

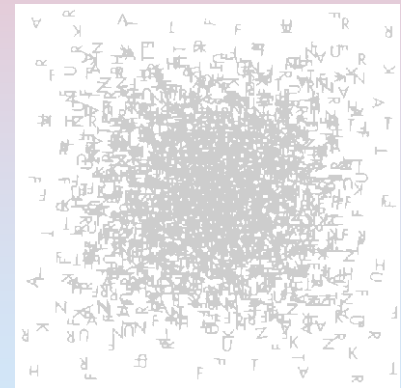
Why Do We Need Culturally Sensitive Consultancy for Start-Ups?

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What does „culturally sensitive consultancy“ mean with regard to start-ups? – The example of Germany

- 330.000 firms founded by people with a migrant background in Germany
- Largest group: 60.000 Turkish firms with 400.000 employees, 35 billion € turnover, 9 billion € investment
- Big potential for growth: successful migrants seldom return to their home countries
- Potential is not recognized by German consultants: Only 4 % of Turkish start-ups make use of public development funds, only 21 % of consultancy
- Less self-employed people among this group (10 %) than in the German population (11,5 %), in Turkey (nearly 30 %), Italy, Greece, Spain, etc.

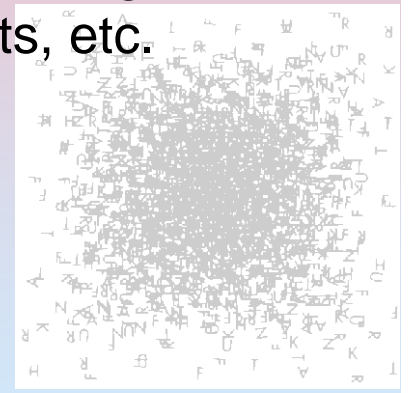


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Why do we need the term „culture“?

- Term is under dispute in the German integration discussion
- The concept of „culture“ is an attempt to characterize some patterns of behavior, communication, and thinking as particular for a certain group
- Concept is useful to check the consultant's behavior with regard to his target group, to let him identify his own blind spots, etc.
- However, term is dangerous if it leads to simplification

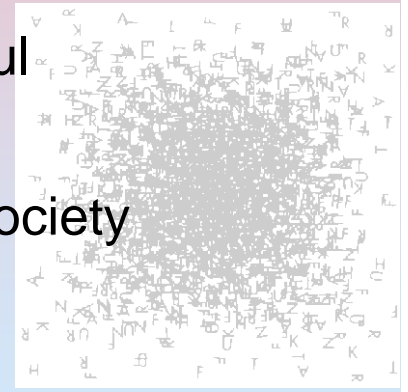


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Basic assumptions

- We cannot preselect our start-ups. We have to give consultancy to everybody who comes and asks for it.
- A culturally sensitive style of consultancy has much influence on success and growth of start-ups beyond traditional niches.
- Success of start-ups is not always based on successful adaptation to the cultural mainstream.
- We can increase the entrepreneurial potential in the society as a whole if we successfully develop this style of consultancy.

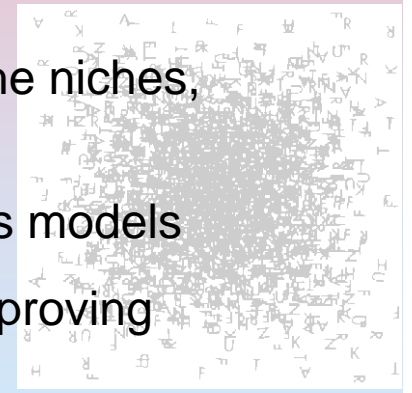


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New groups are taking the place of old groups leaving their traditional markets

- People from Vietnam or Maroco substitute Turkish, former Yugoslavian, or Greek start-ups in their niches (local distribution)
- Some groups have remained stable in their niches for decades (Italian gelaterias, Italian pizzerias, Italian stone-carvers)
- New dynamic groups set new trends (Polish start-ups in the health sector, Russian start-ups in the high-tech area)
- Some ethnical groups enter a lot of business fields outside the niches, start to grow fast
- Risk: More and more start-ups are imitating existing business models
- Chance: Discovering the need for professionalization and improving growth chances



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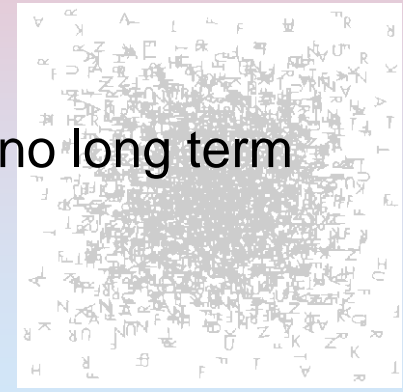
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„Diversity“ has become an issue

- but its importance has not been recognized by German consultants

Typical prejudices:

- „We have enough döner shops here.“
- „They are all resisting consultancy.“
- „Ethnical economy - is that banking without interest?“
- „They only enter markets with low entry bareers. I see no long term planning.“
- „Bad payers, bad managers.“

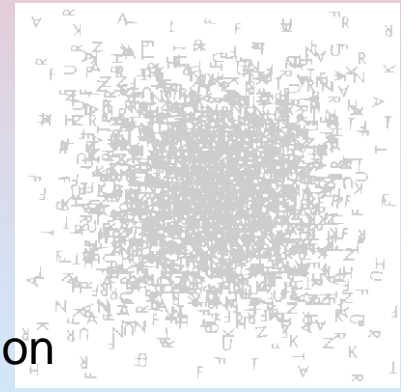


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A lot of irritation potential for consultants

- Start-ups disappear – and come again after months without telling you why
- Turkish founders don't work sequentially but simultaneously
- Founders do not do their homework, do not admit to have made a mistake
- Russian founder accepts consultant only if he has at least the same educational level
- Start-ups don't accept female consultant
- Start-ups want to talk to the boss only, not to his secretary
- Whole family comes to the consulting session
- Distance is not kept. Private things are brought into the session
- Founders expect immediate and unconditioned support

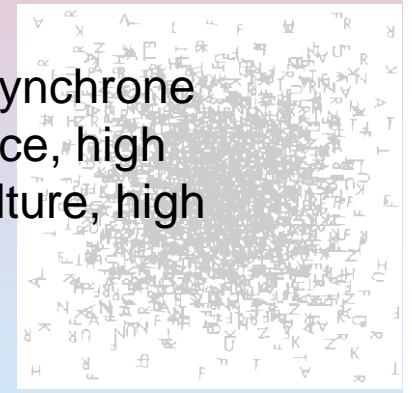


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Intercultural differences

- „Founders from nearly every nation are more relation oriented than German consultants. This difference is a general one. They all have the same problems with German consultants.“ (Turkish consultant, Chamber of Artisans, Düsseldorf)
- „Trust and emotion are more important than competencies and issue-orientation.“ (Yunus Ulusoy, Center for Turkey studies at University Essen-Duisburg)
- Dimensions: relation orientation vs. transaction orientation, synchrone vs. multichrone time management, high vs. low power distance, high vs. low avoidance of unsecurity, more vs. less expressive culture, high vs. low gender tension,



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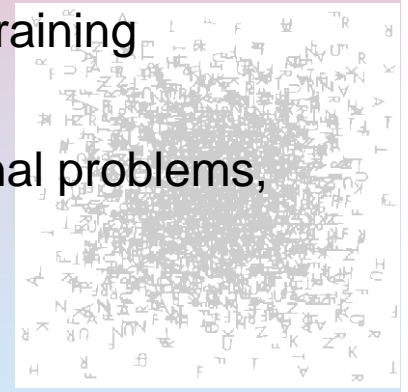
Conflicts in staff management

Risks:

- Traditional role patterns, little reflection of the patriarch's role
- Management by intuition and traditional rules
- Staff recruitment with the help of the family
- Family members as money lenders take influence on recruitment
- Mixed teams (Turkish employ Russians, Germans, etc.) have become more important, but founders have no time for culturally sensitive training

Chances:

- Founder cares for employees in the case of sickness, personal problems, etc.
- High loyalty due to recruitment by family relations
- Role of founder is undisputed



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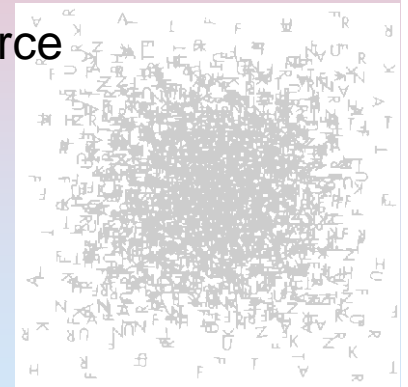
Conflicts in the understanding of business

Risks:

- Not all the costs are calculated (rooms, car, staff members from family)
- Focus is on turnover, not on profit
- → Self-exploitation, long opening hours of shop etc.
- Ignorance against German tax system

Chances:

- Family members are a highly flexible and cheap human resource
- Low fix costs
- Focus on chances, not on risks (like German founders)
- Risk minimization due to avoidance of bank loans



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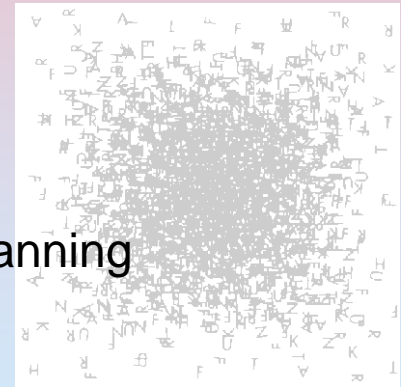
Conflicts in planning and working style

Risks:

- Turkish, Arabian, etc. founders do not work sequentially
- Many working sites at the same time, unreflected ad hoc decisions
- Neglect of information and formal training needs

Chances:

- Spontaneous relation-building, always open for chances
- No complicated formal planning processes
- High flexibility
- No problems with disturbances and even with chaos
- Practical fit of concepts is more important than theory and planning
- Less paper orientation, more oral communication

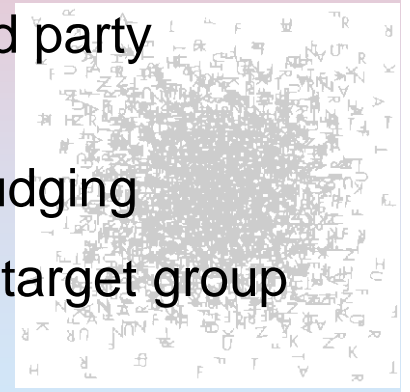


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Consultant can discover and limitate conflict potentials

- Has to avoid culturally dominant behavior
- Has to accept that ability to build relations is often more important than German language
- Has to be sensitized for unknown personality and working styles
- Has to point out strengths and resources instead of deficites
- Has to accept and to give sensitive feedback (let a third party observe the situation)
- Has to participate and to try out practically instead of judging
- Has to work closely together with consultants from the target group



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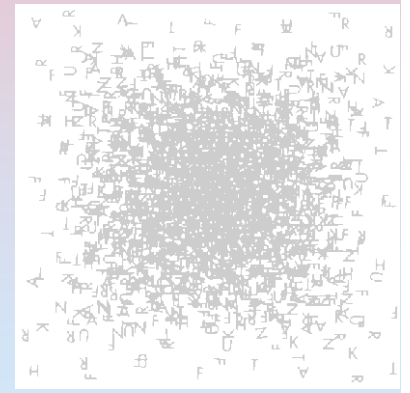
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Important for the consultant:

Do not feel criticized personally – first reflect the cultural background!

Do not ask for adaptation first but move into the direction of the other – bridges should be passed in both directions!

Look & learn – try out instead of sticking to rules & tools!



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