



The Impact of Cultural Diversities on Global Business: Challenges and Strategies

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INTRODUCTION

Culture is a construct that means and includes values, attitudes, beliefs, behaviors, manners, customs, societal norms, mores, sensitivity to time, social habits, religions, traditions, dialects and languages, and dress codes. Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others (Hofstead & Hofstead, 2005).

Since 1990 the world is experiencing, more than ever before, the proliferation of international business through the activities of companies of all type including the multinational ones and business specialization based on competitive advantage. Both trends have brought substantial convergence to the practices adopted by the companies but behavioral divergence among their members has remained very strong because of cultural diversities. In such scenario, business success depends on, among others, the expertise of businesspeople in dealing with cultural diversities (Kazi Shaidul, 2015).

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Despite the diverse knowledge base and insightful and innovative approaches of the companies to their business problems, they encounter serious challenges when it comes to recognizing and understanding of cultural diversities. The differences in language, concepts of values, manners and customs, ways of thinking, communication and negotiation style, sensitivity to time; workplace etiquette, gender balance, etc., if not well recognized and properly dealt with, lead to gross misunderstandings which would generate potential stumbling blocks. The companies will have to formulate strategies to face the challenges thrown up by cultural diversities.

Kati Reynolds—a freelance writer based in London—is of the opinion that cultural diversities should be properly understood and acknowledged as it would help generate an open and inclusive workplace environment, facilitate the integration across multicultural teams and encourage professional communication. The work style across teams, if not accepted and accounted, can create bottlenecks for productivity.

Cultural diversities which are almost ubiquitous now in the workplaces world over and whose dimensions pose challenges have several benefits too, as described in the following sections. The organizations across the globe try to leverage these benefits and formulate different strategies to face the challenges. They try to build up high level of trust so that problem solving could be more creative and productive. Cross-cultural communication obstacles could be overcome through cross-cultural sensitivity, cross-cultural awareness, and cross-cultural training. The international organizations make efforts to develop a glocal (global as well as local) mindset so that they can think and act local, think and act global and in true sense can become glocal.

The organizations try to comprehend in-depth cultural differences between host and guest countries by devising ways such as being empathetic toward the guest country, avoiding being ethnocentric, creating cultural synergy. Cultural differences to a marked extent impact the international business negotiations. The international organizations to benefit from business negotiations should acknowledge and have due regard to each other's concepts of time, manners and customs, ways of thinking, negotiations styles, appropriate pleasantries, etc.

The different time zones and different degree of sensitivity in different countries in the world significantly impact the international business. These time zone barriers could be overcome by being considerate about

time, elongating planning window, coordinating staff shifts with key time zones, etc.

The workplace etiquette in terms of their different dress codes, manners of exchanging business cards, pre-business meeting chit-chat, and their different dining etiquettes would not create impediments in business dealings, if they are fully aware about it and accommodative.

Managing gender diversity in workplaces of international organizations is a key issue for maintaining gender balance among their employees. McKinsey Global Institute has found out through the scientific survey that there is high correlation between economic performance and gender parity.

The leading international organizations who have successfully embraced the cultural diversities like Nestle, IBM, Johnson & Johnson, Coca-Cola, and Godrej Group are discussed at the end of this chapter.

BENEFITS OF CULTURAL DIVERSITIES

In the current era of technology and globalization, one cannot think of a workplace that may be bereft of cultural diversity. Vijay Eswaran, Executive Chairman, Q1 group of companies in his article in World Economic Forum (April 29, 2019) expressing his views on cultural diversity, write that “having built and scaled a multinational enterprise over nearly two decades, he has learned that diversity in a workplace is an asset for both business and their employees, in its capacity to foster innovation, creativity, and empathy in ways that homogeneous environments seldom do. Companies are discovering that by supporting and promoting a diverse and inclusive workplace, they are gaining benefits that go beyond the optics.”

Several Studies Describing the Benefits of Cultural Diversities

1. According to Boston Consulting Group Diversity and Innovative Survey (2017) with the sample size of 1681, the companies with above average diversity score reported higher innovation revenue (45%) as against 26% reported by companies with low average diversity score.
2. The Deloitte Millennial Survey (2018) shows that 74% of millennials believe their organization is more innovative when it has a culture of inclusion.

3. Global Mindset Index study (Culturewizard by RW3, LL.C, 2017) concludes that businesses achieve far more of their strategic business priorities when they are better at recognizing and adapting to other culture's work styles and behaviors.
4. In a survey conducted by Forbes/Insights (July 2011) on "Fostering Innovation through a diverse workforce," 85% of respondents agreed that a diverse and inclusive workforce brings together different perspectives and ideas a company requires to successfully power its innovation strategy.
5. The study by Sylvia Ann Hewlett and Melinda Marshall and Laura Sherbin that was published in HBR (December 2013), it was found that employees of firms with 2D diversity are 45% likelier to report a growth in the market share over the previous year and 70% likelier to report that the firm captured a new market.
6. Glassdoor Survey conducted by Sausalito, CA (November 2014) concludes that two-thirds of people consider diversity important when evaluating companies and job offers.

Lauren Clarke who writes for 6Q and a number of other business blogs, in one of her articles describes 8 amazing benefits of cultural diversity in the workplace viz. Increased productivity, improved creativity, increased profits, improved employee engagements, reduced employee turnover, improved company reputation, wider range of skills, and improvement in cultural insights.

It is otherwise also true for all types of organizations that real strength lies in differences and not in similarities. Cultural diversities being a key to business success in the current era of globalization, the companies should strive to embrace them in all of their functioning. But it is easier said than done. Cultural diversities in all their manifestations are but challenges. Cultural diversities as stated in earlier section, manifest in several aspects such as concepts of values, manners and customs, ways of thinking, cross-cultural communication, negotiation styles, different languages, flexible and appropriate pleasantries, gender bias, sensitivity to time, workplace etiquette, cultural intelligence, global and local mindset. The companies have to formulate strategies to recognize, understand, and embrace these diversities.

CHALLENGES AND STRATEGIES

Building up Trust

Each culture has its own way of building up trust and its own interpretation of what trust is. The companies world over spend huge amount of money on training their managers interpersonal skills, teamwork, leadership, etc. but pays lip service to the critical issue of building up trust (Sinetar, Marsha, 1988).

R. Wayne Boss in his article in HBR (1977) states that under conditions of high trust, problem solving tends to be creative and productive, whereas under conditions of low trust problem solving tends to be degenerative and ineffective. Some countries like United States of America trust is built up as the team progresses. It is a demonstrated performance over time. In the countries like China, Arab countries, Latin America building up trust is a pre-requisite for professional interactions. Initially for a longer period they talk on non-professional topics like soccer, family, politics, etc. In Arab nations and China it takes months to establish trust.

The level of trust also varies from nation to nation, for example, people in US generally assume that other people can be trusted, until proven otherwise, whereas people in France assume that the intent of the others is negative until proven otherwise.

The intermediaries play very important role in building trust in the Western countries and Arab countries, whereas their role is limited in US.

Trust initially built up has to be maintained over time. Americans are accustomed to temporary relationship, they are in the habit of making new friends in a new city. In the nations like Japan and Germany, relationships between people take pretty long time to create and need regular affirmation to remain effective. In order to keep trust at a constant level and relationships alive, they pay regular visits to each other and communicate often.

Three approaches to develop and maintain trust on global teams are suggested by Asherman, I. et al. (2000):

i. Emotional Bonding

Bonds could be created between members of global teams through informal “after-hours,” face-to-face meetings in convivial settings. Informal time should be scheduled as formal time.

ii. Conceptual Understanding

Employees should be provided with an intellectual understanding of how cultural similarities and differences influence business transaction.

iii. Trust

Trust can be measured using the appropriate tools. When monitored and reported back to the team and team leader, problems can be identified and overcome before they endanger team effectiveness. Culture is a significant factor in building trust among global projects stakeholders for the reason that the trust is vital for developing a well-functioning long term relationship (Ajmal, M. M., 2015).

Cross-Cultural Communication

It is broadly recognized that cultural factors act as invisible obstacles in international business communications. Cross-cultural communication presents an opportunity to foster global peace and prosperity. It impacts free trade policies, localization and standardization strategy decisions, advertising, brand differences, business relationships, international business management, international marketing, international negotiation and consumer behavior, staffing, industrial relationship, interpersonal relationship, and team building (R. Delton Jenifer & Raman, 2015).

Inadequate cultural knowledge and lack of intercultural communication skills give rise to cross communication barriers such as anxiety, uncertainty, stereotyping, ethnocentrism that result into unpleasant consequences at our workplace. The ability to communicate effectively in cross-cultural scenario is a global challenge. Even when two parties speak the same language, there still might be misunderstandings due to ethnic, religious, and other differences. So it is also crucial for companies world over to understand the impact of globalization on their cross-cultural communication (Onyusheva & Changjongpradit, 2018).

In the country like America, important decisions are made by few top managers while in the country like Japan, such decisions are diffused throughout enterprises. American and other western countries' cultural norms require individual rewards which are not typical for Japanese culture. In Japan, people tend to closely identify themselves with their

company mostly because they tend to work for the same companies for decades. In America, they tend to identify themselves with narrow occupational group mostly. Some believe in short-term goals, some in long-term; so these differences in cultural background create differences in business environment and behaviors (Kundu, 2001).

A few organizational studies have examined communication among culturally diverse workers. Eastman (1991) studied information system work groups that were culturally diverse and found that cross-cultural communication differences led to miscommunication in the development of information systems. After training the participants to use a planning strategy called “operational test plan scenarios,” that create mutual understandings of an information system problem by providing a concrete script, their productivity improved.

How to Overcome Cross-Cultural Communication Barriers?

The following actions could be helpful to overcome these barriers:

Adequate training: Adequate training in cross-cultural communication and exposure to other cultures is essential in overcoming these barriers. Cross-cultural competence rests on three pillars cross-cultural sensitivity, cross-cultural awareness, and cross-cultural ability.

Embrace agility: One has to step out of one’s comfort zone and try new things in the workplace. Try to understand the perspectives of others.

Be open minded, facilitate meaningful conversation.

Cultivate awareness—cultural awareness and self-awareness (R. Delton Jenifer & Raman, 2015).

Developing a New Glocal Mindset

Glocal mindset ensures fusion of the best international practices with relevant local traditions, experience, and culture. Nurturing a workforce with glocal mindset is vital to enable organizations to succeed in a world that is becoming more interlinked. The glocal mindset has a shared purpose of balancing global efficiency, responsiveness to local culture and the transfer of knowledge. Glocal mindset is necessary to ensure productivity, employee engagement and a sustainable workforce required to lay solid foundation for future growth and development.

As the business spotlight is shifting to Asia's developing market, nurturing glocal mindset becomes all the more important when organizations adopt new technologies aimed at sophisticated customers and partners who hold higher expectations of quality standards. Glocal mindset can also be useful when balancing the efficiencies of global HR processes or models with the needs of different local environments. It can also help to ease pain points during a merger or acquisition when different existing reward sets need to be meshed. Being local is in a way part of being global, not in opposition to or the opposite of being global (Steve Brown, 2019).

Mike Kossier of Centre for Creative Leadership says, "one of the biggest challenges of entrepreneurs is to manage the tension between the need to be globally aware while taking into account local differentiation." In our daily lives we adopt a global-local (glocal) culture talking to colleagues around the globe through social media, very often we lose sight of the need to incorporate glocal strategies for business growth. We should incorporate the following tips into our business mindset.

a. Think and Act Local

With big picture overview as a guide, develop specific operations considering the needs and wants of your staff, vendors, and clients. Definition of local is not geographical parameter, instead it is community mindset.

b. Think and Act Global

All companies large and small should be guided by a business vision that means a global statement describing how the company will change the world. It is a big picture awareness of "what can be."

c. Be Glocal

Be glocal by participating in diversity and multi-cultural training. Study world market trends and real local business news, consider virtual workers, collaborate with experts, wherever they may live.

Globalized corporation is more a mindset than a structure (Begley & Boyd, 2003). A corporate glocal mindset requires individual managers

to demonstrate a glocal mentality—think globally, also think locally (Svensson, G., 2001).

Comprehending in Depth the Cultural Diversities Between Host and Guest Countries

In the era of globalization, crossing the geographical boundaries by the companies give rise to multicultural organizations where employees from more than one country are working together, comprehending in depth the cultural diversities between host and guest countries is of paramount importance. In a workplace, one finds plethora of cultural differences between the employees of host and guest countries.

It could be differences in their demographics, values and attitudes, communication styles, professional attires, concept of timings and appointments, business hierarchy, ethnocentrism, organization structure, union-management relationship, criteria for promotion, performance appraisal systems, perception about the element of trust, workplace etiquettes, team building approaches, etc. Even a small amount of inadequacy or flaw in recognizing and understanding these differences would jeopardize the entire professional relationship between host and guest countries and would annul the deals.

Several strategies can be thought about and implemented to deal with these differences and complete the deals that may not be only attractive but also lucrative which ultimately result into a win-win situation for host and guest countries.

- i. Be empathetic and try to understand your counterpart's expectations as well. It is essential to pay regard to cultural aspects of each other.
- ii. Avoid ethnocentrism, everyone should work equally for the task and purpose of business.
- iii. Creating cultural synergy is a unique organizational approach that considers cultural diversity as a resource. Each culture has some uniqueness that may yield new solutions in a multicultural perspective. Steps must be taken to use the best parts of other cultures for solving business problems.
- iv. Local culture affects not only the law itself but the way it is enforced. Therefore, reading up local regulations and ways of their compliance ease the completion process of the deals.

- v. Adopt the communication styles according to the culture of the place.
- vi. Understand the sensitivity to time that differs from culture to culture. Short, succinct meetings may be the norm as opposed to leisurely lunches that extend into evening; e.g., in the fast-paced American climate, the deadlines are set in stone.
- vii. Do not try to impose on members of foreign culture. Learning about basic cultural differences across the globe can help you understand what you might need to research further to make sure a cultural blunder does not cost you. For example, in Japan, exchanging business cards are of utmost importance. They receive the guest's card holding it with two hands, studying for few moments and then bowing slightly. Indians prioritize relationship, they are transaction-oriented, are not so particular for on time meetings. Business is treated more formally in Europe than in America. In France, businesspeople are expected to act in a reserved manner. In Germany, previous appointments are greatly valued and simply dropping by, is perceived as rude. In Spain, hierarchy and position are given more importance. In the Middle East the honor culture prevails where individuals vie for their reputations and self-worth during social interactions. They are initially less trusting than their American counterparts (Basi R., 1998).
- viii. Develop the Cultural intelligence or Cultural Quotient (CQ), that means being fully aware about existing cultures of the guest countries, adjusting mental maps when actual experiences differ from expectations, thinking strategically about culture and cultural differences, being mindful that societies and sub-cultures differ in values, knowing that different cultural orientations influence perceptions, sense making, motivation, and behavior. Nowadays many leaders in business, government, and non-profits are insisting on cultivating cultural intelligence and methods for its assessments. The companies like IBM, Coca-Cola, Novartis, Google offer programs for developing CQ in their executives.

The executives coming from their home country and joining business units in foreign countries initially suffer a cultural shock as language, food, dress code, driving pattern are altogether different here. Some of them even suffer from homesickness initially as they are separated from their family, friends, and colleagues. The organizations should make such

efforts that may help them to absorb the cultural shock. They may be given assignments similar to those in their country, training workshops should be arranged for them to orient them to geography, customs, cultural and political environment of host country. Support should be provided to help to get them and their family settled. Assistance in terms of housing, transportation, extra pay, fringe benefits, etc. would go a long way in generating the sense of fraternity in them.

The main cause of cultural bias is the ethnocentric assumptions managers may unconsciously hold. It leads to poor business strategies in both planning and execution real understanding of the self-reference criterion-the tendency to view other cultures through the lens of one's own culture, is the first step to avoid cultural bias. Successful managers acquire factual and interpretive knowledge about the values, attitudes, and lifestyles of the cultures with which they interact; study their political and economic background, their history and their current national affairs. The managers who can converse in multiple languages have more positive interactions.

They acquire cross-cultural proficiency that is characterized by four key personality traits: tolerance for ambiguity, perceptiveness, valuing personal relationship, and flexibility and adaptability (Diwakar Singh, 2014).

Studying the Business Negotiating Attitude

Cultural diversities significantly impact international business negotiations. According to Baack, Harris, and Baack (2011), "culture represents the beliefs, customs, attitudes of a distinct group of people; the term culture can be applied to a nation, a region, a city, or single business. Culture and negotiations are interlinked and can supplement and limit each other. Thus cultural differences plays a crucial role in impacting international business negotiations. Negotiators should understand and figure out how they affect international business negotiations."

Concept of Values:

Cultural differences manifested in difference in values pose a challenge to international business negotiations. The influence of the differences in values on international business negotiations is mainly observed through misunderstanding and disgust due to differences in the concept of objectivity, equality, and time.

In terms of objectivity, international business negotiation reflects behavior on the level of distinction between people and things. Westerners, especially Americans have strong feelings for objectivity; e.g., they tend not to practice favoritism, find importance in economic performance rather than individuals and believe that business is business. They emphasize separating people from things during international business negotiations. In contrast, in some Eastern countries like China, separating people from issues is perceived as impossible. Businessmen and businesswomen use nepotism as a tool to get something beneficial in negotiation. Britain and US, in international business negotiations, pursue egalitarian values and adhere to fair and reasonable principles (Bulow & Kumar, 2011). They hold to the ideal that two sides traded, regardless of which party should be profitable. Easterners are simply for hierarchy-no sense of equality, e.g., Japanese are able to make a big cake, but the approach of dividing the cake is not fair.

Concept of Time:

Different cultural backgrounds exhibit different concepts of time. North Americans have a strong sense managing time and they hold the idea that time is money; in contrast, people in the Middle East and Latin America have a weak sense of the concept of time. They believe that the time should be fully enjoyed. They divide concept of time into two categories—the linear time and the cyclic time. The linear time concept means emphasizing doing more than one task in one block of time.

People in North America, Switzerland and Germany mostly follow the linear concept of time. The cyclic time concept means that there are relaxed schedules and deferred information feedback. The people from Middle East and Latin America follow the cyclic concept of time.

Different time concepts result into different negotiation styles. Americans have a strong sense of competition, they pursue speed and efficacy. They try to shorten time in every link of negotiations and strive for quick fix. Chinese following the cyclic concept of time have a long-term vision and they do the comprehensive analysis and evaluate issues and topics in a wider range (Fang, 1999).

Manners and Customs:

Each country has its own, established manners, customs, and etiquettes. In US when friends meet each other, they often give hug and kiss to

each other; it rarely happens in China. International business negotiations have often some pleasurable interruptions like tea meeting, coffee meeting, lunches, business dinner, etc. These events are greatly influenced by cultural factors. Germans, for example, are often dressed in suits and display courtesy, they never put their hands in their pockets as they think that gesture is crude. French people have special preference for art, history and food. When negotiating with them, having working lunch and going for sightseeing are good ways to relax the intense atmosphere in meetings and enhance bonhomie.

It should be particularly noted that COVID-19, the dreaded pandemic that has brought entire humanity on its knees, the habits of handshaking, hugging, physical proximity, etc. that have intermingled in some cultures since ages are to be permanently abandoned for safety and security of one and all, in post-COVID-19 era.

The Finish show special preference to steam baths to show hospitality. The Australians mostly arrange business activities in bars as they feel casual and intimate in bars. South Americans always prefer dark suits and small gifts. Middle East businessmen regard friendship as supreme and treat time with indifference. Nordic and Americans have a strong sense of distance and guests are even left waiting at the door, which is normal within their culture (Al-Ghamdi, 1999). When doing business in some regions, like within Latin America, putting a daisy on negotiation table is a taboo. Thus the customs, rituals, and habits play a crucial role in international business negotiations. Negotiators should have a clear understanding of the partner country's customs, rituals and negotiating habits to ensure a smooth negotiating process.

Ways of Thinking:

Thinking patterns differ from culture to culture. A logical, reasonable argument in one culture may be considered illogical and undemonstrated in other culture. Different thinking patterns result into different thinking modes for negotiating. Thinking differences are mainly of two types—inductive thinking and deductive thinking. Inductive thinking focuses on an individual ways of thinking and this kind of mode divides complex things into simple elements and then solves every single element individually. Deductive thinking stresses holistic thinking and it is in accordance with the overall point of view to observe and think about things in the world.

Asians prefer comprehensive thinking and the Anglo-Americans have preference for abstract thinking. Based on the objective existence of differences in thinking, negotiations from different cultures exhibit difference in decision-making. So the conflict emerges between a sequential decision-making method and holistic decision-making method. When facing a complex negotiating mandate, western negotiators, especially British and American negotiators adopt a sequential decision-making process (Drake, 2001).

Negotiating Styles:

Fang (1999) talks about two management styles—horizontal and vertical. Under horizontal style all topics to be discussed are listed initially and then they are discussed at the same time and gain ground together. Under vertical style all issues to be covered are confirmed first and then issue by issue discussion takes place. The American negotiators mainly follow vertical negotiation style whereas the Japanese negotiators follow the horizontal negotiation style. They prefer to draw a contour for the question and then determine every aspect in a certain issue, finally making an agreement. When every negotiator comes to the negotiating table, they come with a deep imprint of their own cultures. US team always desires to win, Japanese remains defensive. The negotiating style also reflects their behaviors. Negotiating style affects the relationship of both the parties, the entire negotiation process and the outcomes.

Appropriate Pleasantries:

Before commencing negotiations, warm greetings is a nice way to leave a good impression on the partnering business executive. Pleasantries normally could be like—how was the journey, how long did it take, do you like our food, if you need something, please feel free to ask for it, etc. That would even help to know about the partner party's interests which is vital for a good start.

Being Well Prepared:

Negotiators should be well prepared before the start of formal meetings. They should be fully aware about the partner party's cultural norms, customs, social values, national conditions so that there is no misunderstanding, nor any unpleasantness to adversely affect the progress and outcome of negotiations.

Overcoming Communication Barriers:

Language is a very important medium for effective communication. Knowledge of English language is a must as it is most common business language. Some cultural values never enter into confrontation and therefore they directly never say no, instead they use some phrase to express refusal. Brazilians use “somewhat difficult” instead of “impossible.” The businessmen should also be careful while selecting the translators.

Sensitivity to Time:

The cultures also differ in terms of their sensitivity to time. For example, being late for an appointment is accepted norm in most Mediterranean, Arab countries, and Asian countries. Time conscious countries like USA, Japan, UK, England, Switzerland, etc. are vehemently against such habits. With regard to time-orientation, US is future oriented compared to present oriented France and past oriented Britain. India or China for that matter has long history of past orientation.

Chronemics is the study of the use of time and the way time is perceived or valued by individuals and cultures. There are three categories of Chronemics—monochronic, polychronic and variably monochronic. Under monochronic category, things are typically done, one at a time, where time is segmented into precise small units and where time is scheduled, arranged, and managed. The countries like US, Germany, Switzerland, Britain, Canada, Japan, South Korea, Turkey, and Scandinavian countries belong to Monochronic category. Under polychronic category, several things can be done at once and there is more fluid approach to schedule time. Countries like Latin America, Africa, Asia, Arab countries belong to polychronic category. The countries Russia, Southern Europe belong to variably monochronic category, the category that lies in between the other two.

Richard Lewis of Richard Lewis Communication in one of his articles distinguishes between sequential culture and syndronic culture based on awareness of different perceptions of time. According to him, under sequential culture one thing is done at a time, time is precise and productively valued, it is considered as a resource and is to be efficiently used. US, UK, Germany, South Africa, Australia, and Switzerland belong to sequential culture. Under syndronic culture, multiple things are done at a time, deadline is defined but are not always met, time is considered to

be a tool, a subjective, and a moldable concept. Italy, Argentina, Brazil, Greece belong to syndronic culture.

Different time zones also affect the international business. Different time zones compel businesses to factor in time zone conversion while dealing with international business partners and can negatively impact worker productivity according to one report by Jacob Simon in Global Edge Newsletter, April 10, 2013, issue. Spain experienced such problems, currently on Central European Time Zone. It should geographically be on Greenwich Mean Time (GMT). After a recommendation from parliamentarians, it is working on correcting the time zone issue to help boost the worker productivity. Jumping a time zone is not that difficult but it has an adverse impact from a humanistic standpoint and more importantly an international business perspectives. When businesses expand across the globe and change time zones, it results into a huge communication gap. During the working hours of one country, another across the globe would be having night time. Since the different time zones cause delays, it creates obstacles for the companies believing in speed and customer service as their core values. Companies will experience a time gap when they have even less time in their working day to accomplish independent tasks. A task that could take 10 minutes to accomplish in a domestically located company could take 24–48 hours to complete for companies with global offices. For example, when the company A wraps up work in India, its employees in its branch in Chicago gets started for the day's work!!

The barriers due to the difference in time zones could be mitigated if few tips are followed such as using software like Time Zone Event Planner, being considerate about time, avoiding conference calls with off-shift people, elongating your planning window, coordinating staff shifts with key time zones and suppliers, etc.

Understanding the Workplace Etiquette:

Workplace etiquettes vary widely from country to country. Business professional should be aware of it. CT Business Travel—an independent corporate travel management company based in UK has generated infographic for a quick reference of cultural differences in business etiquette globally. For example, the formality of address differs from country to country when dealing with colleagues and business partners. Asian countries such as China, South Korea, Singapore tend to use “Mr/Ms Surname” whereas Americans and Canadians prefer to use first names.

French, Japanese, and South Koreans prefer to shake hands lightly whereas Brazilians, Canadians, Americans, Russians believe in firm handshake. In Brazil, Europe, and Canada, there is sharp dress code, in USA both casual and sharp dress code are prevalent. In exchanging business cards, Japanese, businessmen in other Asian countries and Australians use both hands whereas in USA, Europe, UAE there is no ritual in exchange of business cards. In the Middle East and Israel light handshake and casual dress code are prevalent among the businessmen.

In business meetings, pre-business chit-chat is customary in Brazil, Spain, Israel, UAE, Hong Kong, India, Japan, South Korea, Taiwan but in Canada, France, Russia, Switzerland, Singapore, it is not. In USA, Denmark, Germany, Ireland, Sweden, UK the pre-business chit-chat is minimal. If there is any agenda in business meeting, Denmark, France, Germany, Ireland, Sweden, Switzerland, UK, Australia, Hong Kong, Japan, New Zealand stick to it, whereas Brazil, Canada, USA, Russia, Spain, Israel, UAE, India, Singapore, South Korea, Taiwan do not stick to it.

There is direct communication in business meetings in the countries like Brazil, USA, Denmark, France, Germany, Sweden, Switzerland, UK, Israel, Australia, New Zealand whereas in Canada, Russia, Spain, UAE, Hong Kong, Japan, Singapore, South Korea, Taiwan it is indirect.

The Dining Etiquette:

In Sweden, businessmen on dining table look into the eyes of the person toasted and say “skal” (skohl). In Russia, they do not start drinking until the first toast has been offered. It is considered rude to start eating before the host in Hong Kong. In UAE and India only the right hand should be used for eating. In Switzerland, potatoes are cut with a fork, not a knife. In Taiwan, it is expected that you have some rice in your bowl. In Denmark, it is expected that you finish everything on your plate. In Brazil, you have to be prepared for lengthy lunches lasting over 2+ hours. In South Korea, you have to sing a solo karaoke number after dinner.

Managing Gender Diversity

Gender diversity is vital to any workplace, not just because it is a laudable goal, it simply makes bottom-line business sense. The Gallup study titled “The Business Benefits of Gender Diversity” by Sangeeta Badal, the Principal Scientist, Entrepreneurship at Gallup (Workplace, January 20, 2014) bears sufficient proof to this fact. It is concluded in this study

that hiring a demographically diverse workforce can improve company's financial performance. More than 800 business units from two companies representing two industries—retail and hospitality—were studied and were found that gender-diverse business units had better financial outcomes than those dominated by one gender. Also gender-diverse business units in the retail company had 14% higher average comparable revenue than less diverse business units (5.24% vs. 4.58%). Gender-diverse business units in hospitality company showed 19% higher average quarterly net profit (\$16296 vs \$ 13702) than less diverse business units. That means gender-diverse units outperform those that are less diverse and less engaged.

The managerial implications of the study are important and worthy to be adopted by managers even in other business sectors. Managers need not simply increase the gender diversity in business units, but also create workplaces that engage employees. Open, trusting and supportive relationships among co-workers and supervisors unleash the power of diversity by enabling employees to turn their differences into innovative ideas and practices that can drive a company forward.

The World Economic Forum's Global Gender Gap Report (2015) provides plethora of information about the continued worldwide imbalance in gender equality and what it means to future. In some areas the news is favorable. Political representation, for example, has made great strides in the last 10 years, according to the report. Overall, 50% of the countries have or have had a female head of state. And it is also observed that once women attain leadership roles, the number of women serving in a senior positions starts to rise. Justin Trudeau, Canada's prime minister, formed a perfectly balanced cabinet with 15 men and 15 women ministers. In education also, we see a good deal of improvement in terms of gender balance. More women than men are pursuing higher education in 97 of the 145 countries included in the said report.

But in business, there are still relatively less women in leadership roles. According to World Economic Forum's Global Gender Gap Report, the average annual pay for women in the countries surveyed is now equal to men's average annual pay a decade ago, when the report was first released!!. The report forecasts that it may take 118 years to close the gender pay gap—a number that is just unacceptable.

A report from McKinsey Global Institute estimated that \$12 trillion can be added to global growth by advancing gender equality. There is a very high correlation between economic performance and gender parity.

Michel Landed, the CEO of Sodexo, writes in his article published in Harvard Business Review, (March 18, 2016) issue, “Gender balance cannot be labelled purely a women’s issue or a matter of diversity for diversity’s sake . It is an economic issue and addressing it can benefit business and economic performance. It is top priority for Sodexo.” -

A gender-diverse workforce provides easier access to resources such as various sources of credit, multiple sources of information, and wider industry knowledge. It allows the company to serve an increasingly diverse customer base, helps companies attract and retain talented women.

The Organizations Who Successfully Embraced Cultural Diversities

Nestle’

For Nestle’, the largest FMCG company with its 308,000 employees from 177 different nationalities and its presence in 189 countries, cultural agility, diversity, and inclusion are an integral part of its culture. Their values are rooted in respect—respect for themselves, for each other, respect for diversity and respect for the future. They aim to embed diversity and inclusion across everything they do, focus on 3 core areas: culture, innovation, and society.

They recruit competent and motivated people who have respect for their values. Any form of harassment or discrimination is not tolerated. Gender balance has been a priority for them since 2008 and it has helped them to increase the number of women at all levels in the organization. They have embedded gender balance in all their human resource practices. In 2018, 43% of managerial positions were held by women. Their emphasis now is on increasing the proportion of women in the company’s top 200 senior executive positions from around 20% currently to 30% by 2022. According to Mark Schnider, Nestle’ CEO, they have laid out a Gender Balance Acceleration Plan to increase number of women senior executive positions. Nestle’ USA has a number of initiatives that support diversity and inclusiveness in its workforce. They have Parent Support Policy, 14 weeks paid maternity leave, breastfeeding rooms during working hours in head offices—have more than 190 breastfeeding rooms across their global working facilities.

Nestle’ promotes cross-cultural communications. Its “Group Management” is composed of two Australian people, one Spanish, one Swiss, one Mexican, two Americans, one British, and one Swedish. The executives of Nestle’ are flexible, aware of cultural taboos, encouraging interactions.

Nestle' fosters cross-cultural negotiations. In Nestle', a person's first name is often used as a sign of friendliness. Direct eye contact during negotiation is considered as a sign of trustworthiness. Too many Nestle' negotiators, prices are a part of the entire negotiation agenda mostly in negotiation of technology transfer.

They foster cross-cultural motivation through Nestlé's Passion to Win Awards, Nestle' Idea Awards. They are performance driven, competitive. Inclusive and flexible. To their employees, they provide comparative benefits, very healthy work environment, and safety and health measures.

IBM

IBM operates in over 170 countries with a workforce of over 3.5 lakh employees.

Understanding and managing diversity is not optional to IBM, it is a key business priority. IBM Corporation has been a pioneer in valuing and appreciating its diverse workforce since its inception. In 1935, almost 3 decades before the Equal Pay Act guaranteed pay equality between their men and women employees; Thomas Watson, IBM president then, promised women equal pay for equal work. In 1943, the company had its first female VP. It offered the maternity leave benefit to female employees, extending to one year in 1960 and to 3 years in 1985.

Louise Greste, IBM CEO in 1995, created eight diversity task forces around demographic groups such as women and men, Asians, African Americans, LGBT individuals, Hispanics, Native Americans, and employees with disabilities. These task forces consisted of senior level, well respected executives and higher level managers and members were charged with gaining and understanding of how to make each constituency feel more at home at IBM. Each task force conducted a series of meetings and surveyed thousands of employees to arrive at certain key observations. For example, presence of male-dominated culture, the lack of networking opportunities, and work-life balance challenges were among the main concerns for women. African-American employees concerns included retention, lack of networking, and training opportunities. Armed with a list of priorities, the company launched a number of key programs to address these issues. For example, employees looking for a mentor could use the company's website to locate one willing to provide guidance and advice.

IBM's equal opportunity journey began roughly 60 years ago, when IBM President Thomas Watson Jr. wrote a letter and took a stand with

policy letter # 4. Continuing to follow the same policy, Virginia M. Rometty, chairman, president and CEO, IBM in a policy letter # 1170, on November 1, 2015, writes “Activities such as hiring, promotion and compensation of employees are conducted without regard to race, color, religion, sex, gender, gender identity or expression, diversity or age. The policy is based on sound business judgement and anchored in our IBM values. Every manager in IBM is expected to abide by our policy and all applicable laws on the subject and to uphold IBM’s commitment to workforce diversity.”

Johnson & Johnson

The words “diversity and inclusion” have long held enormous power at J & J. For more than 130 years, Diversity and Inclusion (D & I) has been key to the company’s success, starting as far back as 1908, when the company hired its first female scientist.

Wanda Bryant Hope, Chief D & I officer, J & J, says, “J & J continues to be a leader in D & I. This inaugural ‘You Belong: D & I Impact Review’ showcases the progress we’ve made for our people, our culture, our business and our world, through the innovative data and the outcome-based approach we have taken.”

1. How J & J is advancing its culture of inclusion.

The company instituted the Johnson & Johnson Diversity and Inclusion Honors to celebrate J & J teams across the globe that are making difference through innovative strategies to build diversity, advance inclusion, and enhance business. The 2018 winners feature 12 different groups, e.g., company’s Mental Health Diplomats provide mental health awareness and first aid training in order to help create a mental health-friendly workplace.

2. How J & J is building a diverse workforce in future.

One way the company is nurturing this idea is by helping STEM²D professionals return to work after an extended break through the Reignite Program, a paid returnship initiative that launched in 2017 for professionals in Science, Technology, Engineering, Math, Manufacturing, and

Design, who have been out of their field for at least 2 years and want to return to that line of work.

3. How J & J is working to enhance its performance and reputation.

J & J knows that engaging and understanding the needs of global, multicultural audiences is crucial to help advance the trajectory of health for humanity. E.g., for the company's Johnson's Baby line relaunch in 2018, millennial moms shared insights on advertising concepts for the major initiative that helped the company create advertising that would better connect with parents everywhere.

J & J is a founding member of the Unstereotype Alliance, a UN Women group that tackles the widespread prevalence of the gender bias that is often perpetuated via advertising.

Michael Sneed, Exe VP, Global Affairs and Chief Consumer Officer says,

“D& I at J & J is not just a commitment –it is the reality of how we must live and work”

(Company's Inclusion Impact Review, October 7, 2019).

Coca-Cola

Coca-Cola an American multinational beverage company had been continuously trying to embrace cultural diversity in its workforce. It has been thriving over decades having fostered people and community values.

They value diversity and inclusion:

They have a huge- 700000+ system employees around the world together with their bottling partners. They champion diversity by building a workforce as diverse as the consumers they serve. They strongly believe that more perspectives you have, better decisions you can make.

They value equality:

Empowering people's access to equal opportunities; no matter who they are or where they ate from, they have signed several gender diversity pledges and is working toward an even split of women and men in leadership roles.

They value human and workplace rights:

For 128+ years, they have built a reputation trust and respect, everywhere they do business.

They are committed to supplier diversity:

Their commitments to spend \$1 billion with diverse partners and continue to honor leaders in supplier diversity at the annual Partners in Promise Awards.

Their Diversity Leadership Councils drive real change across their organization. They aspire to make Coca-Cola—a company 50% women driven.

They foster an inclusive LGBTQ employee community:

With an active LGBTQ Business Research Group (BRG) in operation for almost 15 years, Coca-Cola has been on the forefront of ensuring equality for its LGBTQ associates partnering with local and national LGBTQ organizations. Coca-Cola further launched the “Next Generation LGBTQ Leaders Initiative”—a program designed to connect, educate, and aspire young LGBTQ leaders to advance the community across all sectors.

Lora George Billingsley, Chief Diversity & Inclusion officer at Coca-Cola says, “our commitment to diversity, inclusion and equality and our support for our colleagues, family members and friends is intrinsic and enduring.”

(Source: www.coca-colacompany.com).

Godrej Group

For 120 years now, trust and equality have been the pillars of people of Godrej group, their philosophy and culture. The Group has emerged as a leader of the movement for LGBTQ inclusion in corporate space with sensitization programs and HR rules that support integration in every which way. At Godrej, they recognize and value diversity of their people, their perspectives and experiences. This commitment to being diverse and inclusive enables them to secure over 1.1 billion global citizens across differences in gender, caste, creed, age, background, income, sexual orientation, marital status, physical ability, and nationality.

Godrej Women’s Leadership Network is a platform to help their women team members better manage their professional development and address any concerns that they might have. It offers mentoring, leadership development, and regular networking opportunities. Through this platform they aim to make Godrej a workplace of choice for the best women talent.

Godrej set up a cultural lab eight years ago. The India Culture Lab is a fluid experimental space that cross-pollinates ideas and people to explore what it means to be modern and Indian. It is an intellectual hub for India which enables dialogical engagement with the academia, the creative industries, the corporate world and not-for-profit sectors, positioning at the confluence of creativity and change. There is no place for discrimination at Godrej. It is only a space for open hearts and minds, a holistic, supportive workplace for women.

Uday Dhar, Manager, D & I, Godrej Industries says, “At Godrej, we strongly believe that each one of us is unique and we can only truly flourish when we can be our ‘whole’ self at work.”

“We absolutely believe in the importance of diversity within Godrej. Diversity is the philosophy of who we are, as a company,” says Nysa Godrej, Executive Chairperson, Godrej Consumer products.

CONCLUSION

The cultural diversities in the international organizations if not properly understood and recognized would lead to gross misunderstandings among the multicultural teams that would create bottlenecks for creativity, productivity, and innovativeness. Diverse cultural perspectives power the innovative strategies of the organizations, generate higher innovative resources, help capture new markets, improve creativity, help increase employee engagement, and result into increased profits and company reputation. The international organizations have to formulate strategies to recognize, comprehend, and embrace these diversities which are but challenges for them.

Building up trust among the partner countries is imperative for success. You have to tell the truth, be flexible, respect their time, develop emotional bonding and sufficiently demonstrate that you trust others. Chelsea Berlet, Guest writer of Entrepreneur and CEO of Solamar says, “Trust is mysterious and often elusive. No one exactly can tell you, it originates from where, how it develops. Trust process is incomprehensible.”

Cross-cultural communication barriers if not well managed create serious problems in workplaces. The organizations should design training modules to impart training in the issues like exposure to other cultures, cross-cultural sensitivity, cross-cultural awareness, language training, facilitating meaningful conversation, etc.

“It is almost an established fact that the overachieving companies are those who recognize and adapt to cultural differences, are supportive of and promote employees with global mindset and place value on employees with global mindset . The studies show that companies with global mindset perform better, are more profitable and are more likely to achieve their business objectives”; observes Charlene Solomon in his Global Mindset Index Study (RW3 CultureWizard, December 2017). The key to success is how effectively the leader balances local and global mindset in his/her organization.

While dealing with multicultural business partners, it is of utmost importance to comprehend in depth the cultural diversities of guest countries. One has to be empathetic toward the guest countries, avoid ethnocentrism, develop cultural intelligence or cultural quotient, be mindful that societies and sub-cultures differ in values and cultural orientations and be flexible. It should be made one of the company’s core behaviors.

International business negotiators should figure out how different customs and manners, concepts of values, concepts of time, ways of thinking, negotiation styles, etc. affect business negotiations. Emotionalism, team organization, exclusive preparation for partner’s party’s cultural norms, etc. largely contribute to success and long-term relationship.

Different time zones have an impact on international business. One has to be considerate about time and has to elongate one’s planning window. While jumping the time zone you have to see to that the workers in their respective zone get better eating, sleeping and working habits.

Being aware of workplace etiquettes and their infographics—formality of addressing each other, dress codes, exchange of business cards, style of hand shaking, etc. helps create mutually respectful atmosphere, generate bonhomie and helps an office serve as a productive place. It creates positive impression right in the beginning of relationship.

Managing gender diversity at workplace allows company to serve broader, diverse customer base and helps attract and retain talented women.

Scholars suggest that organization should measure the identity profile of defined work groups, the prevalent organizational culture, and the perceptions of various employee groups, so as to identify cultural barriers that may act as an agent hindering equality at the workplace (Cox & Ferguson, 1994).

The strategies adopted by some leading business organizations like Nestle', IBM, Johnson & Johnson, Coca-Cola, and Godrej Group, for embracing the cultural diversities successfully are discussed in the chapter.

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