Managing Cultural differences for Competitive Advantage

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Abstract

Present paper "Managing Cultural differences" throws light on the specific issue of national Cultural conflicts across borders and concludes that a proactive strategy seeking to benefit from cultural differences is the key to success. Cultural differences mean that acceptable business practices in one region can be ineffective or even insulting in another. Cultural differences can be used competitively. In an environment where markets and competition are globalizing, organizations increasingly have to interact, manage, negotiate and compromise with people from different cultures. When cultural differences are successfully managed, they can lead to effective and sustainable sources of competitive advantage. Even among internationally knowledgeable companies that successfully adapt marketing and sales techniques across cultures, there is often great difficulty recognizing that the things that motivate, inspire and generate commitment depend on the culture one comes from. Culture is difficult to measure and to discuss because it involves shared ways of perceiving the world that members of a group take for granted. Culture is learned, and can be considered only relative to other cultures. Culture influences both the ways in which organizations understand and practice career development, and also the career goals and expectations of individuals from different cultures.

Paper describes simply and concisely what culture is and how it drives behavior, especially in business context. Different cultures work together to best effect not simply by resolving differences through tolerance and compromise. Managing across cultures is in fact a strategic process of integration that leads to a solution which also generates competitive advantage. Translating abstract cultural issues into concrete business consideration, helps mangers to formulate strategy and manage their business across borders to best effect. This present research will help strategic thinkers in international organizations come to terms with the importance of national cultural differences in their organization and to provide some practical insights and frameworks in order to manage more successfully across cultures.

Key Words: Culture, Competitive, integration, Differences, Managing and Strategy.

Concept of Culture:

"Culture refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving." A shared system of meanings: Culture dictates what groups of people pay attention to. It guides how the world is perceived, how the self is experienced & how the life itself is organized. Individuals of a group share patterns that enable them to see the same things and this holds them together[1].Each person carries within them learned ways of finding meaning in their experiences .In order for effective, stable and meaningful interaction to occur, people must have a shared system of meaning. For example a wink of an eye could be interpreted as twitch, an acknowledgement of having been understood, and a reaction to dust or flirtatious gesture[2.]

Author and Scholar Geert Hofstede describe culture as the "Collective programming of the mind" and explain that it lies between human nature on one side and individual personality on the other[3].

Culture is related to beliefs and values on the basis of which people interpret experiences and behave, individually and in groups. "Culture" refers to a group or community with which you share common experiences that shape the way you understand the world.

Concepts of culture by some of the Great researchers:

A.L. Kroeber& C. Kluckhohn (1952)	Transmitted Patterns of values,ideas and other symbolic systems that shape behaviour
Becker & Geer (1970)	Set of common understandings expressed in language
J.van Maanen & E.H. Schein (1979)	Values ,beliefs and expectations that members come to share
M.C Swartz & D.K Jordon (1980)	Pattern of beliefs and expectations shared by members that produce norms shaping behaviour
M.R. Louis (1983)	Three aspects: 1 some content (meaning and interpretation)2 peculiar to 3 a group
E.T. Hall & M.R.Hall (1987)	Primarily a system for creating, sending, storing and processing information.
P.R.Harris &R.T Moran (1987)	A distinctly human capacity for adapting to circumstances and transmitting this coping skill and knowledge to subsequent generations

The most widely known research in the field is the pioneering work of Greet Hostede[4]. His research with a very large sample of employees from 53 countries within a single organization, IBM, led to the conclusion that there are four work related dimensions on which cultures differ. The dimensions were labeled as follows:

Power distance- distribution of power in society

Uncertainty Avoidance- Relative comfort with uncertainty about the future

Individualism – Collectivism – relationship between the individual and collectivity.

Masculinity- Femininity-societies endorsement of masculine or feminine qualities.

Another compelling description of how cultures differ has been developed by a dutch economist and consultant, Fons trompenaars,. Building primarily from the work of Strodtbeck and Kluckholn on value orientations [5].and Charles Hampden –Turner's dilemma theory[6]. Trompenaar's research revealed seven dimensions of Culture. They provide the most practical way for Managers to consider how differences influence their organization, functional area or specific project.

Cultural diversity in the workplace:

Different cultures embrace different perspectives on important workplace issues, like time management, respect for authority, teamwork and responsibility. Conflicting interpretations of transparency and ethics, methods of communication and reluctance to give and receive feedback may also arise. When clients and co-workers operate based on diverse belief systems with conflicting attitudes, it creates barriers to on the job bonding. These barriers need to be broken down in order for an organization to run efficiently and harmoniously.

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The responsibility falls on the organization's leadership, and particularly HR professionals, to ensure that these issues are addressed and managed. To goal is to make each worker feel valued—and that their needs are being addressed and considered.[7]

From our increasingly diverse domestic workforce to the globalization of business, cultural competence is arguably the most important skill for effective work performance in the 21st century.

Culture refers to the values, norms, and traditions that affect the way a member of a group typically perceives, thinks, interacts, behaves, and makes judgments. It even affects perceptions of time, which can impact day-to-day scheduling and deadlines. A diversity calendar is a helpful tool to ensure meetings are successful, and deadlines are met. Cultural competence, in brief, is the ability to interact effectively with people from different cultures. This ability depends on awareness of one's own cultural worldview, knowledge of other cultural practices and worldviews, tolerant attitudes towards cultural differences, and cross-cultural skills.

In an environment where markets and competition are globalizing, organizations increasingly have to interact, manage, negotiate and compromise with people from different cultures. Working with people whose values and beliefs, not to mention languages and customs are different from one's own can make for costly misunderstandings and even business failures. At stake are not simply relationships with customers but also an organization's potential success with alliance partners ,suppliers and its own employees and its ability to create the international network so critical on the path to globalization .If ignored or mismanaged cultural differences can lead to great frustration and ineffectiveness internationally for otherwise successful mangers and organizations . When successfully managed, however, differences in culture can lead to effective and sustainable sources of competitive advantage.

Changing Competitive requirements:

Emerging along with increasingly global markets and global competition are new organizational forms and competitive requirements which absolutely demand that managers pay attention to differences in national culture. The "transnational" organization, the organizational form many internationally operating companies are moving towards, offers important strategic capabilities, but also creates a host of new managerial requirements. One of the most important of these requirements is legitimizing diverse perspectives and capabilities[8]. i.e managing cultural diversity. Other strategic developments similarly depend on the ability to manage culture: developing more sustainable competitive advantages from "softer" effectiveness sources rather than "harder' efficiency sources; taking advantage of particular strengths of the nations; and holding the new organizational 'network 'together by sharing a common set of values worldwide[9].

Culture Shock

Cultural differences mean that acceptable business practices in one region can be in effective or even insulting in another. Failure to identify cultural issues and take action can lead to a culture shock. In order of priority, the most often found symptoms of culture shock are feeling isolated, anxiety and worry, reduction in job performance, high nervous energy, Helplessness. Not coping with culture shock symptoms when they appear can lead to a very negative situation.

Respecting Differences and Working Together

Anthropologists discovered that, when faced by interaction that we do not understand, people tend to interpret the others involved as "abnormal", "weird" or "wrong"[11]. Awareness of cultural differences and recognizing where cultural differences are at work is the first step toward understanding each other and establishing a positive working environment. Use these differences to challenge your own assumptions about the "right" way of doing things and as a chance to learn new ways to solve problems.

Managing Cultural Differences for Competitive Advantage

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The more different cultures work together, the more cultural competency training is essential to avoid problems. Cultural problems can range from miscommunication to actual conflict, all endangering effective worker productivity and performance.

Managing Cultural Diversity in the Workplace [12]

Developing cultural competence results in an ability to understand, communicate with, and effectively interact with people across cultures, and work with varying cultural beliefs and schedules. While there are myriad cultural variations, here are some essential to the workplace:

Communication: Providing information accurately and promptly is critical to effective work and team performance. This is particularly important when a project is troubled and needs immediate corrective actions. However, people from different cultures vary in how, for example, they relate to bad news. People from some Asian cultures are reluctant to give supervisors bad news – while those from other cultures may exaggerate it.

Team-building: Some cultures – like the United States – are individualistic, and people want to go it alone. Other cultures value cooperation within or among other teams. Team-building issues can become more problematic as teams are comprised of people from a mix of these cultural

types. Effective cross-cultural team-building is essential to benefiting from the potential advantages of cultural diversity in the workplace

Time: Cultures differ in how they view time. For example, they differ in the balance between work and family life, and the workplace mix between work and social behavior. Other differences include the perception of overtime, or even the exact meaning of a deadline. Different perceptions of time can cause a great misunderstanding and mishap in the workplace, especially with scheduling and deadlines. Perceptions of time underscore the importance of cultural diversity in the workplace, and how it can impact everyday work.

Calendars: The business world generally runs on the western secular year, beginning with January 1 and ending with December 31. However, **many cultures use other calendars to determine holidays** such as New Years or specific holy days. For example, Eastern Orthodox Christians celebrate Christmas on a different day from western Christians. For Muslims, Friday is a day for prayer. Jews observe holidays ranging from Rosh Hashanah to Yom Kippur. These variations affect the workplace as people require time off to observe their holidays.

Managing Cultural Diversity in Business world:

In the business world, communication is imperative for the successful execution of daily operations. Understanding cultural differences and overcoming language barriers are some of the considerations people should have when dealing with business with people of various cultures. Often business deals are lost because the parties involved did not take the time to learn about their each others' cultures prior to interacting.

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Customs

When doing business with an affiliate from another country, consider the cultural differences that may be presented. This includes basic customs, mannerisms and gestures. For example, If a salesperson approaches a meeting with knowledge of a customer's cultural background, then his words, body language and actions can all be adapted to better suit those of the customers. This in turn may lead to being better liked by the customer, ultimately increasing the salesperson's opportunity to close the deal.

Language Barriers

In some countries, like the United States and Germany, it is common for people to speak loudly and be more assertive or aggressive when sharing ideas or giving direction. In countries like Japan, people typically speak softly and are more passive about sharing ideas or making suggestions. When interacting with people from different cultures, speaking in a neutral tone and making a conscious effort to be considerate of others' input, even if it is given in a manner to which you are not accustomed, can help foster effective business communication.

Target Audience

When launching a marketing campaign or advertising to members of a different culture, always research the target market prior to beginning the campaign. Levels of conservatism, gender views and ideologies can vary greatly between cultures. Presenting a campaign that is not in line with specific cultural norms can insult the target audience and greatly hinder the campaign. Being aware of cultural norms can also help your company narrow down the target audience. For instance, in Japan and Austria, men usually are in control of decision making, but women make the majority of purchasing decisions in Sweden.

Technology

Due to globalization, people from various cultures and countries increasing conduct business with each other. Technology enables people to easily connect with people around the world in a moment's notice, but there are a few rules to remember before doing so. If making an international phone or video conferencing call, be conscious of the time zone differences and make sure to set a reasonable time for all involved parties to interact. It is important to remember that cultural differences can also affect availability. For instance, just because you schedule a conference call for the middle of the business day does not mean that the time will be favorable for the people you are conducting business with. Many Spanish cultures have longer lunch breaks than Americans are accustomed to, which means there may be a two- to three-hour time period during the day in which the person you would like to meet with is unavailable. Asking for availability prior to making the call is the best way to avoid any confusion. Once you are able to connect, speak clearly and slowly.

Politics

Political influences, both past and present, can potentially affect the way a person or company does business. Some cultures have a very strong sense of nationalism and government pride, and therefore, are more comfortable and willing to purchase from companies with some sort of government backing. Conducting business with those of differing cultures can also impact negotiations if there are on-going political disputes between the involved parties' countries of origin. To avoid conflict, it is best to avoid discussing any political matter that does not directly pertain to the business at hand. This is also true for inter-office interactions.

Developing Cultural competence;

Dr. Richard T.Alpert has focused on four essential skills to develop cultural competence[13]: To develop cultural competence, training should focus on the following areas:

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1. Awareness. This is the skill to understand one's reactions to people who are different, and how our behavior might interfere with effective working relationships. We need to learn to overcome stereotypes? We need to see people as individuals and focus on actual behavior, rather than our preconceived and often biased notions.

2. Attitude. This is the companion skill to awareness. Attitude enables people to examination their values and beliefs about cultural differences, and understand their origins. It is important that to focus on facts, rather than judgment. Also, note that suggesting that some people are more biased and prejudiced than others can quickly sabotage cultural training. The goal is managing cultural diversity in the workplace, and creating effective working relationships - not to make converts.

3. Knowledge. Social science research indicates that our values and beliefs about equality may be inconsistent with behavior. Ironically, we are often unaware of this. Knowledge about our own behavior - and how it relates to fairness and workforce effectiveness – is an essential skill. It's also essential to be knowledgeable about other cultures, from communication styles to holidays and religious events in multicultural calendars. The minimum objective is tolerance, which is essential for effective teamwork. Differences are what make tolerance necessary, and tolerance is what makes differences possible.

4. Skills. The goal of training - in awareness, attitude, and knowledge - should be skills that allow organizational leaders and employees to make cultural competence a seamless part of the workplace. The new work environment is defined by understanding, communicating, cooperating, and providing leadership across cultures. Managing cultural diversity in the workplace is also the challenge for organizations that want to profit from a competitive advantage in the 21st century economy10

Conclusion:

Culture is difficult to measure and to discuss because it involves shared ways of perceiving the world that members of a group take for granted[14]. Culture is learned, and can be considered only relative to other cultures. In other words, there is no absolute right or wrong in cultural preferences.

Although there are different levels of cultural programming, national culture gives people their basic assumptions and values.ie their ways of viewing the world. Other levels of programming are more about practices or ways of doing things. Because these are learned at such an early age and are taken for granted, national cultural values are more difficult to change than other levels of culture.

In order to understand the impact of culture on the international business, a few researchers have come up with ways of describing categories of differences in national cultures. The present paper help to clarify some of the most important ways in which cultures differ and how these differences affect organizations generally.

It also provides a useful framework for managers to understand some of the differences they encounter in doing business and managing across cultures.

It becomes clear in the present paper that managers can more successfully manage differences in culture if they understand their own cultural biases and assumptions; consider the reasons that different cultures ways of doing things make sense in the light of their cultural assumptions; and view cultural assumptions and ways of doing things not as irreconcilable differences, but rather as different starting points that can be integrated to develop uniquely competitive solutions.

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