

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

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The way how managerial decision is making depend 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 counties with high index of power distance. For companies, which operate on these territory, paternalistic management style, dataflow only top-down, rare expression of displeasure and waiting for guidance's directives are attributes. 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.

It can't be clear defined that one managerial strategy is more successful than another because they are ideal and both have advantages and disadvantages. Staff is more motivated to good results in companies with low power distance index, feedback is well organized, and they are more adapted to changes, better working in teams. 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, their reaction on changes is slower, feedback is absent, so decisions are making authoritarian and sometimes groundlessly. But it is easier to manage such employees, only money could be motivation and required skills to them are lower.

Thereby by direct foreign investment 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.