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**THE CULTURAL INFLUENCE ON DECISION-MAKING PROCESSES IN
ICT COMPANIES:
CASE STUDIES OF BRAZIL AND ESTONIA**

Master's Thesis

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The Cultural Influence on Decision-Making Processes in ICT Companies:
Case Studies of Brazil and Estonia

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ABSTRACT

The ICT (Information and Communication Technology) companies have been powering the global market since its existence and today it represents the most preeminent industry of the 21st century. Having this sector in the limelight of today's society, this thesis has based its qualitative case studies in ICT companies of both Brazil and Estonia. The empirical data collected for this study targets how the companies employees deal with hierarchy, authority, team-work and implementing decisions. Therefore, as stated in the title, this thesis aims to identify how culture influences decision-making processes in ICT companies of Brazil and Estonia. The empirical data was analyzed through the theoretical support of authors from the area of cultural anthropology, sociology and management. The countries studied are located in the extremities of the globe and have contrasting cultural differences, which is evidenced in theories and supported by the results. Brazil and Estonia culturally perceive authority and relations between superiors and subordinates in a completely distinctive way. Whilst Estonians do not give importance for statuses or hierarchic structures, Brazilians, on the other hand, not only feel the need for a strong hierarchic structure but also praise status. In spite of having similar types of decision-making, their attitudes within work environment differs on how much freedom, support and initiatives they have for suggesting or even implementing decisions.

Keywords: National Culture; Decision-Making; Cultural Anthropology; Management; Brazil; Estonia; Qualitative Case Study

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ABBREVIATIONS

BDI – Belief Desire Intention

BRASSCOM – *Associação Brasileira de Empresas de Tecnologia da Informação e Comunicação*, The Brazilian Association of Information Technology and Communication Companies

CEO – Chief Executive Officer

COBOL – Common business-oriented language

CTR – Computing Tabulating Recording

EACH-USP – *Escola de Artes, Ciências e Humanidade da Universidade de São Paulo*, School of Scenic Arts and Humanities of the University of São Paulo

EU – European Union

FAU-USP – *Faculdade de Arquitetura e Urbanismo da Universidade de São Paulo*, Faculty of Architecture and Urbanism of the University of São Paulo

GAAP – Generally Accepted Accounting Principles

GDP – Gross Domestic Product

IBGE – *Instituto Brasileiro de Geografia e Estatística*, The Brazilian Institute of Geography and Statistics

IBM – International Business Machine

ICT – Information and Communication Technologies

INCT MACC – *Instituto Nacional de Ciência e Tecnologia em Medicina Assistida por Computação Científica*, National Institute of Science and Technology in Medicine Assisted with Scientific Computing

IPO – Initial Public Offering

LDV – Individualism

LPAI – *Laboratório de Pesquisa em Ambientes Interativos*, Laboratory of Research in Interactive Ambient.

LTO – Long Term Orientation

MAS – Masculinity

NATO – North Atlantic Treaty Organization

OECD – Organization for Economic Co-operation and Development

PD – Power Distance

UAI – Uncertainty Avoidance Index

USD – United States Dollar

USP – *Universidade de São Paulo*, University of São Paulo

USSR – Union of Soviet Socialist Republics

VoIP – Voice over Internet Protocol

WVS – World Value Survey

INTRODUCTION

In order to better understand the purpose of this thesis, which is to identify how culture influences decision-making processes in ICT companies of Brazil and Estonia, it worth mentioning the context of choice of the topic. The relevance of selecting ICT companies is due to the fact that they have powered the global market in the 1990s and have been remaining strong during the 21st century. Their importance lies on not only by transforming how society communicates but also for shaping values and beliefs (Inglehart and Welzel, 2005). Technologic innovations, besides establishing a faster pace of life and new ways of perceiving cultural identities (Hall, 1992, 1993), has become part of today's reality and one of the most powerful consequences of globalization. Therefore, given its relevance, the ICT companies selected for this thesis are used as examples to identify how different cultural particularities affects decision-making processes.

The link between national cultures and decision-making processes in this thesis, as stated in the title, has the aim of identifying to which extent cultural traits influence decision-making processes. Different national cultures hold unique combinations of traits, values and beliefs (Hall, 1992,1993; Inglehart and Welzel, 2005; Trompenaars, 1997; Hofstede, 2010). Decision-making processes are intuitive or rational processes directly connected to the individuals' sense of ethics (Guy, 1990; Nozick, 1991; Navneet and Rai, 1994; Raines, 2007) and the way of interpreting the environment's influences (Guy, 1990), which alters in different cultural backgrounds. Therefore, given the complexity of decision-making processes, it is observed that culture is able to directly influence such processes. Through the understanding of *culture* (its definitions, concepts, processes, particularities and differences), rational processes of decision-making and how it is implemented in companies, is it intended to provide the theoretical support to analyze the empirical research. Different decision-making processes will serve as a tool to identify how employees from different nations perceive authority, team-work and initiatives to suggest or implement decisions.

The choice of both countries, as unusual as it may seem, was chosen based on personal experiences, one of them as a native (Brazil) and the other (Estonia) as a full-

time Master student. Given the mentioned circumstances, the possibility of interviewing ICT professionals in their work environments in both countries enabled to bring to the case studies originality, authenticity and richer descriptive details. In spite of the geographical distance, there are similarities: both countries are new democracies with outstanding advances in technology. In the **appendices 1 and 2**, by way of illustration, it is presented a brief story of both countries as well as its ICT infrastructures.

Originality and Relevance of the Research

The originality of this research lies on the combination of the choice of countries and methodology. This thesis compares two countries located in different extremities of the world. Estonia and Brazil are culturally, territorially and demographically opposites. Brazil is a country with continental extension, culturally diverse due to immigration, and only 513 years of history. Estonia, on the other hand, is a small country located in northern Europe, less culturally diverse (even though it must be taken into account past dominations) with millenary tradition. Consequently, it is expected to be found many cultural differences between them and different processes of decision-making in their respective ICT companies.

It will be mentioned in this thesis many studies regarding cultural particularities, mainly represented by Hofstede (2010), Trompenaars (1997), and Inglehart and Welzel (2005). However, all of the mentioned authors used quantitative-based methods of research. Their analysis were focused on numbers and generalizations, through finding patterns on their surveys, aiming to outline cultural profiles with average indexes. The intent of this thesis, instead, is to find particularities that is not possible with quantitative, but qualitative methodology. Consequently, it was chosen the use of qualitative case study methodology with focused (semi-structured) interviews. Even though this thesis deals with a limited number of case studies (3 cases from each country) it is expected to provide its parcel of contribution, even if small, to the field of cultural studies.

Even though many authors outlined differences among cultures within organizations, none of them have the same approach as this thesis does. The process of analyzing

decision-making processes is a premise to find how does the employees deal with the question of hierarchy, authority, team-work and initiative of implementing decisions, which is embedded in cultural traits that individuals carry within themselves.

To clarify, as the main aim is to identify how cultural differences and particularities affects decision-making processes, it is not into question in this thesis the study of organizational cultures, in spite of acknowledging its relevance to the topic (see in **Conclusions** the last paragraph dedicated to future researches suggestions). However, it is intended to be taken into consideration the fact that the ICT sector holds unique organizational characteristics, in the sense that ICT companies are not structured and organized the same way companies of different sectors are (e.g. ICT companies enables working at home and in case of start-ups or smaller companies does not require official offices to run its activities).

Aims and Research Tasks

The aim of this research is to assess the cultural impacts over decision-making processes in ICT companies of Brazil and Estonia. To reach this aim it is needed a set of research tasks.

1. Identify a set of definitions and perspectives of culture (using concepts from anthropology and sociology), choose the definition that fits best and compare different perspectives of culture. This will introduce to the main topic and link to the theories of culture formation, processes of cultural transformations and particularities of national cultures.
2. Identify definitions and types of decision-making both general and managerial. This will help to identify which types of decision-making are applied by the companies studied.
3. Understand particularities of cultural traits of Brazil and Estonia, through a more practical, anthropologic and psychological perspective of national cultures (e.g. cultural dimensions).
4. Organize the Methodology that suits best (Case studies with semi-structured interviews) and outline a set of research questions and hypothesis.

5. Gather information about the companies aimed to be studied through both internet research and interviews.
6. Analyze the results and correlates with what was discussed in the theoretical framework, answering the research questions and confirming or not the initial assumptions.

Structure of the Thesis

With the support of theoretical elements present in sociology, political science, cultural anthropology, psychology and management, this thesis targets to dialogue the empirical research (case studies from Brazil and Estonia) with theories coming from different authors: Hofstede (2010), Hall (1992, 1993), Trompenaars (1997) and Inglehart and Welzel (2005), Navneet and Rai (1994), Nozick (1991) , Guy (1990) and Raines (2007).

Regarding the theoretical part which explores cultural traits and its differences, theories and processes, the main authors are Geert Hofstede (2010), a psychologist famous for his research over workplace values and culture influences of IBM employees in 1967 and 1973; Fons Trompenaars and Hampden-Turner (1997), notorious in the field of cross-cultural communication; Stuart Hall (1992, 1993), a sociologist and cultural anthropologist influential in the field of cultural studies, communication and structure of power; Ronald Inglehart and Chris Welzel (2005), political scientists which outlined the cultural map of the world using the WVS and extensively analyzed changes of socioeconomic structures and its effects to the system of values and beliefs of national cultures. It is important to mention that Inglehart and Welzel (2005) connect two different sorts of analysis: the practical dimensions of national cultures and the sociologic and socioeconomic analysis of the transformations of culture (e.g. identities, values and beliefs) throughout time.

Regarding the theoretical part dedicated to the topic of decision-making, it will be considered processes of rational decision-making in different perspectives represented by the following set of authors. Mary Guy (1990), studies ethical decision-making and identify the ten stages of which an individual go through prior a final decision; Robert Nozick (1990), political philosopher, explores rational processes of decision-making

in a general perspective; Susan Summers Raines (2007), studies processes of group-decision making and Bhushan Navneet and Kanwal Rai (1994), study decision-making through and analytic hierarchic process, which is relevant as it is intended to identify how employees perceive authority, team-work and implementing decisions.

Orderly, this thesis is divided into two main chapters named ‘Literature Review and Theoretical Framework’ and the ‘Empirical Study: Cases of Brazil and Estonia’. The **first chapter** is dedicated to the theoretical background, with descriptions and correlations of the theories chosen to guide the analytical process in the second chapter. It begins with a set of different concepts of culture as well as Boccock’s (1993) five meanings of the word *culture* throughout history, and the justification of the most appropriate meaning to be considered. Subsequently, in order to understand the process of culture formation, it is described the way Inglehart and Welzel (2005) perspective and brief analysis of the history of humanity and how the authors outline cultural values, beliefs and identities of different nations, relating their work to Hall (1992), which also studies cultural identity. However, Hall (1993) adds relevant contributions to something Inglehart and Welzel (2005) did not do: the study over cultural identities and its crisis in post-modern society, using the concept of class (as a critique of Marxism). Even though Inglehart and Welzel (2005) did not cover in depth the issue of cultural identity of individuals in the current society, they provide both connection and transition from culture as an abstract analysis (like Hall’s sociologic assertions of cultural identities) to a more objective, practical view of culture (like Hofstede, Trompenaars and Hampden-Turner’s dimensions of culture).

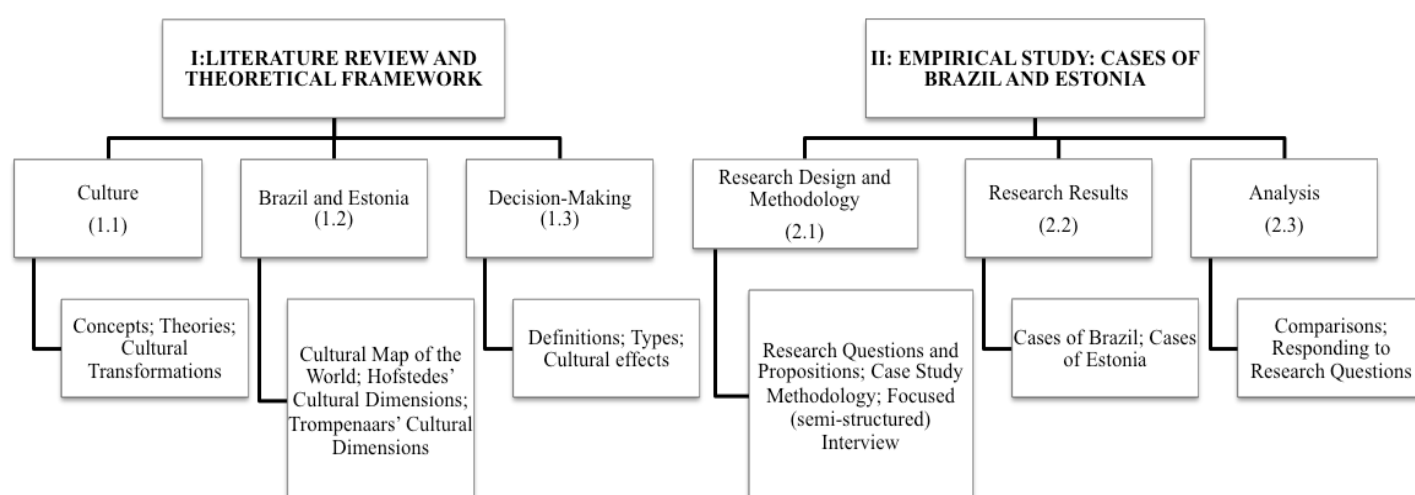
When it comes to analyzing concepts of national cultures in depth, in a more practical and less sociological approach, Trompenaars and Hampden-Turner (1997) and Hofstede (2010) analyze diverse national cultures separating them into dimensions. Hofstede’s (2010) and Trompenaars’(1997) cultural dimensions, combined with different definitions of what decision making is (and how national culture influence these processes), composes a practical combination of analysis and its direct relations of cause-effects over decision-making. It will be also analyzed in a separate subchapter how Brazil and Estonia appears on the Cultural Map of the World, as well as on Hofstede’s (2010) and Trompenaars’(1997) perspectives. Subsequently, in the

last section, it will be analyzed decision-making with its proper definitions, types and how culture is able to affect the process of decision-making using the authors mentioned previously (Guy, 1990; Nozick, 1991; Navneet and Rai, 1994; Raines, 2007).

The **second chapter** is dedicated to explain the research design and methodology applied and the description and analysis of the empirical part. It begins with a description of the methodology chosen as well as its relevance. Subsequently, it is mentioned the research design and the empirical analysis per se. Through the empirical data (case studies with semi-structured interviews) it will be aimed to identify particularities and relate them to the theoretical background in order to analyze to which extent culture influences in the processes of decision-making in the ICT companies studied. To sum-up, the second part comprises on the analysis of the **results** in the empirical part with theoretical justification.

The **conclusion**, at last, will present the conclusions of the theoretical part, of the empirical part, the importance of the results, research limitations and suggestion for future researches. The **figure 1** shows a visual schematization of the structure of the thesis.

Figure 1. Structure of the thesis



Source: own schematization

1. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

1.1. Culture and Cultural Transformations: concepts, theories and processes

Concepts of Culture

“Culture is one of the two most complicated words in the English language. This is so partly because of its intricate historical development (...) but mainly because it has now come to be used for important concepts in several distinct intellectual disciplines and in several distinct and incompatible systems of thought” (Williams, 1983:87 cited in Boccock, 1993:230)

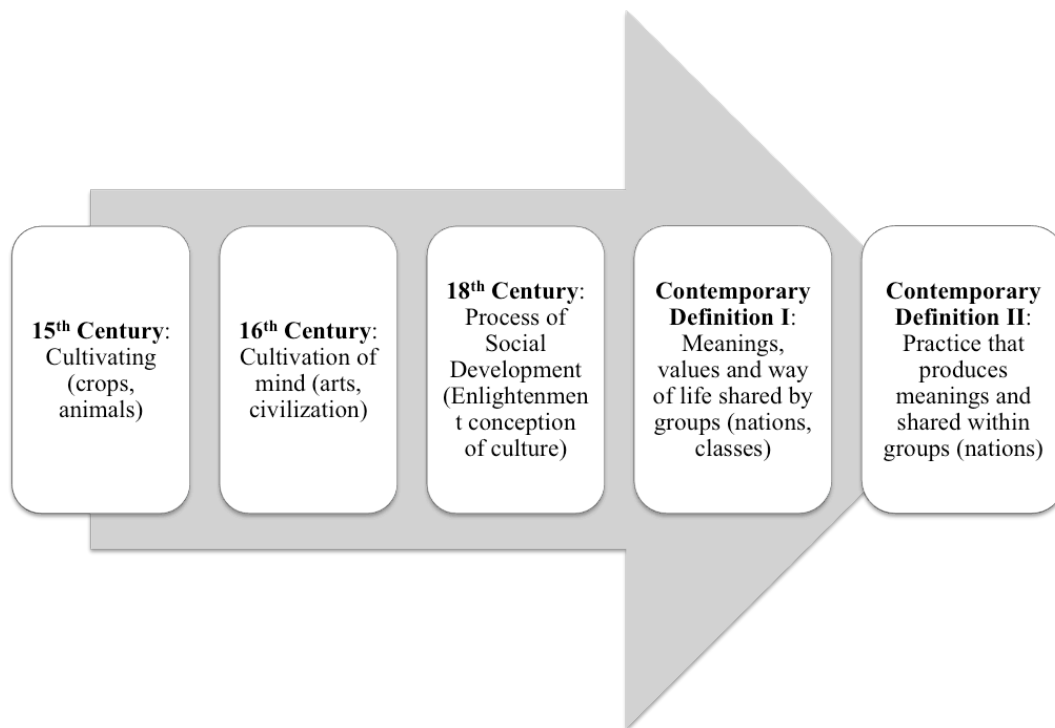
Culture is a complex term that carries complex meanings in various disciplines. The most important use of the term culture comes from both sociology and anthropology (social anthropology), which refers to the way *“language, symbols, meanings, beliefs and values organize social practices”* (Boccock, 1993:230). This defines well also what is the concept of national culture, as every nation has the set of particularities mentioned as a way of identifying themselves to be part of a national entity and having, consequently, their unique identities. Three authors will be mentioned in this section: Robert Boccock (1993), Geert Hofstede (2010) and Fons Trompenaars (1997).

The meaning of *culture* keeps changing with the time, and it specially did in the period of transition from traditional social formations to modern and post-modern society (Boccock, 1993). Society and culture does change with the time, and a proof of these changes is the rise of science and technology, as a consequence of the growth of western capitalism, considered as a *rational* form of economic life, with political culture rooted in laws, rules and procedures (Boccock, 1993). Robert Boccock (1993) also mentions that the growth of the western capitalism, as well as the even broader processes of transformations, is called by Weber (1970) also cited in Boccock (1993:230) as the increasing rationalization of more and more areas of life . The rationalization of society led to the emergence of bureaucracies, which was a mean of achieving values of justice (e.g. law courts) and equality (e.g. national insurance).

Therefore, the author concludes that modern cultures had obtained considerable gains from the increase of rationality of social organizations.

As the meaning of culture keep modifying itself, accompanying society's transformations, Robert Boccock (1993) tracks how the meaning of *culture* changes throughout the the time and identified five different usages of the word *culture*.

Figure 1.1a. Meanings of Culture throughout history



Source: own schematization to Bocock's (1993) five definitions of culture.

As shown in the **Figure 1.1a** the **first** meaning of culture can be found back in the fifteenth century, when it was referred to crops or the act of raising animals, in the modern English the word has been maintained, as well as *agriculture* and *horticulture* (Boccock, 1993). The **second** meaning was in the early sixteenth century, when the idea of *cultivation* was extended to abstract meanings, associated with the human mind. The books published at the time shows the change of meanings, e.g. Boccock (1993) cites as example Francis Bacon's *the culture and manurance of minds* (1605) and Thomas Hobbes' *a culture in their minds* (1651). Subsequently, there was also the raise of the thought that only certain individuals from nations (mainly European) had cultured minds or manners, segregating culture into groups or classes (Boccock,

1993). The **third** definition of culture was, and still is, one of the most influential in the field of social sciences, which branches from the Enlightenment. In the eighteenth century, when authors used to refer to the general secular process of social development, having the most common view as the “*unilinear, historical self-development of humanity, which all societies would pass through, and in which Europe¹ played the central, universal role because it was the highest point of civilization or cultured human development*” (Boccock, 1993: 233). The **fourth** definition has the word *cultures* (in plural) as a way of referring to distinctive ways of life, with shared values and meanings, common to groups (e.g. nations, classes, sub-cultures, like, the working-class culture or the bourgeois culture). This is known as the anthropological definition of culture (Boccock, 1993). The **fifth** meaning of the word culture emerged, and it has caused great impacts on the field of social sciences. It derived from social anthropology, and, as well as the fourth definition, is also refers to the sharing of meanings within groups (or nations). What differs from the fourth definition is the bigger concentration of symbolic dimensions (e.g. what culture *does* instead of what culture *is*). The fifth definition perceives culture as a social practice rather than something (the arts) or a state of mind (civilization). The given way of thinking was deeply rooted in the study of *language*, a practice seen as fundamental to the production of meanings (Boccock, 1993). Lévi-Strauss (1966), who developed this approach brilliantly, described once his work as “*the study of the life of signs at the heart of social life*”(Lévi-Strauss, 1966 cited in Boccock, 1993:233).

The sense of culture that matters the most, and the one that most suits in this thesis is the forth and the fifth definition of it. Whilst the fourth definition will be useful when it comes to defining cultural traits of national cultures, the fifth is the definition of culture that fits the best when it comes to analyzing the sociological aspect of culture throughout history, the one of which Boccock (1993) cites Lévi-Strauss (1966) contribution when arguing that culture operates like a language. According to Boccock (1993), Lévi-Strauss (1966) views over culture is defined by the fact that the way individuals communicate lies bellows the consciousness of the individuals, which

¹ “An important qualification in this usage was introduced by the German writer Herder in his book of ideas in the ‘*Philosophy of the History of Mankind* (1784-91). Herder criticized this Eurocentric ‘subjugation and domination of the four quarters of the globe. ‘The very thought of a superior European culture’, he wrote, ‘is a blatant insult to the majesty of Nature’.” (Boccock, 1993:232)

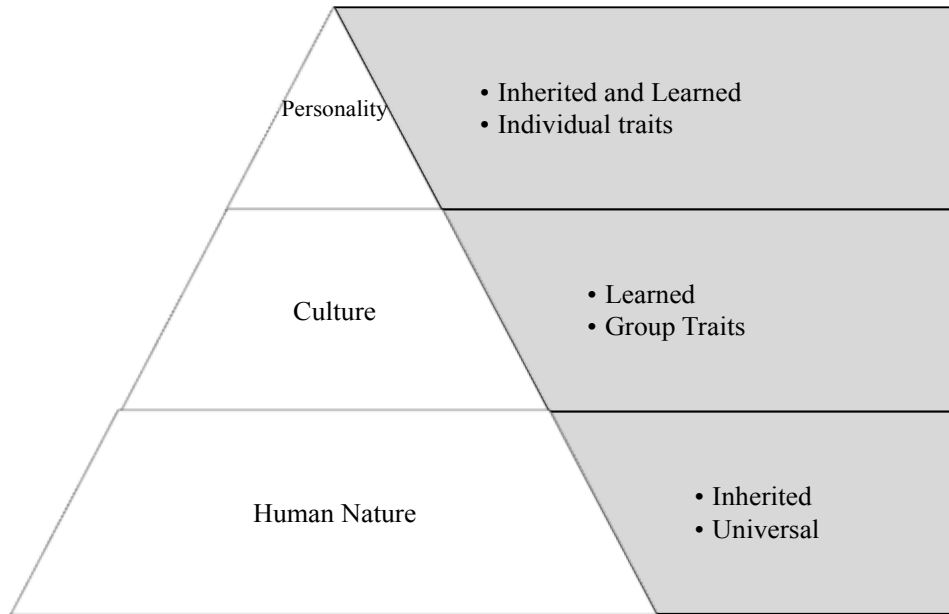
means that the referred way of communicating has a structure, which is part of the field of synchronic structuralism, meaning that culture carries structural arrangements, with structural meanings, symbolic codes and systems of classification, forming, consequently, the framework of certain societies.

Regarding the conceptualization of culture, Hofstede (2010) states that every individual carries patterns from the very early years of thinking and feeling, besides developing the abilities of reproducing certain ways of behaving during their entire lives. The author suggests that from the early childhood, the infant learn in a non-rational way how to not only learn those patterns of behavior, but also reproduce it as if they were programmed to do so. He states, though, that the behavior of certain human being is not only pre-defined by the national, cultural, but still a great influence on the individual. In his book *Cultures and Organizations: Software for the mind* (2010), he describes and explains in depth cultural traits and to which extent they are influential on the individual's behavior. Geert Hofstede (2010) states that individual cultural values are formed in the early childhood and and remains unaffected until adulthood (Hofstede, 1990). According to the author, *"by the time a child is then years old, most of her basic values are probably programmed into his or her mind"* (Hofstede, 1990 : 312). In his book, he perceives culture as a 'mental software', as he believes that the individuals way of behaving or representing emotions varies in different cultures given the fact that they were partially programmed to behave that way.

The author's definition of culture mainly consists of *"unwritten rules of the social game. It is the collective programming of the mind that distinguishes the member of one group or category of people from others (...) Culture is learned, not innate. It derives from one's social environment rather than one's genes"* (Hofstede, 2010: loc.172 kindle ed.). Hofstede (2010) also points out that there should be differed elements from what is from part of human nature from traits present in national culture. He states that human nature is a set of characteristics common to every individual, in universal levels, as it sets the fundamentals of the human psychological aspects, such as the ability to feel love, joy, anger, sadness, shame and so on. Yet, the way the individual expresses those sets of emotions says a lot about the cultural influence over it. In the **figure 1.1b**, it is shown the three levels of uniqueness of the

given mental programming, Human Nature; Culture and Personality (Hofstede, 2010).

Figure 1.1b. Three Levels of Mental Programming



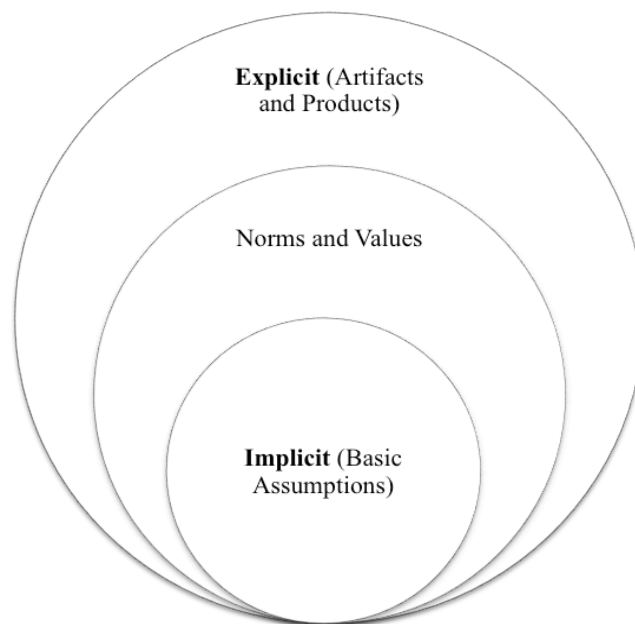
Source: based on Hofstede (2010: loc. 177 kindle edition)

Hofstede (2010) defines three levels of mental programming: personality, culture and human nature. According to the author, **personality** is the individual's unique characteristics that is not able to be shared with any other human being, as it is not only inherited through a genetic combination of factors, but also learned, partly influenced by culture, partly influenced by personal experiences. **Culture**, on the other hand, according to Hofstede (2010) is learned by what it is called as 'ancestral memory', which is the way past generations have been behaving throughout history. The identified patterns of those given behaviors are what it is part of national cultural traits. **Human Nature**, as explained before, it is the set of characteristics common to every individual (Hofstede, 2010).

Cultural differences bring out different manners of manifesting culture, through a diversity of **symbols** (the most superficial), **rituals** and **values** (the deepest manifestation of culture). It is stated that "*symbols are words, gestures, pictures, or objects that carry a particular meaning that is recognized as such only by those who share the culture*" (Hofstede, 2010: loc. 193 kindle ed.). He also states that it is part of

this section words, languages , hairstyles – also flags– represent national symbols. Rituals are activities that are unessential, yet, in a cultural context, it is the least relevant of them all, but society still practice them in order to reaffirm their identities (Hofstede, 2010). Trompenaars (1997), on the other hand, though, perceives culture differently and separate it into layers: the **outer layer** (explicit products), the **middle layer** (norms and values) and the **core** (assumptions about existence). The author states that the individual’s first experience with culture is called as explicit culture, which consists on “*language, food, buildings, houses, monuments, agriculture, shrines, market, fashions and art*” (Trompenaars, 1997:21). The middle layer comprises on the set of norms and values of a group. Whilst norms guide the sense of what is ‘right’ or ‘wrong’, values, on the other hand, define the ‘good’ or ‘bad’ (e.g. Communism is an example of disastrous attempt of matching norms and values). The core, at last, provides the answers of the basic differences between different cultures, which comprises on hidden aspects of what is implicit (**Figure 1.1c**).

Figure 1.1c. Layers of Culture



Source: based on Trompenaars (1997:22)

Based on the above, it is noticed how the definition of the word culture changed over time and how it can be perceived through a wide range of perceptions. Culture should not be mistaken by aspects universally shared as human nature, but seen as a guiding

force of how individuals behave and perceive or express aspects of the human nature.

Theories of Culture Formation

Once mentioned the different meanings of culture and its different perceptions, the meaning of culture that fits best in this section is the fifth one, which is the meaning that culture is a social practice rather than a state of mind (Bocock, 1993). Therefore, this section is dedicated to explain a few theories of culture formation, and its sociologic perspective.

When sociology meets political science, economics and culture, it turns out in the most complex scanning of the culture's impacts on society and vice-versa. Ronald Inglehart and Christian Welzel (2005) revisit the theory of modernization by gathering theories of many influential sociologists, like Marx (1973). The theory of modernization, subsequently, will be briefly contrasted to other authors, such as Kerr (1960), regarding the theory of convergence, and Hobsbawm (2007) and Ritzer and McGraw (2007) regarding the theory of globalization.

The reason why the theory of modernization has special attention is due to the fact that in the following section the concept of value change appears (In the perspective of Inglehart and Welzel and Hall), and the theory of modernization explains the historic motives of value changes in society and the reason why different societies have different values (measured by levels of industrialization).

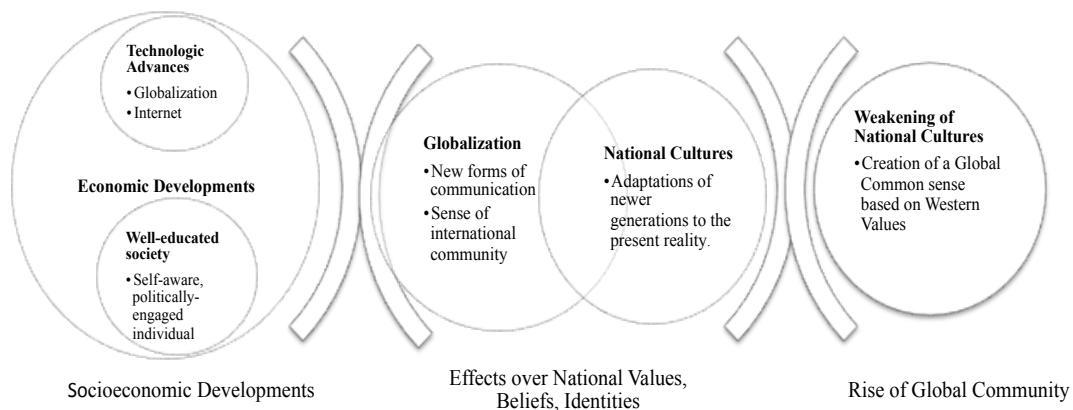
Theory of Modernization and comparison to the theory of Convergence and Globalization

The theory of modernization (**Figure 1.1.2**), as one of the processes of culture formation, will be explained in this section with the perspective and analysis of Inglehart and Welzel (2005), which also conducted a research using the WVS in order to identify values and beliefs in different national cultures. Inglehart and Welzel (2005) in their book *Modernization, Cultural Change and Democracy: The Human Development Sequence* (2005) analyze the history of human progress and explain the theory of modernization relating to several authors. The importance of understanding

the theory of modernization lies on the fact that it explains not only the process of culture formation, but the reason why there is culture change (and change of values and beliefs). The theory of globalization, and the theory of convergence have in common with the theory of modernization the fact that the main scope to create societal changes is by socioeconomic transformations and levels of industrialization (Inglehart and Welzel, 2005; Kerr, 1906; Ritzer and McGraw, 2007; Hobsbawn).

According to Carneiro (2003), cited in Inglehart and Welzel (2005:15), the modernization theory is mainly based on human progress, which is historically a relatively new idea and many times seemed improbable (Jones, 1985; McNeil, 1990 cited in Inglehart and Welzel, 2005:15). Human progress appeared with the raise of the sustained economic growth (North, 1981; W. Bernstein, 2004 cited in Inglehart and Welzel, 2005:15), and according to Inglehart and Welzel (2005), it began to improve due to the emergence of the preindustrial capitalism in late medieval urban areas of Western Europe as a result of the Commercial Revolution (Hall, 1989; Lal, 1998; Landes, 1998 cited in Inglehart and Welzel, 2005:15).

Figure 1.1.2. Modernization Process and its Influences



Source: own schematization based on The Modernization Theory

The raise of capitalism led to the development of philosophies of humanism and Enlightenment, with the idea that *“technological innovations based on systematic research would enable humans to overcome the limitations nature imposes on them gained credibility, contesting the established view that human freedom and fulfillment can come only in the afterlife.”* (Inglehart and Welzel, 2005:16). According to

Inglehart and Welzel (2005), the idea of human progress was born together with the modernization theory, having the development of science as the biggest motive. The authors state that science was comparable to divine revelations, and Landes (1998) as cited in Inglehart and Welzel (2005), suggests that the raise of science threatened the homogeneity of church and the feudal society. Inglehart and Welzel (2005) state that the theory of modernization has its origins in the enlightenment times, with the idea that technological progress will provide an increasingly control over nature, and that the consequences of this theory over time transformed the system of beliefs and culture.

The authors also state that Antoine de Condorcet ([1795] 1979 cited in Inglehart and Welzel, 2005:16) was known as the first theorist to connect human development and cultural change, with the main argument that technological progress would eventually change people's moral values. According to Inglehart and Welzel (2005), human progress impacted and influenced great majority of social philosophers, and they state that Karl Marx ([1858] 1973, cited in Inglehart and Welzel, 2005:16) produced possibly the world's most influential version of the modernization theory. The authors indicate that Marx's (1973) insights and predictions over technological changes and socioeconomics developments demonstrated having consequences over politics and culture. According to Inglehart and Welzel (2005), When the *Communist Manifesto* was published in 1848, Marx and Engels predicted the world spread of industrialization, when back then it was restricted to a few countries.

Inglehart and Welzel (2005) also mention two antagonists versions of modernization: whilst Adam Smith ([1776] 1976 cited in Inglehart and Welzel, 2005:16) advertised capitalism, Karl Marx ([1858] 1973 cited in Inglehart and Welzel, 2005:16) advertised communism. The authors states that even having polarized opinions and different styles of achieving modernity, both identified and linked technologic innovations and its socioeconomic impacts over the human progress (incl. both culture and political institutions). Marx (1973), especially, had a more explicit analysis over this issue, stating that socioeconomic developments is directly connected to "*cultural changes in people's values orientations: a society's prevailing value orientations and moral standards form the 'ideological superstructure' that reflects a society's 'socioeconomic basis', and ideology necessarily changes as the*

socioeconomic basis changes” (Inglehart and Welzel, 2005:17).

The authors state that years later in the onset of The Cold War, it heated up the discussion between the two dichotomist versions of the Theory of Modernization, which opposed each other to the best path to reach modernity. According to Inglehart and Welzel (2005), the two dichotomist ideologies presented agreed on the fact that to reach human progress requires to be committed to social progress, economic growth and at last modernization, which would lead to a more consciously participation of individuals in the political sphere (Moore, 1966 cited in Inglehart and Welzel, 2005:17). According to Inglehart and Welzel (2005), and to other authors (Lerner, 1958; Almond and Coleman, 1960; Pye and Verba, 1963; Almond and Powell, 1966; Weiner, 1966; Binder et al., 1971; Inkeles and Smith, 1974 as cited in Inglehart and Welzel, 2005:17), the perspective of society and modernity post Cold-War can be defined that either economic development or underdevelopment has direct consequences in traditional economies, psychologies, institutions and cultural traits.

Subsequent to Inglehart and Welzel’s perspective over the modernization theory it worth comparing two other theories that related to it, which is the theory of globalization and theory of convergence. The theory of convergence was first used by Kerr (1960) and essentially describes how the industrialization will homogenize the world. According to the definition of an online encyclopedia², the theory of convergence main argument is that *“the whole world is entering an era of complete industrialization (...) all industrialized countries tend to become more alike.”*. According to Kerr (1960), the theory of convergence is beneficial as it is supposed to solve problems such as poverty and wars, once technologic advances will bring closer different cultures and create a more understanding society.

The globalization theory is directly connected to the economic and technologic developments. According to Ritzer and McGraw (2007), which studies the modern sociologic though, define globalization as the spread of global practices, relations and organizations of social life. They state that the theory of globalization emerged as a result of a reaction to the modernization theory, whilst many other theorists such as

²Convergence theory definition available at: < <http://www.encyclopedia69.com/eng/d/convergence-theory/convergence-theory.htm> >

Hobsbawn (2007) argue that the globalization theory strengthen the theory of modernization, especially concerning. Hobsbawn (2007) especially argues that the only difference between the globalization theory to the theory of modernization is that globalization adds emphasis to global integration and how the environment pushes the rapid changes. The convergence theory, similar to both theory of modernization and theory of globalization, is considered one of the direct derivations of the globalization theory (Ritzer and McGraw, 2007), emphasizing, this time, that modern industrial societies will converge into the same culture, developing networks of interdependence (Kerr, 1960).

It is possible to conclude, from the mentioned above, that from the perspective of Inglehart and Welzel (2005), the process of culture formation was originated from the ability of individuals manipulating nature and developing science, by challenging the sovereignty of religious institution. The development of science, and consequently philosophies (especially from the Enlightenment), originating the theory of modernization, were able to explain, even in their most antagonist views, that socioeconomic developments were the key to achieve human progress, and consequently also lead to a change of values by the rise of self-conscious and politically engaged individuals. Showing, in this case, according to Inglehart and Welzel (2005) analysis of value change, the rise of self-expression values, slowing down and competing with secular-rational values. It was also evidenced, through the comparison from other theories (convergence and globalization) that it relates to the theory of modernization concerning on how society changes with technologic and industrialization developments.

Processes of Cultural Transformations

Value Changes

According to Inglehart and Welzel (2005), modernization is not, and will never be, a linear process, once it keeps reshaping itself according to various circumstances, having socioeconomic developments in bigger relevance (**Appendix 3**). The authors state that socioeconomic developments is able to change cultural processes and powerfully influence secular systems of beliefs, which will be proven by their study

regarding the Cultural Map of the World, mentioned ahead.

In their work, they mention the shift of predominance between secular-rational values to self-expression values did not end society's needs for material goods (e.g. food). However, 'food', in its consumption represents more indicators of lifestyle other than plain health maintenance (Inglehart and Welzel, 2005). According to Inglehart and Welzel (2005), there is an added value to food, which is now based on non-material aspects, as well as the emerging acts as 'political consumerism' in which consumers feel the need of boycotting goods with ecological flaws and that does not base the production under ethical standards. To sum-up, they state that whilst 'food' in industrial societies means sustaining life, in post-industrial ones there is the added value of also representing lifestyles (e.g. consumption of Asian food; vegetarian; organic products).

Inglehart and Welzel (2005) state that the sanctions that control the human behavior, such as the ones that reinforce cultural values and belief towards the individual's life is the same that, again, in a non-rational way, provokes emotional bonds and feelings of what is right or wrong. The aversion to divorce, stated by them as an example, is a sign that the traditional value system is rooted into a set of emotions within the individual, which provides the sense of good and evil, and this norm, as any other norm, is able to constraint people's behavior. Rules and norms, as a general statement, are avoided being violated by individuals due to the guilty conscience (Inglehart and Welzel, 2005).

However, it is suggested by the authors that when there is the weakening of cultural patterns, it does not necessarily means that there is the need of the disappear of the norm. The sudden weaken of norms push people to explore unknown possibilities and start practicing or creating new tendencies of lifestyle. This behavior is the reason to which both moral and cultural standards modify throughout time. *"New generations then face a confrontation between old and new norms and life-styles, which offer them alternative role models among which they can choose. Insofar as the new worldview fits the new generations' firsthand formative experiences, they tend to adopt it. Thus, new values, life-styles, and role models can replace older ones in a gradual process of generational replacement"* (Inglehart and Welzel, 2005:34).

As mentioned above, the rise of post-industrial societies headed society to a different direction, which was not rationalization, bureaucratization or centralization, but and emphatic importance to the individual, consequently, with stronger self-expression values. It is possible to conclude that the change of values is directly connected to cultural progress, pushed mainly by the socioeconomic progress. Cultural norms have a tendency of internalization during young age and reinforced (in a non-rational way) during the course of the individual's life.

Cultural Identity Changes

There is no author with bigger influence in the field of post-modern identities than Stuart Hall. The Jamaican cultural theorist during the course of his academic productions discusses many issues of post-modern societies in its social theory, having identity issues as one of his latest contributions. The author's main argument is that old identities decline to enable the raise of new ones, stabilizing then the social world as ongoing, continuous process, having the core of those changes rooted in capitalists relations. The concept created of *identity crisis* happens when old identities falls apart (Hall, 1993). What causes the decline of old identities originates within the relationship of the individual with capitalism, allied with the *articulation* of several other factors, including their social class position (Davis, 2004 and Hall, 1993). The process of transition creates an indefinite situation, which is the reason why Hall (1992, 1993) critically discusses the post-modern cultural identity. His name has become reference in the field of cultural studies, not to mention his involvement with specifically British culture studies during the last 50 years.

As the topic of cultural identity is part of one of the many strands of Halls (1992,1993) ideas, it worth pointing out his point of views, as a complementary view of the previous authors mentioned (Inglehart and Welzel, 2005), considering both have in common the analysis of society (incl. socioeconomic structure) as a modifying factor of the culture. The following fragment sums-up well Hall's linkage to cultural identity: *"Whilst it is true that Hall's later work on identity often draws attention to the shortcomings of classic Marxist theory, he has always insisted on the importance of class and capitalist relations within cultural analysis (Hall et. al. 1978; Hall 1980; 1986). Indeed, Hall's use of the term 'articulation' (1980) demonstrates*

his fundamental point that class, race, ethnicity, gender and sexuality cannot be understood as discrete identities³. It is not a question of ignoring class in favor of race. To suggest therefore that Hall rejects or abandons class and capitalist cultural relations in his later work is extremely misleading.”(Davis, 2004:161).

According to Davis (2004), Hall’s (1993) analysis over identity first starts with the analysis of the society, especially as a critique of Marxist classic paradigms of the classes. The author does not criticize the way Marx’s gave relevance to class and capitalist relations, but his method of analysis, especially because the term *class*, regardless the pragmatism of the Marxist theory, is present in a non-rational way in the current society. The sense that individuals does not need to be considered Marxists to grasp the concept of what a society of class is encouraged Hall (1993) not to use the classical paradigms, as he defends that *class* have an infinite variety of meanings, which depends on the perspective of the group using the term. *“Hall has tried to demonstrate that class and capital are indeed instrumental in the formation of culture, but he has done so without recourse to the classic Marxist paradigm.”* (Davis, 2004 :166).

According to Hall (1993) modern societies have a distinctive character. Traditionally, modern societies emerged together with the industrialization in the nineteenth century, yet, the society that emerged inside of this tradition no longer exists. What was modern became post-modern and the economic and technologic developments post Cold War made it rise a different kind of society. Modern societies are now *“a global phenomenon and the modern world as the unexpected and unpredicted outcome of not one, but a series of major historical transitions”* (Hall, 1993:1). Boccock (1993) is another author which mentions the importance of analyzing culture, meaning and languages, as well as the symbolic structures of social life in contemporary social theories, representing the study of life and signs as the core point of social life. He identified three main stages in the transition to modernity, as in the transition from traditional to modern society:

³ As as matter of fact, Hall claims that the factors listed (class, race, ethnicity, gender and sexuality) should not be considered as discrete identities in separate ways, but instead as being *articulated* with one another. Each factor takes important parcels of not only in the formation of the individual identity, but also the cultural identity (Davis, 2004).

- **First**, the change from *religious* to *secular* worldview, from *sacred* to *profane* foundation for social and moral values.
- **Second**, the role played by religion in the formation of the *spirit of capitalism*, as a critique of M. Weber's (1971) *protestant ethics*.
- **Third**, the growing awareness of social theorists over the consequences of the modern culture, what Freud called as *discontent*, and Weber called it as the result of the increase of rationalization and disenchantment of the modern world.

According to Davis (2004), Stuart Hall himself experienced culture shock when moving from Jamaica to initiate his studies in Oxford, in Great Britain and his attitudes towards both race and ethnicity is deeply rooted in the question of multiculturalism in Great Britain and it was part of his theoretical repertory for many years. His first contact to a complete different culture and the process of acceptance of a different reality were influential in his work. Just as Inglehart and Welzel (2005), Hall (1993) bases his study on strong elements of Political Science, reinterpreting Marxism, assuming critical positions over his base and superstructure model, rejecting the existence of a simplistic economic determinism and defending an *organic relationship* between cultural life and economic conditions.

Also, the author reckon the dangers of interpreting Marxism, when it denies human agency and free will, Hall states that culture and social means is a product of society, with reproduces itself in a macro and micro level (Davis, 2004:14). Hall (1992) has a discursive interpretation of identity and in a different approach than the previous authors, Hall (1992,1993) covers culture under different perspectives and focuses in the identity of the post-modern individual. According to Hennesy (2000), when analyzing Hall's (1992, 1993) views over identity, states that postmodern views over cultural studies have the tendency of abandoning a couple of fundamental links between culture and capital. The author argues whether the postmodern separation between culture and material relations was weakening (as in limiting) or strengthening the field. The tendency of separating culture and everything related to the socioeconomic realities was a tendency of modern studies.

Yet, even being a tendency, Hall (1993), never abandoned the capitalism critique, even though after the 80s having switched his analysis into a post-Marxist analysis of Foucault, Laclau and Mouffé (Henessy, 2000:82) and the line that divides Marxism from post-Marxism is the fact that cultural practices are taken into account as being endemic to cultural studies. Just like Inglehart and Welzel (2005), Hall (1993) also took into account the connection between cultural traits and socioeconomic advances. Hall (1993), though, had the perspective of analyzing culture through capitalist relations of production instead of general statements of socioeconomic advances, which is what Inglehart and Welzel (2005) did in their study. Hall's (1993) constant revisits to Marx was based on his critique to the traditional Marxist views over the capitalist relations, whilst Inglehart and Welzel (2005) cite Marx on their revisited theory of Modernization.

Hall (1992) mentions of what is called as 'identity crisis', which is the result of the ongoing processes of structural changes that has been transforming society starting on the twentieth century. Hall fragments identity as a composition, or, the 'articulation', as he prefers calling, with race, ethnicity, nationality, sexuality. The importance of bearing in mind Hall's (1992) concept of identity crisis and the constant renovation of cultural identity helps the understanding the complexity of the topic, and how society affects individual identities, and consequently how it also affects national cultures. With so many changes, the collective behavior has an overall change, reflecting, or representing the cultural identity transformation.

1.2. Cultural Differences and similarities of Brazil and Estonia

In the Context of the Cultural Map of the World

Cultural Map of the World

The Cultural Map of the World (**Appendix 4 and 5**), of the most important contributions of understanding of the impacts of the culture in society under different political and socioeconomic, as it shapes portraits a large number of basic values that correlates with each other which successively counts with the following variants:

Traditional versus **Secular-Rational Values** and **Survival** versus **Self-Expression Values**, which will be clarified about further (Inglehart and Welzel, 2005).

In the Cultural Map of the World it was analyzed around 85% of the world's population (Inglehart and Welzel, 2005:48). The data gathering for the cultural map of the world aimed to understand the impact of culture on the social and political life in different societies and eighty countries were used in this research aiming to identify many changes that have occurred in the belief system around the world. The agents of beliefs transformation were identified as the interacting combination of socioeconomic development and persisting cultural traditions (Inglehart and Welzel, 2005).

Inglehart and Welzel (2005) developed a model that enables them to make a number of predictions of what will be observed in the future in the sphere of the cultural change and democratization, which is a bold attempt once it is known that making predictions is extremely rare in the field of social sciences (Klingemann, 2004). According to Klingemann (2004), the good foundations of analysis has a successful example of prediction when in 1971 Inglehart (2005) stated that intergenerational change would lead to the spread of postmaterialist values. In the decade of 1970, though, materialists outnumbered postmaterialists greatly. However, he states that from the 90s until current days, postmaterialists values became just as dominant as the materialist ones. After analyzing the patterns of the political behavior and social change in the 70s (six Western societies, out of the total of eight countries, chosen in the study), it was predicted the spread of "unconventional political behavior", such as petitions, boycotts, actions and demonstrations (Barnes and Kaase et al., 1979 cited in Klingemann, 2004). Nowadays, such actions described as "unconventional" are common practices in the Western societies (especially the ones studied by Inglehart in the 70s).

The World Value Survey Results

The World Value Survey (WVS), which is the questionnaire in which the authors based their study contains hundreds of questions, yet, not all of them are especially directed to cross-cultural value orientations. It works more in the sense to understand

the socioeconomic factors connected to behaviors, leading to different value orientations. In the Inglehart-Welzel's (2005) theoretic framework, the result of the extensive questionnaires were condensed into a *two-dimensional* pattern, in which one directly connected to industrialization, and the other one to post-industrial societies. There are important dimensions that raise from this double-dimensional analysis, which expresses the worldview of individuals raised in both rich and poor societies, as the consequence of the combination of different political, social and religious norms and beliefs. The two dimensions cited previously stands for Traditional versus Secular-rational Values and Survival versus Self-expression Values, and these two dimensions are enough to identify and place each society of the world in the map of cross-cultural variation (Inglehart, 1997:81-98; Inglehart and Baker, 2000).

As a better explanation of the Cultural Map of the World Inglehart and Welzel (2005) classify two types of historical factors that makes it important when it comes to grouping societies into different clusters: the ones with religious tradition and the ones with colonial histories. According to Inglehart and Welzel (2005), historically, Protestant Societies ranks in higher survival/self-expression dimensions than in Roman Catholic ones. Ex-Communist societies (e.g. Estonia) it is ranked very low in survival/self-expression dimension (Orthodox societies coherently homogenizes with the former communist zone) except Greece, which did not stayed under the rule of communism regimen. According to Inglehart and Welzel (2005), even though differences per capita, such as GDP and occupational structure persists, cultural influences upon the individual still persists. Communism left a big impact over the system of beliefs and values in this society, besides making big efforts which is the case of one of the countries studied in question, Estonia. Brazil, as being part of both Latin-America and Roman Catholic tradition, suffered the influence on beliefs and values, which were reinforced with the massive immigration from the colonial times. Catholic Europe and Latin America are relatively close from each other, which shows the correlation between immigration and the reinforcement of values (e.g. Uruguay, Chile and Argentina are mainly descendants of immigrants from Spain and Italy).

According to Rice and Feldman, (1997) as cited in Inglehart and Welzel (2005), when it comes to colonial societies, The United States for example, there is also a strong

correlation between the values of different ethnic groups and the values in their countries of origin, even after two or three generations. This could be the case of Brazil as well, considering both countries were composed by a massive population which emigrated from Europe, but from different regions considering its history. This proves that clearly modernization is not a synonym of Americanization (Inglehart and Welzel, 2005: 65), because as a matter of fact the United States counts with a much bigger amount of traditional values than any other post-industrial society, except Ireland, which differs in terms of religious differences (there is the prevalence of a Roman Catholic society as well, hence, there are different values and beliefs when compared to Protestant ones). This phenomenon was mainly discussed by Lipset (1991) and W. Baker (2005).

Huntington's (1996) cultural zones was also used by Inglehart and Welzel (2005) to place each society in the cultural map, with subjective boundaries, which were drawn in different ways, as societies have been influenced by a variety of factors (e.g. how the Protestant, Catholic, Confucian, Orthodox and Islamic zones are overlapped by the ex-Communist zone). As another example, Great Britain is located right in between the zones of the Protestant Europe and in the English-Speaking societies zone, as it is part of both realities, on the other hand, the boundary drawn by Huntington around Latin American societies was known to be a completely distinct cultural zone: all of these ten societies studies seem to have similar values in a global perspective, with minor changes, which would be the countries colonized by Spain, Spanish-speaking countries, and Portugal, Portuguese-speaking countries, like Brazil. It is also possible to draw an even wider boundary, which would be clustering Latin America and Catholic Europe into one big cultural zone – it is not only zones that crosses each other, but also absolutely empirically justifiable.

Having properly highlighted the importance of the modernization theory, as well as its impact in the analysis of the Cultural Map of the World. The revisited theory by Inglehart and Welzel (2005) suggests that as much as societies are able to develop economically, their cultures tend to transform into predictable paths, thanks to the revisit of the modernization theory and the deeper analysis of socioeconomic advances. The authors state that socioeconomic differences are related to large and prevalent cultural differences, not to mention that there are also clear evidences of the

influence of the long-established cultural zones in cultural traits and its resistance to transformations. The position in which the countries are located in the map (**Appendix 5**) is far from unsystematic: according to Inglehart and Welzel (2005), eight out of nine zones outlined tend to show statistically relevant relationships between the two major cross-cultural dimensions pointed out before (e.g. Protestant Europe, shows .46 correlation with traditional/secular-rational and .41 correlation to survival/self-expression dimension, when the ex-Communist zone correlates at .43 with traditional/secular-rational dimension and .74 with the survival/self-expression dimension. The modernization theory sustains the hypothesis that socioeconomic development conducts the individuals' worldview into a secular-rational form.

Subsequently, the main question raised by the authors is the following: if the clusters mentioned reflect socioeconomic differences, does that mean that Protestant Europe share similar values because they are rich? According to their analysis, no. Religion does make a difference in the position of the country in the cultural map, yet, socioeconomic developments counts in a much more dominant way than religion itself (Inglehart and Welzel, 2005). The indexes of GDP per capita, for example, have significant impact over traditional/secular-rational values, on five out of eight cultural zones, also showing impacts over survival/self-expression values. It should be also taken into consideration that the impact of certain society's historical-cultural heritage tend to be dominant when the data is crossed with GDP and structure of labor force. Which means, conclusively, that it should be taking into analysis all of the factors mentioned (socioeconomic development and cultural-historical labor structure) when it is aimed to predict the path or to which extent the values will change within the course of the time. It is fact that High income societies, it not only represents a well-educated population, but also means that there is bigger changes of having more secular-values (Inglehart and Welzel, 2005).

After understanding the theoretical background and the line of thinking of Inglehart and Welzel (2005), it worth mentioning a couple of more data over cultural traits and beliefs of the countries of interest in this thesis, in the analysis bellow:

- Both **Brazil** and **Estonia** (**Appendix 6**) are considered middle-income countries. On a -2 – 2 scale (0 always representing neutrality) between Traditional (-2) vs. Secular-rational Values (2) and Survival (-2) vs. Self-

expression values (2), **Estonia** is high-ranked on secular-rational values (1.0) in comparison to **Brazil** (-1.5), which has more prevalent traditional values. In survival/self-expression values, **Estonia** counts with -1 (prevalent survival values) against the position of neutrality (0) of **Brazil**.

- It is also possible to cross the industrial phase of modernization with mass values (**Appendix 3**). On a -2.25 – 2 scale of traditional and secular-rational value respectively, **Estonia** is high ranked on secular-rational values against -1.25 of **Brazil**. And on a scale of -30 – 45 of industrial phase of modernization (going from agriculture to industry), **Brazil** counts with a position of neutrality (0) against 25 of **Estonia**, the last one representing an a lot more advanced stage of modernization/industrialization. When crossing data between industrial phase of modernization (going from agriculture to industry, respectively on a scale of -30 – 45) and mass values of survival/self-expression (on a -2.25 – 2.50 scale, from survival to self-expression respectively), **Estonia** is prevalent of survival values (-1.25) and has high rank of industrialization (30), when **Brazil** shows a position of neutrality on both dimensions.

The comparative data below shows the condensed version of the statistics analyzed, as well as Inglehart and Welzel's (2005) conclusion over these two specific countries. According to the data analysis above, Brazil predominantly has traditional values, with slower stages of modernization, consequently, the pattern of slow modernization follows the same speed when it comes to value change. Its neutral position between survival and self-expression values indicators suggests a subtle , even if it is slow, change of values. Estonia, on the other hands, predominantly has secular-rational values, higher and faster stages of modernization, therefore bigger probabilities of faster process of changing values. Yet, the country did not reach the trend of countries with higher modernization, which is having the prevalence of self-expression values instead of survival ones.

Brazil and Estonia from Hofstede's Perspective

Hofstede's Cultural Dimensions

Even though Hofstede (2010) never tested in his work the culture change, as he believed in cultural stability and perceived cultural transformations as something extremely naive, predicting that until at least until 2100 national cultures wouldn't change. He identified elements of national cultures that studies are still based on the cross-cultural field, and also analyzed how culture is externalized by individual within working environment, which is extremely pertinent in the context of this thesis.

In this section, it will be described Hofstede's five dimensions of culture (Power Distance Index; Individualism; Masculinity/Femininity; Uncertainty Avoidance and Long Term Orientation). In 2010, though, Michael Minkov added a sixth value (Indulgence and Restraint) in the 2010's edition of Hofstede's book *Software of the Mind*. Unfortunately, the due to lack of availability of scores of the sixth dimension, it will not be considered in this thesis.

In the **table 1.2.2.** mentioned bellow, it is shown the comparison, according to Hofstede (2010), of Brazil and Estonia (**Appendix 7**). There are contrasting differences, better explained and analyzed through Hofstede's perspective bellow.

Table 1.2.2. Comparison of cultural dimensions of Brazil and Estonia (on a 0 -100 scale)

Dimensions	Brazil	Estonia
PDI	69	40
IDV	38	60
MAS	49	30
UAI	76	60
LTO	65	--/--

Source: own table using Hofstede's scores of countries available at: < www.geert-hofstede.com >

Note: PDI – Power Distance Index; IDV – Individualism; MAS – Masculinity; UAI – Uncertainty Avoidance; LTO – Long-Term Orientation.

1. **Power-Distance Index (PDI):** This index mainly deals with the individuals' acceptance of hierarchy. Societies with high power-distance index have as characteristics the higher occurrence of centralized companies, with strong hierarchies and large gaps in compensation, authority and respect. There is great importance given to the acknowledgement of the leader's power and employees are aware that the main answers of the future of the company, as well as the main decisions, are found at the top (as in Top-Bottom type of decision-making mentioned previously). In Hofstede's (2010) Model, a country with high PDI such as Malaysia counts with a centralized company structure, in which the most important decisions come from closed-door meetings with the most powerful leaders of the enterprise. On the other hand, societies with lower power-distance indexes tend to have flatter organizations, in which both supervisors and employees are just as equal as their superiors. In working environment, there is a common preference of team work, including in the process of decision-making.
 - **Brazil (Score 69):** This score means that Brazilian society believes in hierarchy and respect inequalities. This shows that in Brazil it is very important to show respect towards the elderly. Statuses are very important and it is demanded respect to the superiors, from company to family (the older the individual is, the higher is the position in the hierarchic structure).
 - **Estonia (Score 40):** Estonia scores very low (40) on this dimension, which means that Estonians are not prone to respect people based on their statuses or power-holders, and they are encouraged to express their opinions. However, since the country still counts with individuals that were educated in the soviet system, there are still values in which shows a high subordination towards the boss.
2. **Individualism (IDV):** This index mainly deals with the sense of community perceived by individuals. Societies with high index of individualism tend to value time, demand respect for privacy and have need for freedom within the organization. Individuals of such cultures do not ask for personal information

to their workmates, and achieve work fulfillment when encouraged to express their ideas as well as enjoying challenges and rewards for hard work. Societies with low index of individualism, on the other hand, values the most a good relationship with their colleagues then honesty, as well as working to develop certain skill in order to become master of something. Low IDV scores indicates strong connections within team members, as well as mutual loyalty and respect.

- **Brazil (Score 38):** This score shows that Brazilians prefer integrating themselves into big, cohesive groups – within family structure, it is not only the direct family, but the extensive family, like cousins and uncles and so on – . It is important when it comes to working structures, the built a long lasting, personal, trustworthy relationship.
 - **Estonia (Score 60):** Estonia is an individualistic country. There is a strong thought of which everybody should keep their personal responsibilities in first order of importance. Their work is task-oriented. Transparency and honesty are considered virtues, which shows a lot in their way of communicating – they are direct communicators, with little interest of small talks.
- 3. Masculinity (MAS):** According to Hofstede (2010), the masculinity index refers to the importance of the traditional roles of men and women in certain societies. Societies with high masculinity indexes, has a characteristic of having traditional concepts of masculine and feminine, not only visible in gestures and behavior, but also when it comes to distinct positions in workplace, such as activities especially meant for women and distinct activities for men, segmenting the labor force based on sex. In such societies, especially men, are advised not to discuss over issues emotionally as it is a feminine characteristic and might affect the way others perceive this emotional man, especially in work environments. It has a loss of respectability once individuals do not behave the way it is expected. On the other hand, in societies with low masculinity indexes, there are no distinctions in the role of men and women's rights, as both sexes are entitled to perform every activity,

and it is socially accepted. In such societies, the work environment tend to be careful in order to no discriminate by gender, and make sure to treat both men and women equally.

- **Brazil (Score 49):** Brazil scores in the middle, so it is neither feminine, or masculine. Brazilians have soft aspects when it comes to cultural traits, which would be *“leveling with others, consensus, sympathy for the underdog are valued and encouraged”*⁴. It is also avoided by Brazilians arguing and conflicts in general, which is why consensus is something very important to them.
 - **Estonia (Score 30):** The low score shows that Estonia is a very feminine country, which shows that society is based on modesty and fairness (which means they do not show their achievements, neither brag about them). They are very reluctant to raise problems and cause conflicts. There is a tendency, though, that younger generations tend to be more informal, hence bigger participation.
- 4. Uncertainty Avoidance Index (UAI):** This index relates to the ability of the individual to deal with situations of uncertainty, as well as the ability of improvising. In high UAI societies, work environments are usually extremely formal, with strict rules and policies. As every rule-demanding environment, there is a sense of nervousness and consequently high levels of emotions due to the psychological tension created. Moves are accurately planned, with pre-made strategies and detailed plans. The bigger amount of rules, the bigger the need to aim a ‘collective truth’. In low UAI societies, on the other hand, the work environments are comparatively informal, in both looks and attitude. It focus mainly on long-term strategies instead of considering events of a daily basis. Rules and structures are not considered important, as well as emotional outcomes. It is valued instead contemplating situations before taking a

⁴ Description taken from Hofstede’s Official Website. Available at <www.geert.hofstede.com>

decision, avoiding impulsive nature type of decisions. This type of society is prone to deal better with improvisations than high UAI indexes societies for the reason that there is also low level of tension as there are no rules preventing employees to take new decisions, or change the course of the plan. The fewer amount of rules encourage the seek of new features (Hofstede,2010).

- **Brazil (Score 76):** This high score means that Brazilians need a very organized set of rules to organize themselves. The country counts with a very strong Bureaucratic structures, as it is considered safer.
 - **Estonia (Score 60):** Just like in Brazil, Estonians appreciate rules and bureaucracy. They rely on clear descriptions and guidelines in order to feel safe. This also means that Estonians are very careful when it comes to taking risks and prefer reflecting over the mentioned problems instead of acting impulsively.
- 5. Long Term Orientation (LTO):** LTO indexes refers to how much society values long standing values within the society as well as its interpersonal relationships effects. Societies with high LTO has the family institution as the main basis of society, which also means that parents, or the elderly population have more authority than youngers. It is important to certain societies when there is the demonstration of respect of traditions, as well as the reward to loyalty and commitment. Societies with low LTO, on the other hand, are prone to both in personal and corporative environment to promote equality, high creativity, individualism. Tend to treat others the same way they would like to be treated themselves. Employees expect to live under rule and standards that are not based in tradition, but with the convenience of the given situations.
- **Brazil (Score 65):** Brazilians have something called *jeitinho brasileiro* (literal translation: ‘Brazilian way’, in the sense of ‘quick fix’), which means their ability to look for alternative paths to succeed in case something goes wrong. Brazilians accept more than one truth, and also the changes as being part of

life.

- **Estonia:** No available score in this dimension.

Brazil and Estonia from Trompenaars' Perspective

Trompenaars' Cultural Dimensions

Fons Trompenaars (1997) also perceived culture into dimensions (seven dimensions) and differently than Hofstede his questionnaire was not only related to work environment, but also contained aspects of the every day routine of the respondents, implicating in the results, as a consequence, different values conclusions, as it refers to broader aspects of cultural traits. James Manktelow, from the Management Website Mind Tools (winner of the 2012 Queen's Award for Enterprise) schemes how Trompenaars' (1997) definitions could be seen specifically in work environments, which are described bellow:

1. **Universalism vs. Particularism:** Deals with how important rules are. Universalistic cultures tend to place in high scale law, rules, values and obligations. Usually employees in such cultures tend to work better when having more autonomy to make their own decisions and use their initiative, and when they are allowed to be creative and learn from their mistakes. They often use objective processes of taking decisions individually, but willing to explain it to the others involved. On the other hand, Particularistic cultures are highly influenced by the environment. Details and facts take an important role and it is the current circumstance that affect the next steps to be taken. In such cultures, the decision-making processes are rather flexible, given the circumstances. E.g., Scandinavian countries, U.S., Canada, the U.K., the Netherlands, Germany, New Zealand, Australia and Switzerland typically represents universalistic cultures. **In this dimension, Estonia is universalist and Brazil is particularistic** (in a comparison to Hofstede's conclusion, both Brazilians and Estonians are fond of rules and laws. Brazilians here changed into a different, opposite, category when analyzed their behavior not only in work environment, but also in other situations).

- 2. Individualism vs. Collectivism:** Deals with how important is the individual. In individualistic cultures, people believe that the individuals are perfectly able to take care of themselves and by that, take decisions on their own. In a corporative atmosphere, even though considering that they should have the freedom in the process of decision-making, they link people's needs with the one of the group and organization and appreciate creative freedom in order to learn with their successes and mistakes. Typical individualist cultures are the U.S., Canada, the U.K., Scandinavia, New Zealand, Australia and Switzerland. In Collectivistic cultures the group has bigger importance than the individual, and it works in a way that it is exchanged loyalty for safety, in a form of a dual-concept that works depending on the other. In a working environment it is common in such cultures not to praise individuals publicly, but rewarding groups performance instead, and it is the most acceptable when others are involved in the process of decision-making, instead of taking them individually. Typical collectivistic culture is Japan, Latin-American and African countries. **Here, both Brazil and Estonia are collectivistic** (again, this dimension is conflicting to Hofstede, as Estonia is considered individualistic compared to Brazil, it is a matter of perspective, as Hofstede only analyzed how Estonians behave in work environments, not in other spheres, as, in fact, Estonia's strong sense of nationalism already shows a collectivistic behavior).
- 3. Neutral vs. Emotional:** Deals with how emotions are expressed. In Neutral cultures individuals try not only to show their emotions but to also control them. Individuals from certain cultures are able to manage in an effective way their controls over their emotions (e.g. including not showing any signs of body language the negative feelings towards something, or positive), keep discussions in workplace to the issue proposed to be discussed. Typical neutral cultures are the U.K., Sweden, the Netherlands, Finland and Germany. In emotional cultures, individuals are not only free to express their emotions spontaneously, but also encouraged to. In a working environment, individuals mind creating rapport with their workmates, express emotions often when describing their business objectives, make use of positive body language and

have a positive attitude towards their workmates. Typical emotional cultures are Poland, Italy, France, Spain and Latin-American countries. **Brazil is an emotional country and Estonia is neutral.**

4. **Specific vs. Diffuse:** Deals with how deep is the engagement with the others. In Specific cultures, personal affairs and work are not related. Relationships within individuals of a certain workplace does not influence on work objectives. Even recognizing the importance of a good relationship within the workplace, it is not mandatory for working together. In a working environment, individuals from specific cultures tend to be direct and focus on people's objectives before straightening relationships, which also indicates the detachment of life at work from personal matters at home. Typical specific cultures are the U.S., the U.K., Switzerland, Germany, Scandinavia and the Netherlands. Diffuse cultures is the opposite of specific cultures: they believe that good relationships within work partners are vital to conduct their businesses objectives, and by that means that individuals spend extra time, apart from the working hours, with their workmates. Inside of a working environment, individuals from such culture make sure to build a good relationships with their colleagues, and it is believed the only way to assure the business objectives will be reached. It is usually acceptable to discuss business during a social events (e.g. business lunch) or to initiate personal-level discussions at work. It is also used as important business strategy to know in a personal level the employees of the companies or organizations involved with the company certain individual is working. Typical diffuse cultures are the cultures of Argentina, Spain, Russia, India and China. **Brazil is typically Diffuse and Estonians are specific.**
5. **Achievement vs. Ascription:** It deals with how important status is. In cultures where achievement is important, it is based the individual's work through their performances, no matter who the person is. Titles are used only when relevant and individuals, regardless their position or status try to be a role model in their work environments. Typical achievement cultures are the U.S., Canada, Australia and Scandinavia. On the other hand, in ascription cultures,

status are really important. Individuals should be generally recognized and valued by who they are, as in their status or position in society. In work environments, individuals make sure to clarify roles and statuses inside of the company, using titles no matter which situation. When it comes to decision-making, the authority is most likely prone to provide the final decision. Typical ascription cultures are France, Italy, Japan and Saudi Arabia. **Brazil is and achievement culture and Estonia is an ascription culture.**

6. **Sequential vs. Synchronic Time:** Deals with how strong it time management. In sequential-time societies, individuals usually value the order of happenings. As consequence, it is valued the planning and the punctuality, as well as the use of schedules. The concept of “time is money” is a good example which reflects the line of thinking of societies of such nature. In work environments, it is common to have projects focused at a time, as well as being strict to deadlines. Typical sequential-time cultures are China, Russia and Mexico. In synchronic-time societies, projects or plans runs concomitantly, without an orderly sequence. Both plans and commitments are flexible, and in work environments allow people to be flexible on tasks and projects. Only when the deadlines are key factors to meet objectives Typical synchronous-time cultures are Japan, Canada, Norway, the U.K., and the U.S. **Brazil is sequential and Estonia is clearly synchronic.**

7. **Internal vs. External Control:** deals with how strong is the environment . In internal-direction societies people believe that they are able to control the environment that surrounds them, and the same line of thinking follows when it comes to teams and organizations. The locus of control is based on the individual. In work environments, objectives should be set as aims, allowing the employees to develop their skills and sense of responsibility. Typical countries of internal-direction societies are Israel, the U.S., Australia, New Zealand and the U.K. In external-direction societies, on the other hand, the locus of control is based on the environment. Individuals of such cultural

background is prone to believe that the environment is able to influence their decisions. Hence why, in work environments, employees need regular feedbacks, so they can control how their actions are affected the environment, and also, encouraging them to take responsibility of their work, by taking decisions. Typical countries of internal societies are China, Russia and Saudi Arabia. **Brazil is external control oriented, meanwhile Estonia is the opposite.**

Comparing Hofstede's and Trompenaars' Results

Hofstede (2010) and Trompenaars (1997) have extremely relevant contributions to the field. Hofstede (2010) studies not only national cultures, but also organizational culture, which is a way of identifying on enterprises how the values in different cultures are part of the organization and how the company is structured. This model, comparatively, is another source that helps the understanding of a wide diversity of cultures. His research of cultural values within one organization – IBM – provided global views over cultures, in a less specific way than Trompenaars & Hampden-Turner (1997) did. His database of cultural statistics managed to establish clear patterns of national differences within the cultures studied. Below, there will be a sum-up of the consequences of those national differences upon the work environment.

When comparing Hofstede (2010) and Trompenaars (1997), both when created their cultural dimensions, based their studies on a set of questionnaires. Hofstede based and designed his questionnaires to identify how cultural values were imprinted in working environments, meanwhile Trompenaars and Hampden-Turner (1997) designed a questionnaire to identify how those nations' set of values were imprinted in both companies and personal relations, which is why at times their results are either complementary or contradictory.

The reason of the conflicting answers are given due to the fact that their questionnaires are a combination of particularisms and factors that might result into particular results. For example, when looking to Hofstede's (2010) dimension of Individualism, and Trompenaars(1997) dimensions of Collectivism vs. Individualism, there are factors that are rather conflicting. Estonia is considered a Collectivistic

country, by Trompenaars (1997) yet, for Hofstede (1997) it is considered Individualistic. The most reasonable explanation in this case is that Estonians, as a nation, are considered collectivistic, however, in work environment, it brings out their shows their individualistic side (by their task-oriented kind of work).

Due to the differences in terms of classifications, it will be mainly taken in consideration in the empirical part of analysis the dimensions of culture proposed by Hofstede (2010), due to his specific intent of choosing to study how values were specifically related to work environments, which is the case of this thesis. The intent of comparing it with Trompenaars (1997) was part of the theoretical justification of my choice of Hofstede's (2010) dimensions.

1.3. Decision-Making: definitions, types and cultural effects

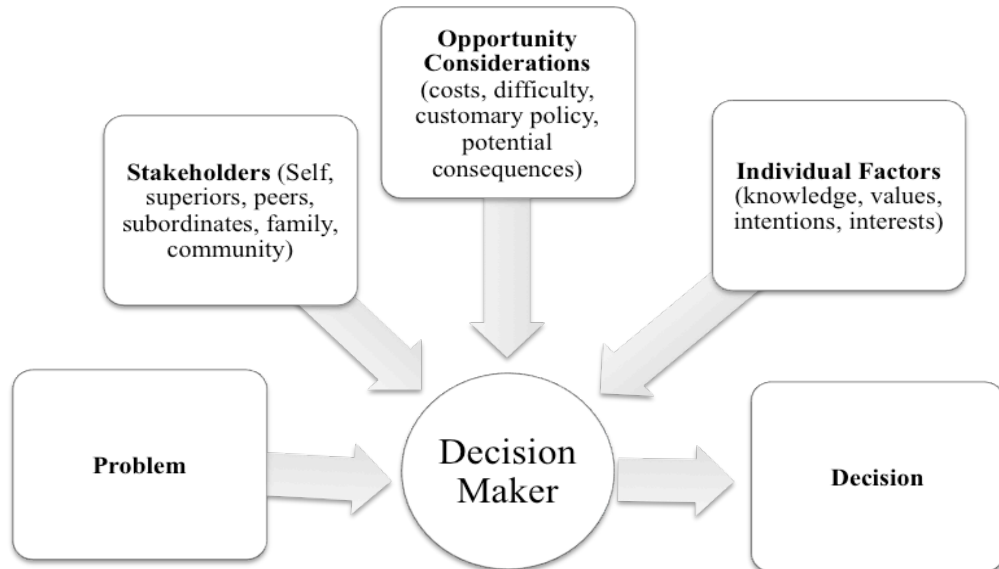
Definitions of Decision-Making

The field of decision-making mainly deals with people's abilities of making choices and judgments. The study of decision-making is placed inside of the field of behavioral decision, which is constantly borrowing interdisciplinary concepts from sociology, anthropology and psychology. Those disciplines complement each other when it comes to explaining different mechanisms of decision-making (e.g. rational and intuitive, bottom-up and top-bottom), as well as identifying how national cultures impacts over the individual's abilities of making choices, which will be mentioned further.

In a simplistic way, decision-making, involves choice, and in order to achieve the objective or goal, the decision-maker needs to have more than one alternative in hands (Navneet and Rai, 2004). Decision-making, consequently, involves a set of alternatives which will lead to the most appropriate alternative for execution. Navneet and Rai (2004) state that in order to make a decision (of rational nature) a set of questions appears in the mind of the individual (e.g. what decisions should be made; who will make them; how, what and where the resources will be located; how the situation will be evaluated). There are two types of decisions an individual can make, the ones of which is based on the common-sense, empirical or **intuitive** decision-

making and the ones with prior planning and analysis of a global context, known as **rational** decision-making, which will be compared further.

Figure 1.3.1 The context of rational decision-making



Source: compilation from the ideas of Guy's contexts of decision-making (1990:28)

Decisions are connected to the environment, and it influences the individual's choices in the process of the rational decision making. The **Figure 1.3.1** shows how decision-makers are connected to the environment and how every decision is stimulated by the environment. The decision maker constantly suffers pressure from what surrounds him (e.g. problem, stakeholders, opportunity considerations, individual factors). Many managers, or team leaders for example, suffer great amount of pressure in order to achieve the company goals (Guy, 1990). The highly unstable reality of nowadays is making decisions of long-term implications risky (Navneet and Rai, 2004). The disorder of a globalized reality is demanding more and more short-term planning and, consequently, there use of rational decision-making is even more needed within firms.

Stages of Decision Making

Prior to taking a decision the individual take a few elements into consideration. Nozick (1991) mentions the importance of the individual's principle in order to filter happenings and result in a better, or, more effective decision-making. "within the

process of a person's decision making, principles might function as an exclusionary or filtering device: in choice situations, do not consider as live options those actions that violate your principles. Principles thus would save decision-effort and calculation time for a creature of 'limited rationality'. Yet the exclusion need not to be absolute; if no sufficiently good action (above certain level of aspiration) is found among the live options, a previously excluded action might be reconsidered" (Nozick, 1991:132-133)

What Nozick (1991) means is that when a person is between two alternatives is the principle, or assumptions within the moral code the element that grounds the choice, for both intuitive and rational. Intuitive decisions are usually simple, and deals directly to the ethic sense of an individual (e.g. what is good or bad) which does not need any sense of rationality, but deals with what is inherent to the human being (Benjamin et al, 2007 cited in Nozick, 1991:134). Intuitive decisions tend to focus on outcomes: good decisions, good outcomes. Bad decisions, bad outcomes. According to Salomon and Hanson (1985) cited in Guy (1990), it is evident that what it intuitively judged as good or bad is related to the sense of ethics of certain individual. Ethical practices build good business sense. The purpose of ethical inquiries involves paying attention to the elements affected from that decision (Guy, 1990).

According to Guy (1990) Decision-Making, as a general statement, has different processes. Simplistically, it can be defined which is defining a situation, automatically generating a set of alternatives, gathering information, selecting the best alternative and putting into action. However, it is more complex than that. Guy (1990) outlined the ten stages of decision-making, or as the author also calls, 'problem solving', which follows the sequence:

- I. Defining the problem.
- II. Identifying the aim to be reached.
- III. Specify all dimensions of the problem.
- IV. List all possible solutions to each dimension.
- V. Evaluate alternative solutions regarding the possibility.
- VI. Eliminate inconvenient alternatives.
- VII. Rank the alternatives to each dimension that imprints best values.

- VIII. Select the alternative to each dimension that will best work.
- IX. Combine the best alternatives to each dimension and develop a solution.
- X. Commit to the decision and implement it.

This is how multiple dimensional problems are solved and how the process of decision-making follows the steps. Guy (1990) mentions that the systematic method of identifying alternatives is the Bottom-Up approach of decision-making, as it is *“appropriate for situations in which the decision maker has clear grasp of both the problem and the alternatives for solving it. In this case the primary objective of a decision analysis is to clarify the differences between the alternatives so that an informed logical, and ethical decision can be made”* (Guy, 1990:30).

Rational vs. Intuitive Decision-Making

There are two approaches of which a decision model can undergo, which is the rational and the intuitive process of decision-making. Decision-makers are humans with feelings and complex psychological, and cultural traits (Guy, 1990). Rational models often guide decision-making through a way of avoiding conflict, however, rational models are not able to predict the complexity of human reactions. Intuitive decision-making involves patterns of identification of what is subliminal (Guy, 1990).

The process of rational choice is considered extremely relevant, especially when involving elements such as transparency and, evidently, rationality. According to McCreary et. al, (2001) cited in Guy (1990), decision-making processes of which a large number of individuals is allowed to participate generates a collaborative feeling to the group, increasing the participants' feelings of fairness, making sure that there is a bigger sense of maintenance of legitimation.

According to Raines (2007), rational theorists tend to focus on conflicts which are the main reason of the disagreement. The study of conflicts is part of the field of conflict management, which is relevant mentioning in this section. During the process of decision-making it should be considered the use of different strategies of decision-making in the field of conflict management in order to reduce negative effects in an

enterprise (Raines, 2007). Management conflicts is what most of ICT enterprises avoid, given the fast-paced activities and the need of avoiding issues. According to Raines (2007) decision-making is often seen as a *“messy process that involves egos and other psychological biases, potentially clashing communication styles, leadership inadequacies, economic and non-economic incentives, and limitations on the ability of individuals and groups to obtain and process information”* (Raines, 2007:587).

Considering that decision-making involves humans, Lewicki and Wiethoff (2000) cited in Raines (2007) suggest that a good relationship within the either workmates or within the personal life sphere has been blending even more when it comes to group decision-making, it means that the process of decision-making and good relationship within group members have been seen as a positive factor. According to Raines (2007), meanwhile professional relationships are meant to achieve goals, and they are focused in this direction, which is an external fact to the relationship, personal relationships has a social-emotional strengthening characteristic, which should be seen as an added bonus to the relationship itself. On the other hand, researches within both decision-making and conflict management areas suggests that when it is excluded, as in not considered, the results of a good relationships and communication within team members (which means lack of communication resuming to individuals task-oriented work) the results are disastrous: the decisions taken are poor, not to mention there is an increased difficulty in implementing them (Bush and Folger, 1994; Elangovan, 1998 cited in Raines, 2007: 592).

There should be also trust within workmates, suggests Lewicki and Wiethoff (2000), which states that if trust by chance is violated, there is not only the harm of the individuals reputation, but also there is harm of the relationships with its network of friends and associates, and *“even if you are an honest person, having a reputation for honesty is a valuable asset that most people want to maintain”* (Lewicki and Wiethoff, 2000: 89 cited in Raines 2007:593).

It should be also taken into consideration that it is needed both method and skills for taking a decision within a group (Raines, 2007). According to Raines (2007), it is opposed to private negotiation, which involves only two individuals, whilst group

decision-making is a lot more complex as it deals with logistical challenges, not to mention that it should be ensured the efficiency and integrity of the process, and for that there is the need of strategic planning.

Raines (2007) suggests that there are different methods or strategies used in group decision-making, which is, separating the large group into smaller groups with group leaders, each group examining a small parcel of the bigger issue to be solved, and, after a couple of sessions, each group leader presents a summarized version of the discussion (Raines, 2007). According to Emery and Emery (1989), cited in Raines (2007:598) There is another method, used for even bigger group, for example the Future Search Conference, which involved the participation of a large group of people that, together would discuss and come to the decision of the future of their community, of which the whole group, decided democratically what would be the next step to be analyzed until reaching to a final conclusion altogether.

Raines (2007) mentions that there are a lot of other models of group decision-making, *“with each targeted toward specific tasks, such as the creation of mission and vision statements within the organizations, reorganizing the distribution of work, or achieving cultural change within dysfunctional organizations (Bunker, 2000)”*. Communication and good relationship within work mates, or groups in general when it comes to taking decisions is absolutely essential for its success. Raines (2007) also states that the two group methods of decision-making are effective due to the fact that:

- Focus on common ground and areas of same interest.
- There is the rationalization of the conflict of decision-making itself, clarifying is instead of denying it.
- It is avoided the mention of issues that are not into question the negotiation.
- Participants are challenged to see the issue into a broader view
- The broader view helps them to find a path to the best solutions
- Increase democratic equality by reducing hierarchy

Individuals should develop a set of skills when it comes to group decision-making, like the attribution bias and outlining problems in a constructive rather than a destructive way (Raines, 2007). According to Kahneman and Tversky (1979), Tversky and Kahneman (1981) cited in Raines, (2007: 599), human beings as a general statement tend to attribute more negative attributes to others than to the circumstances, which is worsen in case the individual is involved in a history of distrust of absence of a positive believing. Therefore, the way of which people outline a problem is the main problem, as it impacts the process of decision-making .

Individuals, along with a set of cognitive biases impact the process of decision-making in great amount, for the same reason it also impact their abilities being educated enough about the issue to be taken the decision (Allred, 2000 cited in Raines, 2007: 599). Raines (2007) adds the importance of which human being behave in an irrational, or intuitive way when it is felt that certain individual has misbehaved in terms of violating societal norms or provoking injustices. Raines in 2005 conducted a research of disputes of the website Ebay and failed transactions and resulted that 8% of the disputes demanded an apology. Admitting the wrongdoing followed by an apologetic behavior results into a completely different outcome within the decision making, and also the group. This behavior means that it is not predictable in the rational choice models, as the whole process described is clearly irrational. Apologies are very powerful and helps to improve substantially working relationships, decision-makers and reconstructing the broken, or lost, trust. (Weiner, Graham and Zmuidinas, 1991 cited in Raines, 2007: 600). Most rational and utilitarian models of decision-making is not able to identify that most individuals have management habits and skills, not to mention they are not developed to allow them to choose between a variety of modes of orientations before acting. On the other hand, when it comes to irrational, or intuitive decisions the approach of noticing what is the most ‘natural’ answer is simple (Raines, 2007).

As it mentioned above, it is concluded here that both rational and irrational choice models, yet, it is complex once it deals directly with psychological traits, much more than only cultural traits. The Decision-Making field deals with human nature in a deeper levels, and cultural traits influence subtly when comparing to the complexity of human relations. Traditional rational choice theorists focus on goals and needs of

decision makers, as well as incentives for reaching into an agreement. Different outcomes are usually influenced by psychological needs and limitations, for example, issues related to trust (its building and repair), and the importance of creating a decision-making process that is transparent and fair.

Types of Decision-Making

Group Decision-Making

Considering group decision-making are part of this thesis, which will be better described in the empirical part, it is relevant to be mentioned different types of group decision-making. It should be also bear in mind that it is fact that it is needed the development of skills of a cooperative psychological orientations by the decision-maker, which means that individuals with highly developed conflict management skills have better responses when it comes to decision-making (Raines, 2007). Raines (2007) also mentions that in group decision-making it is encouraged the development of communication in order to enhance the outcomes, as well as the importance of the positive feedback, even though it is not always this way. Thomas and Killman (1978) cited in Raines (2007), describe five responses individuals have to group conflicts, concerning decision-making: competing, compromising, collaborating, accommodating and avoiding.

Raines (2007) also cites Kuhn and Poole's (2000) three categories of orientation that reaches both individual and organizational levels: avoidance, distributive and integrative. The **avoidance** means that individuals prefer not knowing about the conflicts, and the posture of ignoring the problems, creating unassertiveness and uncooperativeness that affects the process of group decision-making, or leaves the decision to the team or group leader. The **distributive** style shows a rather competitive, aggressive style of individuals showing their opinions, competing of who will win the battle, instead of solving the problem in cooperative ways. This style works when *“the decision-maker has adequate authority to justify unilateral decisions, and when the decision maker has the power to ensure that the decision is*

implemented at lower levels” (Raines, 2007:602). The **integrative** assimilates the better set of qualities and compose groups with the highest levels of efficiency. Individuals participants of the given group try to work with others and solve the issues consensually, the main aim is to preserve relationships, reach the goals appropriately and avoid conflicts. Fischer and Ury (1981) cited in Raines (2007) highlights the need of organizations training decision makers, in order to assist the group to make important, at times complex, decisions.

Top-Down and Bottom-Up

Companies counts with several types of decision-making. As the empirical data will show ahead, most of the decision-making processes of which the employees participate is not a structural type of decision-making (the one of which the CEO decides structural changes within the companies) but group decision-making, which will have a separate part regarding it. Cross-cultural differences, if not taken into consideration in corporative atmosphere, is most likely to suffer negative outcomes of team performances (Lee, Ma, 2007), which is properly exemplified by the quote bellow:

“Decision-making process is one of the key impacts of cultural differences upon team performance. It is the preference for the way in which decisions were made in different countries. Japanese team members prefer consensus driven decision making with significant amounts of time taken in getting all concerned parties to the decision to agree (...) U.S. team members, on the other hand, prefer to follow an independent route where decisions do not need to be agreed with the entire group and in some cases are not even known to the whole group. While decisions are made more quickly, they are being based on less information, which has been reviewed by fewer people.” (Lee, Ma, 2007:5)

There are many ways in which different cultural backgrounds affects decision-making. Its impacts are deeper than it might initially seem. Among many types on how decision-making can be characterized, there are two main basic types of decision-making processes, which is when the decisions are taken from the top to the bottom and the other way around, from bottom to top. These are commonly known as **Top-down** and **Bottom-up** decisions. Both types can be equally effective, yet, it

should be taken into consideration which approach suits better, and the determining factor in this case is definitely the culture. The choice of certain approaches are mainly guided by cultural background, hence why cultural differences in the context of decision-making mainly appears when there is acceptance of the role of hierarchy by individuals. Even though it is only one way of identifying cultural differences, it will be the main instrument to identify the influences of culture through the empirical study.

According to Connor (2011), **Top-Down** kind of decision-making is the typical case of when the decisions' importance follows the hierarchic structure of the company, which means that, the higher position certain individual has in the company, the bigger is the power of implementing decisions. Most of the company's decisions are centered in the CEO's or board members hands, and their decisions 'rolls down' to the rest of the company. Top-down decisions might be risky. It is not only a great responsibility for the CEO or the board, but also for the employees, as they might feel lack of involvement with the company's activities, thus, less sense of responsibility or even accountability.

As listed by Connor (2011), top-down decisions cause negative impacts on several matters, such as morale; communication; performance; loyalty; turnover; customer relations; profits; sales costs, etc. Connor also states that it is not advisable to involve all employees in every single decision made by certain organization, department or group, yet, in order to build stronger acceptance and connection among the employees, the company needs different management strategies. Top-down decision-making is high-maintenance: in case the CEO is dismissed or the owner is no longer able to manage the company, it tends to fall apart and fragile the activities of the company as a whole.

Bottom-up decisions, on the other hand, distribute the power of decision-making among all levels. It empowers, comparatively to the other method, lower levels of the company. The system, once it counts with bigger amount of opinions to be taken into consideration, has to also provide a democratic system, hence, more bureaucratic, which might turn out more expensive to the company, as it requires time and commissions for decisions-approval. On the other hand, the feeling of involvement of

the company's activities provides a series of benefits for the employees, such as the sense of responsibility, engagement, professional fulfillment and motivation. This way, with motivated and engaged employees, the possibility of rising new ideas is bigger, so the prosperity of the company (Connor, 2011).

It is proven that the biggest innovation-drivers are the most engaged employees and when it comes to innovation, most entrepreneurs are not looking to traditional sources of new ideas, such as research or development departments, but to employees, partners and even customers (Krueger and Killham, 2012). Having a good relationship with colleagues are also important. Krueger and Killham (2012) also states that in friendships play an important role in the engagement and innovation aspects of the workplace, as it helps to develops the ideas from creation to refinement. Bottom-up decisions are also prone to be effective when in teams, with synchronized work with other departments and not only remaining committed exclusively by their specific tasks. Consequently, for several reasons, Bottom-top decisions help promoting among the employees concern and broader view of the company as a whole enables the employees to take easier decisions.

The Culture effects on Decision-Making

However, even though apparently Top-down decisions seemed not as effective or beneficial as the Bottom-up, societies with stronger hierarchy might not succeed as effectively if using with Bottom-up decisions, as it varies on how different societies deals with the process of decision-making. Leon Mann in 1998 conducted a research over cross-cultural differences in self-reported decision-making style and confidence among students in the United States, Australia, New Zealand, Japan, Hong Kong and Taiwan. Even though not being related to companies, the research itself shows that, as predicted, students from individualistic cultures, such as The United States, Australia and New Zealand, students were confident of their decision-making than the East-Asian students (Japan, Hong Kong and Taiwan), which presented high scores of avoidant styles of decision-making and hyper vigilance, which is a frightened style of decision-making. It is concluded that cultural backgrounds affects in great amounts on how individuals deals with decision-making.

In a condensed way of perceiving Hofstede (2010) and Trompenaars (1997)

dimensions of culture, it can be grouped into three categories (Anbari et al., 2003):

1. **Interpersonal Relations.** Whilst Hofstede separates into *Individualism* and *Collectivism*, Trompenaars breaks down into *Universalism* vs. *Particularism* and *Individualism* vs. *Collectivism*.
2. **Lifestyle.** Hofstede fills this category with the dimensions *Masculinity* and *Femininity* and Trompenaars' equivalent is *Achievement* vs. *Ascription*.
3. **Time Management.** Whilst Hofstede splits the referred category into *Long-term* and *Short-term orientation*, Trompenaars' equivalent dimensions are *Sequential* vs. *Synchronic* and *Internal* vs. *External Control*.

As the purpose of this section is to perceive the dimensions of culture and how it might affect the process of decision-making (e.g. societies less hierarchic works better with bottom-up decisions) it is defined the line of thinking which will be conducted the empirical analysis, combined with cultural traits of Brazil and Estonia.

Regarding how culture influences decision-making processes, it is already mentioned specifically in the previous subchapter, entitled 'Brazil and Estonia', a set of managerial differences between Brazil and Estonia from the perspectives of Hofstede (2010) and Trompenaars (1997). It should be bear in mind that whilst Hofstede (2010) mainly deals with values within work environments, Trompenaars (1997) analyses values that are shown in several aspects of individual's life, from the individual's behavior and relationship with workmates to friends and family. However, both authors have conclusions regarding different decision-making styles. The main difference between both authors is the one regarding notions of individualism and collectivism, which shows that Estonians, in work environments tend to have a more individualistic behaviour than in other sectors of life as a general statement. Trompenaars (1997) states that both Brazil and Estonia are collectivistic countries, whilst Hofstede (2010) clearly states the opposite – Estonia is Individualistic and Brazil Collectivistic. Brazil, for both Trompenaars (1997) and Hofstede (2010) is a collectivistic country.

As mentioned above, due to the differences of results between Trompenaars (1997) and Hofstede (2010) it will be chosen Hofstede's values to relate with the empirical

data, as Hofstede's (2010) study is specifically related to values imprinted by individuals in work environments, which does not happen with Trompenaars' results, which were not based only within work environment.

2. EMPIRICAL STUDY: CASES OF BRAZIL AND ESTONIA

2.1. Research Design and Methodology

Research Questions and Propositions

This thesis has an aim of identifying to which extent the process of decision-making alters according to different cultural backgrounds in ICT companies in Brazil and Estonia. Therefore, it was chosen three companies from Brazil and three from Estonia. The companies in question did not have to necessarily belong to the country, but be located in the country, with local employees, as the main questions to be analyzed comprised on cultural-based actions. Each employee divulged their actual experiences in the companies with insights of previous experiences in other companies. Eventually, there is bigger relevance to the interviewee's experiences in their present companies, as facts and descriptions has minor possibilities of mistaken recalls of past memories.

The companies chosen in Estonia, as well as the employees interviewed are **Skype** (Elina Kostabi), **Playtech** (Risko Ruus) and **Fortumo** (Andrei Dementjev). In Brazil, **IBM** (L.D.⁵), **Glu Mobile** (P.K.⁶) and **Comtacti** (Anderson Cunha). All the interviews were previously recorded, properly translated to English and annexed in the end of this thesis for future researches and to provide the validity of the data collected. All names and information stated were duly authorized by both employee and company.

The three companies chosen from both countries intentionally follows a pairing pattern which, during the further analysis, will be deliberately compared into three pairs. **Skype** pairs with **IBM**: big companies, well-structured, big internationalization.

⁵ The responded did not authorize the mention of full name.

⁶ The responded did not authorize the mention of full name.

Playtech pairs with **Glu Mobile**: small / mid-sized companies, online games related. Finally, **Fortumo** pairs with **Comtacti**: small companies, both related to mobile services. The reason of the pairing lies on the premise that there would be lacking of validity and methodology comparing companies that are not only from different countries, but also from different structures and sizes. Hence why the need of selection and pairing in order to understand better the cultural differences and the alterations (if any) in their processes of decision-making. It should be bear in mind that the cultural differences studied are coming from highly educated individuals from both Brazil and Estonia, hence why the results and conclusions are specifically meant for this specific group. It is not intended to generalize the conclusions into different sectors, or social classes, as most likely the results would be different.

Prior analyzing the Empirical study, it should be clear what it is considered Small, Medium and Large Company in Brazil⁷, The United States⁸ and European Union⁹ (**Table 2.1.1**). It will be estimated by its number of employees, once it should not be based through revenue when it comes to technology companies, as it might generate millionaire revenue with less than 50 people in the company (which would fit in the classification of both large and small company, causing confusion and inconvenience). The definition of the businesses varies by country and by industry, as for this reason it will be considered a shortened classification, as the complete definition uses mixed data such as turnover, assets, net profits and a series of other criteria:

Table 2.1.1. Summarized Version of Definition of Small, Medium and Large Businesses in Brazil, EU and US

Company Size	Brazil (n. of employees)	EU (n. of employees)	US (n. of employees)
Small	Up to 50	Up to 50	Up to 250
Medium	Up to 500	Up to 250	Up to 500
Large	Up to or over 1000	Up to or over 1000	Up to or over 1000

Source: own schematization from official data from the government of Brazil, the US and the EU official standards

⁷ BNDS < www.bndes.gov.br >

⁸ US Size Standards in Industry < <http://www.sba.gov/content/summary-size-standards-industry> >

⁹ EU website < Europa.eu >

Even though the concrete aspects of a company (such as turnovers and assets and so on) is not the most relevant aspect in this thesis, the classification of the size of the company has relevance in being mentioned as it is methodologically coherent to compare companies with similar sizes.

It will be used in the empirical study the focused (semi-structured) interview, focusing on the four main questions bellow:

1. To which extent the employee has participation in the process of decision-making?
2. Is it possible to suggest or even implement new ideas, even not having traditionally the power of taking final decisions?
3. Does the size of the company matters on how free is the employee to take decisions?
4. How democratic are decisions in the company?

This thesis has fundamentally two research questions and propositions responding them, in which might be confirmed by the theoretical background or not.

Research Question 1: How does different national cultures influence the freedom employees have in the process of decision-making?

Proposition 1: Societies in which hierarchic structures are stronger, there is significantly less decision-making freedom, as the process of implementing their own decisions are longer than societies with less rigid structures.

Research Question 2: Is the ICT sector itself, due to its faster pace nature, encouraging employees to suggest new ideas?

Proposition 2: The ICT sector is historically new. It is transformed in daily basis hence why employees must be encouraged to express their thoughts and findings for the sake of the sectors development and maintenance of its innovative characteristics.

Case Study Methodology

“Case studies has various aims: to provide description, test theory or generate theory” Kathleen Eisenhardt (1989:535)

The Case Study Methodology was chosen to conduct this thesis. If case study would be defined with one word, it would be word *empirical*. The simplistic definition had just provided the fundamental idea of the methodology chosen for this thesis. However, it is best defined through the fragments transcript bellow:

1. *“(...) an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”* (Yin, 2009:18, cited in Peter and Zaremba, 2011:1)
2. *“(...) an empirical research that primarily uses contextually rich data from bounded real-world settings to investigate a focused phenomenon”* (Barratt et al, 2011 cited in Peter and Zaremba, 2011:1)

Peter and Zaremba (2011) stated that Yin (2009) presented generic processes in which should be conducted a case study research. The research question should be based on the literature review and subsequently elaborated according to the two existing types of research question, which *theory-driven* (theoretical extension) and *phenomenon-driven* (phenomenon leads to theory). This thesis has a theory-driven research questions, which is to dialogue with a set of authors of sociology, psychology, political science, cultural anthropology and management.

The referred method will be mainly based on Kathleen Eisenhardt's (1989) perspectives. The author stresses the possibility of theory building through case studies and her work was built over two foundations: the importance of methodological rigor and the use of multiple case studies, seen as an extension of individual cases. Eisenhardt's (1989) often appearance (as in citations) in high-ranking journals is an indication of her relevant contributions on research in

management and marketing (Ravenswood, 2010). By highlighting the impact and importance of the case study methodology on the mentioned fields, her influence on several business disciplines seems to be relevant also on this thesis, as it is clearly states her high number of citations in journals. Eisenhardt (1989) states that the case study focuses on understanding the dynamics present within single settings and provides multiple levels of analysis and multiple types of data collection. Eisenhardt (1989) also states that it is possible to use a single-case if it is a phenomenon-driven research question. The author's work supports, which is her most important innovative aspect, the build of theory from case studies, and even though it is not the case of this thesis to create theory but to theory test instead, it worth mentioning the various outcomes case studies can have.

Focused (semi-structured) Interview

After having decided the use of case study methodology, as well as mentioning its importance, it was chosen the focused (semi-structured) interview as the most innovative and suitable method of collecting data. As every method, it has its strengths and weaknesses, however it is intended to analyze the empirical data in an innovative manner, through a different perspective than most cultural studies, which are mainly based on quantitative methodologies. The perspective intended is to analyze both cultural differences and decision-making processes in deeper levels, aiming to identify particularities that are not possible to detect in quantitative studies.

The UK-based website 'Sociology Central'¹⁰ explains the referred method providing a brief outline of it as well as its strengths and weaknesses. According to 'Sociology Central', the focused interview enables the build of a good connection with the respondent (the 'good rapport' as one of the method's strengths on the table bellow), which is fundamental when it comes to collecting data of qualitative kind. The importance of establishing good rapport with the respondent lies on the fact that this way the researcher is able of not only understanding the respondent's point of view, but also having the scope of gathering elements that were not clarified during the process of interviewing. The structure of the Focused Interview has the same shape of

¹⁰ Sociology Central Website. Focused (semi-structured) Interview Guidelines. [pdf] available at: < <http://www.sociology.org.uk/methfi.pdf> >

a casual conversation, hence why his method makes good use of open-ended questions, e.g. “tell me more about...”. This method is so-called as semi-structure interview for the fact that there are a couple of prepared questions, yet, the conversation between the researcher and the respondent is open to follow different directions. The spontaneity of this method enables a wider and deeper collection of data and the opportunity for the researcher to guide the interview according to the respondent’s answer. It might occur new questions and the interview gains a different shape. The **Table 2.1.3** shows in a clearer way the strengths and weaknesses of this method. Even though it is shown more weaknesses than strengths, it should be taken into account the innovative aspect of using qualitative methods to study cultural differences and the perspective of which the empirical data intends to be analyzed.

Table 2.1.3. Strengths and weaknesses of the Focused (semi-structured) interview

Strengths Uses of Method	Weaknesses Limitations of Method
Positive rapport. Simple, efficient and practical way of getting data. It is also an effective way to identify feelings and emotions, which cannot be easily observed through written data.	Depends on the skill. Creating a positive rapport depends on the researcher’s ability of establishing a good connection and empathy with the respondent.
High Validity. The respondent is able to talk about things in depth. There are meanings behind actions and it opens the possibility for the researcher to explore in depth questions that might have not been expected. The course of the interview might change focus.	No standards. The respondent might unconsciously answer what the researcher expects to hear.
Complex questions and issues can be discussed/clarified. The researcher has the opportunity of clarifying questions	Difficult to analyze. Due to the amount of information gathered, it might be difficult for the researcher to choose whether something is relevant or not.
Pre-Judgment avoidance. The problem of what should or not be discussed is solved, since the researcher will not pre-set all the questions, hence, not determine what is relevant to be reviewed.	Difficult to generalize. Due to the personal nature of the interview.
Easy to record interview. Through video or audio.	Validity. The method is based on trust. There is no way to know if the respondent is telling the truth. It might occur imperfect recalls from past events such as rationalizing actions and the explanation of their behaviors and feelings might differ from what it was felt at the time.
	Time consuming. Transcriptions of interviews are demanding and the interview itself might be also expensive, depending the distance from the researcher and the respondent.

Source: table adapted from the Sociology Central website [pdf] available at

<<http://www.sociology.org.uk/methdi.pdf>>

2.2. Research Results

Cases of Brazil

The Case of IBM Brazil

About IBM¹¹

Before understanding how was the process of opening a branch of the multinational in Brazil, it worth mentioning the international dimensions of one of the world's leading computer technology and IT consulting companies. IBM, the abbreviation of International Business Machines Co. (nicknamed as *Big Blue* due to adopting a blue logo) is a company funded in 1911, based in the city of New York. Back then, the name of the company was CTR (in reference to the Computing-Tabulating-Recording technology), with the intent of praising their own invention for developing the world's first system of recording and computing data. Even though CTR is another company, it is considered IBM's predecessor, as in 1914 CTR changed name to IBM, hence why it is mentioned here. The company nowadays counts with branches in 170 countries and 433,362 employees worldwide (2012 data provided by the official IBM website), not to mention their highly educated staff (e.g. five Nobel Prizes coming from their employees).

IBM is one of Brazil's oldest technology-related established companies, as well as being the first country in which IBM had its first branch (1917 in Brazil; 1923 in Germany; 1924 in Canada). IBM Brazil was installed in the country back in 1917, by the same time IBM was working with computing, tabulating and recording (CTR). During that same year, the Brazilian entrepreneur Valentine Bouças signed the first contract with IBM in order to use their CTR services for the Brazilian Board Trade Statistics. The machines produced back then by IBM were mechanical drills, vertical separator and tabulating standard. As a consequence of the impressively positive results of IBM's CTR in the country, the Brazilian government used IBM's CTR for the 1920s census, which was also the same year it arrived in Brazil the first printing

¹¹ All information was taken from the official IBM website available at <www.ibm.com>

presses (old tabulators did not displayed the printing functions and had to be copied by hand).

In 1924 it was the year of definitive, as in official, establishment of IBM in Brazil, having in 1939 the first factory located in Rio de Janeiro, and officially the first IBM factory in South America. In 1949, the company in Brazil was called 'IBM World Trade Corporation'. Throughout the years, the company was actively engaging into projects related to the government and also partnerships with private companies, to bring to those sectors the latest trends in modernization. In the 60s, the name was changed to IBM Brazil, giving its relevance in the process of informatization of the country – considered just as advanced as the level of informatization of developed nations –.

As an example of the relevance of IBM in the country, in 1995 IBM Brazil projected for the Brazilian government the direct-recording electronic voting machine, being the first country to officially use the modern system of voting on 100% of elections since 1996. Today, IBM Brazil is the second most important branch of IBM, as in since the year of 2009 the company had grown four times its size and in number of activities, not to mention that IBM headquarters define Brazil as being part of a 'Global Delivery Model', as it is their most efficient branch in the *work for hire* type of work (work for hire is when IBM headquarters hire programmers of IBM Brazil to develop certain operating systems, yet the work is credited to IBM only). IBM Brazil has Rodrigo Kede as the CEO (starting his position on September 2012) and the headquarters' IBM CEO is Virginia M. Rommerty (known as Ginni Rommerty), which started her activities as CEO in January 2012.

The latest release of financial report, shows that the 2011 year-end operations had revenue of USD 106.9 billion, Net income of USD 15.9 billion, total assets of USD 116.4 billion. According to the American, Brazilian and European Standards, IBM in IBM Brazil (2.000 employees) is definitely considered definitely a large company.

Decision-Making Process of IBM Brazil

The respondent of this interview (**Appendix 8**) is L.D.(non-authorized publication of age, name and CV), a computer engineer and currently MBA student with concentration in Software Engineering. L.D is currently member of IBM Brazil software development team and has as main task to work in the development of new functionalities of softwares commercialized by IBM. He has five years of experience in the field, and has been working for IBM for three years now, which means he is not new in the company. There is a reason for asking if whether he is new or not, which will be clarified ahead.

When asked how does most of employees work, he mentions that the work is based on teams. L.D. works in teams himself, and highlights the importance of constant communication between the team members during the day. There are daily meetings, so the team can share what they have been doing regarding certain projects. He mentions the existence of a team leader, yet, he is not responsible for all decisions. The team leader is usually meant to assure that team members are following the engineering processes correctly. Most decisions regarding the projects can be made by the team members freely.

When asked about how much freedom does he get in the process of decision-making, he states that he is able to suggest improvements any time, and that the freedom of decision-making depends on how complex the proposal is, as well as how big will be the impact in the company. Regarding simple questions, there are no objections, yet, *“when it comes to very complex decisions, the proposal must be submitted for approval at the executive level”*, he states.

L.D. has been working in the company for more than three years now, so, when asked about how is the situation of newcomers in the company regarding decision-making, without hesitating he says that newcomers have just as much freedom than older employees regarding the availability of suggesting new ideas or implementing little projects or decisions. According to L.D., most of operational decisions are taken in a democratic way, by newcomers or older employees, however, bigger structural

changes employees apparently are not able to suggest it as the responded did not considered even suggesting anything regarding structural changes.

When asked about whether he personally agreed on hierarchies within a work environment, his answer was *“I do, definitely, especially because it eases the division of tasks as well as responsibilities”*. Apparently, L.D. feels safer following an organized, hierarchic order. IBM Brazil, requires that its employees dress in a formal way. The Human Resources of the company requires that employees dress socially, and wear identification badges.

IBM average age of employees, is very heterogeneous, yet, there is bigger concentration of younger employees among programmers, around 25 to 30 years old. According to L.D., the reason why most employees are young it is due to the fact that many positions within the IT sector did not exist years ago. L.D. clearly presents a **Top-Bottom** kind of decision-making, as many structural and relevant decisions were made by their superiors. The employees had just autonomy or freedom to little everyday tasks.

The Case of Glu Mobile

About Glu Mobile

Glu Mobile Inc. (NASDAQ: GLUU) is considered one of the world's leading developer and producer of Social Mobile games for smartphones and tablet devices¹². The company's headquarters is based in San Francisco, California (The United States) and has offices in Seattle, Washington, Brazil, Canada, China and Russia, London, Hong Kong, France and Germany. The company was founded in 2001 as a merging of an US developer and publisher company named Sorrent and an European studio of technology provider, Macrospace¹³. Glu's current CEO is Niccolo de Masi, and has this position since January 2010.

¹² The information was taken from the official Glu Mobile website available at <www.glu.com>

¹³ IGN News <<http://www.ign.com/companies/glu-mobile>>

Mobile games are seen as user-friendly, due to its simplicity (they are allegedly easier to understand when comparing to PC games, as there are not room for complexities). The main purpose of mobile games are to entertain, not to mesmerize the player with complex interfaces and plots, hence why they are considered user-friendly. The company advertises his adaptation to its broad audience all over the world, and its adaptation to different platforms (e.g. iOS, Android, Palm, Windows Phone). The market of mobile games is promising. In 2007, According to the world's largest provider of consumer research in telecom and media market – Telephia – the mobile gaming industry had a revenue growth of USD 151 million, pointing the growth of 61% when compared to the same date in 2005¹⁴. Glu Mobile, at that point, was in a leading position, sustaining the second biggest revenue.

Glu Mobile, which once had two offices in Brazil, transformed into one office in São Paulo, announced in November 2012 an unexpected major restructuring of the company. Even though Brazil officially still appears in the company's website, the company is closing down the activities in the country until beginning of 2013. According to the latest news launched in November 16th by a Brazilian technology website Uol Games¹⁵, Glu Mobile has been going through an intense process of restructuring, and has been dismissing employees. Around 25% of the staff in Kirkland (Washington) , São Paulo (Brazil) and 5% of the total employees in the headquarters. The reason for the company's restructure is due to the availability of resources for research and developments. According to Glu's official announcement the at the Games Industry Biz website, the company is, *“concentrating resources in other six locations. Over the coming 12 months we will be adding the necessary monetization and server-side research-and-development resources to support our focus on increasing average revenue per daily active user company-wide”*¹⁶.

¹⁴ Softpedia < <http://news.softpedia.com/news/Mobile-Game-Revenue-Records-Massive-Growth-48684.shtml> >

¹⁵ Uol Games News [in Portuguese]: <http://jogos.uol.com.br/ultimas-noticias/2012/11/16/produtora-glu-mobile-fecha-seu-escritorio-no-brasil-diz-site.htm>

¹⁶ Game Industry Biz Website: < <http://www.gamesindustry.biz/articles/2012-11-15-glu-mobile-closes-brazil-office-in-restructuring> >

In the 2012 third quarter financial results ¹⁷, considering that the third quarter ended in September 30th in 2012, shows a 73% of year-over-year growth in non-GAAP of smartphone revenue. The total GAAP revenue was USD 21.3 million (compared to the USD 17.8 million in the same period in 2011) and there was the GAAP operating loss of USD 4.2 million compared to USD 7.

As the company does not release its number of employees, according to the network LinkedIn, the company counts with 251 employees worldwide, 17 of them from Brazil. Due to the dismissals, it is not possible to track the exact amount of employees, as the research of the number of employees was made after the announcement of the dismissals. According to the standards stated above, the company is considered mid-sized.

Decision-Making Process in Glu Mobile

The interviewed (**Appendix 9**) P.K. worked as a mid-level engineer at Glu Mobile for one year. He is a computer programmer and have work experience in the field for six years now. He mentions that during his time at Glu Mobile it was required a lot of communication between his colleagues, as well as in other companies in which he had worked for. He his starting up his own company, also related to games, so he is reproducing the same patterns as he had seen in his previous work experiences. He says that the company did not require going to work everyday, just as all the companies he had worked for.

Even though not requiring strict rules in terms of dressing codes or fixed working hours in the office, employees had definite tasks and they preferred that way. According to the interview, he strongly believed in a certain organizational structure, with certain doses of democratic process of decision-making, but still, it is evident that there is the need of hierarchy in the structure, and by that, it is meant the presence of a superior which will regulates the whole process. P.K. states that he believes that “*everyone has its role in the company*”. And by that sentence, it is easy

¹⁷ Third Quarter 2012 Financial Results available at: <http://phx.corporate-ir.net/phoenix.zhtml?c=207033&p=irol-newsArticle&ID=1753262&highlight=>

to identify that it is also believed that there is the need of rules to guide the employees. The company was mainly working with teams and according to P., the team leader or team leading is essential in order to have organization. He blames the need of rules to the Brazilian habit of constantly giving opinions over issues: *“It would turn out a mess if everyone keeps interrupting the whole decision-making process to tell their personal ‘findings’”*, says P.K.

P.K. clearly states that even though it is appreciated democracy in terms of decision-making, he does not believe that it is efficient. It is mentioned that there is no time within the IT sector in general to discuss issues democratically, as the sector counts with a very fast pace of changes, and constantly new releases should be done. He mentions that if ideas wanted to be implemented in Glu Mobile it was needed to prepare a project, not only talk to a superior about it. It is noticed that clearly the company deals with Top-Bottom decisions, especially because apparently, according to the respondent, it would slow down in great amount the productivity, as his colleagues would have long discussions and not reach a consensus in an efficient amount of time. There is some freedom in the process of decision-making, but seems to be restricted to small tasks, however, it is not believed that employees would influence the decision in order to reverse from Top-Bottom to Bottom-Up.

The Case of Comtacti

About Comtacti¹⁸

Comtacti Computação Gráfica Ltda. is a Brazilian company founded in 1982 and it is one of the first producers of digital content in Brazil. With over 30 years of experience, the company focuses on multimedia videos, animations and augmented reality and has as big clients one of the biggest Brazilian banks, Banco Itaú. The company creates multidimensional videos.

The company, which has its own research laboratory, has connections with Interlab (description bellow), another leading research laboratory which cooperates when it

¹⁸ Comtacti website < <http://www.comtacti.com.br/sobre/> >

comes to advanced in the field. The company's main asset is to deal with augmented reality, which deals with animation and video contents. Due to the small size of the company (around 30), it is unknown many aspects of it, however, the employee interviewed will share his work experiences of both places, due to his active participation in both of them, providing an insight of two different work environments, with similar number of employees. Comtacti is a small company, as it counts with only 50 employees.

About Interlab

Interlab, known as Interactive Technologies Laboratory located inside the Polytechnic School of the University of São Paulo, Brazil. USP is one of Brazil's most prestigious Universities, and even though Interlab not profiting as a company, produces great contributions to the field, including the company mentioned, which is why it has a section about it here.

Interlab is considered an applied research laboratory, one of the most famous of Brazil, whose projects make use of interactive technologies, especially virtual reality, augmented reality and games, to develop innovative solutions in various application areas such as education, medicine or Entertainment. With a multidisciplinary approach, the research developed in Interlab aims to combine knowledge of computer engineering, design and field of applications involved, with the purpose of bringing innovations in unexplored niches located at the interfaces between different areas of knowledge. Interlab is currently collaborating with several multidisciplinary research groups such as the School of the Future USP, pencil-Laboratory Informatics Applications in Healthcare (EACH-USP), becoming-Design, Virtuality and Networks (FAU-USP), Studies of Deaf Communities (FFLCH-USP), LPAI – Research Lab in Interactive Environments (Senac University), INCT MACC (Medicine Assisted by Scientific Computing) and the Laboratory for Computer Graphics (UFU).

Amongst many of the works of InterLab their most recent and interesting projects are the following: the teleconference-based Architecture of videointegration of Avatar Stereoscopic Three-Dimensional Virtual Environment; VIDA (Virtual Interactive Distance-learning Anatomy); VIMET (Application Framework medical training); enJine (didactic game engine in Java); Interlab 3D (tool for teaching scene graphs in

Java 3D), AE-3D (3D environment as an interface for virtual learning environments), Virtual Physics Laboratory, Museum Virtual 3-D, PIAGET (Distributed Virtual Reality environment Applied to Collaborative Learning and Applying Ontologies to Educational Platforms) and BDI architecture for modeling emotion of game characters. The company counts with currently 31 employees, divided into 14 researchers and 17 graduate students.

Decision-Making Process in Comtacti

Comtacti is the company of which the interviewed Anderson Cunha (**Appendix 10**) works, and so is Interlab, but the second one is classified as an internship more than a proper job. Both companies work together, as in cooperation, hence why both of them will be mentioned in this section. Anderson is Bachelor and Master in Electric Engineering, and has been working in Comtacti since 2010 and in 2012 initiated his activities in Interlab. According to Anderson, the work in both companies have both individual and team tasks. In Comtacti, the division of work of the team he works with can be dissociated into three major groups: Designers, 3D modelers and animators and programmers. Anderson is specialized in developing models. There are intercommunication within the area, and depending on the task, there will be functions of either individual or group-oriented, states Anderson.

When asked about how good is his communication with his workmates, the answer is clear when he states the necessity of communication, however, he confirms many times during the interview that there is always the validation of the team work done by a team lead, or the leader of the group of teams, showing clearly that the process of decision-making is coming from Top-Bottom direction.

When asked about the process of decision-making, he said that newcomers and/or other employees are always welcome to suggest changes, however, the company counts with an structure rather hierarchic. He adds important information, such as “*the democratic process of decision-making gets lost in impasses and in discussion ad infinitum*”, and that “*hierarchy is necessary in an environment, because*

horizontalized environments, the criticism to the work of others is always greater than the self-criticism, which invariably leads to trouble”, Anderson states.

Cases of Estonia

The Case of Skype

About the Company¹⁹

Skype Technologies S.A.; *Skype Software S.A.*; *Skype Communications S.A.*; *Skype Inc.* and *Skype Limited*, are a group of companies that develops and operates the works VoIP software and service Skype. Skype headquarters is located in Luxembourg, and counts with offices in Tallinn (as the main office and the biggest of them all) Stockholm, London and New York. Microsoft acquired Skype on the 13th of October of 2011, and it is now part of the Microsoft group in a millionaire merging process: on May 2011, Microsoft agreed to purchase Skype for USD 8.5 billion, and announcing the change of the name to Microsoft Skype Division. Microsoft's acquisition of Skype got EU approval on the 7th of October 2011. Previously to Microsoft acquisition, *Skype Technologies S.A.* was acquired by eBay in September 2005, however, in April 2009 announced plans to spin it off in a 2010 IPO (Initial Public Offering, which is the first sale of shares open to the public), which was acquired in 2009 by Silver Lake Partners.

Skype offers a computer-to-computer, or computer-to-telephone program, being the second one the responsible for Skype's profit. Skype's best asset of computer-to-telephone calls is that it is offered to its clients prices per minute at many times a lot lower than traditional phone companies services, creating big competitive advantages. Skype has strong bonds to Estonia. Even though the company itself was originally created by the Swedish entrepreneurs Niklas Zennström, famous for founding several high-profile online enterprises, and the Danish Janus Friis, the technology was developed by the Estonian programmers Ahti Heinla, Priit Kasesalu and Jaan Tallinn.

¹⁹ Skype Big Blog <<http://blogs.skype.com/en/>>

Skype, due to its calling services, from time to time the company face issues regarding governments requests in order to control certain calls, as in tracking them, for State matters or investigation – which is not possible, according to Skype -. Skype is currently available in 32 languages (thanks to volunteers that offer the company the translating service) and counts with 663 million registered users²⁰.

Skype, when it was still part of eBay, issued quarterly updates but those have now stopped. Recent numbers shows that Skype added 42 million registered users in the fourth quarter to end the year with a total of 663 million. The number of Skype-to-Skype call minutes totaled 47 billion in the final three months of 2011. Skype users made more the 250 billion minutes worth of Skype-to-Skype calls from the time the service was launched through the end of 2009.

The program in 2011 accounted for 12 percent of the world's international calling minutes, a 50% increase over 2008, when it accounted for 8% of international calling, according to TeleGeography Research. Not to mention that 36% of Skype-to-Skype calls as of the end of the fourth quarter included video — in other words, Skype is going to figure prominently in the video conferencing business, challenging more established players with its no-cost solution. Skype CEO Tony Blades in a guest post for GigaOM²¹, news in business technology website, explained why he views video as the future of Skype. According to data in Skype blogs, around 35% of Skype users utilize it for business purpose. New estimates from telecom market research firm Tele Geography²² shows that the traditional forms of international call traffic growth is slowing, increasing only 4% in 2011, meanwhile international conversations by Skype users continues to accelerate. International Skype-to-Skype call minutes increased 48% in 2011 to approximately 145 billion minutes – which is an increase of 47 billion minutes in 2012 alone.

According to Skype official blog, International Skype-to-Skype call volumes are over 33% of the 438 billion minutes of international calls. Skype-to-Skype calls contained around 25% of 2011's total of the 583 billion international calling minutes. The most

²⁰ Skype number of Registered Users available at < http://www.huffingtonpost.com/robert-whent/skype-history_b_1283414.html>

²¹ GigaOM <gigaom.com>

²² Authoritative Telecom Data < <http://www.telegeography.com/>>

recent news launched on 12th of April of 2012 by Jennifer Caukin, head of Skype's Social Media, that it was official the record-breaking amount of 40 million users connected at the same time (out of the 663 million registered users).

Skype office in Estonia has currently 438 employees, and it is likely to hire 40 more according to Tiit Paanaen²³, CEO of the Estonian branch of Skype. Skype currently has in total 1,600 employees in the staff²⁴.

Decision-Making Process in Skype

The decision-making process of Skype is very democratic, according to Elina Kostabi. (**Appendix 11**) every employee has the chance to suggest new changes and participate actively in the decision-making process. Only the best ideas and the most viable/profitable ones will be taken by the managers. Every employee is able and can participate in the process of decision-making in terms of implementation. The final decision is taking by the manager or the team in general, it depends the degree of importance of the decision for the whole company. This way, it is concluded that the company works with a strong hierarchic structure. Even though employees are able to suggest new and ideas, still needs the approval of the superior.

The process of decision-making of Skype has its structure, and, it might be divided by local teams (when the team is in one office) or international teams (when teams are located in several offices). When it comes to small decisions, it can be taken by every employee in order to contribute to the flow of the small projects the company has and depending on the project, there might be teams or not.

According to Elina Kostabi, there are projects that involves all offices and there are professionals working on the same project in different locations. It is very flexible on how the whole process of decision-making happens and it might vary from different projects. However, as Skype deals with groups from either in the local office with other offices, there is the need of dividing tasks in order to keep some common

²³Estonian Review < <http://www.vm.ee/?q=en/node/15059>>

²⁴ Skype total number of staff. Available at< <http://www.itproportal.com/2012/04/05/skype-set-to-employ-400-more-staff/>>

organization. The atmosphere of the company, overall, is very informal, having only identification badges.

Mrs. Kostabi said that the possibility of even newcomers suggesting ideas and hoping them to be implemented is a tool of motivation for the employees. She added that there are many ideas implemented by new employees because they were not only innovative, but also profitable for the company and would work to improve the image of the whole company itself, which shows that, even though most decisions have Top-Bottom characteristics, there is not a strong hierarchic system, as there was cases of implementations of new ideas coming from the bottom of the company.

The Case of Playtech

About the Company

Playtech Ltd. Is part of The Playtech group, which was created in 1999 by the Israeli Teddy Sagi (owner of the 11th biggest fortune of Israel)²⁵. The company “*offers cutting edge, value-added solutions to the online gaming industry’s top operators and can be positively considered as one of the pioneers of the worldwide online gaming industry*”²⁶. The company currently counts with 1,2000 employees around five branches of the company around the world: Isle of Man (headquarters); London; Israel; Bulgaria; Estonia – which has two offices, one in Tallinn and the biggest one of them all located in Tartu, counting with currently 450 employees. Playtech Estonia, since 2009 is run by Kaari Simson and Playtech’s CEO is Avigur Zmora.

The company is a developer of software platforms for mobile and land-based games. The company profits from casino-style online gaming, and betting systems, which has been extremely profitable to the company. On the 8th of August of 2012, it was released that Playtech’s total revenue was EU 78.6 million, counting with an increase

²⁵ Forbes < www.forbes.com >

²⁶ Playtech Official Website < www.playtech.ee >

of 99% compared to the same period in 2011²⁷. This shows the exponential growth of the company and how successful it has been since its foundation.

As mentioned before, the company Playtech has two offices in Estonia, the biggest one in Tartu and the other one in Tallinn. The employed interviewed was located in the Tartu office, hence why it will be considered. Considering that the company in questions counts with 450 employees, it can be considered a mid-sized company.

Decision-Making Process in Playtech

Risko Ruus (**Appendix 12**), the respondent, is an Information Technology Specialist. Currently, he is the senior quality of assurance engineer for Playtech Estonia (Tartu office) since 2009, which counts with over three years now. During the interview, Risko mentions his past experiences, yet, focus on his present situation at Playtech. It is mentioned that he is holding a project in the company on his own, which was initiated by himself, showing a bigger freedom when it comes to implementing new ideas within the company. The project in question is regarding continuous integration, which means that if there are bugs to be corrected and tested within the casino games launched, there should not have the need of human to test it, but there would be a process of human recognition instead.

Risko, suggested the project he is leading right now to his superior, and the project was accepted, showing that, even though there is some sort of hierarchy it is flexible, and not always there is the Top-Bottom sort of structure even though, in most cases there is a superior, or, as he calls, a supervisor. It is interesting the choice of words as well, as it states clear a more informal and less hierarchic feel to the relation, giving the impression the flexibility needed to evidence that many decisions can be taken from the Bottom-Up perspective. When asked about the process of decision-making, he said that regarding his project, he has total autonomy, and, regarding other aspects of the company, he mentions that it is not difficult, neither impossible to have new ideas implemented. It is mentioned that if one is really engaged in suggesting some

²⁷ Playtech's 2012 revenue < <http://calvinayre.com/2012/08/08/business/playtech-revenues-double-scientific-games-losses-tipp24-enjoying-2012/>>

revolutionary idea, all it is needed is to know who to look for to ask for help, in terms of developing new projects, as it is not something easy and takes time.

Newcomers or older employees have the same chances and opportunities. Risko said that he had never heard, in any of the companies he worked something similar to *“Ok, you’re new. Your ideas are not worthy”*. When asked if he felt he had more autonomy in the company, and more freedom in the decision-making process because of the time he has worked there, he said that there is naturally more autonomy, once you get more experienced and known within the company the employee with the time get to know what are other employees specialties and get to be knows to what you know the best, and that is most the time the person that give the final decisions. Regarding this issue, Risko says *“I have noticed myself I am better in certain areas than others and when it comes to decision-making regarding this area I am better, I am asked for advice or give a final word”*.

The Case of Fortumo

About the Company

Fortumo is the daughter company of the also mobile services provider, ‘Mobi Solutions Ltd.’. Fortumo was founded by Rain Rannu and Veljo Otsasom. Fortumo is an international mobile payment portal which offers premium SMS payment services. The company provides payment through mobile, which is both convenient for the online gaming and social networks to increase revenue, as it allows all sorts of virtual goods providers (e.g. social networks; app developers; online and offline businesses). Since its creation, the company has expanded to over 60 countries in Europe, Asia and Latin America (Brazil including). The company enables everyone the possibility of launching revenue-generating mobile payment service instantly and without any startup or monthly costs.

Fortumo’s products is widely used for the creation of international services for social networks, online games, as well as localized services for Radio Stations and TV programs. The company provides coverage to all mobile operators in the countries they operate in, thus making frictionless mobile payments accessible for every mobile

subscriber in the respective markets. The company also offers a wide range of countries, multiple price-points, competitive revenue sharing and ready to use widgets. The company believes that anyone, from home-based businesses to global web entrepreneurs should have open, easy and cheap access to mobile payments. The company believes that making a revenue-generating mobile service should be as easy and cheap as creating a blog or a webpage.

Decision-Making Process in Fortumo

The decision-making process in Fortumo is rather democratic when it comes to small decisions, and the working environment is very informal. Workers walk inside the company without wearing shoes and it has. According to Andrei (**Appendix 13**), the company works with teams in an integrative style of decision-making, in a system of alternating leadership within the working teams and each team works on projects that does not last longer than a week, since the company set weekly deadlines for new software updates and new features. Usually some team leaders are chosen naturally due to their high expertise, according to Andrei. Team leaders have no function of showing a superior position of hierarchy, but working as a consultant instead. Most of the decision within the team as taken in a democratic way, and the team leader does not chose on his own, which is why it is encouraged the alternative leading position within working groups.

According to Andrei, in Fortumo every employee is entitled to participate in the decision-making process for the reason that the teams has alternating leaders and it is not only the senior expertise professional is the one that take most of the decisions, even though, by his experience, the senior is the most likely to take most of, or at least the final, decisions. The idea of alternating leadership is also an activity to stimulate other employees to take decisions and not expect a ‘superior’ to guide the team activities. The ideal employee, according to Andrei, is the one that can solve everyday problems on their own. Andrei says that for the employee to implement a decision, he needs to prove the idea is good. Good in terms of profitability, viability and time-consuming wise.

The biggest structural decisions are made by the CEO, so, this means that the most

relevant to the company the decision is, the higher is the difficulty of achieving some sort of freedom in decision-making. Yet, the possibility of every employee of thinking of new features for the products offered, or even new products, increase both the productivity and motivation, consequently. There is the strong possibility of having new projects, and, as long as it is profitable enough, and that needs to be proven, there is no problem in implementing them. Apparently, there is very little resistance in terms to that, encouraging the employee to create new projects and even contribute to the company's innovative aspects.

2.3. Analysis

This section will start with the pairing analysis of the companies regarding their sizes. It will follow the order from big to small companies (IBM Brazil and Skype; Glu Mobile and Playtech and Comtacti and Fortumo). Subsequently, it will be analyzed the empirical data with the theoretical background in general. To conclude this section, it will be responded the research questions presented in the 'research design and methodology' section.

Comparisons

IBM Brazil and Skype

The Large companies IBM in Skype have many similarities, and subtle differences. Both companies requires identification badges, however IBM Brazil in Brazil had a strict dressing code, when Skype, on the other hand, had no dressing codes, and employees were dressed just as formal as they prefer. This shows that in IBM Brazil there is a bigger formality, and an indicator of status. Considering the company has a big prestige in Brazil, the company in the country holds strict standards, as it is probably intended to be shown a sophisticated atmosphere around the company.

When in comes to decision-making processes, both companies, given its large dimension, seem to have a well-structured hierarchic processes of decision-making, following the principle that whilst big decisions are taken by higher positions in the company, smaller decision within groups were given to the employees almost total autonomy. Suggesting new ideas, in both companies were well-seen and encouraged. However, when comparing to both countries only Skype presented examples of

employees that managed to implement their projects in the company, as an example of a successful Bottom-Top decision-making. The subtle differences were encountered in little traits noticed, which was a less hierarchic between superiors and employees and the horizontal relation between superior and employee. In Estonia, it seems not only a lot more informal, but also team members and team lead were related to each other in a lot more horizontal relation, which was not noticed in Brazil.

Glu Mobile and Playtech

The game companies studied counts with not as many differences, apart from the fact that Playtech employees perceive authority in a more relaxed way than Glu Mobile employees does. In Glu Mobile the need of organization and the need of a team lead seemed to be almost essential, meanwhile in Playtech, not so much. None of the companies had dressing codes, though, like IBM did in the previous sector. Both companies worked in informal clothes, yet, there were employees which deliberately chose to dress more formally. In either way, it was not demanded any special outfit for the working environment. Glu Mobile, just as Playtech, were open for suggestions, and employees could suggest innovative ideas and implement their own projects as long as there was viability and it was relevant to the company's purpose. The need of a more structured hierarchy from Glu Mobile, though, was not as stimulating to suggest new ideas like it was in Playtech.

Comtacti and Fortumo

Comtacti and Fortumo are small companies, yet, as compared above, it is shown that Fortumo provides a lot more autonomy and democratic process than Comtacti. The process of decision-making in both companies are somehow Top-Bottom, considering that the 'top' might be either the team leader, or the CEO of the company. Employees from both companies seem to present and active voice and freedom to express their opinions, however, whilst Fortumo allegedly encouraged their employees to solve tasks on their own, Comtacti had the active presence of the boss, or team lead in order to organize the group. The team lead in Fortumo worked as a consultant to team members, due to his higher expertise, whilst the team lead in Comtacti was clearly based on a division of tasks with an organizational need, showing the praise of

hierarchical structures.

General Analysis

In this part it is intended to related the theoretical background with the results of the empirical study. The empirical data gathering focused on how individuals perceive authority, how was their relationships with colleagues and how much freedom did they have in the process of decision-making. For this reason, it is theoretically relevant and related to Hofstede's Power-Distance Index (PDI), Individualism (IDV) and Uncertainty Avoidance Index (UAI).

Regarding the PDI in both Estonia and Brazil, Hofstede (2010) states that, differently than Brazilians, Estonians score very low (40), which means that Estonians are not inclined to respect people based on their statuses, however it should be taken into account that older generations were educated in the soviet system, which shows a different relation of subordination than newer generations. As most of the ICT companies counts with professionals of very young age, it was not noticed generational differences between them. It was evidenced that in all companies a horizontal relationship between team members and team leaders, superiors and lowers sectors within the companies. There was not a relationship of distance between superiors and assistants. Brazilians, on the other hand, score (60) on PDI, showing that individuals believe in hierarchies and respect unequal positions, which includes also the general praise for statuses. IBM Brazil, for example, was an example of praising for statuses, as employees had dressing codes demanded by the company. Skype, in Estonia, on the other hand, was just as big and well-known as IBM, however, employees were not required strict dressing codes. This shows that working in a big company like IBM, in Brazil, is a symbol of status, which includes also the way workers present themselves in terms of clothing. High scored of PDI there is greater acknowledgment of the leader's power, which was also evidenced in all of the three Brazilian companies interviewed.

When it comes to IDV indexes, Brazil scores 38 against 60 of Estonia. Estonia, for having high scores of individualism, shows that individuals have the need of bigger freedom within the organization, a higher demand of time and privacy. All of the

Estonians interviewed even though working with groups and holding efficient communication, it was strictly related to work. In the case of Fortumo, for example, Andrei Dementjev mentions that it would be ideal if employees manage to solve problems themselves. Low IDV scores, which is the case of Brazil, demands on the other hand a good relationship and connection with team members, evidenced in all Brazilian companies. P.K., from Glu Mobile, for example, often mentions the need of mutual respect and loyalty, which is also corresponds to Hofstede's low scores, indicating the need of a personal, trustworthy relationship between coworkers. By no means, such relations were mentioned by any of the Estonians interviewed.

Both Estonia and Brazil, according to Hofstede (2010) gets to the least contrasting results when it comes to UAI, which is related to the individual's ability of dealing with situations of uncertainty. Brazil scores 76, whilst Estonia scores 60, showing that both countries appreciate rules. Societies with lower UAI scores have informal work environments, in both looks and attitude, and societies with higher UAI tend to value rules and avoid impulsive decisions. Neither Estonia and Brazil are in big contrasting positions in this index, however, Brazil does show a bigger concern and need for rules than Estonians. P.K. from Glub Mobile and Anderson Cunha from Comtacti state the importance of rules to maintain the organization. Estonia, on the other hand, has a position of neutrality, as it neither shows the constant improvisation or an noticeable praise for rules.

As mentioned previously, there are two types of decision-making known as Top-Bottom and Bottom-Up. Top-Bottom concentrates most of the decisions in the top of the hierarchic structure, in the sense of which orders rolls down to lower positions of the company, whilst Bottom-Up is capable to empower lower levels and distributes power in a more democratic process of implementing decisions. Top-Down decisions has the benefits of being a faster process, not to mention that employees are expected to follow orders instead of taking more responsibilities. However, the cons are concentrating bigger responsibility for the CEO, which is high maintenance, once the company become dependent to one or a small group of persons, becoming fragile in case the small group or the CEO is not able to implement decisions any longer. It worth mentioning that whilst it might be considered a benefit for employees not

having much responsibilities, it can be also a disadvantage in the sense that lack of responsibilities cause lack of motivation from employees. Bottom-Up decision-making processes, on the other hand, has the benefit of providing engagement, professional fulfillment and motivation to the employees with the disadvantage of being an expensive process, as in counting with higher bureaucracy and formations of commissions for decision-making approval.

Even though all the companies interviewed have, as a general structure, orders rolling down from superiors to lower levels, there were cases of which the Bottom-Up style appeared, which were the cases of the Estonian companies Skype and Playtech, when the respondents reveal that in both companies it was not only possible to suggest, but to also implement decisions when having good projects. The case of Playtech, especially, shows that the respondent itself proposed a project to his superiors and currently leads his own group from his own project. On the other hand, in Brazil it was not noticed from the three companies studied (IBM Brazil; Glu Mobile and Comtacti) either known examples of Bottom-Up exceptions or suggestions from employees which became officially part of the company's production. The Brazilian company Comtacti, for example, counts with research laboratories (from the own company and in cooperation with the Polytechnic University of São Paulo, Brazil) that aims testing and developing innovative ideas, however, most the ideas come from some superior demand and employees projects, should be not only developed and tested outside working time but also needs to be approved by superiors and their superiors, as the respondent Anderson Cunha states.

It was also mentioned previously different types of group decision-making. All companies analyzed shows that major decisions come from either the CEO, or superior groups within the company, which means that most companies counts with the Top-Down decision-making style, with a few exceptions of Bottom-Up, which mainly appeared in Estonian companies, as mentioned in the previous paragraph. Khun and Poole (2000) identified three categories of orientation of group decision-making: the avoidance style, of which individuals are unassertive and uncooperative, leaving most decisions to the team leader; the distributive style, which shows an aggressive and competitive style, of which individuals show their opinions and try to cooperate, however having the last decision from the team leader and the integrative

style, of which balances the needs of the group and company, solving issues in a consensual way, being the most efficient of them all.

In Brazil, the group decisions of IBM could be related to the integrative style, as many projects were developed in the United States and the Brazilian IBM was meant to help in the development of them and it was well balanced the needs of the company and the team. Glu Mobile and Comtacti, on the other hand, has the distributive style of decision-making, as even though team members were entitled to show their opinions and cooperate in the process of decision-making, the final decision was considered by the team leader. According to the respondents of Glu Mobile and Comtacti, most of their tasks requires a lot of communication, which means that there is cooperation, at times conflicts as many team members compete within each other to stand out their opinion, however, the final decision was taken from superiors, with no power of decision-making, which fits to the fact that there is All Estonian companies, on the other hand, shows group decision-making of integrative style, as it was not only important the consensus, but also the needs of the company were taken into consideration. The integrative style has a more balanced nature, which fits to the cultural tendency of Estonians praising for a more horizontal relationship (recalling Hofstede's low scores on Power-Distance Index).

As mentioned above, it is concluded that all companies are supposed to concentrate relations Top-Bottom, when it comes to decision-making, with the difference that in Estonia it is given to the employees real possibility of implementing decisions due to its preference to a more informal and horizontal relationship with their superiors, occurring, even if occasionally Bottom-Up type of decision-making, as long as the employee suggests a good project. In Brazil, on the other hand, most employees are not only in favor of hierarchies, but also respect the strict system, arguing the efficiency of the system, due to either lack of time to take decisions democratically, or due to the organization that the democratic process demands, which demotivates and provide a position of conformity of the employees within their positions in the company. Also, it is concluded that Hofstede's (2010) comparative values between the countries were evidenced especially concerning the relationships between superiors and subordinates. In all interviews both Brazilians and Estonians had clearly

opposite views over authority.

Responding to Research Questions

In spite of having a previously a detailed analysis of both cultural differences and decision-making styles, it worth responding in a brief and direct way the research questions mentioned in the research design section.

“Research Question 1: How does different national cultures influence the freedom employees have in the process of decision-making?”

Proposition 1: Societies in which hierarchic structures are stronger, there is significantly less decision-making freedom, as the process of implementing their own decisions are longer than societies with less rigid structures.”

According to the empirical research, with theoretical support of Hofstede (2010) and the authors regarding decision-making (Guy, 1990; Nozick, 1991; Navneet and Rai, 1994; Raines, 2007) it is concluded the following: the companies of both Brazil and Estonia seem to have similar processes of Decision-Making (Top-Bottom). However, the fact that Estonians do not praise hierarchy (supported by Hofstede’s cultural dimensions) and have a horizontal relation with their superiors, it is provided to them, due to the conditions mentioned, real chances of suggesting and implementing their projects, which did not happen in any of the Brazilian companies studied. According to all Brazilian respondents, from smaller companies to bigger ones, the hierarchical structure (once again supported by Hofstede’s cultural dimensions) is followed in a more strict way, and even if the companies encourage its employees to suggest new ideas, most of them do not feel truly encouraged once the hierarchic structure itself fragment staff into strict tasks and positions, with unequal levels of freedom. The conception that the higher is the position in the company, the higher is the freedom, supports the idea that in Brazil relationships between superiors and subordinates follows the cultural particularity of respecting authority and accepting its duly position in the company with its respective level of freedom.

“Research Question 2: Is the ICT sector itself, due to its faster pace nature, encouraging employees to suggest new ideas?”

Proposition 2: The ICT sector is historically new. It is transformed in daily basis hence why employees must be encouraged to express their thoughts and findings for the sake of the sectors development and maintenance of its innovative characteristics.”

The mentioned proposition was supported by the results of the empirical research through analyzing decision-making styles. According to the empirical research all of the companies, from Brazil and Estonia, encouraged its employees to suggest new ideas. However, as mentioned above, Estonian respondents had examples on how employees were able to hold their own projects successfully. By way of illustration, it worth mentioning the case of Risko Ruus from Playtech (a successful example of when a suggestion resulted into implementing decisions and group-leading) and how in Fortumo employees take turns in leading team groups to stimulate their decision-making abilities. Therefore it is possible to conclude that cultural backgrounds affects the amount of freedom of which employees have to implement decisions (e.g. in strong hierarchic societies, the employee feels intimidated or ‘out of place’ to suggest ideas or to consider implementing decisions). None of the Brazilian respondents had an example of implementing big decisions neither showed enthusiasm over implementing new ideas, almost in a position of conformity over their positions within the company, intending to do their tasks without suggesting, as the authority of the superior is intimidating. Brazilians still believe strongly in hierarchy and apparently are still not comfortable with the fact that they are able to suggest new ideas. Their superiors is a very respected image of the employees within the company, hence why it might cause the referred discomfort. However, the subtle change of giving the possibility of implementing new ideas (even to newcomers) in Brazilian companies shows already the need of innovation from the technologic sector.

CONCLUSION

It is possible to conclude that the meaning of the word *culture* changed throughout time (Boccock, 1993) and the most recent definitions to be considered are: that culture are meanings and values shared by groups (nations or classes) and practices that produce meanings shared within nations or classes (Boccock, 1993). It is also concluded that the theoretical part regarding culture counts with two different

approaches: the sociological perspective of culture (the one that explain processes of culture formation) and the practical perspective of culture (the one that defines national culture into dimensions and characteristics).

The sociological approach of culture are mainly represented by Inglehart and Welzel (2005) and Hall (1992,1993). Inglehart and Welzel (2005) study the process of culture formation and revisit the theory of modernization, concluding that the human control of nature (human progress) developed science, and therefore transformed the socioeconomic reality causing the transformation of culture, values and beliefs. Inglehart and Welzel (2005) also developed the cultural map of the world, using the WVS, which defines the predominance of secular-rational values and self-expression values in different nations around the world. They state that the rise of post-industrial societies led to the transition of predominance of secular-rational values to self-expression ones, and according to the authors' results, Brazil has predominantly traditional values and has neutral position between survival to self-expression values, and Estonia has stronger survival values and high secular-rational values, which indicates bigger changes of value change within society. Hall (1992,1993) comparatively to Inglehart and Welzel (2005) also mentions how socioeconomic advances and levels of modernization alters society, however, his work is based specifically on identity and how cultural identities changes accompanying societal transformations.

The practical approach of culture, on the other hand, is mainly represented by Hofstede (2010) and Trompenaars (1997). Both authors separate culture into dimensions. Hofstede's (2010) five dimensions of culture are: *Power Distance*; *Individualism*; *Masculinity/Femininity*; *Uncertainty avoidance* and *Long Term Orientation*. Trompenaar's (1997) seven dimensions of culture are: *Universalism vs. Particularism*; *Individualism vs. Collectivism*; *Neutral vs. Emotional*; *Specific vs. Diffuse*; *Achievement vs. Ascription*; *Sequential vs. Synchronic Time*; *Internal vs. External Control*. According to Hofstede (2010), Brazil and Estonia are opposites: Brazil has high scores of PDI, UAI, and low scores on IDV. The neutral scores regarding MAS shows that Brazil is neither feminine nor masculine. Estonia has high scores of IDV and UAI and low scores of PDI and MAS. According to Trompenaars (1997), Brazilians are particularistic; diffuse; *collectivistic*; emotional; diffuse;

achievement; sequential; external and Estonians are universalist, specific, *collectivistic*; neutral; specific; ascription; synchronic; internal. There are, though, conflicting conclusions between Trompenaars (1997) and Hofstede (2010). Whilst Hofstede (2010) concludes Estonians are individualistic and Brazilians are, on the other hand, collectivistic, Trompenaars (1997) concludes both countries are collectivistic. However, as a general statement, both authors conclude Brazil and Estonia are opposites in most dimensions.

Regarding the topic of decision-making, as stated in the theoretical part, it is concluded that it can be either a rational or a intuitive process. Intuitive processes are usually for small decisions, and are mainly guided by ethics (Guy, 1990). The rational process of decision-making is the one to be considered in this thesis as it is the one of which the individual deals with most complex decisions (which goes beyond the criteria of choice that is only between what is 'good' or 'bad'). According to Guy (1990), decision-makers take into account the environment influences and a diversity of factors prior making a decision, which relates to the ten stages an individual goes through prior making a decision. Given the mentioned circumstances, it is evident the relation between cultural background and decision-making, as culture has influential factors to decision-makers. Regarding Managerial decision-making, the one that is applied in companies, there are two styles of managerial decision-making companies adopt: top-down and bottom-up decisions. Top-down concentrates most of the decisions in the top of the hierarchic structure (the orders roll down to lower positions), whilst bottom-up empowers lower levels and distributes power in a more democratic process of implementing decisions. Raines (2007) cites different styles of decision-making within groups (avoidance, distributive and integrative), which appear most of the time when individuals deal with team-works.

The analysis of the empirical part was intended to be related to the theoretical background. As the empirical data (interviews) was focused on how individuals perceive authority, how were the relationships between colleagues and how much freedom did they have to suggest or implement ideas (practicing decision-making), it was considered theoretically relevant to relate the empirical data to Hofstede's (2010) classifications of Power-Distance Index (PDI), Individualism (IDV) and Uncertainty

Avoidance Index (UAI). Regarding the PDI in both Estonia and Brazil, Hofstede (2010) states that, differently than Brazilians, Estonians score very low, which means that they are not inclined to respect people based on their statuses. Brazilians, on the other hand, believe in hierarchies and respect unequal positions, with a general praise for statuses. IBM Brazil, for example, was an example of praising for statuses, as employees had dressing codes demanded by the company, which did not happen in Skype, and equally big and well-known company. High PDI shows recognition of the leader's power, which was evidenced in all of the three Brazilian companies interviewed.

When it comes to IDV indexes, Brazil scores lower compared to Estonia. Low scores of IDV is typical in societies that need a good relationship with colleagues, which is the case of Brazil. It was evidenced the need of that good rapport with colleagues in all Brazilian companies interviewed. P.K., from Glu Mobile, for example, mentions for many times during the interview the need of mutual respect and loyalty with his colleagues. Estonians, when interviewed, even though working in teams and holding efficient communication among each other, there was no mention about having the need of a good relationship or values like 'loyalty'. Regarding the UAI, Brazil scores 76, whilst Estonia scores 60, showing that both countries appreciate rules, however since Brazil has higher levels of UAI, it shows a bit stronger praise of rules and organization, which was evidenced in the interviews of Anderson Cunha from Comtacti, when he highlighted the need of rules and organization for efficient work. Regarding this matter, Estonians remained neutral.

Regarding decision-making, all companies are supposed to concentrate relations Top-Bottom, when it comes to decision-making, with the difference that in Estonia it is given to the employees real possibility of implementing decisions. It was evidenced that in Estonia it was possible due to a more informal and horizontal relationship with their superiors. Hence why there were cases of Bottom-Up type of decision-making, with the condition that the employee suggests a good project. Brazil, on the other hand, employees were in favor of hierarchies, respecting the strict system and arguing the efficiency of it. Brazilian employees said as a general statement that hierarchies were convenient due to either lack of time of taking decisions democratically, also for the convenience of maintaining an organized atmosphere. It was noticed also that

none of the Brazilian companies interviewed had examples of projects from employees that became part of the company, contrasting to Estonian companies in this sense. It is concluded that Brazilian ways of dealing with authority is not only which demotivating but also provide a position of conformity of the employees within their positions in the company. Therefore, Brazilians and Estonians have opposite views over authority.

The importance of the results to the field of cultural studies are small and limited compared to the author's works used as theoretical support, however, the originality of using different methodology (qualitative methodology) contributes to identify particularities that are not possible to be detected in quantitative studies. As mentioned above, in the conclusions of the empirical part, it was detected, for example, particularities such as how the Estonian companies studied, that are typically top-down type of decision-making, enable employees to create their own projects and if successful lead their own groups, therefore, creating exceptions in the process of decision-making switching to bottom-up. In quantitative studies, such detail would have not been possible to be detected.

This research encountered a few limitations, which were mainly identified as the access of data due to the language barrier (Estonian in this case). The language barrier limited the access of data text-wise. Although most of the companies in Estonia provided English versions of their websites and most Estonians are able to communicate in good English, it was difficult to access Estonian academic researches (in Estonian) and articles due to the language barrier. The translating resources available on the Internet were inefficient and an official translation would have been both expensive and time-consuming. The analysis of Estonian companies could have been enriched by the academic local point of view, however it was unfortunately not possible in this thesis. The need of narrowing a topic and the limit of words, according to the guidelines and length of a master's thesis, it was not possible to go in depth over every topic mentioned, which can be also considered a limitation.

As future research suggestions, there are many perspectives and topics to be considered. It fits the topic the study of organizational cultures and how it is related to

national cultures. It is known that national cultures and organizational cultures have different values, however even if not mentioned in this thesis, it is relevant in order to identify and differ whether the employee behavior is influenced by national or organizational culture, or which of them is more influential to guide the employee's behavior. Geert Hofstede's (2010) study of national cultures and its particularities was the main author in terms of offering theoretical support to the case studies used in this thesis, so it is suggested the use of his study also regarding organizational cultures. Trompenaars (1997), which in this thesis compared and complemented Hofstede's (2010) views, also studies the topic and formulated the model of corporate culture, which could be also considered. It would be also interesting to explore in depth (considering it was just described in this thesis and not related to the empirical data) the sociological approach of culture using Inglehart and Welzel's (2005) and Hall's (1992,1993) theoretical support regarding cultural change and transformation of values, beliefs (Inglehart and Welzel, 2005) and identities (Hall, 1992, 1993). Identifying, supported on the mentioned theories, what aspects are currently changing in national cultures and how it can be noticed within work environments could be also an idea of future research. In terms of enriching the perspective already selected in this thesis would be also interesting to study more companies and the topics mentioned in more detail.

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APPENDICES

Appendix 1. Brazil's Brief History and ICT Infrastructure

The Federative Republic of Brazil, as the country is officially known, is located in South America and it is not only the largest South-American country, but also the fifth largest country in the World, with territorial extension of 8.502.728,269 km² and total number of 196.655.014 inhabitants, according to the 2011 IBGE Population Census website³⁰. The country was one of the exploration colonies of Portugal from ever since its discovery in 1500, and since its independence in 1822 Brazil battles to reduce the social inequality that started from colonial times. Politically, Brazil is a recent democracy. After the independence in 1822, Brazil remained a Republic until 1964, when the State was taken over by a military coup, in a regimen that lasted until 1985, after population insurgencies. Nowadays, Brazil is the 7th largest World Economy³¹ and sustains one of fastest growing rates.

When it comes to Brazil infrastructure in the ICT sector, BRASSCOM states on its latest report that the country counts with 45 years of investment in ICT, develops a strong and diversified internal market and produces South America's 1st and World's 5th biggest revenues of ICT companies. Only behind India, Brazil has the second most competitive scenery in Offshore companies and spent in 2008, USD 139,1 Billions in the ICT sector, 7% of the National's GDP in the same year. Antonio Gil, BRASSCOM president stated that the Brazilian ICT market in the second semester of 2012 already worth USD 210 billion³².

BRASSCOM released a factsheet³³ over the most relevant information about the ICT infrastructure in Brazil, which mentions data over technological features currently available, such as the countrywide Telecom access, with 170 million mobile phones in operation (2009). Brazil also holds a competitive services market, counting with companies as Accenture, Atos Origin, BRQ, BT, Cast, CPM Braxis, Datasul, DTS, EDS, GPTI, GFT, HSBC, Hughes, IBM, Intel, Itaotec, Microsoft, Politec, Promon, Satyam, Softtek, Siemens, Stefanini, Sun, TCS, Tivit, Totvs, Virtus, Ubik, Unisys. The 1.7 million ICT professionals, are able to deal with different platforms,

³⁰ IBGE < <http://www.ibge.gov.br/paisesat/main.php> >

³¹ CNN World Economy (http://money.cnn.com/news/economy/world_economies_gdp)

³² <http://www.brasscom.org.br/en/content/view/full/5482>

³³ Factsheet can be found at: <http://www.brasscom.org.br/en/content/view/full/1881>

Mainframe, Unix, Linux, .Net, Java, Oracle, SAP, Natural Adabas, confirming its excellence in the field. A connection of the country to Technologies can be seen on the use of social networks. Brazil ranks the 2nd country with bigger numbers of the most popular Social Network website (Facebook) users³⁴.

In Gerard Aziakou's article published at BRASSCOMs website from on August 29th of 2012³⁵ states that Brazil is hoping to capitalize on the 2014 World Cup and the 2016 Summer Olympics in order to achieve the big accomplishment of becoming the 3rd world's largest ICT market. In the same article, it is said that the country counts with 250 billion mobile phones, which already exceeds the Brazilian population itself. Brazil currently (2012) counts with 2 million professionals and aims to add 900,000 more until the end of 2022. The government also counts with 74 tech parks located in the Southeast and South – the most developed areas of the country.

³⁴ <http://vincos.it/world-map-of-social-networks/>

³⁵ Article mentioned can be found at: <http://www.brasscom.org.br/en/content/view/full/5482>

Appendix 2. Estonia's Brief History and ICT Infrastructure

The Republic of Estonia is a Baltic State located in Northern Europe. The country has the territorial extension of 45.230 km² and 1.340.537 inhabitants according to the 2011 Population Census published on IBGE. The 2011 UN's Human Development Report³⁶ classifies Estonia as a developed country due to its high human development index, ranking the 34th position. Yet, in the past, Estonia has a long historic of domination and resistance³⁷. The country was first targeted during the Christian invasion and controlled by Danes and Germans during the 10th century, Swedes in the 17th century (as the winners of the Livonian War), and Russia, which, took over Estonia from Sweden during the 18th century (during the Great Northern War) until its independence recognition in 1920. The latest historical trace that marked the most was the Second World War and how Estonia once again was annexed, this time to the USSR and put into the Communist regimen until its very last independence in January of 1991. Estonia, just like Brazil, is a new Democracy. Ever since its independence, the country has been achieving every year its acceptance and reaffirming its nation-building with important conquests, such as joining the United Nations (1991), The EU (2004) and NATO (2004).

Estonia has been economically surprising with its high growth rate in comparison to other European countries since the Economic crisis that stroke the continent and the World mid 2008. OECD's latest news, dated from October 1st of 2012³⁸, states that during the latest Economic Survey of Estonia, the country has been showing resilience to cope with the crisis and sustains the economic growth, having this year (2012) the growth rate of around 2.2% since its impressive economic recovery in 2010.

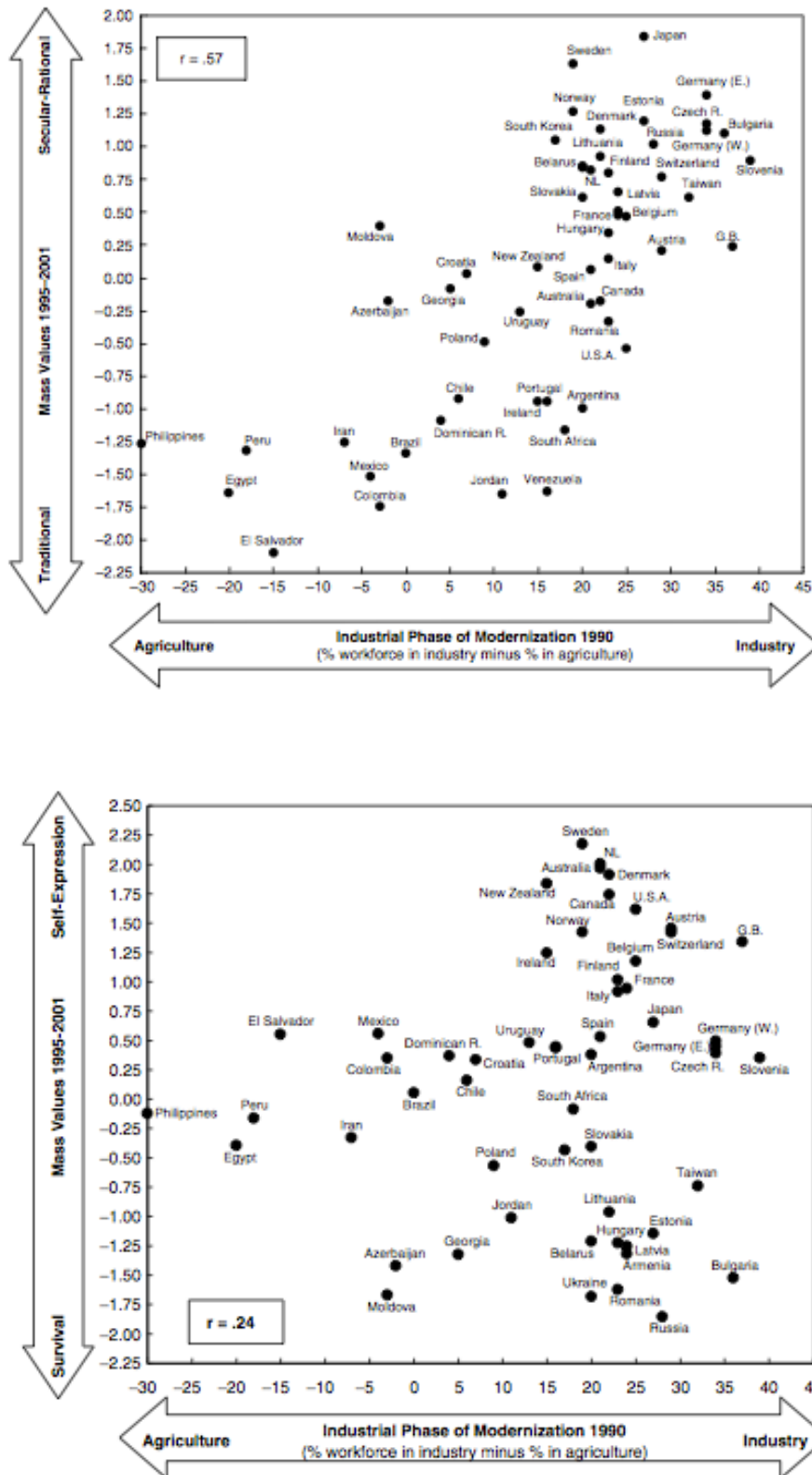
³⁶ UN's Human Development Report <<http://hdr.undp.org/en/reports/global/hdr2011/>>

³⁷ Timeline of Estonia's history <<http://www.visitestonia.com/en/about-estonia/estonian-culture/estonian-history-a-timeline-of-key-events>>

³⁸ OECD's news of Estonia
<<http://www.oecd.org/newsroom/estoniainmustreformtowardagainstboombustcyclesoecdsays.htm>>

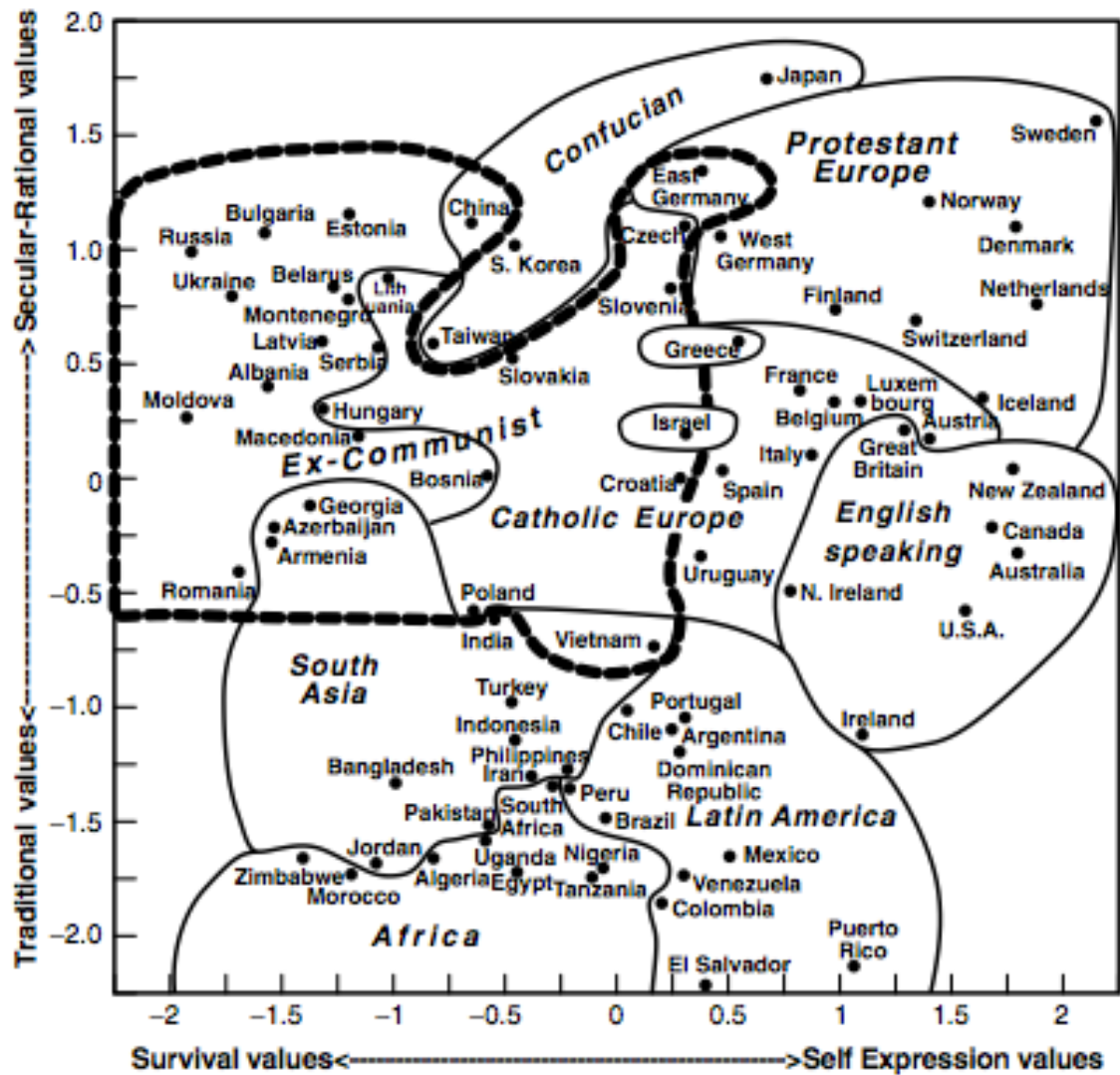
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Appendix 3. Impact of industrialization on secular-rational values and survival / self-expression values



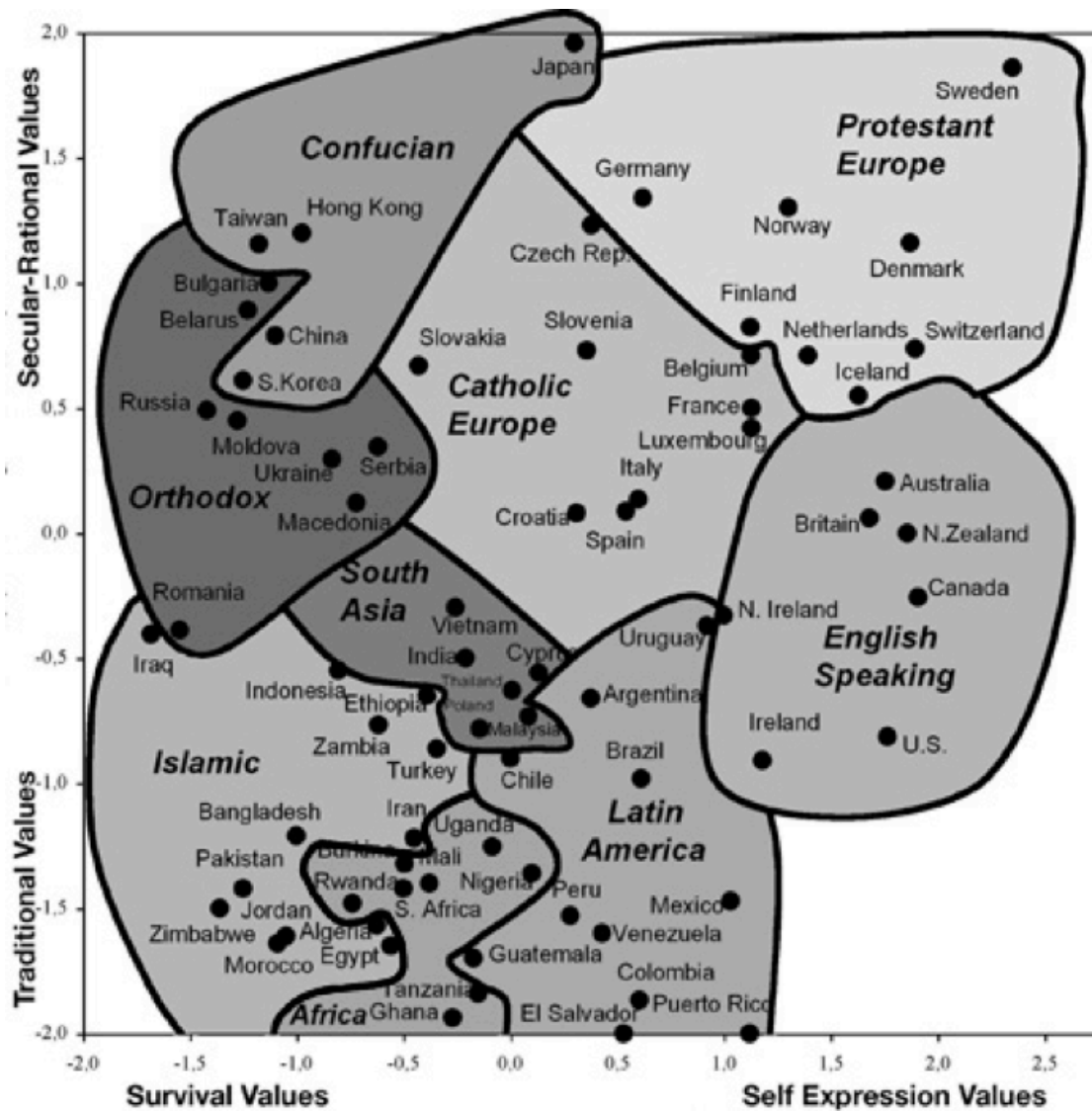
Source: Inglehart, R., Welzel, C., 2005. *Modernization, Cultural Change and Democracy: the Human Development Sequence*. Cambridge University Press. Pp. 59-60.

Appendix 4. The World Value Survey Map 1999-2004



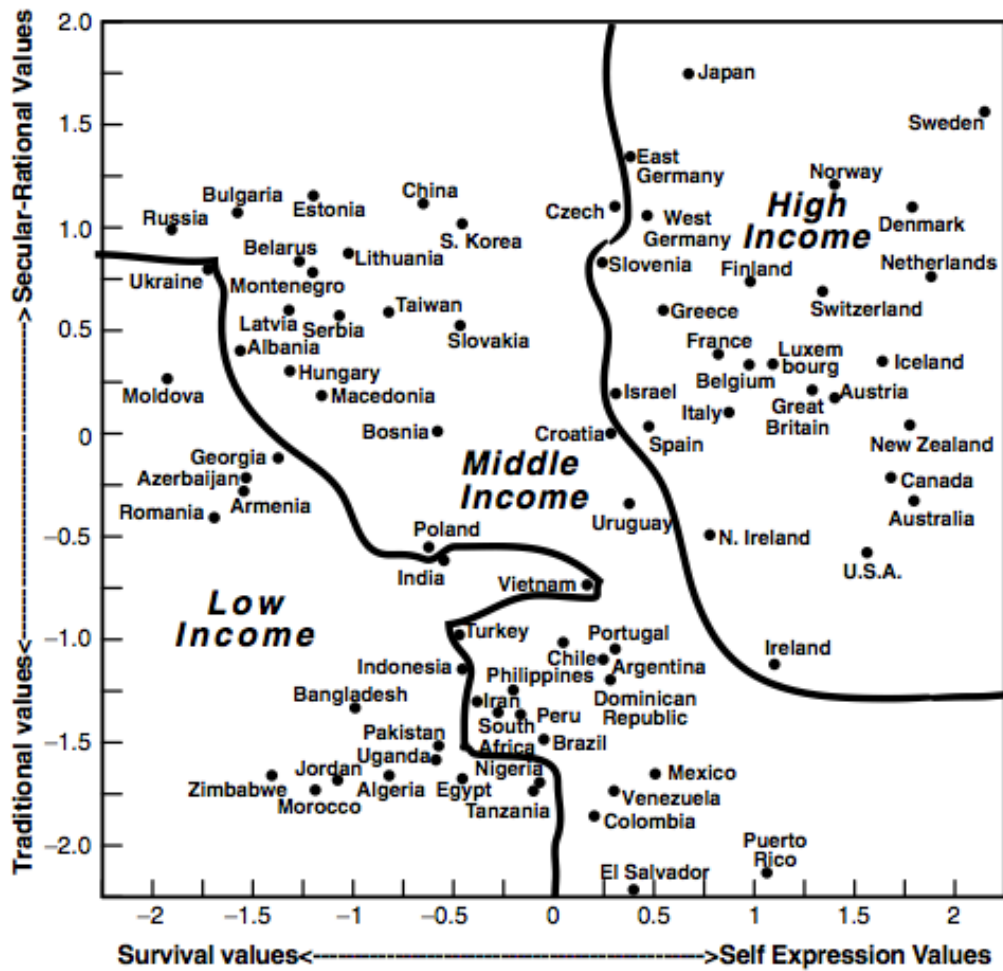
Source: Inglehart, R., Welzel, C., 2005. *Modernization, Cultural Change and Democracy: the Human Development Sequence*. Cambridge University Press. Pp. 63.

Appendix 5. The World Value Survey Cultural Map 2005 – 2008

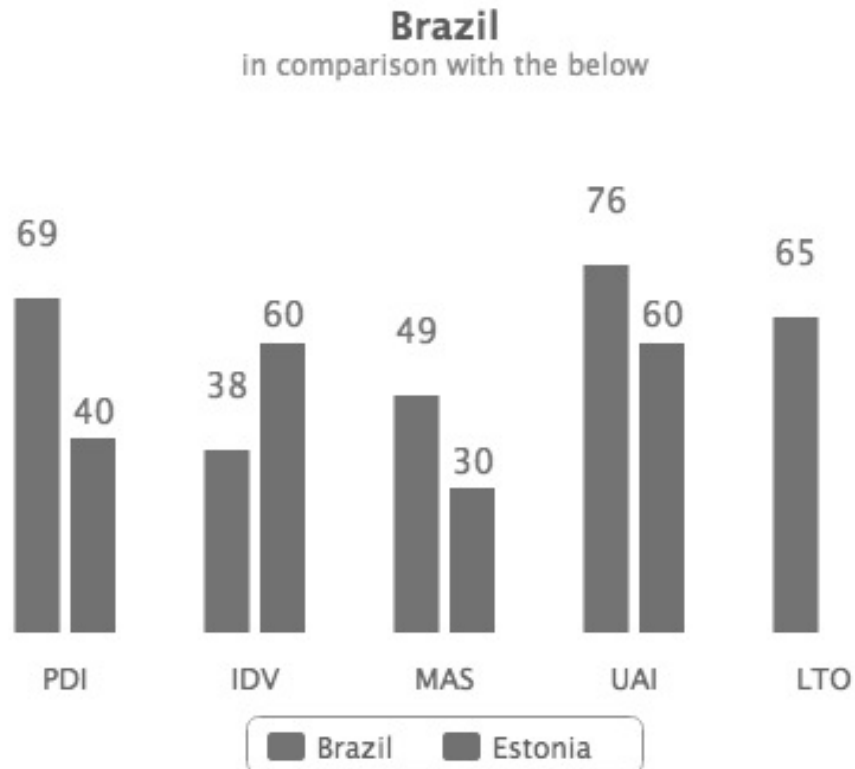


Source: Inglehart, R., Welzel, C., 2010. *Changing Mass Priorities: the link between modernization and Democracy. Perspectives on Politics, June 2010 (Vol.8, No. 2).* *The World Value Survey Cultural Map. Page. 554*

Appendix 6. Economic Levels and Locations



Appendix 7. Hofstede's Graph of Comparison between Brazil and Estonia



Source: available at <<http://geert-hofstede.com/estonia.html>>

Brazil

PDI: 69 / IDV: 38/ MAS: 49/ UAI: 76/ LTO: 65

Estonia

PDI: 40/ IDV: 60/ MAS: 30/ UAI: 60/ LTO: not-available

Appendix 8. Interview with L. D. (IBM Brazil)

L. D. (name and age not authorized, Brazilian)

IBM's Computer Engineer (2009- Present)

K: Hello, L. , thanks for having me. I will be brief. First of all, do you authorize your name and information such as age and CV published in my thesis?

L: Hello and I am sorry, I prefer not to.

K: Okay, no problem. Tell me a bit about your function in this company.

L: I am a member of a software development team here. My main task is to work in the construction of new functionalities of one of the soft wares sold by IBM.

K: Right. How many years of experiences do you have?

L: I have 5 years of experience now.

K: And how long have you been working at this company?

L: For 3 years.

K: Your specialty, in terms of area, is...?

L: I am a computer engineer as I said, and currently I am an MBA student in Software Engineering.

K: As you have mentioned, you are working in teams, so could you tell me a bit about is your communication with your team members and if there is the existence of a leader, and how decisions are taken, e.g. are they democratic or not?

L: Communication between team members is constant. We have daily meetings for everyone to share what they are doing on the day. The team has a leader but he is not one who makes all the decisions, is only responsible for ensuring that all engineering processes are being followed correctly. Most decisions are made in a group with all team members opining freely.

K: How is your involvement in the process of decision-making? How much freedom have you got?

L: I am free to suggest improvements at any time. The freedom of decision depends on the complexity of the decision proposal. To simple questions it is just a matter of submitting the proposal to the members of the team and if everyone agrees, it is adopted. When it comes to very complex decisions, the proposal must be submitted for approval at the executive level.

K: Newcomers in the company can suggest new ideas or even implement them? Is there any possibility of this happening?

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L: Newcomers have exactly the same freedom that older employees.

K: Are the decisions democratic or follow a hierarchical line? Do you feel that the size of the company influences the need for hierarchy? If the process is more democratic, there are regular meetings? If yes, how often?

L: Operational decisions in an everyday-basis are made in a democratic manner within my team. Strategic decisions that impact the entire department or company are taken in executive levels of the company and follow the hierarchical line. All teams are similar to the one I am currently working with, and we count with daily meetings and regularly occurring meetings with the team-leader, or in higher hierarchical level executives or leaders of other teams to discuss specific issues. Depending on the subject of these meetings occur weekly or monthly.

K: Do you personally think that hierarchy is necessary in a working environment?

L: I do, definitely, especially because it eases the division of tasks as well as responsibilities.

K: How the company is divided, in terms of departments and so on?

L: IBM is a global company with offices around the world. Many departments and groups are formed by people from different places around the world. The majority of employees work in offices and can work from home on some days. Not sure what else to answer this question. The physical space is divided in a way that all the employees are able to have a good communication with each other, without losing it's privacy, e.g. the picture bellow

Internal arrangements of IBM Brazil. Source: Artesana Engenharia ³⁹



K: I can see that there is dressing code. Is it company's requirement?

L: Yes, there is an official recommendation of the Human Resources of IBM Brazil to dress formally, for both men and women.

K: What image the company wants to diffuse to their employees and customers? E.g., Google wants to give the impression of a modern, creative and dynamic.

L: The current company slogan is "Let's make a smarter planet" and we lived it intensely within the company. We are a company that works to build a smarter world through technology and innovation.

K: What is the average age of your coworkers? It is a heterogeneous group, or is composed of people of all ages. It is a myth that the IT sector is composed of young people?

L: In World standards, IBM is a heterogeneous company that is constantly seeking the diversity of people in all environments, including age. Locally, the department in which I work, most employees are young, between 25 and 40 years with some older. I believe that most people working in IT today is young, yes, but mostly by the fact that many of the positions in IT in the past did not exist and therefore there are few older people with appropriate knowledge and training for these new positions.

K: If most of your coworkers are young, it somehow affects the hierarchy when your superior is near your age, as I assume you look the average age you mentioned?

N: No. There is no such thing as there is a clear division of tasks, so there is not a possibility of this happening.

K: Thank you very much, L. The interview was great. Thank you once again for your time

Appendix 9. Interview with P.K. (Naked Monkey Games, Glu Mobile)

P. K. (26 years-old, Brazilian)

MSc in Computer Engineering with dual diploma from the University of São Paulo (USP) in Brazil and Politecnica di Milano (PoliMi) in Italy

Co-founder of Naked Monkey Games (2012 – Present)
Lead Game Developer at Best, Cool & Fun Games (2011 – 2012)
Mid-Level Engineer at Glu Mobile (2010 – 2011)

K: Hello, P. Thanks for having me. First of all, may I ask if you authorize the publishing of your full name, age and part of your CV on my thesis?

P: My CV is fine, but I prefer not adding my name, thanks.

K: So, do you mind telling me for how long do you work with IT?

P: I work in the area of graphics since 2006, so it's been 6 years now, but with games exclusively, since 2008, 4 years.

K: What is your area, mainly?

P: I am a programmer, but I also lead with administrative tasks, as now I own my own company, I have to deal with it.

K: For how long have you been working on your company, Naked Monkey Games?

P: I founded it officially six months ago, but I have been full-time engaged in it since September 2012. It was a very important achievement to me which I finally have managed to structure and proceed in a way I find satisfactory to keep going. We're at the start-up phase right now.

K: You are the only case interviewed which has founded a company. What kind of tasks do you have to do now? Everything? How did you organize it?

P: Every step I take, in terms of decisions, obviously affects the company as a whole, so when it comes to technical approaches for the products itself, it does require a lot of communication between the employees and I, although many decisions are taken on my own.

K: If don't mind telling me, what kind of decisions?

P: Well, anything related to what should be done and what not. I am still the biggest responsible and I should take the final word to pretty much everything. I make sure to supervise things on my own as much as I can in order to have the absolute control of the overall activities and to which extent the work is progressing and so on.

K: Do you work in teams or there are more of individual tasks?

P: The tasks in this company are divided and we work based on teams, and of course, with a team leader.

K: So the team leader is really important for you?

P: Yes, for a matter of organization it is essential. All the processes or projects we have are analyzed every week, or two weeks – depending on how big it is – and even if the others employees' opinion involved in the project are taken into consideration, the final decision will still be from the team leader, which was chosen for a reason. He or she knows probably which way should be the best. But then again, if most of the team disagrees with the leader, then the leader should probably change his final word.

K: So, do you believe the hierarchy is important?

P: I wouldn't call it hierarchy necessarily, but I do believe that everyone has its role in the company and in mutual respect.

K: How many departments did you organize your company?

P: Actually, Naked Monkey works in the molds of a home-office allowing the employees to work at home the tasks they have through the Scrum meetings.

K: But how does it work with the teams?

P: It is everything very flexible, it is possible to communicate within your team without being in the same physical space. There are technologies available for it, like video conferences, via e-mail, or messenger. There are many possibilities. Something good about that is how it saves time, due to the intense traffic in São Paulo, it might take 1 or 2 hours to reach someone's home, or office. So it is preferred other means of communication. There's also no dressing codes like in many companies. The more comfortable the collaborators – employees – are the better they work.

K: Does it have to do the fact most of them are young?

P: Well the average age is 25 years old, younger employees adapt easier and faster to new technologies and also have bigger motivation to also look for new technologies themselves. It is just part of our generation. Can't blame older generations for not being so interested.

K: I just got curious. Considering the younger age of the employees, and how you prefer calling "collaborators" does it affect the hierarchy somehow?

P: Not at all. Here, at Naked Monkey, we are encouraged to listen to each other and, as I said before, there is a of mutual respect. We all have very good academic background hence why we're all capable of understanding our tasks and responsibility inside the company. There is no trace of "I want to have power over you". What you might call hierarchy, I just call organization.

K: Alright, Pedro. Could you tell me now a bit more about your experience at Glu Mobile and BCF?

P: Honestly, my both experiences at Glu and at BCF are pretty similar. I have noticed you are interested in knowing how we deal with questions of authority, right?

K: Yes, it is around that area indeed.

P: Well, every company I have worked in Brazil has some sort of superior or team lead that will give the last word. The more democratic, in terms of asking everyone's approval to project, the less efficient will turn out. I am being honest (laughs)! We need to get the job done as fast as we can, especially when it comes to IT, and in most of the cases we had no time to keep democratically discussing every issue with everyone. This genuinely does not exist, at least for my personal experience. You know how much we, Brazilians, like to give our opinion on everything, right (laughs)? Even things we have no clue of we are always like "I think that the best way is...". It would turn out a mess if everyone keeps interrupting the whole decision-making process to tell their personal 'findings'. This is the sort of organization that works the best here, undoubtedly. So, everything I am applying in my own company is something I have learned from my past experiences. My experience at Glu and at BCF were similar, if not the same. Of course I could suggest ideas, as many as I could, but if I wanted those ideas to become reality, I would have to prepare some nice project at home, and not just 'throw' an idea to my superior. During my time at Glu we were encouraged to develop new things, but as we were not the headquarters, it was harder to reach maybe global changes and introduce new things, but definitely possible to change little things here and there.

K: I have another question to you, how many employees were at your office of Glu?

P: Not that many, we were around 30, maybe 50. Not less than 30 for sure. I honestly don't know. Many people worked home based and we had communication with other offices all the time, not all of us were at the office at the same time, but I think we were around that. This office in São Paulo was like a branch of the company, and we had to follow rules from abroad most of the time.

K: All right. Thank you very much, P. That's all.

P: Not a problem, anytime!

Appendix 10. Interview with Anderson Cunha (Interlab, Comtacti)

Anderson Junqueira da Costa Cunha (24-years-old, Brazilian)

BSc. in Electric Engineering at University of São Paulo (USP)

MSc. In Electric Engineering at University of São Paulo (USP)

Interlab (2012 – Present)

Comtacti Digital Communication (2010 – Present)

K: Hello, Anderson, thank you for your time. First of all, do you authorize the publishing of your full name and age and part of your CV in my thesis?

A: Yes, I do. No problem.

K: Can you tell me a bit about the company you are currently working at?

A: Hello, you're welcome. I am mainly working at Comtacti Digital Communications. My job here is as a computer programmer, which is the equivalent of a software engineer. My main function here is to develop system and programs to the company, the ones used internally and the ones especially developed for clients. I have been also, informally, managing some projects, for example, controlling deadlines, contacting clients in most of the times. I have been also working on planning projects and budgeting our services to the client, from initial to final plans, until it reaches production, properly saying.

K: How many years of experience have you got?

A: I have been working for 2 years now at Comtacti, counting from Internship to now actually working there as an official employee and since the last six months I have been working as a side-job at Interlab, located at the Polytechnic school at University of São Paulo (USP). At Interlab I am mainly working with developing modules and helping with lab projects, as in researches.

K: Which specialization do you have?

A: In practice, I am a computer engineer, but due to the structural definitions of the University of São Paulo, I have Bachelor's degree in Electric Engineering, not to mention I am also concluding my Master's in also Electric Engineering . My work at Interlab is also part of my Master's thesis, which is a continuation of my Bachelors' thesis, as I am aiming to specialize in Digital Gaming with Heightened Reality. In 2010, also, I enrolled myself into a course of Electric Engineering with concentration module in Computing and Digital Systems.

K: Most of your functions, in both works you have, are more individual or in teams?

A: I perform in both jobs tasks of both individual and in teams. It depends on the project that I am involved. As a general rule, the production team of which I am part

is divided into three major groups: Designers (graphic production), 3D modelers and animators, and programmers. Of course there is always an intercommunication between areas for each project. Of course that, depending on the number of participants programmers, character my functions will be individual or team.

K: Could you tell me a bit about how good is your communication in your jobs and how do you divide the tasks when you're working in teams. Is there any sort of leader, do you need it, or somehow you manage with democratic decisions?

A: Right., I hope I can answer it properly. When team is small and the projects usually have short deadlines, then there is the need of constant communication so we can be able to help each other better. But the degree of communication and organization depends on the size of the project (about production vs. time) and the synergy of the participants. At least in the area of programming, which typically happens is that the system as a whole is subdivided into functional modules, or in cases of use. This ends up creating a series of small *ad hoc* tasks to be implemented, which will be distributed (either delegated or, most often, acquired voluntarily) as each person gets free. To facilitate the functions of management and avoid problems with time management or resources each project has a leader who is responsible for coordinating the actions of the team and, ultimately, make the decision to an impasse, since the decisions are made in the first instance, in a democratic manner, resulting from a process of discussion and argument. However, as distinct projects being managed by different people, can conflict regarding term time or manner of execution, we still had a major reference, considered the "leader of leaders" who have a thorough knowledge of programming, but also acceptable knowledge of the areas of design and modeling, so that is taken as reference in the planning stages of solutions and corrective actions or contingency. As a general rule, it also has the last word regarding the solution to be adopted or platform being developed, although rarely exercise this function. It also shares with the boss (company owner) decisions terms and personal resources (and possibly materials), and priorities among projects.

K: Thank you, Anderson. Could you tell me what happens in the case of individual tasks instead, then?

A: Sure. Both companies are not big, right? So, we do not count with a department of Quality Assurance, however, just as in the cases of teams, the validation of the work is done by the project leader, or "leader of leaders", or the boss, whatever you may call it (laughs). In general, the participating team contemplates the final result to take an internal approval, and then submit to the head, which then creates a bridge with the client for final validation. (or subsequent stages of change).

K: How do you feel about your role of decision-making in the companies? How much autonomy have you got, as in how much freedom?

A: Although we act directly on the drafting, planning and budgeting temporal systems, we influence, not directly, in the definition of deadlines. Also, I do not have the autonomy to manage the company's material resources (except some that I have been granted direct need for the project, but it's rare). Personal resources as a rule have to be validated by the boss, but I can ask directly for those small jobs that

interest me, or ask the boss to allocate the person on the project I am. In terms of design, I have to suggest autonomy within my team, as in approaches, chosen platforms, delivery milestones, division of labor, can still decide all these points in individual cases or when I am the team leader. When I am in charge of some project or part of it, I am regarded as authority concerning it and so I have full decision-making autonomy within it, since it does not affect major decisions (taxes or customer requirements, availability of people or company or that conflicts with persons belonging to other teams or projects).

K: Does Newcomers can suggest new ideas and have the chance of having them implemented somehow? Is there any possibility of having this happening?

A: As the planning process and decision is an initial step free and open democratically to everyone, obviously newcomers (who are usually chosen for having a specific talent that can add to the company) are free and very welcome to suggest new ideas. Even when the company has a "gap" in-between projects, it not only allows but encourages or even provides the necessary equipment for people, including newcomers, to test or develop projects or ideas they had. This includes proposals for new products or test new technologies. A recent example is the idea, which has been developed in spare time with the possibility of turning into a new product is creating an equivalent stand of "holography" (remembering that holography in its formal definition does not exist, that there are tricks to create the optical illusion of a hologram).

K: Decisions are made democratically or follow a hierarchical line? Do you feel that the size of the company influences the need for hierarchy? If the process is more democratic, there are regular meetings? If yes, how often?

A: There is a general hierarchy, that would be:

boss / owner \Rightarrow leader of leaders \Rightarrow project leader / team \Rightarrow team

People enjoy the greatest freedom possible, which means that hierarchy is rarely used to define something, it is just to validate a solution or resolve an impasse. Decisions are, whenever possible, democratic, and implementations are in charge of each, observing only a small organization to a joint work of people is less chaotic. But even this small organization is defined by team members. The formal meeting occur without a fixed frequency, occurring according to the need. But these usually cover only planning solutions, discuss possibilities to offer the customer, project meeting with client meetings and internal structuring. Internal meetings of the project, the team is small, usually occur in production itself, to briefly discuss some specific problem. Only the presentation of milestone meetings are more time-consuming because they involve validation of the team presentation for the boss and discussion of next steps.

K: Seems like, even though you enjoy the democratic processes, you believe in hierarchy, especially when you have mentioned the "less chaotic" working environment. Am I correct?

A: Absolutely. Even a small team like the ones I am used to work (maximum of 12 people), I realized that when the hierarchy was not well defined, **the democratic process of decision making gets lost in impasses and in discussions *ad infinitum*.** Allied freedom that people have to suggest changes or different approaches, I passed many cases where rework parts of the project were redone 5 times because someone was not happy with the current version, and as the head does not have enough knowledge that allow the authority to decide (on the subject), where he was unhappy that some argument could convince him to authorize the change.

As the team grows, the parallelism goes increasingly difficult to run by one person (or by the team itself, if the hierarchy is completely horizontally, being a combination of X people managing X people). **Another point that I see is that hierarchy is necessary in an environment, because in horizontalized environments the criticism to the work of others is always greater than the self-criticism, which invariably leads to trouble.** Thus, I believe that both the freedom of the team members, as the size of it, as the individuality of each are factors that require a hierarchical structure directly in the company.

K: How does Comtacti is divided? As in sectors in departments, it is well structured?

A: The company has, the entrance with a secretary / receptionist, and works with mainly four areas, one run, where they are the boss and the finance department, a room for the sales department, a room for the video department (the company also has an area that develops videos in general elements to a larger product or corporate videos or training), and two recording studios for this team, and a room for the production department, which includes programming, design and modeling. In the production area are all on 2 stands face-to-face, without physical bays (niches are only tables as the definer of places), but everyone can see everyone and interact directly. In the video area the organization is similar (only the layout is different). But the atmosphere is very informal. (There are people with cups, water bottles, food, medicine, headphones themselves, notebooks, phones and a multitude of objects scattered on the tables).

K: Are there any dressing codes?

A: The company gives the freedom for the people go to work how they find the most comfortable. I am always in jeans, sneakers and T-shirts (those rock band ones). We still have the freedom to "customize" our work environment. In our living room has a small flag of the band Slayer, for example, or a poster of the technology division Comtacti called "Braincorps". The exception to the rule is when there is a client meeting. When the meeting is pre-booked (there are cases where the person is suddenly required, there does not have to do), people go with a simple social set (pants, shirt and shoes, rarely asked to tie or suit).

K: What image the company wants to pass for your employees and customers? For example, Google wants to give the impression of a modern, creative and dynamic.

A: The main message the company wants to pass to their employees is that the company is a "friend" of the employee. It cherishes the relationships of mutual respect and freedom, arguing that the welfare of staff and welcomed will generate better results and commitments. This sense that people have the freedom to dress as they wish, to make their work schedules as they see fit, or even participate in the decision making process of the company itself, since the boss is always open to ideas and suggestions to improve the lives of company in general. From the perspective of entrepreneurs, the company seeks to move its customers the bold image of a company that seeks to invest in customized solutions for the customer, always adding factors differentials with advanced technologies, always updating their employees.

K: What is the average age of your coworkers? It is a heterogeneous group, or is composed of people of all ages. It is a myth that the IT sector is composed of young people?

A: In the production area, the average age is approx. 26 years, and I am the youngest of 24 and older than 30, and most of them are in the range of 26. Among the programmers, the average range should be 25, the oldest is 26. Particularly I believe this may or may not be myth. Explaining: the IT sector comprises a very large range of activities. In general activities more structured or set to, for example, area networks or large systems such as IBM one that would be myth, since aggregates many seniors. However, younger technology areas, such as human-computer interfaces for next generation (e.g. augmented reality or haptic devices), the occurrence of youth is much higher, and this myth tends to be true. I think the rule would be that the IT field will have youth since its existence until today. Or put another way, will have as many young people as its area is young (well, older areas will have more seniors, while younger areas will only have young).

K: If most of your coworkers are young, it somehow affects the hierarchy when your superior is near your age?

A: Yes Being a very young team, many times I see the lack of a technically savvy person or managerially, due to lack of personnel or technical maturity of the person in the hierarchy. (Witnessed cases that a person's personal values inside of a hierarchy system high conflicted with the company's values, to the point of creating a crisis in the processes of decision or direction of the company's projects).

K: Alright, Anderson. Thank you very much for your time. It was a great interview, I have to say.

A: Anytime!

Appendix 11. Interview with Elina Kostabi (Skype)

Elina Kostabi (unrevealed age, Estonian)

MBA in International Business Majoring in Management at the Estonian Business School

Senior Product Engineering Manager at Skype (2010- Present)
Web Development Team Leader at Skype (2006-2010)

K: Hello, Mrs. Kostabi, thank you for your time, I imagine you're busy. I will try to be brief. Would you mind if I publish your name on my thesis?

E: I don't mind.

K: First of all, could you tell a bit more about your work for Skype?

E: Sure. I have been working for more than five years now as a development manager for Skype, which means I am managing a team of web-engineers responsible for building Skype finance products. Basically, I am managing the team that develops the products that you, as a consumer, purchase on the website. Have you used our page service, in terms of subscriptions or Skype credit?

K: Yes, I did. Both credits and Subscriptions.

E: So you probably know how the service works. So then again, I am responsible for managing the team responsible in developing this area and making sure it will work properly for the users.

K: Thank you, and since it fits the topic of subscriptions, could you explain why there are subscription for both landlines and mobiles in Hong Kong and the United States and not in the rest of the world? For example, for other countries there are only available subscriptions if you call to landlines, but not for mobiles. What would be the reason for that?

E: Yes, I can tell you why. There are some country specific rules that we have to agree with. We cannot offer such service if it will affect too much other sectors, and destroy the competitiveness of the market. It is not economically healthy either. Those decisions, of course, aren't made by myself because I am not working on the product management side, but it is very common to have some restrictions because of the local market or a national rule, or also, it can be some specific area that the market is not bringing in so much money, that we don't consider this product be available there. It can be any of the reasons I have just listed.

K: Did Skype expected to be so quickly popular in global terms? Nowadays even companies' use Skype for their inside-communication; they don't use phones anymore, for example.

E: Of course Skype was initially projected to go wider, but it was not expected to go popular and international so fast. The rapid growth and its popularity were certainly unexpected, but, at the same time, to be honest, Skype has always been considered and built to be an international company. If you have looked into our history, only the developers of the technology were Estonians, all the investors and starters were from other countries, Niklas Zennström and Janus Friis, Swedish and Danish respectively. The company itself started pretty international, on its structure including. So, yes, we did expect to go international, but just not so fast back then. I think the same reality nowadays we would have had higher expectations, as the number of internet users and technology users have been increasing and it is certainly bigger than the time Skype was founded. It is a never ending growing process.

K: Is there any top 5 countries, in which Skype counts the number of accounts and consider them as their main focus on developing personalized features? Is there anything like this in terms of developing something specific for this top 5 countries group? How does Skype divide the world into regions? How does Skype see the world, is there any sort of segmentation? For example Europe, Asia or Americas?

E: No, we are not doing that. Basically, what we take as a rule on Skype is that it should be used everywhere. Of course there are restrictions in some countries, in which we had problems because people do not trust it or there are some sort of legal problems, for example, we have to tell the government what we are doing inside of the company, but of course it is not something that we always do, for example, first talk to government that we are going to launch some new features.

K: Which countries specifically are you referring to?

E: Today we have been able to use Skype pretty much everywhere, but of course, as you probably know, in China and North Korea, for example, there are some restrictions on how government is allowing the use of Skype, so it is nothing that we can do from our side, but how they are dealing with the internet by itself.

K: So, the only problems Skype might face in those countries are due to political restrictions, then.

E: Yes. It is not in our control and we are actually not keeping it in mind when we are building Skype. It shouldn't be all translated when we have launched a new feature to all the languages that we are supporting today. Today we have 33 languages that we are supporting, so every new feature should be translated. Of course we are doing tests in some areas, to just how the product works or succeeds but of course it is not that we are developing something only for this market or only for this or that region in the world.

K: I see. Talking about translations, I remember when I first had an account, in 2004, there was only the English version available on the website, and many people weren't able to use it as it was available only in English. When the Brazilian Portuguese version – I am Brazilian by the way – was available I have noticed how popular it became in the country. The initiative of translating the website into several languages was based on the numbers of accounts or users in certain countries? How did this

translation process go, in terms of adding new languages? Was it part of some sort of internationalization strategy?

E: Skype has always used volunteers to test our products and translating. If there was actually need for Skype to use in certain language, there was always offers from the users, that wanted to help voluntarily to translate it, and we have been using this voluntary labor work, considering it is really helpful for us, since we have been collecting a lot of feedback about our products, and we also think that we actually, by using some agency or some labor work, we wouldn't get the same results, why doing this volunteering work. Of course we cannot set some deadlines as a project base because it is still voluntarily, We don't pay them, so we cannot give them any deadlines, but it worked this way since the beginning.

K: Is there any difference in the customer service in terms of countries? Is it a personalized service, in terms of assisting, or all the countries follows the same?

E: To be honest, I don't know. I am not working very closely to the customer support, so I cannot answer it properly. But it should be the same, as all customers so far have been treated the same way, also, it is on the website how it works. I know that we have an incubator team, which is testing all our new services, and it is not divided per country.

K: Ok, so, from what I understood there is not such a thing as top 5 countries, so this means Skype is pretty democratic.

E: We had times when Skype has been developing in such base, which was when we actually thought about this thing of going in specific market and doing some market specific features for different countries. We had even some representatives in some areas but today we have only our official locations, offices that is, where we actually consider that we get the feedback that we get from the market but actually we don't keep it in mind that products are developed for specific markets.

K: Thank you. As I am combining two topics on my thesis, I would like to switch a bit the direction of the interview, and ask you a bit more about the process of decision making.

E: I hope I can manage to tell you the processes in an accurate way. What happens with this company is that it has been evolving through these years so quickly that we never actually had an official process or something that you have to go through this only one path or take decisions through a strict hierarchical structure. We don't have such thing as an yearbook, for example. Of course we had processes and we had structure, but Skype is an innovative company, like most companies in this area today and actually in some areas the process of decision making should be very fast, so it is decided right in this office or by someone that might not be the senior expertise professional in the team, but decisions should be made. We cannot wait the next morning, for example.

K: Does other offices have more freedom in deciding in general from the headquarters in Luxemburg?

E: I am not sure how much users know about the Skype offices, but Luxembourg is our headquarters due to legal reasons. We have quite many offices where the engineering and where the product development is. In Luxembourg we have the Finance area more strongly structured and the HR headquarter, but actually product management is based in the US and London. So, basically, the engineering is based in the US, Prague, Stockholm and Tallinn. You can't say that "ok, this office makes this decision, and that office makes that decision only". This is not something that we can actually say.

K: So, as you said, the headquarters is where the finance and the HR sectors are mainly concentrated, so this means each office has its own specialty, then?

E: No, not really. I wouldn't put it in that way. There are concentration areas, yet, it is not like one office is responsible for all decisions in certain aspects of the whole company. This doesn't happen on Skype. The finance and HR is in Luxembourg, but we also have, of course, HR in other offices. This means that Luxembourg coordinates all HR offices as in keeping track on the data and what is going on with all the offices. Every big company need this sort of control, as you may know. We bring all the results from all the offices together, so, we have this constant cooperation between offices and each product launched has a bit of the US office or London, Tallinn and so on. Stockholm office concentrates on audio and video, but at the same time, we have other developers that are working together, for example with Tallinn developers. We have also developers in US and Prague doing contributions. Not all teams are based on the same location. Although, it works better if all the team is in one location. It is difficult to communicate with the US sometime, because of the time difference. There are some products fully made in one office, but this happens, especially in Tallinn office, which concentrates the major group of employees and developers and so on.

K: Are there teams in terms of how the company divides itself? If so, the decision is made by the leader or the senior? Or usually the senior expertise is the leader?

E: Everybody can actually suggest new ideas. It can be developer; it can be the product leader. Of course, it has to have some financial impact and some justifications why we do it, because there are so many ideas we get and we need to work on to be implemented at the same time, so we don't have some product counselor or some authority that gives directions on how and where or when it should be developed something. It is almost a natural process, it is self regulated by the teams and offices themselves. We have product managers that are taking account on what and how we are developing the products or the software and this is based on their area, so, this is sometimes limited, but of course they have some overlaps and some programs that are actually overlapped

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Skype Office in Tallinn. Source: < <http://cdn.c.photoshelter.com/img-get/10000eaxH4DzAwf0/s/750/600/0378-261.jpg>>

K: So this means that everyone is able to suggest as long as it has some good ideas, in terms of economic impact. But, once again, is there someone that is responsible in taking the final decision? For example, among so many suggestions from so many people, who is the one that select what should be implemented or not?

E: The selection of projects are definitely needed since there are projects that need to be focused on certain needs of the company and yes, for that it is needed the leader to give a final decision, but with also the opinion of the team itself. The projects are analyzed as a whole, so the process of decision-making is pretty democratic. There is not such a thing that the president of the company decides over the every small aspect in a company. It honestly doesn't exist such thing. For those small decisions, the product manager, or managers in general are accountable to take such decisions, which would be my work, to be more specific. I am not leading the product, but I am leading people, what is resourced and how. So if the product management says that the product should be delivered in a certain date, and it is commonly shared and everyone agrees, then my responsibility is to deliver it and follow the deadlines previously set. We are usually entitled to take such final decisions, but of course, we take into consideration the other members and how beneficial it is to the company. The product manager is not necessarily the most senior one. Not always the senior has the ability to work effectively as a manager, in terms of decision making, but the senior definitely knows how to develop certain aspects of a software or product, but not necessarily have a good managerial skills or decision making ability. It seems simpler, but it is more complicated than you may think (laughs).

K: So, from what I can notice, Skype is democratic, from the concept of the software itself to the decision making process.

E: Yes, for sure it is. Democratic is a good word to describe the company. Definitely there is someone that needs to control the fact that everyone can make decisions and regulate it somehow, but as I have mentioned previously, this is not a problem and we have been working very well with this.

K: So, I can imagine that the motivation increases a lot.

E: In my area, where I have to hire developers and motivate people somehow, it is actually quite easy to do because people are already self-motivated. Just the fact that there is a possibility of having your project implemented and being used by millions of users it is definitely something that increases a lot the motivation and the productivity I would say. It is like a baby they bring it to life and have to take care of it. They are motivated and feel themselves responsible. They want to maintain it.

K: Even the new employees are able to take decisions or make suggestions?

E: Yes, for sure. They are part of the company and there is no such thing here. They bring in some fresh blood and they have ideas that we have thought about it before and there was no viability for making it real, but we let them know that they are part of the process, so they are free to suggest undoubtedly.

K: Is this decision making method something that it is commonly found in IT firms?

E: The IT area works on a very fast pace, and for this reason, it is and also very informal, so for sure we provide the employees room for innovation.

K: So, this is the end of the interview. Thank you very much for answering all the questions.

E: You're welcome.

Appendix 12. Interview with Risko Ruus (Playtech)

Risko Ruus (26 years-old, Estonian)

B.Sc. in Information Technology; M.Sc. in Informatics at the University of Tartu, Estonia

Senior Quality Assurance Engineer at Playtech (2009 - Present)
Senior Software Test Engineer at Cybercom Group (2006 - 2008)
Software test Engineer at Fujitsu Services (June - August 2008)

K: Hello, thanks for having me.

K: I saw on your CV you have worked for Fujitsu, Cybercom Group for two years and right now you're at Playtech for three years and six months now. I would like to ask a bit about your experiences in those three companies, if you don't mind.

R: Not a problem.

K: So tell me about the process of decision-making at Fujitsu, did you have any freedom?

R: I have only worked for 3 months there, but are you asking about my own decision-making?

K: Yes, but I'm going to put it differently. For example, if you had an idea, did you had the possibility of having it implemented? There were strong hierarchies that you did not felt any possibilities of having anything decided on your own?

R: Fujitsu is one of the largest IT companies in the world, actually. There are different sections inside of the company, and definitely many sub sections inside of the IT sections as well, but there are over 172 thousand employees around the world. I was working in the local Estonian (Tartu) department. I could make some decisions myself and inform other employees of the local department but make the global community of the company aware of every decision was quite difficult I guess (giggles).

K: What kind of decision did you used to take?

R: Small decisions, like the ones related to my tasks back then. If I was able to solve it myself, I did it.

K: So, there was a more flexible hierarchy?

R: I wouldn't put that way, as in hierarchy. We all had tasks and we all took decisions regarding our own activities.

K: Right. Did you had a good relationship with your work-mates? Did you cooperate with each other, or there were more individual tasks and you did not really felt the need to communicate?

R: Yes, I did had a good relationship and it was all about communication. Everyday I had to talk to people and discuss the next steps and get or give some advices. It wasn't a lonely work.

K: Right, thank you. Could you to tell me now about your experience in the Cybercom Group? I know you worked there as a Senior Software Engineer.

R: Yes. So, now you want to know the same issues about this other company, is that right?

K: Yes, that's right. The same issues regarding decision-making and your relationship with workmates, in this company. Afterwards, I will ask you about your current experience in Playtech.

R: Okay. Well, what is now part of the Cybercom Group was formally called Plenware before, and whilst I working there the company was restructured. Plenware merged into the Cybercom Group, and I don't know how many people are there right now, let me check (browse on the internet). They have now 1.400 employees, not as big as Fujitsu. The company now has the main office in Sweden, but before, as Plenware, the main office was in Finland and many important decisions were taken in their office in Tartu.

K: Right. Now tell me about the communication you had over there, with your work-mates and the decision-making issues. Did it changed much since the merging?

R: Communicating issues within the Estonian group was easy and it was also OK to communicate some ideas to Finland, but I didn't stay there longer when the merger took place, so I don't really know about Sweden. About the colleagues and the type of work, I think it required less communication then it did in my former company, Fujitsu. We had in Plenware tasks for different weeks or for a week and we could do it without much communication. We worked with summaries and reports and from time to time we get a bunch of news tasks. Of course, there were a few discussions with your colleagues, but sometimes we had projects where it did not require more than one person to do it. I guess that was a good sum up of what I had in Plenware, now, Cybercom.

K: Thank you, Risko. I left to the final part of the interview your last and most recent experience: Playtech.

R: Playtech, as my latest employer I have more to tell. Now I have my own project, which was initiate by me... (interruption)

K: Which project is? Tell me about it.

R: It's a, how can I explain it to you. It is about continuous integration.

K: Ok, tell me about your project

R: We have in Playtech the Casino games and in my project is to use the image recognition to avoid human work.

K: Are you more influential because of your project?

R: I control all the decision-making regarding this project and I can decide which way should be better. I have total autonomy when it comes this project I am working on.

K: So, that means that the more you stand out in the company, the more you gain autonomy?

R: Yes, the more I have worked in Playtech, you gain more experience and the more you know your colleagues the more they feel and I feel comfortable to give my word on projects and they feel comfortable in doing the same. I have noticed myself that in certain areas that I am better than others and when it comes to decision-making regarding this area I am better, I am asked for advice or give a final word.

K: Can you compare to yourself when you started in the company? Would you be listened?

R: if it's a good idea and you can make your idea clearly understood and that you talked to the right person, then I think it can be done of course, but if you talk to a manager who doesn't know about technology, or the CEO, maybe he doesn't know what to answer and say "Ok, I don't know anything about technology, go talk to someone else". I've always had the feeling that in general my ideas were listened. No one ever said "Ok, you're new. Your ideas are not worthy".

K: Was it similar in Cybercom or Plenware?

R: That's long ago. In Cybercom I was working for Nokia, it was our customer and I couldn't suggest, or had the opportunity to suggest directly to Nokia. I could only suggest small things inside my office.

K: Do you feel more comfortable when dealing with workmates from Estonia than the ones from other country? When you mentioned the difficulties of contacting Nokia. Do you think that is somehow some cultural discomfort?

R: Cybercom had an offshore in Tartu, so my workmates and bosses were Finnish. I didn't had any fear or discomfort. It is interesting that Playtech's owners are Jews and when I have started working in the company I had cultural trainings for instance, how Jews works. They work 6 hours a day. Estonians work 8 hours a day. And their working time is 6 hours and 4 hours of just talking and arguing (laughs), without proper working. They need a lot more communication than us Estonians do. We don't ask too many questions, we usually try to do things ourselves.

K: What is the average age of your workmates?

R: It varies. But most programmers are in their mid twenties.

K: Do you think it affects somehow the relationships with your boss, as in hierarchy?

R: No, I don't think so. We all need to work together and if someone knows something better, he will be listened.

Appendix 13. Interview with Andrei Dementjev (Fortumo)

Andrei Dementjev (25 years-old, Russian-Estonian)

B.A. in Economics, M.A. in Economics at the University of Tartu, Estonia

Head of Operations of Fortumo (2011 – Present)

Operations Manager at Fortumo (2010 - 2011)

Regional Manager at Fortumo (2009 – 2010)

K: Hello, thanks for your time. Would you mind if I publish your name, age and the years you're working here on my thesis?

A: Yes, I do.

K: I would like to ask you to introduce the company, and tell me a bit about the process of internationalization of it.

A: No problem, and, sure. Well, this company was founded in 2007, and it is the daughter of the company Mobi Solutions. Both are mobile payment services. Mobi is still working, the office is also in this building, but it is more focused in Baltic Countries, but Fortumo is more international.

K: Could you tell me a bit more about how is the structure of the company?

A: Well, the company has a very simple, basic structure. It is pretty much horizontal in terms of strategic decisions, as they CEO takes into consideration everyone's general opinion. It's not that he will ask us if he can take a decision, but if most of the employees disagree with some decision, it won't be taken. It is very democratic, I have to say. I quite like it. It is necessary for this kind of company.

K: All right, so now I have a question about the internationalization process of the company. How was it?

A: Well, we technological device is intended to be shared over the internet, and when we're selling good that is not tangible, which is the case of this company, the process of internationalization gets easier, as it is easily spread around the world through the internet. Basically, if you have internet, you can purchase our product, which is a factor that makes the whole thing of the process of internationalization pretty easy. In less than two years we had already reached all continents. Our clients call us and tell that they want to have to connections with certain countries, that is why

K: Who participates the most in the decision making processes?

A: The ones who participate are the cofounders of Fortumo, and also founders of Mobi solutions. There is also different members of the team, each person is more focused on each region, either Baltic Countries or Latin America, for example. Strategic decisions come from the top, also operational decisions, and other decisions are made with the team. Of course, there is higher priority of higher expertise

professionals. Even though. It must be taken into consideration that at least half of the decisions are teamwork. That's part of the strategic plan. We constantly have seminar with the whole team - take outside the office - to seat and talk, everyone can share their thoughts, and then it is decided how to continue. Good decisions will be put into practice. Oh, I should also mention also that the mother company, Mobi Solutions, doesn't really participate on the activities. We have independent processes of decision-making now, even though we didn't had in the beginning. The thing is that we now focus more on the global market, so Mobi solutions cannot control it anymore. We ended up influencing them instead.

K: I see. But could you tell me with more details how someone in the company can participate in the decision-making process.

A: Well, you have to convince others that your decision is your best decision. Even younger ones can establish decisions if its a good idea.

K: Are there any sort of clashes in this method?

A: Most of the time there are no clashes, its more a matter of generating best solutions. It is taken the best from every strategy. Team organize the activities into smaller teams, like " finance" , and each team has a leader, that is the specialist, and it makes it easier. Most decisions are made by the senior of the team, usually, but he consider the others' ideas. Some departments require more attention, or less attention. The development department requires the most attention. Almost no one is limited to one task, everyone has to deal with everyday problems. Internal decisions, changes of the platform. Internal analyze of database and user bases and so on. Everything is a lot related to umbers. Operators keep a lot the commissions, so they try to make it lowers to may more to the developers.

K: Does then company have long-term previsions or aims?

A: It is hard to keep the focus on long-term decisions. The longest plan is to up to 6 to 9 months. Since this is a company related to technology, there are no future strategies. Every week Fortumo launch actualizations of the software and, as you probably know, since everyone is an internet user, but, oh well, like everything in the world, things change. And not, change fast. We have no conditions to spend time on plans that might not work in a few months. We usually work on what it is going to ne needed in the actual context. Deal with the urgent tasks and avoid long projects. If they have some plan of future, it will be written down in the wall and it will be implemented in the right time.

K: Do you have an example?

A: Sure. We had a big step in 2008 when we were managing all Facebook payments, it was out biggest client and the company was predicting a huge profit from this services in the long run, yet, this service ended up banned as Facebook got its own provider and we suddenly lost one big client. So that is why we cannot make big plans. If we were expecting Facebook to still be our client, we would had to change all our strategic decisions and plans for the future. It would be just loss of time. No bigger plans can be made because the technological scenery changes very fast.

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Facebook payment was banned, and it was giving lots of money to the company, and now they don't have this client, big client, anymore. It is not decided what to do, but how to do.

K: I supposed then, in this system where everyone have the chance of implementing decision, the company has to be very transparent, right?

A: The company mainly communicates via Skype for everyday contacts, e-mails and in person. The company is quite transparent when it comes to informing the employees the new launches, the new decisions. Of course, it is not communicated all the small differences, but the big ones – more relevant in terms of structural or strategic changes.

K: How does it work the process of decision-making?

A: We have monthly meetings to communicate bigger decisions, but we have weekly meetings. Once the user base has a good representative for the whole market, so it means other employees can also think of some strategic measures. The little everyday problems are solved in the Estonian office, here in Tartu. You want them to learn through decision-making

It is wanted more people involved in the decision-making, even though the senior always makes the final decision. It takes 3, 4 months to understand the basics in the company. There are not decisions all the time. We like employee that are able to solve the problems by themselves. No need to involve the whole team. Have more experts in the team, people that knows the knowledge very well. Bosses and business managers are going to the US, talk to people and so on.

K: Thank you very much for answering all the questions and contributing for my research.

A: You're welcome.