Cross-Cultural Management of Culturally Diverse Workforce: A Challenge Facing Managers in the Global Workplace

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Abstract: Nowadays, there is growing concern on how managers manage cultural diversity considering that many businesses endeavors into international operations. Relative to this, managers were faced with challenges and issues that requires concrete and prompt response on how to effectively manage cultural diversity and the diverse workforce that exist not only domestically but globally. Therefore, understanding with basic tenets of cultural diversity and its importance to organizations should not be underestimated. Hofstede's theory help managers in providing information about cultural dimensions on how to understand cultural differences existing in Multi-National Enterprise (MNE) as an input to developing an effective strategy to counter the negative implications of cultural diversity. Considering that cultural diversity may provide positive and negative impacts to organizations, managers should take into consideration the importance of developing an effective intercultural communication to clearly communicate the intended message to employees of different cultural background thereby prompting the managers to address the issues on cultural differences as well as the concerns on how managers effectively communicate their decisions that equitably benefits the workers and the organization. As businesses expand from local to international operations, managers will be able to gain understanding on the importance of cultural diversity in the workforce especially in the human resource management that largely deal with the employees. Moran, Harris and Moran (2007) stated that, modern managers have undergone unending challenges in managing employees of different cultural orientations and nationalities considering that people’s reaction to situations are determined by culture. Common example to this is the language barrier whereby, different perceptions and interpretation of information related to business operations due to the varying culture. In other words, the culture of time for instance may suggest different implications country to country (Communicaid Group Ltd., 2013).

Because of these realities, this paper is aimed to shed light on the following areas of considerations: To provide overviews on the concepts of culture, diversity, cultural diversity and cross-cultural management. It will examine the cultural issues and barriers that affects managers in managing business operations worldwide. It also highlights the importance of intercultural communication to employees of different cultural backgrounds, evaluate the impact of cross-cultural communication styles on manager’s decision making, and evaluate the role of the Human Resource Department (HRD) in bridging the gap between cultural differences in the workforce. And apply strategies to manage cultural diversity

Keywords: Cross-Cultural Management, Cultural Diversity, Diverse Workforce, Multi-National Enterprise, Cross-cultural training.

1. Introduction

The increasing trend of globalization has become a major concern of many businesses that led to the growing demand of human resource outsourcing and filling the gap of shortage in human capital. Consequently, as many companies operate globally, it requires the hiring of foreign workers from different countries with different origins and cultural background thereby prompting the managers to address the issues on cultural differences as well as the concerns on how managers effectively communicate their decisions that equitably benefits the workers and the organization. As businesses expand from local to international operations, managers will be able to gain understanding on the importance of cultural diversity in the workforce especially in the human resource management that largely deal with the employees. Moran, Harris and Moran (2007) stated that, modern managers have undergone unending challenges in managing employees of different cultural orientations and nationalities considering that people’s reaction to situations are determined by culture. Common example to this is the language barrier whereby, different perceptions and interpretation of information related to business operations due to the varying culture. In other words, the culture of time for instance may suggest different implications country to country (Communicaid Group Ltd., 2013).

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2. Literature Review

For managers to effectively manage organizations, understanding the basic concepts of cultural diversity is an important consideration. Culture is defined as the integrated system of beliefs, values, behaviors and communication patterns that are shared by those socialized within the social group (Konard et al., 2006). Luthans (2005) on the other hand, defined diversity as the means of understanding the individual’s uniqueness as well as recognizing individual differences. Accordingly, Ashton (2010) exclaimed that diversity can be classified into two dimensions. The first dimension considers the age, gender, and sexual orientations that differentiates an individual to others. The second dimension focuses on such qualities such as education, religion, geographical location, income, and others. And, cultural diversity is regarded as the variety of human societies or cultures in a specific region, or the world as a whole (Henderson, 2001). This would also mean that there exist cultural differences with employees or people with varying culture such as language, traditions, dress and others.
Schinnerm, Osborn and Hunt (2005) claimed that, cultural diversity plays a vital role in bringing together different ideas and perspective in organizations leading to the achievement of the organization’s goals and objectives. Euwema, Wendt and Emmerik (2007) lamented that, international companies and organizations employ people of different nationalities and cultural background to develop a dynamic organizational culture. Moreover, integrating the varied competencies promote competitiveness to companies and organizations. This enable companies to outsource employees from different cultural orientations that contribute to the development and growth of global markets as it gives organizations the exposure to handling diverse corporate environments. According to Fischer, et. al. (2005), in the absence of effective management of cultural diversity and differences in organizations, the employees will fail to develop a feasible relationships to achieve the corporate’s goals and objectives. Upholding positive relationships in a cross-cultural environment requires both the workers and leaders/managers to respond to cultural sensitive structures of adapting to the cultural diversity (Obinna and Farkas, 2011). Inherent with cultural differences are cultural conflicts that basically arise from the misunderstanding of one’s culture and the refusal of individuals to submit to other culture.

2.1. Cross-Cultural Management and its Importance

Adler (2008) defined cross-cultural management as the people’s behavior in organizations worldwide that reflects how people or employees with different cultural backgrounds work in an organization and the service they will extend to the clientele. There is an urgent concern to manage the employees with different cultural orientations as an important ingredients of achieving a successful organization. Accordingly, managing cross-cultural workforce is very important that, companies from different parts of the globe should take into consideration because it is a known reality that cultural conflicts may arise for failure of companies to address the many issues that contributes to such conflict. Furthermore, the cooperation between different countries is equally important especially in establishing conflict resolution whenever conflicts arise.

2.2. Cultural Differences existing in Multi-National Enterprise

One of the famous researchers in the field of culture and management has developed a model called “dimensional approach to cross-cultural comparisons” (Hofstede, 1980; Reynolds & Valentine, 2011). In a survey conducted by Hofstede to 160,000 managers and employees in one of the largest American multinational corporation (IBM) for 40 countries, he discovered that there is significant difference in the behaviors and attitudes of the managers and employees across borders and this is mainly attributed to national culture governing the differences in work-related values and attitudes over other variables such as position in the organization, profession, age and gender. He further categorized such difference into four primarily cultural dimensions:

- Individualism/collectivism: Different organizations perceived culture as either individualism where individuals are more emphasized over group. The idea that individual culture is more important than organizational culture.
- Power distance: The belief in the organization that emphasized the unequal distribution of organizational power and as such, there is no such thing as equal power.
- Uncertainty avoidance: Hofstede found out that, there is conflicting views in dealing with uncertainty. Some cultures view change as a challenge while others don’t.
- Masculinity/femininity (Career success/quality of life): This concept has been given less attention by the different organizations based on the result of Hofstede’s survey but more emphasis were expressed on other areas such as achievement and assertiveness.

2.3. Cultural Issues and Barriers Faced by Global Managers

Global managers are often confronted with many issues in managing the global workforce. This is due to the fact that, employees across borders have their own cultures that may affect the business operation and performance. Some of the known cultural issues and barriers that hinders cultural adaptation are mentioned as follows:

2.3.1. Parochialism

People might think that organizations from the country where they originate operates with the same scope of responsibilities and operation with the international businesses that they are newly engaging in. But the reality is, the international business operation has wider scope and responsibilities than domestic corporations and the social system is different from the previous organization. So, the employees tend to be narrow-minded in a sense that, they failed to realize the differences between their own culture and other cultures and remain to behave with their own culture over the new culture brought by internationalization. And, they perceived the insignificance of their culture and the new culture resulting to non-recognition of the new culture.

2.3.2. Individualism

Many workers tend to be more concern on satisfying their own needs and welfare over the welfare of the organizations. In other words, they become individualistic rather than collective. So, the idea of teamwork seems difficult to attain because the employee do not aspire to be a team builder but the attitude is more inclined on self-interest and self-gratification. Hence, they are guided by the saying that “self-first before others”.

2.3.3. Ethnocentrism

Another issue that poses barrier to cultural acceptance is the idea of ethnocentrism. This holds the fact that employees from their homeland tend to apply their own culture to the international environment and workplace. They always believed that the culture, conditions, and working environment in their country is far better than the new environment which
hinder them to adapt the new culture. Moreover, their judgment and perception are based on self-criterion that eventually affects negatively their productivity and performance. So, the need to understand other culture and temporarily forget the native homeland’s culture. The sense of prioritizing which culture should adapt is very important that would likely favors the new culture, to better understand the importance of cultural difference of international workforce.

2.3.4. Cultural Distance
Cultural distance plays an important role in assessing the amount of cultural adaptation that employees can achieve in moving from homeland to another country. It also considers the pedigree of difference between two social systems that ranges from minimal to substantial gap. Cultural distance impacts the feedback and responses of employees in the business. The difficulty of employees to distinguish the homeland’s culture to the new culture signifies the higher degree of cultural distance that might result to being ethnocentric. So, managing this problem is important to erase cultural barriers.

2.3.5. Culture Shock
Culture shock can be described as a condition that employees experienced by having the difficulty to adapt the new culture because of insecurities and disorientations facing totally different culture (Chaney & Martin, 2011). Employees might not know how to react or respond to the conditions, lose self-confidence and may emotionally be upset. Although it is a universal condition, many people are struggling much that may result for others to isolate themselves or even plan to go back home because they have not overcome their fears and insecurities. Some of the reasons for cultural shock can be derived from the following: different management philosophies; language; food, dress, driving patterns; attitude towards work and productivity; separation from friend and colleagues; and others (Davis and Newstorm, 1989).

3. Intercultural Communication to Employees of different Cultural Backgrounds

According to Hall (1992), culture and communication cannot be separated hence, inseparable. The culture of an organization or a nation can be expressed through communication by usingfor example language. Later Hall (1992) popularized the concept of intercultural communication as a medium for individuals to agree with each other even though they have different cultural orientation. Samovar, et. al. (2008) stressed the importance of intercultural communication in developing positive outcome on diversity in the workplace and added that, through communication, purpose and intention are conveyed to the receiver of information. People of different cultures possessed different assumptions and perceptions on how to view things and deal with others that might leave a room for possible conflicts and misunderstanding(Cragon and Wright, 2008). This is because of the perceived lack of people or employees for socialization to other cultures, they tend to become stereotypes and intolerant with other cultures that hinders them to communicate effectively. So, it is important for managers to understand the essence of communicating effectively to people with diverse culture that will contribute to enhancement of cross-cultural communication. However, Chaney and Martin (2011) argued that intercultural communication should be coupled with international communication which means that the communication between nations and governmentsshares equal importance with communication to individuals. Therefore, the combination of intercultural communication and international business communication are necessary ingredients for individual to excel and or compete globally.

4. Impacts of Cross-Cultural Communication Styles on Manager’s Decision Making

Schein (2004) posits the various components of culture and is further divided into sub-cultures. Moreover, culture can be sub-divided into the following: professional, intellectual, religious and regional. Each of this culture varies with each other that when these will be merged in the organization will create conflict and challenges at different variations. The impacts of cultural styles according Flynn and Saladin (2006) can be described into two dimensions namely the positive impacts caused by unity and the negative impact that is characterized by conflict. Hofstede (1980) stressed the significant effects of culture in the workplace and its contribution to the management plan without regard to nationality, origin, race and others.

Managers should realize that culture is part of the business existence as this form part of the external environment factors that directly and indirectly affects the business operations. Specifically, it affects to greater extent positively and negatively how the managers perform in their assigned tasks. He proposed the four main cultural dimensions to culture that includes power distance, uncertainty avoidance, individualism and masculinity. Flynn and Saladin (2006) as an example, illustrated that there can be high power distance and low power distance. This applies to leadership and management style where he stressed that high power distance is experienced by businesses where autocratic leadership and management is adopted while low power distance is experienced by those businesses that applied the democratic management or leadership.

Dealing with uncertainty avoidance on the other side is influenced on how the power was distributed unevenly especially to organizations and companies that lack the necessary power and strength to impose themselves culturally. Related to this is the study that assumes the manager’s responses on uncertainty rejections thereby reflecting how the manager tolerates uncertainty in their respective organizations. It was found out that, organizations with their managers who have high incidence of uncertainty rejection struggles mainly on how to adjust and make necessary changes when cases like these happens and hence, results to uncertainty avoidance. This normally exist to organizations that are highly structured.
in autocratic management/leadership style as also the case of high power distance culture. Flexibility is not applied in management’s decisions. While organizations that have a high tolerance on uncertainty or low uncertainty avoidance tends to adopt and adjust easily in times of uncertainties and thus, they are changeable and flexible. As evidence, studies conducted indicates that France has only 26 uncertainty index compared to Hongkong that has 93% considering that the latter has high occurrence on uncertainties and the difficulty to resolve issues. Also, it implies that the latter has high exposures to uncertainties.

Third into consideration is the culture of individualism in multi-cultural environment or settings. This means that organizations are assumed to have independent and have their own culture which give them the capability and ability to decide and view culture as can “stand alone” and there is not much need for cultural integration as the case maybe. Snell and Hui (2000) emphasized that this type of culture do not need more opinions from others. This type of culture encourages managers and members of the organization to decide by themselves which may result to one’s overconfidence in decision makings leading to problems and struggles with non-submission to superiors. While managers are authorized to make decisions but it neglects the idea of listening to advices and employee participations in the decisions.

Fourthly, another growing issue that managers and organizations are facing in the businesses is the culture of masculinity in managing cultural diversities at work that is also considered as one of the major considerations in the olden times and continues to operate till today. According to Wacker and Sprague (1998), the culture of masculinity is widely experience in Middle East countries where men are expected to find job to support the family leaving the women slim chances to find work and earn a living. Specifically in Saudi Arabia, the law and rules expressly not allow the women to find jobs and so these countries affirms this culture believing that, masculinity has a major role in the knowledge transmission and on how the concept of competitiveness, assertiveness, ambition and power, materialism can be achieved if men are in the workforce. However, in other Asian countries like Philipines, Malaysia, Indonesia and nearby countries empowers women to work and gain employment which also gives women the chances to aspire for higher political and government post.

5. Human Resource Department’s Role on Cultural Diversity

Managing cultural diversity in the workplace is one of the challenges facing the Human Resource Department of any organizations. Workers with different cultural backgrounds are expected to consider their own culture in making decisions. However, understanding one’s culture will aid the workers in accepting each other’s differences (Griffin and Hirsch, 1998). Specifically, cultural diversity impacts businesses through the HRD in the areas of staff recruitment and retention; management style and decision making processes; and in building relationships within the organization (Henderson, 2001). The role of HRD in the success of managing cultural diversity is imperative of how effective the department in handling issues and challenges by establishing plans and programs to easily adapt cultural differences by employees in the workplace. Accordingly, the company’s flexibility to embrace diversity and the expected benefits it can offer will ensure the company’s competitive advantage through the deployment of highly competitive workforce (Konard, et al. 2006). Furthermore, the HRD should take into consideration that the workforce is bringing with them both the talents, expertise and experiences that fit the changing requirement of the work and are capable of adapting the cultural difference as quickly as possible. The HRD’s effort to encourage workplace diversity would likely motivates the employees to perform at the highest level resulting to higher productivity, higher company profits and return on investment (Stockdale and Crosby, 2004). Wider understanding by the HRD is necessary to counter the negative implications of cultural diversity like for example, the consequences such as unhealthy tensions between the management and the workers; lower productivity and or performance; growing disagreements; possible failure to attract and retain highly performing workers; incidence of complaints and lawsuits, investment losses if cultural diversity is not properly managed. Albrecht (2001) ironed out that, to achieve the maximum benefits of managing cultural diversity, the management should overcome the challenges by implementing programs that counters such issues like perceptual, cultural and language barriers; lack of effectiveness in communication; and the perceived lack of teamwork resulting to low-morale. And, managing effectively cultural diversity enable the organizations to create competitive advantage by lowering costs while attracting best personnel and encourage higher level of creativity (Henderson, 2001).

6. Managing Cultural Difference

Adler (1997) emphasized the importance of recognizing the differences in culture in the organization whether locally or internationally and consider it as an opportunity rather than a challenge. To achieve effective means of managing diversity is to respond quickly in identifying cultural difference and not allow this differences to cause problems. Cascio (1998) supported the idea by expressing the concern on the managers need to respect the differences at work and value the contribution of employees in reducing such difference. Accordingly, Adler identified the strategies in managing cultural difference as follows: ignore cultural difference; minimize cultural difference; and, manage cultural difference. Ignoring difference fits with the parochial type of organization where managers and employees take into consideration diversity as irrelevant, not useful and instead give more emphasis on the belief that their ways of doing is the best way. Hence, they don’t believe in the idea about effective management of diversity. For ethnocentric organizations,
minimizing the difference is an ideal strategy where managers assumed that, cultural diversity is just a source of problem. The emphasis is to reduce diversity in order to lessen the challenges and considers managing cultural diversity as weak approach. On the other hand, in a synergistic organizations managing differences is the most appropriate strategy that fits the need to deal with cultural diversity. This strategy assumes that, the impacts of cultural diversity can be viewed positively and negatively. It is grounded by the idea that “our way and their way of behaving and managing differ, but neither is superior to the other” (Luthans, 1995). It mainly dealt with managing the impacts of cultural diversity rather than ignoring them. Also, organizations encourage their managers and employees to undergo trainings to gain understanding in dealing with cultural differences and utilize it to create competitive advantage.

6.1. Cross-Cultural Training

Farren and Nelson (1999) introduced the strategy called cross-cultural training that allows employees and managers to learn and adapt other cultures which are essential to management. This training is expected to develop the attitude of employees towards working with another culture. There are two approaches where this strategy can be best implemented: (1). Provide training to diverse group of employees specifically for entry-level skill; and (2). Offers training to managers to be culturally diverse (Luthans, 1995). In addition, some cross-cultural training techniques are also proven to certain level of success that includes but not limited to: environmental briefing, cultural orientation, cultural assimilator, and training on language, sensitivity training, and field experience (Hodgetts and Luthans, 1994).

6.2. Top Management Support on Cultural Diversity Management

According to Hayes (1999), very important aspect of managing cultural diversity is the management’s full support of the activity. The companies can succeed at diversity if the initiative to create and manage the diverse workforce has the full support from the top management (Hayes, 1999). With this, five other steps must be considered which are as follows:

- Perform an organizational audit for compliance. This should take into consideration control and monitoring of actions and decisions performed by the human resource department relative to hiring and retention, evaluation and promotion, training and development, compensation and reward system and others.
- Evaluate the conditions of the diverse workforce. The top management should set preference on assessing whether the diverse workforce feel comfortable and satisfied in the workplace that allow them to stay and enjoy the work, as this will enhance their well-being, encourage motivation and satisfaction, and increase their commitment to the job and the organization.
- Set the standards clearly and communicate effectively. Top management’s management support is vital especially in the aspect of setting performance standards that should be based on critical competencies that are required for each job. This should be developed with clarity and objectivity, communicated effectively utilizing objective criteria.
- Ensure feedback regularly. Feedback is vital to the organization’s determination of satisfactory or unsatisfactory performance. Hence, employees should be given orientation and training on how to provide and receive adequate feedbacks. This has something for instance, in the identification of desirable and undesirable behaviors that the organization may consider encourage (desirable behavior) and change undesirable behavior related to the diverse workforce.
- Set owns diversity strategy. While benchmarking is an ideal strategy the can be used by many organizations because of the ability to copy best practices, this will not hold true in managing cultural diversity. The strategy that is appropriate should instead consider the efficiency of the human resources, organizational strength, and the organizational culture where managers should understand the importance of adapting first the own's culture and then, implement a diversity strategy based on the adapted culture.

7. Conclusion

Managing cultural diversity and diverse workforce has become global concern that requires managers and organizations to respond and manage effectively. Issues and challenges have urged both domestic and global managers to device mechanisms in order to put preference on understanding and find ways to overcome these challenges as they occur. These issues and barriers include: parochialism, individualism, ethnocentrism, cultural distance and culture shock. Anchored on Hofstede’s theory, managers should understand the cultural differences existing in Multi-National Enterprise and address the four cultural dimensions namely: individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity. Moreover, the importance of establishing a good intercultural communication is necessary to communicate clearly in sending the intended message to employees with different cultural backgrounds as well as the impact of cross-cultural communication to manager’s decision making. Cultural diversity can provide both positive and negative impacts to the organization that may require the human resource department of any organizations to deal with. This will revitalize the human resource department’s major role to play to counter the negative implications of cultural diversity. Therefore, cultural diversity should be managed effectively to establish harmonious working environment as this may determine how competent managers are in managing globally. Developing strategies such as diversity strategy that originates from within is very vital to manage cultural diversity and equally important, is the top management’s support to managing cultural diversity because any strategies, programs and plans that managers develop will be useless without the support of the top management. In conclusion, companies should not
underestimate the issues and concerns on cultural diversity and integrate it with the corporate plan and strategies of the organization.

References