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SIGNIFICANCE OF CULTURAL ASPECTS IN IMPLEMENTING THE LEAN CONCEPT IN ENTERPRISES WITHIN ROMANIA

Literature
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Abstract

During the past twenty years, numerous multinational enterprises have entered the Romanian economy, among which a significant number of internationally renowned corporations having their headquarters in Germany. The purpose of the work is to present the core elements for implementing the Lean concept, while pointing out the potential obstacles faced by German companies when implementing Lean in their activities developing within Romania. Moreover, the paper highlights the significance of country-specific cultural features, which are further analyzed with the aim of determining their input in implementing Lean principles. The authors conclude that implementing Lean requires comprehensive understanding of the core concept, while placing local culture at the forefront of its successful implementation.

1. Introduction

Widely recognized studies performed at international level reveal the fact that there are numerous nation-specific cultural differences materializing through more or less powerful manifestations of certain cultural characteristics. The way a culture is being defined influences how enterprises are being created and perceived within a country. Enterprises take in the effects of such cultural differences, as in the case of German companies which have entered the Romanian market.

Since the beginning of Romania's transformation into a democratic country and its openness towards capitalism, many enterprises having their headquarters abroad have been opening subsidiaries in Romania. Successfully entering local market commands an in-depth analysis of the economic, political, demographic and social factors. Furthermore, said analysis is necessary for consolidating their position on the market. Nevertheless, the situation changed in the years since the beginning of the financial crisis, when change became the dominant feature to describe the ongoing mentality, strategy and actions of the multinational companies with Romanian subsidiaries. In order to maintain their competitive advantage, said companies must implement new concepts and processes, such as the Lean principles. This is especially the case in current times when competition is fierce and there is an increasing pressure for reducing costs, while striving towards continuous improvement by innovation. Due to its significant impact on the organization and to the high implementation costs, Lean process must be efficiently prepared and in-depth analyzed. To this end, analyzing all processes and services, all risk factors and the impact on the organization and is not enough; an overall analysis of the national cultural is to be considered and effectively performed. A nation's culture influences numerous factors at the level of an enterprise, such as employees' motivation, their involvement and openness towards new approaches. A cultural analysis is required also for identifying the optimum methods and concepts for delivering the objectives and implementing Lean in the attempt to be successful on the market.

2. Method

The methodology comprises a secondary research based on a literary review, including relevant studies about Lean concept, while a comparative analysis between the Romanian and German cultures is being performed with the aim of emphasizing their relevance in the effective implementation of the Lean principles. Furthermore, a correlation between main Lean implementation problems and referred cultural dimensions is being proposed and analyzed.

3. Results

Lean concept was first developed in the automotive industry. Taiichi Ohno had implemented the system in Japan around 1950, within Toyota. The Lean principles were then extended to Toyota's suppliers and partner companies, later being implemented in the production units outside Japan. Starting 1990s, James P. Womack and Daniel T. Jones (2003) have analyzed the concept and concluded that it has a universal approach, being suitable for implementation not only in the automotive industry, but in many other different domains. As a result, the Lean concept has become increasingly popular in most recent years, being adopted by numerous internationally-renowned companies.

Lean system is based on a rigorous analysis of all processes within an enterprise with the aim of determining a standard process capable of producing the setout results in the most efficient manner. As such, Lean method focuses on eliminating all types of waste and the misuse of available resources. In order to achieve this, the core of Lean concept comprises of five essential principles, i.e. specifying value in the eyes of the customer; indentifying the value stream and eliminating waste; making value flow at pull of the customer; involving and empowering employees; continuous improvement in pursuit of perfection (Womack and Jones, 2003).

Value is the central element when seeking efficiency. Creating value must be further analyzed from the customer's perspective. Performance holds value as long as it is in line with the customer's needs and requirements. The value chain must be identified and strategically highlighted down to the level of specific department/process within an enterprise in order to recognize all sources of waste. The objective is to eliminate all types of waste from the process, which further allows for the fluidization of work. Fluidization of work operations represents organizing the value chain activities into a continuous flux and balanced and equally distributed work load. Such reorganizing requires also a change in the perceived status of the employees. In this context, they are viewed as the experts capable of representing the process, as they are the ones handling it directly. The employee is no longer an enforcer, but a member of a complex management team responsible for the process itself and its continuous improvement. The aforementioned Lean principles should be considered as a quality system where each process stimulates and corrects another process. Such an approach allows for transparency and the identification of potential problems within an enterprise, while ensuring a long term permanent improvement process.

General Lean Implementation Problems

Despite its popularity and implementation in numerous domains, companies and countries, Lean concept is being criticized by those who emphasize the problems encountered when implementing Lean principles. Studies are being conducted on the elements which make it difficult for the Lean system to be implemented and on the factors which prevent its successful implementation. A study conducted by Lixia Chen and Bo Meng (2010) analyses the causes leading to failure in implementing the Lean concept in China's enterprises. The problems the authors have pointed out are:

- Paying attention only to lean tools

Numerous enterprises which acknowledge the need for improvement are open to implementing the Lean system, yet they are reducing its complexity to comprise of only several well-known instruments. Lean system is a comprehensive and aggregate concept which cannot exist by itself and requires integration in the enterprise's strategy. Lean concept serves directly the achievement of the enterprise's objectives, while its instruments are just the means for transporting its core principles. Although effective, this approach is not always well received by the employees who consider that an unachieved Lean objective signifies the failure of the Lean methods. This is due to the fact that a profound understanding of the Lean mechanism is still missing. Nevertheless, at the core of Lean system are the employees, while its instruments are just means for achieving objectives.

- Hoping to achieve quick results

Lean concept does not represent a method with short term revolutionary outputs. This misguided approach results in the selective implementation of just a few Lean measures with the expectation of having visible results in the shortest time possible. This leads to unachieved objectives, which were in fact wrongfully set out because of lack of complete information about the Lean concept. Ultimately, this leads to a skeptic attitude towards the Lean system and most times to the abandonment of its implementation.

- Indiscriminately imitating and copying the practices of others

Successful implementation of the Lean concept is conditioned by numerous factors, such as the enterprise's management system, its status among its competitors, the local environment and the cultural influences. Simply duplicating a system which is functional in an enterprise does not guaranty the success of same methods in another organization.

- Mastering the superficial knowledge without understanding the essence of the lean production

Utilizing the Lean instruments in an enterprise and a good familiarizing of the employees with said

instruments does not necessarily mean that the company is on the way of becoming more effective. The key for success is the comprehensive understanding of the Lean concept. It is important to understand that a selection of a certain number of Lean methods to be implemented does not really mean that the enterprise is practicing Lean. That is because the instruments themselves have no value outside the enterprise's strategy and its general improvement mechanism. Only through sound theoretical and practical knowledge about the Lean concept and long term experience one can start to successfully implement the Lean system.

Despite the fact that the above study is limited to enterprises within China, the identified problems have a universal approach, thus justifying their further analysis when implementing the Lean concept in Romania. More specifically, implementing a concept initially based on the Japanese tradition and culture in multinational enterprises of German origin developing their commercial activities in Romanian subsidiaries represents a complex and difficult process. This is further depicted by highlighting the cultural component of the process as representing one of the most important factors.

Significance of culture in successfully implementing the Lean principles

The aforementioned problems met when implementing the Lean system comprise also of cultural aspects, i.e. the culture of a nation and of a specific organization influences the way concepts and ideas are applied in an enterprise.

Geert Hofstede (1980) defines culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another". Thus the cultural differences become evident only through comparison. The main characteristics defining a culture are: perception, attitude towards time and space, thinking, language, non-verbal communication and social relations (Maletzke, 1996).

Cultures can be differentiated on the basis of Geert Hofstede Model using the following four dimensions: power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance (Hofstede, 1983). Said four dimensions have been complemented with two more dimensions, Long-Term versus Short-Term Orientation, as a result of Michael Harris Ford's research from 1980, and Indulgence versus Restraint, as a result of Michael Minkov's research from 2000. Main characteristics of the six dimensions (indexes) are presented below (Hofstede, 2011):

- **Power distance** describes the attitude of the members of one culture towards the fact that the individuals within one society are not

equal. It represents the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The higher the value, the greater the power distance.

- **Individualism versus Collectivism** represents the degree of interdependence a society maintains among its members. It refers to the way the members of a society define themselves in terms of “I” or “we”. A higher rating shows a greater manifestation of individualism.
- **Masculinity versus Femininity** defines a society based on gender characteristics. Masculine societies are defined by competition, achievement, success, while feminine societies by tolerance, compassion and caring for others. A high score indicates a more masculine society.
- **Uncertainty avoidance** analyzes the degree to which the members of a society feel threatened by unknown factors, by a future which is yet to be known. A high score indicates that societies will most likely create rules, contracts and laws in order to avoid uncertain events in the future.
- **Long-Term Orientation versus Short-Term Orientation** analyzes the degree to which the members of a society are orientating their actions in long or short term. The values relating to long term orientation are perseverance, patience, organizing capability, while those relating to short term orientation are tradition, task achievement, and face saving.
- **Indulgence versus Restraint** refers to the manner society members are reacting when handling their desires and impulses. Indulgent societies have a greater tendency towards gratification, while the restraint societies tend to ignore and even condemn their desires.

The importance of culture when implementing Lean principles in an enterprise comes from various perspectives, such as:

- As Hofstede’s studies demonstrate, the cultural differences between countries are significant and they are manifesting including in enterprises and other organizations.
- Lean concept focuses on all important processes within an enterprise, while modifying fixed structures and emphasizing the importance of changing perception. The perception and the approach towards change are deeply rooted in a nation’s culture.
- Lean concept requires also the deployment of a Lean culture within the enterprise, which can take place only if the cultural features of the enterprise’s members are being considered.

Cultural differences between Romania and Germany

The aforementioned cultural analysis instrument proposed by Geert Hofstede allows for comparison between two countries with the aim of identifying the cultural differences. Figure 1 depicts the cultural differences between Romania and Germany on the basis of the six cultural dimensions according to Hofstede’s methodology (Hofstede and Hofstede, 2005).

In 2005, a study was performed in Romania, which had the purpose of verifying the hypothesis and results of Geert Hofstede with regards to the Romanian cultural dimensions (Luca, 2005). With few differences, the study had drawn the same conclusions about Romania as those of Geert Hofstede. This is discussed below and compared with the results for Germany in terms of same cultural dimensions according to Hofstede’s methodology.

In terms of power distance, Romania’s high score indicates that the employees working within enterprises prefer a positive relationship with upper management, even if this means hiding problems which could have a negative feedback from management. They prefer and accept an authoritative leader, while the decisions are being taken by upper management and communicated to the subordinates. The employees are acting on the premises that the enterprise’s objectives are to be handled exclusively at management level, while their responsibility is limited to job description. Unlike Romania, Germany’s score is relatively lower showing that the employees expect and support a participative management style, where they are being asked to be part of the decision making process.

Further interpreting the indexes illustrated in Figure 1, Romania represents a collectivist country, where employees follow the group rules and consider work relations subject to morality. Germany, on the other hand, is an individualist country, where employees have very close work relations with fewer colleagues on the basis of preferences and not constraints. Within organizations, such differences between Romania and Germany become visible especially when the two culture members need to communicate for a common goal. There are numerous communication differences between the two countries which need to be surmounted, such as communication style, approach and ways of transmitting the information. In terms of masculinity/femininity, once more the two countries show different behavior. While Romania is a relatively feminine country, where employees within enterprises tend to solve conflicts through mediation and compromise with the aim of getting a unanimously accepted solution, Germany is a more masculine country, where enterprises are characterized by employees more able to make

decisions and more responsible, thus showing more performance.

According to Hofstede's afore mentioned study, the uncertainty avoidance level is higher in Romania than in Germany. The aforementioned Romanian study, positions Romania at a score close to that of Germany. This indicates that both countries have a tendency to avoid the unknown and to be guided by generally-accepted rules and believes. At enterprises level, this translates into a higher resistance to new concepts or ideas, a more intense need to be informed prior to the initiation of a new activity, a bigger urge to get integrated into structures.

The long term orientation is a value characterizing Germany much more than Romania. While in German enterprises this translates into a higher perseverance in achieving the objectives and in a bigger investment in the future starting from present, in Romanian enterprises the short term decisions are more preferred, while being orientated more into the past than the present and the future.

In terms of indulgence versus restraint, Germany shows a higher score than Romania, yet both countries scoring the lowest values when compared with the other cultural dimensions. Germany is thus indulgent in terms of employees' gratification and their desire to be rewarded for their work, while Romania is more restrained, being more cynical and less orientated towards employees satisfaction.

Significance of results for the implementation of Lean concept in Romania

Analyzing the cultural dimensions and the problems they pose always represents a beneficial tool for management, policy and marketing strategies formulation (Necul esei and T t ru anu, 2008). As indicated in Table 1, the generic issues identified as being problematic for the implementation of the Lean concept are actually a manifestation of the aforementioned cultural dimensions, thus being directly linked to it.

4. Discussion

The identified problems, such as paying attention only to the Lean tools and not the entire Lean Concept can be justified by a greater power distance between the employees and management. The employees are accustomed to being delegated assignments without questioning the decisions of the management team. There is a risk that employees do not report an indentified problem in order not to undermine the authority and competence of their superior. Similarly, short term orientation creates the premises for the employees having Lean education to prefer not to complicate a specific situation due to a wider perspective over the Lean methods. Aiming at obtaining fast results, the employees are focusing strictly on using the

conventional Lean instruments, hoping that they will work in a specific case as it happened in the case of other enterprises. The Lean methodology is being implemented within Toyota enterprise for over 40 years, yet the people responsible for this process consider that the implementation process is still unfolding. Such approach cannot be efficient for an enterprise wanting short term results.

Hoping to achieve quick results can be explained by the short term orientation, uncertainty avoidance and restraint. The employees are being directed to achieve substantial results in short term. As such, important steps are being over-passed, such as ensuring the support of the management team, analyzing all processes within the enterprise or employees training. Furthermore, restraint can determine the orientation for quick results, without the desire for long term achievements and satisfaction.

Imitating and copying the practices of others can represent a manifestation of power distance, collectivism, femininity and uncertainty avoidance. The employees are content to utilize methods validated within other enterprises, disregarding the potential differences. Successful implementation of the Lean concept especially requires adapting Lean to the specific type of company, domain, activity, employees, economic situation, strategy and objectives. Usually, the enterprise's management team forces conventional methods, while the employees coming from collectivism characterized cultures tend to follow the instructions without too much understanding of the issue. Fear of approaching new directions represents another issue explaining why enterprises prefer to follow already validated ideas with the hope of benefiting from the same success. The misconceived approach in this case is that success is the output of utilizing a certain instrument which should work the second time, as long as it did the first time around.

Mastering the superficial knowledge without understanding the essence of Lean production occurs when management teams operating in structures with great power distance are not willing to view their employees as partners in implementing the Lean system. When the management team has all the expertise, but does not involve, consult or exploit the experience of the employees facing the targeted changes, a core element of the Lean principle is being omitted: each employee contributes to change, while change is affecting everyone. Furthermore, short term orientation and time pressure are hampering an in-depth understanding and a comprehensive analysis of Lean concept.

Therefore, the problems regarding the implementation of Lean concept do not occur exclusively in enterprises from China; such problems can manifest to a certain degree in

enterprises from countries such as Romania or Germany.

Considering Romania's generic cultural profile, it can be summarized that all four above problems concerning the implementation of Lean can occur within Romanian enterprises. Unlike Romania, Germany's cultural profile indicates that German enterprises are not as exposed to indiscriminately imitating and copying the practices of others due to the fact that it represents a society characterized by masculinity and individualism. Nevertheless, the other three types of problems can occur also within the German enterprises.

Implementing the Lean concept within German origin multinational enterprises operating in Romania can bring significant benefits in terms of process optimization, turnover increase and employees satisfaction. The analysis performed in present paper indicates towards the fact that the problems identified in literature regarding the implementation of the Lean process can also affect the multinational enterprises operating in Romania. Moreover, when referring such multinational corporations, the strategy, concepts and processes are generated and transferred from the main headquarters, e.g. Germany, to the local operating market, e.g. Romania. This further creates interferences within the cultural dimensions interferences.

Apart from the aforementioned four problems regarding the implementation of Lean concept, present paper further proposes another essential issue to be considered, i.e. the omission of analyzing the cultural dimension of an enterprise, implicitly of the society where said enterprise operates. Well-known studies have shown that there are numerous examples where the time being saved before implementing Lean system, e.g. omitting analysis and preparatory steps, is being wasted afterwards for correcting, optimizing and communicating the new process being under implementation. Such approach can cause employees discontent as a result of not being informed, trained and properly included in the process or as a result of them not supporting the concept and even sabotaging it. One of the central issues that should be considered when implementing Lean concept within multinational enterprises is the way the concept is being communicated and introduced from an intercultural perspective.

The biggest challenge when performing a cultural analysis is always the fact that the analyst himself is part of a certain culture and cannot fully analyze in an objective manner without being influenced by its own culture. Notwithstanding, "the best defense against ethnocentrism is an awareness of the tendency towards ethnocentrism" (Müller, 1996).

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Table No. 1
Lean implementation problems and cultural dimensions

<i>Lean implementation problems</i>	<i>Cultural dimensions</i>
<i>Paying attention only to lean tools</i>	<i>Power distance</i> <i>Short term orientation</i>
<i>Hoping to achieve quick results</i>	<i>Short term orientation</i> <i>Uncertainty avoidance</i> <i>Restraint</i>
<i>Indiscriminately imitating and copying the practices of others</i>	<i>Power distance</i> <i>Collectivism</i> <i>Femininity</i> <i>Uncertainty avoidance</i>
<i>Mastering the superficial knowledge without understanding the essence of lean production</i>	<i>Power distance</i> <i>Short term orientation</i> <i>Restraint</i>

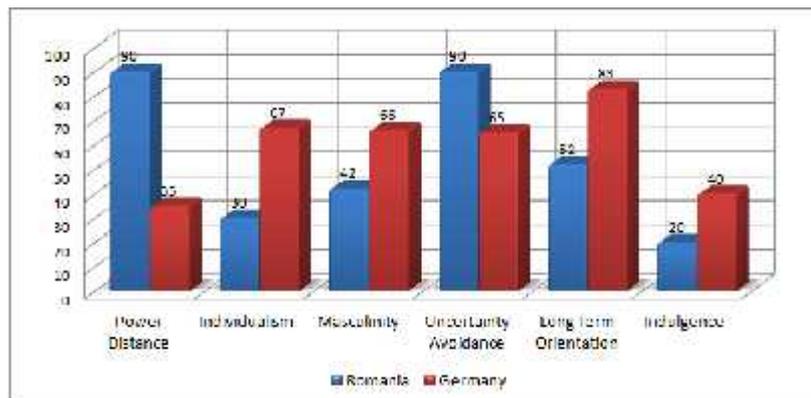


Figure No.1 Cultural comparison: Romania and Germany. Source: Hofstede and Hofstede (2005), The Hofstede Centre (2015)