

# **WHERE DO WE STAND? A STUDY ON THE POSITION OF ROMANIA ON HOFSTEDE'S CULTURAL DIMENSIONS**

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## INTRODUCTION

### **The Scope and Benefits of the Study on the Position of Romania on Hofstede's Cultural Dimensions**

This study represents one step towards understanding the Romanian cultural differences and similarities with other cultures, and an attempt at giving some explanations for day to day behaviour and preference of Romanians.

The main benefit of the study is **a research-based understanding of which managerial and human resources practices work and which do not work in Romania and why**. You may also find a number of **recommendations** on appropriate practices, along with all other conclusions.

The paper includes an overview of Geert Hofstede's 5 cultural dimensions and what they stand for, the results of the research on the 5 dimensions in Romania, as compared to other countries and especially to Bulgaria, and a number of conclusions based on such results. We have also added a short section on the challenges of such studies in Romania and the future of similar studies.

Over the last 15 years, Romania, like any other post-communist country, has imported a lot of international i.e. Anglo-American principles of management and human resources practices. Some of the practices have been successful, others have not stood a chance of implementation. All Romanian libraries abound of Anglo-American type of management books and reviews and all multinational companies are paying good money on such practices under the form of consulting and/or training. At the other end of the spectrum, the Romanian small and medium size companies don't pay for anything. Should they decide to invest in consulting, which are the best ways to approach them and which of the theories we have imported are applicable and why? The results of the study will give an overview of the approaches that are more likely to be applicable in a Romanian company.

We have also avoided, wherever possible, any historical explanations and excuses, and we moved straight to what practices might be applicable and efficient in such a cultural environment. We believe that history is past and is of no use but to excuse present failures, so we concentrated on what the future may bring about. We were also more interested in day to day behaviour of people and people in organizations, than in society and political determinants.

Up to this point in our studies (April 2005), to our knowledge, this is the first nation-wide study of the kind with the use of Geert Hofstede's methodology and values survey module questionnaire<sup>1</sup>. We are indebted to Geert Hofstede himself, who first put us into contact with our partner, Julian Genov of ProSoft Bulgaria<sup>2</sup>, who was of great support in the realization of this study, and to Gallup Organization Romania, our partner who has conducted the survey and has contributed to the regional interpretation of the results. All thanks go last but not least to Gert Jan Hofstede for the encouragement he provided all through the study, from the incipient stage of the idea.

**For an in-depth result of the study, with regional and demographic interpretations, please contact Interact and/or Gallup after April 15, 2005.**

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<sup>1</sup> See VSM94 by Geert Hofstede

<sup>2</sup> See Julian Genov "Why do we achieve so little?", 2004

## A. OVERVIEW OF HOFSTEDE'S 5 CULTURAL DIMENSIONS

### 1. The Five Cultural Dimensions

Professor Geert Hofstede researched the differences in values among IBM employees in over 40 countries and came to the conclusion that each nation could be described by where it positions itself on a scale from 1 to 100 in terms of:

- Perception of power and authority, the relation to authority and social inequality
- The relationship between the individual and the group
- The social and emotional implications of having been born as a boy or a girl
- Ways of dealing with uncertainty and ambiguity, control of aggression and expression of emotions
- Orientation towards the future vs orientation towards the past and the present.

The research was based on matching samples of IBM employees that were identical with the exception of nationality. Hofstede's initial intention was to understand why some IBM offices were more productive than others, given the same company culture, recruitment techniques, etc.

The five cultural dimensions were labelled:

- PDI (Power Distance Index)
- IDV (Individualism)
- MAS (Masculinity)
- UAI (Uncertainty Avoidance Index), and
- LTO (Long Term Orientation).

The last dimension was added in the 80's and it is mainly a characteristic of Chinese-populated countries. We will refer to these dimensions using their acronyms all through this paper.

Hofstede's conclusion was that people in organizations will adopt the "practices" of organizations, either local or foreign, but would retain their "values", i.e. the cultural values that determined the profile of the nation they belong to. Such values would be expressed in behaviours, from the way the employees interacted with their superior to their desire to plan for long term results or not.

The explanation was given by the fact that values are developed by the age of 10. Consequently, organizations will "inherit" their employees' values and such values come up in research to explain the differences in behaviour among employees of different nationalities, even if employed by the same organization with the same practices.

Hofstede's model is the one that is probably the most used in reference to cultural differences and managing diversity. One explanation could be the applicability and simplicity of the terms and the ease to which one could transfer the consequences of certain cultural characteristics to one's situation.

## 2. Implications of Cultural Dimensions

The relative position of a country on the scale from 1 (low) to 100 (high) in terms of the five indexes is relevant to explaining social norms, family and school norms, behaviour in the workplace, state organization, and politics and ideas. In this study, we are mainly interested in the implications of the dimensions on behaviour in the workplace and consequently the most applicable management and human resources theories for various cultures.

The power distance index is an indication of the likely level of corruption one would find in a country. The individualism index will be an indication of the GNP per capita, in a reverse order: the more the GNP increase, the higher the individualism. The anxiety avoidance index signals the level of tolerance towards minority, adoption of new technology, and the amount of time spent in strategic planning. The long term orientation or its opposite, the short term orientation, would indicate the amount of savings of a nation and the level of investment in real estate.

Upon starting to explore this topic, we came to the realization that a lot of current organizational issues, from marketing and consumer behaviour, type of messages that sell, management practices and hierarchies that work, and type of company strategy that may be applicable, all may be understood, predicted and evaluated based on the results of cultural dimensions.

Hofstede's methodology can also explain the local influence of international institutions, such as those of the European Union. One could notice the local flavour of the EU efforts without research, from the misuse of the funds to the constant nagging and bargaining over the principles and objectives established by the EU in Romania. Nevertheless, we dedicated the final section of the conclusions to the "Romania in the EU".

As all the other implications, on social norms, family and school, politics and ideas have opened to us as a result of the study, they will form the subject of a later book. We believe our society will benefit from this theory that has a lot of applications, including educational models, parental strategies and behaviour, and methods to overcome generation gaps.

### 3. Summary of 2005 Romanian Study Results on Cultural Dimensions

The research conducted with our partner, Gallup Organization in Romania, in January 2005, using the Value Survey Module developed by Geert Hofstede's Institute of Research (IRIC) in 1994 (VSM94)<sup>3</sup>, and the short replica Gallup has conducted in March 2005 to validate the results of one of the dimensions, demonstrated that Romania is similar to other Balkan countries (high power distance, low individualism, femininity, high uncertainty avoidance and short term orientation). The study was conducted over a sample population of over 1000 respondents from all over Romania.

**Table 1. Comparative Results of Romania vs Other Cultures**

<b>BALKAN COUNTRIES</b>	<b>LATIN COUNTRIES</b>	<b>GERMAN-SPEAKING COUNTRIES</b>	<b>SCANDINAVIAN COUNTRIES</b>	<b>ANGLO-SAXON COUNTRIES</b>
<b>Collectivism</b>	<i>Individualism</i>	<i>Individualism</i>	<i>Individualism</i>	<i>Individualism</i>
Large Power Distance	Large Power Distance	Small Power Distance	Small Power Distance	Small Power Distance
<b>Femininity</b>	<b>Femininity</b>	<i>Masculinity</i>	<b>Femininity</b>	<i>Masculinity</i>
Strong Uncertainty Avoidance	Strong Uncertainty Avoidance	Strong Uncertainty Avoidance	Weak Uncertainty Avoidance	Weak Uncertainty Avoidance
Short Term Orientation	Short Term Orientation	Short Term Orientation	Short Term Orientation	Short Term Orientation

We would conclude that Romania, along with other Balkan countries (Bulgaria, Greece, Serbia, Macedonia, Albania), are at the opposite pole from the Anglo-Saxon countries, from which we are currently importing all management and human resources practices. We would therefore discuss the success factor of such practices in the future.

We have also encountered a **Romanian specific issue** regarding the first dimension, Power Distance Index, which will be explained below. This issue was labelled "The Power Distance Complex". This complex is obvious from the unnaturally low level of PDI resulted from the research (see below).

What Hofstede assumed in the latest version of his book<sup>4</sup> is that Romania would fare high in PDI (90), low in IDV (30), relatively low in MAS (42), and high in UAI (90). While Hofstede does not provide an assumption regarding long term orientation, we supposed that Romania would be no different from other Balkan countries i.e. a short term orientation.

#### *Comparison between Romania and Bulgaria*

Our Bulgarian partner, Julian Genov of ProSoft, conducted a similar study in 2001 and identified similar results for Bulgaria, with some differences – see below.

<sup>3</sup> The VSM 94 and methodology can be found on [www.geert-hofstede.com](http://www.geert-hofstede.com)

<sup>4</sup> Geert and Gert Jan Hofstede "Software of the Mind", 2005 edition

**Table 2. Indices' value according to the five-dimensional model of Hofstede<sup>5</sup>**

Country		PDI	IDV	MAS	UAI	LTO
ROMANIA – first survey 2005		29	49	39	61	42
ROMANIA – second survey 2005		33	49	39	61	42
ROMANIA – according to Hofstede's estimates		90	30	42	90	
BULGARIA – survey 2001		55	41	48	64	33
BULGARIA – according to Hofstede's estimates		70	30	40	85	
GREECE	BALKAN COUNTRIES	60	35	57	112	
FORMER YUGOSLAVIA		76	27	21	88	

**All figures need to be reviewed eventually, upon conducting similar studies in at least 10 countries in the region, according to Hofstede.**

Please note that our colleague in Bulgaria has calculated the individualism index of his country by checking it against the level of internal vs external locus of control of the respondents. Should we have done a similar calculation, Romanian score on IDV would probably be lower.

We will explain below that the Romanian PDI results is a desire and not a reality. Please look at the results as being probably close to Hofstede's estimates of 90.

Indeed, we are similar to Bulgaria in most respects, which may explain why it is us as the “last two” in the race to Eurointegration, and why we also comment upon each other's successes (and failures). The similarity may also explain why we *strongly disagree* that we should be compared to each other: it is difficult to see thy neighbour's problems reflecting your own so exactly.

Consequently, we would continue to develop in similar ways, most likely also while part of the EU. Like it or not, the difficulties a Romanian encounters when travelling or trying to do business in Bulgaria mirror the difficulties a Bulgarian encounters in Romania.

The similarities may be historically and geographically explained: we share a closer environment, a similar religion, the big empires have come over and settled down on both countries more or less at the same time, etc.

The differences may also be explained from the same points of view:

- Bulgarians declare a higher PDI than Romanians and we remember we have had our bewilderment at the fact that the Bulgarian government had taken the EU promises more to heart and the Bulgarians were actually doing more of what they said they would.
- Romania may be more feminine than Bulgarian, meaning that we would likely be more cooperative and eager to accommodate than Bulgarians; it would also explain why Romanian women are more present in politics, management and administration.
- Romania may be a little longer term oriented than Bulgaria and therefore would be more willing to sacrifice today for tomorrow.

<sup>5</sup> The chart is used courtesy of Julian Genov

As for the other two Balkan countries included in the chart, Romania (and Bulgaria) will probably advance more quickly towards a better standard of living than Greece and Serbia in a similar amount of time. We may just be a little more tolerant to new and different than our neighbours in Greece and Serbia (the recent history of Serbia was a living proof), as a result of a lower index of Uncertainty Avoidance.

## B. ROMANIAN CULTURAL DIMENSIONS

### 1. The Power Distance Complex

- a) *Romanian Power Distance Index* as resulted from the first survey is suspiciously low: 29. The second survey we conducted in March 2005 to verify the accuracy of the PDI results ended in a similar low figure: 33. Second time we changed the questions to match the cultural understanding of the Romanians.<sup>6</sup> We suspected the wording of the questions may have triggered a too positive answer on the part of a nation that was not used to speak up their mind to a "stranger" on issues related to power and authority. When the results came out similarly, we formed our final conclusion.

We believe the PDI must be regarded as a high index, probably over 70, if not higher. We would estimate that, should the Romanians have agreed to answer to the power distance questions in a more open way, we would fare higher than our neighbouring country Bulgaria and comparatively equal to France and Greece. In other words, Romanians would rather have no interference with those in power and tend to obey to orders taken from the top. Such a national characteristic triggers the perceived need for an authoritarian leader, a one-man controlled leadership, while the rest of the population would tend to follow the rule established by such leadership.

A high power distance index indicates that personnel of an organization would rather have a good relationship with the direct superior, in order to gain his/her protection and to avoid taking personal responsibility for decisions. The staff in a high power distance organization would also shrink from expressing disagreements with their bosses and would take orders indiscriminately and follow them.

The gap resulted from the fact that one question enquired about the ideal working environment i.e. whether or not Romanians prefer to be consulted by their direct superior in his/her decision. Should we look around us and observe Romanians behaviour toward authority, the emotional worshipping or total hatred towards those in power, and the total acceptance of abusive actions if they come from an authority, we realize that we have encountered a psychological reverse of the power distance dimension, called counter-dependence. According to Hofstede, some countries would display the reverse results when the respective dimension is too high or too low.

We also concluded that, while the general behaviour of Romanians would be that of a high power distance country, their outmost desire is for a participative management style and for a more cooperative style between authority and the rest of the personnel.

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<sup>6</sup> See below on culturally biased questions and examples.

The high difference between desired and actual behaviour lead us to conclude that we have encountered **an authority complex**, that may be at the root of why Romanians obstinately refuse to obey any rule in practice, while at the same time crying out for all sorts of rules and regulations. We suspect that the gap between desired and actual behaviour would also explain certain paradoxes, such as the hot desire to work for a British – American style of management and the pro-American behaviour of the old generation.

The negative side of this complex is the counter-dependence that Romanians express for their leaders. The leader is either loved to adulation or hated to the guts, and there is no middle ground in between. We suspect that is actually more hatred than love in the authority complex and Romanians by and large despise anything that has to do with authority.

Finally, the correlation between the high PDI and the level of corruption of a country leads to conclude that, as long as Romanians “act” as a high power distance country, the corruption level will stay high. If they start acting on their desired level, or at least find a lower ground between the two levels, corruption can be eradicated indeed.

Another factor that will affect the corruption level will be the money that EU will be willing to pour into the country in order to increase the standard of living. The lower ranks of authority will cease their corrupted practices the moment their standard of living reaches a bearable level. A Euro 1500 a month clerk will be less inclined to accept any favours or bribe from a civilian than a Euro 200 a month one, who believes he/she deserves the bribe to compensate for the surviving level he/she is at. However, the higher ranks will stay corrupt, as allowed by the high power distance behaviour of our fellow country men, who are not willing or do not dare to risk confronting the higher authorities.

The good news is that the desired level expressed by the survey may make the work of anti-corruption campaigns easier. If there has ever been a good momentum to “clean” the old practices, this is one of them. This desired level may explain the voting for the current president with his strong affirmations against corruptions and local mafia type of structures. We have also taken into consideration the moment in time when the survey was conducted, i.e. January 2005, after the election. Nevertheless, the subject is open to debate and we welcome any other suggestions on the root of such results.

#### b) *Possible Explanations*

According to Geert Hofstede, the high power distance index of our country is a tribute to our common inheritance of the Roman Empire. Most countries that have been occupied by the Romans at the turn of our era inherited a higher distance to authority because of the style of leadership Romans had (see Italy, France, Spain, etc.). Such inheritance may explain why Crisana and Maramures areas are lowest in power distance as they stayed safe from occupation.

A possible explanation of why the power distance tends to *decrease* with age, if we discount the segment under 25 as influenced and dependent on the paternal authorities, is a counter reaction to the years of dictatorship and centralized authority. We suspect that the eldest respondents (over 50) dissociate strongly between what they say and how they behave. In other words, their responses are based on what they think that the operator or

the person who has devised the questionnaire expects them to answer, while not necessarily reflecting their day-to-day behaviour.

Another explanation is linked to the appropriateness of the questions used. We suspect that the following questions regarding power distance:

- Preference for being consulted by the superior
- Fear to express disagreements to the direct superior

were interpreted by the Romanian respondents as a tricky question regarding what is good vs bad and they answered to such questions in view of what they thought would provide a "good" answer i.e. high preference for consulting and no fear for expressing disagreements. Moreover, the fourth question related to the power distance index:

- Employees's avoidance of double subordination

was a question that most Romanians did not comprehend. In their experience, as part of linear structures where there is only one boss and an entire pyramid of others in former state owned companies, or as part of private companies where "family"-type of relationships were formed and there was only one boss who centralized everything, the Romanians have probably had great difficulties in making up their mind whether they should avoid it double subordination or not. They probably reacted similarly to the good vs. bad answers behaviour explained above and said "no problem" to double subordination for fear that this is the right question.

## 2. Romanian Collectivism

- a) *The Individualism Index* - Romanian population scored 49 on the individualist scale, which would place our country on the collectivistic side of the world. The good news is that most of the world population is collectivist, while only a number of countries, among which USA on top of the list, are individualist. The bad news is that the collectivism of a nation is a predictor of the wealth of the respective nation, as it is linked to the need to self-ascertain and financial independence. In collectivist countries, individuals tend to obey the rules of the group they belong to and the society is fragmented into numerous groups of interest that advance their members and their interest at the expense of the other groups' wellbeing. The collectivist mind thinks in terms of distributing the little wealth it has inherited from parents while the individualist mind thinks about the wealth he/she individually may create.

Again on the good news side, the individualism of Romanian people is likely to increase with time, as there is a good correlation according to Hofstede between the individualism of a country and the amount of external finances it receives. This correlation explains why a collectivist poor country cannot help itself to become wealthier and needs external financing in order to start controlling own destiny.

- c) *Possible Explanations*

Agricultural societies tend to foster more collectivistic values as the members of the group had to stay together and work together in order to bring food to the table. The hunter societies, divided into smaller tribes that could independently survived, such as the ones in the northern part of Europe, created less collectivist nations. Moreover, countries that are closer to the Equator tend to be more collectivistic, as a warmer climate is better for agriculture.

We believe that, should we have administered the questionnaire 10 years ago in Romania, we would have received an even lower score of individualism. The individualism of a nation increases with wealth and with foreign investment, as the individuals have more opportunities to go out of the family circle, exercise independence and create wealth for themselves.

### 3. Feminine Romania

#### a) *Romanian Feminity*

Romania is a feminine country, i.e. the Romanians tend to look for collaboration and welfare of the entire society and are less competitive regarding promotion and achievement. The score of 39 places Romania within the group of countries where male and female roles are not pre-determined and men tend to take over domestic responsibilities just like their spouses (provided they are allowed to by their mother-in-law!).

The good news is that in a feminine society, there is no need for affirmative action to promote women in the parliament or management positions, as they will advance if they want to, as their male colleagues are not inclined (or able?) to create any glass ceilings. In feminine countries, it is the man who is more feminine in values and tends to be less cooperative.

In addition, as a high power distance acting country, corruption is high; however, crime can hardly be organized in feminine countries as there is not enough "competitiveness" of the good or evil and Romanians will resort to petty theft and misdemeanours rather than high scale smuggling and terrorism, which is usually correlated with masculinity and high power distance. We may escape the fate of similar Latin American countries, such as Mexico and Peru, which have become also the territory of local terrorism and camarilla when economic times went bad.

The bad news is that the feminity of the population will render the local companies uncompetitive on the international market, and the Romanians will hardly do anything to improve that situation. Since they favour their leisure time and domestic cooperation, Romanians will allow other companies, more powerful and bolder, to take their place on the market without much effort.

#### c) *Possible Explanations*

The religion of a country may be a source of feminity or masculinity of a culture, depending on the degree of difference it professes between man and woman. The orthodox religion of Romania is more inclined towards the complementarities of the sexes than the subordination of the woman to the man. Hofstede believes that the world values will become more feminine in the future anyway, with jobs that used to be performed by males being performed by machines and the jobs that are left (those where service and people-orientation prevail) require more feminine values.

#### 4. The Level of Anxiety in Romania

##### a) *Uncertainty Avoidance Index*

Romania scored high on the uncertainty avoidance scale – 61 – which demonstrates that our fellow countrymen have a high degree of anxiety regarding the future and the daily decisions they want to make and prefer the security of today over the uncertainty of tomorrow.

Romanians have difficulties in dealing with ambiguous situations and with different opinions of others. Coupled with the relative collectivism of the society, people would tend to reject a minority opinion and would feel more comfortable in a consensus gathering. In high anxiety situations, such as elections, threats of today security, or the need to accept something “foreign” and therefore different, Romanians would most likely react negatively and emotionally and would resist the change.

The high level of anxiety will also impact the need for structure in organizations. Most of the Romanians' actions will be geared towards the survival of today or this month and will overlook the impact on tomorrow. The anxiety level causes the useless haste and worry and an unnecessary level of impulsivity and emotions. Romanians are always in a hurry and always late.

The high anxiety level is also at the root of rejecting the minorities. One may be surprised to hear even younger people today, who only a minute ago discussed the importance of racial integration in US as a case study in class, that such racial integration does not apply in Romania because here we deal with “gypsies”.

##### c) *Possible Explanations*

While again the Roman Empire may be at the root of a higher uncertainty avoidance index, the educational system would be an important factor in teaching the youngsters that what is different is good or bad. A family environment that professes religious and ethnical intolerance, by labelling the different in a demeaning manner, would not be helpful in lowering the anxiety level of generations to come. All the parental teachings that are trying to control the exploratory need of the youngster, such as “the gypsy will take you away if you don't behave” and the stories of parents travelling to Hungarian-inhabited territories who could not, I quote, “buy a loaf of bread because the shop vendor refused to speak Romanian”, have created a vicious circle and increased anxiety over what is foreign and different.

We did announce that we would leave the reader the pleasure to argue historically on the roots of uncertainty avoidance or other indexes. However, since this is one of the indexes that may change over time, a bit of historical explanation is welcome. The forced mix with other nationalities and the constant struggle to maintain a national identity under various passers-byes may be an explanation. Coupled with the level of collectivism, that favours the in-group identification and rejection of the outsiders, the uncertainty avoidance may have developed as a defence mechanism against the multitude of “others”.

## 5) Cultural Short Term Orientation

### a) *Romanian Short Term Orientation*

Romania score low in long term orientation index, as expected from most of the European cultures and USA. The short term orientation – 33 – indicates a prevalence of present and past experience over the uncertain future and a low level of personal investment in the future.

Romanians will find it difficult to plan for a longer period of time and would prefer to refer to past experience as an indication to how they could do things in the present. The short term orientation also accounts for the lack of strategic planning and ability to foresee the future strategically, which may impact the way companies may plan (or rather not plan) for the future.

### c) *Possible Explanations*

The long term orientation value was coined as a result of analyzing the values of Confucianism, which professed virtue over truth and pragmatism of today decisions in view of future results. All the other religions, Christianity and Orthodoxy included, search for the truth and find their source of belief in the past and in tradition. The religious tradition may account for the short term orientation of Romania and other countries in Europe.

## C. CONCLUSIONS

### 1. Organization and Management Practices

Power Distance and Uncertainty Avoidance Index in particular affect our thinking about organizations. The questions that organization analysis need to answer to are: Who has the power to decide what? -a result of PDI- and What rules or procedures will be followed to attain the objective? – a result of the UAI.

#### Strategy

##### *a) Prepare for a difficulties in planning*

You will find zero inclination towards strategic planning because of high PDI, and a tendency towards detailed action and short-term feedback. They will tend to leave the planning to specialists and have a more limited view on what information is relevant.

No Romanian entrepreneur I know has financial projections for one year ahead. Should they learn to do that and want to measure things, they could be very successful because they tend to follow the path. However, they will not measure their performance based on that, but on the personal success.

We are a high context culture i.e. what we say is not relevant in itself, but according to the context, and we tend to rely less on explicit information produced by the financial analysts. Romanians will find it difficult to value their company in International Accounting Principles terms and to understand the book value and why the company is not as precious as they thought (this may be at the root of the famous “we are selling our companies too cheap”).

It will be difficult to get companies to get out on the stock exchange and find investors for them (remember the failure of the MEBO method of privatisation and the discredited idea over privatisation as a result of that). There will always be strong companies owned by families and/or with a state interference or link somehow.

Management by Objectives (MBO) is not the best option in its literal implementation because managers and employees will find it difficult to dissociate between themselves as people and the results. Couple that with the fact that performance is not the most important goal of organizations, while cooperation and stability is (femininity). If the MBO threatens the well being of employees, it will become a disguised form of politics and internal fights.

##### *b) Unstable business cycle*

Expect high growth quickly and then potential successive going backs because the market changes and your company will find it difficult to adapt quickly. The people in the company reject sudden changes and they find it difficult to create a lean organization that may adapt to the market. As long as the structure and the environment is fit for the business, you can expect high and sudden growth.

Steady development is a myth. Evolution through constant change is a myth.

*b) Innovation may not be the best strategy*

Innovation here is in the sense of implementing the creative ideas of others to the market. This conclusion is mostly for those American companies who thought it was trendy enough to declare their Romanian based company innovative.

One will get a lot of creative ideas from a Romanian team, but they will fall short at implementation. Romanians find it stressful to be put under pressure to innovate and take responsibility for the innovation, partly because of the high uncertainty avoidance, partly because of the acting high power distance level. The only "innovation" that will actually get implemented is the innovation dictated from the top.

I was told about a project launched by a young company that was looking for a couple of people who would be willing to develop the project from the scratch and implement it. The recruiter got a lot of applications, but, upon finding the nature of the job and the level of innovation that was required, all applicants declined the offer under the excuse of "lack of time".

**Structure**

*a) French/German structure – high on hierarchy and procedures*

Avoid changing the structure frequently. It is an impediment in the work of the employees because of high UAI that requires a long time for adjusting to changes. The American model of changing structure all the time to mirror the market changes and to make it more efficient is not applicable and is counterproductive.

The ideal scenario is the UK leader and the French or German structure. On one hand, US structure, with moderately higher PDI could be applicable, but the stress on individual delivery of results and competitiveness (MAS and high IDV) will shrug off quality Romanian employees in time, as they prefer a slower rhythm to adjust. On the other hand, if the French structure comes with the French themselves i.e. authority and centralization, Romanians will find it difficult to cope with as a reminiscence of other authoritative figures they have seen and will start to withdraw and become silent. The "power distance complex" is in place at any time to blame the leader for personal failures. Such withdrawal will probably irritate the French, who expect authority and individualism i.e. taking responsibility for actions, and no comments on the questioning of authority, which Romanians will do a lot on the back, while quietly sabotaging their work.

The division of budgets and each department to be hold accountable for budget will be a difficult task and will work as a good structure and rules as long as the accountability does not result in any kind of penalty individually and the company takes into account entire organization when communicating the results.

*A word on Romanian owned companies and Romanian entrepreneurs*

The dangers of the family model that the Romanian entrepreneurs seem to create around them because they lack experience in creating culture - no growth in the long run and a lot of theft and corruption that they are favouring through this Middle Eastern – Oriental model. Should they continue with centralized authoritarian behaviour and no structure, their employees will either leave or adjust by responding with corruption.

Romanian entrepreneurs need to learn to structure and let democratic thinking in the organization. First the structure and the rules. They will learn to do it and they really need external consulting to do that, because they have no previous experience. One thing that works ideally is to employ a British or a German consultant to work along with the entrepreneur in building the structure.

b) *Difficulties with cross-departmental projects and project management*

Another US-generated theory and practice, the business process reengineering with cross departmental projects and project managers may not be the best idea to implement in a Romanian company. Cooperation and stability is the word of the day, not efficiency, and the multiple subordination and accountability that such projects involve require a too low anxiety avoidance that our culture does not possess.

## **Leadership**

a) *The authority complex and leadership style*

Romanian employees have an authority complex/ problem. Lots of dangers in leadership style because of that, because they behave overtly like a high PDI – look at their leader into everything; the moment the leader exercises the authority and behaves like a leader in high PDI, they turn around and criticize the behaviour, because ideally they expect a lower PDI environment. Unless you are aware of that as a leader, you may fall into the trap of thinking that a “strong hand” is what is needed and then discover you are alone in the implementation of your decision.

The two types of leadership likely to be found in the Romanian organizations:

- the Family Entrepreneur for which it is important: family interest, personal wealth, power, this year's profits, game and gambling spirit and growth of the business as the last part;
- in the regions (where there is German influence) we will find the Founder = responsibility towards employees and society, creating something new, game and gambling spirit, continuity of the business and honour, face and reputation.

Both styles needs to be coupled with a close supervision and do not expect the entrepreneurs to plan strategically.

If we need to develop leaders or we want to employ a leader from the international environment, we could learn something from the Britain as a model = The Manager = because it implies staying within the law and respecting ethical norms. We would recommend British nationals as best in running companies in Romania, as they would also develop their successors in a more ethical way.

a) *The trap of the authoritarian leader*

Managers and workers are psychologically in two camps; I remember the bewildering statement of a GM, after failing to implement and execute a structure and a plan in the organization because the “leaderless” group of shareholders could not find a common ground, concluded that he needed to implement “the dictatorship” in the organization.

The high PDI behaviour of teams in organization and the authority complex lead all leaders astray to a trap of authoritarian acting. Think Latin America and the constant election of leaders who never fail to turn out fully fledged dictators. In other words,

Romanians would easily choose an extremist / paranoid / authoritarian figure to control their actions and will start despising and hating the orders and the action of the leader even before they become reality. See the election in 2000 when the nationalist extremist party and leader gained so many votes.

The preference for controlling leaders is also rooted in the high level of anxiety of the Romanian population (see below UAI), but at this point is sufficient to affirm that, should the leader fall into the trap of actually acting as an authoritative figure, Romanians would use the moment to stop acting in any direction and start blaming him/her for that.

The trap comes about when the leader's anxiety is pressed up and does not allow the *respiro* for the decision making of their subordinates. A wiser and more patient leader, who has the knowledge to build enough structure and does not get bugged down in details and does not get easily scared, will wait and communicate longer until all matters are solved in a moment of crisis, without having to resort to dictating; while the downturn in this organization will become slower, the advantage lies in the long run. Employees will stick around to that leader and will follow by slowly learning that this leader is not yet another "tyrant" to blame for their shortcomings.

The Romanian population has a high need for low PDI, which is a need for being trusted, allowed to express their anxiety, even allowed to withdraw from action when the risk seems to be higher and sometimes been given the security that somebody else – the leader – is supervising their leap of faith into a risky decision. While this sounds contradictory and impossible, it also signals that **democracy is potentially a better system than totalitarianism**. Same in organizations: a democratic leader will go farther.

We believe there was no other country where authoritarian figures and dictatorship has managed to bring the entire country down so low than in Romania. Rather than saying that the dictatorship fits the country, we would say the contrary, because the failure was the highest in this country among the others in the region. The three dictatorships (Carol II, Ion Antonescu, and the communists) have not been economically successful. If the dictatorship model had worked, the country would not have sabotaged it so badly, to the verge of extinction. We made sure we disappeared socially and economically for over 30 years, in order to escape the pressure.

*b) Democracy in organizations*

High UAI makes it very difficult for formal empowerment; employees would not find it desirable to know that they are accountable for decisions without the procedures to help them get out of difficulty – more like the German model here. The Romanian employee will be paralyzed by too much empowerment and distribution of power all of a sudden and will use it discretionarily for small group and personal interests.

Because of the communist past and the authority complex, the employees in a Romanian organization will find it insulting not to be empowered and or asked to have an input in decisions. It may probably work in the short run to give the impression of democracy while the leader still retains responsibility for implementation. For the long run, make sure all the time that all attempts had been made at involving people in decision making.

This is why we love the idea of USA, because it gives us a relatively moderate model of PDI. But we are estranged by the high IDV and the lack of “human touch” we can find in more collectivist countries, like Italy and Spain (look at the level of spontaneous immigration to Spain and Italy vs. the level of immigration to Canada, in spite of all organized programs and conditions).

*c) Management of change is the first priority of a leader*

The leader that is fluent in managing change and communicating the changes all the time will have lots of success. The changes need to be communicated well in advance, with thorough preparation to minimize damages and to make sure that everybody understood well what lies ahead in the future. Even then the leader will still get lots of complaints and resistance to change.

Every little thing that is changed is felt like a burden and like an additional stress, even if it proves immediately that it relieves work and increases efficiency. People do not get happy over their new technological gadget and they do not appreciate that their speed in working has increased; on the contrary, lots of changes and improvements get them very tired and despaired. The Romanian employee will long for the days when “all these changes stop and we will get back to normal”. Change as a philosophy of work is again a failure in Romanian companies.

### **3. Human Resources Management Practices**

*a) HR Planning*

Job analysis with the view to structure and have a viable hierarchy; the more documented, the best. Lack of good structure functions for small organizations like a family impedes the growth of the company. Look for the clear pyramid and go with it. Very important to have the job analysis processes in place and avoid sudden changes or too frequent changes in the structure.

Job description: stress limits of authority and hierarchy –line of command.

Forget about matrices and other complicated structures that will make an employee feel that there are too many bosses. They will tend to overlook the matrix and ask their boss to talk to the others' boss to clarify things and then put the order in writing!

*b) Recruitment and Selection*

Female may be more competitive in Romania as a result of the femininity of the country. You will not have a gender discrimination issue unless you want to create it artificially, and then you will be at a loss because, if you favour male under the thinking that it is a “male” job, your organization will lose some competitive edge.

High turnover in organizations are a huge issue. If you have high turnover, it is not something that you budget for as “normal” because of market conditions etc, it is something abnormal and you are doing something wrong. Normally, in a country like ours, people would not leave their jobs and look for other jobs without a fault of the management. They are not low on loyalty. On the contrary, there is a moral link to be attached to an organization.

Check out what the Romanian entrepreneurs say: we are looking for loyal employees, not necessarily for the most performing.

*c) Performance Management*

The objective discussion about the individual goals of work will be very difficult, as a high context culture determines people to take feedback personally and equate it with shame. Moreover, the manager never wins out of such a discussion because, no matter how good the intention is towards improvement of performance, the employee will interpret the interview as a threat and as a way of demeaning him/her personally. We suspect you will end up with a lot of performance reviews in which all employees are "excellent".

The emphasis is on harmony and good working relationships. If the performance management system threatens the harmony of the organization or stresses the objectives too much, it will scare the Romanian employees away. It is the "how" of the performance management that is very important, not the "what". In feminine culture, the measurement of results are not important and the managers of the organization will hint at the failure of goals rather than approach them directly.

The need for supervision is clear. If you allow people in a group, without a leader, to find their own way of working, they will lose time in internal fights for leadership at the expense of productivity. I doubt that Romanian employees will come forward with their own objectives, and they will expect the supervisor to do it for them and then to leave them alone to do their job.

In order to satisfy the "negative correlation with authority" the manager still needs to give the impression that the employee has a lot to say about the objectives, especially when the going gets tough and things did not work out as they were supposed to work.

By and large, do not expect a highly performing organization without a lot of discussion. A manager needs a lot of cunning and personal credibility to implement a performance management system, but that system should not be the core of his/her management style because it will alienate the employees. One reason is that organizations find it difficult to change through evolution, but through crisis and revolution.

Romanians work to live. The leisure time and the family time is important. At the beginning, when young and out of enthusiasm, they will stay in for longer hours, but if the longer hours become a habit, and this is what the organization values, then your labour market pool will diminish.

Give the impression of time at their disposal – they do not react nicely under pressure and stress of delivering results and making decisions.

*d) Training and Development*

We would strongly advise that, if there is one school to send your managers to, these are the German and the UK ones. The teachings there would give us some morally minded leaders for the future, ones that appeal more to the employees in their wishes for low PDI and that would find it more difficult to trespass the line towards becoming authoritarian. Moreover, the German way of building organizations and structures will be helpful.

We would ideally say French for structure, but we believe that the French model is rejected by the Romanian employee at the end of the day. This is a mistake that the

previous generation made at the beginning of the 20<sup>th</sup> Century, and the inheritance (the accounting principles, for example) brought about a lot of problems in organizations. We are still fighting with the French accounting (and with the Russian model of education, for that matter!) and we can barely translate it into financial management.

We are a collective culture so that employees expect that it is the organization's duty to train them and provide for them and they consider theoretical and complicated learning as good. Simple tools are suspicious. Unfortunately, only a small proportion of the employees will also pursue individual studying on their own to improve their abilities and will expect the organization to train them from one end to another.

Watch out for the trainer leadership style and the competitiveness you place in the training situation. We had groups in a business simulation game that complained that *the trainer favoured one group over the other* and the fact that the purpose should not be to compete, but to learn. Consequently, American type of training that emphasises learning by competing with others (even if disguised as teambuilding or leadership games) is a tricky training that may not be very successful.

Communication training that emphasize assertiveness and speaking out one's mind may not be the most applicable; they will be highly appreciated by the employees internally, but they will not apply them in the business environment as a tool to deal with power and decision making.

#### *e) Compensation and Benefits*

There is a strong power of job context at the expense of job content i.e. people will be more motivated by the extrinsic motivators: salary, security of job and working conditions, than the content of the job. The higher percentage ever among the 20 questions was the one related to the security of the job.

Probably the best way to motivate is with a higher base salary and a smaller commission based on performance, while the introduction of annual bonuses that give the impression of egalitarian work is very powerful and productive. Some seniority pay is also needed in Romanian organizations. Maternity leave and child care are very appreciated in packages, I doubt that benefit packages that include sport facilities are the best solution.

#### *Side effects of compensation and benefits*

Do not forget that Romanians behave like high PDI, therefore the incidence of corruption at all levels, including within multinational companies with foreign culture, is still likely. If paid well and are given the impression that the job is stable and they have enough time to get accustomed to changes in the organization and there is not much emphasis on personal responsibility, the Romanians will be very loyal and the corruption – including taking advantage of organizational systems to pursue own interests and group interests – will be low.

Otherwise, if treated authoritatively i.e. the leader falls into the authority trap, and threatened to lose their job, corruption will flourish in a second, in places that you will not even expect. However, it will be less likely than in a country like Italy, because feminine values emphasise cooperation and low competitiveness. The kind of theft you will find is the petty cash and small theft, unimportant theft. Moreover, organized crime

within the organization is again very unlikely, it will probably be one person who has thought about a device to smuggle something of low value.

### 3. Romania in EU

Let's hope that the EU ability to work with differences that has proven so far will also be able to work with the Romanian differences.

The one difference that worries us mostly is the authority complex and the tendency to dissociate between what is said and what is done. We have had lots of practice in this area of disguising the promises into real ones and never follow through.

However, the standardization is going to be a very good and appreciated thing. Certificates, quality standards, all rules and regulations, although initially frowned at, will become the yardstick. Do not take the existence of rules as a model for implementation though.

It also depends on who is leading the EU, because the French will find it difficult to accommodate us, and the British and German may get tired of our inconsistencies. Italy and Spain, Greece and the other Central and East European countries would form good colleagues and working companions, but inconsistent business partners. We will surely not learn the best lessons from them.

It would probably be Germany with whom we will build preferred organizations, especially in regional areas, and the British companies will be the best choice in the Romanian employees' eyes. France and French companies will come and settle and be highly successful as big organizations because the way they do things ultimately appeal to us, especially their emphasis on structure, power and centralized direction.

### 4. Challenges and the Future of the Study

#### *a) Difficulties in asking questions without taking into account the cultural context*

We discovered this in Romania with some questions that meant something in a different culture: for example:

- Expressing disagreement needed the wording of "in the face of the supervisor" in order to explain the meaning; otherwise, we got a too positive answer on expressing disagreements, because of the gossip behind the supervisors' s back
- We have also stressed the phrasing on "making decisions" to induce the importance of the question in order to drive the marking down to reality
- We identified a cultural difference between "professional" and "working" relationship; the former being perceived as colder and more impersonal, therefore rejected, while the latter being confused with "knowing your boss' family problems".

#### *b) Difficulties in conducting surveys and ask about such power and authority related questions to respondents who are still paranoid about what they say to whom*

The fact told to us by Gallup about respondents who end the questionnaire asking whether or not they answered properly. We are not sure we have actually found out what the Romanians value really are, we found out what they think they would like others to think about themselves.

*c) Difficulties in discriminating between the range of responses*

The tendency of Latin countries to consider everything important and place only 1,2, and 3 on a scale from 1 to 5 and avoiding the use of 4 and 5 which would discriminate better between the answers.

*d) Future*

Other surveys when in the EU to see whether the country has registered changes, but such changes may be given also by the dispersion of the difficulties above. We would probably discover an increase in individualism and henceforth less collectivistic values, and a higher PDI score which would be closer to the reality i.e. closing the gap between stated values and actual behaviour.