

Case study of a cross-cultural organization

[Business](#), [Organization](#)



Organizational Behavior Final: Clayton J. Ollarvia[(#)]com

Organizational Behavior October 4, 2012 Looking into Nestle S. A and its

disconnect with Cross-culturalcommunicationand decisions Nestle SA is a Swiss Company engaged in the nutrition, healthand wellness sectors. It is the holding company of the Nestle Group, which comprises subsidiaries, associated companies and joint ventures throughout the world. It has such business units asFoodand Beverage, Nestle Waters and Nestle Nutrition. It is also active in the pharmaceutical sector.

It divides its products into Powdered and liquid beverages, Water, Milk products and Ice cream, Nutrition, Prepared dishes and cooking aids, Confectionery, PetCare and Pharmaceutical products. The Nestle Group is managed by geographies (Zones Europe, Americas and Asia/Oceania/Africa) for most of the food and beverage business, with the exceptions of Nestle Waters, Nestle Nutrition, Nestle Purina Petcare, Nespresso, Nestle Professional and Nestle HealthSciencewhich are managed on a global basis - these we call the Globally Managed Businesses. We also have joint ventures such as Cereal Partners Worldwide and Beverage Partners Worldwide.

In regards to the operations elsewhere, Nestle USA caters to cravings on this side-of-the-Atlantic, from a child's sweet tooth to a grown-up's caffeine fix. The company is a major subsidiary of Swiss food giant Nestle S. A. Nestle USA produces hundreds of well-known food brands, including frozen pizza (Tombstone, DiGiorno), chocolate and candies (Baby Ruth, Goobers), beverages (Nestea, Taster's Choice, Nesquick), juices (Juicy Juice), canned milk (Carnation), ice cream (Edy's, Haagan-Dazs), baking goods (Nestle Toll House, Libby's), and prepared meals (Stouffer's, Lean Cuisine). <http://www.>

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hoovers.com/company/Nestl%E9_USA_Inc/cysfyi-1.html Specifically where I see Nestle could benefit from understanding some of the Organizational Behavior practices is in the realm of (cross-cultural) decision making and inPersonalityTraits. Nestle needs to recognize how to make decisions based upon more than just salesgoals. A common definition of decision-making is the process of choosing a course of action for dealing with a problem or an opportunity. Schermerhorn, John R. (11/2011).

Organizational Behavior, 12th Edition [1] (VitalSource Bookshelf), Retrieved from <http://online.vitalsource.com/books/9781118426319/id/L9-1-1> One of the biggest problems with Nestle is that it is indeed a global company. A majority of the Presidents and Vice-Presidents and senior staff all reside in Switzerland and travel inconsistently to other countries and regions. This traveling issue makes it hard for management to be able to effectively know how to 1. Communicate with others in other countries and 2. Understand the differences in cultural mores from country to country.

Moreover things that affect the economy in the Eastern countries does not effect the west. However, more than likely they expect things to work in similar if not the same ways fromcultureto culture and economy to economy. What this problem lends itself to is a lack of cross cultural management and ability to understand the proper ways to address other cultures. Although those of the Swiss culture tend to be very manner-able and well liked, often times we would find them somewhat unrelenting and slightly rude on conference calls and communications.

A large faction of what I saw was miscues from managers not being able to communicate across different ethnic and cultural lines. This was even more <https://assignbuster.com/case-study-of-a-cross-cultural-organization/>

evident with regional managers having to disseminate information to retail operations across the border and into other geographies. After going through all of our upcoming TCO's I would like to investigate how given an understanding of the communication process and given specific incidents of cross-cultural communication problems, I plan to develop a strategy for improving organizational performance through the improvement of cross cultural management process. Nestle should first look at adopting a very extensive guide to cross cultural awareness * All managers should be privy to cross cultural communication programs to ensure compliance with cultural guidelines At the beginning of every cross-cultural management process is an encounter between two or more members of different cultures. In this encounter both participants communicate, watch, and react to each other's behavior. This behavior and communication is often not interpreted in the correct way, but according to the cultural program of the observer.

Because it is dif? cult to understand the other's thinking, interpretation is often wrong and does not allow insights into the attitudes and values of the communicators or interactions. Culture can best be described through three main concepts: values, attitudes, and behavior. All three signify culture and allow us to differentiate from other cultures. A survey of current literature consistently indicates that the contemporary business context is globally interdependent and interconnected.

It further demonstrates that corporate leaders should provide opportunities for their managers in international assignments to learn cross-cultural business etiquette in order that they will excel in their interpersonal relationship overseas. (Sizoo, 2007, p. 84) Being that Nestle has so many

plants, locations and does business in over 100 countries worldwide, one could argue that it would be essential to have multi cultural norms and ethics guidelines. Throughout my tenure, the main focus of the organization was to produce sales based upon projections from Head Quarters.

This can be problematic seeing as expectations for sales is not weighted based upon the social economy. Cross-cultural misunderstandings often have some seemingly deep roots. Even if we speak with people in English and communicate directly what we intend to say, the message comes across differently than anticipated. Recognizing the need for a Nestle cultural program would be a dif? cult task. Most people are born and bred in a very particular culturalenvironment, they can only perceive and understand the world, their deeds, and counterparts' reactions through their very own cultural perspective.

This perspective is a strong ? lter through which most people understand, interpret, and process information in a particular way. And in most cases, these same people do not recognize this ? lter. Our own culture and way of doing business seems sovereignly logical and " normal" that we can hardly think of a better or different way of doing things and managing in ? rms. I would argue that this view is also true for managers who grew up on the other side of the world; they have their own (very logical and often very successful) ideas about how to do business.

A good portion of cross cultural misunderstandings come from how people think and feel about other cultures, which I would argue is made up generally of stereotypes. Stereotypes are generalisations help us to simplify, classify and in general attempt to make sense of the world. They occur when we

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infer qualities about a person based on evidence of a single characteristic. For example, we may assume that because someone is Hindu that they work in the IT department. This assumption is likely to be based on our previous experience of people with Hindu people or from information we have gathered from the media or other people.

The problem is of course that stereotypes do not always apply. It is certainly not the case that all Hindu people work in information technology. We are most likely to hold stereotypes about groups of people who we do not perceive to be like us and of whom we have limited experience. It is essential for a company the size and with as much reach as Nestle to be able to understand the negative aspects of both behaviors of cross-cultural misunderstandings and avoid stereotypes and learn how to cross-culturally manage both organizationally and or on the institutional level.

I would argue that this means having enough awareness of both their host culture and their home culture to be able to make correct managerial decisions regarding its organization's work force, its commercial markets, the community in which it operates, and the country, which is its host. A good example of Nestle's non-understanding of cross cultural awareness is the all but forgotten Nestle Infant Nutrition scandal of the 1970's. Here Nestle sent several of its work-force into third world countries in order to push their infant nutrition.

Now at the time the formula was doing well in countless other countries and was practically flying off the shelves. However, one of the KEY necessities for the formula was for it to be added to water. Being that at the time no one in Switzerland chose to know enough about these third world locations to see <https://assignbuster.com/case-study-of-a-cross-cultural-organization/>

that the water that they had access to was wildly polluted and all but poisonous to small children. If Nestle had taken steps in preparing managers for multinational assignments, they would have been abreast of cultural sensitivity, understanding the importance of maintaining business relationships, and impression management.

They should be informed about the complexities in international cultures and human resources management. The way people communicate varies widely between, and even within, cultures. One aspect of communication style is language usage. Across cultures, some words and phrases are used in different ways. For example, even in countries that share the English language, the meaning of "yes" varies from "maybe, I'll consider it" to "definitely so," with many shades in between. (<http://www.pbs.org/ampu/crosscult.html>) This theory alone is what makes having a viable and understandable guidelines for multi-cultural communication.

We will admit that the difficulty in crafting such a document would be not only time consuming but also, extremely tiring as in order to create such guidelines one would have to familiarize themselves with hundreds of different cultures at any given time, however I would argue that a successful guidelines would not just solely be based on the specific interactions of each country but instead be focused on a general understanding of how managers and ALL employees should seek to treat each other across local, national and especially international lines.

The critical process of making decisions, reaching mutual agreements, and building consensus has taken a new dimension because of differences in business etiquette and ethical practices. Cross-cultural awareness skills and <https://assignbuster.com/case-study-of-a-cross-cultural-organization/>

interpersonal negotiation competence are a pre-requisite to effective management of a multination workforce. (Okoro, 2012, p. 132) Cross-cultural awareness encourages the recognition of cultural differences while also noting similarities through which communication, understanding and relationships can be forged. The following points reflect the value of gaining a stronger sense of cross-cultural awareness:

Reduces misunderstandings and enhances trust • Understanding and trust can be deepened when each government is more aware of how its and the other government's cultural background influence their perceptions, values and decisions. Aids in planning, setting goals and problem solving • Each organization can plan and problem solve more effectively as they will be more attentive to what is important to them and the other party
Communication, though variously defined, generally describes a process by which information is exchanged among two or more people in a given context.

Ultimately, this process of exchanging information is bound by a purpose: that is, to reduce uncertainty and develop a common understanding among the participants (Kawar, 2012). Cross Cultural communication is another area that I believe Nestle could greatly benefit from on a global scale. Not all too dissimilar to that of awareness communication allows you to take what you know via that of awareness and be able to translate those things into how you speak and interact with you clients worldwide.

Success or failure in managing a diverse or multicultural workforce largely depends on the ability of managers to communicate effectively with people from different backgrounds and nationalities. International business is the
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outgrowth of globalization, which is driven primarily by economic interdependency and advances in technology, but the success in global business ventures will be affected by the inability of international managers to understand appropriate business etiquette, customs, and values needed to conduct business among nations of the world. (Okoro, 2012, p. 132)

Okoro assesses that management and communication scholars have consistently argued that the success of managers on international assignments depends largely on effective cross-cultural communication. Because of its importance, a number of high-growth organizations competing globally make a conscious effort to hire multi-lingual people from varied cultural backgrounds and nationalities. Here in particular is a place of great opportunity for Nestle to grow fundamentally. Having a manager in play that is already familiar with the customs and languages of the area is vitally important to the success and overall outcome of the business.

Now the issue comes into play is that while Nestle does have staff all around the world in numerous countries that are indigenous to those specific areas, they still have a strong expectation and in some ways an imposing will on those people. How does that affect the communication process? Well If in any given country it is impolite to wag one finger as they speak yet that practice is customary in Switzerland, that in and about itself makes for very difficult deliberations. Cross- cultural communications problems may occur if all individuals within a team do not use the same language, nor norms.

In these situations, for ease of communication, the team often chooses a common language that they can use for group communications. Communication differences between individuals can occur on several

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different levels but for the sake of consistency I will use the finger example I used in the previous paragraph: Gestures form a significant part of methods of communication. However, there are few if any universal gestures. Non-verbal behaviours or 'body language' vary considerably from one culture to another.

For example, a high level of eye contact is considered a sign of attentiveness in some cultures and a sign of rudeness in others. In some cultures individuals are encouraged to express their emotions openly, while in others openly demonstrating feelings is discouraged. These differences in body language can lead to misunderstandings between people of different cultural backgrounds. Norms are culturally defined rules for determining acceptable and appropriate behavior (Okoro) They include those that govern social situations and conversational routines such as greetings, making requests, and expressing various emotions.

In intercultural communication interlocutors may be tempted to transfer their cultural norms to contexts that are not appropriate In conjunction with this Sizoo states that, while some organizations recognize the importance of international business, training and development programs often deal inadequately with the potential conflicts that result from cross-cultural interactions. Too often this training addresses only the cognitive level-focusing on the dos and don'ts. When managers pursue careers in international business they must prepare for a life in a foreign cognitive, affective, and behavior context.

That preparation must include learning cross-cultural considerations intellectually, emotionally, and experientially. I believe that Sizoo's outline <https://assignbuster.com/case-study-of-a-cross-cultural-organization/>

for effective communication training is as outlined. I. Cross Cultural Interview II. Handling a Cross Cultural Event With Cross Cultural interviews the gist of it is each participant interviews one foreigner who is from a culture different from his or her own, and whom he or she has never met before. This exercise provides experience and builds skills at the first two levels of cross-cultural management, self and interpersonal.

This orientation into cultural norms will help management better decipher different cultures and how to break the ice. I have seen the contrary of this especially within Nestle in the early stages of my career. In two distinctly different interactions with management I was told, once that my manager had never worked with an African American man and that he needed to adjust how he communicated since there may be a barrier between us. In a different interaction another manager, while speaking with an Asian coworker said hey I love Chinese food, can you make any by yourself.

Having to initiate and manage an interaction with foreign stranger addresses the emotional challenges of developing cross-cultural expertise. With handling cross-cultural events Sizoo states that, each cultural incident describes a realistic cross-cultural misunderstanding, four plausible explanations for the misunderstanding, and an evaluation of each explanation. In this activity trainees discuss and demonstrate the cross-cultural incidents. The emphasis is on having participants project themselves into the scenario so they “ experience” the cultural conflictotionally as well as intellectually. This type of training could be paramount in helping managers overcome communication problems that may arise while dealing with a cross-cultural organization. I use the example of the formula debacle

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once again here. I would argue that although no one could have readily predicted that such a tragedy would have occurred, if managers were trained on how to defuse problems culturally then I would argue that the explosion of public opinion would not have happened.

Being amply prepared to deal with cultures is one of the key fundamental necessities of any successful business. Now while Nestle was able to eventually recover if people had been trained in this process a bit earlier than, again perhaps things would not have escalated to the points that they did. Through this process managers would learn how to accept the virtual inevitability of making some cross-cultural errors, but not to accept repeating the errors. They would also learn that errors in appropriate behavior are far worse than mere inability to speak the host country language.

The participants further learn to strategically recover in such situations and soon afterwards seek out explanation of their cross-cultural error from a member of the host culture. The key take away with this exercise is that management learns how to develop and over time eventually master communicating cross-culturally in hostile environments. Within the cross-cultural news portion of the exercise, managers would be required to find a newspaper or magazine article that describes an American work organization adapting, or having difficulty in adapting, to the culture of a foreign country.

Participants present an analysis of the cross-cultural differences to the group as a whole and explain why the American organization was successful or unsuccessful in resolving its cross-cultural differences. This allows for managers to get firsthand experience of a similar company to Nestle (ideally)

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and analyze some of the struggles that they are currently experiencing. This first hand ensures that managers will be able to not only potentially defuse similar situations in the future but even potentially understand the communication process in order to better facilitate a smoother transition to other cultures.

In cross-cultural communication, anxiety and uncertainty are heightened by cultural variability. If the differences between cultures are profound, anxiety and uncertainty would increase when members of the different cultural groups engage in cross-cultural communication. In the same way that theories such as The Theory of Communicative Competence (as described by T. A. McCarthy) suggests that cross-cultural norms practices etc should be taught in schools, is the same was one could argue that cross-cultural communication should be taught by all those organizations, similar to Nestle that have offices all other across the globe.

With both of these initiatives I would think that Nestle would be able to propel itself by leaps and bounds over cross-cultural boundaries. And yes to be honest Nestle has moved to rectify SOME of the issues outlined in this expose, however again I do believe that there does still exist some behavior and speech that is not conducive to the cross-cultural atmosphere. 1. Schermerhorn, John R. (11/2011). Organizational Behavior, 12th Edition [1] (VitalSource Bookshelf), Retrieved from <http://online.vitalsource.com/books/9781118426319> 2. Sizoo, S. , Serrie, H. & Shapero, M. (2007). Revisiting a Theory-Supported Approach to Teaching Cross-Cultural Management Skills. Journal Of Teaching In International Business, 18(2/3), 83-99. doi: 10. 1300/J066v18n02_0 3. Okoro, E. (2012). Cross-Cultural <https://assignbuster.com/case-study-of-a-cross-cultural-organization/>

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