Managing Cross-Cultural Conflicts in Global Companies

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The rapid ethnic and cultural diversification of the labor force and the expansion of businesses overseas in the recent decades have been reflected by an increasing interest to cross-cultural issues in management. Several papers have offered general overviews of the literature in the field of cross-cultural management. This study specifically focuses on research developments in the area of cross-cultural conflict management and offers an overview of the general tendencies, and commonly used empirical methods in this subfield. The paper also provides a discussion of the typical limitations of studies on cross-cultural conflict management and offers directions for future research. Recent decades were signified by unprecedented cross-national migration around the world. Traditionally, the United States, Canada, and Australia have been welcoming the largest numbers of newcomers. However, with the expansion of the European Union, most of the Western European countries have also been experiencing extensive waves of immigration. On the other hand, the economic boom in many Asian countries and in India and China, in particular have been associated with an unprecedented migration of expatriates from Western countries, as well as Japan and South Korea, into the region. Likewise, the fall of the “iron curtain” following the collapse of the Soviet Union opened up the markets of the former Socialist-Block countries to foreign businesses leading to an immense migration of Western expatriates to the new independent states in Eastern Europe.

Objectives

Today organizations are become increasingly diverse with employees of different genders, races, cultures, ethnic origins, and life styles. Changes in the cultural make-up of organizations have been so vast that it has become imperative for leaders and supervisors to understand cultural diversity conflicts and how it can be managed in their organization. The objective of this paper is to study about how these cross-cultural conflicts arise and can affect their organization and what steps managers are taking to assure a conflict-free environment and are helping promote positive outcomes for the business, as well as its employees. It is also to explore the things how cross cultural conflicts can positively balanced to strengthen the organization, and indirectly help to create better healthy global society.

Methodology

The research design is exploratory in nature. Here we have considered literature survey and the analysis of insight-stimulating examples

Culture

Culture is a group which shapes a person’s values and identity. A single term used to define a particular culture is often exclusive. Cultural identities can stem from the following differences: race, ethnicity, gender, class, religion, country of origin, and geographic region. Culture is the way of life of a people passed down from one generation to the next through learning. “Culture” is a complex concept, with many different definitions. Simply put, “culture” refers to a group or community that shares common experiences that shape the way they understand the world. Culture has been described as: “software of the mind “a substitute for instinct,” “a fundamental feature of human consciousness, the sine qua non of being human;” “a grammar for organizing reality, for imparting meaning to the world;” Overall we can say “Culture is to human beings, what water is to fish”. Culture is a group which shapes a person’s values and identity. Culture, in its broadest definition, refers to the part of the total repertoire of human action which

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is socially transmitted. Culture of civilization is that complex whole which includes knowledge, belief, art, morals, law, custom, preferences and other capabilities and habits acquired by man as a member of a society. We can depict through a diagram as

**Observable Culture**

- **Stories**
  - Tales about events conveying core values

- **Rites and Rituals**
  - Celebration of heroes and events displaying core values

- **Core Culture**
  - **Core Values**
    - Beliefs about the right ways to behave
  - **Heroes**
    - People (past and present) who display core values

- **Symbols**
  - Language and other symbols conveying core values

Observable culture is assimilation of core values, rites, rituals, language and other symbols and more prominently people who reflect core characteristic of the contemporary organization. Cultural resources refer to the heritage which makes country distinctive; to quote, our Indian culture had received, adapted and digested elements of many cultures like Aryan, European, Mesopotamian, Iranian, Greek, Scythian, Roman, Turkish, Persian, Mughal, Arabs. With each new influence it has transformed, now it is on the way of assimilating the culture of the West. Culture is a concept which assimilates and changes over time. Bhagavadgitha, the Hindu epic will not cease to inspire to welcome wholeheartedly all the best things form all the cultures of the world saying "Aano bhandraha kruthavo yanthu vishwathaha", which means let knowledge come from different parts of the world.

This implies we have to keep our windows open to welcome new values from all the cultures of the world, so that our culture will grow and always fresh.

**Cultural assumptions**

Cultural conflicts arise because of the differences in values and norms of behavior of people from different cultures. A person acts according to the values and norms of his or her culture; another person holding a different worldview might interpret his or her behavior from an opposite standpoint. This situation creates misunderstanding and can lead to conflict. Often people of A country, having their own culture, perceive their behavior and beliefs as an ultimate norm, forgetting that their culture is also just one of the multiple culture which has been evolved by mixing up of generations from several years. They are often unable to perceive their own cultural distinctiveness.
Literature Review

Cross-cultural management is a relatively new topic in the management literature. It was almost completely neglected up to the 1970's. In the early eighties, less than five percent of organizational behavior articles published in world's leading management journals were discussing cross-cultural issues (Adler, 1983). However, as more companies around the globe were deciding to go international and as the composition of the labor force in Western countries was getting more diverse, it became obvious that one size does not fit all. A growing body of evidence suggested that the Western way of human resource management in general, and team management in particular, was not the best one when working with individuals from other parts of the world. This led to an explosion of interest in cross-cultural issues in management literature. One of the most popular frameworks for analysis of cross-cultural issues in human resource management was that offered by Geert Hofstede (1980). The model was based on five bipolar dimensions along which cultural differences could be analyzed: high/low power distance, individualism/collectivism, masculinity/femininity, high/low uncertainty avoidance, and long/short time orientation. Later, alternative models of cross-cultural analysis were developed and tested by other scholars (House, et al., 2004, Maznevski & DiStefano, 1995, Schwartz, 1994, Trompenaars, 1993). Whereas Hofstede’s original study was descriptive and its main outcome was a concise set of cultural scores describing national cultures, it was followed by numerous papers which applied Hofstede’s model for studying the effects of cultural diversity on various aspects of workplace-related behaviors and processes. For example, cultural differences have been studied in relation to culture-specific perceptions of justice and their effects on team dynamics (Leung & Morris, 2000, Mueller & Clarke, 1998), leadership styles (Ardichvili, 2001, Ensari & Murphy, 2003), group decision making behavior (Chung & Adams, 1997), motivation (Fisher & Yuan, 1998), negotiation styles (Butler & Leung, 1998), cognitive processes (Abramson, Keating, & Lane, 1996), cross-cultural perceptions of ethics (Armstrong, 1996, Beekun, et al., 2003, Christie, et al., 2003), trust (Kiffin-Petersen & Cordery, 2003), satisfaction and commitment (Schippers, M. C., Den Hartog, D. N., Koopman, P. L., & Wienk, J. A., 2003) Later, models of cultural differences offered by Schwartz, Trompenaars and Maznevski were used for similar types of analysis (Gopalan & Thomson, 2003, Singelis, et al., 1999, Steenkamp, 2001, Watkins, et al., 1998). Of note, despite the huge popularity and extensive use of Hofstede’s model and the later alternative models, it has been suggested that they be used with caution (Baskerville, 2003, McSweeney, 2002, Yeh, 1988). Due to significant within-country variations in cultural values, there is a major concern regarding the use of one’s nationality to make assumptions about one’s cultural values. In addition, personal cultural values are affected by age, level of education, socioeconomic status, religion, and other factors (Taras & Steel, 2005)

There have been a number of articles offering overviews of the literature in the field of international management; however, their focus has been rather broad (e.g. Adler, 1983, Clark, Gospel, & Montgomery, 1999, Rick, Toyne, & Martinez, 1990, Werner, 2002). This paper refines the focus and concentrates on reviewing multicultural conflict management. We define training as a set of educational activities offered by either an organization to its employees or the third party to provide knowledge about organizational goals, mission and rules and promote personal awareness about individual differences in the workplace, improve individuals’ skills in conflict and stress management and intercultural communication several research on cross-cultural training (CCT) explains how CCT helps people adjust to (Pruegger & Rogers, 1994) and interact effectively with individuals from another culture (Black & Mendenhall, 1990; Fiedler et al., 1971;
Harrison, 1992). Training can also help people override personal biases, develop tolerance, and learn to act in ways that can improve their work environment (Friedman et al., 2000). For instance, training in negotiations may help employees to find a mutually acceptable solution to the problem confronting different parties (Kumar, 1997) and thus, effectively manage their interactions. Training in conflict management may assist employees to become aware of their individual's reactions to the perception that one's own and another party's current aspirations cannot be achieved simultaneously (DeChurch & Marks, 2001). We argue that this tolerance will lead to better understanding between two parties and will promote cooperation and sensitivity towards the other. Not all cross-cultural groups are alike. Two factors that greatly affect the team's dynamics are the composition and the purpose of the team. Based on the team composition, the following types of diverse workgroups have been recognized and addressed in the literature:. Because the team members spend only a short period together, they frequently have no time or interest to learn more about each other. As a result, the team members may misinterpret behavior of their counterparts and experience misunderstandings and difficulties achieving agreement (Butter & Leung, 1998, Chang, 2003, Ingham, 1991).

Cultural diversity training is fundamentally about the establishment of a dialogue that takes place within ourselves, between people and with the world around us. It brings into play core attitudes, values and beliefs that in other forms of training generally remain at a safe distance from those involved in the learning process (Gacciardo-Masci and Gonzalez, 1998).

La Russo (1993) describes the implementation of 'ethnic traditions' training into the City of Aurora, Colorado. This training forms part of a bigger picture that includes on call translators and the use of basic question cards by first response crews. He provides a number of very straightforward examples that clearly illustrate how ignorance of other cultures' attitudes can very easily frustrate normal operational activity and success in building relationships within a community.

Kemper (1998) writes from a global training perspective. She sees that skills we have relied on in the past are no longer adequate. She believes that the ability to adopt methods and to work effectively in a cross-cultural or multicultural setting has become critical. She reports that quite often the effect of culture on training success is still often realized only after a wake-up call or experience of culture clash in a training setting.

Johnson and O'Mara (1992) describe cross-cultural training in a large utility company of some 27,000 employees where a strategy employed was to develop diversity trainers internally which had a number of benefits. The company sees that managing diversity is the right thing to do, and makes good business sense by creating better customer service, improving its public image and boosting consumer confidence and credibility. The company has what appears to be a comprehensive customer service program that meets the needs of people of different ethnic origins. The company's approach has been recognized by the United States Department of Labor.

Payne and Mobley (1992) describe the significant potential and reality of backlash or resistance to diversity training. They provide a very useful table (p. 47) that lists twenty issues that can foster resistance to such training. They also offer a number of strategies for success: get management aboard, involve employees, work from an inclusive definition of diversity, use well qualified professionals as trainers, acknowledge resistance, let experience be the teacher, affirm the value of trainees' experience, put an end to the PC (Politically Correct) police, be clear on business connections, laugh, smile and enjoy, follow up, co-facilitate, create an open atmosphere, keep up with new developments and integrate special topics.
Nelson et al (1991) found that ethnicity along with membership of rural or urban communities were variables in regard to citizen preference for obtaining threat – relevant information and preference for participation in the process of community emergency management. Their findings were specific and highlighted the need to investigate particular ethnic group preferences prior to delivery of education / information programs or requests for participation.

Duguay (1996) summarises key information from a report titled “Cultural Diversity and Disaster”, published by the University of British Columbia Disaster Preparedness Resource. Centre for Emergency Preparedness in Canada. This information lists a number of facts and advice items that support information found in other literature. The facts and advice are comprehensive and straightforward and would be useful information for any emergency services to reference.

**Cross cultural conflict**

Different people have their own convictions, beliefs, sentiments perceptions, customs, rituals, festivals, behaviours etc. The cost of ignoring cultural perceptiveness creates conflicts within the intercultural groups. For example, when an American fast food chain was planning to enter India, one political party opposed the marketing of beef product in the country, as the cow is regarded sacred in Hindu culture. Another example I want to quote for cultural differences is that a group of women wrote an excellent and detailed proposal, but did badly during the interview part of the evaluation. It happened because those women came from a culture where establishing personal relationships precedes business relationships. These women felt uncomfortable when government officials did not allow time for casual conversation and immediately moved toward firing questions at them. These cases exemplifies how unintentionally one cultural group can hurt the feelings of the other. Cultures are built-and change-over time: it takes thousands of actions, both large and small, over a period of weeks, months, and years. However, responsible person can make a difference: much of shaping culture, at any level, centers on personal ownership and responsibility. Persons with many of the necessary leadership characteristics and behaviors like vision, respect, trustworthiness, proper communication certainly manage conflicts which arise cultural differences. Conflict occurs when one party believes the other’s actions may threaten to harm his or her interests. There are a variety of sources of workplace conflict including interpersonal, organizational, change-related, and external factors. The most observable form of conflict is a dispute. Typical disputes come in the form of formal court cases, arguments, threats and counter threats etc. By definition, conflict occurring between individuals or social groups that are separated by cultural boundaries can be considered “cross-cultural conflict.” But individuals, even in the same society, are potentially members of many different groups, organized in different ways by different criteria: for example, tamil families and gujarathi families may have conflicts due to the difference in cultural values and norms or else differences in language, religion, ethnicity, or nationality; by socioeconomic characteristics into social classes; by geographical region into political interest groups; and by education, occupation, or institutional memberships into professions, trade unions, organizations, industries, bureaucracies, political parties, or militaries. The more complex and differentiated the society the more numerous are potential groupings. Each of these groups is a potential “container” for culture, and thus any complex society is likely to be made up various “subcultures,” that is of individuals who, by virtue of overlapping and multiple group memberships, are themselves “multicultural.” This means that conflicts across cultural boundaries may occur simultaneously at many different levels, not just at the higher levels of social grouping—for example, those that “American” from “Japanese” cultures.
Researchers in the field of social psychology have documented five patterns of conflict management behavior that typically emerge in group settings (Thomas and Kilmann, 1974; Rahim 1983 & 1992). A virtual teams dealing with conflict would be expected to follow similar patterns to those studied in face-to-face meetings. The internal conflict management in virtual teams is found to be of crucial importance for their success (Montoya-Weiss et al, 2001). However, such behaviors or attitudes may be compounded by the special circumstances present in a virtual environment such as the remoteness of the members and the technology-supported interaction. The commonly reported styles of conflict management are:

**Avoidance:** The intentional failure to engage other members in the group and to just go with the flow.

**Accommodation:** The tendency to being more concerned with the other’s needs and views than with one’s own.

**Competition:** Having no concern for the others’ interests or needs and to wrestle with the others so that one’s views and concerns might be the dominant ones.

**Collaboration:** The drive towards integrating the interests and needs of all parties involved.

**Compromise:** Occurs when members focus on finding a common solution that addresses everybody’s interest.

**Managing cross cultural conflicts:** As explained above there will be five commonly adoptable strategies in any types of conflict management. Other than this Cross-cultural management requires some crucial skills for successful management in a culturally diverse environment. Managers should pay close attention to developing and sustaining these winning skills. Conflict has both upsides and downsides for a workplace, and for a country or to whole world. Cultural conflict, improperly managed, can have a tremendous cost on the health of any workplace or of a country. This will disturb the performance and normal life of the people. Cultural Conflict aggravates, wastes time and energy and also affects the quality of decisions. People in conflict are less likely to share vital information and more likely to get into power struggles. Particularly in an organizational environment, poorly managed conflict can result in the loss of valuable employees and the expense of hiring and retraining.
new ones. It can lead to costly restructuring and even sabotage, theft and property damage which gives way to compromised job satisfaction, poor motivation and lack of engagement among employees, and thus low human performance. So managing conflicts, especially cross cultural conflicts are very crucial in this globalised market place. Managing cross cultural conflicts should be started with shaping organization culture.

1. **Priority to shape the organization culture:**
   First of all, give priority to shape the organization culture which is very significant. Shaping the organization culture simply requires a choice; a choice to lead, to communicate, to reinforce the behaviors you want to see in the organization, and to commit to a sustained effort. Above all, remember that culture is shaped by invitation, not mandate; by commitment, not compliance. As your desired culture begins to take shape and others choose to join in, you create environment that sustains itself, because people will nourish what they feel comfortable. This can be done through
   ➢ Work aggressively to overcome the language barrier.
   ➢ Make every effort to learn about the culture of your employees. This will help you build trusting relationships that adds value.
   ➢ Develop an open culture in your workplace that accepts and appreciates the differences individual employees bring to your organization.
   ➢ Establish employment policies carefully and communicate them so all employees understand your expectations for appropriate conduct on the job.

2. **Understand your own cultural values and their influence:** As a manager, you must have a good understanding of your own cultural values and how they influence your attitudes and behaviors. You must try to always stay aware on global trends and events. Acquiring a fair knowledge about cultural behaviors in a non-judgmental way will be a definite help.

3. **Understand other’s cultural values and respect them:** The ability to co-operate with the other cultural norms-values, mindsets, and behaviours-iving trainings to enhance intercultural competencies intercultural intelligence involving both interpersonal and intrapersonal intelligence

4. **Support integrity, teamwork, commitments towards organizational goal:** you have to
acclimatize appreciably to a wide spectrum of operational practices, business styles, and social ambiances. Making people of distinct backgrounds feel at ease, recognized and valued for their perspectives will be very good idea. It is necessary to make a sincere effort to get people from contrasting backgrounds to work together effectively as unified teams. Expressing yourself persuasively while genuinely listening what others are conveying to you is another advisable skill. You have to lead in ways that trigger employees to embrace responsibility and initiative, collaborate, and contribute the creativity of their differences. You have to show integrity, openness, reliable behavior, and candor in all your interpersonal exchanges. You should be inclined to work with other people’s requirements and timetables, keeping your attention on long-term goals, and not spoiling your goodwill capital on achieving immediate results. Always remember that cross-cultural senior management and success are two sides of the same coin.

5. **Arrange cross cultural sensitivity, awareness training programmers to develop IIQ**: IIQ is an intercultural intelligence quotient which is can be developed through extensive training programs which enhance tolerance towards all other cultural norms and behaviours. Socio psychological tests should be carried out to assess IIQ. Individual assessments are used to custom design programs for individual and groups to develop further intercultural competencies. Legal councils should be established to provide legal advice which provides cross cultural advice. Cross cultural sensitivity and awareness training program certainly develop tolerance, intercultural dialogue and respect for diversity which are more essential because people are more and more closely interconnected than ever before. Training multicultural perspective-taking involves the development of sets of skills. In the present paper we articulate a those skills. In addition, we suggest that training these skills should take a multi-faceted approach and include such methods as focused readings, group discussions, and practical exercises that incorporate essential elements of real situations. There is the need for multicultural perspective-taking competency and it is essential at the tactical, operational, and strategic levels of leadership. Multicultural perspective-taking competencies (MPTCs) include the abilities to extract, to interpret, and to understand cultural information. These competencies enable leaders to take the perspective of another within the cultural context, to apply cultural lenses, and to adapt quickly when encountering individuals or groups from unfamiliar cultures.

Cross cultural training should aim to equip professionals with the knowledge and skills to effectively supervise a multi-cultural workforce.

**Cross cultural training programmes**: Training programs for professionals should address all aspects needed in dealing with different cultures worldwide. The training programs should include a basic awareness of cultural differences which exist between the “home culture” and those with which professionals are doing business. Training programs should try focusing on building cultural profiles of the target cultures and personal profiles of those attending the training. This will give an indication on tracking general propensities in areas such as leadership style, conflict management skills, decision-making style, and communication style. By identifying the gaps between the profiles, strategies should be developed to overcome these differences.

1. Training programs developed should also be customized to each individual need, in the sense they should be culture/country specific training and should be aimed at professionals who regularly
visit a particular foreign country. The development of these training programs should also be geared to the person's skills levels.

2. Organizational and Individual Responsibility: Cross-cultural training programs will enable to achieve the desired outcome if organizations and individuals put the same level of effort, commitment, and motivation into these programs. Organizations should ensure that their staffs who are involved in International projects are given adequate training to operate effectively in the new environment. Individuals, on the other hand should firstly be willing to acknowledge the importance of these training programs and be motivated in attending such training programs. The motivation levels of the respondents attending cross-cultural training programs in their respective organizations were relatively low. Uplifting the motivation of staff in attending such programs is an important aspect that organizations.

Observations and Findings
The resolution of cross-cultural conflict begins with identifying whether cultural issues are involved. There are three ways of cross-cultural conflict resolution.

1. Probing for the cultural dimension:
The resolution process should start from the parties' acknowledgment that their conflict contains a cultural dimension. Next, there should be willingness on all sides to deal with all conflict dimensions including the cultural one. Third, systematic phased work on the conflict is needed. Williams identified four phases: (a) the parties describe what they find offensive in each other's behavior; (b) they get an understanding of the other party's cultural perceptions; (c) they learn how the problem would be handled in the culture of the opponent; (d) they develop conflict solutions. Resolution of the conflict is particularly complicated if the conflict arose not just out of misunderstanding of the other's behavior, but because of incompatible values.

2. Learning about other cultures:
People can prevent cross-cultural conflicts by learning about cultures that they come in contact with. This knowledge can be obtained through training programs, general reading, talking to people from different cultures, and learning from past experiences. Important aspects of cultural education are, understanding your own culture and developing cultural awareness by acquiring a broad knowledge of values and beliefs of other cultures, rather than looking at them through the prism of cultural stereotypes.

3. Altering organizational practices and procedures:
Often the organizational structure reflects the norms of just one culture and inherits the cultural conflict. In such cases, structural change becomes necessary to make the system more sensitive to cultural norms of other people.

Conclusion
With changing demographics, cultural differences become an acute issue. Many groups resist assimilation and wish to preserve their cultural distinctiveness, which makes cultural conflict education an essential tool for maintaining healthy relations in organizations and society in general. Multicultural perspective-taking competencies offer an alternative approach to facilitating performance in multiple cultures. The multicultural perspective-taking competencies are aimed at increasing leaders' abilities to take the perspective of an individual using that individual's cultural and personal lenses. In addition, the multicultural perspective-taking approach emphasizes competencies related to extracting cultural information rather than simply applying cultural dimensions to understand cultural differences, thereby increasing leaders' adaptability to various co-existing cultures. People are disturbed not by things, but by the view they take of them. Managing Multiculturalism
is by cultivating self-awareness; work with differences with tolerance & smooth communication styles. Working across significant differences in culture is a complex process involving intellectual and emotional challenges. It takes learning and exposure to interpret the vagaries of cross-cultural issues, which is possible by implementing cross culture training. Professionals who work on overseas assignments need sufficient preparation and training to manage these cross-cultural challenges. Cross-cultural training can lead to corporate success in the international arena. It would be highly beneficial and rewarding for organizations to require professionals who handle International projects to undergo cross cultural training programmes to ensure that they have the skills needed to operate effectively in the global environment. As culture is the whole complex of distinctive spiritual, material, intellectual and emotional features that characterizes a society or a group. It includes creative expressions, community practices and material or built forms, the conflict management is through tolerance and justice which are not merely morally desirable ends, but tools which underpin society and enable it to function. To manage conflicts effectively there is need of understanding “It’s what is inside that makes a difference! Learn well, take chances, and remember that together we can move the world”. In other words, tolerance and justice are not abstract concepts but expressions of culture in practice. I end up this paper by mentioning thought provoking quote of Dr. Martin Luther King Jr (1929-1968) “Hatred paralyzes life, love releases it. Hatred confuses life, love harmonizes it. Hatred darkens life, love illumines it”

References


Joan R. Rentsch and Allison Abbe, Multicultural Perspective-Taking Competencies: Conceptual Model and Training


