A COMPARATIVE STUDY OF INDIAN AND AMERICAN CULTURE AND ITS IMPACT ON EMPLOYEE PERFORMANCE

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1.1 : INTRODUCTION

'Culture' refers to the prevailing norms and values which guide the way people behave in a society or in an organisation. The word 'culture' apparently originates from the Latin word '*cultura*,' which can be translated as a cult or a concept related to worship. Cult members embed the ways of doing things that is supernaturally mandated into the culture they develop. According to Terpstra and David (1985), "Culture is a learned, shared, compelling, interrelated set of symbols whose meaning provides a set of orientations for members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable." Culture at the global level of the external environment relates to the interaction of at least one national culture with another. Culture at the national level can result from one nation attributing characteristics to another. National culture is determined by religion, politics, economies, education, language, social structure. It is these determinants, their variations and how they are viewed by other nationalities which define a country's national culture.

1.2 : ORGANISATION CULTURE

The concept of culture is relevant to organisations as they influence the way the employees in an organization interact with each other. Organisational culture can result from the internal structure of an organisation and from the type of people it employs. Mike Berrel et el(2000) in a case study of Australian and Malaysian Collaboration found that organisations generally accept the existence of two "cultures" within an organisation – the "systems" culture and the "organisational" culture. National culture too has a significant, yet often underestimated, impact on organisational learning in international joint ventures. Motivated by national culture, stakeholders strive continuously to create sufficient shared meaning and management practices to make a joint venture viable. Kogut and Singh (1988) suggest that cultural distance can play a role in determining the nature of foreign investment and Tahir and Larimo (2004) suggest that overseas investors are more likely to invest in areas with a low cultural distance from their home country. Studies have shown that there exists a positive relationship between organization culture and employee performance (Wambugu 2014; Uddin & Hossein 2013)

Organisation culture has an effect on the performance and sustainability of an organization. An effective management of organizational culture leads to attainment of profitability. Organisation Culture helps in internalizing joint relationships that lead to managing effective organization processes (Awadh et.el.2013). In an interesting observation Upadhaya(2012) mentions that with the increasing integration of the global economy, diverse management styles (American, German, Japanese) have tended to merge together into a single dominant model— an ideal type 'global' corporate culture that every company, worker and manager must work towards in order to

compete in the global market . Hence it leads us to question the role and impact of national culture on organization culture and employee performance in a globalized environment.

1.3 : OBJECTIVES

Culture is an important aspect when the organizations consider the feasibility of investing in a foreign country. Organizational culture may override national culture, yet when a multinational comes into a host country the national culture has a deep impact on the working of the organization. The paper studies the impact of Indian national culture on the employees working in US multinationals. The basic objectives are:

- To identify the points of difference between the Indian culture and the American Culture.

- To study the impact of culture differences on the behavioral patterns of employees working in US multinationals in India

- To develop a cultural adjustment platform for the employees to interact comfortably with each other.

1.4: METHODOLOGY

The paper makes use of secondary data which has been collected from various publications, journals and online sources. There exists various models that describe the cultural dimensions however the current paper uses the original Geert Hofstede model (1980) to draw a comparison between the cultural dimensions of the two countries. The Hofstede Model considers five dimensions of culture namely;

1. Power distance: It measures the degree to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. The higher the power distance score, the greater is the acceptance of power distribution inequality.

2. Individualism: It measures the degree of interdependence between the members of the society. A higher individualism score indicates the use of 'I' instead of 'We'. In Individualist societies having the dominance of 'I' the individual's interest is limited to one's own self and their direct family only whereas in collectivist society people identify themselves with groups.

3. Masculinity/Feminity: It measures the extent to which the display of power and success is accepted in the society. A high score on this dimension points to a masculine society that is driven by competition, achievement and success.

4. Uncertainty Avoidance: It measures the point of control of individuals in the society. A high score means that the people believe in the external forces that are beyond the control of the individual to be stronger that the internal self. The extent to which the members of a culture feel threatened by uncertainty and have created beliefs and institutions that try to avoid these is reflected in the UAI score

5. Long term Orientation: It measures the approach of the people with respect to time. A high score means that the people are interested in long term results whereas a low score is indicative of the preference of the members of the society for immediate short term results.

1.5: A COMPARATIVE ANALYSIS OF CULTURE

If we explore the Indian and American culture through the lens of the 5-D Model, we can get a good overview of the deep drivers of Indian culture relative to American culture.
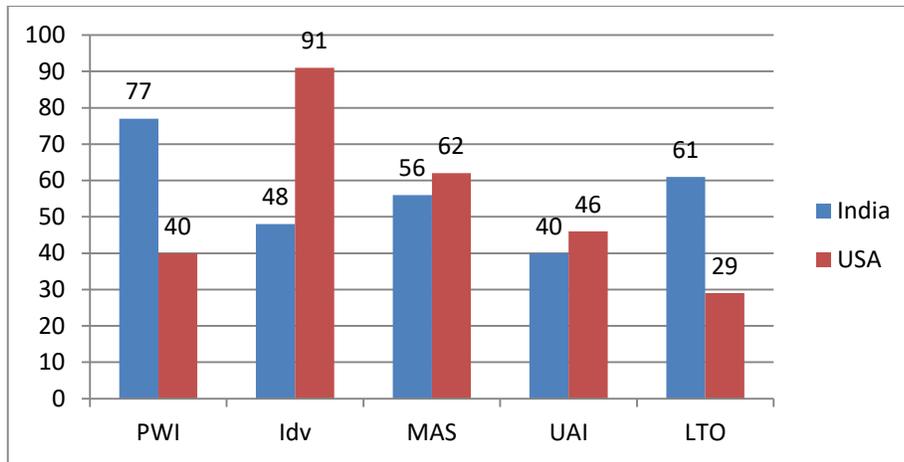
I.   Power distance

India has a high score of 77 on the Power distance index which shows that Indians strongly accept power distribution inequality. This points towards the existence of a hierarchical structure in society and organizations. The Indian employee would look towards his boss or the supervisor for direction. He would be comfortable having limited access to the superiors higher up in the hierarchy and prefer communicating with the immediate superior. There is an implicit acceptance of un-equal rights between the power holder and the other employees. They expect clear and precise directions regarding their role and what is expected of them. Their acceptance of unequal power distribution makes their attitude towards managers very formal.

In comparison to India, United States scores a low 40 on this dimension (40). Consequently the American companies have an informal atmosphere where hierarchy is established for convenience. There is a constant and a two way flow of information between the managers and employees. Interaction is informal, direct and participative.

Table 1: Power Distance: A Behavioral Comparison

INDIAN EMPLOYEE	AMERICAN EMPLOYEE
• Interact with their superiors in more of a formal style	• Interact less formally with their superiors.
• Operative work related decisions are made by a superior	• Operative work related decisions are made by competent employee.
• Instructions given in a fairly authoritarian manner and that they are followed unquestioningly	• Employee can decide, how he or she will reach his/her goal

II.   Individualism

India, gets a score of 48 and emerges as a society with clear collectivistic traits. The Indians have a high degree of preference for belonging to a large group. The individual goals are viewed as a part of the group goal. They give due importance to the opinion of one's family, extended family, work group etc. The opinion of the other in the group about self is important. To be rejected by one's peers or to be thought lowly of by one's extended and immediate in-groups makes the individual restless and frustrated. The employer/employee relationship is more than superficial. It is perceived as one of loyalty by the employee and almost familial protection by the Employer.

The United States, with a score of 91 on this dimension, is a highly individualistic culture. The US society is loosely-knit in which the people are expected to look after themselves and their immediate families. The Americans are uninhibited about approaching their colleagues at work place in order to obtain or seek information. Employees are expected to be self-reliant and display initiative. The future of an individual in an organization is dependent on how he proves his worth individually. The implication of individualism score on the employee's behavior in an organization is shown in table 2.

Table 2: Individualism: A Behavioral Comparison

INDIAN EMPLOYEE	AMERICAN EMPLOYEE
• Acts cooperatively and establish group goals	• Prefer individual initiative
• Prefer to conform to social norm	• Non-conformist
• Determine identity through group affiliation	• Judge people through individual personal traits
• Make decisions as a part of a group	• Take decisions individually

III.   Masculinity / Feminity

India with a score of 56 on this dimension is a masculine society. The Indians exhibit their masculine behavior through visible display of success and power. They are averse to flaunting their signs of success. On this score, perhaps the Indians multicultural background comes to the forefront. The masculine behavior is more prominent in northern India than in any other part of India. India has a long history of culture where to practice humility and patience is preached in the teachings of all the religions being followed in this country. It is this fact that often reigns in people from indulging in masculine displays.

In more masculine countries the focus is on success and achievements, validated by material gains. Work is the center of one's life and visible symbols of success in the work place is very important. The United States score 62 and are also considered a "masculine" society. The Americans prefer to display visible symbols of success at their workplace. Their efforts are directed towards attaining maximum material gains as well as social recognition. There is a lot of similarity between the two cultures on this and there is relatively very less friction between the employees on this front. The behavioral implication of this dimension is summed up in Table 3

Table 3: Masculinity/Feminity: A Behavioral Comparison

INDIAN EMPLOYEE	AMERICAN EMPLOYEE
• The display of success is moderated by humility and abstinence deeply ingrained on account of the religious and spiritual teaching	• Tend to display and talk about their success and achievements freely
• Masculine nature combined with their collective nature results in competition taking at a group level	• Their masculine nature combined with individualistic nature results in competition taking place at individual level.

IV.   Uncertainty Avoidance

Uncertainty Avoidance measures the approach of the people in a culture towards future. The fact that future is unknown is accepted by all, however the way that a society deals with the anxiety and uncertainty that arises on account of the uncertain future is measured by uncertainty avoidance index. The lower the score the lower is the preference of the society in avoiding the future and higher the score the more the members of the culture feel threatened by ambiguous or unknown situations.

India has a score of 40 on this dimension and thus has a medium low preference for avoiding uncertainty. India is a culture having a rich cultural and spiritual heritage. The people have a high degree of patience and their acceptance of the future uncertainty is very high. People prefer not to be involved in highly action-initiatives, but rather show a proclivity for established roles and routines. The level of adjustment is very high and since they are low on questioning they tend to ignore uncomfortable situations or find ways and means to bypass the system in a manner that suits their purpose. The future is not threatening as this approach makes them believe that there is a solution for every problem.

There is not much difference between India and US on this dimension. US manages a score of 46 on this dimension. The American society is also an "uncertainty accepting" society. They are open to anything new, be it ideas, products, strategy, technology or business practices. However they prefer not to be tied down by an excessive web of rule and treasure freedom of expression.

Table 4: Uncertainty Avoidance : A behavioral Comparison

INDIAN EMPLOYEE	AMERICAN EMPLOYEE
• Like to collect information about the problem at hand and take time to make decisions	• They also make informed decisions but are relatively quick to take decisions
• Go by rules and regulations	
	• Do not mind deviating from the routine and trying something new
• Tend to be more committed to their decisions	• Prefer flexibility and may make last minute changes in the plan

V.   Long term orientation

India gets a high score of 61 and is considered as a long term, pragmatic culture. They lay emphasis on the long term dimension of time and hence do not consider quick and short term analysis. Since time is not linear in Indian culture, hence quite often punctuality is given a cold shoulder. Fate is considered as playing an important role in an individual's life.

Diametrically opposite to the Indian culture is the American culture on this dimension. The United States scores 29 on this dimension, hence it can be called as a short-term oriented culture. Time is considered linear and performance is measured on a short-term basis, with profit and loss statements being issued on a quarterly basis. Time is considered as a very valuable commodity and they prefer to deliver the results as quickly as possible. Since there is high degree of difference between the two cultures it has significant behavioral implications for the employees working in US multinationals in India.

Table 5 : Long Term Orientation : Behavioral Implication

INDIAN EMPLOYEE	AMERICAN EMPLOYEE
• Time is non linear	• Consider time to be a limited commodity
• Acknowledge the role of external environment as important	• Tend to have an internal locus of control
• Tend to forgive lack of punctuality	• Appreciate punctuality
• Believe in developing strong relationships at work	• Incline towards superficial relationships

1.6 : RECOMMENDATIONS

The above analysis reveals that there is a significant variation in the Indian and American culture on the three dimension of Power Distance , Individualism and Long Term Orientation. Collectively it points towards a friction in the following areas;

• The Indian employee prefers a formal approach while communicating with the superiors whereas the American prefer a more informal and uninhibited approach in their communication.

• The Indians identify with group goals and group affiliation whereas the American prefer individual initiative.

• Indians take things at its own pace and do not feel a need for hasty and short term approach. On the other hand the Americans are driven by short term goals and targets.

When people from such different cultures come together and are expected to work together in the same organization there are bound to be conflicts which create uncertainty and anxiety. This can either result in denial and withdrawal . The other way around is that they go in for cultural adjustments and develop a negotiated culture .

The negotiated culture gets created when employees from both the cultures show tolerance and adjustment towards each other. Keeping in mind the above cultural differences, some recommendations have been suggested for the employees.

1.6.1: Recommendation for the Indian Employees

• Need to challenge people in positions of authority in case of difference of opinion.

• Clear statement of targets and goals should be adopted

• Free communications with other employee needs to be encouraged

• Decrease the dependency on the group and try taking individual decision making

• As far as possible encourage individual initiative

• Let individual decision be such as to contribute to group goals

• Patience and humility needs to be practiced to give time to others to adjust

• Need to appreciate the value of Quick decision making and practice speedy response to problems

• There is nothing wrong to question and challenge rather than bypass the problem

• Need to be more flexible with respect to their roles and routines

• Need to strike a balance between task and relationship

• There is a need to communicate personal availability and limitations at the outset of the task

1.6.2: Recommendations for the American Employees

• Need to adopt a deferential attitude towards seniors

• Provide clear and detailed instructions to accomplish a task

• Communication with the employee should involve his immediate superior

• Allow extra time for decision making by the group

• Should participate in the group meetings

• Try to observe and follow the communication style being followed in the group

• Try including and acknowledging the contribution of other employees.

• Display of success is accepted as long as it does not exclude others

• Speed in decision making needs to be balanced with speed of acceptance as shown by target audience

• There would be a need to give greater directions and assurance

• Be ready to explain the rationale behind a new decision

• Expect higher lead times while implementing a new decision

• Need to adopt a flexible attitude and accept that there are things beyond your control

• A better understanding will develop if the tolerance limit and is stated beforehand with respect to behavior

1.7 : CONCLUSIONS

In a study conducted by Denison (1984) on 34 Americans certain characteristics were identified that helped in improving performance. The above discussion has shown that Americans are individualistic while Indians are collectivistic. For Americans the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. For Indians, people from birth onwards are integrated into strong, cohesive in-groups, often extended families which continue protecting them in exchange for unquestioning loyalty. This can have strong implication for team-working and information exchange.

In a meeting, Americans get down to business immediately, present detailed plan, express criticism while Indians focus on building relationship by beginning meetings with informal talks that mix private and professional life, disseminate information and are enthusiastic about all ideas.

Hence for the smooth working of organization and to ensure personal as well as organizational goal attainment, it is essential that there is improved communication in order to avoid misunderstandings. Team spirit should be fostered and a clear and shared vision of the objectives should be developed. This will improve knowledge transfer and information transfer and result in cultural awareness and cultural intelligence.

The current research adopted the Hofstede model for comparing the organization culture. The model suffers from the limitation that it does not explore the layers of subcultures that exist within the organization culture. Future research can be directed towards exploring these relationships. Further the impact of individuals culture and the national culture can be compared separately to impart greater depth to the study.

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