

ROLE OF CULTURAL DIVERSITY: ITS APPLICATION TO MANAGE HUMAN RESOURCES IN GLOBAL ECONOMY

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Abstract

Global business presents a tremendous opportunity but is also a challenge. Nowadays, in a totally connected world, it is not possible to have a successful business without being aware of cultural differences. It is important to have a multicultural work environment, because it allows the development of different perspectives and powerful brainstorming about the solutions of problems. It is important to keep an open mind and treating people fairly based upon what they do or don't do are the keys to bridging whatever cultural gaps exist.

Since the average workforce is much more diverse than twenty or thirty years ago, employers need to keep their employees' cultural differences in mind. The Understanding cultural differences can mean success or losing the deal at the first meeting. It can create a huge impact on your reputation and the way your business is viewed by the rest of the world.

With the growth in global business, more attention is also being paid to cross-culture service encounters. This study helps to understand the effect of intercultural sensitivity on the cross-cultural performance of service employees. This paper focuses on how much it is important for organizations to understand and accept cultural differences, if they want to work around the world and experience working life in different countries. This paper discusses how to manage people in global economy.

Keywords: - Culture, Culture Differences, Culture Sensitivity, Culture Diversity, Work Culture Global Culture.

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1. Introduction

It is an apparent fact that there is a great need in understanding cultural differences in the workplace. Being that most societies are factually multicultural, and many organizations and individuals pool their resources to break geographic and cultural limits. Cultures, values, attitudes and behaviors are characteristics in a society that ultimately and unfortunately reflects our actions towards others despite how subtle. Nowadays, in a totally connected world, it is not possible to have a successful business without being aware of cultural differences.

We have two important aspects to analyze, that are related of cultural differences. The first one is the analysis of the internal business environment, and the second one is the approach to the external environment, local and global. It is important to have a multicultural work environment, because it allows the development of different perspectives and powerful brainstorming about the solutions of problems. People with different cultural background, usually, have different mental models and different approaches to problem solving, which creates a great potential and leverages the team work and results.

Also, it helps to avoid misunderstandings, when dealing with particular issues, about a product or service that doesn't satisfy clients' needs in a specific region or country. The second aspect is related with doing business globally. What induces more noise in international negotiations are the cultural aspects, which are misunderstood and confused with Ethical differences. The cultural aspects that need to be highlighted are: the protocol, the religion, the use of colors and their meaning, the corporal language, eating habits and gifts.

Good businesses that are multi-national and global players will always keep abreast of the important cultural differences. It has never been easier to research how other countries citizens live and their general beliefs. It is also important to understand how foreign businesses work every day, developing the multi-cultural organizations to manage diversity or respecting differences.

Today's business and service organizations face a three-fold challenge. With management and employees of a variety of national and cultural backgrounds, they must:

- enable this heterogeneous workforce to work together harmoniously toward their common goals;
- maximize the contribution of each member of what is in fact a large team;

- ensure fair treatment for all, irrespective of background.

Meeting this challenge demands systematic efforts on the part of these organizations, as many of them have come to realize. Whether the multi-cultural character of the company arises from its internationally mobile workforce and its local operations in various countries, or from the mixed backgrounds of a workforce in a single location, the organization must address this diversity if it is to be successful.

This paper discusses the importance of sensitivity to cultural differences and also tells that how can you reduce the risk and reap the benefits of culture difference. This study helps to understand the effect of intercultural sensitivity on the cross-cultural performance of service employees. My proposed idea focuses on how much it is important for organizations to understand and accept cultural differences, if they want to work around the world and experience working life in different countries. This paper discusses how to manage people in global economy & it will cover many important aspects like the Importance of Cultural diversity and Sensitivity, Understanding Cultures, Creating a Fair and Respectful Workplace, Communicating across Cultures.

2. Research methodology. The study of paper is based on secondary data that is collected from various resources like internet, newspaper, journals and magazines, press announcements etc.

Let us then ask ourselves the question; what is **culture** & characteristics?

Culture has actually been studied in more ways than one. Culture is a set of beliefs that a group of people share. And as such it is important wherever a number of people get together and the business environment is no exception. Culture comes in many shapes and sizes. It includes areas such as politics, history, faith, mentality, behavior and lifestyle. Culture is a distinctly human means of adapting to circumstances & transmitting this copying skill & knowledge to subsequent generations. Culture gives people a sense of who they are, of belonging, of how they should behave & what they should be doing. Culture is often considered the driving force behind human behavior everywhere. Culture impacts behavior, morale, & productivity at work & includes values & patterns that influence company attitudes and actions.

3. Key concept for managing people in global economy

An understanding & utilization of these concepts is critical to successful global performance.

a). **Global leadership** being capable of operating in a global environment while being respectful of cultural diversity. This is an individual who can manage accelerating change & differences. The global leader is open & flexible in approaching others can cope with situations.

b). **Cross cultural communication** recognizing what is involved in one's image of self & one's role, personal needs, values, standards, expectations, all of which are culturally conditioned. Such a person understands the impacts of cultural factors on communication & is willing to revise & expand such images as part of the process of growth. He/she is aware of verbal & non verbal differences in communication with persons from another culture. Not only does such a person seek to learn another language, but he or she is cognizant that even when people speak the same language, cultural differences can alter communication symbols and meanings and result in misunderstandings.

c). **Cultural sensitivity** discusses that cultural differences as well as similarities exist, without assigning values, i.e., better or worse, right or wrong, to those cultural differences [17]. A fair and respectful workplace is the hallmark of a modern and productive organization. Successful businesses welcome diverse personnel and maintain a fair and respectful workplace to reap the benefits of fresh perspectives and increased vitality. With the benefits of a diverse organization, there also come risks associated with the multitudes of cultures with different beliefs, standards for communication and other stereotypes. So, how can you reduce the risk and reap the benefits? The solution is training all staff on cultural sensitivity. Understanding Cultural Sensitivity will help all employees to recognize the differences in your diverse workforce and how to be understanding and work through those differences to maximize the productivity of the organization. The cases of Microsoft, Mc Donald demonstrate how a lack of cultural sensitivity led to failure and result into downfall of company, individual or product.

- When coloring in 800,000 pixels on a map of India, Microsoft colored eight of them a different shade of green to represent the disputed Kashmiri territory. The difference in greens meant Kashmir was shown as non-Indian, and the product was promptly banned in India. Microsoft was left to recall all 200,000 copies of the offending Windows 95 operating system software to try and heal the diplomatic wounds. It cost them millions.

The fast food giant McDonald's spent thousands on a new TV ad to target the Chinese consumer. The ad showed a Chinese man kneeling before a McDonald's vendor and begging him to accept his expired discount coupon. The ad was pulled due to a lack of cultural sensitivity on

McDonald's behalf. The ad caused uproar over the fact that begging is considered a shameful act in Chinese culture.

d). Acculturation effectively adjusting and adapting to a specific culture, whether that be a sub-culture within one's own country or abroad. Such a person is alert to the impact of culture shock in successfully managing transitions. Therefore when operating in an unfamiliar culture or dealing with employees from diverse cultural back grounds, this person develops the necessary skills and avoids being ethnocentric.

e). Cultural influences on management understanding that management philosophies are deeply noted in culture and that management practices developed in one culture may not easily transfer to another. In global market place, all management is multicultural.

f). Effective intercultural performance applying cultural theory and insight to specific cross cultural situations that affect people's performance on the job. Such a person's make provisions for the foreign deployment process overseas adjustments and cultural shock and the reentry of expatriates.

g). Work culture applying the general characteristics of culture to the specifics of how people work at a point in time and place. In the macro sense work can be analyzed in terms of human stages of development. The work cultures of hunter, farmer, factory worker and knowledge worker. In the micro sense work culture can be studied in terms of specific industries, organizations or professional groups.

h). Cultural Knowledge & awareness is familiarization with selected cultural characteristics, history, values, belief systems, and behaviors of the members of another ethnic group. Developing sensitivity and understanding of another ethnic group. This usually involves internal changes in terms of attitudes and values. Awareness and sensitivity also refer to the qualities of openness and flexibility that people develop in relation to others. Cultural awareness must be supplemented with cultural knowledge [5].

i). Global organizations describe the corporate culture of global organization copes with competition and change, whether in terms of technology, economics, or people. People in global businesses are triply socialized –to their culture, their business culture & their corporate culture.

4. Cultural diversity in the workplace

Cultural diversity in the workplace provides strengths as well as challenges to businesses today. Diversity issues can be related to race, gender, age, disabilities, religion, job title, physical

appearance, sexual orientation, nationality, multi cultures competency, training, experience, and personal habits. Businesses today are working on an international level and it is important for your company to understand the true meaning of diversity when managing an increasingly growing diverse group of people

[8]. Establishing diversity in the workplace has become an important component in today's organizations. When defining diversity in the workplace, it means company has the ability to acknowledge, accept, value, and recognize the worth in celebrating the many differences which exist in all people. When establishing diversity initiatives in an organization, there may be some challenges to overcome. The best way to alleviate most potential issues which can arise is to establish a firm approach to diversity and develop a clear organizational diversity policy.

Businesses have different approaches and policies regarding diversity. Some organizational policies are highly successful and fully defined while others are merely made up of "fluff" [8]. On paper they sound good, but in reality contain no substance. When you manage diversity initiatives you want to ensure you don't fall into the latter category. If you have run into challenges managing diversity in the workplace, you are not alone. Many businesses experience degrees of challenges when trying to integrate cultural diversity in the workplace. Establishing diversity in your organization will not come without challenges, but with determination and motivation any obstacles you run into can be overcome. The way they can be overcome is by having a firm grasp in understanding diversity, what it represents, what it can do and what the challenges are. Many negatives can arise if you don't understand how to manage diversity. Weak mismanagement of diversity and snowball into many workplace challenges such as:

- **Discrimination:** When diversity is not accepted in an organization, much of the time this is due to varying levels and kind of discrimination. Some types of discrimination which exist are gender, race, sexuality, religion, disability, economic class or cultural background.
- **Stereotypes and preconceptions:** When people assign an identity to an entire group, rather than judging each individual on their own merits, this presents challenges because these conceptions are typically inaccurate and are based off wrongful stereotypes.
- **Harassment:** Negative attitudes can arise which may lead to harassment of others who are different from the person(s) provoking this behavior.

- **Exclusion:** In order for diversity initiatives to be successful, you need to eliminate organizational tendency to exclude people for reasons which have nothing to do with the job.

The companies who do not invest in solid diversity policies are often plagued with problems such as:

- **High turnover rate.** This is costly because each time someone leaves the company, time and money have to be spent on recruiting potential new hires, interviews and subsequently, training new employees.
- **Absenteeism.** This is another problem which afflicts organizations who lack diversity initiatives; this ends up being expensive because morale goes down which results in less productivity due to low spirits and absenteeism.
- **Lawsuits.** When discrimination and harassment occur in the workplace, this opens up the organization to costly lawsuits which do not benefit anyone; not the victim, or the employee.

These problems which can occur are directly related to a non-investment in strong diversity initiatives. It is in your company's best interest to promote diversity, but overcoming these challenges sometimes takes effort. One way to overcome these challenges is to promote awareness and acceptance; providing diversity training is good way to accomplish this. This should start on the managerial level and then works its way down through the organization.

Promoting diversity brings about positives such as improving marketplace understanding, and your company's employees reflecting its customer base which leads to better relationships. Also, creating a diverse staff will stimulate innovation and bring different backgrounds of ideas and creativity to the proverbial table [8].

There are many strong arguments for promoting organizational diversity. When you have a diverse team of employees, this usually results in higher degrees of innovation and better problem solving. A diverse team reflects a larger talent pool of which ideas and solutions can be derived from. If you put forth effort to rise above the challenges, you will realize the true value of diversity in the workplace.

5. Importance of Cultural Diversity in the Workplace:

Cultural Diversity matters to every single one of us, both professionally and personally. When a group or segment of our population is excluded or oppressed, all of us are denied. For our

businesses and communities to not only survive, but to thrive, each of us needs to be aware and sensitive to all the members of the community. Our communities are rich with human resources. When all segments are respected and utilized, it benefits everyone involved. We all need to learn to accept what is different from us and respect it. Realities of cultural diversity:

- Global level
- More than 225 official languages spoken around the world point to at least as many different
- Cultural groups, multicultural societies
- With the increasing intermixture of members of different cultural groups within (national)

societies, the exposure to different cultures is no longer limited to a few people who travel abroad, but has become a fact of everyday life at all levels of society.

Search for unity in diversity

- 1- As every person or social group reflects a multiplicity of traditions and cultures, all individuals differ in some respects, but in other regards have much in common. The search for what one has in common with members of other cultures, religions, and ethnic, social or political groups should always be part of intercultural exchange.
- 2- The lack of appropriate means of exchange or self-expression can lead to an alienation from the process of globalization and a retreat into a narrow sense of cultural identity.
- 3- Often, this process is accompanied by a tendency to reinterpret and idealize one's cultural heritage, ignoring the cultural realities of past and present.
- 4- Such a narrowly defined cultural identity can be the basis for a translation of various root causes of conflict into cultural terms: "difference" is used as an excuse for intolerance.

6. Developing the multi-cultural organization: managing diversity:

Today's business and service organizations face a three-fold challenge. With management and employees of a variety of national and cultural backgrounds, they must: enable this heterogeneous workforce to work together harmoniously toward their common goals; maximize the contribution of each member of what is in fact a large team; ensure fair treatment for all, irrespective of background.

Meeting this challenge demands systematic efforts on the part of these organizations, as many of them have come to realize. Whether the multi-cultural character of the company arises from its internationally mobile workforce and its local operations in various countries, or from the mixed backgrounds of a workforce in a single location, the organization must address this diversity if it is to be successful.

Defensive or Developmental

Every organization has a strategic choice to make in how it will face this issue, between a fundamentally defensive approach, and one that is developmental in nature and effect. An organization which adopts the defensive approach treats cultural differences as hazards - a series of weak links between people in which there is great potential for misunderstanding, conflict, mistrust and even resentment. It assumes at the start that certain people are inherently culturally insensitive to others. Handling 'cultural diversity' therefore means avoiding giving offence to groups or individuals, preventing harassment, and managing grievances. It may have an implicit political objective as well, to reduce the alleged dominance of one 'culture' or another.

The developmental approach, on the other hand, first of all sees cultural differences for what they are - potentially different values, assumptions, expectations, and behavior which people bring to business as a result of their differing backgrounds. Culture is "the way in which a group of people solves problems" Moreover, the developmental approach recognizes that these collective tendencies reveal themselves as individual differences. Members of a team are not there to represent a 'culture' or particular ethnic group - they represent themselves.

Handling cultural differences means recognizing that these differences can have a significant impact on how people of different national or ethnic backgrounds approach the day-to-day issues of business and professional life, and that people want those differences, where they exist, to be acknowledged. The developmental approach begins with the more positive assumption that while people may sometimes be unaware of these differences, they are not automatically insensitive to them.

The outcome of the developmental approach is recognition of these different perspectives as alternative ways of handling particular situations. Cultural differences are no longer hazards - they are opportunities to strengthen the organization through shared learning, better communication, and new perspectives.

How can one tell whether an organization has adopted the defensive or the developmental approach? After all, any organization can use terms such as 'diversity,' 'culture,' 'differences,' or even 'inclusiveness' to its general goals in this area, whatever the reality. For a start, the defensive approach often arises as a reaction to grievances or conflicts. The organization may define it through policies, procedures, and public relations statements, and make it visible through initiatives and 'programme.' 'Training' is preoccupied with reducing insensitivity, often by trying to induce certain subjects to admit how insensitive they are. To the extent that such efforts are presented positively (or in the words of one company's website, "leverage[d] for competitive advantage"), it is as a question of equal employment opportunity.

6.1 Employers need to keep their employees' cultural differences in mind when planning interviews or investigation

Since the average workforce is much more diverse than twenty or thirty years ago, employers need to keep their employees' cultural differences in mind when planning interviews or investigations. , there are a few general principles to keep in mind that can help interviews go more smoothly with a diverse group of people:

Approach each interviewee with an open mind - do not form an opinion before meeting and talking with the individual, but rather let the interview shape your opinion. Put yourself in the interviewee's place - imagine yourself as an employee being faced with your own questions.

Prepare yourself before interviewing each employee on your witness or party list. If you need more information about general cultural attributes of people from certain countries or religions, research the issue (using sources such as the public library or the Internet), reviewing at least two or three different sources for each different cultural type involved. Try to find out as much as you can about a particular culture's stance toward things such as the amount of physical space between people who are talking with each other, the amount of eye contact that is appropriate, the significance of voice inflections when asking questions, and the significance, if any, of head movements and other body language during a conversation. Be sensitive to the role that gender can play in cultural dynamics. For instance, in some cultures, it may be inappropriate for a male interviewer to be alone in a room with a woman who is being interviewed. A general practice of always having an opposite-gender witness present would come in handy for such times. Another example might be that male employees from certain cultures might react very adversely, or may "clam up" altogether, if forced to answer pointed questions from a female interviewer. Whether

it's right or wrong to have such an attitude in our country is beside the point if the goal of getting full and accurate information is not being achieved.

Remember that one can be easily deceived by generalities and stereotypes. Just as there are significant differences between the longtime citizens of your own neighborhood, town, county, and state, and between the members of your church, there are equally significant differences between the people of other countries and religions. Refer back to point 1 above.

Regardless of cultural differences, there are some constants:

Every person appreciates being treated with respect.

Even those who come from cultures noted for self-sacrifice and community thinking has a sense of self-value and appreciates being treated as individuals.

Every person appreciates feeling as if their opinion matters to you.

Everyone appreciates an opportunity to explain themselves, so be sure to allow enough time to let people "get things off their chests."

Every person from every culture understands the basic concept of fairness: that people should be treated consistently according to known rules or standards, based upon things that were within their power to control.

Every employee comes to an interview with a certain amount of trepidation and uncertainty and will appreciate whatever you can do to reassure them that they will at least be treated fairly.

Remember, while it is important to know your employees and to have basic familiarity with their backgrounds and cultures, you will mislead only yourself if you believe that you have them all figured out based upon cultural generalities. Keeping an open mind and treating people fairly based upon what they do or don't do are the keys to bridging whatever cultural gaps exist.

7. Findings & recommendations

- Be sensitive to the fact there are basic differences in the ways people of different cultures communicate, such as through the different use of words, voice & body language.
- Be persistent in maintaining open communication. If miscommunication occurs, view it as a problem to be solved & an opportunity to be finding new ways to communicate.
- Openness, caring & mutual respect of the dignity of individuals are essential qualities for effective communication regardless of cultural differences.

- Take an active interest in the culture & norms of the other person. The more you know about a certain culture, the better chances for effective communication.
- Being culturally sensitive means being nonjudgmental & recognizing that although differences may exist based on culture, communication can still continue.
- Think about & examine the cultural bias of your own belief system when trying to understand the culture of another person.
- Avoid making comparisons, think about them as individual.
- Active listening includes listening fully, without interrupting, clarifying, acknowledging, reflecting or expanding & building on what being said.
- With each culture there are individual differences in the way people communicate.
- Be honest & willing to take risks & make mistakes.
- Valuing diversity.
- Valuing & recognizing the importance of one's own culture.
- A willingness to adapt one's communication & behavior to be compatible with another's cultural norms.
- A Willingness to learn about the tradition & characteristics of other cultures.
- Effective communication is enhanced when empathy is conveyed. Empathy can be developed by consistently trying to put yourself in another's shoes.
- Become flexible in your communication style.

8. Conclusions

Here are parallel reasons why all managers should advance their culture learning or why global organizations should include it in their human resource development strategies:-

- Culture gives people a sense of identity, whether in nations or corporations, especially in terms of the human behavior and values to be encouraged. Through it organizational loyalty and performance can be improved.
- Cultural knowledge provides insight into the people. The appropriate business protocol can be employed that is in tune with local character, codes, ideology & standards.
- Cultural concepts and characteristics are useful for the analysis of work culture in the emerging global industrial work environment.

- Cultural awareness and skill can be useful in influencing organizational culture. Furthermore, subsidiaries, divisions, departments or specializations have sub culture that can foster or undermine organizational goals and communication
- Cultural insights and tools are helpful in study of comparative management techniques so that we become less culture bound in our approach to leadership and management practice.
- Cultural competencies are essential for those in international business trade.
- Cultural understanding is relevant to all relocation experiences whether domestic or international. This is valid for individual managers or technicians who are facing a geographic transfer, as well for their families and subordinates involved in such a culture change.
- Culture understanding and skill development systems. Acculturation to different environments can improve the overseas experience and productivity and facilitate reentry into the home and organizational culture.
- Culture capacities can enhance one's participation in international organizations and meetings. This is true whether one merely attends a conference abroad, is a delegate to regional or foreign association, is a member in a world or professional enterprise, or is a meeting planner for transnational events.
- Cultural proficiency can facilitate one's coping with changes of any transitional experience.

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