MANAGING CULTURAL DIVERSITIES IN INTERNATIONALIZATION OF BUSINESS

Sonal Pathak

Assistant Professor

Manav Rachna International University

Faridabad, Haryana, India

E-mail : pathak25@gmail.com

Abstract

In the liberalized economic environment, Management of mixed culture is all set to play a highly critical role in the process of business development. While diversity is a problem to most organizations, successful corporations learn to manage to their full advantage. Organizations are managed to acquire a competitive advantage in the global market place. The whole purpose of managing diversity is to bring out the best of employees Talent, Abilities, Skills and Knowledge for the benefits of individual employees as well as the well-being of the corporations. When workforce diversity is well managed, no employee in the organization feels disadvantaged.

Business firms are beginning to recognize the power of workforce diversity as a competitive tool. This paper examines the process of adopting new structures and work practices that are radically different from those traditional minded management,. It notes the beneficial impact to the management system consequent upon the reforms and highlights the current weaknesses in the traditional system. Against this traditional management , this paper identifies the emerging challenges and discusses ways in which they could be tackled. This paper presents an approach to the need of organization to train their employees about diversity and its usefulness to the well being of the corporation. Diversity training is a critical part while managing diversity. This Paper discusses about various areas of need for employees to 'understand and value' the differences among them. The Paper Highlights the role of managers as a

regulatory bodies with their effective position in handling the current situation of the global market. It also traces the several measures taken by Government to improve the integrity of the global market.

Conclusively, the presented paper is an effort to review the concept of International business & management of cultural diversities which is a sensitive area in global human recourse management.

1. Introduction

Globalization has been identified by many experts as a new way firms organize their activities and as the emergence of human capital as the new stakeholder of the firm.

The variety of experiences and perspective which arise from differences in race, culture, religion, mental or physical abilities, heritage, age, gender, sexual orientation, gender identity and other characteristics." So why is it when many people think of diversity, they think first of ethnicity and race, and then gender? Diversity is much broader. Diversity is otherness or those human qualities that are different from our own and outside the groups to which we belong, yet present in other individuals and groups.It's important to understand how these dimensions affect performance, motivation, success, and interactions with others. Institutional structures and practices that have presented barriers to some dimensions of diversity should be examined, challenged, and removed. Globalization is quickly reshaping the international economic landscape, resulting in an increasing global supply of science and technology (S&T) resources and capabilities. China and India, for example, have taken their place as important players with a growing capacity for research and innovation.

As global competition intensifies and innovation becomes riskier and more costly, the business sector is internationalizing knowledge-intensive corporate functions, including R&D. Firm's increasingly offshore R&D activities to other countries to sense new market and technology trends worldwide. Overall, the internationalization of a firm's R&D promises substantial benefits (cost efficiency, learning potential, etc) but also creates serious challenges for many countries (such as the loss of R&D jobs and knowledge). workplace diversity can provide tremendous benefits in terms of improved morale, outside-the-box thinking, greater teamwork, and an atmosphere of mutual understanding and respect.The diversity at workplace is increasing very rapidly. In fact because of the boom of multinational companies and extension of businesses across the national boundaries, it has become a very common practice to see cross culture diversity at workplace. There are both the benefits and the demerits of cross culture at the workplace.

The benefits includes that it increases the interpersonal skills of the employees. As people belonging to

various cultures work together therefore, they understand the views of different people. It increases the teamwork skills in the people. Employees belonging to various cultures also increase the skills available to the company. People can better interact with each other and they develop the patience and competencies to compete with each other. On the other hand the demerits of cross cultures in work place increases the conflict of interest. It can create biased and favoritism in the office environment because may be minority feel suppressed by the majority of the people. Moreover, cultural conflicts can also arise like language problems, dress code etc. But still I think cross cultural diversity at work place is really encouraging for the employees.

2. Business Environment

A business is a legally recognized organization designed to provide goods and/or services to consumers. The etymology of "business" relates to the state of being busy either as an individual or society as a whole, doing commercially viable and profitable work. The process of starting up and developing a business is not just an adventure, but also a real challenge. In order to help entrepreneurs with this, it is essential to create a favorable business environment.
Ensuring easier access to funding, making legislation clearer and more effective and developing an entrepreneurial culture and support networks for businesses are all instrumental as far as the setting up and growth of businesses are concerned.

However, creating a favorable business environment does not mean simply improving the growth potential of businesses. In this way, the promotion of corporate social responsibility is contributing to making business in countries more attractive.

Small and medium-sized enterprises (SMEs) make up 99% of businesses. Their small size makes them very sensitive to changes in the industry and environment in which they operate. It is therefore vital for their well-being to be a focus of political attention.

3. The Competitive Business Environment

The major step in this is that we need to have a secure understanding of how and why markets differ, how markets are changing and how and why governments affect markets. Following are the important areas of marketing for competitive business.

- Commodity markets, e.g. oil, rubber, diamonds
- Consumer goods markets, e.g. sports goods, groceries and cosmetics
- Capital goods markets - machinery of some sort
- Industrial markets - when businesses buy from businesses
- End products markets - whatever is made in the end
- Services markets - banking, insurance - stuff that we buy but we can't see

Markets are places, real or virtual, where buyers and sellers meet. In order to understand how they work we need to know about the following concepts.

- How markets change. Markets are never static, it keeps on changing due to new entrants in the market due to globalization.

- Government effects on markets e.g. through changes in taxation and different rules. Markets don't always work to everyone's advantage. Single Market,
- Globalization (the process by which we all become part of a series of world wide or global markets).

This includes concepts such as free trade and trade barriers. They are a useful antidote to the 'everything is wonderful' image of many corporate websites.

4. What is Global Business?

Global business consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. Primary types of international business are import export ,Trade and foreign direct investment (FDI). The latter is carried out in varied forms, including wholly owned subsidiaries and joint ventures. Additional types of international business are licensing, franchising, and management contracts.

As a result, an increasing number of firms face immense pressures to compete on a global basis. This is reflected both in the increase in the importance of international operations for many large firms and in the

emergence of strategic alliances among often competing firms from OECD countries. Internationalization of business has taken on many facets. Competitive activity has assumed an international dimension in:

- Trade;
- Investment and ownership;
- Manufacturing and sourcing;
- Markets and customers;
- Finance; and
- Technology and R&D.

Among the globetrotters, multinationals is spreading increasingly from the selling to the buying end of marketing. Large-scale players like Ford and General Motors have long notified their thousands of suppliers that, in the interest of the sustained viability of their industries, they are pursuing a policy of global rather than national sourcing.

5. Major Problem In Global Business Is To Understand Culture

Culture can be understood as a shared set of attributes of any group, by which this group organizes its living together, its environment and its solutions to the questions of the society.

The individual lives in a complex set of relationship with its environment: the individual is hence influenced by the culture surrounding it, as well as influencing it. There are ten distinct features in which cultures differ from each other: the national character/basic personality, perception, time concepts, space concepts, thinking, language, non-verbal communication, values, behaviors and social groupings and relationships.

Each of the distinct features are interconnected, and influence each other. Every change in a single feature can cause changes in the others. what constitutes a 'culture', various concepts are often displayed as the basic differentiation of cultures :

- National character / basic personality
- Perception
- Time concept
- Space concept

- ▪ Thinking
- ▪ Language
- ▪ Non verbal communication
- ▪ Values
- ▪ Behavior: norms, rules, manners
- ▪ Social groupings and relationships

6. Cultural diversity

Cultural diversity is the variety of human societies or cultures in a specific region, or in the world as a whole. The term is also sometimes used to refer to multiculturalism within an organization.. Since few time Human beings have spread throughout the world, successfully adapting to widely differing conditions and to periodic cataclysmic changes in local and global climate. The many separate societies that emerged around the globe differed markedly from each other, and many of these differences persist to this day .As well as the more obvious cultural differences that exist between people, such as language, dress and traditions, there are also significant variations in the way societies organize themselves, in their shared conception of morality, and in the ways they interact with their environment. By analogy with biodiversity, which is thought to be essential to the long-term survival of life on earth, it can be argued that cultural diversity may be vital for the long-term survival of humanity; and that the conservation of indigenous cultures may be as important to humankind as the conservation of species and ecosystems is to life in general. .Cultural diversity is tricky to quantify, but a good indication is thought to be a count of the number of languages spoken in a region or in the world as a whole. By this measure, there are signs that we may be going through a period of precipitous decline in the world's cultural diversity.

6.1 Four Approaches to Global Diversity

In examining both the successful and unsuccessful approaches to diversity, it's helpful to break global diversity approaches into four distinct archetypes: Isolationists, Idealists, Imperialists, and Globalists.

Let's look at each of these groupings more in depth:

Fig: 1 Approaches to Global Diversity

Power +	Imperialists	Globalists
Power -	Isolationists	Idealists

Transnational	Transnational
Cultural Ability	Cultural Ability

In this diagram, definition fits within a matrix where the horizontal axis is the degree of the organization's transnational cross-cultural ability and the vertical axis is the degree of power of the diversity strategy within the organization.

While transnational cross-cultural ability requiring the same skills as national subculture
cross-cultural ability, lack of exposure to other countries, including some well steeped in national diversity and cultural issues, While members (individuals and/or organizations) in all four quadrants are highly committed to diversity, the difference lies in how they approach global diversity.

Isolationists

Isolationists tend to have a limited view of the world outside the United States, and don't tend to think very much about diversity outside the 50 states. To them, diversity is exclusively defined in the common U.S. terms of race/ethnicity, gender, sexual orientation, and physical ability, with a nod to secondary diversity issues such as thinking styles. There is a chance that these organizations may also take a more compliance-driven approach to diversity.

Idealists

Idealists acknowledge that diversity issues must be addressed abroad, but have a naïve understanding of how that could and should play out. Idealists, both sentimental and not, tend to believe that programs that wee successful in the United States will be equally so when implemented abroad. Neither the Isolationists nor the Idealists have much powe in the global diversity arena, however, although some may have power.

Imperialists and Globalists

Imperialists and Globalists are the most interesting and powerful of the diversity groups. Members in both groups are very experienced and highly committed to global diversity, but differ in their diversity missions.

The Imperialists have earned their stripes through deeply committed work in forging cutting-edge diversity strategies built around thoughtful metrics, tough accountability, minority and women leadership, succession planning, etc. In fact, they have been so successful that they are now setting their sights abroad, where they seek to bring to bear all they have accomplished stateside.
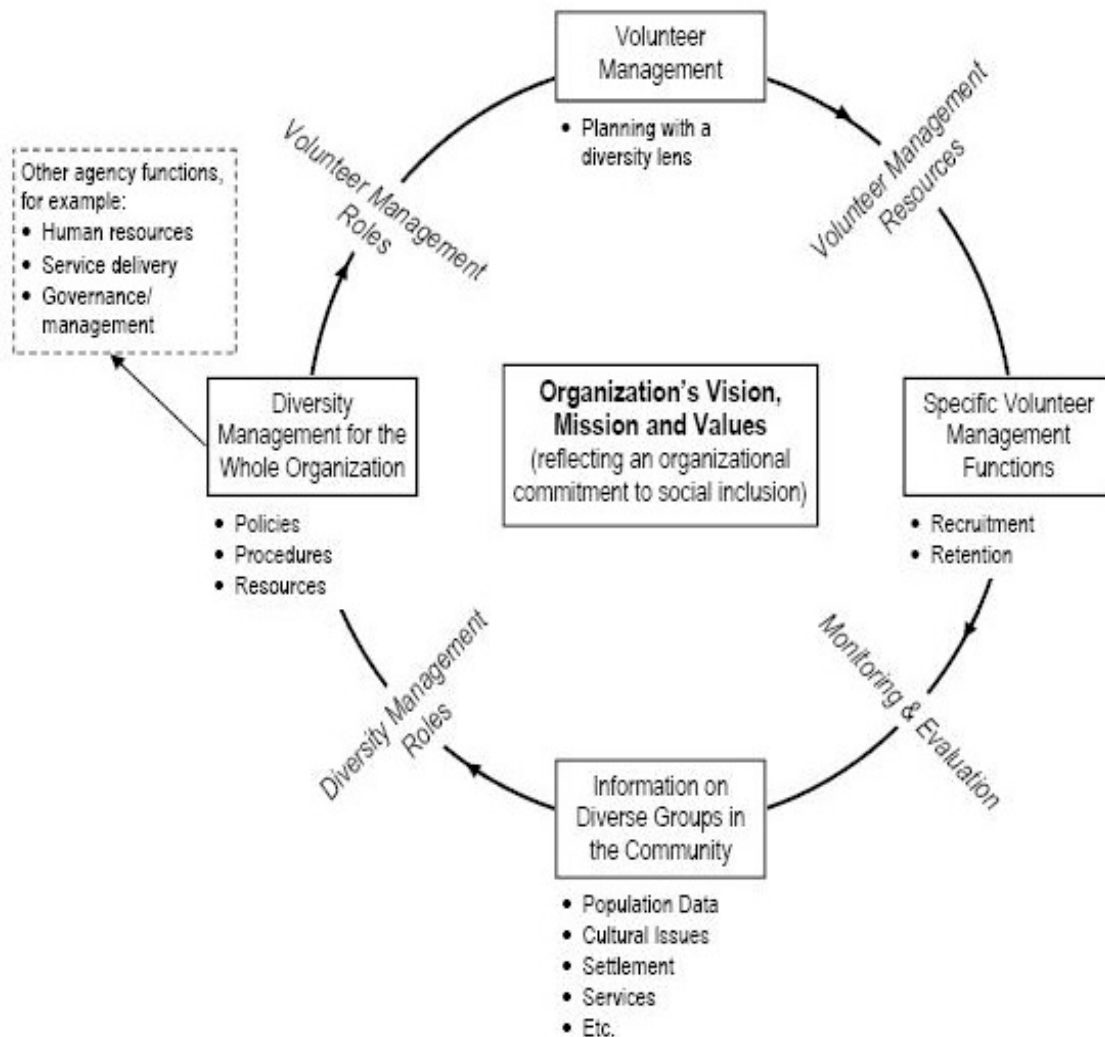

Figure 1: conceptual framework

6.2 Corporate Culture as Weakness

Even within organizations where overt conflict has been banished, there is still frequently a tendency to fight shy of anything that is seen to veer away from accepted business-speak. And whilst the specific comment above is one that we would very often encounter, say, within professional practices, the underlying sentiments are implicit throughout swathes of both the public and private sectors.

The common language of organisational development, human resources and management training too frequently veers towards expressing all things with certainty, mathematical precision and a depersonalised, emotion-free dryness.Again, the focus of The Cultureship Practice is not to threaten performance by overly concentrating on people. On the contrary, we enhance performance by clearly accepting that thinking and feeling people are the bedrock of superior productivity.

6.3 Defense or promotion of cultural diversity

The "defense of cultural diversity" can take several meanings:

- A balance to be achieved: thus, the idea of defense of cultural diversity through the promotion of actions in favor of "cultural minorities" said to be disadvantaged;
- Preservation of "cultural minorities" thought to be endangered;
- In other cases, one speaks of "cultural protection", which refers to the concept of "cultural exception", which is mainly used in France under the title "French exception". This makes the link between the social vision of culture and the vision inherent in its commercialisation. The cultural exception highlights the specificity of cultural products and services, including special recognition by the European Union in its Declaration on Cultural Diversity. In this context, the objective is to defend against what is seen as a "commodification" - considered harmful to a "disadvantaged" culture - supporting its development through grants, promotion operations, etc., also known as "cultural protectionism".
- This defense may also refer to incorporating "cultural rights" provisions, conducted unsuccessfully in the early 1990s in Europe, into a layer of human rights.

6.4 How Our Business Benefits from Diversity

Our business will need people with many different skills and experiences. By choosing people of varying backgrounds our business can benefit from the different experiences these people have gone through. The cultures they wee raised in can prove to be very important to we company. If we have employees with a variety of backgrounds then we have people with a much different point of view than our own. It's that different point of view that we need to have.

6.5 A Different Perspective

A different point of view can be invaluable to we business. The cultures that people come from can provide we company with opportunities that we may have not seen or known about. Ideas for products that cater to a particular culture or community of people can come from we employees. By hiring a diverse set of people we give we company a better chance to tap into markets that we might not have realized even existed.

6.6 Business Is about Opportunity

Small business is about finding opportunities and taking advantage of them. we need every edge we can get as a small business owner and the source of the opportunity or bit of insight should not matter to we as much as the results do. People come from a great many backgrounds and there is no reason that we business shouldn't benefit from it. The question is will we hold we business back or embrace the idea of cultural diversity in we workforce?

We must stop seeing diversity as a problem, and start seeing it as an advantage. To succeed, organizations must understand and use the skills, traditions and backgrounds of a diverse workforce.

In reality, diversity gives businesses a key advantage in the world marketplace. Our wider range of viewpoints offers a spectrum of talents—meticulous craftsmanship, for example—which can improve many aspects of product and process research.

Diversity helps when:

- We are marketing internationally

- We are negotiating with people from abroad

- We are launching a campaign to a new population (whether domestic or

  international).

In situations like these, it's an asset to have someone from that population on we planning team? Couldn't the person whose accent made we uncomfortable during a job interview have just the perspective we need to help we R&D efforts?

7. Approaches To Manage Cultural Diversity in the Workplace

Organizations around the world has been realizing the cultural diversity within organization is not a negative aspect, rather can facilitate organizational stalk for glory. However it is not an easy task to manage employees with different cultural backgrounds. Nevertheless there are many policy guidelines that can make task easy. There are many different innovative ways that organizations have adopted to manage diversity. cultural diversity can be managed effectively, there is a potential to use diverse workforce for organizational benefits. asserts that multi-culturist is directly linked to organizational success as Effectively managed multi culture companies have cost effective competitive edge .It helps in promoting minority friendly reputation among prospective employees

 Diverse cultural corporations help to get better customers which has a variety of people

 Diverse group of employees are perceived to be more creative and efficient in problem solving as compared to homogenous group.

The gist of it is: There are three components of Cultural intelligence that one need to master to manage people and thus enable lateral and bottom up communication globally

Some Other Important Aspects:

1. Knowledge:
 Ability to engage in learning other's culture, getting historical and different perspective of a nation, religion, culture or ethnicity.

2. Skills:

Ability to master Cross cultural communication and become an effective communicator

3. **Mindfulness**:
Capacity to continuously learn from our own actions and to reflect on them.

7.1 Management Style

Many people are motivated by feeling that they are being heard and respected, that they are making a meaningful contribution. Receiving incentives and recognition as part of a team may be more important, or more comfortable, than as an individual.

Relationships become more important as the workplace grows larger. Allow sufficient time to communicate with individuals and groups. The purpose of communication for males seems to be to transmit and receive information. But for most women as well as culturally diverse populations, communication also establishes and maintains relationships. If we're concerned about employee retention and effectiveness, take the time to build rapport with individuals and support team spirit.

7.2. Managing Diversity

To address diversity issues, consider these questions: what policies, practices, and ways of thinking and within our organizational culture have differential impact on different groups? What organizational changes should be made to meet the needs of a diverse workforce as well as to maximize the potential of all workers.

Most people believe in the golden rule: treat others as we want to be treated. The implicit assumption is that how we want to be treated is how others want to be treated. But when we look at this proverb through a diversity perspective, we begin to ask the question: what does respect look like; does it look the same for everyone? Does it mean saying hello in the morning, or leaving someone alone, or making eye contact when we speak?

It depends on the individual. We may share similar values, such as respect or need for recognition, but how we show those values through behavior may be different for different groups or individuals. How do we know what different groups or individuals need? Perhaps instead of using the golden rule, we could use the platinum rule which states: "treat others as they want to be treated." Moving our frame of

reference from what may be our default view ("our way is the best way") to a diversity-sensitive perspective ("let's take the best of a variety of ways") will help us to manage more effectively in a diverse work environment.

7.3. Role

A good Manager have a key role in transforming the organizational culture so that it more closely reflects the values of our diverse workforce. Some of the skills needed are:

- an understanding and acceptance of managing diversity concepts
- recognition that diversity is threaded through every aspect of management
- self-awareness, in terms of understanding we own culture, identity, biases, prejudices, and stereotypes
- willingness to challenge and change institutional practices that present barriers to different groups

It's natural to want a cookbook approach to diversity issues so that one knows exactly what to do. Unfortunately, given the many dimensions of diversity, there is no easy recipe to follow. Advice and strategies given for one situation may not work given the same situation in another context.

Managing diversity means acknowledging people's differences and recognizing these differences as valuable; it enhances good management practices by preventing discrimination and promoting inclusiveness. Good management alone will not necessarily help we work effectively with a diverse workforce. It is often difficult to see what part diversity plays in a specific area of management.

The Office of Affirmative Action, Equal Opportunity and Diversity is experienced in providing help with training and advice on the variety of situations that occur, tailored to we specific environment.

7.4 Specific Strategies To Manage Diversity

- Specify the need for skills to work effectively in a diverse environment in the job, for example: "demonstrated ability to work effectively in a diverse work environment."
- Make sure that good faith efforts are made to recruit a diverse applicant pool.
- Focus on the job requirements in the interview, and assess experience but also consider transferable skills and demonstrated competencies, such as analytical, organizational,

communication, coordination. Prior experience has not necessarily mean effectiveness or success on the job.

- Use a panel interview format. Ensure that the committee is diverse, unit affiliation, job classification, length of service, variety of life experiences, etc. to represent different perspectives and to eliminate bias from the selection process. Run questions and process by them to ensure there is no unintentional bias.

- Ensure that appropriate accommodations are made for disabled applicants.

- Know we own biases. What stereotypes do we have of people from different groups and how well they may perform on the job? What communication styles do we prefer? Sometimes what we consider to be appropriate or desirable qualities in a candidate may reflect more about our personal preferences than about the skills needed to perform the job.

Fair vs. Same Treatment

Many people think that "fairness" means "treating everyone the same." How well does treating everyone the same work for a diverse staff? For example, when employees have limited English language skills or reading proficiency, even though that limit might not affect their ability to do their jobs, transmitting important information through complicated memos might not be an effective way of communicating with them. While distributing such memos to all staff is "treating everyone the same," this approach may not communicate essential information to everyone. A staff member who missed out on essential information might feel that the communication process was "unfair." A process that takes account of the diverse levels of English language and reading proficiency among the staff might include taking extra time to be sure that information in an important memorandum is understood. Such efforts on the part of supervisors and managers should be supported and rewarded as good management practices for working with a diverse staff.

7.5 Managing Diversity is Different from Affirmative Action

Managing diversity focuses on maximizing the ability of all employees to contribute to organizational goals. Affirmative action focuses on specific groups because of historical discrimination, such as people of color and women. Affirmative action emphasizes legal necessity and social responsibility; managing diversity emphasizes business necessity. In short, while managing diversity is also concerned with under

representation of women and people of color in the workforce, it is much more inclusive and acknowledges that diversity must work for everyone.

8. Conclusion

Ignoring diversity issues incorporate costs, time, money, and inefficiency. Some of the consequences can include unhealthy tensions; loss of productivity because of increased conflict; inability to attract and retain talented people of all kinds; complaints and legal actions; and inability to retain valuable employees, resulting in lost investments in recruitment and training. Thus it's important to understand how these diversity affect performance, motivation, success, and interactions with others. Institutional structures and practices that have presented barriers to some dimensions of diversity should be examined, challenged, and removed. Globalization is quickly reshaping the international economic landscape therefore it must be managed intelligently & carefully.

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