

**Developing cross-cultural capability**

## **Introduction**

The combination of organizational framework, business environment and team dynamics have had a major shift over the last two decades due to advent of globalization that has increased proximity of knowledge sharing across countries (Dong and Liu, 2010; Cullen, 2002). As far as contemporary business scenario is concerned, companies based on their home soil are striving to enter the global arena by expanding their business on an international scale in order to attain competitive advantage. By doing so, companies are able to target a wide customer base, which in turn would boost their growth prospect (Lee, Madanoglu and Ko, 2013). According to Lysonski and Durvasula (2013) and Jamal (2005), companies seek to expand internationally in order to spread the risk of their business, diversify portfolio of the business to create multiple sources of earnings and gain valuable insight regarding foreign country cultures. The underlying objective behind the application of knowledge is to encourage innovation and henceforth maintain sustainability of the organization.

In view of the facts mentioned above, the company where the researcher is employed as an HR head is considering different strategies to gain entry into international markets like, China, Nigeria and Brazil. The company is currently headquartered in London, United Kingdom (UK) and thus, it is implied that the company will face severe challenges while seeking entry into countries with drastically different cultures. In spite of that, the fact that the company may realize prospective opportunities out of these cross-cultural expansions cannot be denied. That is why the company has planned to recruit workforce from the native country and managers who would be responsible for managing the operations will hail from home country of the company. Therefore, it is obvious that in such a working environment, where there is a cluster of people belonging from different cultures, cultural clash between the managers and their subordinates is almost certainly imminent (Chen and Francesco, 2003; Chen and Francesco, 2000). So, in order to ensure that such does not happen, the researcher has been assigned with the role of HR head and has been asked to do an in-depth analysis of cultures of the host countries, thereby highlighting challenges and opportunities that may arise. The following sections have been structured in order to shed light on the aforementioned factors.

## **Theoretical exploration**

### **Various cross-cultural dimensions**

The significance of cross-cultural management was first set forth by Hall (1955; 1966); where the author took assistance of different anthropological theories in order to develop ideas. Despite the development made by Hall, the ideas were still discreet. Later, Hofstede (1980; 2000) brought about actual developments in the idea of cross-cultural management. On one hand, five distinct cultural dimensions were identified by Hofstede (1991; 1993) that sets two countries apart. On the other hand, seven similar cultural dimensions were identified by Trompenaars (1993). The five of the seven common cultural dimensions as identified by the research scholars are individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, power distance and long-term versus short-term orientation (Hofstede, 1980; 2000). In the due course of working as an HR head for the company, the researcher has realized that the company is planning to take its first step in the international field and has no prior experiences of business expansions across borders. In addition, majority of the managers who have worked or are still working either belong to the European Union countries or UK. Given the aforementioned fact, for a business expanding into countries like, Nigeria, China and Brazil, the five cultural dimensions may pose severe challenges as well as present with prospective opportunities, as far as the theory of cross-cultural management is concerned. For example, it has been witnessed in many empirical researches that majority of the European companies find it very hard to understand the aspect of collectivism followed by Chinese employees (Cheng, Jiang and Riley, 2003; Chen, Tsui and Farh, 2002). Hence, comparison of cultural dimensions of the home country with that of Nigeria, China and Brazil is a critical factor, which will enable the researcher to develop a critical understanding of the differences and similarities that lie in between the cultural dimensions.

### **Cultural traits**

#### **Individualism versus Collectivism**

As far as individualistic culture is concerned, Cheng, et al. (2004) and Kirsch, Chelliah and Parry (2012) explained that people more often than not tend to safeguard their own interest, rather than thinking about the interest of surrounding group or groups. When collectivist culture was taken

into consideration, it was seen that people tend to care more about their families as well as protect interest of the surrounding group or groups. In such a context, UK can be categorized as a country where individualistic culture is followed; whereas, Nigeria, China and Brazil can be categorized as countries where collectivism culture is followed. People in the collectivist society live under a very secure environment of strongly unified groups and in return for their loyalty to the company, they expect social security.

### **Uncertainly avoidance**

The propensity of particular cultures to avoid unstructured problems or uncomfortable situations is the characteristic of an uncertainty avoidance cultural dimension. Countries with such a cultural dimension house people who refrain from accepting new products easily. They would rather prefer to stay put and gain valuable knowledge regarding experiences of prior users of the product so as to be able to make an informed decision. Geert-Hofstede (2014) has identified Brazil as the country with the uppermost intensity of uncertainty avoidance traits, when compared to countries like, China, Nigeria and UK.

### **Masculinity versus femininity**

Masculine society is the one which is mostly dominated by competitive and tough male characteristics. In this sort of a society, people always strive for achieving victory and taste success and recognition as a result of achievement, even if that means sacrificing quality of life. UK can be associated with a masculine oriented society. As far as feminine society is concerned, people care more about quality of life, personal values and showing sympathy towards others, instead of just thinking about success (Kirsch, Chelliah and Parry, 2012). Brazil is considered as a country with a feminine cultural dimension (Geert-Hofstede, 2014). On the other hand, Nigeria and China have a masculine culture.

### **Power Distance**

This refers to the degree to which decision making authority or power is distributed among people. In countries with relatively greater difference in power distance, common people are mostly dominated by individuals who have the decision making authority. However, as far as constitution of UK is concerned, it is highly democratic and even lower level employees have an effective role in the organizational decision making process. In contrast, Nigeria, China and

Brazil are countries associated with high power distance difference, where employees who belong to lower levels in the organizational hierarchy are not considered in the decision making process.

### **Long-term versus short-term orientation**

Countries with long-term orientation (such as, Nigeria and China) are associated with people who tend to wait for outcomes of the efforts made by them and simultaneously direct their attention towards establishing relationships with the company stakeholders so as to be able to achieve benefits in the long run. As far as countries with short-term orientation (such as, UK and Brazil) are concerned, people are rarely seen waiting for outcomes of their efforts and expect their needs to be met with immediate effect (Geert-Hofstede, 2014).

### **Challenges**

Expanding business internationally and that too in countries with a completely different culture may pose certain challenges for an organization. They are:

1. Difficulty in managing people belonging from different culture.
2. Adopting an appropriate style of communication that can be used as a universal means of communication (Oertig and Buergi, 2006; Schwartz, 2006).

### **Difficulty in managing people**

It has often been commented in literatures as well as been witnessed in reality that managers find it very difficult to understand cultural differences that exists within an organization and also fail to identify inconsistency in expectations of employees belonging from different cultures. Consequently, managers tend to employ the same technique to manage culturally different employees and thus, face disapproving attitudes from their subordinates. Moreover, the level of trust of employees towards the leadership capability of their managers is reduced. So, it is a big challenge for managers to adapt their leadership technique in order to manage people from different cultural dimension and satisfy the expectation of employees so as to strengthen the trust relationship between them (Walumbwa, Lawler and Avolio, 2007; Dalton, et al., 2002).

### **Adopting an appropriate style of communication**

It has to be kept in mind that English is the common language in majority of the countries throughout the world. Managers do face challenges in managing people in those countries, where English is treated as a second language. People give more preference to their local languages in countries like, China and Saudi Arabia, where they mainly speak in Chinese and Arabic, respectively. So, organizations face difficulties while conveying their mission and vision as well as stating performance requirements to their employees, who are comfortable in their native languages (Walumbwa, Lawler and Avolio, 2007).

### **Opportunities**

As far as opportunities are concerned, two types have been identified by Rarick (2007) and Molinsky (2007) that organizations can make use of while managing people from different cultures. They are:

1. Companies get access to a diversified cluster of talented people who can considerably contribute towards driving success of the international expansion strategy.
2. Organizations can gain valuable knowledge regarding foreign country cultures, which can be used while making strategic decisions.

### **Access to diversified pool of talents**

It is imminent that a company that is planning to expand its business globally will always require the help of the host country workforce, precisely because the latter exhibit a deeper level of knowledge regarding situations in their country as well as well-acquainted to the various cultural aspects. They might possess unique set of skills that might not be present in home country employees. Such skill sets often prove to be a turning point for an organization. Consequently, managing people across cultures does not only enable an organization to fill the existing talent gap, but also allows them to mitigate macro as well as micro environmental issues efficiently (Schneider and Barsoux, 2003).

### **Effective knowledge sharing**

From the strategic point of view; multinational corporations, while expanding their business to a relatively unexplored zone, can gain valuable knowledge regarding reverse innovation and apply

that knowledge in order to attain significant competitive advantages in host countries against rival companies. The knowledge gained on the international platform will obviously enable MNCs to modify their strategic positioning, alongside integrating technological innovation, in order to stimulate business growth (Govindarajan and Ramanurti, 2011).

### **Actual circumstances**

As the head of HR of the company, the researcher was able to identify that majority of the aforementioned challenges and opportunities are completely relevant to actual circumstances that the UK based company will encounter, while extending their operations in countries like, Nigeria, Brazil and China. Having done an in-depth study of the different cultural dimensions, it can be said that challenges that have been discussed inflict a certain level of consequences on the company. For example, it has been noticed quite often that managers based in UK have difficulties in interacting with Chinese executives due to language barrier. This is precisely because Chinese executives are more comfortable in their native language, rather than in English (Cheng, Jiang and Riley, 2003). Given the fact that the company is planning to expand its operations in China, managers might face difficulties in understanding Chinese or even English language when spoken in a Chinese accent. In addition to that, they might also confuse the Chinese employees while stating their performance requirements in English. However, in case of Brazil and Nigeria where English is commonly spoken, the challenge is going to be relatively easier. As far as adopting a suitable means of communication is concerned, this can prove to be big challenge for the company.

Empirical researches done by Dalton, et al. (2002) and Cheng, et al. (2004) suggest that China, Brazil and Nigeria prefer a certain mode of communication due to existence of a collectivist culture. All the three countries prefer in-person communication rather than virtual communication. Considering the aforementioned fact, setting up a direct communication link, instead of virtual mode of communication such as, Skype and video-conferencing as and when required, can pose to be a big challenge for the UK based company. As far as opportunities are concerned, the company can significantly benefit by gaining access to culturally diverse pool of talents and filling the talent gap that exists in their organization. Their skill sets and knowledge can be properly utilized in order to mitigate the macro and micro environmental issues, which may escalate while the company is in the expansion phase. From a contradicting point of view, it

can be said that in addition to MNCs, small companies similar to the one in which the researcher works can also learn from dealing with macro environmental issues and henceforth, apply the knowledge in their strategic decision making process.

### **Conclusion**

To conclude, it can be said that cross-cultural management provides fair shares of challenges and opportunities to companies. Having said that, it should be the primary criteria of the UK based company to grab opportunities with both hands and at the same time, prepare strategies to tackle forthcoming challenges (if any). Hence, the following section will set forth certain recommendations that have been deemed appropriate for circumstances of the sample company, enabling them to gain entry into these markets successfully and then sustain the growth rate of the business.

### **Recommendation**

Although in the initial phase of expansion, expatriate managers can still be appointed who would be majorly responsible for overseeing the process of expansion; however in the long run, the company should employ host country employees and provide them with proper training in order to enable them to serve as future managers of the company.

The company should be aware of the fact that the host countries prefer face-to-face communication and that managers at the top of the hierarchy working in the headquarters should often visit to the offices in China, Nigeria and Brazil on a rotational basis in order to organize face-to-face meeting with the local employees. By doing so, they would be respecting the culture of the host country and at the same time, will be able to earn trust of their employees. Local managers should be appointed who would serve as an intermediary and be majorly responsible for conveying the organizational goals to local employees.

The company should boost the free flow of knowledge between employees as this would enable the management to gain valuable insight about different cultures. This in turn would allow the company to apply the knowledge while formulating key strategies in order to ensure success of the company.

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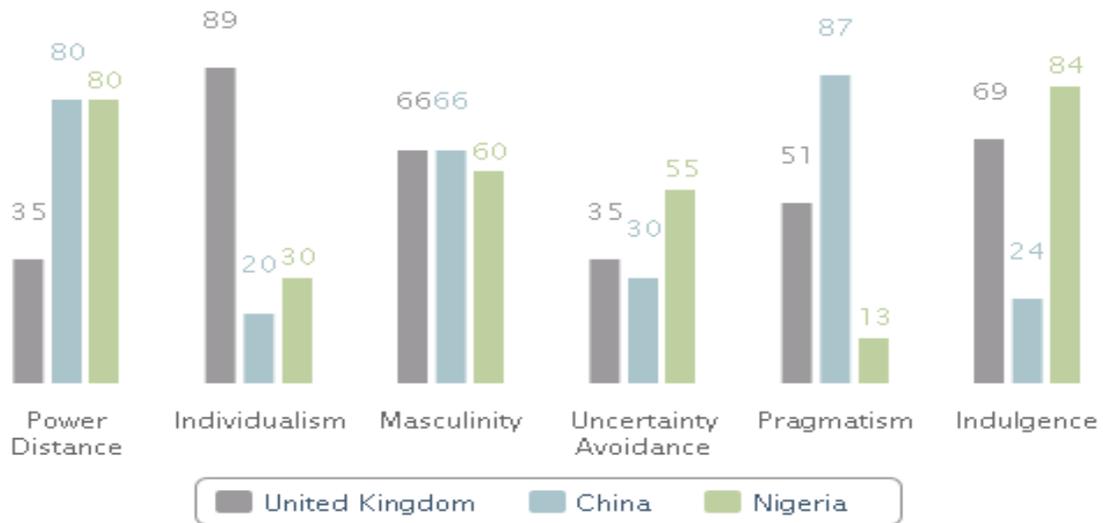
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Appendices

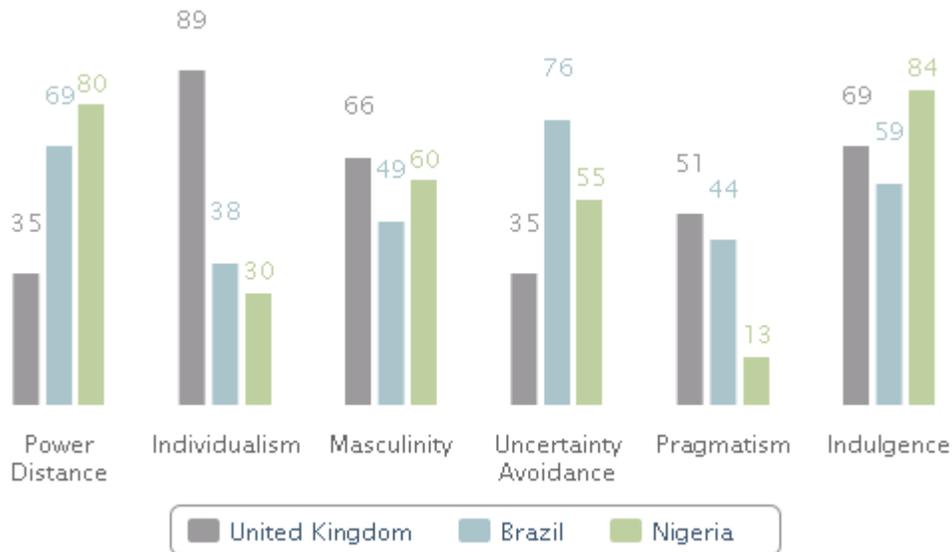
Appendix A: Cultural comparison through Hofstede’s cultural dimensional analysis

Fig 1: Comparison of cultural dimensions that exists in UK with that of China and Nigeria



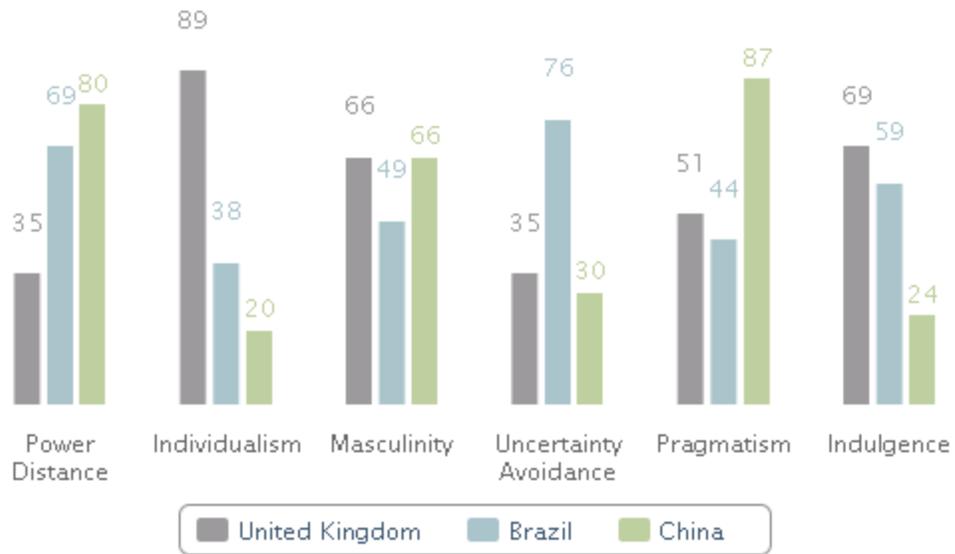
(Source: Geert-Hofstede, 2014)

Fig 2: Comparison of cultural dimensions that exists in UK with that of Brazil and Nigeria



(Source: Geert-Hofstede, 2014)

Fig 3: Comparison of cultural dimensions that exists in UK with that of China and Brazil



(Source: Geert-Hofstede, 2014)