,972</td>
</tr>
<tr>
<td>Data Processing</td>
<td>896</td>
<td>1352</td>
<td>531</td>
<td>80,136</td>
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<tr>
<td>Dental/Medical</td>
<td>1022</td>
<td>1551</td>
<td>534</td>
<td>92,994</td>
</tr>
<tr>
<td>Design (Industrial)</td>
<td>761</td>
<td>826</td>
<td>473</td>
<td>66,748</td>
</tr>
<tr>
<td>Economics</td>
<td>890</td>
<td>1306</td>
<td>560</td>
<td>91,538</td>
</tr>
<tr>
<td>Education</td>
<td>659</td>
<td>920</td>
<td>349</td>
<td>57,801</td>
</tr>
<tr>
<td>Engineering</td>
<td>1045</td>
<td>1278</td>
<td>575</td>
<td>95,990</td>
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<tr>
<td>Estate Planning</td>
<td>851</td>
<td>1544</td>
<td>484</td>
<td>82,169</td>
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<tr>
<td>Executive Search</td>
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<td>1506</td>
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<tr>
<td>Export/Import</td>
<td>933</td>
<td>1411</td>
<td>571</td>
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<td>Fashion/Beauty</td>
<td>534</td>
<td>951</td>
<td>298</td>
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<td>Finance</td>
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<td>1667</td>
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<td>Franchise</td>
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<td>Fund Raising</td>
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<td>1045</td>
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<td>70,236</td>
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<tr>
<td>Grantsmanship</td>
<td>612</td>
<td>899</td>
<td>358</td>
<td>58,996</td>
</tr>
<tr>
<td>Graphics/Printing Trades</td>
<td>638</td>
<td>1081</td>
<td>411</td>
<td>70,267</td>
</tr>
</tbody>
</table>
### FIGURE No 6

**MEDIAN DAILY BILLING RATE OF CONSULTANTS SURVEYED**

<table>
<thead>
<tr>
<th>Specialty/Field</th>
<th>All</th>
<th>Top 10%</th>
<th>Lowest 10%</th>
<th>Median Annual Income After Business Expense/Before Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>$1001</td>
<td>$1624</td>
<td>$628</td>
<td>$98,193</td>
</tr>
<tr>
<td>Hotel/Restaurant/Club</td>
<td>707</td>
<td>1099</td>
<td>514</td>
<td>70,236</td>
</tr>
<tr>
<td>Insurance</td>
<td>689</td>
<td>1105</td>
<td>397</td>
<td>68,468</td>
</tr>
<tr>
<td>International Business</td>
<td>978</td>
<td>1617</td>
<td>637</td>
<td>93,838</td>
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<tr>
<td>Investment Advisory</td>
<td>826</td>
<td>1876</td>
<td>382</td>
<td>99,312</td>
</tr>
<tr>
<td>Management</td>
<td>911</td>
<td>1558</td>
<td>428</td>
<td>91,010</td>
</tr>
<tr>
<td>Marketing</td>
<td>923</td>
<td>1703</td>
<td>531</td>
<td>90,347</td>
</tr>
<tr>
<td>Municipal Government</td>
<td>674</td>
<td>998</td>
<td>326</td>
<td>68,914</td>
</tr>
<tr>
<td>New Business Ventures</td>
<td>744</td>
<td>1221</td>
<td>293</td>
<td>69,661</td>
</tr>
<tr>
<td>Packaging</td>
<td>797</td>
<td>1238</td>
<td>526</td>
<td>84,886</td>
</tr>
<tr>
<td>Pension &amp; Estate Planning</td>
<td>841</td>
<td>1252</td>
<td>533</td>
<td>84,823</td>
</tr>
<tr>
<td>Personnel/HRD</td>
<td>753</td>
<td>1209</td>
<td>401</td>
<td>68,111</td>
</tr>
<tr>
<td>Production</td>
<td>852</td>
<td>1240</td>
<td>602</td>
<td>89,002</td>
</tr>
<tr>
<td>Psychological Services</td>
<td>622</td>
<td>1198</td>
<td>327</td>
<td>81,065</td>
</tr>
<tr>
<td>Public Relations</td>
<td>730</td>
<td>1231</td>
<td>332</td>
<td>68,965</td>
</tr>
<tr>
<td>Publishing</td>
<td>755</td>
<td>1108</td>
<td>402</td>
<td>79,738</td>
</tr>
<tr>
<td>Purchasing</td>
<td>826</td>
<td>1216</td>
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<td>81,067</td>
</tr>
<tr>
<td>Quality Control</td>
<td>947</td>
<td>1201</td>
<td>483</td>
<td>88,144</td>
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<tr>
<td>Real Estate</td>
<td>668</td>
<td>1297</td>
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<td>80,761</td>
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<td>Records Management</td>
<td>581</td>
<td>941</td>
<td>291</td>
<td>79,627</td>
</tr>
<tr>
<td>Recreation</td>
<td>604</td>
<td>839</td>
<td>349</td>
<td>64,831</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>1002</td>
<td>1777</td>
<td>611</td>
<td>105,526</td>
</tr>
<tr>
<td>Retail</td>
<td>785</td>
<td>1284</td>
<td>356</td>
<td>69,090</td>
</tr>
<tr>
<td>Scientific</td>
<td>1069</td>
<td>1755</td>
<td>667</td>
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<tr>
<td>Security</td>
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<td>1187</td>
<td>377</td>
<td>80,239</td>
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<tr>
<td>Statistical</td>
<td>701</td>
<td>1056</td>
<td>398</td>
<td>77,999</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>857</td>
<td>1127</td>
<td>481</td>
<td>91,179</td>
</tr>
<tr>
<td>Traffic/Transportation</td>
<td>756</td>
<td>1198</td>
<td>434</td>
<td>76,005</td>
</tr>
<tr>
<td>Training</td>
<td>773</td>
<td>1141</td>
<td>414</td>
<td>75,917</td>
</tr>
<tr>
<td>Travel</td>
<td>617</td>
<td>1038</td>
<td>334</td>
<td>72,048</td>
</tr>
</tbody>
</table>
month. Professor Tung, in 1988, surveyed 17 European countries and found that U.S. companies needed to increase their cross-cultural training programs if they intended to be competitive compared to their European and Japanese counterparts.80

Advantages of Training Programs. By not understanding the value of establishing relationships before initiating business or not recognizing that many cultures have negotiation techniques that differ from the American way of conducting business, expatriates can lose contact and ruin a corporation's reputation. Therefore, companies have another alternative to hiring a cross-cultural expert. With training programs employees can understand the job, communication, negotiation styles, social relations, and the family life style.

Companies can achieve efficient operations and minimize cost only if their employees have adequate knowledge and skills. The training program can be done at two different levels: at the host country worker level and at the expatriate level. In both cases, the training program will be beneficial for the company because some of the skills taught will be unavailable in the local market since employees cannot relate to the new headquarters' cultural environment. The training programs will improve the firms' ability to identify with business opportunities, avoid

80McEnery, and Desharnais, "Culture Shock," 44.
wasting resources on ill conceived ventures, give the companies a competitive edge, improve job satisfaction, prevent lost business due to insensitivity to cultural norms, and improve effectiveness in a changing business environment. At the host country level, training will create a desire to contribute to the successful operation of the organization because it will satisfy the need for local employees, thus stimulating their interest to participate in the operation of the firm. For instance, if a company hires new employees, they may feel insecure because they do not understand what is expected of them. Another advantage of training programs provided at the host country employee level, is that the society will look with favor on the company since it improves the ability of the local workforce and, therefore, demonstrate its willingness and desire to develop its local employees.

In order to train the local employees, companies must develop a training program for the expatriates who will supervise and conduct the training programs overseas. At this level, the training program will help the expatriate to prepare for his or her new position in three different areas. This will be conducted by former expatriates acting as specialists. To retain competence the individual will have had to recently work in the country. He or she will be trained to adapt to the business environment, have the role explained that will be performed overseas, and be provided

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81Ibid., 24.
with the tools necessary to overcome stress management. According to Mr. Lloyd, director of the Business Council for International Understanding (BCIU), "the better a person understands his role and the expectations of the host country, the better he will be able to adapt to differences." The training program will help the expatriate to have adequate technical competence, the correct personal skills (tolerance, ambiguity, adaptability), language skills, and knowledge of the host culture (language, culture, laws and politics).

Secondly, the training programs will focus on the family lifestyle adjustment. In fact, 90 percent of the failure cases are due to spouse and family dissatisfaction. The spouses are trained to understand the stress of the new culture and the challenges that their husbands or wives will face on the job. Spouses will often be provided with a job or be given the option to work. The program will also inform the spouses as where to shop, how to get children to schools, and how to use public transportation, as well as how to communicate with vendors, teachers, and neighbors. For example, a training program will familiarize the husband or wife with the daily routine in France where people tend to shop daily, (because of the

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size of the refrigerators) and not weekly as in the U.S. Mr. MacKreiter, an attorney for an international law firm says, "these are usually the straws that break the camel’s back. After all, who wants to spend three days looking for a light bulb in a country that doesn’t have hardware stores". Children as well are trained in order for them to understand how to play the European games and how to play the major sports, and who are the famous people. They will also be introduced to the events that have shaped the culture of the city where the family is to live.

Finally, a training program will help the expatriate to facilitate his or her re-entry in their home country. Returnees are frequently surprised by what they experience during re-entry. When going overseas, employees generally expect new and unfamiliar situations and they do not expect anything unfamiliar when returning home. Some returnees describe re-entry as an even more difficult transition than the initial entry to the foreign country. This can be explained by the fact that they have a tendency to idealize the home country. Therefore, companies now train the expatriate when they are preparing to return home. This allows them to approach their new position in a more efficient and enthusiastic way. Companies will provide returnees with a plan of re-entry to prevent the reverse effect of culture shock. Therefore the company offers

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85Ibid., 28.

86Shumshy, "Justifying the Intercultural Training Investment," 43.
training programs that will allow the expatriate family to experience a smooth transition by explaining the taxes, banking, insurance, housing, education etc..

Cross-cultural training is far from inexpensive. A three day session for a family can cost as much as $10,000. But even if $3000 is spent to hire a person who decides after the training that he or she does not want to go, the company still saves at least $200,000 with the combined cost of compensation, rent, moving, and other expenses, by finding out before hand that the overseas transfer will not take place.\(^{87}\)

**Conclusion**

Hiring a cross-cultural expert requires a significant outlay for a company, and it can create a feeling of insecurity for the local managers that suddenly feel threatened by his or her arrival. Therefore, companies often use consulting firm and adapt their training programs to overcome the complexity of the European cultural environment. Both of these alternatives are appreciated by companies because they are more convenient, they require less short term investment, and they do not create a conflict of interest among the local employees.

\(^{87}\)Caudron, Surviving Cross-Cultural Shock," 35.
CHAPTER IV

SUMMARY, FINDINGS, AND CONCLUSION

Summary

The solidification of a Unified Europe occurred after World War II, and Europeans understood that to survive they needed to collaborate. The rapprochement among the people of Europe through the Marshall Plan, NATO, Messena Conference, and the Treaty of Rome, was guaranteed collectively by the nations of Europe. In December 1992, the Maastricht treaty was finally signed giving birth to the second largest market in the world. Combined with the twelve members nation and the eventual entry of the EFTA countries, the European Union represents the largest market for U.S. company exports. The attractiveness of this huge market has increased sharply since the European community began to implement their Single Market Program. This program includes the four "freedom of movement"--capital, people, goods, and services--which led to a uniformity of procedures, standards, and the destruction of all trade barriers. As Europe is constantly changing, American companies have become more aware of the crucial role the cross-cultural environment plays for their success in the European market. Now, international managers have to deal with a more complex cultural situation. Given the complexity of the European Union and the cultural
environment, managers are facing a confusing work force and a large disparity in consumer desire and expectation. A certain level of knowledge should be required of an international business manager. The complexity of the job explains why a company should consider hiring a cross-cultural expert. He or she must have excellent knowledge of people's behavior in organizations within different cultures of the European Union. He or she contributes to the goal setting of the home office by having knowledge of the cultural, legal, political, and financial environment. On the other hand, hiring a cross-cultural expert may be expensive and very costly if he or she fails to succeed in an assignment.

The most critical communication link for the cross-cultural expert is tying the subsidiaries to the parent company. Even though much of international business is conducted in English, American managers cannot expect Europeans to conduct all their business transactions in English. The cross-cultural expert’s fluency in language allows them to translate goals, rules, and objectives from the company's language into the host country's language, so as to communicate effectively with employees, suppliers, customers, and governments. The level of education in a country determines the complexity of doing business there. The education level affects the quality of people available for employment, productivity, and so forth. The cross-cultural expert has the capability to install training programs in order to teach the foreign labor force about the
company’s cultural environment and the job expectations. Ironically, people do not recognize the impact religion has on businesses, even though God is often perceived as the creator of the world. The cross-cultural expert can determine the degree of religious heterogeneity and its impact on the social and political environment, which means that he or she is able to perceive in advance social and political risks. The need in different countries varies as to priorities attached to certain expectations. People are pleased, concerned, or annoyed because they may perceive a situation in terms of a different set of premises. The cross-cultural expert can adjust to each group of values through having an understanding of Hofstede’s study of organizations.

The completion of the organization of the internal European market in March 1992 stimulated European integration in the social environment. If the cross-cultural expert is located in Brussels, he or she can be alert to the constantly changing legal position of the worker and the impact of new technology. The influence of government on the employee affects the company. The cross-cultural expert is exclusively concerned with approaching the political environment at the global level. Therefore, it is important that the expert’s base be in Brussels where all the regulations will be passed. If a new law can potentially hurt the company, he or she can request an inquiry to attract more attention to the pending law. The final advantages of using a cross-cultural expert is in
his or her understanding the complexity of the European market. This expertise permits effective input for banking, insurance, and investment decisions. Portfolios can be adjusted according to the evolution of the ECU, and labor can be organized according to labor cost. Secondly, the expert can follow up on new standards and their impact on the companies' product or decision making. Finally, environmental regulations affecting the company are thoroughly studied by the cross-cultural expert in order not to violate and offend the home country.

Using an outside, cross-cultural expert to conduct field examinations saves the cost of hiring and training staff, but as these examinations requires extra work and extra time, the hiring of an expert represents an expensive investment for the company. Personal maintenance of the expert and his family can cost as much as $280,000 a year including salary, office rent, social charges, and accommodation for the entire family. The second disadvantage of hiring a cross-cultural expert is the creation of a change in the organizational system which will lead to internal conflict that might hinder the work force in its effectiveness and efficiency. The major resistance the cross-cultural expert will face might come from the executives that have been working in Europe, making their own decisions during their careers, who now suddenly need to consult to the cross-cultural expert prior to making a decision. According to Maslow's hierarchy of needs, the executives may see the cross-cultural expert as a barrier to
fulfilling their higher-level needs and will become frustrated. Secondly, because the cross-cultural expert is not part of the firm, he possibly could ignore and violate certain standards of behavior. Finally, having an additional executive with which to consult may slow down the decision making process and thus harm the competitive position of the firm by letting competitors catch up. Companies, instead of hiring a cross-cultural expert, may decide to use a consulting firm. These firms give the company the talent, experience, and flexibility for a more affordable fee. Consultants work in every area of business--from marketing to finance, and from labor to legal aspects. Consultants offer specialized and talented administrators who are more likely to find a niche in the marketplace. Companies may also avoid hiring and maintaining permanent personnel. Due to great demand, the prices for consulting services have increased. Another alternative for the U.S. company that desires to be competitive in the European Union is to implement training programs. The programs can be implemented at two different levels: through the host country workforce and with the expatriate. This will improve the firm’s ability to identify business opportunities, avoid wasting resources on ill conceived ventures, gives the company a competitive edge, improves job satisfaction, and prevents lost business due to insensitivity to cultural norms. The training program will train the expert, his wife, and his children to adapt to the new cultural environment. The training program
also follows up on the evolution of the family's adjustment and deals with its reentry to the home country when the assignment is over. Unfortunately, training is far from inexpensive. It costs $3,000 a day and needs at least two to three weeks of preparation to be successful.

Statement of Findings

As Europe is persevering in its attempts at unification, the role of culture in the business context is becoming more important. A complete and thorough appreciation of the impact of culture in the European market might be one of the most important finding of these thesis. United States companies can control the product offered to the European market--its production, location, price, and distribution methods--but they have only limited control over the cultural environment in which their goals must be implemented. Therefore, American companies should have a perfect knowledge of the European culture to anticipate the eventual effects of the uncontrollable variables and adjust their objectives accordingly in order to effectively meet their objectives. One of the alternatives a company can consider is hiring a cross-cultural expert. The expert provides numerous advantages for the company. However, the process requires an important investment at the beginning, and also may create organizational conflict due to a possible tense relationship with the host country manager. Companies seems to have other alternatives for either
developing a training programs or using a consulting firm. Both of these alternatives provide advantages but are costly to implement.

Limitations of this Study

Although it is relatively simple to observe the progress of the current European movement toward further economic integration, speculating on the future is a different matter. Even in mid-1994, it is unclear how far the European Community will ultimately move in achieving economic integration. The changing events in Eastern Europe represent a new factor that has some impact on the integration process. For example, the unification of Germany has obviously distracted the German government from its support of the Community's initiative. What a specific industry will look like in the next decade is obviously a complex combination of how the new European Union regulatory structure affects industrial production, its customer demand, and the political and economical changes that occur. A U.S. company may lose business according to the changes that occur and this could affect the decision management makes about hiring a cross-cultural expert. For instance, if new standards irrevocably affecting a company's product are implemented, the firm can regret its investment in a cross-cultural expert and, thus, would prefer choosing an alternative plan to overcome the cultural environment dilemma. In contrast, if the changes occurring do not threaten the life of the product or service, the company
will have benefited from having hired a cross-cultural expert. If a regulation is suddenly passed forbidding the sale of polyester fabrics, a U.S. company selling polyester glasses will fail whether a cross-cultural expert is hired or not. On the other hand, if the law only concerns the fabric's composition, a cross-cultural expert can adjust the production line before production losses occur.

Much of the European Union discussion puts heavy emphasis on the power of economies of scale, and the size of the role international companies will play. This emphasizes, however, affects the opportunities for new technology offered for consumer demand and the implementation for new products. Therefore, knowing how new technology and social evolution of the European market will evolve affects the limits of the study. New technologies in the production process will affect markets, especially for financial services, telecommunication, and technologically sensitive manufacturing. In addition, the role of service employment will rise with the integration of new technology. Not following up on the eventual regulations of the future European industry can create repercussions for the company in five specific areas: finance, production, distribution, organizational structure, and decision making and marketing. Modern financial techniques have led to new mechanisms of corporate financing, giving companies new access to sources of funds.

Production techniques have radically changed the nature of modern manufacturing. Moves toward flexible
manufacturing systems, more focused factories, and just-in-time inventory techniques are the keys to the factory of the future. Also, the factory of the future is staffed by more than simply intelligent robots replacing human workers. The ability to rapidly change product designs to meet customer needs and get technological and product advances to market, represents one of the focal points of future competition.

Finally, few studies of the implications for management in the single market focus on the future social and business dimension of the European Union. Wisse Dekker of N.V. Philips sees the social costs of being a company in Europe as second only to the inability to relieve market fragmentation in limiting European world competitiveness. He estimates that Philip's social charges, "as a percentage of wage and salary are...about two time those of the competitors."

The future dimensions of the European Union include not only basic European rights but also issues such as job security, workplace control, the environment, and the commitment of the commercial sector to the social integrity of the community. The major problem with the social dimension is not that such goals are inappropriate or unwarranted, but that pressure within the Community has generally led the European Union to tailor its social policy commitment to the highest common denominator. The social pressure on the European Union, in other words, has focused

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and will continue to focus on improving the restrictions in countries with lower standards rather than attempting to find what might be a more efficient balance between social costs and benefits.

**Suggestions for Further Studies**

Further studies could be focused on how to deal with the diversity phenomenon, marketing implementations, and how beneficial a cross-cultural expert would be in the opinion of CEOs of U.S. companies.

Diversity has become one of the most often used words of our time. The ideology of middle class propriety and prosperity is breaking down under the onslaught of this new kind of social integration. Since the europeanization of Europe is creating not a melting pot, but a huge house of mirrors, full with reflections of cultural and social identities, an interesting study could be conducted to understand the different approaches to diversity. Of course there are different methods a company can use when approaching workforce diversity. First a company can organize discussions on how the company creates an environment that enables all individuals to reach their maximum capacity. A company can also decide to treat everybody equally, not giving any benefits or penalty to persons from a different culture.

A study on how marketing should be conducted in the European Union could also be useful for understanding the complexity of the market. Marketing in the European Union
can be conducted different ways. Firstly, there is the Euro-marketed Euro-product, which has few characteristics to which European consumers react similarly. The Euro-product is not generic in content, but it is generic in image, so differentiations through advertising is impossible.

Secondly, it is built to individual specifications with customers’ choices varying considerably depending on their evaluation of its possible differences. The product may vary because of regional or cultural differences, but ultimately it must be marketed to individual groups independently. Thirdly, there is the quasi Euro-product and the Euro-product. This product may have some similarities across regions, but it will vary slightly. The marketing implications after 1992 depend on the characteristics of the customers a company is serving. Those firms marketing Euro-products have the opportunity to take advantage of the gains to grow in both production and marketing. For companies marketing focused products, little should change as long as the product meets the demands of customers with similar needs but from different nationalities. The greatest gain will occur for those marketing quasi Euro-products, which provide the opportunity to take advantage of economies of scale, both in production and marketing. This can also generate the market size limitations that provide for protection from other entrants to the market.

Finally, a cross-cultural survey can be conducted in order to understand the beliefs of American CEO’s about
their need for a cross-cultural expert. A sample of such a survey is provided in Fig. 7.

**Conclusion Reached**

Companies doing business in Europe must understand the concept of culture, the local culture pattern, the nature of cultural change, the process of change in the local culture pattern, the process of change in the attitudes and patterns of behavior of individuals, and the nature of cross-cultural relations. Hiring a cross-cultural expert provides companies with the competitive edge that they need to be competitive in the European Market. In an age of shortening product life cycles, the cross-cultural expert is able to speed up business development by exploiting and adopting his knowledge of the European cultural environment. By not being prejudiced by his own culture, the expert rapidly adjusts his frame of reference among the other cultures involved. The home business strategy cannot be assumed to be applicable in the European market. Expertise about the European political and social environment can save a tremendous amount of expenses for the company. For instance, if the company were to hire a consulting firm every time they needed information about investment in a potential new environment, they would have to hire consultants every time new laws are passed. With the constantly evolving European market, this solution could become too costly. Another advantage cross-cultural experts provide, is that working within the company may mean that
they can recommend alternate organizational structures all year long. A consulting firm will not do so, since they are hired only for a specific assignment. As the cross-cultural expert only works for one company, it also means that he will work for the well-being of that company. In contrast, consulting firms advise their clients with equal effort even if those clients are competitors. Of course, it may argued that the cross-cultural expert’s fee is high. This is may be true on a short-term basis but, in the long run, the services and expertise justify the expenses. In addition, for the most part, a cross-cultural expert’s family will not have to be trained and this reduces the chance of failure. In the long-run, it will be accepted that a cross-cultural expert has been introduced into the organizational hierarchy, and the company will use his abilities and recognizes that his services can only help the firm to save time and to make more productive decisions.

A company can no longer expect to develop cross-cultural programs and be successful in Europe with only the knowledge of one nation because Europe is grouped into many different cultures, making it difficult for one person to learn and fully understand all these cultures in one training program. The idea that a united, homogeneous Europe will come about spontaneously is naive. So is the idea that "Europeanization" will finally put an end to nationalism. Training will of course help a company to be better prepared to take advantage of the marketing opportunities, but it is not sufficient on its own. The
cross-cultural expert will enrich the programs with his knowledge. By being available on staff, he will be able to provide the necessary information to assist new managers in their international mission. The source of information available through a cultural expert is an advantage, and there is no doubt that by having a on-site person located in Brussels, with his or her personal contacts with the economic and political leaders, will keep the company will alert and informed about the future. Consequently, in addition to accomplishing the immediate concrete objectives, successful cross-national assignments can increase the company’s international reputation. The company will have a representative in the heart of the action which helps create contacts and business opportunities.

A cross-cultural expert will become an essential employee for a company that desires to be competitive in the European market, and it would be unsurprising in a couple of years that a relocation of businesses office to Brussels will occur.

Recommendations

For a U.S company to be successful with the employment of a cross-cultural expert, it is necessary that it be very selective whom it chooses for the position, and it is necessary to effectively introduce him or her to the home country managers.

The job of a cross-cultural expert is very demanding, but many people could fail at it because their philosophy of
life. A company must be concerned with the personal aspect and the business aspect. A company must be concerned with the way the cross-cultural expert thinks and reasons, the way he feels and the belief and values that motivate him. Personal criteria must be controlled. First, the ability to see several dimensions of a situation and to identify the relationship and patterns between those is an important attribute. Developing this ability comes from an ability to listen and learn from other colleagues in Europe. Second, he should be eager to learn throughout his career and to believe that he must do his best for the company in terms of research and work since he or she is basically alone in Brussels. Finally, he must have the kind of personality that commands respect since he or she will be representing the company in Brussels.

On the business front, the most important abilities a cross-cultural expert should have are: knowledge of business practices in the European market, human relation skills, and fluent foreign language skills.

The second important recommendation is that firms should introduce the cross-cultural expert to the local management teams in ways that emphasize equal collaboration. The cross-cultural expert should encourage local managers to contribute and develop their own ideas and help them to understand that he or her is there to provide an extra service. The cross-cultural expert will have to put emphasis on persuading rather than formal authority, and must help local managers to understand that they are
supposed to complement each other rather than compete. The main objective for the cross-cultural expert to be accepted is to try to encourage a flow of business between each European manager and the cross-cultural expert. But this will only happen if the company is successful in introducing him or her as part of the group.
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Staphan, Lagervall, President, Electrolux Europe.

Gerald Hinckley, Senior Project Director, N.G.F Consulting
Cross-Cultural Exposure

As part of a university class project, I am asking for your cooperation in completing this questionnaire. Please follow these directions.

Directions:

Do not write your name on the questionnaire. All this information is confidential. Please circle only one number for each question. 1 = least likely, 5 = most likely

Example:

Do you agree that Budwieser is tasty?

1 2 3 4 5

Please make sure you answer all questions. Thank you for your time and help.

Below is our definition of a Cross Cultural Expert (CCE):

The CCE studies the behavior of people in organizations located in different cultures and nations around the world. He contributes to the goal setting of the home office by having knowledge of the cultural, legal, political, social, and financial environments.

On the basis of our definition given to you on this page and the example would you please answer the following questions.

Do you agree that your market implementation phase was different every time you penetrated a new European country?

1 2 3 4 5

Do you agree that the European work force is different than the American?

1 2 3 4 5

Do you agree that you approach the European work force as a unity and not as several different groups based on their cultural backgrounds?

1 2 3 4 5
FIGURE 7
Cross-Cultural Exposure
Do you agree that you consider English as the European Union's Business language?

1 2 3 4 5

Do you agree that speaking each European country's language necessary for good business negotiations?

1 2 3 4 5

Do you agree that cross cultural expert can truly understand the complexity of the European Union (Monetary situation, environmental restrictions, standards requirement,)?

1 2 3 4 5

Do you agree that religion has an impact on European cultures?

1 2 3 4 5

Do you agree that education has an impact on European cultures?

1 2 3 4 5

Do you agree that values has an impact on European cultures?

1 2 3 4 5

Do you agree that language has an impact on European cultures?

1 2 3 4 5

Do you agree that culture has an impact on European business negotiations?

1 2 3 4 5

Do you agree that you have experienced failure with expatriates to Europe?

1 2 3 4 5

Do you have a training program for expatriates to Europe?

Yes No

Have you worked or are working with a consulting firm on European issues?

Yes No
FIGURE 7
Cross-Cultural Exposure

Do you agree that you are satisfied with the results performed by the consulting firm?
[1 2 3 4 5]

Do you agree that working with a CCE could have improved the outcome?
[1 2 3 4 5]

Do you agree that a CCE would be more objective than a consulting firm?
[1 2 3 4 5]

Do you agree that a consulting firm would have larger resources than a CCE?
[1 2 3 4 5]

Do you agree that a CCE can be as efficient as a consulting firm?
[1 2 3 4 5]

Do you agree that you would rather contact a consulting firm instead of hiring a cross-cultural expert?
[1 2 3 4 5]

Do you presently have a CCE?
Yes No

Do you presently work with a consulting firm?
Yes No

Do you agree that your European CEOs would feel a threat working with a CCE?
[1 2 3 4 5]

Do you agree that the CCE should work with a team?
[1 2 3 4 5]

How many employees should the cross-cultural department have?
[1 2-3 4-5 6-7 8-above]

3
FIGURE 7
Cross-Cultural Exposure

Do you agree that the CCE should be located in Brussels?

1 2 3 4 5

How much would you pay a CCE?

1 Less than $ 79,999
2 $ 80,000 - $ 94,999
3 $ 95,000 - $ 109,999
4 $110,000 - $ 124,999
5 $125,000 - $ 139,999
6 $140,000 - Above

Would you hire a CCE?

1 2 3 4 5

Would you hire a consulting firm?

1 2 3 4 5

How many employees do your organisation have in the European Union?

1 0 - 29
2 30 - 59
3 60 - 89
4 90 - 119
5 120 - Above

Between a CCE and a consulting firm which one would you choose?

<table>
<thead>
<tr>
<th>CCE</th>
<th>Consulting firm</th>
</tr>
</thead>
</table>

How many European subsidiaries do you have?

0 1 2-3 4-5 6-7 8-Above

In how many different European countries do you have subsidiaries?

0 1 2-4 5-7 8-10 11-Above

Thank you for taking the time to answer this questionnaire.