5. **Empirical findings from Henkel Central Eastern Europe (CEE)**

5.1 **Company description: Henkel**

Henkel, headquartered in Düsseldorf/Germany, has about 52,000 employees worldwide and counts among the most internationally aligned German-based companies in the global marketplace. It has subsidiaries in more than 75 different countries and it operates in three strategic business areas: Home Care, Personal Care, and Adhesives, Sealants and Surface Treatment. These strategic business areas are organized into four globally operating business sectors within Henkel. These are Laundry and Home Care, Cosmetics/Toiletries, Consumer and Craftsmen Adhesives and Technologies (Henkel, 2007a). Henkel pursues a multinational strategy.

The company Henkel was founded in 1876 in Aachen by a 28 year-old merchant who was interested in science – Fritz Henkel. Its first product was a washing powder based on water-glass. In 1893 the 17-year-old Fritz Henkel junior joined the firm as an apprentice. After receiving commercial training he became his father’s right-hand man in commercial matters. He put Henkel’s brand-name product business on a sound footing and developed its already advertising still further. Dr. Hugo Henkel, the youngest son of Fritz Henkel, joined the company as chemist. He was in charge of chemical products and technology, laid the foundations of systematic research and introduced advanced technologies for new materials. At that time the company was already operating in Germany, Austria, USA, France and England. In 1907 the word’s first self-acting detergent “Persil” was introduced by Henkel. In 1927 the Henkel & Voit company was founded in Vienna. Later it changed its name to Henkel Austria Group. In 1985 Henkel went public, with Henkel preferred shares being traded on the stock exchange. Henkel Austria Group started exporting its products to the countries of CEE in 1984 and three years later it changed its name to Henkel Central Eastern Europe (CEE). Henkel Budapest, its first subsidiary in the region, was established in 1987. Henkel Central Eastern Europe has been growing steadily since then. This dynamic expansion drive aimed at opening up new markets is still continuing, and serves as the guarantee of a successful future. Today Henkel CEE is responsible for managing business operations in 30 countries. Besides Austria, these are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Rumania, Russia, Serbia and Montenegro, Slovakia, Slovenia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan and Yugoslavia. This region covers a market of almost 490 million
people and Henkel CEE employs 7,700 people. Henkel CEE has been very successful in the last ten years. Its sales have been steadily increasing from 1996 as can been seen in table 8 (Henkel, 2007a).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>422</td>
<td>611</td>
<td>688</td>
<td>818</td>
<td>1144</td>
<td>1346</td>
</tr>
</tbody>
</table>

Table 8: Sales of Henkel CEE from 1996 to 2005 (Source: Henkel, 2007b)

Table 9 provides important financial data from the annual reports of the last ten years of Henkel. It shows that the sales increased by 13%, the operating profit by 16.7%, net earnings by 2.9% and the number of employees by 3.6% from 2004 to 2005.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8,34</td>
<td>10,91</td>
<td>12,78</td>
<td>9,41</td>
<td>9,66</td>
<td>7,06</td>
<td>9,96</td>
<td>1,162</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>517</td>
<td>791</td>
<td>950</td>
<td>602</td>
<td>666</td>
<td>706</td>
<td>996</td>
<td>1,162</td>
</tr>
<tr>
<td>Net earnings</td>
<td>284</td>
<td>372</td>
<td>505</td>
<td>476</td>
<td>431</td>
<td>551</td>
<td>748</td>
<td>770</td>
</tr>
<tr>
<td>Number of employees</td>
<td>46,4</td>
<td>56,3</td>
<td>60,5</td>
<td>47,4</td>
<td>47,2</td>
<td>48,3</td>
<td>45</td>
<td>51,7</td>
</tr>
</tbody>
</table>

Table 9: Ten year summary of Henkel’s financial performance from 1996 to 2005 (Source: Henkel, 2007c)

The success of the company is primarily rooted in its employees’ commitment and performance. The human resources policy of Henkel CEE is based on the principle of providing salaries commensurate with performance and a reasonable level of social security. In addition, the company promotes teamwork as well as establishing international and interdisciplinary networks at all levels (Henkel, 2007c)

5.2 Major empirical findings from Henkel CEE

In this chapter we will present the findings from the study conducted at Henkel CEE in Vienna. Data analysis and interpretation are based on the findings of the interview transcripts and the notes of observations. As already mentioned, 15 interviews have been conducted. The interviews lasted for approximately one hour.
The researcher has spent considerable time in the company observing the phenomenon under study, leading informal talks with Henkel employees and socialising with them during lunch time and coffee breaks. Table 10 shows the categories of influence on MNT performance at Henkel CEE and focuses on the relevant codes of each category. It also includes the number of quotations for each code and the percentage of interviews per most frequently coded variables. The most frequently mentioned categories are team norms (mentioned by 100% of interview partners), followed by transfer of knowledge between organisational units by MNTs (mentioned by 93% of interview partners), team leader characteristics and reference to cultural differences between team members from different countries (mentioned by 60% of interview partners). We could also obtain 9 quotations by 47% of interview partners that refer to the transfer of the appropriate dimensions of the home organisation’s culture between organisational units by MNTs at Henkel CEE.

<table>
<thead>
<tr>
<th>Category</th>
<th>Codes</th>
<th>Number of quotations</th>
<th>Percentage of interviews (100% = 15 interviews)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural differences between team members</td>
<td>Reference to cultural differences between team members from different countries:</td>
<td>58</td>
<td>60 %</td>
</tr>
<tr>
<td></td>
<td>Austria and Central Eastern Europe</td>
<td>32</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Austria and Poland</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>Austria and Serbia</td>
<td>6</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Austria and Germany</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Austria and Hungary</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Poland and India</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Austria and Russia</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Austria and</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Category</td>
<td>Percentage</td>
<td>Excepted Value</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria and Croatia</td>
<td>1</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Austria and Turkey</td>
<td>1</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Cultural differences between Austria and Central</td>
<td>32</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Eastern Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualism in CEE</td>
<td>9</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Power Distance in CEE</td>
<td>7</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Relationship management in CEE</td>
<td>4</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Degree of honesty in CEE</td>
<td>4</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Criticising behaviour in CEE</td>
<td>2</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Mentality in CEE</td>
<td>2</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Gender egalitarianism in CEE</td>
<td>2</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Time perception in CEE</td>
<td>2</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Organisational context</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational strategy</td>
<td>13</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Organisational culture</td>
<td>19</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Corporate norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norms</td>
<td>63</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>MNT external dynamics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of knowledge between organisational units by MNTs</td>
<td>18</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>
We start this chapter with a presentation of contextual influences on MNT performance (organisational culture and strategy) and continue with information about team size, team composition and structure at Henkel CEE. The findings also show how MNTs reduce the complexity of operations in multinational companies by facilitating the creation and transfer of explicit and tacit knowledge and of appropriate dimensions of the home organisation’s culture between geographically dispersed business units. This section ends with a presentation of MNT leader and member competences and characteristics. Table 11 presents a short summary of major empirical findings from Henkel CEE.

### Table 10: Categories and codes derived from the analysis of interviews conducted at Henkel CEE (Source: Author)

<table>
<thead>
<tr>
<th>Category</th>
<th>Code</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of the appropriate dimensions of the home organisation’s culture between organisational units by MNTs</td>
<td>9</td>
<td>47%</td>
</tr>
<tr>
<td>Team leader functions</td>
<td>22</td>
<td>60%</td>
</tr>
<tr>
<td>Goal Determination</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>Motivation</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>Selection of team members</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>Communication</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Monitoring</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Coaching</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Virtual team leadership</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Team member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personality</td>
<td>12</td>
<td>47%</td>
</tr>
<tr>
<td>Work experience</td>
<td>11</td>
<td>47%</td>
</tr>
<tr>
<td>Open-mindedness</td>
<td>11</td>
<td>47%</td>
</tr>
<tr>
<td>Social competence</td>
<td>7</td>
<td>47%</td>
</tr>
</tbody>
</table>

### Organisational culture

<table>
<thead>
<tr>
<th>Major empirical findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henkel CEE has a family-like corporate culture that supports team work. The management philosophy is one of involvement. The organization is built on the principle that people...</td>
</tr>
<tr>
<td>Organisational Strategy</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Corporate Values and Norms and their impact on MNTs</td>
</tr>
<tr>
<td>MNT Composition at Henkel CEE and cultural characteristics of Central Eastern Europeans</td>
</tr>
</tbody>
</table>
Transfer of knowledge between organisational units by MNTs

MNTs facilitate the creation and transfer of explicit and tacit knowledge between geographically dispersed business units. 80% of their members are rotating members from different CEE subsidiaries and from the HQ in Düsseldorf. By supporting the generation and implementation of creative ideas and building upon the ideas of members from CEE they contribute to new product development, branding and advertising. Inpatriates from CEE promote the effective transfer of knowledge about products, markets, customers, competitors in their home country to the HQ and from the HQ back to the subsidiaries and eventually throughout the entire multinational organization. The principle behind creating its system of knowledge exploitation and transfer is job rotation. Employees work together in MNTs over a sufficiently long period of time to consolidate close relationships. This way, MNTs contribute to the creation and transfer of tacit knowledge that is very important in today’s global knowledge-based economy and that contributes to the company’s competitive advantage.

By employing inpatriates in MNTs on semi-permanent rotational assignments the company maintains its cultural consistency between geographically dispersed business units and creates a strong corporate culture characterised by common values and business methods. MNTs reduce the complexity of operations of the German multinational company by facilitating the transfer of appropriate dimensions of the home organisation’s culture between its business units.

Selection of team members, goal determination, motivation, communication and monitoring are the most frequently mentioned MNT leader competences. In addition, social competence and the ability to provide virtual MNT leadership are identified as important factors that enable the effective functioning of MNTs.

The category team member comprises personality, work experience, social competence and open-mindedness.

Table 11: Major empirical findings from Henkel CEE (Source: Author)
5.3 Organizational context: Henkel CEE

This study has been conducted at the regional HQ of the German multinational company located in Vienna. The HQ in Vienna is responsible for operations in CEE and it pursues a multinational strategy. MNTs consist of members from this region who are mainly on rotational assignment for a period of one to two years at the HQ in Vienna and who work in MNTs. Eighty percent of the staff at the junior level are inpatriates from the countries where the company operates. They add a multicultural perspective to the global strategy development of the organisation and they enable the company to act as locally as necessary and as globally as possible. By developing a deeper understanding of its customers and different business environments, the company stays ahead of the global competition and creates a competitive advantage. This chapter illustrates how the organisational culture and strategy impact MNT performance at Henkel CEE.

5.3.1 Organisational culture of Henkel CEE and its impact on MNTs

The regional HQ has a non-blaming, family-like corporate culture. It is successful because of its people and dedicated to sustainability and corporate social responsibility. Employees communicate openly and actively and they preserve the tradition of an open family company. The organization is designed to support teamwork. In order to be customer driven and to develop superior brands and technologies it uses a variety of team types (e.g. product development teams, marketing team etc.). Its corporate culture contributes to its team success. Teams are responsible for planning, decision making, and implementation. The adaptability of team members enhances the organization’s ability to meet the needs of changing external circumstances. The management philosophy is one of involvement. People have a right to be involved in matters that affect them. In return, people make decisions in the best interest of the organization because of the awareness of mutual benefit. Management development is built around the team concept, focusing on a collaborative, facilitative, development role. Consequently, the corporate culture contributes to the successful implementation of MNTs in its different business units:

"We work in teams. In small ones regarding the individual brands and also in a large team and we try to handle both. Yes, that’s the way it works at Henkel. Team spirit and co-operation are very important and necessary for a successful performance. On a personal level, they are important for me too. (P14: Henkel 25; 158:158). “

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via free access
“I think that, thank goodness, part of our corporate culture, an open culture and therefore, so is the communication. It means that each new employee at Henkel learns how to communicate and deal with each other openly from the very beginning. That is the reason why team members fit together so perfectly and there is a continuous rotation. .... Thus, frankness is a very important topic, procedures are important, what else (P7: Henkel 50; 206:206)?“

“Not in the sense that you are being left alone but for having personal responsibility for a project, and there is always somebody you can ask, there is always a senior manager you can consult, but you are still personally responsible for your project until it is finalized. You are not left alone when something goes wrong, we are in this together, i.e. the culture is extremely strong, we win and we lose together, nobody is left out in the rain and still you are responsible for your project; This, I think, results in a lot of motivation (P7: Henkel 12; 103:103).“

The company builds on the principle of involvement and participation and it is successful with the implementation of MNTs. Team members describe Henkel CEE as employee-oriented, professional type of corporate culture with an open organisational communication climate and looser control. The managers have a higher average education level. According to Hofstede et al. (1990) the education level of the management team impacts organisational culture. More educated teams correspond with a more employee-oriented culture. Team leaders claim to spend a relatively large share of their time in meetings and person-to-person discussions. Employees at Henkel CEE have a higher average education level and the organisation fosters a more professional culture. To communicate openly and to share information is regarded as very important for company’s success. Managers and team leaders delegate responsibilities and tasks to their subordinates who are responsible for writing reports and memos from inside the organisation.

The types of norms and values identified at Henkel CEE and their impact on MNTs

Corporate values (that define what is important) and norms that define appropriate attitudes and behaviours for employees (how to feel and behave) are consistent with team norms and values. The organizational level culture is solidaristic and teams develop parallel solidaristic cultures. Certain strong norms such as a cooperative approach, constructive and instant feedback, open communication and innovation enhancing norms facilitate the generation and expression of creative ideas. Strong norms, that reward information sharing, particularly unique pieces of information and emphasize greater tolerance for intellectual debate, reduce inhibitions and encourage divergent thinking. Employees are also expected to utilize their combined potential by building upon their members’ ideas and by sharing important information. The agreement on these norms leads to more inno-
vation and creativity. Members from different departments have consensus on work values and they tend to agree on norms regarding work in the company. Organisational values such as trust, mutual respect, loyalty and tolerance have a strong impact on team processes. MNTs at Henkel are characterised by a high level of value consensus. Members are more likely to trust and respect one another and feel that they are working toward a cooperative rather than competitive goal by emphasising common goals. Employees with high value consensus are more likely to develop positive relationships and attitudes towards one another. Respect and trust are critical for building an environment of constructive conflict. Corporate values and norms have a strong impact on team functioning. MNTs that emphasize a cooperative approach, constructive feedback, common goals, conflict openness and open communication norms and willingness to share information with team members are effective and their members are more satisfied.

Corporate norms that were most frequently mentioned at Henkel are listed in table 12 and illustrated by sample quotations:

<table>
<thead>
<tr>
<th>Corporate Norms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative approach:</td>
</tr>
<tr>
<td>&quot;Basically, well, something that works out just fine is the team spirit. There is, you help each other, you are willing to take over somebody else's work when you realize tasks and topics clash. It just happens that sometimes you have to work on two or three projects at the same time while somebody else has only one project. There is a strong team spirit and support, I consider that extremely positive, and there is a large amount to loyalty which I consider a positive aspect and that people actually try to help each other. And this goes beyond team membership, you try to help out people from other countries as well, if they have problems, and that's why, in this regard, I think working as a team is quite positive (P4: Henkel 26; 115:115).&quot;</td>
</tr>
<tr>
<td>&quot;Basically, we are a team that works on an operational level, more or less. And here, I have to add the level of co-operation is a little bit higher, we cooperate more because we have to put ideas into practice. We also encourage people, in other words, experiments are carried out in our plants and new machinery is adjusted, and there people can apply their expertise. It is always a matter of give and take, therefore it is easier than in other areas (P1: Henkel 11; 73:73)&quot;.</td>
</tr>
<tr>
<td>Constructive and instant feedback:</td>
</tr>
<tr>
<td>&quot;To give an honest feedback, positive as well as negative, I consider very important. To address certain topics properly, in a constructive manner, even ...&quot;</td>
</tr>
</tbody>
</table>
if you are concerned yourself, that is an advantage sometimes. And when you let the matter rest for two or three days, so that it doesn’t get too emotional or so you don’t get insulting or something like that, well, you say something if you feel offended by a co-worker or you are annoyed at something, that can happen, too. After all it’s not like your boss is in a good mood all the time or, what might not be so pleasant for an employee, and this works both ways of course and, therefore, it is important that you don’t react offended but make clear that there is something wrong, in quite a constructive and, by all means, direct way (P4: Henkel 30; 127:127). “

“It is important that everybody, I mean feedback in general, what I want to say is, I think it is important that everybody states his point of view for once and not only, for example, that I present a point of view and everybody else accepts it, just like that, the most important thing about team work is that everybody has a chance to participate, takes over an active role and therefore, bears responsibility ... (P13: Henkel 38; 184:184). “

“I had instant feedback on any matter that I had and this was crucial to my establishment here. This was the key factor I would say (P3: Henkel 18; 97:97).”

Conflict openness norms:

“All conflicts are addressed directly and brought to a point (P2: Henkel 31). “

Common Goals:

“We have common goals that we want to achieve. It is always working together. If somebody only aims for personal goals this is seen rather negatively. This should not happen (P2: Henkel 18; 104:104). “

Justice in teams:

“Equal rights, the partner has to be able to feel he is on the same level with you, then, I will get something in return, otherwise he will just look at me expectantly, what I tell him and what I tell him to do, and that’s not what we want, right (P1: Henkel 33; 159:159). “

“O.K., the biggest challenge in human resources is to find a balance between treating everybody in the same fair way and meeting the special needs of each individual. I think that large companies tend to make no differences and we at Henkel, too, we have very complex structures, certain hierarchies, that means, a product manager who has been working for us for a long time is eligible for a certain salary, certain employee benefits, for example, has a company phone or
Open communication:

"By no means. Anyway, we at Henkel have an open communications culture, we address problems. Open communication is very important and that is true for the company as a whole and followed internationally (P5: Henkel 15; 56:56)."

"I think that is, thank goodness, part of our corporate culture, an open culture and therefore, so is the communication. It means that each new employee at Henkel learns how to communicate and deal with each other openly from the very beginning (P7: Henkel 32; 206:206)."

"Number 1 is continuous communication, what we have here, if you have gone through the hallways, maybe it's still a little bit too early at 8 a.m., but if you have a look you will realize that the office doors are open, not closed, therefore a lot of business takes place just by walking by and talking, exchange of information, a short question here, some information there, all of this continuous and open communication, ... P11: Henkel 15; 111:111)"

Willingness to share knowledge:

"This is one of Henkel’s rules which I think is very well established in reality as well. You do not hide the information you have. You are ready to share it with others (P5: Henkel 15; 56:56)."

Table 12: Corporate norms at Henkel (Source: Author)

The impact of societal-level culture on corporate norms and values

Despite the fact that studies on norms have been conducted, researchers know relatively little about factors that influence the emergence of norms in business organisations. In the following section, we would like to illustrate how the societal-level culture of CEE countries influences the type of norms and values enacted by employees of Henkel CEE.

Loyalty and trust are identified as key values infused into the corporate culture of Henkel CEE by employees from CEE. The societal-level culture of CEE has a strong impact on the organizations and its teams. The match between the societal culture of CEE and the organizational culture of Henkel is positively related to its
success. Usually, HQs of foreign corporations try to transfer management techniques or management know-how to the subsidiaries in CEE. The manoeuvrings of the acquiring corporation often induce culture shock at the local end, which usually leads to resistance and passivity at all organisational levels (Fink and Feichtinger 1998, Fink and Holden 2002, Fink and Holden 2005a, Fink and Holden 2005b, Hurt and Hurt 2005, Napier 2005, Javidan et al. 2005, Lunnan et al. 2005, May et al. 2005; in Fink et al., in press). This is not the case at Henkel. By enacting the values and norms of behaviour of CEE countries that shape shared managerial assumptions about the nature of employees and how the organization needs to be structured for such employees, Henkel creates an environment of trust and friendship among the work teams. The organisational practices are created to be in line with the prevailing social-cultural context of CEE. This includes the development of relationships between employees through their intense interaction in MNTs and the numerous family-like practices, e.g. assistance in helping employees from CEE countries with accommodation when they move to Vienna for rotational assignment. As a consequence, employees are ready to make sacrifices for the company. These findings are in accordance with the literature. For example, Lincoln et al. (1981) found that matching organizational culture with societal culture results in high job satisfaction. Ferris and Wagner (1985) found that a congruence of Japanese organizational structure with Japanese values was positively related to the effectiveness of quality cycles. Great emphasis is put on personal relations, trust and loyalty. Members display a high level of personal involvement with other employees extending even into their personal lives and they are involved in their personal and family matters creating and enforcing a family like corporate culture at the HQ and its subsidiaries. CEE members have very good, instrumental relationships with individuals at the workplace with whom they are interdependent and form vital relationship for trust building and for exchanging of important information. According to Fink et al. (in press), loyalty was more important than efficiency in state owned enterprises in CEE. The imperative was to be friend with immediate colleagues and superiors. An atmosphere of trust and lasting friendship was to be generated among the primary work team. This same phenomenon has been observed at Henkel CEE.

5.3.2 Organisational strategy of Henkel CEE

The company under study is involved in expansion and focuses more on ‘business to consumer marketing’. By implementing MNTs it benefits from market-related advantages obtained from cultural diversity. The cultural diversity of its workforce brings cultural sensitivity that is very important when the company enters new markets and tries to reach different market segments. The MNTs add a multicultural perspective to the strategy development of the company and they enable the company to act as locally as necessary and as globally as possible. The team
members usually come from the subsidiaries located in CEE and they spend one or two years working in different teams at the regional HQ in Vienna. Coming from a host country enables them to understand how people in the host country think in terms of their relationship with the HQ and to improve the acceptance of host country ideas by bringing in the feedback of other people. These team members promote the effective transfer of knowledge about products, markets, customers, and competitors in their home country to the HQ and from the HQ back to the subsidiaries and, this way, throughout the entire multinational organization. Their knowledge of the host country language increases the level of trust with the subsidiaries and it contributes to a favourable motivational disposition. This enables the company to successfully pursue a multinational strategy and it contributes to its competitive advantage. The aim is to act “as locally as necessary and as globally as possible”:

“In general, of course, if you have 18 countries, countries as different as Poland or Hungary and Kazakhstan in just one region, then it is difficult, the biggest challenge is to obey the rule of “as global as possible, as local as necessary”. That means authorizing as many local processes, variations and exceptions as necessary for the local market because the markets are really different from each other, at the same time you have to say enough in order to harmonize and to save money and not to reinvent the wheel and to secure knowledge transfer etc. The balance between these two aspects is the biggest challenge, for sure, in such a diverse region as we face it in Eastern Europe (P11: Henkel 20; 131:131). “

Diversity of its workforce brings cultural sensitivity to Henkel and this is very important when the company enters new markets.

5.4 Multinational team composition and functioning at Henkel CEE

5.4.1 Teams size, structure and composition at Henkel CEE

As already mentioned, the teams consist of team members from different CEE countries who come from the company’s subsidiaries or the HQ in Düsseldorf. The marketing teams in the business sector “Laundry and Home Care” at the HQ in Vienna are divided into strategic business units. The strategic business unit 1 (SBU1) is responsible for detergents, powders and gels. This big team is again split into three sub-teams. One team is the value-for money team, the second team is the medium-price brand team and the third is the premium-segment brand team. These sub-teams consist of four members who are either from the HQ or from the
company’s subsidiaries. Three team members report to the senior or the brand manager who is responsible for the sub-team and the senior reports to the SBU 1 leader. He is the leader of the entire three sub-groups. The members’ tasks are congruent and goal interdependent. This creates a positive climate in which they do not only identify with their team and behave in a cooperative way, but are also motivated to exchange their perspectives and different opinions and to manifest creativity and supportive behaviour. When the host country nationals return back to their host country after they have completed their semi-permanent assignment in the HQ in Vienna, they are able to work more effectively within the strategic direction of the company:

"I work in marketing, for detergents in Central and Eastern Europe. And the structure is like this, we have strategic business units. Our SBU strategic business unit is called SBU 1. In addition, there are SBU 2 and 3. SBU 1 is in charge of all the detergents. These are all kinds of detergents. We are active on the markets from Poland to Mongolia. There are 27 countries and the responsibilities for these countries have been subdivided internally. If you imagine, we have this SBU 1 business unit, and it is subdivided into three different segments, for example, a premium segment, a medium segment and a value-for-money segment, low price segment. Then I am busy working in the value-for-money segment for 7 countries, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Serbia. 8 countries. I am responsible for these countries and Olena for the rest of them. Hers are actually the Ukraine, Romania, Bulgaria, Mongolia, the Georgia Republic, etc. We are in a team and we have one superior who is responsible for the value-for-money division (P8: Henkel 16; 9:9). “

5.4.2 Diversity within MNTs at Henkel CEE and cultural characteristics of team members from CEE

Henkel CEE is responsible for operations in CEE. Its workforce consists of employees from this region who work together in MNTs with Austrians and Germans. We could collect numerous norms and values of behaviour of members from CEE. These cultural characteristics and their impact on MNTs functioning will be presented in this chapter.

Individualism in CEE

Individuals in MNTs serve as entry points for the influences of societal and cultural factors. They bring different cultures to the team. The findings show that
there is still a lot of improvement potential in terms of teamwork and participation in decision making in CEE countries. There is little understanding of team work and devolved responsibilities among team members in this region. Moreover, there is a preference for individual rather than shared responsibilities in teams and team members seem to be busier using personal contacts with superiors to promote their own interests and strengthen their position in the organizational hierarchy than pursuing common goals and giving support to their team members. The individuals may express pride, loyalty and cohesiveness in their families but not necessarily in their teams and organisations. Their concerns for family or family members will evoke strong collectivist behaviour. In order to serve family interests they will behave in a very individualistic way at the workplace. If somebody or something is opposed to the interest of their family and close friends there will be a strong shift towards individualistic behaviour. This behaviour is intended to serve the in-group interests and may turn out to be very competitive. They have different standards for their family, friends and organisational members and base their treatment of individuals on the specific relationship. In their families they are integrated into strong, cohesive in-groups, yet in their working environment the ties between individuals are looser and they are expected to look after themselves. Consequently, they do not consider themselves dependent on their teams and organisation, pursuing their own goals and interests. This indicates a high degree of context sensitivity in the countries of CEE. In contrast to Austrian team members, who are expected to react in consistent ways in different situations, reactions of employees from this region seem to depend more on the place, time, and person. Behaviour that is judged appropriate for a given place, time, and person may not be appropriate for other times, places and persons. They change the self to meet environmental demands and become highly competitive and individualistic in a business context. It has been reported that they hesitate to share important business-related information with other team members and for Austrian team leaders it is very challenging to complement group or participation-based decision making and to introduce the concept of team work to employees from CEE:

"And what we were able to observe in Russia, with our associates there. They are very self-confident in their appearance, in a very demanding way, they ask for things at very short notice. If they need anything, they cannot really be considered to be team players. From my point of view, I mean you realize it is the culture, that they have grown up to be self-confident. That they know how to make demands, that they are a super power. I think it is noticeable from their behaviour, they are really nice associates, on a human basis really great and you can establish a very good relationship with them, even on a private level, but as I said, they are very demanding on a professional basis, as far as their needs are concerned, they are not really great team players when other people’s needs are concerned. If there are matters that are more important to them or more urgent,
then it is possible you might come up against a brick wall (P4: Henkel 16; 86:86).”

“Once, we had to experience (in a local team in Poland) that, for example, within one team, the local team that is, information had not been passed on. How should I put it, it partly due to a game of power where somebody wanted to demonstrate his power by having more information than others. I noticed that quite often, as I said, it is hard to describe, whether it is a cultural thing or whether it has to do with the local unit, with the structure (P4: Henkel 17; 86:86).”

“Teamwork is necessary, basically in most sources, however, you try to beat the other by running him down and that in a manner that sometimes, definitely goes below the waistline, too (P4: Henkel 22; 96:96).”

“No, but you can compare them, what strikes too, I think, was that at the beginning it was said that it has to be somebody’s fault if something had gone awry, and then you have to find one culprit, you could not just say that it had been our fault, no, you had to name one person that what was basically punished for that, for example, after we had bought a large ...in production it was even worse and when something had gone wrong, it was said that the person responsible for the mistake had to be punished by, I don’t know, deducting 10% from his wages, a name was demanded, always, always fought for and particularly, again, we win together and we lose together, a name doesn’t matter, it is much more important that we understand why and make sure to do it better the next time. It took me one year to make people understand, and still, give me a name, tell me the culprit so I can punish him, I can’t punish anybody, I disapprove of a lot of parents beating their children, so why would I lay hands on my employees or take away money? If you try to introduce better regulations, better tools in order to achieve for them to make less mistakes, then that is so much better than keeping 10% of their income and when we find out that he is not really capable of doing his work the way we want it then we have to fire him. But, it doesn’t make sense to punish him three times, instead we say, he has got six months, we monitor him, give him every opportunity, every tool, and if he does not get it by then, we fire him. That simple. It took a while, a lot of convincing had to be done, I think that by now, that by now they do not look for names any more but say, OK, win together, lose together. But in order to develop that kind of team spirit and to teach them what team spirit actually means ... That took a long time (P7: Henkel 41; 251:251).”

Yet, according to the findings obtained from the GLOBE study, the societal culture of the Eastern European cluster is highly group oriented (group collectivism: 5.53) (Bakacsi et al., 2002). We speculate that there may be something unsafe about the validity of the questionnaire items. It has proved difficult to get relevant
responses to surveys in an East European context due to a general unwillingness to share objective information with outsiders (see, e.g. Birch and Pooley, 1995; Yakovlev and Kokorev, 1995; in Suutari and Riusala, 2001). Consequently, answers to questions such as “employees feel great loyalty towards the organization” or “leaders encourage group loyalty even if individual goals suffer” may be biased. Contrary to GLOBE’s study, Trompenaars’ (1993) findings showed a high level of individualism in the respondents from CEE - those from Hungary, Czech, Poland, Bulgaria, Romania, and Russia all scoring in the top quartile for individualism. Trompenaars asked his respondents whether they preferred to make decisions alone or in a group, where everybody has a say in the decisions that are made. Respondents showed a marked preference for individual decision-making. Similarly, the response to a second item, whether responsibility for faults and mistakes should be borne by the individual or by the group, showed a strong preference to punish the miscreant as an individual (Trompenaars, 1993). In the same vein as Trompenaars, Smith et al. (1996) reported a preference for individual rather than shared responsibilities in the CEE cultures (Bakacsi et al., 2002). In the majority of the CEE countries, a centrally planned economy existed for 40-70 years and the organizations were characterised by high centralization, a wide power gap between top and middle management and command control. The employees tended to experience inefficiency, unfairness, learned helplessness and pessimism (Bakacsi et al., 2002). These circumstances made them value more their self-interests and personal achievements even at the expense of others. This may explain why CEE members were perceived by Austrian team leaders as very competitive, dishonest and self-focused, pursuing their own interests.

Power distance and uncertainty bearing in CEE

CEE countries are dominated by hierarchical managerial practices. The power differential between management and workers is large and the hierarchy is well-established. Employees from this region prefer to build personal connections with their new leaders and with foreigners in the hope of rewards, rather than concentrating on performance and the accomplishment of team goals. Managers from Austria, who are socialized in cultures characterized by low power distance, tend to solicit work-related ideas and suggestions from their employees as part of a democratic leadership style. Yet the preference for hierarchy of employees from CEE countries limits the ability of Western managers to complement group or participation-based decision making:

“For me, Serbia was an example, too, we took over a company there, the majority and when we did that I had to co-operate with the local marketing manager and that’s when I realized how strongly people believed in hierarchies there and that they were not used to make decisions on their own, when working with them it was a total surprise how they wanted to have some kind of back-up for every
single step, wanted to have it re-confirmed, to discuss it with me, and I am not even used to that because everybody has to bear responsibility. They wanted me to make decisions, not we, not the team ... That was a kind of a dramatic experience because I said, well, there seem to be differences in the countries and the corporate cultures. And that was very interesting to observe (P9: Henkel 6; 60:60). “

“Thinking in hierarchies is very dominant in these countries, it means that team work is basically introduced by us, whereas I have to mention that I still invite associates to Vienna, for two or three weeks, at the moment Russian associates and associates from Serbia as well, because these are the countries undergoing reorganization right now, I would say. They are thrilled, these young people who come here, they get to know it and suddenly realize that they have to think themselves, that they are able to bring in their ideas, we make decisions together ... that is unbelievable, they are so motivated and when they return home they have to adjust to their hierarchic system again and then you notice, in general, that a major change is on the way. However, as I have mentioned before, we still have to do a few things about that (P1: Henkel 24; 52:52). “

According to Fogel (1994), collectivism was the official ideology of the communist party and the welfare of society was very important, yet in practice managers repeatedly used political bargaining and personal contacts to promote their own interests. This should not be so surprising since in practice there was no executive labour market in these countries and career advancement depended on pleasing those at the top of the bureaucracy (Suutari and Riusala, 2001). This is also in accordance with GLOBE findings. The cluster’s societal practices are rated as very high on power distance (5.25) (Bakacsi et al., 2002).

A high level of uncertainty bearing among employees from CEE countries has been observed. They are not willing to take responsibility and they tend to ask their superiors or seniors in MNTs for approval of every step they make in order to fulfil a certain task. Moreover, they are characterised as having a low trust culture. Austrian employees report that in order to protect themselves their Polish colleagues have different norms of communication. When they write e-mails, e. g., they tend to copy a large number of recipients on a message to make sure that those people up and down the hierarchy are aware of the content. This way they are protected from criticism. Qualitative evidence collected recently in a large global pharmaceuticals company suggests that this behaviour is linked to low trust environments, and undertaken especially by members of high power distance cultures (Hambrick et al., 1998; in Earley and Gardner, 2005). This result is also in accordance with the findings of the GLOBE study in Eastern Europe which characterise this region as a high uncertainty bearing culture (Bakacsi et al., 2002):
“That’s the only thing. The Polish are even more exhausting in their daily reasoning. But he is already the cool standard. For example, you write an e-mail and want to know: „Aida, what time do we meet?“ He writes you an e-mail back with saying “which pigments are used in these colourings”. And he does not only write to you, which would be enough, no, he writes to your boss, to the CEO of the business unit and possibly to another three co-workers. He sends it “to” the people addressed and “cc” to all the others. And within an organization like this it is always important that you check, ok, who else knows about the whole thing? So, there is this e-mail with a lot of important people in “cc”, and you start thinking that this one must be either really important or a threat. You have not done certain things and now he threatens you with his boss. And that like “not really the right way of doing it”. And then you provoke reactions that you did not even want to provoke, originally. The only thing you wanted to know is the name of the colouring in a certain product. But in Poland that seems to be the way to do it (P8: Henkel 8; 54:54). “

Criticising behaviour and communication in CEE

According to my interview partners, employees from CEE countries have been characterised as having a more direct approach of criticising their members. Seniors are more inclined to criticise their subordinates and team members for poor performance. They are said to have a blaming culture and to put more efforts on trying to find the person responsible instead of looking for a solution in order to solve the particular problem. This direct approach leads to critical incidents in MNTs as reported by a Polish and Bosnian employee working in the regional HQ. Unfortunately, there are not many comments on criticising behaviour in CEE in the literature; yet at least Russian managers have been reported as being very active in criticising poor performance on the part of their employees (Suutari and Riusala, 1998). Expatriates in the study conducted by Suutari and Riusala (1998) have reported that host country managers from CEE are more inclined than their Finnish colleagues to criticise their subordinates for poor performance.

One additional problem employees from Henkel have to face when working with their colleagues from CEE countries in multinational virtual teams is their informing behaviour. Team members from this region withhold relevant information. Consequently, the performance of operations in some of these countries is hampered due to poor reporting systems. Communication downwards has not traditionally been very open in CEE and managers usually try to maintain their own strongly centralised power by withholding information from their subordinates. A lack of communication within organisations in CEE has been mentioned by several researchers. Cyr and Schneider (1996) have reported that keeping subordinates informed is not found to be a typical characteristic of managers in CEE countries. Expatriates report that "withholding information is common among
Hungarian managers", "keeping subordinates informed is not considered important in Poland; they think that information is power and should thus be very selectively given", or "Czech managers give their subordinates hardly any information" (Suutari & Riusala, 2001).

**Relationship management in CEE**

Team members from CEE put great emphasis on personal relations. In certain cases they display a high level of personal involvement with other employees extending even into their personal lives and they are involved in their personal and family matters. They tend to exhibit certain feminine characteristics. The relational aspect is very important. CEE members have very good, instrumental relationships with individuals at the workplace with whom they are interdependent and can form vital relationships for trust building and for exchanging important information. Austrian team leaders who are aware of this phenomenon try to build up long lasting relationships with members from CEE at a personal level:

"I believe it is the co-operation between the countries, it has more advantages if you bring in your emotional side and not only your head, if you try it from a relationship angle. That’s very important, the interpersonal level. This is definitely in our region, very important, in addition, in an industry, anyway, I think in the region, too. This interpersonal level is very important, I think (P4: Henkel 24; 108:108). “

"OK, I build up this relationship with a person, that is very important, well, you should not underestimate the interpersonal level and then things can get mixed up because, on the one hand, you might have a good personal relationship and you get much more information, information you might not get any other way, shows a lot of trust. It bears certain risks as well, because if there are problems where you have to act tougher than usual, then the situation might change easily and might develop in a completely different direction. What had been an advantage before, might end up being a disadvantage, but I have to say, “risk”, you just have to be aware of that. Therefore, you have to try to influence it in a positive way (P4: Henkel 25; 108:108). “

"In addition she has a character quality that is quite positive, she is good with people on a personal level. Well, she is not afraid of using a direct way and sends it someplace she considers to be the right one, she really tries to find the person who is responsible, in charge of something in order to get the right input and, by all means, that is quite a positive quality because she is able to get better information or more specific information, and that’s important, is great (P4: Henkel 38; 148:148). “
These findings are in accordance with the literature. Suutari and Riusala (1998) report, that the CEE cultures exhibit certain feminine characteristics such as limited emphasis on performance and advancement and greater emphasis on personal relationships and solidarity (Bollinger, 1994). Fink et al. (in press) have observed that at the workplace individuals in CEE are weaving networks with other individuals with special capabilities. These instrumental friendships, successful transactions, and manipulative actions can be transformed into social capital or into economic resources and are very beneficial for individual employees.

**Gender egalitarianism in CEE**

Team members from the countries of former Yugoslavia are characterised as not being gender egalitarian. Applying an equity norm for female and male employees in MNTs consisting of members from these countries is very problematic and leads to critical incidents increasing the conflict potential in MNTs. Team members from cultures characterised as being low on gender egalitarianism tend to harm team effectiveness in the case they don’t adjust to the values and norms of behaviour of members from cultures high on gender egalitarianism, e.g. team members from Serbia working together with Austrians:

"Oh well, it doesn’t matter, I have only tried to calm things down, to be precise, to make sure nobody is insulted but when, for example, a female associate (Austrian) tells a male co-worker (Serbian) that he has to pay attention about how things are done, then this is quite an unfamiliar situation for him, a “woman” ordering him around ......... That’s when you have to make people aware of the fact that teams consist of men as well as of women (P1: Henkel 39: 135:135)."

**5.4.3 Learning processes within the team and the moderating effect of time on cultural standards of MNT members**

In the initial stage of team formation, process losses caused by attitudinal and communication problems and by stress factor, have a negative impact on team effectiveness. MNT members have to put more of their time and effort in creating solidarity and trust. The most challenging task is to understand differences and cope with critical incidents. Every time a new member joins the team, the whole team building process starts again. It is important for both sides to understand the kinds of perceiving, thinking, judging, and acting that are considered as typical by other team members:
“Of course there are always situations, especially at the beginning, a new associate, a woman, arrives, and you realize the group building process starts all over again, that's the rule, interesting on one hand, on the other hand, of course, you have to try and not intervene too much, sometimes however, words are necessary, because it was, especially, when the team was enlarged by an additional female employee, this was a crucial point, because she is quite different from the rest of the team in her way of thinking and some of her insecurities were expressed in a way that, for other people, were almost a little bit insulting and that's quite a difficult situation, and that needs to be discussed early, because otherwise it might lead to a gap or to a barrier, that would have serious consequences (P4: Henkel 13; 69:69).”

“And then we had a lot of conflicts regarding punctuality. I still tend to be on time a lot and I tend to be annoyed if somebody keeps me waiting, because I think, it's my time as well, there are only 24 hours in a day for me, too, and at the beginning, we had fights over that, when I had to wait for somebody for half an hour. It was an unpleasant situation for both sides, and the situation has improved, they knew relatively soon that being on time was a way of keeping me "quiet". It worked, learning from each and the willingness to get closer together has worked quite well (P7: Henkel 45; 159:159). “

When expatriates operate abroad they usually adopt certain aspects of the host country culture and the host country management style. They preserve certain practices and integrate those that they perceive as useful and appropriate. This way they adapt their leadership style to the host country managerial characteristics. This phenomenon has been observed in all three case studies. Yet what happens when those expatriates return to their home country and the HQ? It has been reported that they have to face challenges adapting to the HQ's corporate culture and again to the home country managerial cultures and practices. Their style causes critical incidents when interacting with host country team members, e.g. two Austrian members from one MNT report that they had to face many challenges when a new Austrian team leader joined the MNT. He used to work in Serbia for three years and to lead a team of Serbian employees. When he came back to the HQ he had to learn again to share relevant information with his team, to make group decisions where everybody was involved in the decision process and to share, explore and exploit useful marketing knowledge during discussions and meetings with his employees. The expatriate team leader mentioned that it took him three months to learn how to work in the new team. The first quotation illustrates the experience of the team members and the second quotations shows the challenges for the expatriate team leader in the initial stage:

“At the beginning, when this new senior manager was new, we were aware of a few negative aspects. There was a bad flow of information. It means that he did
not forward information he had received. It's quite often the case that only the team leader receives some information and not the team as a whole. Or information was not forwarded to us in time. Decisions were made without our knowledge, without our involvement. And we did not like the way discussions were carried out. He asked for our opinions but made the decision all by himself. We addressed this issue, we told him that we wanted this to change. And it did. Our team is quite new. We have only been working together since March, the three of us (P2: Henkel 12; 79:79).

"Exactly, they were already there. It was also, it was completely different, a whole new experience. It took us three months to find a mutual understanding. I consider that normal, it's a kind of transition period until you get to know each other, until you what's important to the one or the other. What are his abilities, what does he want anyway, where does he come from. In this one case I am thinking of, everything was fine, the woman who had held my position before me had always worked in Vienna, she had worked in Vienna in this division, and I had come from another country and brought a lot of specific knowledge with me (P7: Henkel 48; 189:189)."

These examples show that time has a strong moderating effect on MNT performance. Team members adopt their perspectives and change their ways of perceiving, judging and acting. This adaptation decreases the number of critical incidents in MNTs and increases its effectiveness. The same phenomenon has been observed by Early and Mosakowski (2000). They have found that heterogeneity has a detrimental impact on team functioning but that this disadvantage is not a monotonically decreasing function. The impact is consistent, with both split and heterogeneous teams inferior to a homogeneous team. Over time, however, the impact of heterogeneity on team performance and other team outcome variables becomes curvilinear. After forming ways to interact and communicate, highly heterogeneous teams appear to create a common identity and increase team performance.

### 5.4.4 Transfer of knowledge between organisational units through MNTs

One of the key research questions that has not been answered yet is how MNTs may facilitate the knowledge transfer across geographic and organizational boundaries (Gibson et al., 2003) and consequently reduce the complexity inherent in multinational companies. 80% of MNTs members at the regional HQ of the company under study are from different CEE subsidiaries and from the HQ in Düsseldorf. These teams facilitate the transfer of knowledge between the Viennese HQ
and the various subsidiaries and improve the acceptance of knowledge of competitors and consumer behavior in the host country. Moreover, they influence new product development, branding and advertising by supporting the generation and implementation of creative ideas and building upon the ideas of members from CEE. In addition, the intensity of interactions in MNTs develops interpersonal communication skills and creates a unified team culture over time. Through this knowledge-sharing activity the team members promote the effective transfer of knowledge about products, markets, customers, competitors in their home country to the HQ and from the HQ back to the subsidiaries and eventually throughout the entire multinational organization. This experience is very motivating. The company devises its international rotation programs to combat such harmful influences that may emerge from lack of cross-cultural understanding and wasteful distrust and negative stereotyping. The principle behind creating its system of knowledge exploitation and transfer is job rotation. Employees work together in MNTs over a sufficiently long period of time to consolidate close relationships. Members from CEE who work in MNTs at the Viennese HQ on semi-permanent assignment increase creativity and prevent situations of groupthink or even myopia. This way, MNTs contribute to the creation and transfer of tacit knowledge that is very important in today’s global knowledge-based economy and that contributes to the company’s competitive advantage:

"Well, our employees are well aware of the situation, I have to say, that everybody kind of tries to live and let live, and what I do, in any case, before we start, before we start job rotation, I introduce the new people and I like to do that, and I add that we are there to learn. So, if an associate from Serbia or Russia, men or woman, is new, then it has to be clear that we want to learn from him. He does not only come here to learn from us, it’s vice versa as well, he has to be aware of that, and then I like to point out that miscommunication happens, it’s unwanted and that we have to address problems immediately, discuss everything, and if somebody thinks that he has been treated unfairly, by one statement or the other, then he has to let us know right away (P1: Henkel 31; 151:151)."

"There are several ways I handle situations like that, in no case, however, with my know-how, other people have know-how, too. For me it is important that they put their know-how into proper use, think, in order to achieve our goals. Employees need to find the way to achieve this goal, and I am here to support them. Yes, that’s how I would sum it up. (P5: Henkel 31; 68:68)."

"I also consider it important that they are here, that we have an exchange and that, when they return home, take with them know-how from Austria. But I think this exchange is very important, because otherwise we would talk about things we know nothing about. Many Austrians work in countries such as Poland, Russia, you can find Austrians everywhere, the bottom line is,
management etc. might even be local there. And that’s the interaction here, too, that you if you walk around in our building here and you can never be sure that, I mean you have to speak English, it happens in the elevator, a co-worker addresses us in English because he is not from Austria and we are quite international here, too, not just abroad. And when communicating as well, I have to pay attention, communication between associates, you have to bear that in mind, not German, you have to use English (P9: Henkel I 13; 112:112). “

Such teams are the core performing units in the organisation under study. It accommodates both permanent and temporary teams. Flexibility of structures, systems, and individuals is crucial for adaptability and in order to meet the needs of the work and the environment, the organization must be flexible enough to launch different types of teams quickly (Harris and Beyerlein, 1995). This is also the case in the regional HQ of Henkel. Whenever there is a special project like the launch of a new product, workshops are organized in Vienna where all host country representatives are invited to participate and share their perspectives and knowledge by working together in temporary teams. The new product is introduced and then they are given time to come up with ideas how they would like to execute the launch of the product in the host country market. Everybody is encouraged to come up with ideas and then this valuable information is discussed in detail. There is no monopoly of good ideas. The exhaustive discussions and the feedback from host country representatives lead to the creation of new knowledge and the development of new market entry strategies for CEE. There is always one person who is responsible for summarizing the best ideas at the end of the workshop and to send minutes with the most valuable inputs to the marketing teams of the entire multinational organisation. These workshops are not regular basis meetings. They are just related to projects. If there is a specific project then there is one workshop before the launch of the product. There are no regular meetings regarding these particular projects, but in the case that the launch does not work very well, another workshop may be organised where country representatives are invited to discuss the issue and find new solutions. This way knowledge exploitation takes place and the company creates new knowledge for product improvement and successful market entry strategies in CEE. It shows how the company’s ability to launch temporal teams quickly facilitates knowledge creation and transfer:

“I think that these workshops are very important where the countries exchange all their ideas because the thing is here in Vienna we are limited by the amount of work that we have and the number of projects that we deal with but also by the flexibility of our purchasing department and all the suppliers that we have here in Austria. So, we are basically unable to answer every need that a country has. So, I think that it is very important to have a workshop. This is an incentive
to bring the countries here and exchange ideas. At the beginning it was not a clear success. There were definitively lower expectations. So, we invited all the countries to share their experiences with us. And for example we noticed that in the country where Persil was very successful there were many actions taken which clearly contributed to the success. So, it was very critical and important that the Slovakian team who shared the experience and the mechanisms of the promotions that they introduced in their markets and so that we could excruciate to all the other countries and all the other countries could see it. Now, we started seeing results of it because now the situation of Persil improved in the other countries. This was...very critical (P3: Henkel 7; 61:61)."

“Every once in a while if there is a special project like the launch of a new product and it is important for us we make for example a workshop. So, we invite all the countries where the product will be introduced and we got all them together to exchange ideas. First, we brief them about the product and they have time to come with ideas how they want to execute it. There is no monopoly of good ideas. It is a very profitable process when you bring the people together. They threw their ideas on the table and they exchange it and so they... I do not know. Bulgaria can take its ideas from Slovakia or Russia. They are free to discuss. My job is to summarize the best ideas, to send minutes and the most valuable inputs and ask the countries to say which ideas they want to use and how they want to execute it. And then collect the people for the execution (P3: Henkel 32; 39:39)."

The knowledge-sharing activities lead to the exploitation of very useful marketing knowledge that contributes to the successful implantation of marketing activities in the CEE. The discussions lead to the creation of new knowledge and this knowledge enables the company to stay ahead of the global competition and gain competitive advantage. MNTs consisting of HQ employees and host country representatives (inpatriates) facilitate the exploitation and transfer of knowledge across geographic and organizational boundaries of the company.

5.4.5 Transfer of the appropriate dimensions of the home organization’s culture between organizational units through MNTs

How to best make use of MNTs can become critical to a company’s competitive advantage. Yet to take proper advantage of MNTs requires a good understanding of the impact of such groups on an organisation including its culture. By
employing inpatriates in MNTs on semi-permanent rotational assignments, the company maintains its cultural consistency between geographically dispersed business units and creates a strong corporate culture characterised by common values and business methods. Team members from CEE spend one or two years in the regional HQ. During this period of time they get familiar with the roles, values and climate of the organisation. When they return back to their home country they are able to work more effectively within the strategic direction and culture of the HQ and to transfer the appropriate dimensions of the HQ’s organizational culture. This way they facilitate the creation of a shared company mindset, which supports the willingness of the employees to share marketing knowledge between the host country subsidiaries and the HQs. Again MNTs reduce the complexity in this large multinational company by transferring the appropriate dimensions of the HQ’s corporate culture to its subsidiaries in CEE:

"Strictly speaking, our teams work like that, if there is somebody, on a certain level, the one I work for, 80% are job rotations. It means that people from other countries come to Vienna in order to learn how it works around here and to get to know the corporate culture of Henkel here in Vienna. Then they are able to manage better in their home country, because they know how it works around here. For example, if you are in Hungary and you only get a handbook full of guidelines, you don’t have a clue about why. Tomeck is here for 18 months and will then return to Poland. That’s the basic idea. That’s the way it works for everybody. There are only few exceptions, of people who come here and want to stay and work in Vienna (P8: Henkel 14; 99:99). “

“Yes. In principle, they come here in order to get to know Henkel’s corporate culture in Vienna because it is quite different from their home countries, local, the corporate culture, in Poland for example. 500 people work there. They come here to learn everything from a professional point of view on the one hand, from a cultural one on the other hand. In addition you then have contacts that make your work life back in Poland much easier. Once you know people in person, whom otherwise you would only know from writing e-mails, that is such a huge advantage (P8: Henkel 17; 105:105). “

“There is a team of three, for one part these are employees from other countries who are here on job rotation, who are here in Austria for two or three years or sometimes for one year, where you rather try to maintain the organization and the team spirit, because most of them, at least in those countries, they have a very specific view of their country and we work as a group and there you have to think a little bit differently, more than just saying, OK I am only thinking of Austria right now, a strategy that says, we as the company Henkel always have a common way of thinking, in regard of all the countries together, it means, there has to be an advantage for the whole group and this attitude, I’d call it a
positive attitude, people here feel it, in order to find out that we, I would say, we do not discriminate against any countries. OK, this apparent disadvantage is actually an advantage for the whole cause and people notice that, more or less and there are teams in these countries that do the same work that we do here, budgeting etc. and the whole operation is managed from here. (P1: Henkel 40; 16:16).

MNTs consisting of HQ employees and host country representatives (in-patriates) facilitate the transfer of the appropriate dimensions of the HQ’s corporate culture. They help to maintain an organisation’s cultural consistency between geographically dispersed business units.

5.5 Individual team members at Henkel CEE

5.5.1 Team leaders

In this chapter we will present MNT leader competences that have been identified by team members and team leaders at Henkel CEE. We report findings that incorporate the perspectives of MNT leaders as well as members on MNT leadership together. Identifying and presenting dual perspectives is not the aim of this dissertation and consequently does not play an important role in this context. Selection of team members, goal determination, motivation, communication and monitoring are the most frequently mentioned MNT leader competences. In addition, social competence and the ability to provide virtual MNT leadership have been identified as important factors that enable the effective functioning of MNTs. Expatriate team members face additional challenges in leading teams at subsidiaries in the host countries. They are responsible for transferring knowledge and appropriate dimensions of the home organization’s culture within organizational units. Moreover, their major task is to enable the host country team to conduct business in accordance with a HQ company’s norms and rules of behaviour. For them, cross-cultural communication competence and the ability to gain the respect and understanding of host country employees are necessary for successful performance. Table 13 shows these functions of team leaders and illustrates them with sample quotations:

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<th>MNT leader functions</th>
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<tr>
<td>Communication:</td>
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<td>“In terms of head’s leadership and also communication which is very important I think that we have very often meetings with him and discuss the pro-</td>
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jects and we have his very constant feedback. He is very clear in setting the directions for developing the process. I think he is pretty efficient. I do not have so much experience to say what he could improve. I am not in a good position to do so (P3: Henkel 24; 109:109).”

Monitoring:

“Because we always do a monthly review, what each associate has accomplished in a month, and did it contribute to go in that direction. Then we do a short analysis, why yes, why not, if it didn’t, why was it done anyway? Did it really deserve the priority it got as something else had to be left aside. Set priorities and check, of course, whether it really was accomplished and if there are discrepancies, and why (P10: Henkel 25; 107:107).

Monitoring:

“That’s how it is in a matrix organization, in a region that is so diverse, with so many different tasks, communication is very, very important for exchange, and what is one of the most essential factors, to check back on the actions we agreed upon. Well, there are, I can remember back then when, legendary examples, where you would sit in a meeting in once country for a whole day, minutes of the meeting, responsibilities, timing and then you come back two weeks later and nothing had happened. In order to have here, you know, together with the countries, that’s why mutual things are so important. Procedures are defined and are then monitored together with the respective country manager, in order for it to work or to be adjusted in case there is additional information. This monitoring, the follow up is definitely one of the biggest challenges in order for the system to work. (P11: Henkel 22; 145:145).”

Motivation:

“The working atmosphere within a team or a department depends, very much so, on its leader. I have had heads of department who asked my why I was still working in my office after 7.30 p. m. and whether I did not have a private life. It’s really nice to know your boss is interested in your well-being, and asks you for your wishes, ideas and expectations. This human factor on his part is really motivating and very important. (P15: Henkel 7; 104:104).”

Selection of team members:

“Well, you have to make sure that people feel welcome in this city, in this company, that the team members work well together, because you bring together different characters and different goals and several opinions. I mean, you have to give it some thought, whether one, because you don’t hire all of them at once .... As a senior manager you have to consider whether a person
will work well together with the rest of the team. You sort of have to match your team members. Everybody should be able to feel comfortable within a team, otherwise you are in danger of ruining the work atmosphere. Matching team members is quite essential. As a manager you have to take care of that. When you notice a team member not feeling at ease you have to address him or her. For that you have to know a little something about human nature and you have to find out whether the problem lies with the person or the team. And then you have to try and find a solution that works for all of them. Of course, you should not risk the team spirit for the sake of just one member. In an international team co-operation and understanding between the individual team members have to work (P14: Henkel 22; 136:136).

Goal setting:

"Very important, to give a clear direction, all the team members need to know where they are heading, what’s the goal, which direction and that’s where they have to focus their energy. Of course, there are always arguments, here and there that need to be dealt with but you must never lose track of the goal. So, what direction do we get and then you need to set standards for it and again and again, what we do, as mentioned before, we have these quarterly meetings or monthly meetings, set standards again and again. (P10: Henkel 24; 107:107)."

Providing virtual team leadership:

"Actually, I am travelling on a weekly basis, right now, almost every week, I visit one of these countries, mostly where reorganization is still in progress, not where everything runs smoothly already. And then I visit headquarters in Düsseldorf quite frequently and have to do the networking there. I guess you can say that I spent 50 % of my time with teams somewhere in Europe (P11: Henkel 26; 111:111)."

Expatriate team leader:

"Most of all, it is important to make oneself familiar with cultural differences and to take the time to get to know the various mentalities ....... I should add that it is my job to make sure that there is no need for other expatriates, once I leave. It’s the intention, the goal, to train the local staff in a way, one of them can take over my job (P5: Henkel 22; 44:44)."

"The acceptance that a young Austrian can just come to Serbia like that, in order to choose his local team and to be the team leader as well. Simply to see, to convince them, to convince them of one’s competence, of one’s visions, because Serbs are really sceptical, they believe nobody. That was exciting (P7: Henkel 19; 143:143)."
Social competence:

"So here is this social competence ...., well, without it, it is very difficult to lead teams like that (P1: Henkel 30; 146:146). "

"Understanding, but that is a soft skill, in order for this management or team, communications includes soft skills, there are no hard skills one needs to have, that's rather a matter of understanding. ..That's a major factor of success for teams, in my opinion (P7: Henkel 35; 206:206). "

Table 13: MNT leader functions and characteristics at Henkel CEE (Source: Author)

These findings are in accordance with the study conducted by Joshi and Lazarova (2005). They identified four core competencies of MNT leaders: communication, direction and goal setting, facilitating teamwork and motivating and inspiring.

One of Henkel’s company’s values is that it considers itself successful because of its people. Employees are encouraged to make their own decisions and to work independently on interdependent tasks. Trust is highly valued and members act in the best interest of the company. They communicate openly and actively and preserve the tradition of an open family company. Creative and competent employees are a key to Henkel’s global success. The company’s human resources strategy focuses on attracting the best junior managers, offering them attractive career perspectives and actively developing their skills. This is based on international training programs, systematic knowledge management, and the increasing application of innovative coaching methods. This enables people to work independently and facilitates the work of team leaders. MNT members are familiar with their tasks and have the required skills and abilities to perform well. The HR Department plays an important role in developing their skills and making them understand the values and norms of the corporate organisations that guide them in fulfilling their daily duties and responsibilities. Consequently, team leaders usually have to fulfil just a coaching function:

"It’s my business to make sure a goal will be achieved. And I have to add that I see myself as a coach, very much so. I really don’t know if coaching is considered a management strategy. I am here for my associates, to help, to achieve the goals. I use different approaches to do that ...It is my job to motivate them, to develop ideas, to encourage team dialogue, to talk to the whole team ... The bottom line is, it’s the team that masters a problem, not me (P5: Henkel 30; 68:68). "
Researchers should continue identifying core competencies of effective MNT leadership. There is still very little work on leadership in MNTs and empirical work that is not based on student data is still rare (Joshi and Lazarova, 2005). This points to the difficulty in studying these teams in an organizational setting and represents an interesting avenue for future research. However, researchers should be aware that the type of team as well as the organisational and team context do matter. By distinguishing between types of teams in different companies they may find out that the personal capabilities, skills and abilities of MNT leaders will vary for different types of teams and organisations. An effective HRM that focuses on attracting the best people and actively developing their skills will facilitate the role of MNT leaders.

5.5.2 Team members

The category team member is characterised by personality, work experience, social competence and open-mindedness. Interview partners have identified the importance of personality traits as a factor influencing MNT interactions. Selecting the right people has been identified as an important MNT leader competence:

"Of course, the biggest challenges are the different people. As people have quite different characters, they need to be led in different ways. Actually, for me, this is the biggest challenge because you have to handle it individually. And then, sometimes, it is difficult, like when you have a jour fix, it is often difficult to handle a discussion on a level that is clear and comprehensible for everyone, because everybody is deeply involved in his own topics, and then to handle it on a level that is an enrichment for everybody not only for the person behind the topic, that is clear, that is, for sure, a challenge as well as a basic executive function. And the personalities as well as the ways of working are completely different from each other. One person is well organized, the other one thinks more globally and has a different goal in mind and does not have to write down every single step and neither has to analyze it but experiences it as a whole. That, of course, is the biggest challenge (P4: Henkel 55; 64:64)."

"And I think that the individual team members have to fit together characterwise. That it proves to be difficult to put, I don't know, an introverted person together with a very extroverted, with a totally self-centred person in one team, that is extremely difficult (P7: Henkel 31; 206:206)."

"Cooperation. On the one hand, I would say that it very much depends on the personality of the individual, that's for sure, that's what I have learned during my 5 years with Henkel, that you easily, if there is somebody, where the flow of
information works out fine, due to personal proximity, I would say, the it works out considerably better. .... (P13: Henkel 6; 62:62). “

Interviewees have also reported that social competence and open-mindedness are critical for MNT success. In an MNT there are many perspectives that are represented and team members must be able to appreciate the value that each one has to offer. This includes different technical and cultural views. They must not just tolerate such perspectives, but must also embrace the opportunities for learning that the different views bring. It is through a heavy interaction of perspectives that creativity and innovation occurs. In an international environment enjoying such differences facilitates the interaction of the team. Team members share their perspectives on this point. This finding is in accordance with the literature (e.g., McCrae and Costa, 1997).

Another important issue for an effective team is the work experience of individuals. Past international assignments, as well as work experience in different companies and different countries create additional challenges at the initial stage of team formation. Team members have to get familiar with the rules and norms of behaviour in the company in order to work efficiently with each other. There is a strong socialisation process in the beginning and this improves MNT functioning in the long run, since team members become familiar with their roles and expectations. For team leaders it is often challenging to enhance the development of team members’ skills and to communicate goals and procedures during team meetings. New members need more time to understand certain issues. Experienced team members who have experience in MNT work are the ones who are able to facilitate this learning process and increase the level of understanding of their colleagues. Time and learning processes within the team have a moderating effect on its performance:

"Which has to be seen in connection with experience. The associate had just started and never worked in a company like ours before, she had not been able to gain experience and therefore needed to catch up on a lot of things in order to reach a certain level of experience, and I am sure she would look at it differently now compared to three years ago. Naturally, a lot of things have happened since then (P4: Henkel 15; 79:79). “

“It’s difficult, but this was definitely one of the biggest challenges, the cooperation with these quite different mentalities. Our background as far as experience is concerned is quite different. Language-wise it was no problem. In upper and middle management positions there were only associates with a very good proficiency in English. There was no problem. Still, the mentality and the different levels of experience were the biggest challenge (P5: Henkel 24; 20:20).“
“And for this reason, the three of us were able to learn from each other, I was taught how it works in Vienna, in the headquarters, what I did not know up to a certain degree and I taught them how problematic headquarters decisions are for the countries and how careful we need to act in order to balance between all our countries. Again, there was a good exchange between different levels of experience and different fields of experience (P7: Henkel 27; 189:189).“

In the past studies, on MNTs have tried to assess only one aspect of diversity and have failed to capture the full spectrum of diversity found in MNTs. Obviously, diversity researchers have not yet succeeded in tackling the challenge of empirically assessing multi-dimensional diversity. In future, one should bear in mind that certain personality traits and work experience in different teams, countries and organisations of individual team members will either lead to MNT success or its failure.

### 5.6 Summary of empirical findings from Henkel CEE

Fifteen problem-centred interviews have been conducted at Henkel CEE. The HQ in Vienna is responsible for operations in CEE and it pursues a multinational strategy. MNTs consist of members from this region who are mainly on rotational assignment for a period of one to two years at the HQ in Vienna and who work in MNTs. Eighty percent of the staff at the junior level are inpatriates from the countries where the company operates.

Henkel CEE is a company with a family-like corporate culture that supports team work. The management philosophy of Henkel CEE is one of involvement. The organization is built on the principle that people have the right to be involved in matters that affect them. As a consequence, team members make decisions in the best interest of the organisation. The organisational culture motivates them to do their best in order to achieve the company’s goals. Moreover, MNTs add a multicultural perspective to the multinational strategy development and enable the company to act as locally as necessary and as globally as possible.

We could collect numerous norms and values of behaviour of members from CEE. The societal culture of CEE with focus on low collectivism, high power distance, high level of uncertainty avoidance, a preference for a direct approach of criticising team members and subordinates and a tendency to withhold relevant information creates critical incidents in MNTs.

There is still a lot of improvement potential in terms of teamwork and participation in decision making in CEE countries. There is little understanding of team work and devolved responsibilities among team members from this region. More-
over, there is a preference for individual rather than shared responsibilities in teams and team members seem to be busier using personal contacts with superiors to promote their own interests and strengthen their position in the organizational hierarchy than pursuing common goals and giving support to their team members. The individuals may express pride, loyalty and cohesiveness in their families but not necessarily in their teams and organisations.

Compared to Austrian team members, who are expected to react in consistent ways in different situations, reactions of employees from CEE seem to depend more on the place, time, and person. Behaviour that is judged appropriate for a given place, time, and person may not be appropriate for other times, places and persons. They change the self to meet environmental demands and become highly competitive and individualistic in business contexts. It has been reported that they hesitate to share important business related information with other team members and for Austrian team leaders it is very challenging to complement group or participation-based decision making and to introduce the concept of team work to employees from CEE.

Over time the teams at the regional HQ adopt the values and norms of the organisation and increase the level of mutual understanding and consequently also team performance. They adopt their perspectives and change their kinds of perceiving, judging and acting. This adaptation decreases the number of critical incidents in MNTs and increases its effectiveness.

MNTs at Henkel CEE reduce the complexity of operations of the German multinational company by facilitating the creation and transfer of explicit and tacit knowledge and of appropriate dimensions of the home organisation’s culture between geographically dispersed business units. 80% of the MNTs’ members at the regional HQ of the company under study are rotating members from different CEE subsidiaries and from the HQ in Düsseldorf. These teams facilitate the transfer of knowledge between the Vienna HQ and the various subsidiaries and improve the acceptance of knowledge of competitors and consumer behaviour in the host country. Moreover, they influence new product development, branding and advertising by supporting the generation and implementation of creative ideas and building upon the ideas of members from CEE. The intensity of interactions in MNTs develops interpersonal communication skills and creates a unified team culture over time. Through this knowledge-sharing activity the team members promote the effective transfer of knowledge about products, markets, customers, and competitors in their home country to the HQ and from the HQ back to the subsidiaries and eventually throughout the entire multinational organization. Knowledge exploitation takes place when existing knowledge is shared by team members in MNTs. On the other hand, knowledge exploration is triggered by the
exhaustive discussions during meetings and workshops and leads to the creation of new knowledge and determination of new strategies.

By employing inpatriates in MNTs on semi-permanent rotational assignments, the company maintains its cultural consistency between geographically dispersed business units and creates a strong corporate culture characterised by common values and business methods. MNTs reduce the complexity of operations of the German multinational company by facilitating the transfer of appropriate dimensions of the home organisation’s culture between its business units.

Selection of team members, goal determination, motivation, communication and monitoring are the most frequently mentioned MNT leader competences. In addition, social competence and the ability to provide virtual MNT leadership are identified as important factors that enable the effective functioning of MNTs. The category team members’ characteristics are personality, work experience, social competence and open-mindedness.

Moreover, this study also shows how the German company exploits marketing knowledge from its vast network of subsidiaries through international rotation of employees and organised workshops, thus reducing the complexity and contributing to the company’s competitive advantage.