

Strategies to deal Cross Cultural differences by MNCs

Dr.(CS) Bhavesh A. Kinkhabwala, Company Secretary, Ahmedabad,

e-mail : bhaveshmak@gmail.com,

Abstract :

With the advent of globalisation, we see workforce getting more and more diverse and multi cultural. Culture occupies prime importance as it reflects one's mindset, shapes individual's perception and later behaviour. This paper aims to understand the cultural differences prevailing in an organisation and develop strategies to deal with the cultural differences and further draw out valuable suggestions to make an organisation succeed towards an economic stability at macro level. There are several factors that bear a significant influence in shaping the culture of an Organisation. These include the leadership style, organisational hierarchy, motivational tools as well as communication style and methods and interestingly the same also reflects the culture. It is well accepted that no one is perfect and therefore, there cannot be a perfect organisation, society and thereby culture. However, prior exercise for the magnitude and strategies to deal with the cross cultural differences can pay the dividends.

Key words :

Cross cultural differences, strategy, Interpretative Phenomenological Analysis (IPA), qualitative research,

Introduction :

With the opened economy, now most of the firms in one or other way, to a lesser or at large deals with the firms having been originated from the different country. Multi National Companies (MNCs), Multi National Enterprises (MNEs) have a challenge in front of them since they originated and having roots in one country and have to / are operating in another as well as different countries and by coping up with the different cultural backgrounds. With the advent of globalisation, we see workforce getting more and more diverse and multi cultural. Culture occupies prime importance as it reflects one's mindset, shapes individual's perception and later behaviour. In MNC era, while people work together they represent various nationalities, culture, ideologies, beliefs, values, languages, perceptions. So, it becomes quite imperative for Managers, CEOs to know how to judge and measure the cultural differences among employees, team members. Cultural differences mainly reflected in communication style, working style, mannerism, approach and attitude, human treatment and relationships. Today technology has made realities for which once we even didn't dare to imagine and post globalisation, through technology we could make this planet earth a global village. However, globalisation has posed us with a challenge to deal with the cultural disparities. Cross cultural differences if not properly dealt with could become a major obstacle in spreading the horizons at a global level.

In the context of operations by MNC's, the phenomenon associated with national culture assumes importance since an MNC operating in a different country is often identified with the culture of the parent company while employees working in the company hail from the host country (Morden, 1995).

In studying the cross cultural communication in business organizational context, one has to be concerned with cross cultural management aspect as it dwells on organizational culture, organizational behavior, leadership styles & motivational strategies. Of these themes the issues pertaining to management style, communication system & behavior of employees assume significance as they have a bearing on cross cultural communication intermittingly (Munter, 1993).

Staff working in an organization would form a vital element in a business organization. At an MNC, workers hail from different backgrounds. They bring varied skills & a knowledge base but at the same time have a multitude of expectations. The language barriers owing to workers belonging to different ethnic groups are an issue to grapple with in communication. As has been discussed under low context & high context communication, the words spoken in a different culture may carry a different meaning in another cultural setting. The context in which these words are used may vitiate or steer clear issues (Kirkman & Rosen, 1999).

Objectives :

To understand the cultural differences prevailing in an organisation and develop strategies to deal with the cultural differences and further draw out valuable suggestions to make an organisation succeed towards an economic stability at macro level.

Research Methodology :

This study is mainly an exploratory study primarily based on qualitative data and uses content analysis technique. Semi-structured interviews were conducted for data collection. Interpretative Phenomenological Analysis (IPA) was used to offer insights for the topic on hand.

Literature review :

What is culture ?

Culture from a layman's point of view is the way of day to day living. Wikipedia states that the word "Culture" comes from the Latin word "cultura" and means "to cultivate". Culture is the social behaviour and norms found in human societies.

The Cambridge English Dictionary states that culture is "the way of life, especially the general customs and beliefs, of a particular group of people at a particular time".

Corporate culture is not just a set of beliefs; it is comprised of a set of values, patterns of behavior, artifacts like the physical layout of an organization, and accounts and narratives that reinforce those values. As companies have expanded across the globe, the idea of culture has become more complex as diverse ethnic backgrounds,

languages, and geographies have entered the equation (Towers, Mark, and Spanyi, 2004)

Anthropologists and sociologists define culture as “Ways of Living“, built up by a group of human beings, which are transmitted from one generation to another. A culture acts out its ways of living in the context of social institutions, including family, educational, religious, governmental, and business institutions. Culture includes both conscious and unconscious values, ideas, attitudes, and symbols that shape human behavior and that are transmitted from one generation to the next. In this sense, culture does not include onetime solutions to unique problems, or passing fads and styles. As defined by organizational anthropologist Geert Hofstede, culture is “the collective programming of the mind that distinguishes the members of one category of people from those of another” (mbaknol.com, 2018).

Corporate culture is a synthesis of management styles, values and communications styles. It is generally understood as “The way things are done” In an organization. It describes the situation not as stated but as practiced. Though organizational structure, System, policy and strategy direct and channelize the workflow, the actual behavior of people is conditioned by corporate culture. It is intangible and hard to quantify.

It gets reflected through organisational structure, systems, rules, policies, norms, working and behavioural pattern etc.

What is cross cultural differences ?

It stands for the varied interactions with people belonging to different culture, ethnic, class, age and background.

What is cross cultural communication ?

Cross cultural communication is the form of global communication pertaining to the different ways of interactions and communication being held between persons belonging to different culture.

What is cross cultural literacy ?

Cross cultural literacy means an understanding of how cross cultural differences across and within nations can affect the way in which business is practiced.

What is cross cultural management ?

Cross cultural management is examining human behaviour within an organisation from the 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 (Dalabhanjan, 2011) .

Geert Hofstede, Fons Trompenaars and the GLOBE researchers have given useful framework and dimensions of cross cultural differences.

Empirical research :

Author	Type of Research	Instrum	Constructs researched	Results
Nigam & Su (2013)	Exploratory	Case Study	Cross cultural management of Indian Multinationals in western subsidiaries. cultural adaptation of an Indian multinational in its developed country subsidiaries	Indian multinational follows the strategy of Laissez Faire going on Integration in its developed North American subsidiaries. multinational is not trying to change the management culture in the subsidiaries but instead aiming at developing a better understanding between the head-office and the subsidiaries. The results indicate a tendency of the Indian multinational towards adaptation in the developed country subsidiary but at the same time to have the final controlling power.
Braasch's (1999)	Exploratory	Case Study	Expatriates in India: Culture-Specific Leadership and Its Potentials	Expatriates are more successful in India if they apply a culture-specific leadership style. Such a leadership style combines Adaptation (authoritativeness, emotionality and empathy) and Leadership (result-orientation).
Sinha (2004)	Exploratory	Case Study	challenges faced by MNCs in India	Indian managers needed close supervision, tight control, and directive leadership. They went out of the way to help those whom they liked. India managers were generally status conscious. Most of them did not feel comfortable walking over to their subordinates' desk not did they like their subordinates to disagree with them openly. If they delegated responsibility to a subordinate, they followed up daily to monitor the progress and gave advice and directions as if they did not trust the competence of the person. Indians were perceived to be defensive. As a result, they kept the crucial information a closely guarded secret and blamed others for their own lapses
Lenartowicz, Johnson & Konopaske (2014),	Exploratory	Case Study	Improving cross cultural training programmes in MNCs	Cultural knowledge is just one aspect of organizational knowledge. MNCs should apply the same processes to the management of cultural knowledge that they use for other types of organizational knowledge. In order to provide their current and future expatriates with a thorough understanding of both the explicit and tacit dimensions of the target culture, MNCs should develop an ongoing process of knowledge transfer that will result in the accumulation of a stock of cultural knowledge over time, which will be a vital organizational asset.
Jensen (2012)	Empirical and Exploratory	Thesis	Organizational Mechanisms that Influence Knowledge-sharing within the MNC	Cross cultural collaboration model with local approach to strategy-making for front-end innovation can achieve increased responsiveness to international market opportunities.
Arseculeratne & Yazdanifard (2013)	Empirical	Research paper	Barriers to Cross Cultural Communication and the steps to be taken for a MNC to succeed in the Global Market	A business organization has to develop intercultural competence in organizational set up to overcome the barriers to cross cultural communication

Marsida (2017)	Exploratory	Thesis	American vs. Japanese Management Styles	American has not so strong bond with their job carrier but with themselves whereas Japanese managers have strong connection with the company. Japan has a more close relation to people rather than to money or profit. Negotiation as a factor is the ticket for success as everything starts with a motive and a god communication skill. It is very important especially when you face a different cultural management style to know a lot around it.
Christopher & Reddy (2011)	Exploratory	Research paper	Effect of globalisation on cultural diversity and vice versa	culture can influence the process of globalization positively where new trends can be introduced in all spheres of livelihood apart for business arena for which national and international organization are ready to render the helping hands.
Massingham & Ang (2005)	Exploratory	Thesis	Affect of national culture on knowledge management for MNCs	Developed conceptual model examining adaptation versus standardisation decision in international knowledge management. National culture has great impact on organizations and it does not matter about the characteristics of organisations.
Tutar, Altinoz & Cakiroglu (2014)	Empirical	Research paper	Multinational company managers' perceptions of cultural difference management	Multinational company managers are aware of cultural differences, along with their advantages and disadvantages, that they believe in their significance for the advantages, and that they have the skills to turn cultural differences into advantages
Somalingam & hanthakumari (2013)	Empirical	Research paper	whether Indian software engineers are losing their cultural identity in a globalised working environment was a research question. The review on cross-cultural management is based on two fold; one is to assess the cultural influence with regard to organizational behavioural pattern in a multinational company's working environment and the other is to find out the linkage between knowledge management and cultural values.	Most of the Indian software engineers were interested to avoid cultural compromise. MNCs' organizational climate was more conducive to the Indian software engineers.
Sangwan, 2015	Exploratory	Research paper	to describe the competencies and skills required in expatriates so that they can deal effectively with different organizational climates and cultures among different countries	Even an issue as simple as small talk can be very different in another culture. The best companies know employees build the intercultural skills they need. IBM, Accenture and Coca cola are the top most companies that are taking culture seriously and profiting through Intercultural training for their employees.

Analysis and findings :

Semi-structured interviews helped in collecting rich data for the researchers to develop transcripts. These transcripts were coded for the categories and themes. Thus, the essence derived out of the perspectives and strategies to deal with cross cultural

differences were unique in content and novel in understanding the cross cultural differences.

Below table sharply distinguishes the core characteristics and values found in western and non-western culture :

Westerns values	Non-westerns values
Individualism	Collectivism/ group
Achievement	Modesty
Equality	Hierarchy
Winning	Harmony
Internal self-control	External control
Pride	Acknowledgement
Respect for results	Respect for status
Respect competence	Respect elders
Time is money	Time is life
Action / doing	Being / acceptance
Systematic	Humanistic
Tasks	Relationship/ loyalty
Informal	Formal

Assertiveness	Indirectness
Future / change	Past / tradition
Control	Fate
Specific / linear	Holistic
Verbal	Non-verbal
Competition	Cooperation
Clear / Straight	Adjustment

Deep examination to above will help managers to a great extent where one is standing and what could be the probable status while dealing with the managers from the diverse culture.

There are several factors that bear a significant influence in shaping the culture of an Organisation. These include the leadership style, organisational hierarchy, motivational tools as well as communication style and methods and interestingly the same also reflects the culture. Every organization has its own unique culture or value set. Most organizations don't consciously try to create a certain culture. The culture of the organization is typically created unconsciously, based on the values of the top management or the founders of an organization.

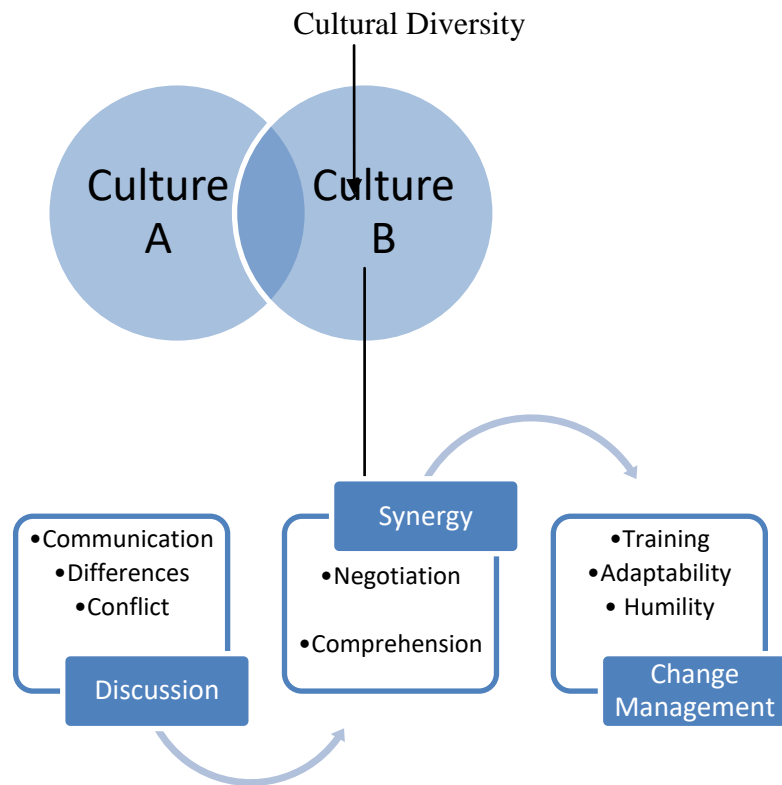
Further, following nine factors model can be helpful for measuring the culture :

Factor	Positive Value	Negative Value
Identification with vision and values	Loyalty	Alienation
Equity – balance between expectations and actions	Fairness	Injustice
Treating others equally	Respect	Prejudice
Consensus among staff	Understanding	Discord
Commitment to achieving goals	Confidence	Failure
Rational approach to problem-solving	Honesty	Deception
Process of mutual development	Growth	Regression
Group dynamic	Harmony	Conflict
Internal alignment with organization's beliefs	Trust	Suspicion

Following techniques can assist in identifying and diagnosing an organisation's culture :

Interviews, conducting surveys and analysis thereof.

Following model is developed :



Suggestions :

Here are few strategies to deal with cross cultural differences.

- it is always advisable to have a prior research on hand about the culture of different countries. For major business and financial and legal decisions which involves high risks certainly cross cultural differences should be identified and prior hand hold exercises should be carried out.
- at first, accept the existence of cross cultural differences then only it can be dealt with.
- initially don't judge the magnitude and status of cross cultural differences. While day to day dealing the same will be revealed.
- stick to the vision and ethical base of business practices which will always help.
- not all the new or different to our comfort level are bad, do SWOT analysis for own as well as cross cultural aspects and but natural pick up and adopt the best of the two.
- cultural diversity, taken in right perspective, provides the synergy in efforts and leveraging the shared vision. Identification and exploring opportunities and elimination of threats is the starting point.

- inculcating intercultural competence for bridging the gaps transforms challenges into opportunities
- adaptability, cultural comprehension, humility with an inclusive approach always helps.
- Prudent HR practices and adequate training plays crucial role in coming out with the best form the cross cultural differences. Training could be at three levels, first for the expatriates to acquaint with the local culture, second for local staff to get idea for the foreign culture and third, joint sessions synergising the cross culture.
- open and continuous communication is the key for having prior access to probable happening and mitigating the adverse effect of differences.
- Negotiations also plays an important role which denotes arriving at a solution that is acceptable to the parties through the process of bargaining.
- prudent implementation of change management can go a long way

Conclusion :

Organizational Culture is a dynamic system of shared values, beliefs, philosophies, experiences, habits, expectations, norms, and behaviors that give an organization its distinctive character. The culture helps guide the activities of the company, helps provide an unwritten code of behavior, and helps provide a shared sense of identity.

It is well accepted that no one is perfect and therefore, there cannot be a perfect organisation, society and thereby culture. However, prior exercise for the magnitude and strategies to deal with the cross cultural differences can pay the dividends. We found many good examples e.g. Hitachi, Japan, Sony, Samsung, Infosys, Nestle, Cadbury, TATA Group who have successfully deal with the cross cultural differences with their vision, high quality products & services, professional idealism, ethics, transparent communication.

References :

- 1) Arseculeratne Dinuk, Yazdanifard Dr. Rashad (2013), "Barriers to Cross Cultural Communication and the steps to be taken for a MNC to succeed in the Global Market", downloaded from : <https://www.researchgate.net/publication/258401174> (source retrieved on 8th August, 2018)
- 2) Christopher B. Prabhu, Reddy Bhanu Sree (2011), "Conceptual framework on Cultural Diversity and globalization with reference to MNC", International Journal of Economics and Business Review, Vol. 1 No. 1 (January-June 2011) pp. 1-10
- 3) Dalabhanjan Anisha C (2011), "Managing Cross Cultural Differences: Strategies to Overcome Differences", source :

- 4) Hofstede, G. (1984). Cultural dimensions in management and planning. Asia Pacific Journal of Management
- 5) Hofstede, G. (1993). Cultural constraints on management theories. The Executive http://www.indianmba.com/Occasional_Papers/OP252/op252.html (retrieved on 27th July, 2018)
- 6) Karina Jensen (2012), "Accelerating Global Product Innovation through Cross-cultural Collaboration : Organizational Mechanisms that Influence Knowledge-sharing within the MNC", Business administration. Conservatoire national des arts et metiers - CNAM, 2012. English. <NNT : 2012CNAM0814>. <tel-00840215>
- 7) Kirkman, B. L., & Benson, R. (1999). BEYOND SELF-MANAGEMENT: ANTECEDENTS AND CONSEQUENCES OF TEAM EMPOWERMENT. Academy of Management Journal, 42(1), 58 - 74. doi:10.2307/256874
- 8) Massingham, P. R. & Ang, Z. (2005). The impact of national culture on the standardization versus adaptation of knowledge management . In D. Davies, G. Fisher & R. Hughes (Eds.), Australian and New Zealand Academy of Management Conference (pp. 1-16). Canberra, Australia: Australian and New Zealand Academy of Management
- 9) Mbaknol.com, 2018, "Culture – Definition, Characteristics and Elements", available at <https://www.mbaknol.com/human-resource-management/what-is-culture/> (source retrieved on 23rd August, 2018)
- 10) Munter, Mary (1993). Cross-cultural communication for managers. Business Horizons, May-June 1993, p. 69+. Academic OneFile (source retrieved on 8th August, 2018).
- 11) Murataj Marsida (2017), "American vs. Japanese Management Styles: A cross-cultural influence", Thesis, State University of New York, Empire State College
- 12) Sangwan Aashish (2015), "Cross Cultural Training and Global Competencies – A Study of Indian MNC", IOSR Journal of Business and Management (IOSR-JBM), e-ISSN: 2278-487X, p-ISSN: 2319-7668.PP 20-24. www.iosrjournals.org
- 13) Somalingam A., Shanthakumari R . Dr. (2013), "Cross-Cultural Management : An Empirical Study on Cultural Identity and Knowledge Management of Indian software engineers", International Monthly Refereed Journal of Research In Management & Technology, www.abhinavjournal.com 98, ISSN – 2320-0073, Volume II, February'13
- 14) Tomasz Lenartowicz, James P. Johnson & Robert Konopaske (2014), "The application of learning theories to improve cross-cultural training programs in MNCs", The International Journal of Human Resource Management, 25:12, 1697-1719, DOI: 10.1080/09585192.2013.860384
- 15) Tony Morden, (1995) "International culture and management", Management Decision, Vol. 33 Issue: 2, pp.16-21, <https://doi.org/10.1108/00251749510081674> (source retrieved on 8th August, 2018).
- 16) Towers, Mark, and Spanyol Andrew (2004), "Herding Cats: Engaging the Organization in Executing Strategy." Financial Executive 20.9 (2004): 48-52
- 17) Tutara Hasan, Altinozb Mehmet & Cakirogluc Demet (2014), "A Study on Cultural Difference Management Strategies at Multinational Organizations" available at : <http://creativecommons.org/licenses/by-nc-nd/3.0/> (source retrieved on 23rd August, 2018).