

MANAGING CROSS-CULTURAL DIVERSITY: ISSUES AND CHALLENGES

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Abstract

Today, Globalization in business is spreading like an epidemic. Many organizations have widespread their business units in overseas not only to strengthen their financial status but also establish strong business network worldwide. 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.

The global business is also prone to a number of risks like political risk, currency risk, cross-cultural risks etc... The Smooth running of any organization depends on its human resources personnel and their ways of addressing the problems. 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 discrepancies is inevitable. In this paper, the emphasis has given on the different dimensions which give birth to multiculturalism. Also, some suggestions and possible guidelines have been narrated to overcome with such problems and hazard free running of the global business. This paper also suggests how Initiatives have to be taken by higher authorities and subordinates for building nonracist organization.

Keywords: Cross-culture, Multiculturalism, Issues, Globalization, expansion, diversity

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 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.

LITERATURE REVIEW

For managers to effectively manage organizations, understanding the basic concepts of cultural diversity is an important consideration. Culture is defined as the integrated system of beliefs, values, behaviors and communication patterns that are shared by those socialized within the social group (Konard et al.,

2006). Luthans (2005) on the other hand, defined diversity as the means of understanding the individual's uniqueness as well as recognizing individual differences. Accordingly, Ashton (2010) exclaimed that diversity can be classified into two dimensions. The first dimension considers the age, gender, and sexual orientations that differentiates an individual to others. The second dimension focuses on such qualities such as education, religion, geographical location, income, and others. And, cultural diversity is regarded as the variety of human societies or cultures in a specific region, or the world as a whole (Henderson, 2001). This would also mean that there exist cultural differences with employees or people with varying culture such as language, traditions, dress and others.

Cross-cultural management is obviously important and has a great effect on the success of international business operations. Cullen and Parvoteeah (2008) have reported that international business management is inseparable from the sphere of patterned cultural behaviors because culture is represented in terms of the pervasive and shared beliefs, norms, values, and symbols that guide the everyday life of different groups of people. Upholding positive relationships in a cross-cultural environment requires both the workers and leaders/managers to respond to cultural sensitive structures of adapting to the cultural diversity (Obinna and Farkas, 2011).

In order to enlighten the management to solve the problem of cross cultural diversity with some novel approach

this paper intends to find out about culture, diversity and how to manage the culturally diverse workforce in the era of globalization with the following objectives:-

The Objectives of This Study are to Find out

1. The concept of culture, diversity and their importance in global organizations.
2. The issues and challenges of cross cultural diversity.
3. Recommend the necessary strategies to manage culturally diverse workforce

RESEARCH METHODOLOGY

The nature of data used in this study was mainly secondary data. The data primarily consists of extensive review of existing literature comprising of Journals, internet, Books, previously conducted research in the field, websites of culture and diversity, magazines etc. . . . The data was used to find out the contemporary cross cultural diversity strategies employed by the organizations, and all other previously conducted research in the field . This had enabled to identify the prevalent gaps in the existing literature and prompted me to undertake this study.

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.

REASONS FOR THE EMERGENCE OF DIVERSITY

Changing demographics is the main reason for the emergence of diversity. Some other factors too are responsible for the emergence of diversity . The pace at which the global business is expanding, it too contributes to the emergence of diversity.

CROSS CULTURAL MANAGEMENT AND ITS IMPORTANCE

Adler (2008) defined cross-cultural management as the people's behavior in organizations worldwide that reflects how people or employees with different cultural backgrounds work in an organization and the service they will extend to the clientele. There is an urgent concern to manage the employees with different cultural orientations as an important ingredients of achieving a successful organization. Accordingly, managing cross-cultural workforce is very important that, companies from different parts of the globe should take into consideration because it is a known reality that cultural conflicts may arise for failure of companies to address the many issues that contributes to such conflict. Furthermore, the cooperation between different countries is equally important especially in establishing conflict resolution whenever conflicts arise.

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 empathy 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 paramount in many managerial tasks, including:

- Developing products and services
- 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

MANAGING CULTURALLY DIVERSE WORKFORCE

When an organization tries to expand its operation geographically to more than one country, it tends to become a multicultural organization. The biggest challenge to be faced by the organizations then will be blending employees from different cultural backgrounds. When employees from two or more cultures interact with each other on a regular basis, it results into multiculturalism. The employees entering to another nation

needs to adjust their leadership styles, communication patterns and various other practices to fit with the styles of the host nation. Sometimes the employees from the parent country nationals from the nation in which the home office is located and sometimes they belong to a third country. Both of these categories of employees are called expatriates, as they belong to other countries. What the organization wants is the fusion of cultures of these employees so that greater productivity is ensured.

CULTURAL ISSUES AND BARRIERS FACED BY GLOBAL MANAGERS

Global managers are often confronted with many issues in managing the global workforce. This is due to the fact that, employees across borders have their own cultures that may affect the business operation and performance. Some of the known cultural issues and barriers that hinders cultural adaptation are mentioned as follows:

1. Parochialism

People might think that organizations from the country where they originate operates with the same scope of responsibilities and operation with the international businesses that they are newly engaging in. But the reality is, the international business operation has wider scope and responsibilities than domestic corporations and the social system is different from the previous organization. So, the employees tend to be narrow- minded and they failed to realize the differences between their own culture and other cultures and remain to behave with their own

culture over the new culture brought by internationalization. And, they perceived the insignificance of their culture and the new culture resulting to non-recognition of the new culture.

2. Individualism

Many workers become individualistic rather than collective. So, the idea of teamwork seems difficult to attain because the employee do not aspire to be a team builder but the attitude is more inclined on self-interest and self-gratification. Hence, they are guided by the saying that “self-first before others”.

3. Ethnocentrism

Another issue that poses barrier to cultural acceptance is the idea of ethnocentrism. This holds the fact that employees from their homeland tend to apply their own culture to the international environment and workplace. They always believed that the culture, conditions, and working environment in their country is far better than the new environment which hinder them to adapt the new culture. Moreover, their judgment and perception are based on self-criterion that eventually affects negatively their productivity and performance. So, the need to understand other culture and temporarily forget the native homeland's culture.

4. Cultural Distance

Cultural distance plays an important role in assessing the amount of cultural adaptation that employees can achieve in moving from homeland to another country. Cultural distance impacts the feedback and responses

of employees in the business. The difficulty of employees to distinguish the homeland's culture to the new culture signifies the higher degree of cultural distance that might result to being ethnocentric. So, managing this problem is important to erase cultural barriers.

5. Culture Shock

Culture shock can be described as a condition that employees experienced by having the difficulty to adapt the new culture because of insecurities and disorientations facing totally different culture (Chaney & Martin, 2011). Employees might not know how to react or respond to the conditions. They lose self-confidence and may emotionally be upset. Although it is a universal condition, many people are struggling much that may result for others to isolate themselves or even plan to go back home because they have not overcome their fears and insecurities. Some of the reasons for cultural shock can be derived from the following: different management philosophies; language; food, dress, driving patterns; attitude towards work and productivity; separation from friend and colleagues; and others.

OVERCOMING BARRIERS TO CULTURAL ADAPTATIONS

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

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 and learning the attitude of employees spouse towards the assignment may also be an important prerequisite attitude worth assessing.

Compatible 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 .

Pre-departure Training

Many organizations try to hasten 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.

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.

Incentives and Guarantees

Another problem that can arise when employees transfer to another culture is that their need satisfactions are not as great as those of comparable employees who remain at home. Although a move to another nation

may be an exciting opportunity that provides news challenges, responsibilities, and recognition, an international job assignment may bring about financial difficulties, inconveniences, insecurities, and separation from relatives and friends. In order to motivate such employees to accept such assignments in other nations, organizations frequently should give them extra pay and fringe benefits to compensate for the problems they may experience. They should also be assured for better position in the organization upon their return to the home country, which could help them to relieve their job insecurities.

Preparation for reentry

Employees who return to their home country after foreign assignment tends to suffer cultural shock in their own country. This is sometimes called cross-cultural reentry, and may cause reverse cultural shock. After adjusting to the culture of another nation and enjoying its uniqueness, it is difficult for employees to readjust to the surroundings of the home country. This situation is made more difficult by the multitude of changes that have occurred since they departed.

MANAGERIAL GUIDELINES FOR CROSS-CULTURAL SUCCESS

Although every culture is unique, certain basic guidelines are appropriate for consistent cross-cultural success. Let's review three guidelines managers can follow in preparing for successful cross-cultural encounters.

Guideline 1

Successful managers acquire a base of knowledge about the values, attitudes, and lifestyles of the cultures with which they interact. Managers study the political and economic background of target countries—their history, current national affairs, and perceptions about other cultures. Such knowledge facilitates understanding about the partner's mindset, organization, and objectives. Decisions and events become substantially easier to interpret. Higher levels of language proficiency pave the way for acquiring competitive advantages. In the long run, managers who can converse in multiple languages are more likely to negotiate successfully and have positive business interactions than managers who speak only one language.

Guideline 2

Avoid cultural bias. Perhaps the leading cause of culture-related problems is the ethnocentric assumptions managers may unconsciously hold. Problems arise when managers assume that foreigners think and behave just like the folks back home. They distort communications with foreigners. They may perceive the other's behavior as odd and perhaps improper. For example, it is easy to be offended when our foreign counterpart does not appreciate our food, history, sports, or entertainment, or is otherwise inconsiderate. This situation may interfere with the manager's ability to interact effectively with the foreigner, even leading to communication breakdown. In this way, cultural bias can be a significant barrier to successful

interpersonal communication. Most people view their own culture as the norm—everything else may seem strange. This is known as the self-reference criterion—the tendency to view other cultures through the lens of one's own culture. Understanding the self-reference criterion is a critical first step to avoiding cultural bias and ethnocentric reactions. Critical incident analysis (CIA) refers to an analytical method for analyzing awkward situations in cross-cultural interactions by developing empathy for other points of view. It is an approach to avoiding the trap of self-reference criterion in cross-cultural encounters.

Guideline 3

Develop cross-cultural skills. Working effectively with counterparts from other cultures requires an investment in your professional development. Each culture has its own ways of carrying out business transactions, negotiations, and dispute resolution. Cross-cultural proficiency is characterized by four key personality traits: Tolerance for ambiguity—the ability to tolerate uncertainty and apparent lack of clarity in the thinking and actions of others.

Perceptiveness—the ability to closely observe and appreciate subtle information in the speech and behavior of others.

Valuing personal relationships—the ability to recognize the importance of interpersonal relationships, which are often much more important than achieving one-time goals or winning arguments.

Flexibility and adaptability—the ability to be creative in devising innovative solutions, to be open-minded about outcomes, and to show grace under pressure.

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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