Cultural Diversity And Competitive Advantage (Based On A Report)

For the assignment, I read a report by Prof. Stefano Beggiora titled ‘Managing Cultural Differences in International Business: Indian & Italian Multicultural Encounters’. Two takeaways from this article, to illustrate how competitive edge has been generated by leveraging cultural diversity, were:

1. For a company boasting global clientele, cultural diversity provides a competitive edge the reason being that a large variety of cultures in an organization helps you relate to the needs of customers across the world. As an example, it talked about the Italian pharmaceutical company, Beltapharm Spa which is a business partner of Strides Arcolab, an Indian company leader in the healthcare sector. The collaboration has helped build a greater market for the company.
2. Culturally diverse teams perform their tasks faster and more efficiently due to varied inputs coming in from different quarters. The example given in the report to illustrate this point was the technological advancement of the USA who benefitted from the Anti-Semitism of the Third Reich in the 20th century, which resulted in several central European intellectuals migrating across the Atlantic, and continues to benefit from the ‘Brain Drain’ from Asia. In strictly business terms, it cited a recent study from McKinsey which found that diverse executive boards had a 95-percent higher return on equity than those with non-diverse boards.

Professor Beggiora used a study by social scientist Geer Hofstede to compare Italian and Indian culture on six different parameters. He concluded that several misunderstandings can arise due to misinterpretations of certain cultural norms. The examples mentioned in the article were:

1. Italian culture is highly individualistic with a score of 76 on Hofstede’s graphic while Indian culture has a score of 48 and is more on the collectivistic side. In individualistic societies, nepotism is frowned upon whilst in collectivistic countries, it is a normal and functional practice. Hence the practice by some Indian companies to offer the opportunity to their employees to hire their sons/ daughters, irrespective of meritocracy, could be interpreted as rude and unethical by an Italian manager. In my opinion, such practices must be avoided in multicultural organizations to prevent anybody from taking the wrong impression.
2. Italian culture is a change-fearing one as most Italians are afraid of any change that crosses their path. For example, it is very common for an Italian to remain in the same profession for a lifetime. On the other hand, Indian work culture, at least in the urban sense, is a change-embracing one. So, according to me, an Indian manager dealing with Italians should be careful with each suggestion that could bring a big change and should always provide a sense of safety.
3. The traditional work approach in India is characterized by little punctuality and Indians tend to respond more to social relationships than schedules, without considering time and punctuality seriously. Hence Indian culture has a very relaxed approach towards time whereas time is considered of prime importance in Italian culture to the extent that

workers agree to work overtime to finish their tasks. Lack of punctuality is a drawback for any organization and I feel many Indian companies are becoming much more punctual now upon facing international business partnerships.

In conclusion, it can be safely said that intermingling different cultures are always advantageous for an organization. To counter the reservations one community might have for another, it is important for all involved parties to have an open mind and be ready to let go of all preconceived notions.