THE HARMONY OF INTERESTS AND THE STRATEGIC BEHAVIOUR EXPECTED FROM MULTINATIONAL COMPANIES

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Abstract

Both the countries and the multinational companies get in contact with each other in many ways during the development of the world economy. You have to consider the alternative of becoming multinational if the domestic markets don't provide enough opportunities for the company to expand or if the conditions of the economy are inappropriate. Today it's the accomplishment of this process that makes the backbone of the economic globalization. The globalisation and being multinational can only be advantageous for every participant of the world economy, if their advantages are unambiguously perceptible for both parties. A multinational company must cooperate with the domestic participants in order to improve the country's economic situation, so it can help its own development more too. This way of thinking should be organically built into the international strategies, and we need a kind of economic activity, with which the situation can be more beneficial for both parties. This study is dealing with the strategic questions of becoming international. Principally it's looking for the answer for what kind of challenges a multinational company has to face on the markets of the Hungarian economy, and why is it so important to build a better organizational culture and why the intercultural culture is the key!

Key words: *international management, competitiveness, intercultural management*

1. THE GLOBALIZATION AND INTERNATIONAL COMPANIES

The process of globalization creates the possibility for the free movement of products and factors of production that results in numerous positive consequences in the world economy. Today, it has become obvious that even globalization is not able to ensure the conditions of development for everyone.

Real winners of globalization are global and transnational companies, because they are able to acquire low-cost labour, preferences and enter new markets, although at the expense of domestic economic units and domestic competitiveness. The most important question is to find out the path to this result and to analyse the role of enterprises in the process. At the same time, in the last few years Hungary showed a serious economic decline and Hungarian enterprises had also represented a big role in the process because of the increasing number of international companies from abroad.

According to Raymond Vernon companies are becoming international in order to gain transactional cost advantages in other countries and because the conditions of the domestic production might be more favourable. Globalization created a new dimension in our era not only in an economic sense but it also altered territories, towns and regions to be more and more multicultural.

Masses of foreign workers appeared in the more developed countries with the hope of earning a higher income. The direction of this movement points unambiguously from the less developed countries to the more developed ones, forming the mixture of the world's most diverse cultures. It's good opportunity for companies to increase their performance and profit.

2. THE COMPETITIVENESS OF FIRMS

The history of mankind has been developing for thousands of years through the unification and interaction of societies which determined the existence of groups of people living in different regions under various geographical, economic and social conditions. Global economic evolution, as well as the rise of capitalism and the creation of the world market led to significant quality improvement. The expansion of globalization started during the 1970's and closely linked to activities of transnational companies. This process, due to the coexistence of commodity production and social development, resulted in the redistribution of surplus value – mostly in favour of foreign investors. In the new economic era both liberalization and the neoliberal economic philosophy, through the elimination of legal and other barriers, contributed to the expansion of the above process.

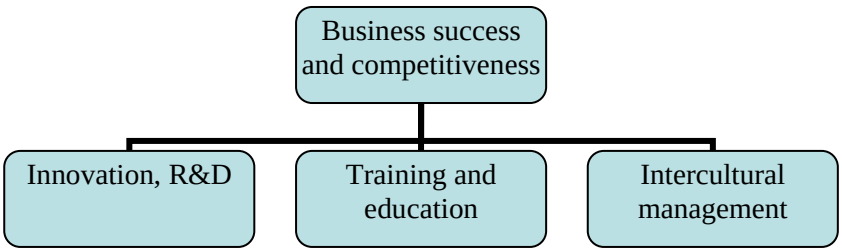
Having a look at the World Competitiveness Scoreboard, it can be noted that those countries that invest in innovation and knowledge, take the human element into consideration, respect nature and highlight the importance of social capital are a lot more competitive than those who compete through low prices, lowering costs and by inflowing foreign capital. Within the past few years Hungary lost its former position and ranked as one of the least competitive economies in the region; its competitiveness dropped substantially. A sole opportunity exists for countries lagging behind in competitiveness or less developed countries: to learn from the most competitive countries.

The means of their competitive economic operation is to be examined and if possible their applicable methods need to be implemented. Analyses at national economic level or examination of merely national economic policies does not suffice, since a country's national economic results and competitiveness are significantly affected by the companies' performance operating in the country's territory. Enterprises' economic results fundamentally determine the situation of the economy and society since great majority of domestic products are produced by this sector and it creates labour force demand for the labour market.

Globalization can be defined as a process within which an increasingly larger range of resources are available for national economic organizations simultaneously with widening market opportunities. In this globalized world, thus in the escalating competition, it turned out that a good product or service in itself cannot be sufficient for long-term success. In the harsh competition it is of getting more importance that the enterprises have the ability to renew their products, services and technological processes from time to time. Such ambition to renew is a key motivating factor of the economic organizations' competitiveness.

International competitiveness is such a feature of a country or a company under which it is capable of creating more value and thus higher profit than its competitors. Numerous success factors can be identified in relation to the evolution of international enterprises among which constant ambition to renew, innovation, new technology, research and development and education-research are particularly important.

Fig. 1. The success factors in the international companies



3. THE BEHAVIOUR OF INTERNATIONAL COMPANIES

Hofstede opened new perspectives for studying competitiveness, as he pointed out that the cultural features (i.e. cultural dimensions) are able to have a decisive influence over our actions, performance or relationships with each other. These mean dimensions that we cannot ignore when analysing the organizational competitiveness, because their impact is present in the situation of the society, the economic performances and they also have an effect on the performance of the enterprises.

Hofstede distinguished four dimensions of the national culture, which are the followings: 1. power distance 2. individualism / collectivism 3. uncertainty avoidance 4. masculine or feminine society. Bond's research in 1991 added a fifth dimension to the model, which was dubbed long-term orientation. The 2010 issue of Hofstede's book (cultures and organizations) already contained six dimensions after as a result of Minkov's studies the dimension "indulgence vs. restraint" had been added to it. The dimensions were assessed on a scale of 100.

Power distance (PDI) expresses how people accept the power inequalities. The high degree of the index indicates that the establishment of a hierarchy is typical, every person has its own place and the hierarchical relationships are stronger. Low power distance would be important because in that case there would be a smaller gap between the top executives (leaders) and the colleagues (employees). At the enterprises with low degree of power distance index the colleagues are treated as partners, as the most important assets of the organization. When the power distance is high, the entrepreneurs only look at their colleagues as resources and their role is considered to be significant only to the extent of their tasks to be performed.

According to the dimension of individualism/collectivism (IDV) it is also relevant whether the "I" or the "We" plays the primary role when we make our decisions. In collectivism we don't just keep in mind our personal interests (and our family members'), but we also think responsibly towards our direct environment (towards our community). In the collectivistic societies the enterprises are able to cooperate better and they are more sensitive to their environment (they have a stronger socially responsible attitude). The individuals are keener to work together as teams and they promote the interests of the group. Where this index is high, individualism is much more solid than collectivism.

The third dimension is the masculine or feminine society (MAS). In the masculine society the performance, self-fulfilment, confidence and the realised material compensation for the sake of success receive a more central role. Conversely, the feminine society prefers cooperation, and the focus of its philosophy is on modesty and improving the quality of life. The society as a whole is much rather for cooperation. The high index figure indicates a masculine, while a lower figure a feminine society.

Uncertainty avoidance (UIA) shows how acceptable uncertainty is for the society. The essential question is how much the members of the society are concerned about the issue of the unpredictability of the future. Where this index is high, changes are much harder to face and the new ideas or unconventional behaviour are not tolerated. It's not hard to admit that in a country with such a society it must be more difficult to achieve something permanent in for example innovation. The low index rate refers to low uncertainty avoidance.

The long or short-term orientation (LTO), being true to its name, makes statements regarding the periods of time. The societies characterized with short-term orientation show a great deal of respect to traditions and show relatively little willingness to make savings, since their primary focus is not on the future. A society like this endeavours to reach fast results. On the other hand, the societies with long-term orientation are able to adopt the traditions to the changed circumstances, they are characterized with strong willingness to make savings and investments, while in the meantime the savings and achieving the results are impaired with a high degree of patience. If the LTO index is high then the long-term orientation, whereas in the case of a low index figure the short-term orientation is typical of the society (Hofstede, 2017).

Based on the researches of Hofstede and Bond, in Hungary the power distance is low, the power is decentralised, and the executives can count on their employees and the group. The employees expect

consultations and active communication. In addition, the Hungarian society is characterized by individualism, masculine social features and uncertainty avoidance. When determining the masculine features Hofstede made an interesting statement. In his opinion the Hungarians live to work. The leaders are firm and confident, the emphasis is on the competition and the performance. On the basis of their research Hofstede at al. also established that a very high degree of uncertainty avoidance is typical of the Hungarian society, which might stand in the way of the significant changes. They underlined that such societies obey the rules even when it is proved to be ineffective and changes would be needed. On the other hand they noted that the long-term orientation is detectable in relation to the Hungarian society as well, although its proportion cannot be deemed dominant.

Table 1. Cultural features typical of the Hungarian business and social environment

cultural dimension	value	rating
power distance	46	moderate
individualism/collectivism	80	extremely high
masculine/feminine features	88	extremely high
uncertainty avoidance	82	extremely high
long-term orientation	50	moderate

The improvement of competitiveness demands us not to prioritize only the promotion of our personal interests. Individualism makes the establishment of positive economy-building cooperations more difficult. The performance-orientation of the masculine social features marginalises the collective well-being and promotes the results of material nature. The high degree of uncertainty avoidance stands in the way of changes and reforms. In the case of high-level uncertainty avoidance it is harder to implement new things and a strong attachment is formed to what's been customary and commonly used. The short-term thinking suffocates the strategic approach and the future-orientation. Together these can create obstacles to the development of not just the societies but of the enterprises too, since for a company it is essential to make constant changes, innovate, think in a long term (strategy) and establish such a corporate culture in which it can enhance the employees' commitment towards the company. In the absence of these it is inconceivable to strengthen the corporate competitiveness. The culture dimensions also draw attention to the fact that it is not enough to examine competitiveness with only economic indicators, from only the economic side.

Trompenaars, a Dutch anthropologist, distinguished similar culture dimensions as Hofstede (universialism/particularism, individualism/collectivism, specific/diffuse, neutral/emotional, sequential/synchronous, achievement/ascription, outer/inner direction). According to Trompenaars it does make a difference from the aspect of the society's development whether the individuals are judged by their achievements or by their personal qualities and connections. Trompenaars claimed that in the achievement cultures the only way to move forward for the individuals is to maximally meet the requirements that are mandatory for carrying out the tasks (Trompenaars, 2014).

Promotion is only possible through performance. To the contrary, in the ascription cultures performance and meeting the requirements are less important, and the expectations are lower too. In a culture like that the individuals are trying to succeed and move forward via their contacts. This is unfavourable in terms of competitiveness, because the excellent and talented professionals might not be involved in the activities where they could create the highest added value. In the ascription culture the decisive positions are not occupied by the most qualified people, and therefore often the wrong decisions are made. Relationships have a significant role, but this does not mean the capital intensive feature of the society. In fact, it's quite the opposite. In the ascription cultures corruption might be high, or the social conflicts can be vigorous, as the ones who do not have appropriate connections will have a smaller chance to move forward. According to Trompenaars, Hungary is an ascription culture.

4. THE ROLE OF ORGANIZATIONAL CULTURE

For the improvement of organizational competitiveness it is essential to establish an adequate organizational culture. If we consider the enterprise to be a system where the activity of every stakeholder (element) determines the operation of the system, then it is not irrelevant which organizing principles and rules that can help the links between the elements to become more effective are applicable within the enterprise. As it was seen in the system theory, the elements (stakeholders) mutually influence each other and their performances are added together in the organizational performance. This is why we have to focus not just on the so-called hard factors of competitiveness, but on the soft factors as well. The latter ones are deeply interconnected with the connections and relationships between people, their behaviour, habits, set of views and other similar inalienable human things (Csath, 2008).

The organizational culture is just as hard to define as the previously mentioned competitiveness or the organizational innovation itself. The organizational culture is the sum of views, habits, traditions, value system, management philosophies and forms of behaviour, which is specific to the enterprise in question and which determines the everyday behaviour of the participants, including their approach to work. Every organization has a unique and entirely specific organizational culture, and there are no two organizations with the same organizational culture. The organizational culture is unique and specific with regard to every single enterprise. The organizational culture is such a factor that is able to influence the performance of the individuals and the nature of the relationship between them, and in the end it is manifested in the organizational performance or in the efficiency of the group (Welteke, 2001).

The organization is a complex system where the efficiency of the work is determined by the impact the individuals have on each other. If the conditions that lead to the harmony of working with others are not provided for the employees, the efficiency of the collective work will fall, the people won't share their knowledge with each other, communication becomes difficult, the members of the organization won't follow the strategic ideas of their leaders and other similar problems will occur within the organization. It is easy to see that the connections between the elements of an enterprise as a system can significantly promote or impede efficiency and effectiveness. The management's task is to establish and develop the adequate organizational culture for the enterprise, because the behaviour and conduct of the employees, their attitude to work, their commitment to the organization or the management and their motivation will be the key for the future improvement of competitiveness.

Chan Kim and his co-author, and also Blanchard and Kotter emphasises during their work that the successful enterprises can only really embark on the path of changes and development if they are able to become people-oriented in the widest possible sense. It includes the appreciation of human labour, putting the person as an organizational value to the centre, and the employees and colleagues are more and more considered to be partners in the creation of new values (Kim-Mauborgne, 2008) (Kotter, 2009) (Blanchard, 2010).

If the organizational culture is truly capable of shaping the human relations in a positive way, and through that the enhancement of work performance, then the management should work on providing more favourable conditions for the colleagues with every means at their disposal. By strengthening and establishing the organizational culture the collective work will be able to be improved, the cooperation can be stronger, creativity and knowledge-sharing might be better, the innovation potential and problem-solving ability of the company can be strengthened, communication will be more effective, team work will be more successful, and the individuals' feeling of belonging to a community, their commitment, enthusiasm and motivation can also be increased. It is clear that these can be such factors in the life of the enterprises that have a strong positive effect on the competitiveness and performance of the organization, and the development of which will have to be started already on a personal level. While keeping the system principles in mind, we mustn't forget that every stakeholder can contribute to the success of the organization, and the state of the organizational culture is one of the most defining development factors of the relationships between the elements. The management that does not deal with the harmonization of the organizational culture will give up on enhancing the performance of their own system (own enterprise). There is no better

instrument than the harmonious organizational culture to make the cooperation between the stakeholders more effective. In a place where the organizational culture supports team work, where collective thinking is common, where the people consciously and independently turn to each other with their ideas and problems, where the stakeholders' individual or collective initiatives are acknowledged and appreciated, where there are no significant differences between people, it must be a completely different feeling to work than at organizations where the colleagues are nothing else but a component of the machine, and their work is only important until they are not finished with their assigned tasks.

There are several known methods for improving the organizational culture. The cultural features typical of a certain organization can be built and shaped in very many ways. According to the approaches of Hofstede and Trompenaars such an organizational culture should be created that has the following characteristics:

Table 2. Cultural dimensions expected from the enterprises

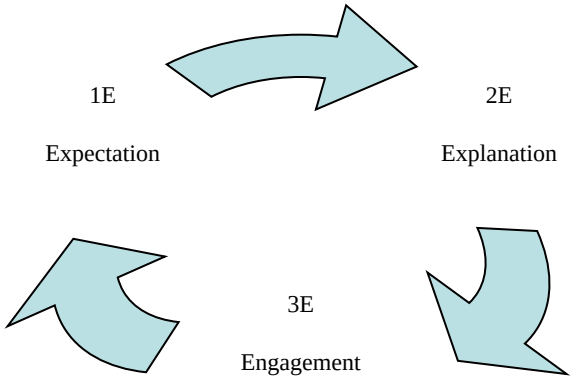
	cultural dimensions	expected quality
Hofstede's cultural dimensions	power distance	low
	individualism/collectivism	collectivism
	uncertainty avoidance	low
	masculine/feminine features	mixed
	long-term/short-term orientation	mixed
Trompenaars' dimensions	ascription-oriented	lower
	achievement-oriented	higher

Trompenaars mentions in the terms of cultural dimensions that they also highly determine how successfully the companies can adapt to the changed environmental conditions. In his opinion the organizations can be divided into four groups on the basis of how people-oriented they are and how high their power distance is. In this context it can be stressed that those enterprises can be deemed the most successful in managing changes that have the most people-oriented organizational culture or have an organizational culture with a low power distance. The incubators and the family enterprises have a low power distance and their people-orientation is significant too, while at organizations like a targeted missile or the Eiffel Tower the people-orientation is reduced and the power distance is getting higher and higher. This is also well-reflected in what views the management holds about the employees. At the former two organizational forms the colleagues are partners and family members. In the latter two cases they are treated only as specialists and resources. These things are evidently noticed by the employees as well, and they perfectly perceive how important their work is considered at the organization. If the employees don't see their work as vital, won't feel themselves as basic values of the organization, then we will never be able to build a high-level commitment in our colleagues.

One of the most obvious methods of developing the organizational culture is establishing a fair process. The fair process is an expression taken over from the legal sciences, and it tries to answer the question why some people submit themselves voluntarily to certain statutory provisions. With regard to the operation of the enterprises it will tell us why certain employees follow the managerial decisions, when they will completely agree with the strategic goals of the organization and the management, and when the organizational culture that is able to support the implementation of changes in the greatest possible extent can be developed. The success of the organizations is based on

the behaviour and attitude of people, and therefore we need to focus on the adequate organizational culture more than ever before. Through the implementation of the principles of fair process (3E) we can promote the creation of such an organizational culture that will be capable of supporting the collective works and the effective cooperation much better. The principles of fair process include the so-called 3E.

Fig. 2. A possible instrument for developing the organizational culture: the fair process



Through exercising the 3E principles of the fair process, enthusiasm and motivation can be improved in people, whose attitude towards and relations with the work and each other will move in a positive direction accordingly (Kim-Mauborgne, 2008).

The clarification of expectations (1E) means that it needs to be defined for everyone what exactly the expected tasks and activities are, and who they came from. The roles and the responsibilities must be made crystal clear, and the certain individuals' place and role within the economic processes must be clarified. Everybody needs to be assigned to do tasks that they have the right qualifications and skills for. The clarification of expectations reduces uncertainty, fear and concerns in the employees, who – as a consequence – will be more relieved and open towards each other and the tasks. The most evident form of clarifying the expectations is the continuous and merciless communication, thus the establishment of the harmonious organizational culture is only viable with the help of a constant communication.

Explanation (2E) refers to the continuous communication towards the stakeholders. Involving and informing the stakeholders can strengthen the organizational culture and the feeling of belonging to a community the same way as any other incentive instrument. During this we constantly share information about why the executive and strategic decisions have been made. It gives a picture of the situation, future plans, mission and vision of the organization in a regular manner. Up-to-date information is provided to the colleagues continuously in order to increase their commitment to the organization. The goal is to make the colleagues feel the improvement of the organization's situation important, as if they were working for their own enterprise day by day. The explanation also decreases the uncertainty and resistance, along with the clarification of expectations it can decrease the number of conflicts between people, and these can have a positive impact on the work.

The third principle (3E) is engagement. The organizational performance will only be truly improved if the engagement of the employees will be stronger towards the management or the organization. However, this does not happen automatically. The management has to work on providing and creating such an environment for the colleagues in which they can feel good, consider their work important, create values and achieve self-fulfilment. The engagement of the employees is one of the most crucial conditions of strengthening the organizational competitiveness, but at the same time it is also one of the most difficult tasks for the management. For the sake of engagement we really have to work hard and establish such an organizational culture that can help developing engagement in the colleagues.

On the other hand its reward will be a priceless and essential competitive advantage on the market, since many of the enterprises cannot succeed that well on this front. What the difference is between the successful and the less successful enterprises? Certain companies recognised the potential of the organizational culture and human abilities, and they managed to successfully exploit them while others didn't. In the case of several enterprises we still cannot observe the signs of human-orientation, so it is not surprising that after a certain period of time these companies are forced to face the signs of a drop in performance.

5. AFTERWORD

The study did not aim at describing the instruments of improving the organizational culture to great lengths. It has not done so partially because, as it has been mentioned before, the organizational culture is different at every company, and for that reason the applicable instruments might not be successful everywhere. The same goes for the means of motivation and inspiration, as it can be stated again that different instruments could be successful in different cases, and therefore a general recipe cannot be drafted in this regard either. With the help of the fair process a work environment can be created that stimulates the development of relationships between people, encourage the collective works, which all can serve the improvement of efficiency and performance. A lot more attention must be paid to the organizational culture, since after all the organizations also possess characteristics typical of a system, as it was seen from the system principles too at the beginning of this study. Every single stakeholder determines the performance of the company, and every stakeholder has an influence on the others' performance as well. The reason why the organizational culture needs to be built and developed is to make sure that this mutual effect and dependence will bolster the implementation of the organizational goals and won't hinder them instead. The enterprise can also be defined as a coalition of individuals (people), which can only be successful if 2+2=5 instead of 2+2=3. The organizational culture needs to be improved because it improves commitment, motivation, enthusiasm, and in addition to the adequate capabilities the aggregated individual performances point in the direction of the organizational performance and a strengthened competitiveness.

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