

# UNIT 28 – UPSC - Organizational theory and design: Managing cultural diversity (Organisational Behaviour and Design)

Within organization, the phrase 'diversity' entails the major differences between people, including perceptions of differences that need to be considered in particular situations to manage employees and serving customers. It has been discovered that differences are the least obvious, such as person's thought process or beliefs and values. Some researchers explained diversity differences that people have as individuals (Nkomo and Taylor, 1999). According to Nkomo and Taylor, diversity is "a mixture of people with different group identities within the same social system" (Nkomo and Taylor, 1999).



In present business situation, due to globalisation, there is more communication among people from diverse cultures, beliefs, and backgrounds than earlier. Today, people are not confined to live and work in a limited marketplace instead they involve in worldwide economy with competition coming from every continent. Therefore, companies need diversity to become more imaginative and adapt in changing environment. To accept diversity challenge, managers must learn the managerial skills needed in a multicultural work environment. Administrators and managers must be ready to teach themselves and others within their organizations to value multicultural differences in both associates and customers so that everyone is treated with dignity. In theoretical studies, Loden and Rosener (1991) identify diversity as that which distinguishes one group of people from another along primary and secondary dimensions. Primary dimensions of diversity are, those exerting primary influences on person's identities such as gender, ethnicity, race, sexual orientation, age and mental or physical abilities and characteristics. The primary dimensions form basic self-image as well as our fundamental world views of people. Furthermore, they have the great influence on groups in the workplace and culture. Secondary dimensions of diversity are less noticeable, have more changeable influence on personal identity and add a more subtle richness to the primary dimensions of diversity. They include educational background, geographic location,

religion, first language, family status, work style, work experience, military experience, organizational role and level, income and communication style. The secondary dimensions impact self-esteem and self-definition of people. There is a specific trend in diversity of culture. Arredondo (2004) includes culture, social class and language to the primary dimensions. She further adds a tertiary dimension, which encompasses historical moments experienced. Other dimensions such as religion, culture and political orientation are less apparent, and constitute the secondary dimensions. The tertiary dimensions are often the core of individual identity.

**Dimensions of Diversity (Source: Rijamampinina, 2005)**

Primary dimensions	Secondary dimensions	Tertiary dimensions
<ul style="list-style-type: none"> <li>• Race</li> <li>• Ethnicity</li> <li>• Gender</li> <li>• Age</li> <li>• Disability</li> </ul>	<ul style="list-style-type: none"> <li>• Religion</li> <li>• Culture</li> <li>• Sexual orientation</li> <li>• Thinking style</li> <li>• Geographic origin</li> <li>• Family status</li> <li>• Lifestyle</li> <li>• Economic status</li> <li>• Political orientation</li> <li>• Work experience</li> <li>• Education</li> <li>• Language</li> <li>• Nationality</li> </ul>	<ul style="list-style-type: none"> <li>• Beliefs</li> <li>• Assumptions</li> <li>• Perceptions</li> <li>• Attitudes</li> <li>• Feelings</li> <li>• Values</li> <li>• Group norms</li> </ul>

Theorists established that cultural diversity has been defined as "the representation, in one social system, of people with distinctly different group affiliations of cultural significance" Within culturally harmonized groups, associates have tendency to converse with each another more often and in a greater variety of ways because they share views and an integrated culture resulting from in-group attachments and shared perceptions ([Earley and Mosakowski, 2000). In the principle of social identity theory, cultural homogeneity in management groups may thus increase the level of satisfaction and cooperation and decrease emotional conflict (Williams and O'Reilly 1998). The notion of managing array of cultural diversity in the work environment is challenging but companies can manage it through implementation of effectual policies. Basically, diversity in the workplace means bringing together people of different ethnic backgrounds, religions and age groups into a cohesive and productive unit. With the progression of communication technology, such as the Internet and cellular phones, business expanded at global level. Green et al. states that "managing diversity involves a departure from collective views of groups of people to valuing individual differences and talent in the workplace" (Green et al. 2002). This also demonstrates that this subject is more complex than just recognizing the differences in humans and their values in an organization. Companies that comprise of different cultures should build itself by acknowledging different values of the employees and incorporate it in all dimensions of its system (Kundu, 2001). It is identified that if the perception of cultural diversity is inherent in an organization's value system, the firms tend to generate diversity pleasant environment through the execution of strategy that incorporates every member of the organization (McKay et al., 2009). Likewise, such firms recognize diversity as an asset and use towards the growth of the organization and the employees to fulfil the needs of its customer (McKay et al., 2009). To compete in marketplace, a company must manage and utilize its diverse workplace successfully.

Managing diversity in the workplace is an important part of the culture of the whole organization. Johnson and Johnson (2006) explained that there is an increasing interdependence on each other thus diversity is increasingly predictable, the globalisation of business resulting in a more diverse workforce. Triandis and Wasti (2008) explicate organisational culture as shared behaviour and human made aspects of society including practices and values. There are several reasons for managing cultural diversity. Such as huge number of females are joining organizations at global level. Workforce mobility is increasing. Young employees in organizations are joining. Ethnic minority's protection continually in the workforce is increasing. Diversity in firms is managed by the enclosure and consciousness of marginal groups such as ethnic, gender, aged and disabled workers. These minority groups and women are often disqualified in organizations in spite of projections showing they will make up the majority of workplace entrants in the next decade causing ongoing concern expressed by governments and business executives (Rubaii-Barrett & Beck, 1993). Managing a culturally diverse workforce in contemporary business environment is essential to succeed in marketplace. Group of theorist like Kandola et al. (1995) stated that diversity is "virtually all ways in which people differ, not just the more obvious ones of gender, ethnicity and disability. Jenner (1994) describes managing diversity focuses on diverse needs of employees and managing human resources needs. In the meantime, Barak (2000) states the term 'inclusive workplace' as a need to hold diversity in the organization and in larger community in which it operates. Multicultural organizations have the employees belong to different cultures and they need to understand this diversity and optimise the opportunities. Management of cultural differences should be imparted various training methods and proper orientation and motivation of the personnel. Different Multinational organizations discover their cultural diversity issues and take competitive strategies to get success in market.

The global organizations implement various staffing approaches such as ethnocentric polycentric, geocentric and region-centric approaches to manage cultural diversity. Human resource manager has to take pioneering strategies like hiring the suitable culturally adaptable resource for the success of the abroad projects. It is the responsibility of human resource managers 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. The withholding of employees, right enthusiasm, their proper replacement after expatriation and repatriation is important for long term success of MNCs.

**Different strategies of managing diversity:**

Academic literature demonstrates that there is huge advantage of homogenous work structure. Organizations that are capable to attract and maintain competent minority group members and keep confidence with them through fair and impartial career progress treatments succeed in marketplace and derive high quality human resources dividends. Secondly, a multicultural organization is suitable to serve diverse external customers in a global market. Such organizations have good understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations (Adler, 1991).

In management literature, there are numerous of conceptualisations of managing cultural diversity. Cultural diversity in an organization is visualized as an increase of the level of imagination, thorough analysis of issues, better decision making, flexibility, novelty along with diversity, approaches, and business practices (Adler and Gundersen, 2008). Though it is advantageous, cultural diversity also create conflicts, miscommunication, misunderstanding, increased tension, and lack of cohesion, commitment has negative effects on the organization performance (Glick et. al., 1993). There are five contrasting views of different writers for cultural diversity and manage in an organization that have been identified by Seymen (2006). Some authors consider that cultural diversity is a tool for competitive advantage. Other writers state that the advantages of the cultural diversity should be improved while the disadvantage is minimized. While the dimension '3' propose that the diversity should be combined into as a homogeneous organizational culture, whereas the dimension '4' suggest universalism instead of multiculturalism and dimension '5' views that cultural diversity is a human resource function.

Cultural diversity is viewed as a competitive advantage that means the diverse workforce could contribute to prospective competitive advantage to the organization (Seymen, 2006). The researchers affirmed that the performance of the organization outshines more in a heterogeneous environment than in a homogeneous environment (Seymen, 2006). In creating a heterogeneous organization, the major intent of increasing the culture diversity is to control pluralism for single-culture and ethno-relativity for ethno-centralism (Daft 2003). Herbig and Genestre (1997) established that advantages of having culturally diverse workforce would bring long term corporate benefits. Cultural diversity subjugated by organizational culture. The management of cultural diversity is viewed as an establishment of a common culture where difference in culture in the organization is not felt but emphasized as on working on common cultural identity in achieving the organizational goals (Kidger, 2002). When managing cultural diversity effectively, it improves staff retention and the ability to attract and recruit the best staff. Workers will give their best and are more in tune with the customer base. Problem-solving, creativity and innovation among employees will be enhanced. A diverse labour force means that company are recruiting from as wide a talent pool as possible and enhancing their prospects of recruiting the best employee for each available position, particularly when traditional labour pools are not capable to deliver the required skills and numbers.

According to Person (1999), cultures could be influenced to create a desired dominant culture that is "both coherent in itself and dominant over other subculture", where the dominant culture being the influential organizational culture. Cultural diversity is a human resource program and its strategy. This outlook gives the responsibility of managing diversity to the human resource departments and its modern management techniques (Seymen, 2006). It focuses on the importance of providing the multicultural workforce with in-service training program (Peppas, 2001). It asserts that the managers of diverse cultural workforce must execute variable management, organizational behaviour systems to "harmonies" the differences to accomplish a general objective (Wright and Noe, 1996).

Managers usually observe cultural diversity in the workplace as a trouble to be dealt with. In fact, it can be a disadvantage or it can be a valuable resource to compete in market. If managers fail to manage cultural diversity in organizational setting, it may create lot of problems that hinder performance. The first important problem is financial cost caused by high turnover, absenteeism and lawsuits. Companies go down with all the money invested in recruiting and training when a displeased worker quit job. Additionally, high turnover means workers are continually in the learning stage instead of performing with full capability (Daft 1997; Robinson and Dechant 1997). Reduced individual and organisational output is another issue when fail to manage cultural diversity. This occurs when people experience prejudice and non-acceptance. People who feel unrewarding are less inventive, and are less aggressive in giving their ideas or in assuming leadership. Another issue of cultural diversity management is that it tarnishes corporate image that develops around employee unhappiness. The main challenge in managing cultural diversity is increased training costs. For example, a multicultural workforce may require language and cultural awareness training to facilitate integration into workplace and local society. It may increase incidents of conflict. Conflicts arise when two or more individuals differ or disagree on a particular situation. In diverse workplaces, the most common conflicts arise from feelings or dominance, unawareness or fear, and result in derogatory comments or gestures. If management



ignores such incidents, productivity suffers. Mismanaged diversity, can cause worker disappointment and affect efficiency.

There are several effectual approach to manage cultural diversity in global organization that include overcoming the stereotypes and increasing fairness, blending cultural diversity with a dominant organization culture, dealing by a human resource program or strategy, adopting an employee relationship system, diversity management training program.

**cultural diversity management program (Dessler, 1998, Pp: 96)**



In order to successfully manage cultural diversity, there is need to create favourable environment for all groups. If people feel respected regardless of their background, it will lead to increased promise and efficiency, improved work relationships, and the staffing and retention of the best employees (Daft 1997). Companies can steer business growth and improve customer service by involving their diverse labour force. This means making use of language skills, cultural sensitivity, knowledge of business networks in their home countries, and market knowledge. Through these techniques, organisations will have competitive advantages in marketing goods and services to a gradually more migrant community as well as to the global market (Karpin 1995).

A good Manager has important role to change the organizational culture so that it more strongly reflects the values of diverse workforce. Some of the abilities of managers include an understanding and acceptance of managing diversity concepts, acknowledgment that diversity is threaded through every aspect of management, self-awareness, in terms of understanding of culture, identity, biases, prejudices, and stereotypes and readiness to challenge and change

institutional practices that present barriers to different groups. Successful management of diversity enhances good management practices by preventing discrimination and promoting inclusiveness. Managing diversity stresses on maximizing the capability of all employees to contribute to organizational goals. Affirmative action focuses on particular groups because of historical favouritism, such as people of different colour and women. Affirmative action highlights legal necessity and social responsibility.

To summarize, a diverse labour force is an expression of a changing world and open market. To manage cultural diversity, managers must be impartial to all ethnic and minority groups and create a fair and safe environment where everyone has access to the same opportunities and challenges. Management tools in a diverse workforce should be utilized to train workforce about diversity and its issues such as laws and regulations. Most workplaces are composed of diverse cultures, consequently organizations must learn to adapt in changing business environment to be successful. The value of managing diversity is because of the realization of the diversity and the increasing need for racial impartiality (Prabhu, 2009).