CROSS-CULTURAL CONFLICT: ITS EVIDENCES AND IMPACT

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Abstract: This paper focuses on the cultural conflict in an organization and the reasons behind the conflict. This has been explained through various examples of the organization, which had to face obstructions or failure because of cultural conflict. A few examples of failure of successful organizations like Disneyland and McDonald have also been used to explain the impact of cross-cultural conflict. Evidences from organizations like that of Chrysler and Daimler has been used to explain the impact of cross-cultural conflict after merger and the reason for the failure of the merged organisation has been explained.

Keywords: Country, different culture, language, customs, Chrysler and Daimler, Disneyland, McDonald.

1. INTRODUCTION

When we visit a different country which follows different culture, language, customs, have a varied geographical environment and cuisines, we are fascinated and attracted by these aspects, but with time we understand that these aspects can create conflict. Conflicts between individuals or an organization can be stated as cultural conflict. Culture of an organization can be defined as the social, moral behavioural rules of that organization, which is supported by the attitude, believes and vision of its core members. An organization do not consciously try to develop a culture, but it's a combination of values and vision of the mission of the company, the way certain things are done in the organization define the culture of that organization.

Communication plays a very vital role in cross culture conflict as it involves language and gestures. Miscommunication and misinterpretation lead to conflicts, since it's the individuals who are communicating and not the culture, but culture creates a general style of communication. In cross culture communication we come across ethnocentric assumptions, in which the individuals create a negative judgement of the other person's culture. Negative stereotypes can create hatred towards another culture group which would lead to differences.

Preventing these conflicts by educating the employees, and increasing the awareness in the organization, changing our attitude and being more acceptable, sensitive towards other's culture. Developing the understanding of a different culture does not mean that we need to give up on our cultures, it could be a blend of both.

During managing cross cultural conflicts managers has to understand the need of the individual because their individual goal could differ on the basis of the culture they come from. Observing how people of different cultures handle certain situation, consulting cultural resources or culture experts, observing people's behaviour towards others. In the International business environment it becomes necessary to be adaptable towards other cultures and in the process there are conflicts which the managers should be equipped to deal with.

2. LITERATURE REVIEW

Cross-cultural conflict is considered to be one of the major and vital issues in the current business environment. In the prevailing business scenario, cultural diversity and its contribution towards an organization are considered to be a boon. People from various diversities come together under a common roof to work and contribute towards an organization. Their varying views and opinions benefits the organization in expansion and decision making perspective but on the other hand bring various difficulties for the organization as well. The conflict lies in whose values and believes would prevail in the organization. It is well observed that a consistently prevailing cultural conflict hinders the work process in an organization and reduces the productivity of the people working for the organization.

Cultural conflict also revolves around certain reasons, which involves competition, believes, perception and various other factors. Conflicts are usually seen between two or more section of the society or groups and often at times, the weaker section gives up to the majority section whereas if both the parties are equally strong then possibilities of a peaceful negotiation arises. If the power distribution between the parties is parallel, this helps out in bringing out better and beneficial results for any organization rather than the opinion of one party gaining importance over the other. The reason for a conflict varies from person to person. Hence, focusing on a particular reason such as communication difference, difference in values and believes, etc. is not worth. The reason of a conflict may involve multiple reasons and perspectives.

Various analysts from the nineteenth century have observed cultural differences and the conflicts occurring because of the cultural differences. These differences begin from the lower level of an organization right to the top level. Every person has a cultural background hence; cultural conflict is not restricted to any particular level of the organization. But for every type of conflict we have a resolution, which is universally accepted. For example: when the difference is because of language, we have a universally accepted language, that is English. We can speak in a common language, which is accepted and spoken in by almost everyone. On the other hand, adaptability is also an essential factor. Often we see people who are fluent with various languages. Their ability to communicate removes the cultural barriers, which persists in an organization.

Cultural differences may have various bases such as geographical, educational, occupational, historical backgrounds, etc. and these bases have divided the crowd into clans or groups. These factors brings the difference between the cultures of India and America or Japan and China, etc. But the most important factor about culture is it doesn't remain the same. The values and believes that a culture follows changes over time and we get to see differences between eras. The culture has changed in many of the Asian and African countries after being ruled by the Europeans over years. The fact that these countries are independent has not solved the problems that the country was facing like unemployment, rising population, dissatisfaction with the educational, social and political conditions, etc. Moreover problems had increased in the terms of the changed cultural trends and the adaptability with those trends.

We also see various types of problems in an organization when merger and acquisitions take place. Every organization has its own culture and adaptability of both the organization and acceptability to a particular adaptable culture becomes difficult for both the organizations and hence results in failure of even a successfully running organization. To explain the impact of cultural conflict example of the merger of two successfully running organization Chrysler, an American automaker and Daimler, a German Unit has been used, which merged with each other with an expectation to earn higher revenue and greater profit as well as expansion of their business. Both the organizations merged with the expectation to become each other's strengths. The shareholders of both the organizations readily agreed for the merger but the results were very different from the expected. The profit margin of the Chrysler unit started reducing. This was the result of cultural difference between both the organizations. The American work style was different from the German work culture and even after being equally powerful and strong still the companies could not retain their position after the merger. The American unit, Chrysler followed a very lenient and free style of management where as Daimler's style of management was very rigid and organized. As a result of the high stringency and rigidity, the Chrysler's employee could not adapt to Daimlers style and this resulted in resignation of the highly abled executives and engineers. As a result, Chrysler faced a steep fall in terms of performance and profit as well. The dissatisfaction among the employees started increasing and their productivity started falling.

Cultural conflict is often considered to be the least important factor while merger but situations seems to be entirely opposite and after analyzing the reason of the failure of such successful organizations after mergers, it can be clearly drawn that the role played by cultural conflict is essential to be considered before reaching out to any final decision. According to an experiment done by Weber and Camerer (2003), experiment shows that the probability of failure of an organization due to cultural conflict and communication gap is often ignored and is also not considered to be an important issue which later becomes a major reason for failure of an organization in the long run. They also draw the focus on the employees working for the organization and have been through the difficulties of communication barriers. It is usually assumed that these employees will be able to take care of the issues but the organization does not realize the difference between the premerger and post merger circumstances which are even worse in terms of cultural adjustment. In case, these organizations recruit new employees, their lack of experience will lead to failure of the organization as a whole. They have also highlighted on the blame game in case of failure of an organization after merger. They have pointed out to the fact that the new employees and the managers blame each other as the reason of the failure of the organizations instead of analyzing and laying on the even essential factor, which is the cultural conflict and communication gap.

3. CONTENT

Globalization is a growing integration of societies and economies around the world has been one of the most discussed topics in international economies over past years. Globalization is characterized by economic flows of goods and services, labour or people, capital and technology. Earlier manufacturing was widely dispersed around the world, but the employees were appointed locally. In past few years talent has been recognized across regional barriers as well. Because of which there has been exchange of cultures among the countries, which also leads to conflicts which is known as cross culture conflict.

Cross culture conflict arise because of the differences in values and norms of behaviour of people from different cultures. A person behaves according to the norms and values of her or his culture, another person holding a different worldview might interrupt with her or his sets of cultural norms. This situation might create misunderstanding and can lead to conflict.

When we talk about Chinese culture refusal to drink by guests in China is deemed seriously impolite and in some situation affect contract signing. Other countries organizations may not be used to Chinese customs and way of doing business and may be hard for them to follow this culture because of the culture that they follow.

When McDonald's first entered Indian market, they brought their trademark Big Mac burger made with beef patty to India. Because of the religious belief followed in India the customers as well as the employees who worked for McDonalds did not accept it. Later they had to remove the beef burger from the menu and introduce more of the vegetarian burgers into the menu.

Given the example of Disneyland, the theme park it successfully made its place in United States and later on received massive response from all over the world. Hence they thought of similar type of theme park all-round the globe with the name Disneyland. Starting from United States, Japan they did not have much problem in getting visitors from all round the world, but when it came to France they faced cross-culture issues. Disney created 30,000 employment opportunities to the people of France, with American work culture being implemented in France, it became difficult for the French people to adapt to the American culture and tradition. Even when it was located at the prime location i.e. Paris, the main problem that Disneyland was facing was, it wasn't able to attract much of the French crowd because it was following French culture. In any country people tend to find a hint of their culture and tradition, which was not present in the theme park and that's why turned out to be the biggest disaster as only 29% of people from France visited Disneyland. As in US there is much tolerance and acceptance for other cultures and they thought they would have the same response from French people too. Even the workers in euro Disneyland were mainly French workers who were asked to dress up like the employees of Disneyland in US and Japan. French employees felt humiliated and insulted, saying that it was insult on their family culture and traditions. Because of this situation many employees quit their jobs again because of the cultural difference. Disney's top management consists of American officials who were not equipped with French language and hence they faced communication problem, again the employees felt insulted because they were left confused. French culture encourages team work, group decision making, employee freedom and an employee friendly environment which should have been adopted by the top management. If cultural needs were taken care of the Disneyland wouldn't have incurred huge losses. To conclude it can be analysed and understood that the French employees not very keen on working under American management or they wanted to have higher officials who are either French or spoke French to reduce the communication between them. It would have been better if Euro Disney would have hired top management who were well versed with the French culture, and the employees would have been more comfortable communicating with them.

Lessons that could be learnt out of this situation is that any business must meet the conditions of the culture and tradition of the host country to survive in the host country. Since they'll be needing support from the local employees too. On financial levels a plan should be made so that company does not incur losses because of cross culture conflicts.

Cultural origins of the top management influence their management styles. Employees coming from vivid background represent a wide variety of values and characteristics. In international business dealing with international clients too can create interaction with a wide variety of different business culture. But combining different ideas and techniques inevitably sparks innovation, improvement and creation of higher standards to develop.

4. CONCLUSION

In the international market, dealing with cross culture conflict there is much importance of motivation and leadership. Since there is a need to identify the urgency of adapting to the changing cultural environment to build high performance organization. Global management is also important to all the businesses operating or intend to operate globally. Cultural

factors include difference in values, behaviour, approach towards business and it differs from country to country. Establishing global mind-sets and polished leadership qualities will promote the effective functioning of the team, since high potential of qualities needs to be developed to sustain in the global market. Team work is required for high performances in the business. And behaviour is at the core of high quality performance.

Organizations culture is a package of values and rules and regulations which is shared by the people in the group of the organization and that defines the way they communicate with each other in the organization and with people outside the organization. Strong culture is said to persist in the organization when the employees respond to the change in the organizational values. And there is weak culture where there is less alignment to the organizational values. Proper corporate culture should be established through training of the employees, induction programme designed for the new recruits to understand the culture of the organization, employee hand books also websites providing organizational information, employee's evaluation based on flexibility, innovation and risk taking capabilities, reward for good performances and initiatives, counselling and supervision by managers to develop the subordinates.

In a cross culture environment, organization culture is of importance which is used and applied in support of company goals. In this process we need to identify the current cultural environment of the company. Different departments of the company may follow different culture, but a given company might have a dominant culture. Diagnosing company's culture it is necessary to understand and discover the basic values, rules and regulation etc. that are experienced by the organizational members.

There could be failure in the management of cross culture conflict, the vital one is the approach of the employees towards the change in the company's environment. On the positive side it gives more power to function whereas, on the negative side there is control over the decision making and restrain on the actions of the employees. It may affect the productivity, till the time people adjust and absorb to the new culture. The organization takes time to recover and regain the original productivity.

Measurement is an important tool which converts results into specific culture. It is important to move the change in the right direction and then maintaining that change. When changes are made, measurement should take place to understand which element is causing improvement in the organization.

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