

## **Organizational culture and work-based learning in Japanese, German, and American multinational companies**

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### **Introduction**

This paper undertakes to investigate the organizational culture of Japanese, German and the US enterprises in order to point out similitudes and difference based on a theoretical framework of the field (Hofstede et al. 2010; Cummings–Worly 2015).

The study aims to build the existing paradigm of multinational organizations and their organizational culture. Cultural differences influence the behavior of companies, including management style, relationship with employees, or social responsibility. The investigated type of companies – belonging to German, Japan and US sphere of interest – play an important role in the Hungarian economy.

### **1. The concepts of culture and organizational culture**

Many definitions are spread about the concept of culture. Hofstede, important authority of the field, defines the culture as “the unwritten rules of the social game, or more formally the collective programming of the mind that distinguishes the members of one group or category of people from another” (Hofstede et al. 2010: 531). Culture is inherited from one generation to the next, and it changes often because every generation adds something for their own before handing it (Hofstede 1980: 21–23).

Every country is specified by its own culture: a group of patterns, conventions, a set of opinions, traditions, norms, attitudes, values, and behaviors and manners that represent its residents’ identity. Living in a nation and being a part of its culture brings behavioral characteristics that vary from members of the other cultures (Schein 2004). Organizational cultures also affected by national characteristics, sometimes in a tacit, in other cases in a more evident manner.

Organizational culture is the “unseen hand in organizations and is a critical component in achieving sustainable success and other factors such as infrastructure, technology, and measurement” (Al Mheiri–Zakaria 2014: 35). Research presented by Al Mheiri–Zakaria (2014) indicates that organizational culture can evolve because the employee’s feelings are connected with policies, approaches, procedures, and a group of conceptual factors (what is to be believed, valued, and accepted).

Organizational culture also plays a vital role as a promoter in facilitating knowledge-sharing models and in encouraging learning among employees (Cummings–Worly 2015). Besides, it plays a crucial part in integrating people and technology, and connecting them to improve the knowledge management processes in an organization.

According to Al Mheiri–Zakaria (2014: 32–35) organizational culture is becoming nowadays the most continually cited tool of knowledge sharing promoters. Effective knowledge management needs an organizational culture that enables employees to create, obtain, strengthen, and share knowledge, thus helping them to enhance enterprise’s

performance. This finding was supported by experiments of Ruggles (1998) who analyzed more than 400 U.S. and European enterprises for identifying the essential facilitators and obstacles faced in the process knowledge sharing. Ruggles found that organizational culture is the most critical factor and first condition, while the organizational structure has its importance only at second place (Ruggles 1998).

Hofstede defines organizational culture's core element as how people in organizations are associated with each other, connected with their work and the outside world, and make possible the comparison to other organizations, and also in international dimensions (Hofstede 1980).

Organizational culture is involving in the "artifacts, tacit understandings, values, opinions, and manners of any organization's employees" (Cummings–Worley 2015: 521). Figure 1 illustrates the concrete and abstract elements of the organizational culture.

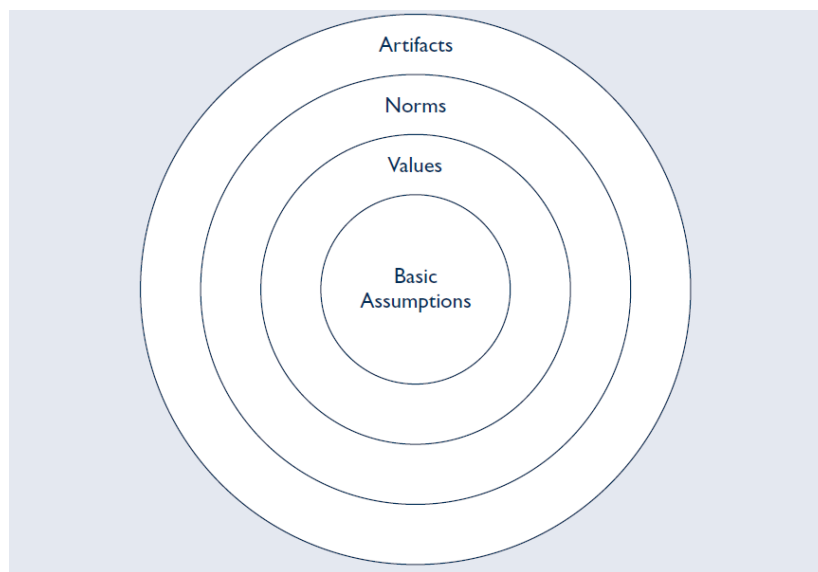


Figure 1 Elements of corporate culture  
Source: Cummings–Worley 2015: 520.

## 2. Organizational culture in multinational companies

For the members of any corporation, the activities are based on what the organizational climate dictates. How an employee understands his organizational environment can also affect an employee's mindset, motivation, and production (Parker et al. 2003). Businesses strive for individuals who can be qualified, trained, and fit appropriately (Putthiwanit 2015) and share values with the company (Csehné-Papp–Keczer 2019). Accordingly, fitting the environment is fundamental for members to stay in an organization on the long run.

Regardless, the consequence of organizational culture and how it influences our understanding and feeling is still underdetermined. Therefore, organizational behaviorists are exploring this ubiquitous topic further. In a more comprehensive scope, if an organization is a multinational company, in which employees must be associated with others – domestically and internationally –, it appears to be more problematic the complex system of organizational culture.

As Putthiwanit (2015) underlines that employee, like human resources, are the costliest in different companies' budget. In the case of the multinational firms, their environment influences their competitiveness, especially their productions (Putthiwanit 2015). Therefore, if an organization succeeded to motivate its employees to work more productively it would impact the quality of their work. Additionally, it could affect business competitiveness in the future. Putthiwanit reports the findings of Barnett and Freeman (2001) who counted that a

large-scale creative production based on some innovative structures could decline the sluggishness in the organization. It would be very efficient for organizations if managers could motivate their employees to be more innovative. As a consequence, with employees who can faster adapt to a multinational enterprise's organizational culture, the company can evolve more efficiently (see Figure 2).



Figure 2 Employees Bounded with Multinational Enterprise's Organizational Culture  
Source: Putthiwant 2015: 484.

### 3. Interdependence of organizational learning and work-based learning

Learning is regarded as the foremost sustainable competitive advantage and any organization: those can learn better is more worthy of being successful than other competitors. Peter Senge identified 5 characteristics of the effective learning organization: systematic thinking; personal development; mental models; common vision and team learning (Senge 1990.)

Every researcher on the field agreeing that organizational learning is interrelated with the transfer of new knowledge to employees (Cummings–Worly 2015). Several studies have attempted to identify its central element. These studies underline the “critical role of information technologies, intense strategy, organizational design, and more newly, human resource management and organizational culture, since human beings are the central element in learning design” (Sanz-Valle et al. 2011: 997–1015).

Organizational culture can serve as a cognitive or interpretive criterion that affects the effectiveness of organizational learning and behavior (Mahler 1997). Schein (1996) suggested that organizational learning failures may be caused by a lack of communication among different cultures.

If enterprises desire to be successful, they must attach importance to corporate culture development. Entrepreneurs keep a critical part in the formation and growth of the corporate culture. A corporate culture suitable for business growth is invaluable (Cummings–Worley 2015: 23–73).

### 4. Methodology and field of the investigation

This theoretical research was carried out with the “desk research method”, using secondary sources, based on analysis of publications and databases (Babbie 2017).

The data were chosen from two different fields: on one side, we had access to the database and publication of the Hungarian Central Statistical Office ([www.ksh.hu](http://www.ksh.hu)). On the

other side, we were consulting the national characteristics of organization's cultural dimensions based on Hofstede's framework. Our forthcoming goal is to embed the results of this desk research analysis in the following empirical research project as an important theoretical background analysis

#### **4.1. Short overview of German, Japanese, and U.S. economies**

Germany is the most major national economy in Europe and shows a high business surplus, producing an extraordinary capital exported globally. A powerful relationship between the national culture and the organizational culture of the organizations reflects their founder country's effectiveness (Gerhart 2009).

Japan is considered a highly homogenous society regardless of its unique regional social and cultural patterns (Lewis 2014). From the 1970 leading industrial power in the world, today its position is weakening on the international market. The business etiquette is different as usual: Japanese keep a distance while taking part conversations and do not immediately respond to a question without evaluating the implication of their answer (Bucknall 2005).

The USA, the world's largest economy, deals massive trades among the rest of the world. Studying the cultural norms and values would be necessary to businessmen and entrepreneurs boarding the shore of the US economy. Americans possess a strong belief in the concept of equality: the American dream expresses that everyone should have equal rights, equal employment opportunities no matter which ethnicity or gender the individual belongs to (Gilbert 2018).

#### **4.2. Presence and importance of German, Japanese, and U.S. subsidiaries in Hungary**

In Hungary, multinational and transnational enterprises in foreign ownership are playing an important role as well in the employment of the local population (see Table 1) as in reaching important profits through their activities (see Table 2).

The situation of the labor market in Hungary improved Hungary significantly during the last decade: the number of employees increased from 3,765 million (January 2010) to 4.6 million people (January 2019)<sup>1</sup>. Parallely, we can observe a significant increase in the number of employed workers by foreign transnational companies, which is reaching nowadays more than 20%. The leading investor companies in the Hungarian labor force are from Germany and the USA, while Japanese enterprises are ranked to the 8<sup>th</sup> (2010) and 7<sup>th</sup> (2019) positions among the top 10 investor countries (See details in Table 1).

German and Japanese companies were increasing employment in the last decade by almost 50%, while US companies were registering a slight growth of 10 percent in the volume of their employees.

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<sup>1</sup> [https://www.ksh.hu/stadat\\_files/mun/hu/mun0098.html](https://www.ksh.hu/stadat_files/mun/hu/mun0098.html) (downloaded: 21.05.2021.)

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Table 1 Ranking of the first 10 foreign investor countries based on the number of employed persons in Hungary

| Investor country | Number of employed persons | Percentage of employees in all foreign enterprises | Investor Country | Number of employed persons | Percentage of employees in all foreign enterprises (%) |
|------------------|----------------------------|--|------------------|----------------------------|--|
| <b>2010</b>      |                            |  | <b>2019</b>      |                            |  |
| Germany          | 151 410                    | 25.1%  | Germany          | 223 168                    | 30.4%  |
| USA              | 80 894                     | 13.4%  | USA              | 88 009                     | 12.0%  |
| Austria          | 77 198                     | 12.8%  | Austria          | 67 258                     | 9.2%   |
| United Kingdom   | 44 015                     | 7.3%   | United Kingdom   | 52 874                     | 7.2%   |
| France           | 38 332                     | 6.4%   | France           | 41 605                     | 5.7%   |
| Switzerland      | 25 741                     | 4.3%   | Switzerland      | 31 229                     | 4.2%   |
| Netherland       | 22 183                     | 3.7%   | Japan            | 28 474                     | 3.9%   |
| Japan            | 20 300                     | 3.4%   | Netherland       | 15 862                     | 2.2%   |
| Italy            | 13 391                     | 2.2%   | Denmark          | 15 828                     | 2.2%   |
| Belgium          | 11 145                     | 1.9%   | China            | 15 024                     | 2.0%   |
| <b>Total</b>     | <b>484 609</b>             | <b>80.5</b>  | <b>Total</b>     | <b>579 331</b>             | <b>78.8</b>  |

Source: [https://www.ksh.hu/stadat\\_files/gsz/hu/gsz0027.html](https://www.ksh.hu/stadat_files/gsz/hu/gsz0027.html) (downloaded: 28.11.2021.)

The second-ranking of the investor country's enterprises is based on the competitive and effective economic performance: we are presenting the added values produced by the 10 most productive national subsidiaries group operating in Hungary (see Table 2). In 2010 and in 2019, the companies from Germany and the US were able to produce the most added values, whose performance is strongly correlated with their size. The Japanese companies, which were doubling their economic performance, we're stepping back a place (from 7<sup>th</sup> to 8<sup>th</sup>), in the rank of the leading investors in Hungary. That fallback is due to the fact that new participants, like South-Korean enterprises, entered the Hungarian labor market efficiently, and some serious competitors, like the Swiss companies, performed also better.

Table 2 The first 10 foreign investor countries based on the amount of the added values produced in Hungary

| Country        | Added values (in a million HUF) | Percentage of added values in all foreign enterprises | Country        | Added values (in a million HUF) | Percentage of added values in all foreign enterprises |
|----------------|---------------------------------|---|----------------|---------------------------------|---|
| <b>2010</b>    |                                 |   | <b>2019</b>    |                                 |   |
| Germany        | 1 848 391                       | 29.5%   | Germany        | 3 312 918                       | 29.3%   |
| USA            | 1 297 194                       | 20.7%   | USA            | 1 846 127                       | 16.4%   |
| Austria        | 519 280                         | 8.3%  | Austria        | 947 949                         | 8.4%  |
| France         | 478 990                         | 7.6%  | United Kingdom | 656 289                         | 5.8%  |
| United Kingdom | 314 382                         | 5.0%  | France         | 656 115                         | 5.8%  |
| Netherland     | 211 011                         | 3.4%  | South Korea    | 441 674                         | 3.9%  |
| Japan          | 202 065                         | 3.2%  | Switzerland    | 404 851                         | 3.6%  |
| Switzerland    | 199 917                         | 3.2%  | Japan          | 401 352                         | 3.6%  |
| Italy          | 132 111                         | 2.1%  | Netherland     | 282 131                         | 2.5%  |
| Finland        | 122 536                         | 2.0%  | China          | 245 597                         | 2.2%  |
| <b>Total</b>   | <b>5 325 877</b>                | <b>85.0</b>   | <b>Total</b>   | <b>9 195 004</b>                | <b>81.5</b>   |

Source: [https://www.ksh.hu/stadat\\_files/gsz/hu/gsz0027.html](https://www.ksh.hu/stadat_files/gsz/hu/gsz0027.html) (downloaded: 28.11.2021.)

Summarizing the above-mentioned tables, we can conclude that in Hungary, the three investigated organizational cultures (German, US, and Japanese) have a stable place in the top 10 investor countries, with high employment rates and good economic performance. These groups of companies are employing approximately 7.5% of the total Hungarian labor force.

## 5. Findings of the theoretical research – organization's cultural dimensions

Scholars have specified several dimensions for organizational culture to make corporate culture measurable construct. For instance, Bock et al. (2005) emphasized three dimensions: innovativeness (1), collaboration (2), and fairness (3).

Everd and Gert (2011) determined seven organizational culture dimensions that can affect employees' knowledge-sharing and learning behavior: conflict solution, disposition towards adaptation, participation of employees, reward orientation, place of authority, leadership style, and goal transparency.

National culture has impacted significantly on corporation activities, from company structure to group employee performance. Geert Hofstede is a scholar authority who designed a model to represent different cultural 'dimensions' and has investigated problems linking to cultural differences (Hofstede et al. 2010).

Geert Hofstede's model was based on a study of IBM employees in fifty countries. As a result, four different dimensions occurred in the late 90's: power distance; uncertainty avoidance; individualism or collectivism; masculinity, or femininity (Hofstede et al. 2010). Later, Hofstede cooperated with economist Bob Waisfisz and they added two semi-autonomous dimensions to the original list: long-term orientation/short-term orientation and indulgence (Hofstede et al. 2010).

## 6. Japanese and German, and American cultures, from Hofstede's perspective

This study is aiming to analyze German, Japanese, and American enterprises' cultural dimensions. There is a significant relationship between the nationwide culture and the organizational culture of the companies mirroring their creator country (Gerhart 2009: 242). Different countries have different environments for organizations based on various elements, among others regulations, markets, collective bargaining, labor forces, etc. (Gerhart 2009: 242).

In the following part, we try to present the three working cultures taking into consideration their place in Hofstede's cultural theory (see in details Figure 3). In that part we are taking in consideration the earlier findings Karpuschkin (2014) who was performing a two-dimensional comparison set for the German-US national characteristics.

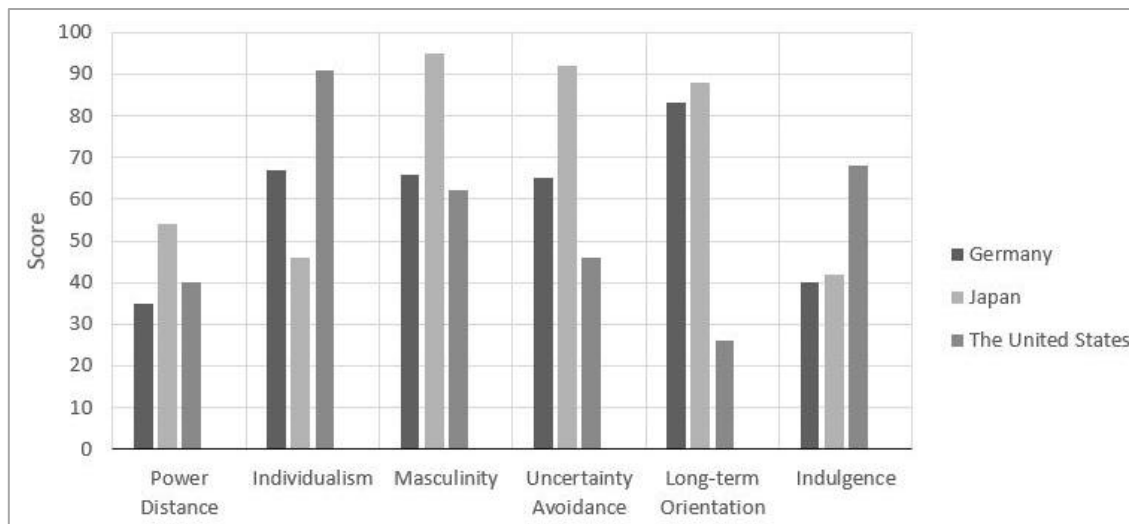


Figure 3 Country business culture comparison in Hofstede's cultural dimensions

Source: own compilation based on [www.hofstede-insights.com/country-comparison](http://www.hofstede-insights.com/country-comparison) (downloaded: 20.10.2021.)

**Power distance** explains how social imbalance is recognized in different cultures. Hofstede describes how children are raised in high Power Distance cultures, emphasizing respecting

elders, moved through to adulthood. Hence, organizations in those cultures are much more centralized, and employees choose a more autocratic leadership style. There are broad salary gaps in the hierarchical system. Alternatively, inequality is not wanted in low power distance cultures; employees like to be consulted regarding the decision-making process and desire a more innovative and democratic manager (Hofstede et al. 2010: 53–88).

Germany with 35 and the U.S. with 40 have both low Power Distance. Germany stays highly decentralized with a powerful middle class. In contrast, Japanese working culture is much stronger characterized by Power Distance (54 points).

**Individualism versus collectivism** dimension is focusing on individual's preferences to belong to a generally connected community. On the other hand, collectivist structures emphasize related social units like the family instead of the self. In an individualistic society, employees need to have the freedom to work independently and have some challenges to help them acquire self-development. In collectivist cultures, specific authority systems are responsible for the association of employees and the collective's coherence and performance (Hofstede et al. 2010: 89–134).

Germany is highly individualistic with 67 points in that dimension, while the U.S. has highest score of 91 among the 3 cultures. In contrast, the Japanese working culture put the emphasis on collectivity (only 46 points reached in that dimension.)

**Masculinity** expresses cultures with different gender positions: In some of them where men are more focused on success, challenge, progress, competitions, and prizes. In contrast, women are engaged with the quality of life, humility, dignity, and satisfaction. Femininity describes cultures where gender roles co-occur. In masculine society, leaders are more specific, powerful, and decisive, while feminine cultures keep more involuntary leaders who negotiate conflicts and motivate decision-making participation (Hofstede et al. 2010: 135–186).

German business's culture, with a score of 66 in that dimension, put the emphasis on the masculine values. The U.S., with a score of 62, is considered as being "masculine, as they ambitiously strive for success" (Karpuschkin 2014: 6). The more important difference in the gender aspect can be observed in the case of Japanese working environment (95 points), where masculinity is the highest rated, based also on historical traditions.

**Uncertainty avoidance** is reflecting how a culture sense vulnerable or unsure in unfamiliar statuses. Thus, individuals desire a structured circumstance with regulations, controls, and policies in excellent uncertainty avoidance cultures. Hard work is included, and there is a strong sense of pressure amongst the workforces. On the other hand, in weak uncertainty avoidance cultures, regulations make distress, almost fear, and exist where needed. People try to live more comfortable in these cultures and work slower (Hofstede et al. 2010: 187–234).

Germany working culture has strong uncertainty avoidance (65 points). In contrast, the U.S. has a lowest score of 46. In that category Japan reaches almost the top (92 points) as well.

**Long-term orientation** is focusing how people of different cultures think about time and future. "Long-term orientation stands for the fostering of virtues oriented toward future rewards—in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present—in particular, respect for tradition, preservation of "face," and fulfilling social obligations" (Hofstede et al. 2010: 235). The high score of the long-term orientation index specifies how a nation respects its importance of long-term commitment and how nicely they appreciate the traditions. That is why enterprises spend additional time developing in such communities. Low long-term

orientation defines the countries where changes occur quickly, and commitments and responsibilities are not barriers to change (Hofstede et al. 2010: 235–276).

In that perspective, Germany (83 points) and Japan (88 points) business cultures are showing more important links to their traditions, while the US is performing weaker in that category (26 points). The main focus in the US working culture is to helping the realization of the development and the change.

**Indulgence versus restraint** is associated with the basic human desires related to enjoying the existence of life: “Indulgence stands for a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. Its opposite pole, restraint, reflects a conviction that such gratification needs to be curbed and regulated by strict social norms” (Hofstede et al. 2010: 281). Indulgence is related with human values such as happiness, life control and importance of leisure (Hofstede et al. 2010: 277–299).

The score of 40 indicated Germany’s social standards that control strongly its activities and perceptions. In the Japanese working culture we can observe similarly strict result (42 points). In contrast, the US companies are giving more freedom to their employees (68 points).

### **Theoretical summary and planning of the forthcoming empirical research**

The theoretical background analysis suggests that the differences between the three types of analyzed national culture will be manifest and essential also in the human development praxis of the foreign companies implanted in Hungary, which we seek to research deeply in the future.

The national cultural dimensions will certainly affect the organizational learning, the development mechanisms and partly influence the training strategies of the subsidiaries of international companies present in Hungary.

In the following year 2022, our goal will be to understand and explore those differences based on an empirical investigation, in the cases of concrete companies working culture: We intend to carry out a small-scaled qualitative analysis of a dozen of chosen companies (belonging in equal part to Japanese, German and US economic field of interests), and to identify the differences of the organizational culture and training practices. Our long-term goal is to understand what cultural aspects and innovative solutions are the more favorable for employees’ training and development.

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