

## Factors Influenced by Cultural Differences and How Employers and Human Resource Managers Manage it In an Multinational Organization

<sup>1</sup>Sai Krishna. V, <sup>2</sup>Aksaya. A, <sup>3</sup>Annie Nirmal Joshi  
<sup>1,2,3</sup>Vellore institute of technology business school

### 1. ABSTRACT

When organisations grow more international, transnational, and diversified, they must accept limitations imposed by cultural differences. The multiculturalism in firms may prompt considerable advantages, including increased creativity, improved dynamic, and more extensive business sectors for products. Be that as it may, more cultural diversity additionally may present significant difficulties for these organizations, regardless of whether they have multinational operations. To analyse, theoretical study of 18 articles was done to examine the effect of cultural differences and factors influenced by it. As the comparison and observations from literatures proved us that cultural differences has significant effect on HRM practices of organization both directly and indirectly. The goal of this study is to look at how cultural variations impact human resource practises and how employers and human resource managers handle them in a global firm.

**KEYWORDS-** Culture; Organizational Culture; Multinational Organization, Cultural Differences, HRM Practices.

### 2. INTRODUCTION

To begin, let us define what cultural differences are. Cultural difference, according to Jackson and Guerra (1970), is a system of socially learned values, beliefs, and standards of conduct that influences the spectrum of acceptable actions discernible from one society group to another. Representatives who are more youthful or more established than their companions, representatives who possess higher degrees than others in the work environment, and persons who grew up in either urban zones or humble settlements are examples of cultural differences in the workplace. Workers are considered to have more similitudes than differences, but the distinctions might sometimes outnumber the likenesses. While these many differences might create a more dynamic work environment, they can also result in a number of challenges due to cultural friction.

Multinational corporations exist in every field of endeavour, and they require a board of directors as well as representation from other cultures. Employers and HR professionals must align themselves with varied legal, social, and political structures on the one hand, and their relationships with employees from the host nation on the other, making cultural differences management something that cannot be avoided in these firms. These organisations require not only traditional creation management, but also, as a consequence of the efforts of individuals from other civilizations and convictions, the ability to effectively cope with these disparities. However, prudent investment allows corporations to work both alone and in partnership with other nations, resulting in cultural disparities that are unavoidable. Multinationals' operations differ from those of local businesses due to the diversity of nationalities among management and employees, as well as their social backgrounds. As a result of globalisation, many companies now have economic interests in many countries, which they cannot avoid.

In recent years, human resources has been seen as the most crucial and differentiating component of enterprises, and a variety of actions and initiatives have been undertaken to increase employee efficiency by supporting and complying employees' really developing demands. As a result, the relevance of organisational culture has grown increasingly complicated. Many studies have been conducted to assess the impact of culture on human resource management. Both corporate and national cultures have an impact on the business and, as a result, on employee performance. Multinational corporations are preoccupied with improving corporate culture, controlling, incorporating, and planning their global divisions. These subsidiaries, however, operate in a variety of country

cultures, posing challenges in executing and implementing uniform human resource practises and policies such as remuneration, selection, and socialisation, as well as planning assessment. If businesses and HR departments do not take proactive steps to address this, it will be difficult to bring employees from various cultural and demographic backgrounds together on the same platform to make good contributions.

### 3. REVIEW OF LITERATURE

#### **Culture:**

Culture, according to O'Reilly et al., 1991, is a set of shared cognitions among members of a social unit. When it comes to the social component of meaning, culture is likely at its finest. Memory and control give solutions to the twofold contingency in social circumstances. One enters a scenario almost effortlessly and without even realising it, recalls similar circumstances, discovers possible control mechanisms, and complies (Dirk Baecker 1997). The ideals, beliefs, and behaviours of an organisation are referred to as its culture. It is concerned with the ideas and values that individuals use to interpret their experiences and conduct, both individually and in communities (Kotelnikov, 2007). Culture is, according to Edward Burnett Tylor (1913), "a complex system of values related to knowledge, belief, art, ethics, and tradition formed by humanity as members of their society." To put it another way, it's a collection of people's distinct lifestyles. Tylor as an example (1917), diverse cultures have different attitudes, sentiments, and means of self-expression. Culture is a phrase used to describe the social relationships and behavioural patterns that distinguish one civilization from another. Culture is defined as the whole of people's mental, emotional, imaginative, and physical output, despite the fact that there is no widely agreed-upon definition. The most frequently acknowledged cultural definition.

#### **Organizational Culture:**

According to Majid Ziaei Nafchi et al., organisational culture is defined as "an effectively coherent arrangement of values, beliefs, assumptions, and symbols dispersed in an organisation" (2020). According to Lu et al., 2016, organisational culture has deep roots in institutions that rely on their employers' principles, beliefs, and assumptions as its foundation. Any company's success is dependent on its organisational culture. Organizational culture is defined as "the way employees of an organisation connect to one other, their job, and the outside world in contrast to other groups," and it may have a significant impact on a company's worldwide performance (by Stefan Ivanko, Harvard Business Review) (2013). Due to the evident ambiguity of organisational culture as a term, Sudarsanam et al., have described it in a variety of ways (2010). Organizational culture was commonly recognised to be an implicit collection of values, beliefs, and assumptions held by members of groups, according to Sirmon et al., 2004. While national culture is concerned with long-term aims, organisational culture is concerned with short-term objectives. Shared beliefs in organisational rules and practises are at the heart of culture. Any company's success is dependent on its organisational culture. Organizational culture is defined as "the way employees of an organisation interact to one another, their job, and the outside world in comparison to other groups," and it may have a significant impact on a company's worldwide expansion success.

#### **Cultural diversity:**

Cultural diversity among employees is a critical issue for managers, because, aside from the undeniable reality of this in the majority of multinational companies, as well as in national companies, a different force of labour, from a cultural standpoint, brings both benefits and drawbacks to the organisation (Flavian Clipa et al., 2016). Workers' cultural diversity is an essential topic for managers since, aside from the indisputable fact of this in the majority of multinational organisations, but also in national corporations, a different force of labour provides benefits and drawbacks to the company from a cultural aspect. When a society recruits people from other countries, it must adhere to the cultural differences limits set out by Yeşil (2007).

#### **Globalization:**

Information technology, international commerce, and foreign investments enhance the integration and interaction of individuals, businesses, and governments from many nations. According to Parag Arun Narkhede (2020), the economic process of the business environment, which is driven by technologically related economic issues, is resulting in an ever-increasing spectrum of societal contacts across geographical points. Surprisingly, the increase in the number of firms with worldwide operations has coincided with an increase in the cultural variety of their workforce. Cultural values, expectations, and attitudes are the objective of many of our personal and social interactions. Some values cross cultural boundaries and are mutually reinforcing, resulting in encounters with a high risk of conflict, misunderstanding, poor performance, and, ultimately, individual and organisational ineffectiveness or failure. According to Rashmi Kodikal (2017), diversity in Indian organisations may lead to significant advantages such as increased ability, enhanced decision-making, and expanded product markets. However, whether or not these firms have international operations, increased cultural diversity might

pose significant issues. As a result of the growth in cultural diversity, businesses may be forced to adopt new methods for managing and motivating their employees. Different cultural values cause relationships with a significant potential for conflict, misunderstanding, poor performance, and ultimately individual and structural ineffectiveness or failure, according to Anant Preet Bhatti 2009. Several organisations' time unit practises are being influenced by such concerns.

#### **Human Resource Managers Role In Handling Cultural Differences**

According to Hasan et al., (2020), the cultural environment is one of the most important influencing variables for organisations on both a local and global scale. Employers must consider elements of this environment such as language, religion, values and attitudes, education, politics, and legislation in order to achieve success and peace. A global firm is bound to fail if these are ignored by a management who only examines his or her own cultural standards. According to Mihaela Vlad and colleagues (2013), "Most managers believe that an employee's attitude toward work is influenced by culturally unique elements, which, if understood, may be used to manage cultural differences. It is critical for a business to be able to thrive in a foreign nation and not to overlook cultural differences ". According to Jose Chiappetta Jabbour et al., (2011), if diversity is the goal and the HR function supports the company's goals, it might result in a favourable environment for diversity management. Furthermore, (Boerner et al.,(2011) argues that a company's employers are the most significant in creating an inclusive culture, implying that it is necessary for HR to be associated with the implementation of efficient policies. According to Shen et al., (2009), the primary role of human resource management in preventing cultural clashes is to teach workers in all elements of diversity, which is a good attitude toward employees in an organisation.

### **4. CULTURAL DIFFERENCE IMPACT ON VARIOUS HRM PRACTICES.**

#### **Recruitment and Selection**

Selection is the procedure of recruiting workers from the shortlisted applicants and granting them employment inside the firm. Recruitment refers to the way where possible individuals are searched for, thus inspired to apply for associate current or expected opening. Any organization's success is determined by its employees. Once an employee is well-matched for his or her position, the entire firm will reap the benefits of their unrivalled performance. Organizations may use achievement and choice to help them find the right people for the right jobs. Cultural differences are the various ideas, behaviours, languages, traditions, and expressions that are regarded to be unique to people of a certain quality, race, or national origin. Employees who are younger or older than their coworkers, employees with higher degrees than others in the office, and persons who grew up in either urban regions or villages are examples of cultural differences in the workplace. As a result, the employees normally have more similarities than differences, but the differences usually outweigh the similarities. Whereas these differences will result in a vibrant workplace, and it will be reflected in the organization's cultural differences. Culture vary considerably over the world, and organisations must consider culture after their hour practises are completed. As a result, cultural differences influence the pattern of achievement and selection observe and collectively the path through which it is to be achieved, and hour managers must understand the culture of the country prior to the achievement and selection procedure, as demand differs from country to country. Cultural differences play an important part in international enlistment. To ensure that the candidate's onboarding is flawless, it's important to educate yourself on the cultural, customs, and rituals of other nations. Knowing these variants allows you to enrol a lot of influential people and expand your opportunities for advancement.

#### **Employee Training**

The culture of an organisation determines how things are done there. In today's competitive market, organisations with high-motivated learning cultures outperform their competitors. All of the actions and internal processes that one encounters in any training setting are influenced by cultural variations. Every employee must go through training to learn about the job, the organisation, and the culture. In many aspects of a company, culture cannot be overlooked, and training is no exception. The manager believes it is tough to prepare people from other countries who have different cultures, languages, eating and clothing habits, beliefs and standards, and so on. When persons from different cultures participate in training from opposite ends of the spectrum, inefficient learning can occur. A human resources manager must ensure that a trainer is familiar with the culture of those who will be participating in the training. Training will be more effective if it is aligned. Employees must be given a forum to exchange essential cultural knowledge with one another. HR is in charge of defining what constitutes suitable workplace behaviour and enforcing that code of conduct in all locations. As a result, in international organisations, cultural conflict can be avoided.

### Employee Motivation

Employers and managers who appreciate how cultural variations may contribute to organisational performance often find it thrilling but tough to motivate individuals from diverse cultures. Simultaneously, firms have issues when they separate individuals rather than employing management and motivating approaches that focus on common characteristics throughout the workforce. When it comes to inspiring personnel from various cultures, it is difficult to believe that one technique would work for everybody. Employees that are motivated are more productive and help a business attain better levels of production. When managers and workers or supervisors and managers have cultural conflicts, it can lead to lower levels of engagement, poor communication, and decreased productivity. As a result, businesses must create culture-sensitive incentive programmes to urge workers to work more. Managers must understand which incentive strategies are most effective in raising employee motivation. As a result, motivating tactics differ by culture. It is critical to define culture in a broad sense that encompasses more than race, colour, sex, national origin, and religion, and HR professionals should conduct an employee survey to understand more about employee cultures in order to better motivate employees.

### Employee Performance

The framework for performance is defined and assessed through performance control. As a result, the most challenging and critical aspect of increasing efficiency is human resource management. In a global firm, teamwork is essential for approaching the new culture with an open mind, supporting cooperation practises, and sharing responsibilities rather than dwelling on individual differences. Individuals' perceptions of themselves and others are influenced by their cultural background. Their communications are influenced by their perceptions. Confusion, a lack of collaboration proclivity, low morale, and poor performance result from ineffective communication of critical goals caused by cultural differences. Human resource managers must handle difficulties like as communication, flexibility, and change in order for a diverse group of individuals to operate effectively as an organisation. In general, when a company has many locations, communication obstacles play a key influence in employee success across cultures. As a result, HR must use a common communication platform in a multi-cultural context, as well as have an open mind to understand diverse cultures, be aware of cultural subtleties, practise active listening, and be conscious of nonverbal communication as well as voice tone.

### Human Resources Management Policies

HRM policies define the organization's perspective, expectations, and values on how people are treated, and serve as a point of reference for the development of structural practises and individual decisions, as well as ensuring that people are treated equally. The goal of this article is to show that as cultures grow more similar, so can businesses. The thesis is that there is a global trend for industrialisation-related technology and economic processes to drive hour systems towards homogeneity. Others argue that substantial cultural differences between civilizations make rapid transformation impossible. Workplace management European countries employ technology to increase men's flexibility and aggression, but Singapore is highly influenced by American multinational corporations with Asia headquarters in the city-state. Formation of abilities Asian countries and the Dutch East Indies have a glut of unskilled labour but a shortage of trained and qualified workers, whereas Singapore's government actively pushes high levels of education and training.

## 5. CONCLUSION

As this research indicates, there is a great deal of diversity both inside and between national cultures. Organizational multiculturalism has grown significantly in the last thirty years. As a result, companies are increasingly confronted with the necessity to manage the consequences of this increased cultural diversity for various human resource management (HRM) procedures and practises. We've attempted to explain a few HRM-related behaviours where cultural variations have an influence. Multiculturalism has been shown to have the greatest influence on training and negotiations among the various HRM processes. Much of our understanding of human resource management (HRM) practises in organisations is based on studies conducted in single civilizations or concerning diversity within a single country. As a result, while cultural differences might contribute to a more lively work atmosphere, they can also lead to cultural clashes. We acknowledge that further study is required to have a better understanding of the impact of multiculturalism on HRM procedures and practises.

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