

MODULE SIX

EMERGING ASPECTS OF ORGANIZATIONAL BEHAVIOUR

Chapter Twenty Four- *Organizational behaviour across cultures* (One Hour)

Reference:

**Organizational behaviour-Human behaviour at work by John W Newstrom, 12th edition,
McGrawHill**

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Chapter Twenty Four- *Organizational behaviour across cultures*

Objectives:

To develop an understanding of

- **Conditions affecting multinational operations**
- **Managing International Workforce**
- **Productivity and cultural contingencies**
- **Cross cultural communication**

Conditions affecting Multinational operations

Today many organizations do business in more than one country. These multinational organizations add new dimensions to organizational behaviour as communication lines are lengthened and control often becomes difficult. In this context, it is necessary that managers acquire both language and intercultural skills in dealing with people- customers, suppliers, competitors and colleagues from other countries as they are taking a risky step into different social, legal, political and economic environments- the primary conditions affecting multinational operations.

Social condition

The overriding social conditions affecting multinational operations are:

- (a) Poorly developed human resources which limit the ability to employ local labour productively. Needed skills are temporarily imported from other countries and vast training programs begin to prepare local workers.
- (b) Local culture not being familiar with advanced technology or complex organization
- (c) Differences in work ethic of employees across cultures.

Legal and Ethical Conditions

The overriding Legal and Ethical conditions affecting multinational operations are:

- a) Difference across countries in their legal systems and specially in their relevant employment laws and business practices.

- b) Difference across countries in the judicial system regarding time for disposition of cases and penalties for seemingly minor offences.
- c) Differences across countries in local mores, customs and ethical behaviours.
- d) The treatment of women and other minorities to prohibit workplace discrimination.

Political Conditions

The overriding Political conditions affecting multinational operations are:

(a) Instability of the government of the host country spills over onto organizations that wish to establish or expand operations in host country, making them cautious of further investments. This organizational instability leaves workers insecure and causes them to be passive and low in initiative.

(b) Strong nationalistic drive may impel locals to desire to run their country and their organizations by themselves, without interference by foreign nationals- a foreign manager simply may not be welcome.

(c) Organized labour in many nations is not an independent force but is mostly an arm of the authoritarian state. In other nations labour is somewhat independent, but it is socialistic, class-conscious and oriented towards political action more than direct negotiation with organizations. Employers find that the state tends to be involved in collective bargaining and other practices like employee layoffs and employee transfers affecting workers.

Economic Conditions

The overriding Economic conditions affecting multinational operations are:

- a) Low per capita income
- b) Rapid inflation making the economic life of workers insecure. It encourages them to spend rapidly, not to save for retirement security, develops their dependence on the government which is often incapable of responding and gives rise to social unrest.

Managing an international workforce

Whenever the geographical boundaries of an organization spans over two or more countries, it will then face the challenge of blending various cultures. Multiculturalism occurs when the employees in two or more cultures interact with each other in a regular basis. Expatriates (both parent country nationals from the nation in which home office is located or third country nationals from some other nations) need to adjust their leadership styles, communication patterns and other practices to fit the culture of their host country

An expatriate manager may find several obstacles to a smooth adaptation to a new culture. An early requirement for overcoming such obstacles is to acquire cultural awareness of the multiple ways in which cultures differ.

Individual differences

Five major dimensions that result in sharpest differences among employees include individualism/collectivism, power distance, uncertainty avoidance, masculinity /femininity and time orientation.

Cultures that emphasize individualism tend to accent individual rights and freedoms, have very closely knit social networks and place considerable attention on self respect. Collectivism heavily accents the group and values harmony among members. Individual feelings are subordinated to the group's overall good. Face saving(maintaining one's self image in front of others) is highly important in collectivistic cultures.

Power distance refers to the belief that strong and legitimate decision making rights separate managers and employees in different cultures.

Uncertainty avoidance is the value for clarity and preference to avoid ambiguity at work in different cultures.

Masculinity and femininity is the way of defining gender roles in more traditional and stereotypical ways or having a broader viewpoint on the great variety of roles that both males and females can play in the workplace and at home in different cultures.

Time orientation is the accent cultures place on necessity of preparing for future or valuing the past and emphasizing on present.

Individual differences also occur due to the differences in culture on the emphasis it places on using situational cues to develop a complete portrait of a visitor. High context cultures tend to emphasize personal relations, place high value on trust, focus on nonverbal cues and accent the need to attend to social needs before business matters. Low context cultures tend to rely on written rules and legal documents, conduct business first and value expertise and performance.

In addition to individual differences, parochialism, ethnocentrism, cultural distance and cultural shock can also have an impact on cultural adaptation.

Parochialism is the predisposition of expatriate managers to see situations around them from their own perspective i.e. the culture of the home country in which the organization is based and not from the perspective of the culture of the host country in which the international operation is spread.

Ethnocentrism or self reference is the predisposition of the expatriate managers to believe that their homeland conditions are the best. Expatriate employees need to develop cultural empathy

to integrate the imported and local social systems. Cultural empathy is the awareness of differences across cultures, an understanding of the ways in which those differences can affect business relationships, and the appreciation of the contributions each culture makes to overall success. Cultural empathy when demonstrated consistently will result in geocentric organizations which largely ignore a person's nationality while accenting employee ability in selection, assignment and promotional decisions.

Cultural Distance is the amount of difference between any two social systems and range from minimal to substantial.

Cultural shock is the feeling of confusion, insecurity and anxiety caused by a strange new environment. They are rightfully concerned about not knowing how to act and about losing their self confidence when wrong responses are made. When employees enter another nation, they may experience several reactions in a series of four phases as follows;

In the first phase they are often excited and stimulated by the challenge of the new job, home and culture. Each day is filled with new discoveries.

The positive attitude is soon followed by a second phase of disillusionment as they discover various problems they had not anticipated before.

In the third and most critical phase they tend to suffer culture shock, which is insecurity and disorientation caused by encountering all parts of a different culture. Culture shock may result from encountering different management philosophies, an unfamiliar language, new foods, dress, driving patterns etc, unfamiliar currency system, reduced availability of goods, different attitudes toward work and productivity and separation from friends and work colleagues.

Reverse culture shock which occurs when the expatriate comes back to the home country after staying for a considerable period of time in the host country may result from encountering a loss of decision making authority, a loss of responsibility, changes in one's level of status in the organization, changes in personal lifestyle and technological and organizational changes.

The fourth phase is that of adaptation where the employees accept new culture, regain a sense of self esteem and respond constructively to their new surroundings at work and at home.

Overcoming barriers to cultural adaptation

For overcoming the barriers to cultural adaptations the following actions are useful:

1. Careful selection of employees who are low in ethnocentrism, have a desire to experience another culture and stay in another culture, have a knowledge of the foreign language of the host country, have experience of traveling to the host country previously, family members of the employee have a positive attitude to the assignment and employee have a high cultural intelligence (CQ). Cultural intelligence consists of the cognitive strategies for learning about new cultures at both surface and deeper levels;

an intuitive sense of what is happening and why it is happening; confidence that one can fit into the new culture and motivation to do so and the translation of knowledge, intuition, confidence and motivation into appropriate cultural action.

2. Compatible assignments of employees within similar sociocultural clusters at the initial stages
3. Predeparture training in the local language
4. Orientation and support in the new country to get settled there and include assistance with housing, transportation, shopping etc. Organizational support is also required in the form of assurance that the expatriates on their return to the homeland will get a better or comparable position in their organization and their foreign experience will be valued.
5. Preparation for reentry – a process which is called repatriation and people face reverse culture shock.

Productivity and Cultural contingencies

Productivity is achieving quantity and quality of results while controlling inputs. The productive practices for a particular nation depends heavily on its culture-this is called cultural contingency. The ideas that work in home nation's culture must be blended with the culture of the host country and integration of the most workable ideas from both the nations should take place. Cultural contingencies are illustrated by Theory Z proposed by William Ouchi. Theory Z provides examples in which behavioural prescriptions for management must be adapted to fit the organization's cultural environment. Theory Z selectively adapts some Japanese practices to the American culture. The idea of cultural contingency suggests that expatriate managers must learn to operate effectively in a new environment. Although they must operate within the limits of most home-office policies, managers must be flexible enough to respond to local conditions. \Once managers are on location in a host country, their attention needs to be directed toward integrating the technological approaches with the local cultures involved. The job of international managers is to try to retain in their management practices the essential elements of both familiar and new cultures so that their employees may work with the security of some familiar practices but also with greater productivity than the old culture normally has accomplished. Expatriate managers also need to consider what their role will be in a local community. Although they are generally respected figures with considerable economic powers, they are considered as guests and may not be absorbed into the social and power structure of a local community. Because of their marginal role and subsequent insulation from important insights, they risk misinterpreting much of the community's value structure.

Cross Cultural communication

Expatriates also need to understand the differences in nonverbal communication across cultures. If they do not, they risk making serious errors that might damage their relationships with their employees, partners, customers and suppliers. Areas in which orientations to cross cultural communication may differ include contrasts in the relative value placed on time efficiency, thought patterns, values placed on seeing the future, the need for personal space, eye contact, physical appearance, posture, gesture, meaning of silence and legitimacy of touch. These factors make it challenging to communicate effectively with another person in an international setting. As a consequence, they are important contingency factors that must be considered carefully by managers.

When considerable attention is given to cultural preparation of expatriate employees, they develop into transcultural employees who operate effectively in several cultures as they are low in ethnocentrism, can communicate in more than one language and adapt readily to different cultures without major culture shock leading to effective functioning of multinational firms. For a firm which is truly multinational in character, its leaders look to the world as an economic and social unit, they recognize each local culture, respect its integrity, acknowledge its benefits and use its differences effectively in their organizations.

Questions

Q1. What are the Conditions affecting multinational operations

Q2. What are the major issues in Managing International Workforce? How do you overcome barriers to cultural adaptation are?

Q3. What is the relationship between Productivity and cultural contingencies? What is the importance of Cross cultural communication in this regard?

Q4. Write short notes on (a) culture shock (b) Transcultural managers.