

# Managing cultural diveristy

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## Introduction

Culture in its many forms and approaches is a very popular subject researched by many authors. The definition of culture from Geert Hofstede, the most cited social scientist according to Powell (2006) comes as "the collective programming of the mind that distinguishes the members of one group or category of humans from another". (1982) He mentions that these differences exist in nations, geographic regions, generations, genders, social classes and many more.

As Hofstede simply puts it, "the unwritten rules of the social game". (2013) It has also been described in a less scientific language as "something to do with the people and unique quality and style of organization", (Kilmann et al. 1985) and "the way we do things around here". (Deal & Kennedy, 1982) Other sources provide hundreds of various definitions. Lee and Yu (2004) argue that the number of definitions is so broad because of the versatile approaches and frameworks in which culture is researched. The 3 main social sciences - psychology, anthropology and sociology have different views on the issue.

However, the researchers tend to agree that culture cannot be defined using one universal definition. Groeschl and Doherty (2000) quote Tayeb (1994), who argues that "culture is too fundamental to be solved through tighter definition". Greater implication for the managerial tasks, however, comes from the cultural diversity. Cox (1993) defines diversity as "representation, in one social system, of people with distinctly different group affiliations of cultural significance".

Factors differentiating these people include cultural background, race, education, age, physical and cognitive ability among other. (Seymen, 2006) These criteria indicate that difference is significant not only at the level of national or ethnic customization but also at an internal, individual level. In the modern globalized world, people of various backgrounds inevitably meet, work in teams, arrange business deals, receive and provide service to each other and live together in the same environment. In such conditions, individuals and especially companies, poorly prepared to the variety of values, beliefs and attitudes towards same issues will find themselves at a disadvantage.

This report will outline the issues of managing cultural diversity, their importance in hospitality industry as well as benefits and disadvantages. Further, the importance of diversity recruitment will be discussed along with contemporary theories and strategies used to gain competitive advantage. As the topic is very broad, The main issues and in recruitment policies will be briefly outlined followed by a focused discussion on selecting and recruiting employees and managers for international assignments (IA).

## **Discussion**

Two interconnected activities have been identified that can grant companies a competitive advantage in terms of cultural difference: having a diverse workforce and managing the workforce diversity. (Aghazadeh, 2004) Aghazadeh discusses the forecasted changes in demographics and argues that having diverse workforce and being prepared to the demographic changes will also be ready to the change in market demands, giving it a competitive advantage. (2004) By doing so companies will have an inner

source of information what the customer base expects and on dealing with the community.

A diverse workforce also brings with it an obvious benefit of the language skills. According to White (1999, p. 477), having a diverse workforce benefits companies in 5 ways: Easier attraction and retaining of the human talent. Ability to understand and penetrate wider and enhanced markets. Higher creativity and innovation. Better problem solving ability. Better adaptation to change and organizational flexibility Building a diverse workforce alone is not enough to gain the advantages connected to it. In order to benefit from the multicultural environment, it is important to effectively manage the diversity of existing staff.

Magdaleno and Kleiner predicted that effective management of workforce diversity " will become the major determinate of the continued survival and success... ". (1996) A strong organizational culture can be a priceless intangible asset for any company that plans to grow. A " strong culture" must include artifacts such as rituals and organizational stories to illustrate particular cultural traits. (Lee & Yu, 2004) The research by Denison (1984) has revealed that there is direct correlation between 1)organization of work, 2)decision making and financial performance.

Various techniques and strategies, such as recruitment, training, managing " culture shock" and using predictors such as personality traits for international assignments can be used in aligning diversity management with requirements. (Gabel et al. , 2005; Migliore, 2011; Uwaje, 2009; Harvey, 2012; Tipper, 2004) Workforce diversity and its management, due to

complexity, has several disadvantages. First and most obvious is the increase in training expenditures.

The trainings such as lectures and seminars " are given to all levels of staff within the organization" are associated with high costs. (Aghazadeh, 2004) Secondly, there is a threat of reversediscrimination. (Brunner, 2003) Reverse discrimination takes place when the cultural majority (e. g. Caucasian) claims to have been discriminated by a minority. Such events occur because of the appraisal and affirmation of a minority with little consideration for the majority.

Another major drawback is the high probability of conflicts. (White, 1999, p. 478) Aghazadeh states that such incidents usually occur as a result of an individual's feeling superior. (2004) Indeed, it is a common sight that, for example, an older employee has disagreements and misunderstandings with younger. It can, however be combated using ongoing training and managerial intervention. A study by Bajawa (2006) on the executives' opinions on the advantages and disadvantages of culturally diverse workforce discovered that they are not threatened by possible negative effects. As one of the senior HR managers responsible for diversity policy and implementation mentioned, he does not think there are any disadvantages; " they are all advantages - ... retention of employees, reduced training costs, attraction in the first place... ".

Not only has he mentioned the positive effects but also finds that diversifying and managing workforce correctly reduces the training costs. In the hospitality industry managing cultural diversity is perhaps even more important than most other industries, - diverse staff body constantly interacts

with customers of various cultural background and on every level of operation. (Baum et al. , 2007) Particularly in hotel, tourism and travel industries the amount of intercultural communication can be overwhelming.

It is, therefore of grave importance to carefully develop and apply practices necessary to upkeep employee motivation and comfort. One of the strategies that can be used to manage cultural diversity is to understand the importance and carefully implement practices in recruiting the diverse workforce. Hiring the best candidate for the job available, regardless of the cultural background also assures a reliable, diverse pool of talent is available for promotion, since many companies prefer to look for managers internally.

D'Netto and Sohal (1999) provide a list of the best practices popular in recruiting diverse workforce: development of job description, that complies with anti-discrimination legislation and that covers experiences and qualifications; job advertisements in a number of languages; presence of diverse managers in selection boards; implementing user-friendly techniques allowing interviewees an easy understanding and ability to answer questions to their best ability. They also argue that most managers fail at adjusting interviews to diverse candidate base.

According to Tipper (2004), there are 5 elements for a successful diversity recruitment strategy: 1) Knowing the market. It is essential to know the pool of available talented candidates in order to effectively recruit from minority groups. These employees can then be used internally in coordination with sales and marketing departments to develop a more " sophisticated marketing strategy for attracting and retaining diverse customers". By doing

so companies hit 2 hares with 1 shot - get talented employees and enhance their marketing strategies. 2) Build the business case.

Letting the hiring managers understand and appreciate the reasons and benefits for diversity recruitment can make a great difference. Successful companies put presence of cultural diversity in their ranks as an improvement to their bottom-line and benefit from financial improvements.

3) Channels to Market. Widening the number of channels used to advertise available positions might greatly improve the chances for success in diversity recruitment. Placing information in magazines, journals and websites popular among the known talent market instead of only national, traditional media can be a decisive factor.

It is important, however, to notice, that some minorities might be suspicious about the reasons for companies to target them as potential employees. Therefore it has to be clearly communicated why companies target diverse employees. 4) Reward recruiters. It takes money, time and skill to produce desired results. Therefore successful recruiters should be legitimately rewarded for their efforts in this, sometimes undervalued, issue. Tipper suggests that 5-10% of the hiring manager's pay should be " based on diversity recruitment and retention results". ) An ongoing focus. The task is not finished once new diverse employees have been recruited.

After the successful " first step" the new personnel needs to be trained on an ongoing basis. At the same time companies must understand the inner drivers and motivators of their staff. To do so, additional measures like informing supervisors of the importance of minority employees, hiring internal audits and diversity policy communication tools should be

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implemented. For the hospitality industry, given its nature, there is an increased need for developing and implementing the strategies and techniques to recruiting and retaining talented diversity.

Taking into consideration the international customer bases making up the majority of hotels' and airlines' clientele, a multicultural workforce may generate better experiences and in the long term, generate substantial financial and reputational benefits. Re-recruiting or simply assigning an employee to a new workplace abroad (further International Assignment or IA) requires additional measures to ensure successful execution.

The managers assigned to work abroad need to be able to adjust to the new environment in the shortest period of time to provide maximum effectiveness. As in many cases these individuals experienced themselves as a part of majority, behavior as a minority representative in another country may change dramatically, resulting in a phenomenon known as "Culture Shock". Ward et al. (2005) argue that under shock, culture is rejected leading to anxiety and aggressiveness. Contemporary psychological research has revealed methods capable of predicting cultural adaptation.

A study by Gabel et al. (2005) discovered that emotional intelligence (EI) above other factors, including empathy and social relations can predict the rate of adaptation to IA. Findings indicate that individuals with higher EI scales tended to adapt to the new cross-cultural environments better reducing the chance of them willing to terminate assignments. As EI is associated with the neuroticism dimension (also known as emotional stability) of the Big Five personality model used as a basis for many psychometric tests, this trait can be measured before the IA of an individual.



Psychometric testing, aligned with the above mentioned findings offers a reliable way to compare the psychological profile of an employee with the cultural context of the location of new assignment on an individual level. Cain (2012) classifies some nations as introverted or extroverted. According to her, Finland and Japan are highly introverted, while the US is an extroverted country. Although she does not provide any correlations between personality and cultural dimensions, there is evidence of extroversion aligning with individualism, while introversion is closer to group orientation.

Therefore, for example, a Finnish employee might find himself uncomfortable in the dynamic US, but have easier time adapting in Japan than an American at least as far as individualism dimension goes. Conclusion A multicultural workforce has its advantages and disadvantages. It is essential, especially in the hospitality industry, to engage in culturally diverse recruitment, as it enhances understanding and communication with the customer base, makes organizations more flexible and innovative, helps attract and retain talents and simply have a positive image of social responsibility in the media.

Although it is associated with some drawbacks, such as increased costs of training, conflicts and misunderstanding among the employees, executives and researchers believe that building diversity in a company lead it to a competitive advantage. It has been shown, however, that simply employing diverse workforce is not enough; strategies for correct recruitment, retaining and training employees are necessary to reap the benefits. It is important to attract and select the right candidates through methods which do not affect their cultural background.

In order to do so both internal and external measures need to be taken. Externally, it is important to clarify the reasons why cultural diversity is pursued in an organization, utilize the correct media channels. From inside the companies it is required to clearly state and create understanding of how cultural diversity in the organization benefits it intangibly and financially rather than " because it is the right thing to do". It is also important to keep in mind the management's efforts towards quality staff recruitment and to carry on the diversity policies on an ongoing basis.

Another issue is the regular need to send managers and employees to international assignments. During these tasks there is a high probability of culture shock happening to traveling individuals without appropriate preparation. The recent research in psychology has revealed several ways of predicting successful adaptation to the international assignments. High scores in factors such as emotional intelligence were found to be able to forecast quick overcoming of culture shock and reducing the threat of rejecting assignments/withdrawal.

Furthermore, it is possible to test the approximate correlations between the culture of destination and the personal habits of an individual using the psychometric tests. Overall, there are many strategies and methods to managing workforce diversity, but only careful and sophisticated organizational culture and established policies can lead to the highest levels of rewards it can bring. As long as the concern about multicultural staff is genuine, is communicated extensively and is perceived to be true, it will grant great competitive advantage.

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