

Managing Cross Cultural Differences & Strategies to Overcome Differences



Management

KEYWORDS:

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ABSTRACT

Culture is something that shapes an individual's behaviour and perception for the world. Small groups including family, work colleagues would create norms, rituals, heroes, even symbols, and as a result of these practices in social life. Thus, it becomes necessary for an individual to know more about the cultural differences prevailing in the society. In today's age of multinational companies flourishing internationally at rapid pace, it gives scope for all to learn about various cultures existing. When people work together, they come from various nationalities, beliefs, values, ideologies, languages. The scope of this paper is to throw light on cross-cultural differences are measured through various dimensions given by cultural researchers. It is very necessary for an international manager to know how to gauge the cultural differences among his employees. There are certain strategies also mentioned in the paper which helps a manager in keeping the differences at bay. It also helps to learn how to change the differences into advantages for an organization.

INTRODUCTION:

1 HUMAN RESOURCES

Human Resources are the people who make up the workforce of an organisation, business sector, or economy. "Human Capital" is sometimes used synonymously with "human resources", although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and economic growth. Likewise, other terms sometimes used include "manpower", "talent", "labour", "personnel", or simply "people".

A human resources department (HR department) of an organisation performs human resource management, overseeing various aspects of employment, such as compliance with labour law and employment standards, administration of employee benefits, and some aspects of recruitment and dismissal.

Today's workforce is diverse and multi-cultural. Ever since to the advent of globalization, the doors of the nations across the globe were opened for trade and investments. This led to greater development in the areas of finance, marketing, technological innovations, etc. It always laid an impact on people, i.e., human resources. As people in the organization are the first to experience when any change occurs, it was an immense impact of globalization on human resources all over the world. This gave scope to the people to learn many new practices and techniques of completing the task. If we think bit more on this part, we can also assume that people come from various backgrounds, customs, beliefs, languages. Thus, there comes the prominence for understanding what cross culture is for any manager as he has to deal with various people in the organization that come from different cultures, so it become to understand the multi-cultural environment and its pros and cons.

2 CULTURE:

Before moving on to "*cross culture*", it is very essential to know what "*culture*" is in actual sense. Culture is the distinctive life-way of a people united by a common language and governed by rules and models for their beliefs and behavior. Thus, in a layman's terms, culture is what we live everyday and what we bring with us to the workplace.

Following are few definitions of culture.

According to Encyclopedia Britannica online, a culture is an "integrated pattern of human knowledge, belief and behaviour that is both a result of an integral to the human capacity for learning and transmitting knowledge to succeeding generations."

Schein (1985) describes culture is a set of basic assumptions- shared solutions to universal problems of external adaption (how to survive) and internal integration (how to stay together) - which have evolved

over time and are handed down from one generation to the next.

In 2004, Kutscher **and** Schmid defined culture as the set of basic assumptions, attitudes and convictions of a social unit that manifest themselves in a multitude of behaviour and artifacts, and which developed over time as a response to the varied demands placed on this social unit."

Thus, culture is something that is shared by all or almost all members of some social group. It is something that older members of the group try to pass on to the younger members. It is something that shapes behaviour or structures one's perceptions of the world.

3 CROSS-CULTURAL MANAGEMENT:

Cross-cultural management is examining human behaviour within organizations from an international perspective.

Cross-cultural management describes organizational behaviour within countries and cultures; compares organizational behaviour across countries and cultures; and seeks to understand how to improve the interaction of co-workers, managers, executives, clients, suppliers, and alliance partners from around the world.

Thus here, we can experience that in present day's scenario where people employed in multinational companies (MNCs) are from various cultures and each and every employee is different in his attitudes, practices, behaviour and values. Thus it becomes very difficult for a manager to manage his subordinates who are diverse in their culture. There emerges need to understand and gain knowledge on different cultures. It helps employees to know each others' cultures and languages. This helps, in turn, in keeping the employees integrated in the organization so that they cooperate with each other in attaining the goals of the organization.

Cross-cultural management focuses on reducing the cross-cultural differences and barriers and creating cross-cultural awareness in order to have better communication and cooperation at the workplace. It is the toughest job of a cross-cultural manager to keep his employees involved in the tasks by keeping their differences aside. This will not only help in retaining the employees but also to stay in the organization for a longer period of time. Hence, it is very necessary to recognize the business culture, management values and methodologies across the globe. Every country follows a different way of management style and it becomes difficult for an international manager to manage various cultures.

3.1 Multi – Cultural Aspects in HR

Culture provides a blueprint to show individuals how to perceive, think, and act in a social environment. Klein (2004) argues that

individuals from different cultures view the world around them through different cultural lenses. The lens serves to filter and organize information received from others and perceived in the environment, helps make sense of that information, frames social interactions and communications, structures planning, and impacts adaptation to changing situations.

Following are the Multi-cultural aspect of HR

1. Human Resource Policies:

- Working days, Working hours, Leaves & Holidays
- Conglomerate design & structure
- Manpower cost/ planning/hiring/induction
- Benefits management & compensation
- Performance & Potential Management
- Expatriation in & out
- PF & miscellaneous fund raising

2. Work Culture Impact:

- Multinational – USA/Indian/UAE/Japanese/Korean/European
- Core values, key policies, management style
- System, Process & Work Practices
- Joint Venture or chained
- Code of Conduc
 - Formal
 - Informal

3. Mix of the top-tier management:

- American + India
- British + Arab National + Indian
- Japanese + Indian
- American + Korean + Indian
- All Expats
- All Indians

4. Relations with umbrella organisation:

- In case of joint venture, MNC or 100% owned subsidiary
- Influence of company vision, core values, company work culture & top leadership style
- Related impact on business strategy & plan and its link to HR strategy: Work Culture, HR Policies & Work life

5. Employee population Mix:

- Within Indian business situation
- Outside India business situation
- Social & Cultural habits
- Foods & Etiquettes
- Management & Leadership style
- Adaption to alien-context culture working

4. CULTURAL ISSUES in HR:

Following are the Cultural Issues in HR under different areas:

1. Work:

- Tendency of parent company in case of MNCs to have same work culture in an overseas company
- Disconnect between umbrella company culture & local context. Eg: Indian Subsidiary
- Misunderstanding due to lack of sensitization of local & social structure & cultural context
- Impact of blue collar workers - unions
- Morale, motivation, ownership & commitment of the work force

2. Compensation & Benefits

- Relatively low annual salary increase compared to Indian Context
- Simple & compact salary structure without any consideration to tax savings etc
- High focus on variable Pay & Bonuses and cash element rather than fixed salary & long term benefits
- Clear link of individual performance to variable pay & annual salary reviews

- Strong link of financial performance of the company to define variable pay & salary decision

3. Job Security – People Orientation

- Relocation, No increase, salary cut, pink slips, bench or downsizing in case of:
 - Economic downturn
 - Acquisition & Mergers of companies
 - Non – performance of employee
 - In case of restructuring
 - In case of closure of business – plants/ locations

5 CROSS CULTURAL DIFFERENCES:

One of the main tasks of management is solving of problems that appear at encountering individual company and national cultures. Managers of international companies often face challenges of cultural differences. There are three sources of cultural differences.

1. Corporate company culture:

The corporate company culture elements are such as history of the company, company's experience, leadership and dominant coalition, ownership, stage of development and business diversity.

2. Professional industry culture:

The professional industry culture comprises of two elements; functional orientation and industry norms. Functional orientation includes marketing, finance, engineering, research and development functions. Industry norms include technology, change, key success factors, and types of customers.

3. National ethnic culture:

National ethnic culture includes elements such as country history, education, social organization, religion and philosophy.

6 DIMENSIONS OF CROSS-CULTURAL DIFFERENCES

The major cultural differences could be categorized into two major dimensions. One was given by Geert Hofstede and the other by Fons Trompenaars. Both approaches propose a set of cultural dimensions along which dominant value systems can be ordered. These value systems affect human thinking, feeling, and acting, and the behavior of organizations and institutions in predictable ways. The two sets of dimensions reflect basic problems that any society has to cope with but for which solutions differ. They are similar in some respects and different in others. The dimensions can be grouped into several categories:

1. Relations between people:

Two main cultural differences have been identified. Geert Hofstede distinguishes between *individualism and collectivism*. Fons Trompenaars breaks down this distinction into two dimensions: *universalism versus particularism* and *individualism versus communitarianism*.

2) Motivational orientation:

Societies choose ways to cope with the inherent uncertainty of living. In this category Hofstede identifies three dimensions: *masculinity versus femininity*, amount of *uncertainty avoidance*, and *power distance*.

3) Attitudes toward time:

Hofstede distinguishes between *a long-term* versus *a short-term orientation*. Trompenaars identifies two dimensions: *sequential versus synchronic* and *inner versus outer time*.

The cultural differences could in any of the above mentioned dimensions. For more detailed understanding, I have selected Hofstede's basic model.

In his original work, Hofstede identified four key dimensions which impact on natural cultural differences. These are:

- Individualism/collectivism: This dimension reflects the extent to

which individuals' value self-determination as opposed to their behaviour being determined by the collective will of a group or organization.

- **Power-distance:** At the core of this dimension lies the question of involvement in decision making. In low power-distance cultures, employees seek involvement and have a desire for a participative management style. At the other end of this scale, employees tend to work and behave in a particular way because they accept that they will be directed to do so by the hierarchy or the organization.
- **Uncertainty avoidance:** This dimension is concerned with employees' tolerance of ambiguity or uncertainty in their working environment. In cultures which have high uncertainty avoidance, employees will look for clearly defined, formal rules and conventions governing their behaviour.
- **Masculinity/femininity:** This is possibly the most difficult dimension to use in an organization context. In practice, the difficulty is more to do with terminology and linguistics, in Hofstede's work the dimension related to values. In highly "masculine cultures" dominant values relate to assertiveness and material acquisition. In highly "feminine cultures" values focus on relationship among people, concern for others and quality of life

STRATEGIES FOR MANAGING CROSS-CULTURAL DIFFERENCES

As the managers and the employees in a multinational organization gradually understand the dimensions and differences, it is the duty of both managers and the employees to adopt the strategies to keep the diversity at bay. Following are the strategies which help us to overcome the obstacles of cross-cultural differences;

1. Good knowledge of foreign culture:

The first strategy is acknowledging and admitting the existence of differences between cultures. This mainly includes differences in perceptions, interpretations and evaluations of social situations and people who create them and act within them. These differences than have to be named, described, explained and understood. Recognition of the culture of a partner is considered to be the first condition of mutual understanding and good cooperation. This step is definitely neither common nor easy.

2. Respect of a foreign culture:

Respect of a foreign culture means most of all accepting their differences without any judgment. It is not possible to claim that a certain culture is more perfect, "better" than another culture. Cultures are different and for their members they represent optimum to manage life situations in conditions they have been living in for a long time.

3. Helpful steps in the relationship to a foreign culture:

The next strategy of the recommended process should be the effort to find common solution, mutual understanding and simplification of the complicated and demanding process of behaving in different cultural conditions. These helpful steps in no case mean that the participating partners should give up their cultural background, but it suggests that they should use their knowledge of own culture to gain knowledge about the partner's culture, which can be quite easy after all. Very often it is enough to sacrifice something that is not too important for us, but it means a lot for another culture. The main condition is a very good knowledge of partners and their cultural environment, though.

4. Ignore the cultural differences:

In this strategy, a stage comes where the managers ignore the differences. It later becomes irrelevant as the managers and employees would be having a good understanding about each others' cultures and practices as earlier they would learn to respect the cultures. The employees and managers feel in this type of strategy

that "our way is the only way" as it is also practices in parochial type of organizations. The ignorance of diversity precludes effective management of cultural differences and also precludes the possibility of minimizing negative impacts and increasing positive impacts of diversity.

5. Minimize differences:

In this strategy, the managers recognize cultural differences but only as a source of problems. This strategy is mostly adopted by ethnocentric organizations. In such organizations, managers try to reduce the problems of differences by reducing cultural diversity. They do not think about advantages of diversity. They try to either select a culturally homogenous workforce or attempt to socialize all employees into behaviour patterns of dominant culture.

6. Managing differences:

This strategy is adopted by synergistic organizations. These organizations recognize the impacts of cultural differences that lead to both advantages and disadvantages. The managers in synergistic organizations believe that "our way and their way of believing and managing differ, but neither is superior to other". In this case, the managers and employees minimize potential problems by managing the impacts of cultural differences, not by minimizing the differences themselves. Similarly, managers maximize the potential advantages by managing impacts of cultural differences, rather than by ignoring them. The organizations which use the strategy of managing differences train their managers and employees to recognize the cultural differences and to use cultural differences to create advantages for the organizations.

CONCLUSION:

As the globalization is increasing, cultural differences are bound to be found in workforce. It becomes very important for a manager to deal with complex issues arising out of the cultural differences and mould the differences into benefits. The managers and employees in an organization should respect the other cultures prevailing in the workforce. This will enable them to eradicate the differences and unite them which further leads to attain the organizational objectives smoothly. The resources and potentials of the organization could be utilized optimum when there are no such differences. The managers could deal with their employees with sound coordination and delegation becomes easy as well. The cultural differences in multinational companies are taken as positive factor and helps in building synergies. This shapes the organization to equip the best to fight against the rivals and get more competitive advantage of it. Once the cultural differences are managed in proper way by the managers, it becomes easy for the organization to flourish in all cultures across the globe.

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