

**Review of Challenge of cross culture transition to HR Managers in the context of enhancing organizational effectiveness:**

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Management development is a responsibility of HR strategist, which shapes the growth of the organization. Management development is a systematic process used for the training and growth of managers & supervisors so as to improve their management of organizations. In other words, management development may be stated as a formal training program to develop managerial skills. It became popular, as per Heyel, in the post world war II era. The management development programs structured in micro & macro perspectives focus on man as a being whose behaviour is determined by the cultural dynamics around him. Consequently, management styles become a dependent variable with the differences between the cultures of the East & West <sup>4</sup>. If management development programs are not touching the fringes of changes & development, then the management leaders would fail to introduce desired behaviours for achieving the goal of organizational effectiveness.

N.S. Gupta says that, “standardized package for management development consisting of principles & techniques of management would not achieve the goal of organizational effectiveness, unless greater credence is given to the culture, which is not aligned to people, in whose market your business or plant is situated or located”. The HR department of Tata Consultancy Services (from interview with Mr. Satish Luman, Head HR, TCS, Thane) has accepted the challenge of cross cultural transition. TCS has been outsourced many other software jobs by its American clients, who prefer TCS employees to work at their site in their country, may be USA or Canada. The TCS – HR found following differences in the work culture of Canada and India and accordingly took the corrective steps to prepare and deploy their personnel at the customer’s sites. Please see the exhibit below:

<b>Canada</b>	<b>India</b>
The process of doing business moves fast. Decision making is fast.	The process is more time consuming – long lead times and expanded time frames are required. Indians take a long time to make decisions or finalize agreements, but once trust is established, decisions are often made quickly. Indians are fast to move to a deal or agree on common interests, but slow to complete negotiations. They are more concerned with substantive issues like credit and reliability. Decisions are always taken by the top level management. Local bureaucracy also slows pace, thereby making the process of decision making very lengthy.
Attitude is “business to business”; efficiency, quality, accountability and time are the key words.	Greater emphasis is placed on personal relationships, which is considered key to a business agreement and is often regarded as a pre-requisite to efficiency, quality and accountability.

<b>Canada</b>	<b>India</b>
Partnership is more legal, or is a contractual agreement.	Partnership is built on long term, personal relationships, through the establishment of trust. Good rapport is considered more important than a signed agreement.
Personal connections are not as important as the business itself.	Business partners, who are well connected, are generally considered very important for a successful business venture, as business is generally conducted through connections and personal contacts. Nepotism is high; each layer of the society has its own old boy network.
Direct style of communication is preferred.	Indirect style of communication is generally the norm, sometimes negotiated through a third party for the sake of harmony essential for maintaining business relationships. Prefer to say what the other party wants to hear, to avoid disharmony.

Organizational cultures are so powerful that they often transcend National Boundaries. But that does not mean that organizations should or could be blissfully ignorant of local culture. In 2007, American giant General Electric earned half of its revenue from outside United States.

It has even moved Headquarters of its health care division to United Kingdom. GE hired more managers proportionately higher than American citizens since 2001. Since foreign product markets, labour markets, or both have become playgrounds of MNCs, organizations would succeed and be more effective if a precise input is given in terms of values cherished by the locals and, philosophy shared by them and the local culture to the Managers who would be dealing in international markets <sup>5</sup> .

Culture differs widely in terms of concepts, attitudes & behaviour, social institutions, public policy and legal framework and societal values <sup>6</sup>. Let us take some of the differences:

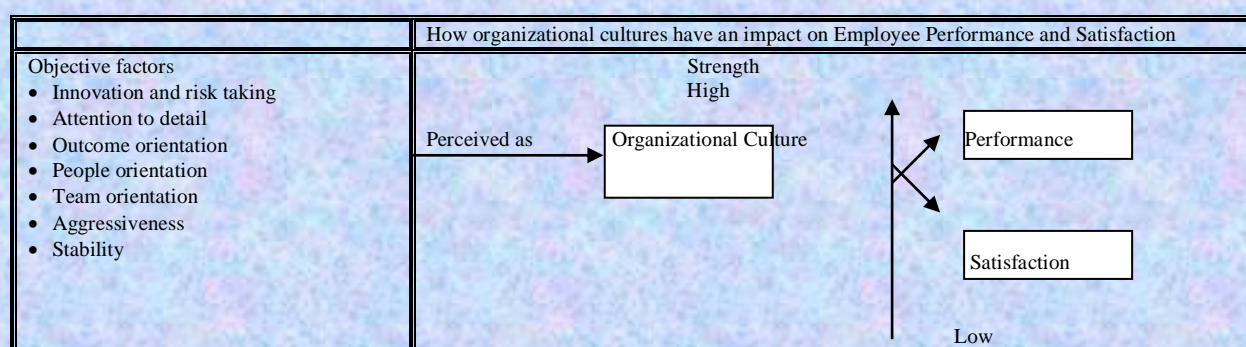
1. **Concepts:** People from western cultures prefer to deal with one task at a time on the other hand, Latin American and Asian Countries or in Spain or in Arab countries where it is quite normal for people to deal with more than one activity at the same time. These cultures are called “Monochronic” and “Polychronic” cultures.
2. **Attitude & Behaviour:** As per Mr. Peerzade, Ex-Head, Human Resources, Ajanta Pharmaceuticals Ltd, “Persons coming from China often show collectivistic culture in their attitude & behaviour”. In countries like United States, Australia & United Kingdom, it is culturally acceptable to speak one’s mind and express disagreements, which will be perceived as discourteous and even aggressive by Chinese or Indonesians.
3. **Public Policy & Legal Framework:** The cultural ethos of an organization reflects the cultural values of the country. Cultural values of the country further get reflected in the Government policies and legal systems of the country. For instance, the Co-determination Act in Germany provides for sharing of power between management and the unions. Thus, in Germany, unions have greater say on issues e.g. compensation. Unions even have veto power over management decisions related to recruitment, transfer and so on. Within India, in Maharashtra, unions are strategic partners in the business (MRTU & PLP Act, 1971). In Islamic countries, Acts have to be consistent with Islamic values. Article 27 of Japanese Constitution provides for lifetime employment once the person is employed in any organization. Japan has cultural values of *Shakaisei* (social consciousness) and *Tate Shakai* (social hierarchy and paternalism), which is incorporated in the constitution for lifetime employment. In USA, during the recruitment interview, it is illegal to ask any question about the candidate’s marital status, family background, spouse, race or religion. Whereas in India person’s background is seen indicative of potential confidence.
4. **Societal Cultural Values:** The broad cultural values of the society and practices in the country have the most pervasive influence on the business culture of the company. Example, French culture is known for its emphasis on its elegance & elitism. Hence, Paris is always been the capital of fashion industry. Mexicans attach lot of importance to skeleton, the reason being the Mexicans celebrates the day of the deads and because of which, life insurance companies do not flourish in Mexico. In Brazil, life insurance premium forms 5.5% of the GDP, 9% in United States whereas in Mexico, it is just 1.5%. US companies emphasize more on profit, Japanese companies focus more on the product development. In China, business is conducted based on personal relationships. Whereas in western countries, personal relationships are deliberately kept away from business. In certain cultures, seniority scores over the value of job. In European and Scandinavian countries, 5-6 weeks annual vacation are normal in sharp contrast a quest for leisure would be perceived as unprofessional in United States and Japan.
5. **Social Institutions <sup>7</sup>:** In US, company’s variable pay and compensation are often tied to the company’s shared prices which will be culturally unacceptable in countries like Germany or Japan.

### HR – Need for sensitivity

It is becoming increasingly important to be sensitive to the cultures of the nation where the business operates. As stated above, Tata Consultancy Services (TCS) trains employees on cross cultural sensitivity and respect for other cultures of people. This attitude helps in enhancing the TCS global culture. A study was conducted on managers of Asian origin based in USA, Germany, France, Spain and United Kingdom to identify importance & relevance for efficiency of trans-cultural managers. Continued sensitivity to events, social skills and abilities, awareness of cultural differences, an understanding of the importance of relationships and value and respect for cultural differences emerged for consistencies to achieving trans-cultural management excellence. Microsoft has implemented training program to sensitize their managers to cultural differences, e.g. talking in low tone of voice, speaking slowly, listening more and avoiding discussion on religion and politics. In Onida, the employees begin their duties with the company’s song.



## Cross Culture Transition and its implications for Managers



The above diagram depicts organizational culture as an intervening variable. Employees form an overall subjective perception of organization based on factors e.g. degree of risk tolerance, team emphasis & support of people. This overall perception becomes, in effect, the organization's culture of personality. This perception, favorable or unfavorable, then affect employee performance and satisfaction with the impact being greater for stronger cultures. Managers find it difficult to change the strong cultures. When a company culture becomes mismatched to its environment, management will want to change it, but cultural change is a long and difficult process. When Tata Motors bought over automobile units at London, the CEO deployed by Tatas found that managers reporting on duty at 10 o'clock, leaving the plant at 5 o'clock, queuing up for metro to go home. They are used to Saturday & Sunday offs and efforts by the CEO to make the plant working 6 days a week with unlimited hours of working for managers, it met with strong resistance and the issue was resolved only upon the intervention of Mr. Ratan Tata.

A HR manager can shape the culture of work environment and create an ethical culture and a positive organizational culture.

### A challenge of causing change in organizational culture before HR professionals:

As per Shri Thirunavakarasu, President, Group HR, Vedanta, "an organization's culture is made of relatively stable characteristics. It develops over many years and is rooted in deeply held values to which employees are strongly committed. In addition, there are number of forces continually operating to maintaining a given culture. These include written statements about the organizations mission & philosophy, the design of physical spaces & buildings, the dominant leadership style, hiring criteria, past promotion practices, entrenched rituals, popular stories about key people and events, the organization's historic performance evaluation criteria and the organization's forms and structures".

When such organizations face merger and acquisition, it disturbs the equilibrium. Because people are no more comfortable as "good fit" no more exist and employees face terrific difficulties to adjust to the culture of the conqueror. Therefore the company should always retain select senior managers of the acquired company who shall continue the current culture and slowly make attempts to change culture by sending front line employees outside to the other existing divisions of the acquiring companies.

Changing an organizational culture is extremely difficult, but cultures can be changed. The evident suggest that cultural change is most likely to make place when most or all of the following conditions exist.

- a. **Dramatic crisis:** When Otis Elevators manufacturing unit in India was taken over by relatively unknown company called United White Metals, employees were in a shock and it took them quite a long time to relate that the taking over of the company has helped them to survive in their jobs as Otis balance sheet was demonstrating surprising financial set back, the loss of major customers and they welcomed the new company, which had brought in dramatic technological breakthrough. Hence accepting work culture of a new company was done whole heartedly by Otis employees.
- b. **Charismatic Leadership:** The new top leadership, it could provide an alternative set of key values employees are perceived as more capable of responding positively to the crisis of take over in leadership.
- c. **Young Organization:** The younger the organization, the less entrenched its culture will be. It could be easier for the management to communicate new values.

- d. **Weak culture of outgoing company:** Weak cultures are more amenable to change than strong ones.

**If all or most of the conditions exist, the following HR actions may lead to change:**

- Initiating new stories and rituals
- Selecting and promoting employees who espouse the new values
- Changing the reward system to support the new values
- Under managing currents of culture through transfer, job rotation and terminations.

These actions will not result in an immediate shift in the culture, since cultural change is a lengthy process, which is visioned in years and not in months. The Indian companies are following examples of IBM & GE in turning around the cultures of the companies taken over.

**The globalization and its effects on cross culture transition from HR angle:**

The implications of globalization are profound and direct. Corporations are no more lacking financial resources or the products. What is lacked is perfect human resources. In the book "Managing & Leading for High Performance" <sup>8</sup>, I came across a statement of Jack Welch, arguably the best known corporate leader of General Electric at the time of his send off: "the Jack Welch of the future cannot be like me, I spent my entire career in United States. Jack Welch of future would have spent years in Bombay, Hongkong, in Buenos Aires. We have to send our best and brightest overseas and make sure they have the training that will allow them to be the global leaders who will make GE flourish in the future". The global transnational leaders of today strategize, organize and manage and hence more and more companies are providing training on managing the global work force. Though the English is recognized as the International Business Language and people across the globe are wearing trousers and jackets, watching Hollywood or Bollywood movies with similar desires for material possessions, there is still an important difference in the ways in which people think and behave around the world. Culture also affects the attitude & behaviour towards profit and other related business concerns. Crompton Greaves acquired a transformer manufacture unit at United States and found that rewards and behavioral managerial approaches significantly improve the productivity of workers in that factory. If management theories and techniques are moved to other countries, problems associated with it will also get transported. The Indians are more obedient than their European counterparts. Japanese workers do not like to be singled out for individual attention and go against the norms of the values and hence dislike incentive schemes.

The global contexts is now an accepted reality, but its impact on the study and applications of organizational culture of which attitude & behaviour are part, will increase in the future. The new global imperialist shall remember that managers are not dispatched to run regional operations like British colonies. In today's world, people are not just moved from the US to the rest of the world any more, they are sent from all continents to all continents. Norton & Steers have recently summarized some of the reasons for complexity of cross cultural management <sup>9</sup>.

1. People are influenced by multiple cultures – national, regional, organizational, functional and professional.
  2. Even though people are from the same country, they still have different beliefs, values and behaviors.
  3. Counterparts from other cultures are becoming savvy in how to deal with foreigners and thus may not be typical of their own culture.
  4. Because of the complexity of culture, simplistic categorizations may initially be helpful, but turn out to be poor predictors of behavior.
- Managers today often deal with several cultures at a time in their current role. Hence they must have ready access to cross cultural training which is responsibility of HR. HR should develop learning skills that will on the spot compensate for cultural knowledge gaps. Hence HR needs to have a global mindset. HR should develop a set of individual attributes that enable an individual to influence individuals, groups & organizations from diverse socio cultural institutional systems.

Society for Human Resource Management (SHRM) has identified outcomes such as following for effective diversity management

- (1) Creating an environment or culture that allows everyone to contribute all that they can to the organization
- (2) Leveraging differences and similarities in the workforce for the strategic advances of the organization
- (3) Enhancing the ability of people from different backgrounds to work effectively together.



The findings by the Globe Team suggests, 21 primary and then 6 leader attributes and behaviour which HR needs to nurture and which are viewed as contributing to leadership in various cultures. These six are summarized as follows:

1. *Charismatic / Value-Base* – The ability to inspire, to motivate and to expect high performance outcomes from others on the basis of core beliefs.
2. *Team Oriented* – Effective team building and implementation of a common purpose / goal among team members.
3. *Participative* – The degree to which managers / leaders involve others in making and implementing decisions.
4. *Humane-oriented* – Supportive, considerate, compassionate and generous leadership.
5. *Autonomous* – independent and individualistic leadership.
6. *Self-protective* – Ensuring the safety and security of the individual, it tends to be an approach that is self centered and face saving.

The globe researchers found that these 6 leadership dimensions differed in terms of their desirability and effectiveness in various cultures, e.g. the charismatic / value based, team oriented and participative are generally reported to contribute to outstanding leadership, but each is found more often in specific cultures.

#### **Tools and techniques to manage across culture transition**

1. HR shall design development programs after picking up the best & brightest executives with following input:-  
Values, philosophy & culture practiced by locales in different part of world  
with focus on concepts, Attitude & behaviour, Public Policy & legal framework,  
social Cultural values and Social Institutions & send them overseas also to make them global leaders
2. HR shall prevail over employer to retain select senior managers of acquired company to continue current culture & then slowly make attempt to change the culture

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