

Argos donaldson case international management

[Business](#), [Management](#)



The Floundering Expatriate case study provides the right example of problems associated with the global marketplace and when businesses and their leaders transcend physical and cultural boundaries and they fail to adapt to cultural specifics. We consider that this report will allow making an analysis that contains discussion on culture and communication issues along with globalization. This case takes place in 1995 and talks about the events of a globalization effort by Argos International, a holdings company based in the United States.

The key players or main actors of this case are: The CEO and chairman of this holdings company, Bill Loun; Bert Donaldson, who was a rising corporate star in Detroit who was supposed to be the perfect person to help facilitate communication between recently acquired divisions in Europe; Frank Waterhouse, the CEO of Argos Diesel Europe; Ursula Lindt, Waterhouse's executive assistant and Bettina Schweri, Ursula Lindt's childhood friend, and responsible for organizing Donaldson's programs.

The CEO of Argos, Bill Loun believed that he had found someone in Detroit (Bert Donaldson) that would be the perfect person to help facilitate communication between recently acquired divisions in Europe. Bert Donaldson's resume was impressive. He was a professor of American Studies in Cairo, Egypt for 5 years and while in the United States, Bert made major improvements to the organizational structure by implementing cross-functional teams, achieved considerable cost reductions, and much more. In addition, Bert was charismatic, a hard worker, and very sharp, a proven leader within the U. S. organization.

Loun recognized that they really needed someone just like Donaldson in Zurich. At the same time, Frank Waterhouse really believed that with Donaldson's arrival in Europe, both of them could climb the corporate ladder and achieve all the goals that Waterhouse had worked so hard to acquire. The problem started when just the opposite occurred, with Bert Donaldson's arrival, the corporate environment became tense and dysfunctional, and there was obvious friction between Bert, the expatriate, and the local, European divisional leadership.

Bert recognized the problem, but didn't have an immediate solution. Many people from the European staff members attempted to inform Waterhouse about Donaldson's cross-cultural unawareness like Ursula Lindt who tried to inform Waterhouse of the large number of complaints she had received regarding Donaldson's inability to adapt or recognize the need to adapt to local culture. Although direct attempts to converse with Waterhouse failed, Waterhouse did finally recognize Donaldson's failure to culturally adapt.

Waterhouse sent a letter back to CEO Bill Loun in the United States questioning Donaldson's ability to successfully adapt and manage, but Loun simply replied by saying to him that he just couldn't send him back and that it was his bottom line responsibility. On the other side, Schweri, who spoke five different languages and was extremely familiar with local culture was not taking in real account by Donaldson who just saw her like a "secretary" instead of taking advantage of her knowledge. We consider that Donaldson failed to recognize the need for cultural adaptation, training, and awareness and the importance of utilizing local resources to assist with cultural issues.

We consider that here are 3 major issues at the heart of the problems of the company. These are culture, communication and leadership and motivation, but first of all we could say that one of the main mistakes in the case is that the CEO of Argos International, Loun assigned Donaldson as the guy that Europe needed, without any formal cross-cultural training on the assumption that his Cairo experience was "international".

The cultural issues began since the arrival of Donaldson who has struggled to come to terms with European culture. He is unable to adjust and as such he has not been as successful in transforming the European subsidiary like he had in Detroit. It is clear that Donaldson has a lack of cultural understanding and sensitivity, for us this means, he is unaware "of the cultural variables that can affect management decisions and he is not realizing how much he is affecting Waterhouse projects, the company itself, other individual culture and his leadership is also tainted and a number of sub-issues become evident.

At the same time Donaldson never remember or realized that in every culture (in this case the European) there are different sub-cultures and each one has different morals, goals, traditions, beliefs as well as different ways of doing business and its expectations and they just conform only in varying degrees the national culture.

The communication problems caused for the context of the communication were also very important, because the European staff from Argos was formed by people from different European countries and in some of them it is considered to have the lowest ranking communication context, closely

followed by other European countries, this means that nothing is implied from the message, as everything will be clearly detailed. So the higher up the context ranking you go the more information becomes implicit and if Donaldson would have considered that the multiple-choice survey wouldn't have been inappropriate and Donaldson could have all the required info.

Communication is also an issue because it is clear that there is a lack of it between the Detroit head office and the European office, so the communication problems are projected at many levels which show the severity of the problem. We can assume that Bill Loun would like the Zurich office to be as efficient and effective as the office in the United States, if they would have a more frequent communication with the parent company, communication the more likely it is that affiliate executives will be influenced by the parent's practices

Another one is that Donaldson does not have the ability to speak to write in any European language, yet his Personal Assistant does. Leadership and motivation is the final issue because we feel that Donaldson was an effective leader in the US where his reform was successful. However his approach has been far from successful in Europe and he has not been able to motivate the European workers at all.

The company really failed to realise the effect of a major relocation for Donaldson's family, because he never adjusted to the culture and even his family was suffering the consequences which also disturbed Donaldson's job performance. Furthermore we also consider that the fact that the company's International staffing policies are Ethnocentric, is the "ethnocentrism" a key

sensitivity problem for Donaldson. By adopting an ethnocentric approach to management, Donaldson assumes the way he has been taught to perform a task is the best way of performing that task and is averse to listening to other ways of achieving results.

It is important to say that Donaldson was not the only one who was failing in the company because if we ask ourselves who was supposed to keep an eye on him, we would say that it was Waterhouse but instead he was also adding troubles to the company. Why we think this? Because he was behaving in such an individualistic way (maybe because he came from a highly individualistic country USA, where people typically look out for themselves), and he was just being selfish by just concerning in how Donaldson could help him to reach the top or how Donaldson's problems would reflect on him and his career.

Finally it's clear that Bill Loun also made a mistake, and Donaldson is not the only reason of troubles. We think that Bill Loun, entered the global marketplace with a misunderstanding of what it means to be international due to the fact that selected a manager (Donaldson) with extensive successes in the United States and only superficial international experience.