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Managing cross-cultural diversity in global scenario through HR strategies

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ABSTRACT

International management has never been as significant as today. As the 21st Century has been tremendous growths in enterprise sectors many of the world's largest firms are truly global and even their small counterparts increasingly participate in cross boarder activities by- having customers, joint venture partner collaboration around the globe. The trend towards a single global economy is expanding market and providing limitless opportunities for global business. Place of job today consists of people who are diverse and unique in religion and culture, language, age gender and ability, education, interest and opinion, expectations as well. Cultural diversity of a company has cascading effects on the way its organization messages are restrained, collected, allocated and perceived and how it is elucidated. Global workforces managing have increased pressure on human resource manager to identify and adapt the culture differences. To remain competitive, companies must have an understanding of HRM practices and cultural differences across the globe. The main motive of this study is to get a clear concept of cross-cultural management and to identify the reason, how HR manage to develop multicultural workforce, the resultant challenges and the way to manage effectively the diversified workforce in the international scenario.

Keywords— Cross cultural diversity, International Human Resource Management (IHRM), Human Resource (HR)

1. INTRODUCTION

The diverse body of work has become a actuality today. As huge number of firms move from domestic, multinational strategies to operating as a truly global firm, the importance of cultural diversity is rising high and high. Management of cultural differences has become more significant for creating advantages and getting competitive edge. Diverse workforce refers to the co-existence of people from various social-cultural backgrounds within the company. Global diversity includes cultural factors such as language, gender, age, colour, physical ability, ethnicity, qualification etc. This has created multicultural management in the firm or organization.

Culture has become hot topic these days. Among a quantity of public intellectuals, spiritual leaders, and social activities, there is a burning conversation about the importance of cultural influence. Cultural differences often result in verifying degrees of conflicts and require careful consideration. Culture can be defined as a- "sum total of man's knowledge, beliefs, art, morals, laws, customs and any other capabilities and habits acquired by man as a member of society." It is a different way of life of a group of people, their entire design of living. Culture thus refers to a man's entire social heritage - a unequal life style of a society and its total value system which is intricately related to the consumption pattern of the people and management philosophies and practices. Each culture there are lots of subcultures that can have business significance. For instance, in a country like United States, distinct subcultures prevail in the South North-Eastern or mid-western parts

Germany, for instance, is divided between its German and English heritages, though politically the country is one. Because of such distinctive cultural division, a successful marketing strategy among the German Germany might not effectively work among the English, Indians or vice-versa. Similarly, a single personnel policy may not work with workers employed in two distinct plants if they belong to two different sub-cultural groups and differ in their work habits and underlying motivations.

With a multicultural surrounding comes the impending challenge for Human Resource manager in managing the different cultural diversity while balancing the harmony, peace and settling the disputes that could happen. It is certainly a assignment for both the HR and management to motivate the employees from different cultural backgrounds and countries. Cultural diversity can cause a serious issue in the development of teamwork. It is tough to unite a team with multicultures, and even harder to bring together the entire company to work efficiently together, especially for departments that need the support of each other to perform its best. Also, the challenges in terms of language differences, beliefs and working styles might appear.



Fig. 1: Various countries showing multi-cultures

2. CROSS CULTURE

Cross-cultural communication involves negotiating, conversing and exchanging of information either verbally or nonverbally with people who are from distinct cultural background. People from different backgrounds communicate in different ways and follow various societal norms that may not be familiar to someone who is not of that culture background.

According to Nancy Adler (2008), she gives a definition of cross-cultural management as:

“Cross-cultural management explains the personality of people in firm around the world and shows people how to work in organizations with employees and client populations from many different cultures.”

The significance of cross-cultural management lie in the growing co-operation between business organization located in various countries where problems may arise because of the multicultural backgrounds. One of the well-known researchers in the field of cultural management is Geert Hofstede (1980).

Hence, Hofstede’s work is considered indispensable to any study on culture and management. He created what is called a “dimensional approach to cross-cultural comparisons.”

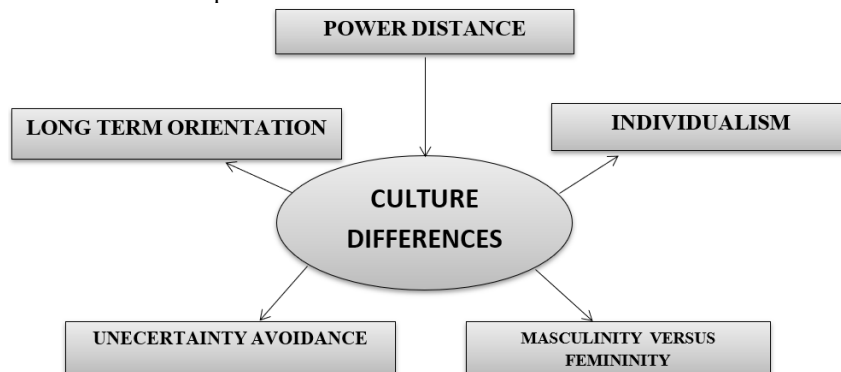


Fig. 2: Hofstede’s dimensional approach to cross-cultural comparisons

As the globe is witnessing nowadays for “globalization”, more and more companies are being operated in different places all around the world. This will result in activities all over the world which result in communication across cultures. Culture is something that humans learn and as a result, learning requires communication skills and it is a way of coding and decoding language and also symbols used in that language. For example, humans communicate through many means other than language such as facial expressions, gesture, personality, education, experience, posture etc.

In other words, culture and communication cannot be separated, if one is to be exposed to a certain culture, then communication becomes a must. The first person to introduce the term “intercultural communication” was Edward T. Hall which he defined it as “communication between two persons of different cultures”. The term “Intercultural business communication” is a new term in the world of business which may be defined as the communication that takes place within businesses whereby there are employees from multiple cultural backgrounds. On the other side, there is another term which is “International communication” which means the communication that takes place between nations and governments rather than individuals (Chaney & Martin, 2011). Therefore, good knowledge of intercultural communication and also international business communication is of most importance to give individual person a chance to compete internationally.

When things are going smoothly, having workforce from different countries on a team broadens the scope of understanding. People from India may have more familiarity with the Southeast Asian market, for example, while someone from Brazil may know more about what consumers are looking for in South America. An employee from Indians obviously can speak Indian languages like, Hindi or English with their customers from that country, leading to better customer service and engagement. This all contributes directly to the bottom line.

1.1 Elements of cross culture

Some of the significant elements to understand a country's culture are as follow:

language, aesthetics, education, religions and superstitions, attitudes and values, material culture, social groups and organizations, and business customs and practices.

1.1.1 Communication/Language: This a major barrier between multiple cultures. This can come in the form of a language barrier, where some team members aren't fluent in the language in which business is conducted. It may take them longer to communicate their thoughts. They may also be unable to get their ideas across correctly, or team members may not take their ideas seriously because of their lower level of language skills. When the American car called 'Nova' was introduced in Puerto Rico, sales were poor until the company realized that the word Nova was pronounced as 'Nova' - which literally meant in Spanish "does not go". Sales were better when the name was changed to 'Carbie'.

1.1.2 Aesthetics: Aesthetics pertain to a culture's sense of beauty and good taste, and is expressed in arts, drama, music, folklore, dance and the like. Aesthetics are of special interest to the global firm executives for these govern the norms of beauty in a society and are helpful in correctly interpreting meanings of various methods of artistic expressions, colors, forms and symbols in a particular culture. Colors, for instance, mean different things to different people. The color of mourning is black in the United States, but it is white in the Far East. Green is relaxing color to Americans, but it is disliked by people in Malaysia where it connotes illness and death. Symbols also need to be recognized correctly, Seven, for instance, signifies good luck in the United States but just opposite in Singapore, Ghana and Kenya. Use of numbers like- four should be avoided in Japan because it is pronounced as 'shi' which in Japanese means death. Sensitivity to the aesthetics of a society and their symbolic expressions can greatly help in avoiding socially insulting situations and correctly designing the products and messages. There are many aesthetics barriers.

1.1.3 Education: Education is generally understood as formal schooling. But it is good to adopt a broader perspective and define education as any process, formal or informal, through which one learns skills, ideas and attitudes. Education is significant as it affects not only the education levels but also the development of mental faculties and various skills, In general, educated people have been found to be more sophisticated, discriminating and receptive to new products and ideas. Availability of educated manpower like educated and skilled labour, technicians and professional is also dependent on the country's education level. Media to be used by a company for promoting its products and services are also dependent on education level provided in the country.

1.1.4 Religions and superstitions: Religions and superstitions are a huge determinant of moral and ethical, values and influence people's attitudes, habits and outlook on life which are reflected in their work habits and consumption patterns. Dr. Ernest Dichter observed: "In puritanical cultures, it is customary to think cleanliness as being next to godliness. But in Catholic and Latin American countries, to fool too much with one's body to overindulge in bathing or toiletries has the opposite meaning. It is that type of behavior which is considered immoral and improper". There are large number of religions and faiths on the globe, with prominent ones being: Animism, Buddhism, Christianity, Hinduism, Islam and Shinto. Each one has its own morals, ethics and codes of conduct. A working knowledge of the religions prevalent in the target markets helps in understanding people's work habits, underlying motivations and consumption behaviors.

1.1.5 Attitudes and values: Besides religions and superstitions, one must be cognizant of attitudes, values and beliefs prevalent in the today's world. These attitudes and values may relate to consumption level, risk taking capacity, material possessions, and change. 'What is important and desirable' this differs from society to society and is largely governed by the attitudes and values existing in a society. Americans in general are ready to take more risk, but people in many societies are averse to change and risk taking. They prefer doing their work safe in traditional way.

1.1.6 Material culture: According to Ball and McCulloch, material culture refers to manmade objects and its study is concerned with how man makes things and who makes what and why. While the question arises 'how relates to technology, other questions 'who', 'what' and 'why' are part of economics. Technology includes the ways and means applied in making of material goods. It is technical know-how in possession of the people of a world. Choice of technology has its repercussions like the size of investment, scale of operations as well as type and the number of workers to be employed in the firm. Technology transfer has been a highly controversial issue in the last decades. Because of supply of obsolete or inappropriate technology, many developing countries have laid down stringent rules and regulations concerning technology import and payments. Since transfer of new technology and methods are often riddled with workers' resistance to change and public criticisms, multinational corporations are advised to have suitable action plans to counter such opposition.

1.2 Cross-Culture Management Examples

With the help of global communication tools, such as internet and mobile phones, it's easy for firms big and small to operate on an global level. Multinational giants such as Google or Apple operate in different countries all over the world, and it's a given that their leadership team deals with people from a various of cultures. However, you don't have to be Google or Apple to be part of a cross-culture team. Small- and medium-sized firm also employ people in other countries or people who have recently moved from other countries. With the proliferation of video conferencing systems and teamwork organizational apps, it's fairly easy for many organizations to collaborate with their counterparts all over the world. Similarly, virtual assistant services are a developing industry, and many organizations outsource these tasks to people that live in other countries, like India or the Philippines.

In any case, whether you're working with an international corporation or for a mom and pop setup with a virtual assistant oversees, it's common to run into scenarios where you're dealing with people from different cultures on a professional level. In

a management position, it's especially important to be aware of the differences so you can mitigate any cultural barriers and lead your organization to higher pick.

2. INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Major challenge for organizations which operate across international boundaries is to manage the dissimilar stresses of the drive for integration and differentiation. In broader sense, International human resource management process has same activities as in Domestic HRM such as staffing, planning, organization controlling etc. however domestic HRM is operated in one nation And IHRM activities are involved in numerous countries. International Human Resource Management is a branch of management studies that examines the design and effects of firm HR practices in cross-cultural contexts. It occupies an exciting position in the interstices of international business, HRM and organizational behavior. Theoretical studied explained that International HRM is the relation between 3 dimensions: HR activities, the types of people being employed in the organization and the different countries that an organization is operating in (Dowling, 1999). Complexities caused by these last 2 variables, are what differentiates international human resource management from domestic human resource management.

Broadly defined, International HRM is the application of all human resource management activities as they impact the process of managing HR in enterprises in the global surrounding. IHRM can be defined as "The set of distinct activities, functions and processes that are directed at attracting, developing and maintaining an MNC's human resources. It is the aggregate of the various Human Resource Management systems used to manage workforce in the Multinational Companies, both at home and overseas" (Taylor, Beechler et al. 1996). A global business or firm is one in which projects take place in subsidiaries overseas, which rely on the business expertise or manufacturing capacity of the parent company. Such companies or organizations bring with them their own management style and business attitude. International human resource management play important role in providing solution to global business issues. Theorists explained that International HR management denotes to an extension of HR that relates to having people working across the international boundaries. These can be either expatriate staff, who are recruited from or work within their own home countries, or even third country nationals (individuals from neither the 'parent' nor 'home' country, but rather a third country).

2.1 Global role of the IHR professional

In order to enhance the competitive advantage of global firms, their human resource professionals (managers) need to focus on developing their international competencies. Simultaneously, the IHRM function needs to shift from an administrative orientation to one that places primary attention on the processes of internationalization so that it can help reconcile the types of organizational paradoxes described above that are inherent in the activities of global firms. This not only creates new demands on how specific HR activities are performed but also sets a new agenda for Human Resource professionals and their global roles.

HR professionals need to learn about the fundamentals of international business. They cannot assume a international strategic role without understanding international strategy. Second, a perfect knowledge of strategy must be complemented by the globalization of their individual professional expertise. This rests primarily on the acceptance and understanding of the cultural relativity of many HR practices. And that in turn is complemented by an understanding of how their firms' principal global competitors plan and execute their global HR strategies, what tools and methods they use to build their organizational competencies, and what implications for competitiveness arise from their actions. This understanding of global strategy, cultural differences, and HR capabilities requires a thorough globalization of the HR function by developing a cadre of HR professionals with international perspective, knowledge, and experience. The global HR role has the strong support of top management in terms of high expectations about the contributions the IHRM function can make to the formulation and implementation of effective global strategies and the readiness of the IHRM function to step up to its responsibilities.

The expectations and support of top management for the IHRM role are usually derived from a longstanding commitment to dedicate management energy and resources to human resource issues as a reflection of a people oriented corporate culture. Cultural diversity (including national diversity) is supported as a natural way of life. Ambiguity as a way of dealing with the many paradoxes imbedded in global HR issues is also accepted as normal. Not much is seen or accepted as "black or white."

3. INTERNATIONAL HRM IN MANAGING CROSS CULTURAL

Human Resource play a key role in managing this culturally diversified group, including giving them the needed support so that they will be able to work all together without discriminating any differences amongst employees. The focus of the workforce diversity issue has changed from equal employment opportunity to effectively managing workforce diversity as an firm imperative (Torres and Bruxelles, 1992). As the globalization has tremendous growth, workforce diversity is here going to stay. Those recognize the globalization of labor as a positive trend and facilitate the flow of workforce will benefit most (Johnston, 1991). Keeping this in mind that our strategy should be aimed at creating change in business. To be a grand success in such type of new surrounding, managers must learn to value and respect different cultural styles and ways of behaving those.

Managers must be able to tie the issues of managing cultural differences to the needs of the business and be well versed in firm issues, goals and results. Managing body of work, diversity should be considered by managers as an opportunity to serve the needs of customers better and to penetrate new markets. By valuing and managing diverse employees, it is possible to enhance creativity, flexibility, and rapid response to change. Managers, to utilize the potential of diverse workforce, must link diversity to every business function or strategy i.e. recruitment, selection, placement, development, succession planning, performance appraisal and rewards.

To remain competitive, organization must develop long-term intervention strategies rather than short-term solutions. Managers have to remove the barriers which prevent the organizations from developing and utilizing fully equitable systems that allow workforce to achieve its full potential.

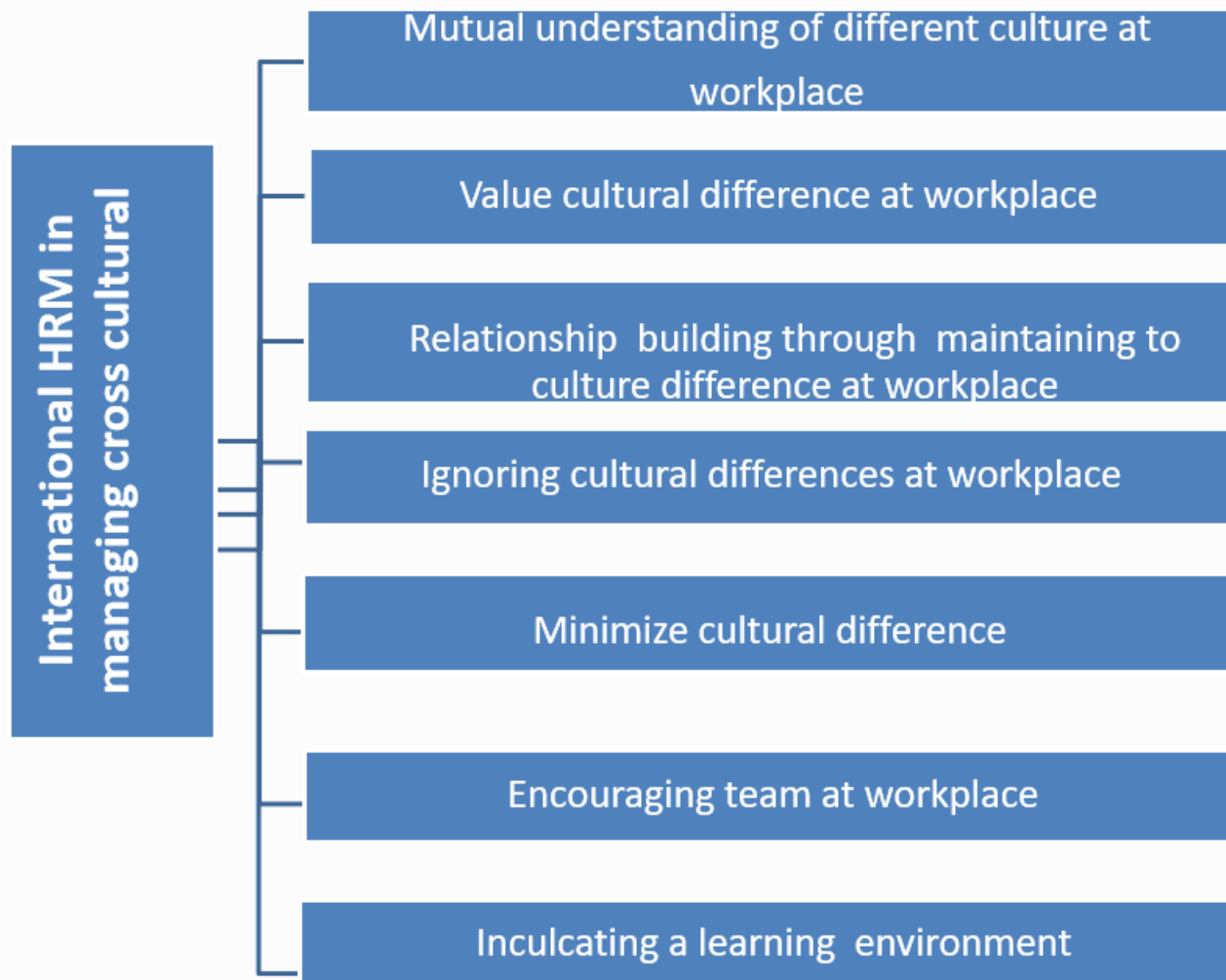


Fig. 3: International HRM in managing cross cultural

3.1 Mutual understanding of different culture at workplace

Respecting different culture at workplace. Developing proper understanding of cultures and recognize that it is the part of a work culture and mutual trust need to be developed among employees regarding developing a corporative culture in the organization.

3.2 Value cultural difference at workplace

Acceptance of difference culture without any judgment. HR manager should value all the different cultures and should apply same concept throughout the organization so that, this brings peace and smooth working in the organization.

3.3 Relationship building through maintaining to culture difference at workplace

The business which adopt the strategy of managing differences are synergistic organizations. These types of business firm recognize the impacts of cultural diversity that leads to both advantages and disadvantages. Managers using synergistic approach believe that “our way and their way of behaving and managing differ, but neither is superior to the other”. Creative combinations of our way and their way may be the best approach to organizing and managing. By adopting synergistic approach, manager minimize potential problems by managing the impacts of cultural diversity, not by attempting to minimize the diversity itself. In the same manner, managers reduce the potential advantages by managing the impacts of diversity, rather than by ignoring them. Businesses which use the strategy of managing differences train their employees to recognize cultural differences and to use cultural differences to create advantages for the organization.

3.4 Ignoring cultural differences at workplace

Managers do not recognize cultural differences and its impact on the organization. This strategy is very popular in parochial type of organizations. In such type of organizations, managers and employees believe that “our way is the only way” to manage and organize. Hence, they do not see any impact of cultural diversity on managing a business. They consider that culture diversity is irrelevant. The strategy of ignoring differences precludes effective management of cultural diversity and also precludes the possibility of reducing negative impacts and increasing positive impacts of diversity.

3.5 Minimize cultural difference

This strategy of minimizing cultural differences is commonly adopted by ethnocentric organizations. Here managers do recognize cultural diversity but only as a source of problems. In an ethnocentric organization, managers believe that “our way is the best

way” to organize and manage. They consider others’ ways of doing as inferior ways of managing. In this approach managers try to reduce the issues of differences by reducing diversity. They do not think about the advantages of diversity. Such type of organizations tries either to select a culturally homogenous workforce or to attempt to socialize all employees into the behavior patterns of the dominant culture. Ethnocentric organizations, by reducing culture difference, prevent the possibility of benefiting from the many cultures present.

3.6 Encouraging team at workplace

Building an environment of safety and trust among teams to encourage the feeling of “WE NOT I” perspective. Team work is an essential tool in bridging the cultural divide and building a new identity. HR strategies to inculcate team work can work wonders. Activity based on team and group like TQM (Total Quality Management)

3.7 Inculcating a learning environment

Deep cultural learning, requires that a permanent cross-cultural manager or cross-cultural management teams learning environment by involving all can be a good strategy to manage diversities the learning modules on cross culture sensitization and diversity consciousness can be a good strategy to enhance a strong multicultural environment.

4. CONCLUSION

When company comes to abroad or cross the border to set up a new enterprise, it has to face a lot of problems and one of the most common problems is across cultural problem.

In conclusion, it has been found that cross-cultural diversity does exist among the different cultures in a firm. These differences have an impact on communication among workforce from different cultural background. Since there are many companies that have to operate in various parts of the world, people are exposed to different cultures that they have to absorb and get used to. As a result, many cross-cultural barriers may occur. For example, nodding in the American culture means understanding what is being said while in Japan it means listening to what is being said. So, if we understand intercultural communication, we can overcome barriers. Meeting the needs of all types of employees is our ultimate challenge for HR. To have success, organizations must create an inclusive work surrounding that is free of prejudice and discrimination. Managing multicultural diversity can be a difficult and complex situation. It offers the opportunity to grow professionally, collectively and personally, to learn new ways of working together, to set up partnerships that stimulate innovation and problem solving, and to increase productivity and individual satisfaction.

Human Resources Managers are expected not only to manage all changes brought about by demographic developments, but also to expect to manage the differences that arise from these challenges as well. Welcome these changes for the opportunities they open.

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