Cultural Risks in partners' countries – comparative analysis

O1 REPORT

INTRODUCTION

The report concerns Intellectual Output O1 – **Cultural risks in multicultural organisations**. Understanding the cultural value systems of different cultures is a key factor in anticipating the behaviour of staff in a specific business environment. Several research studies have acknowledged the impact of culture on communication across organisations and its impact on business operations, however no study has attempted to measure and quantify cultural risks, which can influence the effectiveness of the work of staff at different levels – managerial and lower level staff.

OBJECT OF ANALYSIS

The aim of the study was to identify the risks that may occur in the multicultural environments in various countries (Poland, Italy, Cyprus, Latvia, and the United Kingdom) and to compare those risks basing on the reports gathered from the partners. This aim was achieved by analysing the data delivered. The object of the analysis was also to examine how the skills of cross-cultural communication affect different types of cultural risks.

All the partners gathered brief summaries including recognition and analysis of risks that may occur in multicultural environments from their country's perspective. These summaries were carried out with the use of such methods as: literature reviews, document analyses, case studies, and interviews with the managerial staff of multicultural organisations. Due to the number of partners, analysis was conducted in accordance with the block method.

TYPES OF RISKS IDENTIFIED AND BEHAVIORS LINKED WITH THE RISKS

United Kingdom – Coventry University recognised the following behaviours that may cause risks in multicultural organisations: balance between individual and group work based on the country's culture favouring individualism vs. collectivism; language barrier (concerning the use of idioms that do not always translate the same meaning to everyone); low or high-power distance cultures (people from a low-power distance culture would be more comfortable debating with others), gender perception (in different cultures this could affect the way people treat or expect to be treated from others); building trust (differences in culture can affect the way, time needed and level of difficulty for people offering and gaining the trust of others within an organisation); intergenerational perspectives (there may be issues with the younger workforce as this may be considered immature and have differences in work ethics). According to the CIPD on HR report, prejudice and bias still exists in the workplace, and this is

associated with discrimination – this in turn is associated with negative outcomes for employees. Many issues contribute to inequality, lack of women in leadership positions to perceptions of disabled job applicants. The factors maintaining inequality begin at the first touchpoint of employee lifecycle: access to jobs. Performance evaluations for different groups may be biased. Throughout the employee lifecycle, bias and stigma may influence an individual's experience at work, with research shining a light on the barriers faced by those with disabilities.

Italy – According to Training2000, cultural risks in organizations are related to the following four identified areas: communication (people from different cultures vary in how they relate to content of communication and style and there also may be risks related to language issues); team-building (some cultures are individualistic, and people want to work alone, other cultures value cooperation within or among other teams); time (different perceptions of time can cause misunderstandings in the workplace, especially with scheduling and deadlines); schedules (work can be impacted by cultural and religious events affecting the workplace). The ability to interact effectively with people from different cultures depends on the awareness of one's own cultural worldview, knowledge of other cultural practices and worldviews, tolerant attitudes towards cultural differences, and cross-cultural skills. Team-building issues can be more problematic as teams are comprised of people from individualistic and collectivistic cultures.

Cyprus - DIPA Business Solutions Ltd listed the following risks: team building risk, team split risk, team leadership risk, risk of changing dynamics in the company/organisations, risk of isolation, religion, gender-orientated differences, communication, differently expressed joy or pity, different cultural based behaviours in the area of time management, misunderstanding an expectation and, last but not least, risk in Health and Safety. In multicultural teams, with the increase of culture diversity, social comparison and classification processes might occur. These processes will create individual behaviours and these behaviours might divide the team into race-based, gender-based, ethic-based, ideology-based or any other category-based groups and/or sub groups. The isolation may occur in two ways: isolation of the "cultural-different employee" by other employees and self-isolation and not participation (e.g. in organisation's events) by the "culturally different". Communication risk is also divided into two types: non-linguistic (as an example, misunderstandings between employees by receiving and explaining the wrong way of signs or behaviours) and linguistic.

Poland – Institute for Sustainable Technologies – National Research Institute in Radom identified the following risks: individualism and collectivism, decreased employee morale, language misunderstandings and lack of clarity in communication, offending someone unintentionally, project delays, different interpretations of the same situation, parochialism, ethnocentrism, decrease in efficiency, intensified need deficiencies, stereotypes, creation of subgroups, staff rotation, passive resistance and a sense of shame. In particular, people being guided by prejudices and stereotypes are at risk of framing their perceptions using assumptions that may emerge and be activated, usually by triggers at the unconscious level of perception. People from other cultures have different approaches to work style, for example they prefer to work alone when others cooperate in a team. Communication risk is also visible in Polish organisations and it is divided into the linguistic and non-linguistic types.

In many international organisations that have branches in Poland, it is noticed that there is an attempt to implement various solution without taking into account Polish specificity and this can lead to a decrease in efficiency for the whole organisation.

Latvia – "Safe Shelter House" recognised the following risks and challenges in intercultural communication: various communication styles (differences can be found even within one culture, according to the individual's personality, social origin, education, and other factors); different attitudes to conflict situations (some people tend to resolve conflicts openly, some will attempt to avoid potential breakouts of a conflict as much as possible); different attitudes to fulfilment of tasks (may be related to availability of resources and motivation and different understanding of the tactics necessary for achievement of the objective); different attitudes to openness (showing of different emotions may be viewed as a manifestation of bad manners and weakness, while other emotions can be shown rather freely); different ways of mastering knowledge (a way which is a normal state of things and accepted in one culture, may seem incomprehensible and inadequate for an outsider); different perceptions/attitudes to time and place (countries pertaining to Western cultures perceive time as quantitative, measurable and they look at it from the linear perspective while the attitude of other cultures to time may be based on a different perception); non-verbal communication (the cultural origin determines the emphasis on verbal and non-verbal means of communication).

CONCLUSIONS

All the partners agree that cultural risks occur in multicultural organisations in their countries. Based on data provided it can be concluded that in the vast majority the risks occurred are similar. Primarily the risks may be caused by a different approach to culture-related work style: individualism vs. collectivism or low-power distance vs. high-power distance. In each summary, communication risks were a large part, but communication is a very broad concept that includes linguistic (e.g. language barrier, misunderstandings resulting from the use of idioms) and non-linguistic issues (e.g. low/high-context culture).

Indication of different types of risks in different multicultural organisations was also supposed to clarify whether the risks are related only to the efficiency of work or also to the social aspects, e.g. social exclusion in the staff environment. After analysing the data gathered by the partners it is clear that the risks are both related to the efficiency of work and to the social aspects. Those related to the social aspects may cause the creation of subgroups, excluding people from other cultures. This exclusion may be due to underlying prejudices, discomfort or unfamiliarity with other ethnic groups, or displeasure with changing policies and procedures. On the other hand, prejudices and lack of knowledge about other cultures may cause self-isolation of the "cultural-different employee". It is closely linked to the efficiency of work because a person that is excluded (no matter if it is isolation caused by the group or self-isolation) may lose the desire and commitment to work, feel uncomfortable and decrease efficiency. As a consequence it may lead to quitting a Job. An employer must find, train and incorporate a new employee – this generates costs and delays of tasks and projects thus affecting the entire organisation. The managerial staff of the organization should be culturally aware and should place emphasis on stronger inclusion of people at risk of social exclusion at work.

Almost all organisations are exposed to cultural risks nowadays. It does not matter whether it is a small local company or a large international corporation, wherever people from different cultures work, there are and there will be problems arising from cultural differences. This is why it is so important to develop cultural awareness among every member of the community, build on communications skills, knowledge of cultures and diversity management. A culturally aware person is able to analyse every culture-related situation, understand the differences and adapt their behaviour regarding cross-cultural communication, thus, eliminating prejudices and stereotypes.

Occurrence of cultural risks is also a result of ignorance and fear of cultural differences, as the Latvian summary points out. The majority of the Latvian population looks with concern at the increase in diversity of cultures and traditions, as well as the permanent relocation of nationals of other countries to Latvia. According to a survey conducted, there are myths and lack of knowledge in the society about immigration statistics, as well as rights and public services provided to immigrants. Nowadays similar prejudices are also present in other European countries where more and more people of different cultural backgrounds migrate to Europe. Thus developing cultural awareness is of great importance in every organisation, and this should be achieved by focusing on the risks identified in this report.