



## SHARED SERVICES

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### Socio-Cultural Considerations – Cultural Diversity and Business Practices

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The ways that different cultures interpret, react, and respond in varying situations has a major impact on the success of any international business venture, and global Shared Services is no exception. Some of the ways that cultures vary and affect the Global Shared Services environment involve differences in:

- Verbal/written styles,
- Sense of hierarchy/family,
- Work styles, methods, and ethics,
- Decision-making processes,
- Meeting etiquette, e.g., starting on time, taking notes,
- Levels of technology acceptance, and
- Openness towards new ideas and change.

Culture is defined as the “the total of the inherited ideas, beliefs, values, and knowledge, which constitute the shared bases of social action” (Collins English Dictionary). It is an unwritten code of behavior that individuals have internalized from their earliest childhood, permeating conscious and unconscious thoughts, feelings, and perceptions. It affects the way individuals interpret and judge events, respond to new situations, and make decisions. It is reflected in the language people use to describe daily phenomena, reinforced by stories and heroes, expressed in the culture’s values and views, and passed down -- formally and informally -- from generation to generation. Cultural differences are found on a variety of levels from national/country, ethnic/group membership, corporate/professional, personal/individual, etc.

Numerous studies have documented the integral role that culture plays in international assignments. Most notable are the works of Geert Hofstede (1980, 2001), Fons Trompenaars (1998), and our own previous work on global mindsets (Guy & Beaman 2003, 2004). Failure to understand the influence that culture and language play on business has led to misunderstandings, miscommunications, costly marketing blunders, lawsuits, and a general undermining of corporate goals.

A number of models have been developed to describe the different dimensions of culture (e.g., Hofstede's five, Trompenaars' seven, and Hall's two). The nine dimensions described by Schell and Stolz-Loike (1994) provide a useful categorization for thinking about cultural differences in a global operation:

- Relationships – importance of building relationships versus completing a job,
- Time – importance of personal relationships versus adherence to schedules,
- Communication – ways the society communicates, including gestures,
- Hierarchy – perception of rank in relationship to others and ways of interacting,
- Status Attainment – importance of personal achievement and sense of well-being,
- Space/Proxemics – amount of space needed for comfort in business and personal environments,
- Group Dependence – importance of the individual versus the group in social and business situations,
- Diversity Receptivity – association of roles, power, and authority with gender, race, religion, and country of origin, and
- Change Tolerance – responses to change, need for rules, ability to take risks, and perception of control over one's own destiny.

Some strategies for dealing with cultural diversity in a Global Shared Services environment include:

- Provide Cultural Awareness Training for people from different cultures newly coming together in a Shared Services operation to help them understand and appreciate cultural differences and diverse working styles.
- Conduct Cultural Adaptability Assessments for individuals who will be involved in working across cultures, including key players from the corporate home office, to determine who would be the “best fit” to work in a global environment.

### **Business Practices**

Business processes, standards, data consolidation, reporting, and measurements also vary considerably across countries. What may be a good, common process in one country may be considered in poor taste by another. What may be an excellent service metric by one local business unit may be considered only adequate by another. Interpretation and implementation of business practices resulting from differences in legal, statutory, and compliance environments are a common challenge for all global operations. Striking the right balance between meeting local legislative requirements and staying in line with global company standards is not particularly easy or straightforward.

Similarly, “different HR Shared Services groups may place varying levels of emphasis on team versus individual accountability for results, and it is important to assess the extent to which employees' daily behaviours are aligned with that value” (Barnett and Pender, in this volume). Americans are known for their individualism and independence, whereas the Japanese place a much stronger focus on interdependence and teamwork, as exemplified in the Japanese expression, “the nail that sticks up gets hammered.” These differences in business customs and accountabilities necessitate different strategies for implementing and measuring common business practices around the world.

Some strategies for dealing with varying business practices in a global context include:

- Set up a cross-cultural Business Process Standards committee to review local and regional business processes, evaluate the best fit for local/regional/global implementation, and make recommendations. The committee should be made up of individuals with diverse cultural backgrounds from each country and/or local business unit support by the SSC. The individuals

should demonstrate a “geocentric” global mindset, striving for commonalities and universalities across the globe (Beaman 2004).

- Maintain local legislative and compliance teams to ensure that all laws and regulations are closely followed and adhered to. Reporting on the status of local compliance efforts to global headquarters should be limited to aggregate, audit-like information, rather than details on specific compliance measures.

Jeitosa has extensive experience working with a number of companies in deploying global shared services operations. Future newsletter articles will share more of our experiences and insights. 🌐

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