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CROSS-CULTURAL MANAGEMENT AS AN OBJECTIVE NEED FOR UKRAINIAN COMPANIES

ABSTRACT. Globalization processes make cross-cultural management more and more widespread worldwide. Rapid integration of Ukraine into European and global business environment opens new opportunities and makes it essential to implement cross-cultural practices in Ukrainian companies' management. In our research we illustrate the objective preconditions for cross-cultural management in Ukraine and show possible outcomes of its effective implementation.

KEY WORDS: cross-cultural management, globalization, corporate culture, organizational culture, Ukraine.

КРОС-КУЛЬТУРНИЙ МЕНЕДЖМЕНТ ЯК ОБ'ЄКТИВНА ПОТРЕБА УКРАЇНСЬКИХ КОМПАНІЙ

АНОТАЦІЯ. Глобалізаційні процеси сприяють подальшому поширенню крос-культурного менеджменту в світі. Швидка інтеграція України до європейського та глобального бізнес-середовища відкриває нові можливості та робить необхідним запровадження

крос-культурних практик до управління українськими компаніями. У нашому дослідженні ми ілюструємо об'єктивні передумови для крос-культурного менеджменту в Україні та демонструємо можливі результати його ефективного запровадження.

КЛЮЧОВІ СЛОВА: крос-культурний менеджмент, глобалізація, корпоративна культура, організаційна культура, Україна.

Introduction. Global social and economic trends have had great impact on modern management. Informational revolution, facilitation of communications supported by fast technological progress boosted globalization processes further more with a great speed. The growing impact of the millennials (generation born in 1980-2000 period) is another significant factor that makes our World more and more global [1]. This generation spending a great part of its life in social networks (such as Facebook, Instagram and Twitter) has little respect to some «old-school» management concepts bringing new logic to business processes and management itself. Millennials are quite sceptic about hierarchy, big power distances etc. They can look further than their region or country or even continent. They think globally, they are not afraid to move from their «comfort zone», or try something new, they speak foreign languages after all.

Such global trends have raised the role of cross-cultural management to a new level. For most highly developed countries of the World (such as USA, Canada, EU countries, Japan, Australia) cross-cultural management is usual business practice. CEOs (and other level managers as well) have special skills and experience of cross-cultural interaction and managing multinational teams. Successful modern companies must be ready to work in a global environment operating in different regional markets, by co-operating with foreign partners and involving the workers representing different cultures. Cross-cultural approach opens new opportunities, expands the horizons and gives a company a competitive advantage over other market players. Not many Ukrainian companies have good experience of cross-cultural interaction. Recent changes in Ukraine have opened great opportunities for our companies by giving them the access to the new markets, new contacts and potential partnerships. And such opportunities can (and must) be used not only by big corporations but for SME as well.

Purpose. In this article we prove the objective need in cross-cultural management for Ukrainian companies and illustrate certain skills needed by Ukrainian managers to operate successfully in the modern global economy.

Results. It's not a secret that for decades Ukraine wasn't too open for the external World. Many internal problems such as corruption, big percentage of «old-soviet school» top managers (in companies and in government as well), big influence from Russia were very serious obstacles on the way to real integration into global economy. But nowadays Ukraine has probably the biggest ever chance to become a part of civilized World and integrate its economy completely into global business environment. Unprecedented support from the USA, Canada, EU and other highly developed countries opened some huge opportunities for Ukrainian business sector. Deep and Comprehensive Free Trade Area (DCFTA) as one of the main elements of the EU-Ukraine Association Agreement is an example of such opportunity.

The Association Agreement in general should exploit the dynamics in EU-Ukraine relations, focusing on support to core reforms, on economic recovery and growth, governance and sector co-operation in more than 30 areas, such as energy, transport, environment protection, industrial and small and medium enterprise (SME) co-operation, social development and protection, equal rights, consumer protection, education, training and youth as well as cultural cooperation. Closer economic integration through the DCFTA should create business opportunities in both the EU and Ukraine and become a powerful stimulant to the country's economic growth [2].

Among other economical factors making cross-cultural management issues important for Ukrainian companies is national currency weakening which makes export potentially very perspective. Given Ukraine's industrial potential, the DCFTA provides an opportunity to make the country more competitive and diversify its exports.

Access to the EU market (28 countries with some 500 million population) which is about 100 times bigger than the Ukrainian market is great opportunity, but the foreign trade stats show that Ukrainian business is not quite ready to realize it. There are different reasons for it, and one of them is a lack of experience of such cross-cultural interactions. Many company's CEOs are simply not looking for the opportunities of getting access to foreign markets. Lack of knowledge and lack of skills became serious obstacles to realize new chances.

Table 1 examples illustrate great potential export opportunities Ukraine still has at EU market, and recent research by International Internet trade centre Allbiz showed that about 40 % of Ukrainian companies consider European market as a priority for their business [4]. It requires hard work to operate globally, but the reward (revenue growth etc) might be more than interesting.

Table 1

**THE EXAMPLES OF THE USE OF TARIFF QUOTAS
(BY UKRAINIAN COMPANIES) IN YEARS 2014–2015
WITHIN THE EU AUTONOMOUS TRADE PREFERENCES [3]**

Product name	The volume of quota, tons	Volume used			
		2015		2014	
		Tons	%	Tons	%
Soft wheat, wheat flour and pellets	950000	950000	100	950000	100
Corn, corn flour and pellets	400000	400000	100	400000	100
Grape and apple juices	10000	10000	100	10000	100
Honey	5000	5000	100	5000	100
Bran, wastes and residues	16000	3628,6	22,7	1841,1	11,5
Starch	10000	960,6	9,6	725,2	7,3
Garlic	500	44	8,8	35,5	7,1
Eggs and albumin	1500	75	5	No access to EU market	
Sugar corn	1500	6,1	0,4	0,2	0,01

Being Ukraine's largest trading partner, accounting for more than a third of its trade, the EU is also its main source of Foreign Direct Investment (FDI). Obviously, attracting FDI from EU and from other regions as well requires the knowledge of cross-cultural issues, too.

Among another reasons cross-cultural management is essential for Ukrainian companies with a rapid growth strategies are possible attraction of foreign specialists as CEOs or other position workers or consultants; possible IPO at top stock exchanges (NYSE, LSE etc) or M&A processes involving transnational corporations [5].

As we can see there are specific preconditions for implementing cross-cultural management in Ukrainian companies practice that can help to realise the existing opportunities (figure 1).

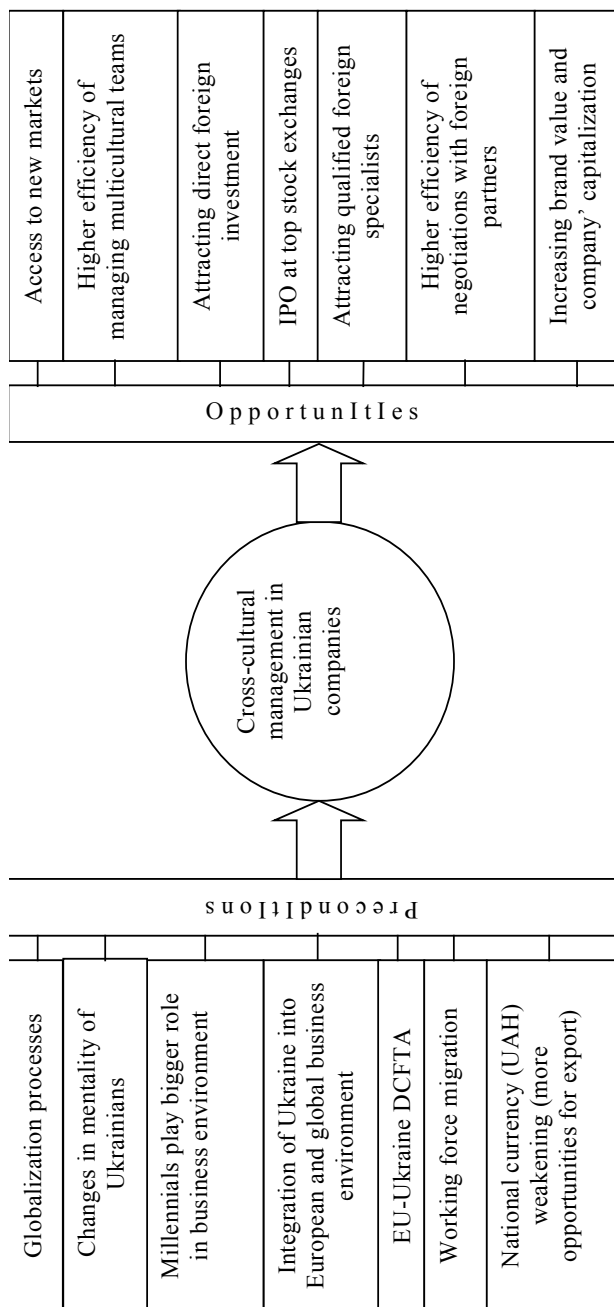


Figure 1. Cross-cultural management in Ukrainian companies: preconditions and opportunities

All of the above proves the objective need in cross-cultural management for Ukrainian companies. In modern scientific and business circles cross-cultural management core task is defined as following: «...to facilitate and direct synergistic interaction and learning the interfaces, where knowledge, values and experience are transferred into multicultural domains of implementation» [6]. Such approach makes clear the skills a modern manager should have. These skills or competences were subsumed by some researchers under the expressions «global mindset» [7] and «global literacy» [8]. It includes understanding cultural differences as a competitive advantage (not an obstacle), avoiding ethnocentrism (readiness to learn and accept as equal some other cultures peculiarities etc) [9], global thinking training (analyzing opportunities for business no matter distances, borders or nationalities). We should add that for many Ukrainian companies' managers the language barrier also remains rather serious problem.

Conclusions. Nowadays cross-cultural management has become very important not only for traditionally export-oriented Ukrainian companies or travel agencies dealing with inbound tourism. Globalization processes and the rapid integration of our country and its economy into European and global business environment opened new opportunities for almost any Ukrainian company. This new reality is a serious challenge. Those companies that can adapt to it fast will get some great competitive advantages. They will enter new markets, raise their sales, revenues and incomes. They will uplift their brands to another level: from national to global.

Such a new reality pushes Ukrainian companies to change their corporate cultures, making them more «global-oriented». It also makes it essential to raise the qualification of the managers training them to think globally, to manage multicultural and multinational teams, to deal with partners from different regions of the World, to avoid ethnocentrism and stereotype thinking.

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СТРАТЕГІЧНЕ УПРАВЛІННЯ ПІДПРИЄМСТВОМ НА ЗАСАДАХ КОНЦЕПЦІЇ ДИНАМІЧНИХ ЗДАТНОСТЕЙ

АНОТАЦІЯ. Визначено основні завдання розвитку підприємства на основі управління його динамічними здатностями. Надано змістовну характеристику принципам стратегічного управління підприємством на засадах концепції динамічних здатностей підприємства.

КЛЮЧОВІ СЛОВА: стратегічне управління, розвиток, динамічні здатності підприємства

STRATEGIC MANAGEMENT ON THE BASIS OF CONCEPT OF THE ENTERPRISE'S DYNAMIC CAPABILITIES

ABSTRACT. The main tasks of enterprise development based on management enterprise's dynamic capabilities are submitted. The description of the strategic management principles based on the concept of the company dynamic capabilities are given.

KEY WORDS: strategic management, development, dynamic capabilities of enterprise