



Managing Cross Cultural Differences for Organizational Effectiveness

Dr. Veena Vyas

Asst. Prof. Business Admin. Commerce Faculty,
Mahila PG Mahavidyalay,
Jodhpur, Rajasthan (India)

Abstract: *“We have become not a melting pot but a beautiful mosaic, different people, different beliefs, different yearnings, different hopes, different dreams” stated by Jimmy Carter.*

Nowadays, Globalization has become a popular term. As companies, expand their presence abroad, markets once limited by geography, language, and culture are opening to firms ready and willing to compete. In order for them to adapt to global market, the companies need to gain an insight into the different cultures. Cultural knowledge is useful not only for business but also to know the person with similar culture. Thus, managing globalization means managing change and various issues related to human resources.

Competitive position of corporate in term of thinking & experience can be made by suitable use of cross cultural groups to nurture their position, and to resolve potential communication barriers. This paper focuses on managing and harnessing the power of cross cultural differences for organizational effectiveness. It examines the various issues and challenges faced by the companies in managing the cultural diversity and provide an insight into the strategies to exploit this dimension of globalization for organizational effectiveness.

“Talk in a language he understands, that goes to his head. But if you talk in his own language that goes to his heart” told by Nelson Mandela

Keywords: *Organisation Effectiveness, Cross Cultural Differences, Diversity Management..*

I. INTRODUCTION

The world's increasing globalization requires more interaction among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, profit and non-profit organizations need diversity to become more creative and open to change. Maximizing and capitalizing on workplace diversity has become an important issue for management today.

II. ORGANISATION EFFECTIVENESS

Organisation effectiveness is the extent to which an organisation, given certain resources and means achieves its objectives without placing undue strain to its members. According to Chester Bernard, “Organizational effectiveness is the degree to which operative goals have been attained with the given resources and means.” Organizational Effectiveness is defined as the planned use of tools, practices and behaviours that encourages optimum effectiveness of people and organizations as a whole (Burke 1994). Yankey & McClellan (2003) “Organizational effectiveness is defined to which an organization has met its stated goals and objectives . . . and how well it performed in the process. Measurement of non-profit effectiveness reflects the diversity in the size, scope, and services of the many types of organizations. Little research or agreement exists that qualifies that best objectives or practices to obtain organizational effectiveness, but researchers agree that the goals and mission of non-profits often differ from the goals of for-profit organizations. The positive relationship between business performance and workforce diversity in growth-oriented organizations holds true for race diversity as well as gender diversity; but race diversity is shown to be associated with harmful and negative outcomes for the downsizing firms (Richard 2000).

III. CROSS CULTURAL DIFFERENCES

The world is often referred to as global village. Global managers have to constantly deal with the other cross-country, cross-culture business managers. The ability to speak the language of host country, adapt to a given environment, motivate team, negotiate and understand other culture is a competitive advantage in the global market place. As a result, corporate executives are being asked to have one more important competence skills that is to have an understanding of cultural diversity. This competence or skill implies that management must understand the difference in the interrelations with people from different cultures. Every



culture has its own pattern that shapes the manner by which people interrelate, such as: how they greet each other, how they converse, perception of time and other business protocols.

IV. DIVERSITY MANAGEMENT

Diversity Management developed as a philosophy in the late 1980s in North America. The concept gained popularity in UK as a new management approach in 1990s and has continued to do so because of the prevailing social and economic climate. Labour market statistics indicated that the workforce of the twenty-first century is becoming more and more diverse in terms of factors such as race, ethnic origin, gender, age, sexual orientation and political and religious belief; hence diversity has turned out to be an essential business concern.

Diversity is not an option, it is automatically part of the package, and some sort of diversity management framework is a necessity (Allard 2002).

Diversity contributes to increased market share because it enhances an organization's ability to deal more sensitively with multicultural domestic and foreign customers, thereby increasing customer satisfaction, keeping and gaining market share (Bhadury et al., 2000). Diversity enhances employee relations and reduces the cost of labour as well as recruiting the best people in the labour market by embracing diversity, such employers can also benefit from cost savings by having a more cost-effective recruitment process (Woods and Sciarini 1995). Advocates of diversity management argue that an inclusive diversity climate increases the performance and productivity level of employees through increased job satisfaction and commitment (Morrison 1992). Stereotyping and discrimination on the grounds of nationality frequently undermine effective communication in international teams and can lead to misunderstanding and conflict (Phillips 1992). In an international business, the complexity grows. This complexity is originated by the absolute diversity of reasons to be balanced and managed at every level. Indian companies have to tackle marketing challenges at a nationwide level by adapting to different languages, market preferences etc effectively, yet at the same time considering India as a homogenous market for optimizing on scale. Dwyer et al. (2003) tell us, 'A growth oriented, and culturally diverse organization benefits from employees who are flexible in their thinking and who are less likely to be concerned about departing from the norm.' Their research findings suggest that firms adopting growth strategies benefit from the increased levels of performance stemming from gender diversity at managerial level

V. LITERATURE REVIEW

Two leading studies of cross-cultural management have been conducted by Geert Hofstede and Fons Trompenaars. The work of Hofstede (1980) provides the basis for culture related research. Hofstede studied about 11,600 IBM employees from 66 nations and examined the extent to which dominant values differ among people. Diversity is generally defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status (Esty, et al., 1995). Workplace diversity involves recognizing the value of individual differences and managing them in the workplace.

In today's globalized world, diversity has turned out to be a topic for research and discussion on which lots of time & energy is being put. Diversity by definition is "the attempt to bring together competing interests into a single whole." (Hickman, 2006). Some researches (Kochan et al., 2003) have negated the relation between diversity and performance i.e. they portray few positive or negative response for organizational performance due to diversified work force. While a few of studies (Moon, 1997) have suggested that diversity is directly proportional with organizational processes such as trouble solving approach, creativeness, and message etc. Organization's diversity not only harmonize critical issues but also provide energy to overcome the challenges. Diversity initiatives can not only perk up the performance of an organization's workforce & catalyze the ROI in the form of packages, training, development & recruitment but also can lead to employees feeling ignored, time wastage along with mistrust, conflicts & wastage of money on legality & settlements. Effective management is more than just acknowledging differences in the employees, rather it involves understanding the value, belief, culture. (Green, Lopez, Wysocki, & Kepner, 2002). For competitive organizations, there is a dreadful need to cultivate their own exceptional methods for addressing demographically diverse workforce keeping in view their cultural differences, backgrounds, values and assumptions such that they allow for the integration of the diversified workforce into the organization (Gilbert, Stead, & Ivancevich, 1999).

VI. OBJECTIVES

In the knowledge era, the biggest challenge confronted by HR professionals is to manage the workforce diversity. In this era of globalization, all organizations use almost the same channels of marketing, infrastructure, production and finance practices; the only differentiating factor is managing and harnessing the power of cross cultural differences to sustain the competition. And this is where, the concept managing workforce diversity seeps in, in fact in today's environment, it is moving to the top of the list of core functions for managing human resources. Thus, this study has been undertaken with the following objectives:

- To study and review the challenges and issues in managing cultural differences
- To review and suggest strategies for managing cross cultural strategies.



VII. RESEARCH METHODOLOGY

Since, this is a descriptive paper the data is mainly collected from the secondary sources which include articles published in HRM journals, research papers, published interviews of professionals in newspapers, magazines and websites of different companies.

VIII. LIMITATIONS OF THE STUDY

As is the case with any descriptive study, this paper also has certain limitations. The study is based on the secondary data thus the positive relationship though established between workforce diversity and organizational effectiveness; it is hard to be validated in the absence of primary data.

IX. FINDING & ANALYSIS

Notwithstanding the differences in culture and value systems, many issues and concerns are global. Aspiring Global managers have to be mentally ready to cope with surprises, mistakes, misunderstandings and even blunders in their cross cultural interactions. Some of the challenges that have been faced by managers while managing diversity are diversity challenges.

X. CONCLUSION

In the era of globalization where physical boundaries have no reason to exist, practical & globally diversified teams only stay. If we look at back there are ample of example of successful & achievable cross-cultural, international projects. Take an example of computers system & in that series take the example of IT giant like TCS, Infosys etc that not only taking the international projects but also successful competing with other IT majors all over the world.

“Talent is imperative in today’s economy and the increase in globalization means the competition for global talent is rife. At Infosys, we recognize the importance to invest in skills globally and provide opportunity for future business leaders to understand the changing dynamics of a flat world.” Says Nandan M. Nilekani, CEO Infosys Technologies.

XI. RECOMMENDATION

- ✓ **Understand the diversity**- managers should recognize his own cultures so as to handle employees with other cultures in straight direction.
- ✓ **Training for diversity** – Programme for diversity training not only provides opportunities to advance their employee's skill but also the environment.
- ✓ **Handing employees' complaints** - Collecting and analysing employees' complaints related to diversity to find potential problems.
- ✓ **Avoidance in diversity conflicts** – Rule to be incorporated in order to avoid diversity conflicts so that all employees behave in an elegant way.
- ✓ **Learning of foreign languages** – That not only improve communication but also a platform for relationship.
- ✓ **Practice active listening**. -Restating the other speaker’s statements to ensure you understand their meaning and asking frequent questions.
- ✓ **Cross-cultural Training**- Cross-cultural training stresses on training employees about other cultures and sensitizing them to the discrimination and biases diverse employees feel. Cross-cultural training aims at helping employees live and work comfortably in another culture. Organizations can use two approaches of training that can play a big role in managing diversity.
- ✓ First approach offers training to diverse groups of employees. People from diverse groups can be trained for an entry-level skill.
- ✓ Second approach is to provide training to managers and other employees who work with diverse employees.
- ✓ **Environmental acquaintance**: to provide information about history, geography, climate, schools, government, economy, etc.
- ✓ Familiarity with organizational culture through Orientation: to familiarize the employees with value systems and culture of the host country.
- ✓ **Language training**: to teach conversational language skills.
- ✓ **Sensitivity training**: to develop attitudinal flexibility.
- ✓ **Conduct an organizational audit**: The organizational audit should include a continuous monitoring of all human resource management decisions around hiring, placement, training and development, evaluation, promotion, compensation, and reward systems.
- ✓ **Assess the pulse of the company**: If diverse workforce in the organization feels good about their stay and experience and enjoy at work, then the well-being, motivation, satisfaction, and commitment of people of any organization will increase.
- ✓ **Establish and communicate clear performance standards**: Performance standards must be based on critical competencies necessary for each job.



- ✓ **Continuous feedback mechanism:** Employees should be trained about how to give and receive feedback continuously on clearly identified undesirable behaviors the company want to change and desirable behaviors the company want to encourage. Identification of desirable and undesirable behaviour must be based upon performance feedback discussions involving diverse workforce.
- ✓ **Avoid doubling:** Very often, companies rely on benchmarking/copying to take advantage of the latest strategies. Copying may backfire. To be successful, the strategy (diversity or otherwise) must be based on the will of the human resources, strength, and culture of the organization.
- ✓ **Emphasize Employee Differences:** Persuade employees to cuddle diverse views so as to create & celebrate traditions and ceremonies that promote diversity. That not only provide healthy atmosphere but also remove distrust & lack of attachment
- ✓ **Work as a team while stargazing:** Engross as many employees while designing a diversity initiative to inculcate ownership.
- ✓ **Promote diversity in leadership positions:** This provides visibility at the organizational level. The leaders must understand benefits of diversity and must be committed to create a diverse workforce by creating suitable staffing strategy and cultural integration. Establishing mentoring and buddy programs helps managing diversity effectively.
- ✓ **Establish a mutual understanding of team & its goals:** Working in a team helps in successful implementation of projects & in case it is not achieved, it is still to be reviewed & analysed to make it successful.
- ✓ **Communicate, Communicate and Communicate:** To begin with, define a communication strategy for your organization which should include
 - What to communicate
 - When to communicate?
 - Who to communicate?
 - Where to communicate
 - How will we communicate?
- ✓ Build Trust/Promote an open culture
- ✓ Listen enthusiastically
- ✓ Do not be a pigeonhole
- ✓ Understand the culture & environment.
- ✓ Be trustworthy by sincere and unwrap communication
- ✓ **Use of Knowledge management to manage diversity:** Establish a database of language and cultural skills, available for projects or services that need specialized skills. Gather information on demographics in the organization.

REFERENCES

1. Geert Hofstede, *Consequences: International Differences in Work-related Values*, Sage Publications, 1980
2. J.P. Fernandez, *Managing a diverse Work force: Regaining the Competitive Edge*, Lexington Books, 1991
3. T.H. Cox, *Cultural Diversity in Organization: Theory, Research and Practice*, Berrett Koehler, 1993
4. Yankey, J. A., McClellan, A, "The non-profit board's role in planning and evaluation". Book Seven of the Board Source Governance Series, 2003
5. Betty Jane Punnett, *International Perspectives on Organizational Behaviour and HRM*, Prentice Hall of India, 2004
6. S. C Gupta, *Textbook of International HRM*, Macmillan, 2009
7. Bhadury, J., Mighty, E.J. and Damar, H. (2000), "Maximising workforce diversity in project teams: a network flow approach". *Omega: The International Journal of Management Science*. Vol. 28, No. 2. Pp143–153
8. Cordero, R., Ditomaso, N. and Farris, G.F. (1996) "Gender and race/ethnic composition of technical workgroups: relationship to creative productivity and morale", *Journal of Engineering and Technology Management*. No. 13. pp205–221
9. Cox, T.H. and Blake, B. (1991) "Managing cultural diversity: implications for organizational competitiveness". *Academy of Management Executive*. Vol. 5, No. 3. Pp 45–56