

Managing a cross cultural diversity at work place



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Abstract: This article describe the techniques for managing cross cultural diverse work force in MNC, s. Multinational corporation facing a global challenges regarding managing their diverse work force. Different culture's background of the employees, enforce to the companies to adopt new way for managing their human resource. Here in this paper we mention some method for managing cross culture workforce. Our recommendation is truly on the basis of literature. literature revealed that cross cultural conflict can be manage through cross cultural training, multicultural coexistence, localization or hiring Host country nation and more importantly learning organization is a key to successfully manage cross cultural work force in organization.

Keyword: cross cultural diversity, training, learning organization, MNC

Background of the study

Generally, diversity may be defined as the presence of differences among members of a social group or unit (Jackson, May and Whitney, 1995). In another perspective, Cox (1993) defines diversity as “ the representation, in one social system, of people with distinctly different group affiliations of cultural significance”. Deresky (1994) highlighted that the differences between the group members may be illustrated in terms of the dimensions such as national origin, language, religious belief, culture, age, physical ability, socio-economic status, marital status marital status, the legal standing of a person in regard to his or her marriage state. Goffee & Jones (1998) argue that, vitality of an enterprise is maintained by its culture, and a strong corporate culture helps the enterprise's personnel to overcome

frustration and challenge. Many researchers have done work on culture. Hofstede (1985) had presented different cultural dimensions after studying 32 country cultures and differentiated the individual attitude on the basis of their culture. In Multinational Corporation a number of expatriates are working and intentionally the Corporation hires this diverse force for competing in a more sustainable way with their counterpart. Because of higher cultural diversity, it increases the creativity in organization. But increasing cultural diversity in a corporation creates a complexity for managing human resources. Like employee conflicts among different cultural issues. Lack of other cultural awareness makes less coordination with other employees, especially in team work.

In this era the manager, executive and academician talking about the globalization and boundary less career. This rapid change increases the diversity in organization, especially in Multinational Corporation. Where host country national and expatriates working together. In this environment it is necessary for organization to manage their diverse work force. The queries arise is that if the organization manages their cross culture diverse work force, it increases the organizational performance but how this cultural diversity can be managed. How the manager take the step which is achieve the ultimate objective of the organization. And how the HR policy alien in a host country according to their culture, which is both side benefited, one is to survive in a host country cultural mode and other one is, not to lose its original corporate culture, as a parent company. Very high failure rates exist in joint venture enterprises with about 30 to 40%, because mostly they neglect cultural differences among work force (Friedlander, & Walton, 2000).

In this paper we related the cultural diversity with the performance of organization. We discuss first, how multination corporations can manage its cross culture work force, which is ultimately increasing the organization performance. The second fold of our study is the organization who have a learning environment, is an edge to the organization for better managing their cross culture work force. Suggestion and recommendation are made on the basis of literature.

Literature review

1: Localization construction

Schein, (1985) emphasized that, localization or hiring Host country national in organization can minimize the cultural diversity in MNC. For managing culture in Multinational Corporation, localization construction is first dimension. Goffee and Jones (1998) found that the localization of human resource was actually a local government demand for MNEs to employ a specified quota of local people. It was later found that some advanced MNEs discovered talent localization to be favorable to the increase of corporate operation and the upgrading of corporate culture (Fu-Jin Wang, 2009). By employing host country nationals (HCNs), a company can cultivate its own rapid market response staffers since HCNs are able to respond quickly to local market changes to maintain and raise the benefits of the company. In addition, employing HCNs reduces the cost of employing expatriates from the parent country (Kobrin, 1988). For this reason, many MNEs employ and train HCNs to promote their globalization strategies. For example, in India, Korea, Latin America, as well as other traditional societies, family and personal connections are often seen as much more important than technical

competency (Jain, 1983). Undoubtedly one of the thorniest problems confronting the MNC in implementing host-country HRM policies is the issue of the cultural compatibility of such practices and mostly hire their own HCN who actually aware the culture. This hiring makes a Multicultural Coexistence in organization.

U. S. Labor Force in Multinational Corporation

Percentage 1995

Percentage 2005

Percentage 2020

Whites, Non Hispanic

76%

73%

68%

Women

46%

48%

50%

Hispanic

9%

11%

14%

African American

11%

11%

11%

Asian American

4%

5%

6%

Source: U. S. Census Bureau

Multicultural coexistence

The management of MNEs is facing heavy pressures of both global efficiency and local responsiveness, thus being confronted with the problem of trying to maintain a balance between them. Globalization of operations, culture diversification and space expansion greatly increase the complexity, risk and uncertainty of cross-cultural human resource management (Schein, 1985).

Enterprise personnel have to conduct diversified human resource management based on better understanding local laws, regulations, cultures and customs (Hofstede, 1980). The practices of many MNEs show that diversified corporate culture can be further adapted to the requirements of cross-cultural management. Multicultural coexistence increase the conflict between employees

3: Resolve the cross cultural conflicts

Importantly when the companies tried to engage in multicultural coexistence, then this increase the conflict between employees of different culture. So there is need to manage the cross conflict between employees. Schein, (1985) refer as Cross cultural conflicts is a contradictions and confrontations that may arise from different cultures in the course of mutual contact and influence. In fact, MNEs are sites of exchange among people in different social systems, economic systems, and corporate cultures. It is easy for MNEs to face cultural conflicts. The most difficult issue in cross-cultural management is cultural conflict. Adler (1999) stated that MNEs are the combination of techniques, capital, and managements of different countries, but also face the collision and mergence of different cultures. With regard to cross-cultural management, only if the merging and cooperation of different cultures are found and balanced can the management mode be implemented and cultural conflict resolved.

4: Cross-cultural Training

By way of comparison, Bhagat and Prien(1996) observed that cross-cultural training addresses the acceptance of differences between cultures. Training is one of the best methods to reduce the cultural conflict. Naumann (1992) found that the need for training and development for expatriates starts and host country national, as soon as selection has been made and that effective training should involve three stages: pre-departure training, training during the assignment, and preparation for repatriation. The pre-departure training is the most important for expatriates. Enterprises should consider the length of international assignments, the nature and type of the job, the degree of

interaction with the host country, and then offer different levels of cross-cultural training to expatriates. In cross-cultural training programs, a wide variety of training methods are typically used, including lectures, video films, experiential exercises, culture assimilators, and behavior modification.

Bhawuk & Brislin, (2000) discussed the main differences between traditional training and cross-cultural training. As they described, traditional training is characterized by a focus on the “ acquisition of information, rather than on change in attitudes” (Bhagat & Prien, 1996). A survey by Andersen Consulting, for example, revealed that among the best 32 of Fortune 500 organizations, 94% offered language training and 69% offered other cross-cultural training to international assignees

- Cross-cultural training is a strong tool with which to realize cultural integration. Such training has various specific aims. Some examples include reducing culture conflicts encountered â^’ probably by expatriate managers â^’ to enable them to get accustomed to the local environment and take normal roles as soon as possible, promoting local employees’ understanding of the company’s operation concept and rules of practice, and so on. Various forms of cross-cultural training enable enterprises to avoid culture misreading and reduce culture conflict in exchange and communication (Retna and Tee 2006). The training helps to achieve culture mergence and establish harmonious operation and management modes. For example, the Hewlett-Packard Company in China, against the background of Chinese culture and American Hewlett-Packard Culture, gradually forms a particular corporate concept to raise external adaptation and internal concordance (Fu-

Jin Wang, 2009). This concept refers to common long-term strategy, mutual benefit, mutual trust and co management, which are regarded by many cultural experts as the four key elements of cross-cultural management in Sino-foreign joint venture. The purpose of cross-cultural management is to enable employees to adapt to a multicultural organization and for expatriates to learn local culture and environments rapidly. Adler (1999) stated that cross-cultural training shows a positive correlation with organizational performance under cross-cultural circumstances. Gordon and DiTomaso (1992) indicated that cross-cultural management with strong momentum and adaptation has a positive effect on improving the performance of a company. Rashid, Sambasivan, and Johari (2003) indicated that both cross-cultural management and organizational commitment have significantly positive effects on the financial performance of an organization.

Their comprehensive literature review showed that cross-cultural training had a strong positive impact on participants' self-confidence, on their interpersonal relationships with host nationals, and on their perceptions of the host culture. Equally important, Black and Mendenhall's review (1990) confirmed the positive influence of cross-cultural training on expatriate adjustment and expatriate performance. Deshpande and Viswesvaran (1992) used meta-analysis to investigate the effectiveness of cross-cultural training. Across 21 empirical studies, a total of 1, 611 participants were used to examine the effects of cross-cultural training on five criteria (expatriate perceptions, self-development, and relations with host country nationals, adjustment, and performance). Results demonstrated the effectiveness of cross-cultural training as a key strategy for increasing expatriate success

5: Cultural mergence

In an effective mergence, with continuous innovation and corporate culture upgrading, corporate culture may be transmitted from internal competition to international competition. In addition, MNEs can merge different cultures if they are successful in driving multicultural coexistence and internationalized construction. Cowherd and Levine (1992) stated that cross-cultural Management should be connected with diversification and internationalization of corporate operations. Therefore, when MNEs attempt cross-cultural management attention should be paid to respecting different cultural values, raising cultural sensitivity, upgrading cultural consciousness, and promoting mergence of different cultures (Ani & Camp, 1996).

6: developing Learning organization as a learning organization.

Senge (1994) also stated that the factors affecting a learning organization.

First is System thinking which help the organization cultivate this ability to handle complexity with simplicity. Senge (1994) stated that the key to system thinking is to probe the reasons for everything and find the relation of cause and effect hidden in it. System thinking can be developed into simplified steps by which complicated problems can be more easily approached. The second dimension is Personal mastery; Organizations are composed of persons and can be improved only through individual learning. Personal mastery is an inherent motivational power helping organizational development (Senge 1994). Third dimension is improving mental models is a models are viewpoints rooted in the heart on how the surrounding world operates. Therefore, learning to uncover, inspect and improve mental

models would be helpful to change cognition of how the surrounding world operates. Bennett and O'Brien (1994) stated that improving mental models gives the strength to help an organization's personnel to thoroughly solve problems. Thus, organizational members have continually to seek out inner hypotheses and probe values and beliefs. Therefore, the foundation of mutual trust can be laid only when organizational members are acquainted with each other. Mutual trust is the key which is essential in strengthening an organization. Fourth is Building shared vision; Retna and Tee (2006) indicated that shared vision means having goals and activities spreading throughout the whole organization, creating a feeling that all the organizational members are regarded as one. Last dimension is Team learning; a team is composed of individuals, and thus individual learning is the foundation of team learning. Only when team learning is achieved, can the organization promote widespread learning. Watkins and Marsick (1993) stated that there are three team factors affecting realization of organizational learning : (a) degree of accepting team cooperation, (b) degree of advocating inquiry and dialogue, and (c) operating principles.

Learning, which is regarded as an important method by which an organization can develop and maintain adaptability, is the most effective approach for an organization to create opportunities for existence and development. In a learning organization interactions between individuals with different cultural backgrounds and between an individual staff member and a group of his/her colleagues are stressed. Encouragement and guidance are given in system thinking, personal mastery, shared vision, the improvement of mental models and team learning within the organization to

share the cultural resources and wisdom of different cultures. The hope within the learning organization is that corporate collective wisdom can take precedence over the total of individual wisdom. For example, Aksu and Ȧzdemir (2005) describe that, a shared vision is a truly inspiring strength in organization. In the World Top 500 listed in Fortune magazine, 80% of the companies have their own vision statement. Compared with those that perform badly, companies that perform well have very well-defined vision statements.

Large globalize environments display a dynamic and sophisticated state and therefore a learning organization capable of continual innovation and breakthroughs is the basis for enterprises to survive against competition. Participation and innovation in training organizational members' capabilities of system thinking are key factors affecting organizational performance (McGill & Slocum, 1993). After studying 25 companies implementing a learning organization, Bennett and O'Brien (1994) found that indicators of organizational performance such as productivity, profit, and market share and customer satisfaction are raised in these companies. Ellinger, Yang, and Howton (2002) stated that adoption of the principles of a learning organization by MNEs has a positive effect on cross-cultural management and organizational performance. Goh (1998) found that a strategic learning organization model is necessary to enable cross-cultural management encouraging innovation and forgiving employees for trial failure to exist in MNEs. An important feature of learning organizations is that these organizations possess cross-cultural management and encourage organizational changes. These organizations need cross-cultural

management with strong momentum to encourage organizational members with different nationalities to cooperate, explore and innovate, especially when there is a change in the working environment. Alavi and McCormick (2004) stated that cross-cultural management cannot be implemented effectively without the aid of a learning organization. Furthermore, a learning organization can create a phenomenon of complementing or melding different cultures in cross-cultural management to enable its members to accommodate, or accept all cultures.

Learning Organization has a positive correlation with Corporate Cross-cultural Management (Fu-Jin Wang, 2009). One of the characteristics of a learning organization is the possession of a corporate culture which encourages change and adaptation. A strong corporate culture is required especially when a corporation is facing an environment with dramatic changes, and it certainly encourages staff values of cooperation and innovation. Learning organization can expedite the tolerance of corporate culture. Better corporate cross-cultural management helps more rapid adaptation of staff, and then enhances staff satisfaction and work performance (Fu-Jin Wang, 2009)

Conclusion

MNC extended operation around the world increase their work force more diverse. Different cultural background personnel come to join the corporation especially host country nation, expatriate and other country national. These diverse force increase the complexity in organization related to culture.

Borderless or protean career for employee allow becoming a part of Multinational Corporation. Due to this dramatic change in the world,

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Companies need to manage more appropriately, especially managing cross cultural issues within an organization. As the world economy becomes progressively more global in nature, business corporations are engaging in increasingly complex and interdependent operations across national borders. A key factor in organizational success involves closer collaboration between the headquarters and subsidiaries to establish universal standards, while maintaining business operations that identify with possible local interests. In this regard, there is greater need for management to align organizational development with a more culturally responsive orientation, to enhance effective international human resource management. This is essential as more staff from different nationalities is engaged to meet organizational objectives. The increasing interaction of staff from diverse socio-cultural backgrounds in organizations has serious implications for management in terms of international human resource development. Academics, researchers, business leaders and managers have stressed the fact that there are dynamic changes in the composition of employees in organizations, from a traditionally homogenous nature to a more heterogeneous characteristic. Business managers and leaders must fully understand and appreciate the extent of the complexities that workforce diversity would create for their organizations, as more MNCs become increasingly multinational and multicultural in nature. Overcoming this complexity in organization and maintaining a balance between corporate culture and host country culture, localization and multicultural coexistence is best way for managing corporation effectively. Cross cultural training is not only way for cultural diversity, their is need to create cultural mergence through making an awareness for respecting other culture as well.

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Localization construction

Multicultural Coexistence

Resolve cross cultural conflict conflict

Cross cultural training

Cultural mergence

Develop learning organization

Cross cultural management in MNC, s

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Conceptual model for cross cultural management