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NECESSITY OF POWER DISTANCE INDEX ACCOUNT BY INTERNATIONAL COMPANIES DURING DECISION MAKING

Розглянуті особливості прийняття управлінських рішень в міжнародних компаніях, які виходять на зовнішній ринок в формі прямих іноземних інвестицій, на основі індексу дистанції влади, який був запропонований нідерландським вченим Г.Хофштеде.

Рассмотрены особенности принятия управленческих решений в международных компаниях, которые выходят на внешний рынок в форме прямых иностранных инвестиции, на основе индекса дистанции власти, предложенным нидерландским ученым Г.Хофштеде.

Globalization strengthens competition between the various companies and dictates its rules, so to be a leader in a particular segment for the company sometimes not enough to be a leader on its national market. Along with this globalization facilitates access to foreign markets, creating international standards of business. Regardless of the foreign market entry modes as FDI selects company for its activities, it will be necessary to take into account not only the differences in the economic, legal, political environments, but also make a deep analysis of the cultural environment of the country, representatives of which are investors, partners, and future staff. One aspect of doing business, which considerably differs by the national cultural features, is the managerial decision making. The way how decision is making depends on leadership style, kind of business and staff's national culture. Last was explained by Netherlandian scientist Geert Hofstede thought the instrumentality of his one in five indexes – power distance.

Power distance measures how much the less powerful members of institutions and organizations expect and accept that power is distributed unequally. Ukraine, Russia, Japan, France and India relate to countries with high index of power distance. For companies, which operate on these territory, paternalistic management style, dataflow only top-down, and waiting for guidance's directives are attributes. Employees only in rare cases can afford to put questions to your boss, not to mention to expose his criticism. For example traditionally a Ukrainian manager is a strong leader who is expected to know all the answers to any possible problem in the workplace and to make decisions not consulting much with the subordinates. Feature as officials accessibility, dataflow in different directions, employees needs and opinions account, consultative management style's preference are accepted in

companies with low power distance index that function in USA, Germany, Austria, and Denmark. Whatever successful strategy was earlier it must now take in account national differences when company choose foreign market entry mode as direct foreign investment. Because of this companies with high power distance level operate easier on Ukrainian territory. But in the same country way of decision making can differ because of company's sphere of activities. Examples of high power distance are big enterprises, where control processes is harder so manager should use tools of autocratic management, and also big industrial factories remained from times of Soviet Union.

It can't be clear defined that one managerial strategy is more successful than another because they are ideal. Research of the company Hay/McBer, based on interviews of nearly 4000 top-managers of international companies shows that key of their success is tools' from different styles of management combination. Both approaches have advantages and disadvantages. Staff is more motivated to good results in companies with low power distance index, because from their side there is a strong commitment with organizational goals and staff became to be company's strength, feedback is well organized, and the comprehensive exchange of ideas and information is being promoted as a way to improve the efficiency of the organization's system. Last aspect is especially important for fast reaction in crisis times. Also employees and employer are more adapted to changes, better working in teams. Work in a team, with its speed, mobility and individual effort and talent is recognized in the business world as most effective unlike bureaucratic model. 78% of medium and large companies (100 or more employees) employees work in teams Work in a team recognized favorable environment in which each member can realize their individual abilities and talents. However, teamwork is regarded as one of the main merit of modern specialist and assumes a number of important communicative. Among them is the ability to contribute to the; listen; analyze the problem and to generate alternative solutions; consult; take a decision;conduct themselves in a situation of conflict. In democratic workplace staff has more opportunities to develop their skills, finding on one's own ways how to solve a problem in comparison to authoritarian where they get not only task but also very detailed instructions how to do it. According to Gallup research in democratic group 87% of interviewed love their work and 78% trying to apply all forces to reach success in comparison to 69% and 59% in autocratic group. But sometimes such

partnership relations between employer and employee can be interpreted as less of control.

Staff from companies with high power distance index doesn't want occupy an active position, they are not motivated to work and it is the main challenge with which employers from countries with low power distance index should to face. From Russian employees' research of A. Naumov is obvious that the average Russian respondent doesn't want to head delegated him/her important tasks, but less wish that somebody ignored his/her opinion ". The author concludes that the modern Russian participation in the management model is determined by the formula: "willing to participate but not to take responsibility". In such countries most businesses retain a hierarchical structure where employees are expected to defer to anyone in a position of authority. Staff has great respect for age and status, which is denoted by position or wealth. Their reaction on changes is slower, feedback is absent, so decisions are making centrally, authoritarian and sometimes groundlessly. Managers expect their subordinates to follow established procedures without question. But it is easier to manage such employees, only money could be motivation and required skills to them are lower.

Thereby by FDI of foreign companies in other countries national features must be learned, existing practice of decision making analyzed and staff's attraction to decision making process planed.

References 1. «Organization behavior for leisure services» Conrad Lashley, Darren Lee-Ross 2. «Measuring hierarchical power distance in thirty-seven countries» G. Hofstede

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