

## Cross Culture & Cultural Diversity: Impact on International Business

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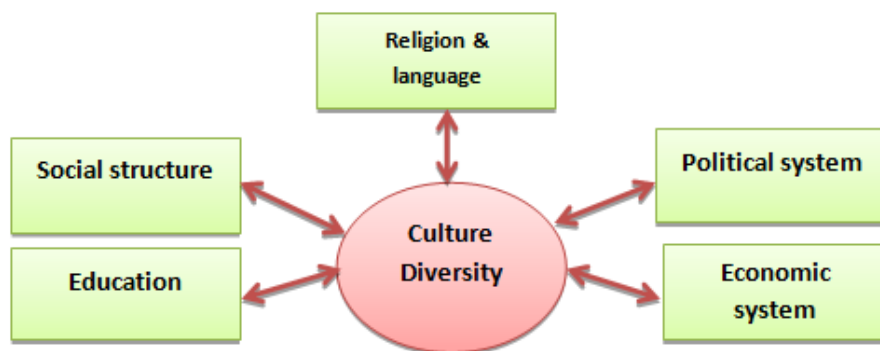
### ABSTRACT

Due to the LPG, there's huge advancement within the field of data and technology and liberalization in trade and investment have increased the convenience and speed with which business can manage their global operations. Thanks to this, the age of multinational business came. During which most of the companies are now operating in additional than one country. This provides the more competitive opportunities to the business but thereupon it becomes tougher to handle the business in several countries or with different culture. The multinational business is suffering from variety of things like differences in- socio, economic, cultural, legal and political environments. That different environment is additionally susceptible to variety of risks like political risk, currency risk, cross-cultural risks etc.. These risks motivate the human resource to reinforce their knowledge in several culture fields. Human resource of the business may enhance through alternative ways. Knowledge is often classified mainly as explicit and implicit knowledge. The tacit knowledge may be a knowledge that a being must act and react in its environment. This data can't be easily documented or explained. Whereas explicit knowledge is knowledge is, or can be, written down or in other words documented. Within the multinational business, companies break the knowledge into basic component, that's knowing why, where, how, when, what. The aim of this paper is to seek out the disparity then suggest some effective solutions to manage effectively the cross cultural aspect of human resources for the success of worldwide business.

### 1. Introduction

Due to LPG, many companies are now operating in additional than one country that provides the birth to multinational business. In multinational business workers are coming from different -different countries. Due to different culture there are numbers of things like different economic/ socio, cultural, legal and political environment. During a global environment the power to speak effectively is often a

challenge. Even when both parties speak an equivalent language there can still be misunderstanding thanks to ethic and cultural differences. Understanding the impact of globalization on cross culture communication is imperative for organizations seeking to make a competitive advantage within the global market.



The main reason for the expansion of companies is to create world-wide competitiveness by reducing production costs and exploiting new opportunities offered by trade liberalization and economic integration. Effective knowledge and use of cross cultural diversity can enhance knowledge; provide new experience which motivates human resource to think innovative to enhance the competitive position of

organizations. To avoid cultural misunderstandings, managers should promote creativity and motivation through flexible leadership. As organizations are geographically dispersed nowadays, numerous organizations have changed to virtual organizations, or virtual teams which adopted information systems, especially knowledge management systems (KMS) for supporting knowledge sharing (KS) behaviour among their

members. In virtual teams, knowledge sharing can be defined as individual sharing work relevant experiences and information with other team members.

**2. Literature review**

**Cullen and Parvoteeah (2008)** have reported that international business management is inseparable from the sphere of patterned cultural behaviours because culture is represented in terms of the pervasive and shared beliefs, norms, values, and symbols that guide the everyday life of different groups of people. International managers have to decide to choose and adjust their strategies aligned with each country’s culture. The traditional strategies used by management to manage culturally diverse workforce are proving inadequate and may not be able to solve the problem of cross cultural diversity in the era of globalization.

In contrast, a rapidly changing workplace environment where workers feel out of control, unaware of the changes, and sometimes afraid can lead to reluctance to the interest of the organization (Palombo, 2013). In Palombo’s (2013) mini-ethnographic study, he found strategies the leader in one small machine shop used to improve the workplace culture while overcoming resistance to change. From a research perspective, the importance of studying the culture enables one to look at the interactions in the workplace for “although we cannot see attitudes, we can see working behaviour” (G. E. Fusch & Gillespie, 2012, p. 94). Every workplace has a specific culture and ethnographic research enables the researcher to understand that culture.

**3. Objectives**

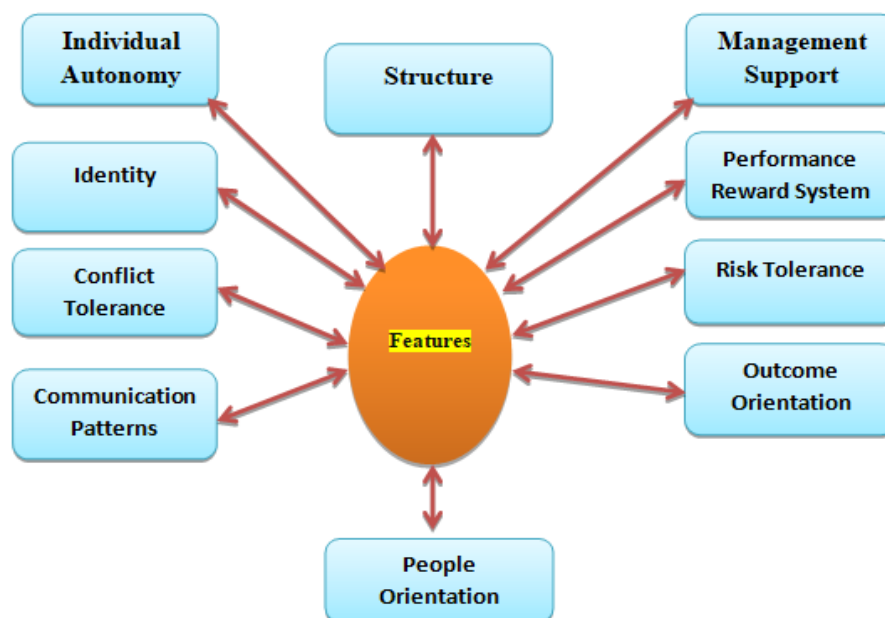
1. The concept of culture, variances and their importance in multinational business.
2. The challenges of cross cultural diversity.
3. Recommendation to manage culturally diverse workforce.

**4. Research Methodology**

In this study secondary data is used. The data primarily consists of extensive review existing literature comprising of Journals, internet, Books, previously conducted research in the field, websites dedicated for culture and diversity, magazines etc. The data was used to find out the cultural diversity strategies employed by the organizations.

**5. What is Culture and organisational culture?**

Culture refers to the additive deposit of data, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of your time, roles, special relations, ideas of the universe, and material objects and possessions non heritable by cluster gaggle a bunch} of individuals within the course of generations through individual and group try. It’s necessary to acknowledge that culture is learned and helps individuals within their efforts to move and communicate with others in the society. Once placed in a very culture wherever values and beliefs are completely different, some individuals have a good deal of problem adjusting. Culture evolves inside every society to characterize its individuals and to differentiate them from others. First, it captures however the members of the society live—for instance, however they feed, clothe, and shelter themselves. Second, it explains however members behave toward different one another} and with other teams. Third, it defines the beliefs and values of members and the way they understand that means of life. Organizational culture is outlined because the underlying beliefs, assumptions, values and ways in which of interacting that contribute to the distinctive social and psychological setting of a company. Culture conjointly includes the organization’s vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. Once individuals be part of a company, they bring about with them the values, beliefs they need been schooled. But these values and beliefs ar usually inadequate to assist the worker reach the organization. The whole organisation has their own culture and to adopt those workers ought to learn. a number of the characteristics of Organisational culture are:



**1. Individual Autonomy:**

It's the extent of responsibility, freedom and opportunities of exertion initiative that people have within the organisation.

**2. Structure:**

The system is that the organisation creates clear objectives and performance expectations. It conjointly includes the extent of direct supervising that's accustomed management worker behaviour.

**3. Management Support:**

The system to that, managers offer clear communication, assistance; heat and support to their subordinates.

**4. Identity:**

The level of that, members establish with the organisation as an entire instead of with their explicit work cluster or field of skilled experience.

**5. Performance Reward System:**

The level during which reward system within the organisation like increase in earnings, promotions etc. relies on worker performance instead of on seniority, favouritism so on.

**6. Conflict Tolerance:**

The level of conflict gift in relationships between colleagues and work teams also because the degree to that workers are inspired to air conflict and criticisms overtly.

**7. Risk Tolerance:**

The stage to that, workers are inspired to be innovative, aggressive and risk taking.

**8. Communication Patterns:**

The stage to that, organisational communications are restricted to the formal hierarchy of authority.

**9. Outcome Orientation:**

The level to that, management focuses on results or outcomes instead of on the techniques and processes accustomed succeed these outcomes.

**10. Individuals Orientation:**

The degree to that, management selections take into thought the impact of outcomes on individuals inside the organisation. After we appraise the organisation on the idea of the higher than characteristics, we have a tendency to get a whole image of the organization's culture. This is becomes the idea of shared norms, beliefs and understanding that members have regarding the organisation, however things are drained it and the way the members are presupposed to behave.

Cultural diversity (also called multiculturalism): it's a bunch of various people from completely different cultures or societies. Usually, cultural diversity includes the variety in language, religion, race, sexual orientation, gender, age and quality. Firms began to embrace company diversity within the early 2000s. This was because of India's LPG policy and several trends in demographics and a dynamic force. Cultural diversity is that the qualities of various cultures, as opposition monoculture, the worldwide monoculture, or a homogenisation of cultures, like cultural decay. The phrase "cultural diversity" is

additionally typically accustomed mean the range of human societies or cultures in a very specific region, or within the world as an entire.

**6. Reasons for Diversity:**

Whereas diversity has been on the measuring instrument of sensible organisations for years. Here are prime the highest 5 reasons why it's very important that Diversity is top of your organisation's individuals agenda.

1. Perceive the style, preferences of your customers.
2. Cultural diversity encourages bigger innovation and creativeness.
3. It'll offer higher opportunities.
4. It'll be easier to rent and retain talent.
5. It'll boost your leader whole.
6. It provides facilitate to capture wide market.

**7. Benefits of Cultural Diversity in the Workplace**

When it works, diversity will increase work productivity and profits. Each year, Diversities. Selects the fifty most numerous firms. In 2020, it found that workers United Nations agency felt enclosed in their work took seventy fifth less sick days than workers United Nations agency felt as if they failed to belong. They additionally receive double as several raises and corporations see five hundredth less turnover.<sup>1</sup>

So however will diversity drive profitability? There are 3 areas wherever the business will profit in particular:

**Marketing:** Having a various work force builds trust in your whole with a various target market.

**Operations:** Valuing diversity cuts prices by reducing turnover and absence. It additionally avoids legal expenses by enhancing worker engagement by showing the corporate understands and respects completely different cultures. Valuing diversity additionally provides the corporate the liberty to travel when with new opportunities with the foremost proficient individuals, despite variations.

**Innovation:** Diversity at intervals a development team is incredibly powerful. Once it's in synchronise with numerous target markets, the team creates new merchandise that satisfy the markets' wants. {The numerous the various the varied} work force higher understands diverse markets.

Embracing diversity additionally cuts down on legal prices. It's criminal for employers to discriminate against workers supported their race, religion, gender, and more. The Equal Employment chance Commission promotes civil rights and handles complaints regarding work discrimination

**8. Barriers to Cultural Adaptations:**

There are a numerous barriers to cultural adaptations, some of them are-

1. **Individualism:** a number of the work force could also be comparatively individualistic, implies that they place bigger stress on their personal wants and welfare. At the acute, individualism suggests that their action ought to be guided by the catchword, —look out for themselves before worrying regarding others.
2. **Ethnocentrism:** It happens once individuals are susceptible to believe that their motherland conditions are the most effective. This predisposition is thought

because the self-reference criterion, or partiality. even if this kind of thinking is natural however it interferes with understanding human behaviour in different cultures and getting productivity from native workers. so as to mix the foreign and native social systems, international workforces would like cultural understanding of native conditions. Even with this understanding, they need to then variable enough to merge the community of the interest of the 2 or a lot of cultures concerned.

3. **Cultural Distance:** so as to predict the quantity of adaptation which will be needed once associate in nursing worker moves to a different country, it's useful to grasp the cultural distance between the 2 countries. It's the distinction between any 2 social systems, and this could vary from lowest to substantial. Workers are naturally tends to be partiality and to gauge conditions in an exceedingly new country in keeping with standards of their motherland. These issues are creates nice cultural distance.
4. **Cultural shock:** once workers enter another nation they have a tendency to suffer cultural shock, that is that the insecurity and disorientation caused by encountering a distinct culture. they will confuse a way to act, could worry losing face and certainty, or could become showing emotion upset. Some people remote themselves, whereas a number of even plan to come back home on subsequent heavier-than-air craft. It's just about universal. It happens even on a move from one advance nation to a different. a number of the common reasons for cultural shock are- completely different management philosophies , language , different food, dress, driving patterns, availableness of products , angle towards work and productivity , Separation from friends and colleagues , distinctive currency system.

## 9. How to overcome the Barriers

1. **Learn a few key phrases.** : Because of the cultural differences a clear communication is essential for good functioning, it is necessary that each of yours employees understand what yours customer and clients need. Due to the diversity the number of clients or customers with whom you work and it may not be possible for you to learn all the languages, but learning a few greetings and key phrases can go a long way.

## 2. Learn your client's culture.

To run the successful business it is essential to take the time to research about another's culture can go a long way to make them feel comfortable. Learn about the things your clients and customers like and value: their food, their customs and protocol, business practices and what they do for fun. Since there is a host of information available online, you can easily discover the basic tenets of their culture.

## 3. Promote appreciation of cultural differences.

To promote appreciation of culture differences plan a special day where you ask a few employees or co-workers to share their with everyone. Make it fun. Motivate the employees to give a "Lunch-and Learn" presentation featuring the foods, ceremonies and other aspects of that culture. This will not only promote friendship but it will give each person the opportunity to learn about and appreciate one another's culture. Also, to motivate your employees you can invite them to write a feature article in your newsletter or internal communications about a particular culture.

## 4. Be open to trying new things.

To run the business in another country its important to be open to try new things. When you are traveling to visit clients in other countries, be open to trying new things -- like the food -- at least once. Even if you don't like something, you will be appreciated for making the effort. The idea is not to create boundaries, but to build bridges and open the door to cultural differences.

## 5. Be accommodating.

There is huge difference between religious over the world. And with the reason of thatif your employees, clients or co-workers have cultural requirements, like prayer times or religious holidays, accommodate their needs into your work schedule. You would certainly want someone to respect your culture if the tables were turned.

## 10. Conclusion

How Organizations interpret the cultural differences will provide help to attract, retain, and motivate people from diverse cultural backgrounds. It may lead to competitive advantages in cost structures. And the ability to accept other cultural is helpful in retaining the Human Recourses. Organizations may gain a competitive advantage in creativity, problem solving, and flexible adaptation to change. Multi-cultural workforce is becoming the norm.

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