

Human Resource Management Techniques in Multicultural Environment

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Abstract:

Globalisations of business and unprecedented movement of labour across borders have created organizations that comprise a mixture of people from many different cultures. Managing an organization with a multicultural workforce creates challenges in terms of management practices and leadership style, due to the difference in viewpoints it elicits.

Overall benefits and problems of culturally heterogeneous organization can be closely related to how effective it is managed. Most importantly, having a culturally heterogeneous workforce can be seen upon as a competitive advantage. Culturally diverse organizations can try to raise employees' consciousness and awareness about differences that exist across cultures and subgroups, in order to address stereotypical attitudes and views. Furthermore, organizations develop communication competency to avoid miscommunication and misunderstandings and put effort on turning diversity visions into reality in order to keep the trust of involved parties. Workforce diversity is a common phenomenon in many organizations today and there are many benefits connected to it while there are some problems as well.

Keywords: culture, diversity, HRM, globalization

1.Introduction:

Globalisations of business and unprecedented movement of labour across borders have created organizations that comprise a mixture of people from many different cultures. Managing an organization with a multicultural workforce creates challenges in terms of management practices and leadership style, due to the difference in viewpoints it elicits. Overall benefits and problems of culturally heterogeneous organization can be closely related to how effective it is managed. Most importantly, having a culturally heterogeneous workforce can be seen upon as a competitive advantage. Culturally diverse organizations can try to raise employees' consciousness and awareness about differences that exist across cultures and subgroups, in order to address stereotypical attitudes and views. Furthermore, organizations develop communication competency to avoid miscommunication and misunderstandings and put effort on turning diversity visions into reality in order to keep the trust of involved parties. Workforce diversity is a common phenomenon in many organizations today and there are many benefits connected to it while there are some problems as well.

2.Cultural Diversity

Culture is defined as the shared values that characterize a society and lie beneath its art and architecture, cloths, food, ways of greeting and meeting, ways of working together, ways of communicating (Tayeb, 2003). Hofstede (1997) has found four dimensions for explaining differences among culture, namely power distance, uncertainty avoidance, individualism, and masculinity. The first dimension power distance concerns the extent to which members of the society accept that power is unequally distributed. The second dimension, uncertainty

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avoidance and measures the degree to which people feel threatened by ambiguous situations, and creates beliefs and institutions to avoid uncertainty. The third cultural dimension, individualism, concerns the extent to which people believe their primary concern in life is the well being of the individuals and their immediate family as opposed to collectivism where the well-being of the wider group with a more extended network of support and loyalty in focus. Masculinity is the final culture feature. It measures to the extent to which the so-called masculine values such as visible success, money and possessions are given priority over more feminine caring values such as nurturing and sharing. In societies that are more feminine more value will be placed on the welfare and needs of the employees at work whereas a more masculine society put emphasis on individual achievement and the need to have a successful career.

Multinational enterprises have contributed a great deal to cultural diversity as well through joint ventures or other alliances, which have forced to separate cultures into a single one, creating a culturally diverse organization. The study of 'cultural diversity' or individual differences in the workplace is nothing new. Indeed there have been differences between people for quite some time. Also there are differences in various legal systems and institutions that exist in most countries, which prevent discriminations in organizations against various ethnic groups that are in minority. In many nations the treatment of employees of different origins, during the recruitment, selection, training, promotion and employment turnover are all accounted for in national laws and regulations. The significance of these rules and regulations is even more pronounced as the company grows in size and recruits more people in different cultural origins. Other major sources of environmental pressures are different levels of economic advancement, political and industrial cultures, and national culture as a whole. An example of the latter is the fact that the national culture has a greater impact on employees than their organization's culture has, independently on how strong the latter one is, MNEs will therefore most likely find and hire job applicants who match their organization's dominant culture, even if such applicants are somewhat uncharacteristic for their country, due to the reason that employees who do not fit in well with dominant culture will eventually leave the firm. Moore (1999) states that these cultural influences that organizations are forced upon and the continually developments of organizational globalisation implies that the need for understanding and managing cultural diversity has never been stronger.

2.1 Six primary characteristics of the new century are:

- 1. Technology:** The info media industries (computers, communications, and consumer electronics) are now one of the largest sectors of the global economy. New technologies increase efficiency, productivity, speed of production, and consumer power. This creates an attractor condition that leads still more people to adopt technologies as IT becomes increasingly more affordable.
- 2. Globalization:** Increasingly large numbers of people all over the world are interconnected in the flow of information, money, or goods; thus, interdependence is growing.
- 3. Competition:** Globalization and technology have led businesses to compete fiercely for a worldwide market share. Small companies can out-compete large, established companies based on flexibility and technological innovation.
- 4. Change:** The changes we are currently experiencing are discontinuous and happening at an ever-faster rate. Organizations must be sufficiently agile to be instantly reconfigurable to meet constantly changing conditions. The disequilibria created by this type of change are unprecedented in our history. The environmental changes occurring are so different from earlier conditions that organizations are disconnected from experiences that informed past decisions and it becomes less feasible to learn from past experience and tradition.
- 5. Speed:** Increased technological speed is matched in business by fast-pace product life cycles and escalating competition.

6. **Complexity and paradox:** Paradoxes will be ubiquitous in the new millennium and will prevent a significant challenge to managers. However, they all offer opportunities to improvise and innovate, which will be the key for leading virtual teams.

3.Cultural Differences:

Difference between people within any given nation or culture are much greater than differences between groups. Education, social standing, religion, personality, belief structure, past experience, affection shown in the home, and a myriad of other factors will affect human behaviour and culture.

Companies face a particularly difficult task in adapting ad slogan to international markets. Perdue's chicken farms slogan is - "It takes a tough man to make a tender chicken" was rendered into Spanish as "It takes a sexually excited man to make a chicken affectionate". Also there are differences in approach as to what is considered polite and appropriate behaviour both on and off the job. In some cultures 'yes' means 'I hear you' more than 'I agree'. Length of pleasantries and greetings before getting down to business; level of tolerance for being around someone speaking a foreign language; politeness measured in terms of gallantry or etiquette (e.g. standing up for a woman who approaches a table, yielding a seat on the bus to an older person etc.); and manner of expected dress are all examples of possible cultural differences and traditions. Paying attention to customs and cultural differences can give someone outside that culture a better chance of assimilation or acceptance. Ignoring these can get an unsuspecting person into trouble.

There are cultural and ideological differences and it is good to have an understanding about a culture's customs and ways.

3.1 Making the Most of Diversity

Often a culturally diverse youth/family coalition is viewed in the negative sense, rather than the positive. It is easy to identify the inherent obstacles and barriers associated with differences in religion, class, age, disability, veteran status, sexual orientation, region of orientation, educational level or even paid employees versus volunteer staff.

The first phase of making the most of diversity is to make a concerted effort to become aware of what dimensions of cultural diversity exist within an organization. Acknowledging there are differences between individuals and groups of people is an important initial phase.

When conflicts, ill feelings or stressful situations arise due to the sub-cultures involved, it is because of 'differences'. The second phase of making the most of diversity is for people to talk about their cultural differences. Two things must be remembered concerning cultural diversity:

- People should remember it is difficult to address differences without resorting to stereotypes. In the purest form, there is no such thing as a stereotype. No person is exactly like another person and no individual is a clone of another member of a group.
- As diversity in an organization grows, so does the complexity of communication and the necessity to spend greater effort developing improved communication skills.

Awareness and discussion can cause a clearer picture of cultural diversity. Appreciation and understanding of cultural diversity means, not just tolerating differences among individuals or groups, but supporting and nurturing them. A variety of ideas, talents, skills and knowledge are a desirable attribute to any youth or family coalition.

Providing a supporting and nurturing environment enhances other goals of the coalition by exposing group members to new issues, ideas, information and cultures. Diversity creates opportunities for character development by teaching tolerance and respect for people and by encouraging concern for equity. A culturally diverse coalition that values and nurtures people from all backgrounds is worthy of active participation. Such an organization will flourish and perpetuate.

3.2 Benefits with a culturally diverse organization

If cultural differences are actively managed they can be seen as an asset and a resource. This is especially true when an organization needs to work out new ideas, entertain new perspectives, and expand on existing plans. If cultural differences are recognized, valued and used to the organization's advantage, then greater synergy may be the result. Furthermore, reasons for offering diversity efforts are in most of the case a business needs, a competitive issue, or the full utilization of an organization's human capital that helps to raise the level of efficiency, competitiveness and the necessary innovation to retain leadership continues.

Who Benefits and Why?

- *Enterprises*: Their benefits are the reduction of absenteeism, employee turnover, and loss of best talent
- *Economy*: Its benefits from the increase of efficiency, creativity and participation of the human resources
- *Administration*: The stability of employment and work environment makes them benefit from managing cultural diversity
- *Consumer*: Efforts promoting cultural diversity contribute to the external image and social accountability of the company towards its external publics which makes the consumer's benefit from diversity as well
- *Society*: By creating a supportive social climate that allows all employees to harmonize their professional and private lives make the whole society benefit from diversity

3.3 Internal Benefits of Cultural Diversity

The positive effects of managing a culturally diverse workforce are divided into internal and external benefits. The internal benefits are the positive effects that evolve and exist within an organization, whereas the external benefits are the result of these internal benefits, which in turn affects the organization's response to the surrounding environment.

Diverse groups with skills and support systems to integrate effectively are likely to be considerably more effective than non-diverse or homogeneous groups involved in the same activities. When given an appropriate organizational context and an effective range of integrating skills, diverse groups can enhance their performance to a level that exceeds that associated with homogeneous groups. The main difference is that heterogeneity in groups leads to a better performance, while homogeneity leads to better group process.

4. Problems with a culturally diverse organization:

Promoting and supporting diversity cannot be guaranteed to reap automatic benefits and diversity may not always be recognized, encouraged or seen as positive within an organization. The culturally diverse personnel have different backgrounds and experiences and therefore they hold very different perspectives and assumptions. Also they use different languages; have different priorities, different statuses and numerous other differences that in turn prevent collaborative functioning.

Further more the risk for tension, disagreements and conflicts arise in a diverse workforce due to misunderstandings, miscommunications, and mutual stereotyping of each other's competences and contribution. As a result, issues that are not of noticeable concern in a homogeneous organization are on the other hand likely to be multiplied when working with people who are culturally different and of different nationalities. Thus if an organization ignores the diversity of the workforce and treat it as if it was homogeneous it will face many misunderstandings that can result in sever mistake such as higher personnel turnover and more interpersonal conflicts.

Another thing that can be problematic is the different perceptions and attitudes that individuals have about the organizations diversity efforts, whether the organization is really presenting the diversity policies and procedures in a useful way to them. Generally, diversity efforts are directed towards limited kinds of changes in individual and not towards challenging culture or structure. Diversity efforts do not generally assist employers or employees to better understand the nature of discrimination and disadvantage. Many do not either help decision makers to identify and remove barriers facing minorities.

More specifically effective management of culturally diverse workforces emphasizes the building of specific skills along with the creation of practices that enables every member of the workforce to perform to his or her full potential. Furthermore, organizations can effectively manage cultural workforce diversity through integration of diversity management principles in the key human resource function of recruitment and selection, performance appraisal, and training and development. Training programs that have proven to be effective are those with the objectives of increasing cultural awareness among the employees accompanied by necessary adjustments in management styles and organizational culture as these help multicultural organization manage their workforce more effectively and profitably.

However the most pressing issue in the context of growing cultural diversity in the workplace is to ensure the removal of discriminatory barriers and prejudices that interfere with the productivity, full participation, equitable rewards, and job satisfaction of cultural minorities whom are subjected to persistent discriminatory barriers built into the culture and structure of organizations. Also, managers will need to change the commonly utilized philosophy of treating everyone the same to be able to ensure employee retention and increased productivity without discriminating, and change into an attitude of recognizing differences and responding to those differences among employees.

In deciding whether or not to invest in diversity efforts, human resource managers and employers, as well as participants in these efforts can accomplish need to be clear about their own goals, the reasons for investing in cultural diversity. Furthermore, they should be realistic about what diversity efforts can accomplish, both positively and negatively; be honest about recognizing whom they would benefit; and realize whether they really are ready for culturally diversity at all. However, in the future people will become clearer on what diversity is and how to manage it effectively, due to the growing number of mergers and acquisitions and cultural workforce diversity will become more of a priority for organizations.

Finally, the result of these problems is that managers may turn away from diversity in their organizations if they experience a minor failure from diverse workforce, or if it does not succeed as well as its homogenous counterparts straight away. According to Moore (1999) there are two options when malfunction such as these occur: either return to homogeneity, which is safer and requires less adaptation both by organization and by individuals who populate the groups: or to create an arena in which diverse groups can perform well in a homogeneous ones.

5.Role of HRM in Multicultural Environment

HRM has in fact become an important concept for firms with the intention of succeeding in the rapidly competitive environment since a crucial part of their management strategies concerns their human resources. When the company consists of a diverse workforce, with different origins, the HRM becomes extremely important due to the enormous complexity of handling several cultures at the same time. The HRM practices are most often influenced or in some case even dedicated by the diverse origin of the workforce.

Companies have recently begun to discuss the benefits from having a diverse workforce even though it has

long been recognized both in theory and practice that excessively homogenous groups can have a negative impact on organizational performance. Studies show that when a homogenous group performs better as they draw from a wider spectrum of experience. These differences in perspectives encourage learning and creativity in comparison to those that attempt to suppress such differences, avoiding such phenomena as 'groupthink'. The organizations that take full advantage of the differences that cultural diversity brings to the workplace to enhance innovation, customer relations, productivity, and corporate speed and agility are those that will flourish. Consequently the underlying philosophy of managing diversity implies that an organization can enhance their performance through its human capital.

Moreover by creating a positive climate that supports diversity has shown to be strongly related to the presence of positive organizational, job and career attitudes. The working environment will also become more productive when an employee feels better valued, where their talents are fully utilized and assist both employees and managers to become more effectively serve a heterogeneous customer and client base.

In addition organizations can benefit from cultural benefit from cultural diversity by creating an organizational environment that attracts people from diverse labour markets that possess valuable knowledge and skills. Also organizations that seek to meet different cultural and religious demands may be more likely to enjoy a competitive advantage in the attraction of talented employees. Since organization often resort to internal promotions to fill vacancies, recruiting a diverse workforce at critical entry points to the organization also ensures that a diverse pool of talent is available for promotion. When organizations realize the benefits then they begin to view cultural workforce diversity as a strategic asset, which, if managed well could contribute to a company's success.

5.1 Type of task and stage of development

Multicultural teams have the potential to become either the most or least effective and productive teams, and what the result will be depends almost entirely on how the group manages the diversity and not, as commonly believed, whether diversity is present or absent. The effectiveness of management practices depends on team task and the stage of its development. There are three basic stages that a workgroup progresses through when performing a task: the entry stage, the work stage, and the action stage. In the entry stage or initial stage group members' first priority is to develop relationship and trust among members. Diversity plays an important role in the work stage where the group uses its diversity to collect new perspectives and ideas in order to create alternative problem definitions and solutions. Diverse groups are able to better see situation, interpret their perceptions, and create alternatives in more ways than homogeneous groups are in work stage. In the last phase, the action stage, the group must decide on what to do and how to do it. Members of the group must be in agreement on what alternatives appears to be best and what action plans would be more effective. Diversity becomes more precious during the implementation in the action stage. Therefore, cultural diversity is of most significance for organization with difficult tasks that require skilled labour and innovation

5.3 Human Resource Management techniques in diverse culture

1. **Recruitment:** Efforts should be taken to include people or organization within the youth or family coalition that are representative of the community.
2. **Diversity Training:** The HR Manager should be aware of the cultural diversity of the coalition and try to understand all its dimensions and seek the commitment of those involved to nurture cultural diversity. The myths, stereotypes and cultural differences that interfere should be addressed with the full contribution of members.

3. **Communication within coalitions:** The major barriers that interfere with people from diverse cultures working together should be removed. The best method to do this is through understanding and practicing better communication like developing listening skills, inviting every member to be part of discussion, communicating clearly and fairly, using language that fosters trust and alliance etc.
4. **Accepting the Difference:** Men and women, whites and non-whites, volunteers and paid staff, middle-class and working class people are different but much less different than they are the same. An appreciation and acceptance of both commonalities and differences are essential to effective working relationships.
5. **Providing strong leadership:** The following leadership behaviours foster coalitions of diversity:
 - Articulating pluralistic vision and values for the organization. Maintaining that everybody is an integral part of the organization's mission and vision.
 - Encouraging and supporting discussion among people throughout the organization about the meaning of diversity and pluralism; show how to implement programs that can accomplish those goals.
 - Demonstrating ethical commitment to fairness and to the elimination of discrimination in all its forms inside the coalition and in the coalition's relationships to other people, groups and organizations.
 - Understanding the dimensions of the diversity, valuing language, readily adapting to differences in communication styles of diverse people, displaying respect for human differences and be aware of and comfortable about dealing with diverse issues.
 - Valuing ongoing personal learning and change, soliciting views and opinions of diverse people, invite feedback about personal behavior and be open to belief modifications and actions based on feedback.
 - Mentoring and empowering diverse individuals and encourage others to do so as well

5.4 Practices when managing a culturally diverse organization:

There are eight activities that have shown to be related to the effectiveness of managing diversity namely:

- Developing a clear vision and policy
- Gaining senior management support
- Instituting objective and action plans
- Communicating the policy
- Holding individuals and systems accountable
- Coordinating roles and responsibilities
- Seeking relevant information
- Evaluating success

6. Conclusion

The most significant conclusions that can be drawn regarding the efficient practices for successful management of culturally diverse workforce is firstly effective practice that managers should follow concerns the planning and designing of the company's diversity efforts, that is to state clear and achievable goals, make realistic predictions regarding the results of the diversity efforts, and clarify the mutual expectations between the management and subordinates. Managers should also for the sake of the organization carry out a second effective practice, which aims for raising employees' consciousness and awareness about differences that exist across cultures and subgroups in order to address stereotypical attitudes and views while trying to develop synergetic efforts. This practice also involves the company's efforts for developing communication competency. The third effective practice managers should consider

concerns the implementation of the company's planned diversity efforts. According to this practice, the organization should concentrate on developing the ability to discuss cultural diversity openly as a dialogue, show-minority groups support them by appointing mentors, role models, or assigning them to special networks that aims to help and support employees openly discussing and resolving ethical dilemmas. The organization should also as apart from implementing this effective tool ensure fairness for minorities when recruiting new personnel while focussing on selecting applicants who values diversity. Moreover companies could also perform exit interviews in order to find out why employees choose to leave them so that they can learn from this and may be change certain things within the organization. Managers should as a final effective practice, perform an evaluation of the company's economic and non-economic results of their diversity efforts to see whether the efforts paid off or not.

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