

# Managing cultural diversity - strategies for organizational success

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## ABSTRACT

*The strategic role of the HR Manager for the overall management of the organization brings success for the company. However, the traditional role and function of the HR Manager has undergone many changes. He has to face more challenges in the present days as never before. It is mostly due to more diversified employees in the present day organizations. Among various issues like quality, productivity, talent retention, rightsizing the work force, customer satisfaction, total quality management; management of the diversified workforce has become one of the crucial HR issues. The differences in values, belief system, behaviour, attitude, customs, habits among the workforce makes diversity among them. More or less, managing the cultural diversity in an organization and rebuilding a culture in tune with the international expectations to achieve a long-term success; is really the challenging area of concern for the HR professionals. The problems of expatriates & repatriates; organizational dynamics, training & development programmes, cultural integration and how to develop global managers with professionalism, cross-cultural sensitivity, adaptability to the host and home country's environment and allied aspects have been discussed in this article. In this conceptual paper, an integrative approach for the effective management of the diversified cultural work force has been suggested. The futuristic trend of employment will further expand from regional market to global market opening more avenues for foreign assignments. In this context, the quality of expatriate employees and management seems to be even more critical than in domestic operations. Confidence building, counselling and maintaining kinship relationship are vital aspects to be dealt with great care for the management of cross-cultural issues.*

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## Introduction

The contours of business organizations are expanding from local to global dimensions especially from the geographical point of view. Modern day business organizations in India today have become melting pot of employees belonging to different regions and cultures. Multilingual, multicultural and multiple expectations of the employees have brought challenges before the HR Manager. It has made importance for the management of the diversified workforce and to build an organizational culture which is acceptable by the employees. Confidence, commitment, goal congruence and over & above better performance for organizational success should be the ultimate focus of any business house. Reaping the benefit by sharing the multiple values, competency and competitive opportunities have become necessary functional elements for the HR Department. In this paper the growing necessity of the diversity management at the workplace has been discussed. The orientation, motivation, creativity, acculturation, stratification and other strategic aspects for managing diversity are the focus of this conceptual paper.

## Review of Literature

### i) Concept of Culture:

The word culture comes from the Greek word *Kultura* which means to act upon nature. It is

expected for people to cope with the problems they encounter in the nature which necessarily requires problem solving strategies.

Culture is the sum total of beliefs, rules, institutions and artifacts which characterize human populations. It is the set of beliefs, values and norms that have been shaped up as a result of the prevailing environment. It is the people who accept/adopt to different natural environment.

Culture is the collective programming of the mind. It has various components as: communication, language, dress & appearance, food habits, time, rewards & recognition, values & norms.

Helen et.al. have mentioned both explicit and implicit concepts of culture.

Different cultural background influence employee/s and organizations differently. The companies go for scanning, selecting, interpreting and validating information and take strategies for effective acculturation of employees.

### ii) Diversity Management

In the competitive market, changes are essential to meet and match the expectation of the customers. More or less, change is essential in tune with global requirements. The success of new ventures of any company depends on the dynamics of the corporate culture. The growing complexity, increasing ambiguity, enormous work pressure makes the organization to build a global culture

which can inspire human resources from various regions to work and imbibe to any organization without any heterogenic feeling. The gradual expansion of companies from local operation to international assignments, application of indigenous technology to sophisticated technology, local employees to expatriates/repatriates bring more HR issues in this present context.

The importance of managing diversity is due to the realization of the value of diversity and the growing necessity for racial equality. (Prabhu, 2009)

Multicultural organizations have the employees belong to different cultures and they need to appreciate this diversity and optimize the opportunities. For this purpose, management of cultural differences should be imparted various training methods and proper orientation and motivation of the workforce.

Different Multinational corporations explore their cultural diversity issues and take competitive strategies for greater advantage.

It is the fact that employees from diverse backgrounds bring in individual aspirations as they join the workforce. These aspirations need to be harnessed for better contribution of the individual employees as well as for the success of the company.

Discrimination is everyone's business. (Volvo Car Corporation, 2000) It has been given in its booklet that the challenges of racism, discrimination and intolerance are obvious in societies and organizations. The company must reflect diverse demands to expand its business and to cater to the broad spectrum of customers.

It has been observed that diversity is a necessity at all levels of decision-making as it provides wider solution base. The modern organizations have to keep diversity for effective strategic implementation with irrespective of their size. (Rowe) It is the onus of the management to effectively manage the diverse workforce for getting high morale, commitment and employees' satisfaction. It ultimately controls employee attrition rate. Diversity is not only a developmental issue but also provides an opportunity for better customer service. It also gives more scope for exploring the needs, demands and quality specifications of different customers from the market perspective.

The acquisition of diverse staff increase the ability to attract new clientele, create new work and management styles and build different structures which meet the expectations of employee as well as the clientele. (Ewert, 1994)

In a survey conducted by Prabhu (2009) in some companies which origin is India, UK, USA, Canada,

Netherlands and Singapore, it was found that the companies take many initiatives to manage their diversified workforce.

The companies take different strategies to utilize the resourcefulness of the diversified employees working in companies. The hiring strategy insists on a new parameter for hiring employees. In this vital step of HR Planning, beside basic qualifications of perspective employees, his fitness, willingness and adaptability to work among the people from diverse origins are taken as one of the parameters. The selection team itself comprises of selectors with diverse origins and have cross-cultural employment experiences. All employees are expected to communicate in a common language. The hiring strategy ensures that all employee converses in common English language at the workplace and there would be no scope for conversation in native language. It is equally important that the top management commitment is required for providing scope for employees at all levels involving them in decision-making process. Many organizations have ramifications in different geographic places. Even in some small towns, company branches operate and employ local resources to minimize diversity. A homogenous workforce has less diversity issues. Organizations recruit and assign jobs on team basis. The team members are heterogeneous in nature, which do not contain more than one employee belonging to the same region or language. It is for ensuring

better team spirit and for their effective functioning. They train employees in common language for the sake of homogeneity in business circles. Firms take communication and mentoring activities to manage diversity.

Multicultural workforce has become today's realities. And workplaces are symbolizing multicultural villages. The employees with cross border relationships have to handle intercultural tasks. It is the responsibility of the HR Managers in identifying, cultivating, training and developing the skills of the future global leaders. (Priya M. & Uma Maheshwari, 2009)

Globalization and internalization of business has provided growth of new markets and consequently increased the level of competition amongst firms both at the domestic and international levels. It has resulted in an increase of cross-national HRM studies.

Wild and Han (2000) in their study focused that firms progress through five stages in international operations. And they have given that when a firm starts its functions in the domestic market. Gradually it gets expanded and makes transnational operations. Global companies mostly sell their brands more in the international market than their domestic domain. They hire employees with different cultural backgrounds for the international/overseas assignments. Employees

found difficult to cope with the differences in the values, beliefs and norms of other employees. It is suggested that effective cultural competencies, approaches and strategies are essential for bridging the cultural diversity.

## Managing diversified workforce

### i) Strategies

IBM's eight diversity task forces gathered data on personnel trends as well as labour and customer markets for their respective groups. The diversity initiatives taken by the company help to shape the employees' thinking about possible business and development opportunities. (David Thomas, 2004).

Workforce diversity was the bridge. Greater diversity in the workplace could help IBM attract a more diverse customer set.

The global companies apply various staffing approaches. The ethnocentric polycentric, geocentric and region-centric approaches are

applied. The geocentric approach considers people from across the world for all positions irrespective of the nationality.

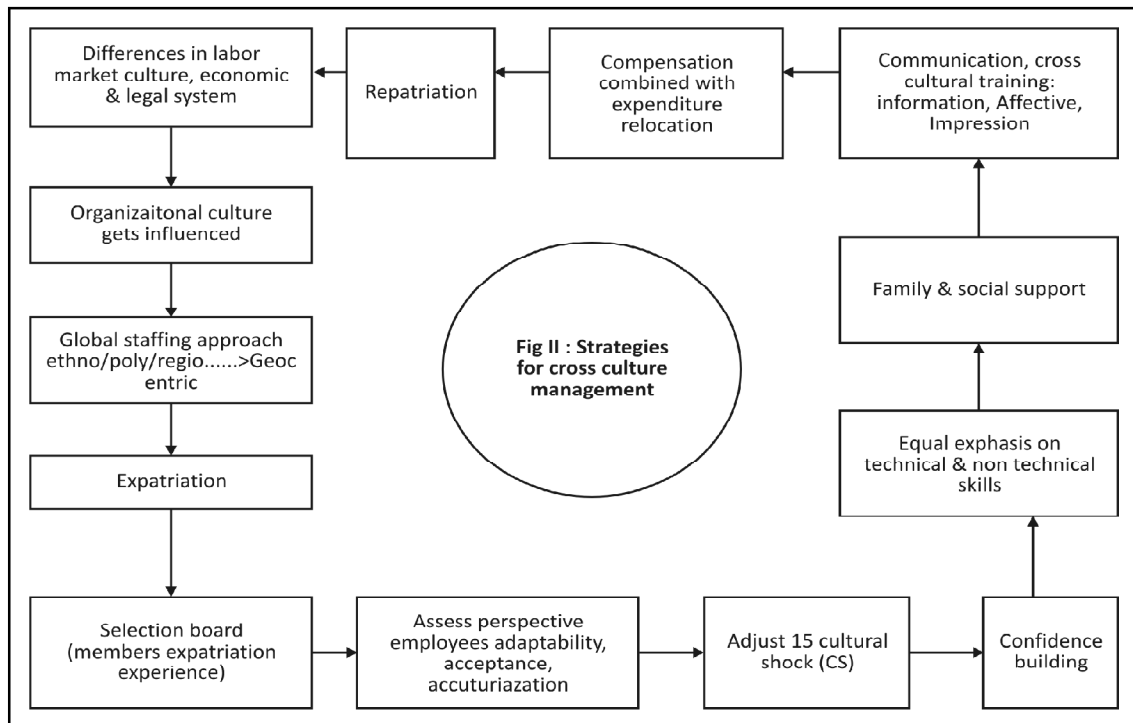
The success story of a global company is scripted by taking suitable strategies for managing the diversified workforce. In the current diversified organizations operating both in home and also in host countries, cultural diversity is obvious. It is the HR Manager who has to take innovative strategies like hiring the suitable culturally adaptable resource for the success of the overseas assignments. He has to select the global employee by a selection board belonging to different nations and having expatriate experience of about three to five years. (Uma etc.,2009) Besides, multilingual, communication, team building and mentoring are essential from the organizational success point of view. The retention of employees, right motivation, their suitable relocation after expatriation & repatriation, for the long term success on the part of an MNC. Different strategies are given in figure as follows.

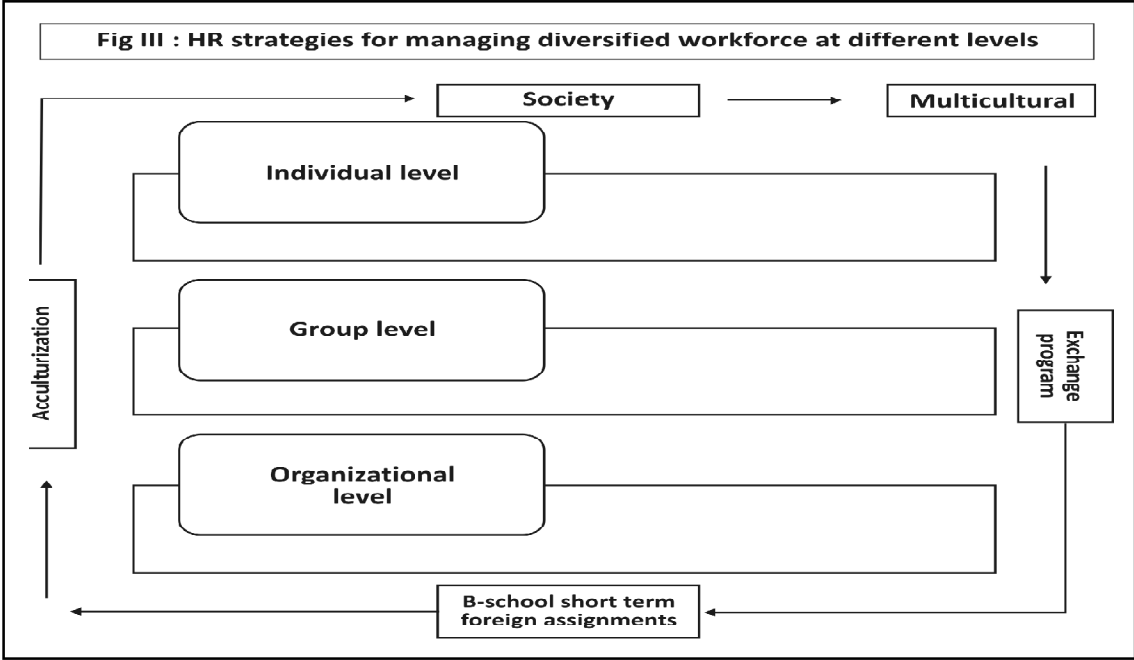
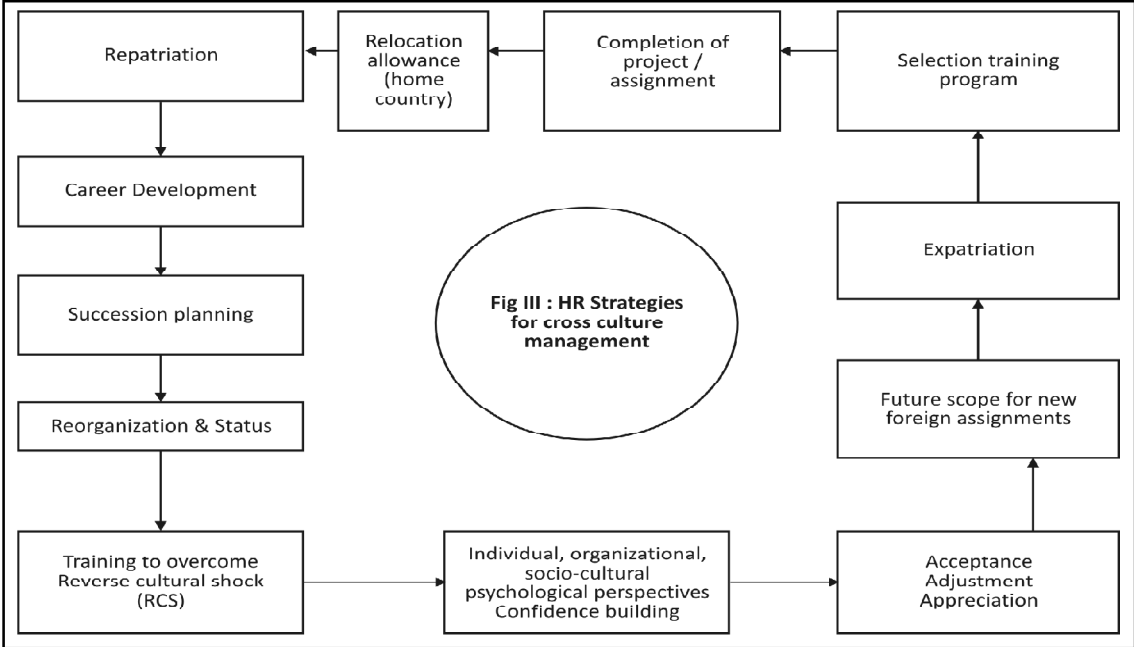


Figure-I: Strategies for Managing Diversified workforce

As the figure –I portrays, various aspects in diversified management strategies are to be applied. By taking such measures as mentoring, communication training, business etiquette, value system and social, business norms of a country especially where the concerned employee/ manager has to carry out his international work assignments, and over & above his family support for his career as an expatriate has also to be equally emphasized. It is given in figure-II, III & IV that the family, social and work life are also responsible for the professional growth and development of an employee. It has equal impact on the job satisfaction, morale and commitment of

employees. It is concomitant that the psychological contract obligation and also the economic cost benefit for the employee and the company concerned have to be considered equally from the Human Capital Management point of view. By this the diversity management should not be any burden for the company as well as for the employees. Different types of internal training and orientation programmes are to be imparted for effective cross cultural management of the diversity workforce. The purpose is to minimize discrimination followed by improving the talent pool to have a competitive advantage in the globalized era.





## **ii) Challenges:**

Managing diversity is one of the core competencies which should be used to assess executive's performance along with other expected functional parameters. Suitability of the candidate in the prescribed job, adjustment in the new work environment and acceptance by the fellow employees are key factors in determining the success of an organization. The changing nature of work environment due to global workforce, diversity in cultural values of the employees belonging to different countries, changes in the specification of the customers, melting down of global economy, disaster of natural flora & fauna, and the political instability; all have given new challenges to the HR Manager. Record keeping to record making and eventually to breaking record of the competitors having the competent, capable and competitive diversified workforce to get the global customers has become the new role of the HR Department. Greater the extent of workforce diversity, more is the challenge for building a homogeneous culture which majority of the heterogeneous workforce can share with, adapt with and accept to. It requires more transparency, trust and team spirit with involvement of employees; lower, middle and top management's support and initiatives.

## **iii) Advantages:**

Employees from diverse backgrounds can be more creative and have better problem solving skills. The

organization having better cultural diversity strategy can develop favourable reputation of good global employer. It also caters to the needs of the variety of customers through out the world. Adaptability, flexibility and pro/reaction to environmental, social and more specifically to customers choice can be effectively managed by designing and implementing suitable HR strategies based on cross-cultural dimensions.

## **Conclusion**

There is nothing new in the concept of diversity. Each individual has his/her own identity, perception, values, attitudes, work-style, personality, beliefs and set of norms which are different from others. Such differences make an individual to choose his career path. It begins from the family. In due course of time, variation in born and brought up culture, moulds and develops a person differently. More or less, the socialization and learning process tune the person. Sometimes these processes play key role in shaping his behaviour in work life situations. Thus, from family to local business houses and then from national to international companies (MNCs), each place requires a different set of norms, beliefs and values which should be imbibed and shared by the employees working in the respective companies. In this perspective, HR Manager's role has become more crucial in bringing employees' acculturation overcoming Cultural Shock (CS) & Reversal Cultural



Shock (RCS), confidence building, engagement, career succession planning, acceptance, and adjustment in organizations. In designing and implementing strategies for effective management of the diversified workforce, all these dimensions have to be taken and dealt with great care for organizational success. It is equally important in keeping the knowledge rich, cross-culturally experienced employees in organization. These human resources are the pillars for successful completion of international assignments. The success of foreign business collaboration, grabbing market opportunities and fulfilling customers' specifications by providing quality are also equally important. However, to have a better and greater success in long run, suitable strategies are to be implemented for effective management of the diversified workforce. More research in this area would bring innovative HR strategies in building organizational culture and fulfilling employees' expected psychological contract and in this light, the author is optimistic.

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