

Managing Cross-cultural: Issues and Challenges in Global Organizations

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ABSTRACT

Today, globalization has become a truth. Advances in the field of information and technology and liberalization in trade and investment have increased the ease and speed with which companies can manage their global operations. Due to globalization, many companies are now operating in more than one country. This crossing of geographical limitations by the companies gives the birth of multicultural organization where employees from more than one country are working together. The global business is affected by a number of factors like differences in- socio, economic, cultural, legal and political environments. The global business is also level to a number of risks like political risk, currency risk, cross-cultural risks etc... Human resources are required to perform at all operational levels across all business units be it domestic or global. In such circumstances, the risk of cross cultural difference is expected. The aim of this paper is to find out these discrepancy and then suggest some effective solutions to manage effectively the cross cultural aspect of human resources for the success of global business.

key words :cross-culture, globalization, global business, expansion, diversity.

1. INTRODUCTION

Due to globalization, many companies are now operating in more than one country. This crossing of geographical boundaries by the companies gives the birth of multicultural organization where employees from more than one country are working together. It may be true that companies are finding these expansions as attractive and beneficial but operating and managing a global business is normally a lot tougher than managing a local company. The main reason for the expansion of companies is to create global competitiveness by reducing production costs and exploiting market opportunities offered by trade liberalization and economic integration. Effective knowledge and use of cross cultural diversity can provide a source of experience and innovative thinking to enhance the competitive position of organizations. However, cultural differences can interfere with the successful completion of organizational goals in today's multicultural global business community. To avoid cultural misunderstandings, managers should be culturally sensitive and promote creativity and motivation through flexible leadership.

2. ORGANIZATIONAL CULTURE

When people join an organization, they bring with them the values, beliefs they have been taught. However these values and beliefs are generally insufficient to help the employee succeed in the organization. They need to learn that how that particular organization functions and need to adapt to it accordingly. Organizational culture has a number of important characteristics; some of them are given below-

2.1 Observed behavioural regularities: When organizational participants interact with one another, they use common language, and services related to deference and demean.

2.2 Norms: These are the standards of behaviour: it includes the guidelines on how much work to do etc.

2.3 Dominant value: These are major values that the organization advocates and expects the participants to share. Some of the example includes are high product quality, low absenteeism, and high efficiency.

2.4 Philosophy: These are the policies that set forth the organizations beliefs about how employees and or customers are to be treated.

2.5 Rules: These are the strict guidelines along in the organization. New comers must learn those ropes in order to be accepted as full-fledged members.

2.6 Organizational climate: This is an overall feeling that is conveyed by the physical layout, the way participants interact, and the way members of the organization conduct themselves with customers of other outsiders

3. DIVERSITY

Diversity can be defined as the concept of diversity includes acceptance and respect. It means understanding that each individual is unique, and recognizing our individual differences. These can be along the dimensions of race, sexual, orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs, or other ideologies. It is the exploration of these differences in a safe, positive, and nurturing environment. It is about understanding each other and moving beyond simple tolerance to embracing and celebrating the rich dimensions of diversity contained within each individual.

3.1 CULTURAL DIVERSITY

Cultural diversity can be defined as Cultural diversity is when differences in race, ethnicity, language, nationality, religion, and sexual orientation are represented within a community. A community is said to be culturally diverse if its residents include members of different groups. The community can be a country, region or city. Cultural diversity has become a hot-button issue when applied to the workplace.

3.2 REASONS FOR THE EMERGENCE OF DIVERSITY

Changing demographics is the main reason for the emergence of diversity. Women, older workers, minorities, physically challenged people, and those with more education are entering the workforce in a record numbers. So many other factors too are responsible for the emergence of diversity like – It can help organizations in meeting competitive pressure faced by them globally. The pace at which the global business is expanding, it too contributes to the emergence of diversity.

4. THE ADVANTAGES OF DIVERSE CULTURE IN THE WORK FORCE

A diverse culture in a workplace means the organization employs workers from a wide array of backgrounds, including ethnicity, race, gender and religion. However, a number of other less common and more minor separate traits contribute to a culture in which employees work with others who aren't their mirror images.

4.1 Improved Morale: One benefit of a diverse workplace culture not as normally discussed is improved morale. However, this is an important advantage. When diversity is well-managed and employees are trained on cultural sensitivity and awareness, the ideal result is a workplace where all people are validated and regarded as important, regardless of differences. This confirmation of value improves individual worker morale and the collective positivity in the workplace.

4.2 Broader potential: An advantage that is more often pointed out about a diverse workplace is broader perspectives and deeper ideas. A collection of people with varying backgrounds and life experiences are more likely to share different perspectives on a workplace challenge. They are also more likely to present and discuss a number of ideas. By increasing the quantity of perspectives and ideas, the quality of the final decision or solution is typically optimized.

4.3 Global Impact: In a global world economy, having a work force that is diverse from a cultural and country perspective can help companies establish roots and develop business in foreign markets. The ability to communicate effectively with global business markets, to establish strong relationships with partners and suppliers in nondomestic markets and to understand the cultural implications of doing business in different parts of the world are key benefits.

4.4 Community Relationships: As communities become more diverse, it is important that organizations become diverse as well, for both functional and psychological reasons. Functionally, companies need employees who speak customers' languages and understand their needs. Psychologically, communities and customers typically prefer to do business with companies who employ people from their own backgrounds. Thus, companies in diverse communities often make hiring for and managing a diverse culture an important strategic element.

5. Why Culture Matters in International Business?

Effective handling of the cross-cultural interface is a critical source of a firm's competitive advantage. Managers need to develop not only understanding and tolerance toward cultural differences, but also acquire a sufficient degree of factual knowledge about the beliefs and values of foreign counterparts. Cross-cultural proficiency is vital in many managerial tasks, including:

- Developing products and service Communicating and interacting with foreign business partners.
- Screening and selecting foreign distributors and other partners
- Negotiating and structuring international business ventures
- Interacting with current and potential customers from abroad
- Preparing for overseas trade fairs and exhibitions
- Preparing advertising and promotional materials

Lets consider specific examples of how cross-cultural differences may complicate workplace issues:

5.1 Teamwork

Cooperating to achieve common organizational goals is critical to business success. But what should managers do if foreign and domestic nationals don't get along with each other? Try to sensitize each group to differences and develop an appreciation for them? Rally the groups around common goals? Explicitly reward joint work?

5.2 Lifetime employment

Workers in some Asian countries enjoy a protective relationship with their employers and work for the same firm all their lives. The expectations that arise from such devoted relationships can complicate dealings with outside firms. Western managers struggle with motivating employees who expect they will always have the same job regardless of the quality of their work

5.3 Pay-for-performance system

In some countries, merit is often not the primary basis for promoting employees. In China and Japan, a person's age is the most important determinant in promoting workers. But how do such workers perform when Western firms evaluate them using performance-based measures?

5.4 Organizational structure

Some companies prefer to delegate authority to country managers, creating a decentralized organizational structure. Others are characterized by autocratic structures with power concentrated at regional or corporate headquarters. Firms may be entrepreneurial or bureaucratic. But how can you get a bureaucratic supplier to be responsive about demands for timely delivery and performance?

6. Barriers to Cultural Adaptations

There are a number of barriers to cultural adaptations, some of them are:-

6.1 Parochialism

The international operations of expanding organizations are conducted in such an environment whose social system is different from the one in which the organization is based. This new social system affects the responses of all persons involved. The employees posted to a new country show a variety of behaviours' which is often true to their citizens and country. They may fail to recognize key differences between their own and other cultures. Even if they do, they tend to conclude that the impact of those differences is insignificant. In effect, they are assuming that the two cultures are more similar than they actually are.

6.2 Individualism

Some of the workforce may be relatively individualistic, means that they place greater emphasis on their personal needs and welfare. At the extreme, individualism suggests that their action should be guided by the motto, —look out for themselves before being concerned about others.

6.3 Ethnocentrism

This is another potential barrier to easy adaptation to another culture. It occurs when people are liable to believe that their homeland conditions are the best. This predilection is known as the self- reference criterion, or ethnocentrism. Even though this type of thinking is natural, it interferes with understanding human behaviour in other cultures and obtaining productivity from local employees. In order to add the imported and local social systems, international workforces need cultural understanding of local conditions. Even with this understanding, they must then adaptable enough to integrate the community of the interest of the two or more cultures involved.

6.4 Cultural Distance

In order to predict the amount of adaptation that may be required when an employee moves to another country, it is helpful to understand the cultural distance between the two countries. It is the amount of difference between any two social systems, and this may range from minimal to substantial. Whatever be the amount of cultural distance, it does affect the responses of all persons to business. Employees naturally tends to be somewhat ethnocentric and to judge conditions in a new country according to standards of their homeland. These problems will be magnified if the cultural distance is great.

6.5 Cultural shock

When employees enter another nation they tend to suffer cultural shock, which is the insecurity and confusion caused by encountering a different culture. They may not know how to act, may fear losing face and self-confidence, or may become emotionally upset. Some individuals isolate themselves, while a few even decide to return home on the next airplane. It is virtually universal. It happens even on a move from one advance nation to another.

Some of the common reasons for cultural shock are

- 6.5.1 Different management philosophies
- 6.5.2 languages
- 6.5.3 Alternative food, dress, drying patterns, availability of goods.
- 6.5.4 Attitude towards work and productivity
- 6.5.5 Separation from friends and colleagues
- 6.5.6 Unique currency system

7. OVERCOMING BARRIERS TO CULTURAL ADAPTATIONS

In spite of the strong evident need for employees moving on foreign assignments to understand local culture and be adaptable, they often arrive unprepared. Their selection is typically based upon their job performance in the home country. Because of their parochial, individualistic or ethnocentric beliefs, they might not be concerned about the

fact that they will be doing business with people whose traditional beliefs are different from their own. They may not know that local language and might have little interest in becoming a part of the community. They may also have been selected based on their technical knowledge by their employer. However cultural understanding is essential to avoid errors and misunderstandings that can be costly to the organization. There are a number of steps that the organization can undertake to prevent cultural shock and reduce the impact of the other barriers listed above. Some of them are given below

7.1 Careful Selection

Employees can be selected who are low in ethnocentrism and other possibly troublesome characteristics. The desire to experience other culture and live in another nation may also be an important condition attitude worth assessing. Learning the attitude of employees spouse towards the assignment also can be important; to ensure that there is strong support for serving in foreign country.

7.2 Well-matched Assignments

The adjustment to new country becomes easy for the employees especially on their first international assignment, if they are sent to the countries that are similar to their own.

7.3 Pre-departure

Training many organizations try to accelerate adjustment to a host nation by encouraging employees to learn local language. They offer training prior to assignments. It often includes orientation to the geography, customs, culture and political environment in which the employees will be living.

7.4 Orientation and the support in the new country

Adjustment is further encouraged after arrival in the new country if there is a special effort made to help the employee and family get settled, this may include assistance with housing, transportation and shopping. It is especially helpful if a mentor can be assigned to ease the transition.

8. CONCLUSION

Organizations' ability to attract, retain, and motivate people from diverse cultural backgrounds, may lead to competitive advantages in cost structures and through maintaining the highest quality human resources. Further capitalizing on the potential benefits of cultural diversity in work groups, organizations may gain a competitive advantage in creativity, problem solving, and flexible adaptation to change. Multi-cultural workforce is becoming the norm. To achieve organizational goals and avoid potential risks, the managers should be culturally sensitive and promote creativity and motivation through flexible leadership.

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