

# Hr strategies and practices to manage a multicultural workforce

[Literature](#), [Russian Literature](#)



Human Resource practices and strategies used by companies to manage multiculturalism By Avantika Krishna MSc in Human Resources Management & Organizational Analysis King's College London September 2010 Supervisor: Professor Ewan Ferlie \* Acknowledgement While working on my dissertation, I had the opportunity to gain new insights relating to a multicultural companies as well as their relationship with their parent company. In addition, I also had the chance to learn the perseverance, determination and cooperation involved in order to successfully complete my dissertation, the final assessment of the Master's course in Human Resource Management and Organizational Analysis. I would most of all like to thank my supervisor, Professor Ewan Ferlie for all his help throughout my research. His guidance and assistance was valuable for my dissertations final outcome. I would also like to thank all the people who were thoughtful and considerate enough to participate: Human resource managers, line managers and employees of ABC Ltd and XYZ Ltd. Without them, none of this could have been done. I would like to thank everyone who was extremely helpful, caring and willing to contribute their wisdom and time when I was in need. Abstract There is growing significance of multicultural companies in today's globalized world. However, there are certain issues with the presence of different cultures working together towards the aims and objectives of the organization. The value of such a company can be achieved only when this multicultural workforce is managed well. Therefore it is extremely important for managers to ensure the benefits are received rather than the issues by introducing the right human resource practices. This dissertation not only focuses on the human resource practices and strategies used by companies to manage a

multicultural workforce but also mentions a few issues and opportunities faced by these companies. Theories in the literature have been used to establish the practice and the practicality to recognize these issues and how best to rectify them. Research questions' pertaining to this study relates to the theories mentioned in the literature. Research questions were answered by human resource managers, line managers and employees of two companies. The first had its office in Manchester, UK and was recently acquired by an India based company and the second company interviewed had its office in Bangalore, India and is the captive of a US based company. The first company being rather small compared to the second is an information management specialist and the larger company is one of the world's largest financial services company. To obtain an unbiased reaction, both primary and secondary data was used. Primary data was collected through personal interviews which were unstructured by nature and secondary resources such as articles and published material was used to strengthen the study. The conclusion and analysis is based on the feedback received from the interviews with the two companies. The results show the importance of awareness about other cultures, leadership, training, research, culture and management audits, and follow-up irrespective of the size of the company.

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INTERVIEW QUESTIONS FOR LINE MANAGERS 67 Introduction The more  
unified our world becomes, the closer we get to “ one world”- the more  
qualified each individual human being is. Top companies take hold of the  
significance of creating a workforce as broad and diversified as the customer  
base they serve (allbusiness. com). A multicultural workforce is one in which  
the employees of the company comprise of members of a selection of ethnic,  
religious, gender and racial backgrounds. While past eras in American  
companies saw a small number of examples of multiculturalism, the majority  
of today’s corporate executives and small business owners identify that  
awareness to the opportunities and challenges connected with the increasing  
trend toward culturally diverse workforces can be a key feature in overall  
business success (E. K Hillstorm & L. C Hillstorm, 2002). " A combination of  
work force demographic trends and increasing globalization of business has  
placed the management of cultural differences on the agenda of most  
corporate leaders." (Taylor Cox Jr., 1991: 34) This paper focuses on one  
particular aspect of this diversity which is culture. With the commencement  
of globalization conversion is witnessed in almost all aspects of businesses.

The challenges of globalization are addressed by organizations by undertaking reassessment of their traditional ways of working. The workforce has undergone transformation through entry of people from various cultures. These workforces of the globalized era are not only at liberty to manage traditional tasks and diversities with regard to demographics and useful background, but also to manage the additional task of a multicultural workforce or cultural diversity. Changes like this will construct a new atmosphere at the workplace, which will entail a thorough change in the styles of management. We can say that manager's attention is now shifted to the management of differences in culture due to the increase of gender and ethnic diversity and the latest business latest movement of globalization (Liaqat, Bilal & Khan, 2008). This paper points out the various challenges a company working with diverse cultures may have. In many organizations we find that not all employees are sure on the term diversity, let alone value diversity. As a rule, people may be most relaxed with those from the same culture as themselves and highlighting diversity may undermine that level of comfort. Another challenge which could exist is that diversity tends of bring about new approaches to old practices and ancient problems. Individuals in the organizations might see this change as troubling as some might be resistant to change or because they hold a place they feel they might not be able to maintain if groups historically excluded from their workplace are permitted to compete in an unconstrained way for their place (E. K Hillstorm & L. C Hillstorm, 2002). This challenge could occur in depth when there is a merger and acquisition. In global business inter-actions, people who have learned conflicting conceptions of normative behavior are enforced to

postpone judgment of one another. Cultural norms transfer relative to language, social organization, authority conception, technological expectations, face saving, nonverbal behavior and the perception of time (E. K Hillstorm & L. C Hillstorm, 2002). The function of human resources (HR) executive is to try to sensitive and prepare employees of all backgrounds to these differences so that employees can work together successfully. Some of the implications for recruiting and managing a diverse workforce in an organization include professional development, improved productivity, personal-employee morale, innovation, problem solving, innovation, and interpersonal-teamwork, attract and retain the best available human talent, and develop new markets (allbusiness. com). This paper not only focuses on the HR policies and practices used to manage a multicultural workforce, but also the important part HR managers and executives play in attracting and retaining this culturally diverse workforce. The literature has recommended that diversity should be valued to improve organizational effectiveness. Leading consultants, business leaders and as well as academics point out that an organization which has a diverse workforce that is well managed holds prospective competitive advantages. There are many models suggested for the management of a multicultural workforce. This paper will look at some of these models and check if they work in reality. Awareness, constructive identification and education of the differences among members in the workplace are the primary objectives of managing a workforce that is multicultural (allbusiness. com). Unluckily there is no single recipe for accomplishment. It is largely dependent on the managers and their capability to comprehend what is good for the organization based on the

dynamics and teamwork. According to Roosevelt (2001), managing diversity is a wide-ranging procedure for creating a work setting that includes everyone. Managers must also be conscious of the fact that fairness is not necessarily equality (Green, Lopez, Wysocki, Kepner, 2009). Managing diversity is a lot more than just affirmative action and equal employment opportunity (Losyk, 1996). Managers should encourage change, but at the same time anticipate change to be slow (Koonce, 2001). Therefore, the importance of having a multicultural workforce is realized by many organizations as this will give them a competitive edge in the business world. The difficulty however is managing this diversity in such a way that they get the most out of the benefits it offers. At the same time if this diversity is not managed properly it could result in more negatives than positives. This paper will focus on identifying the strategic role of HR management in managing a multicultural workforce and the HR policies and strategies used by Indian companies to manage this diverse workforce. Supervisors and managers could benefit from this paper as they need to identify the ways in which the workplace is changing, diversifying and evolving. Seeing as managing diversity remains a significant organizational challenge, managers must learn the managerial skills needed in a multicultural work environment. Supervisors and managers must be equipped to teach themselves and others within the organizations to value multicultural differences in both associates and customers so that everyone is treated with dignity and the company achieves its maximum success (articlebase. com). \* 1. 1 Structure of Dissertation After an introduction to the dissertation, a comprehensive review of the literature in related areas, including culture, diversity and

managing diversity literature is shown. This review classifies the representative research focus in those areas, and gives particular attention to the literature that relates to this dissertation. The research gap identified here, points in the direction of the research questions developments. Following which, a qualitative investigation relating to the research questions is presented. The multiple case studies focus on issues and problems faced by companies that have a multicultural workforce to manage. After which, the design and implementation of the interview is described. The results of the interviews conducted are then presented, subsequent to which the findings are discussed. This discussion is followed by the limitations and managerial implications of this dissertation, which concludes the endeavors of this research. The figure below depicts the overall research process of this dissertation.

\* 1. 2 Main Research Questions What are the issues and opportunities faced by an organization with a multicultural workforce? What role does HR play in managing cultural diversity in a workforce? What are the HR policies and strategies that should be implemented to manage a diverse workforce? Literature Review

\* 2. 1 The Concept of Diversity Researchers have defined diversity in different ways. To some, diversity is narrowly focused across a scale of individuals and to others it is broadly focused. Both Cox (1993) and Cross et al. (1994) offered narrowly focused definitions as they emphasized race, ethnicity and gender. Researchers such as Jamieson & O'Mara (1991) and Thomas (1991) supported the concept of a broader definition of diversity. Jamieson & O' Mara included characteristics for example age, disabilities, beliefs, education and values, while they broadened the common interpretations of people of color and women



(Wilborn & Weaver, 2002). In 1991, in *Beyond Race and Gender*, Thomas acknowledged that diversity 'includes everyone'. He extended his definition of diversity to comprise age, personal and corporate background, education, function, personality, lifestyle, sexual preference, geographic origin, tenure with the organization, exempt or non-exempt status, and management or non-management (1991). Thomas' definition (1996: 89), five years later simply stated that: "Diversity refers to any mixture of items characterized by differences and similarities".

\* 2. 2 Culture "Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." Prof. Geert Hofstede (1997: 13) The term 'culture' has been defined in different ways. Ting-Toomey (1985: 72) defined culture in a way that was accepted by many: "Culture is patterned ways of thinking, acting, feeling and interpreting. Culture guides our understanding of behavior; it shapes how we approach the world. Culture is comprised of the norms, values, beliefs, and expressive symbols that members of a group use to create meaning (and interpret behavior). Culture is both enduring and changing." Researchers and practitioners working in organizations tend to define the concept of culture according to how they want to make it operational (Robinson 1985). Funakawa (1997) argues that, given the encompassing nature of culture, it influences almost all aspects of management, including organizational factors (such as structure and strategy); management behaviors and styles (such as meeting management and decision-making); and functional (such as marketing or human resources) (Merrill-Sands, Holvino & Cumming, 2000). Culture also presents itself on different levels. At the highest level is the culture of a national or

regional society, the French or west European versus the Singaporean or oriental. The way in which attitudes are expressed within a specific organization is described as a corporate or organizational culture. Finally we can talk about the culture of particular functions within organizations: marketing, research and development, personnel. People within certain functions will tend to share certain professional and ethical orientations (Trompenaars & Hampden-Turner, 1998). While management researchers have tended to ignore national cultural differences (Adler, 1983), lately a subset of management community have begun to accept it (for example, Hofstede, 1980; England, 1975; and Laurent, 1983). Culture both shapes individual attitudes and in turn, is continued by the actions, beliefs, and behaviors of individuals: it is the anthropological "common denomination," or norm. Nevertheless, a range of attitudes and beliefs is typically present in any culture (Adler & Jelinek, 1986). A paper prepared by Merrill-Sands, Holvino and Cumming (2000) on working with diversity mentioned that the objective is to establish how the cultures contrast with respect to quantities such as management, leadership or power. However some researchers wonder if cultures are in fact comparable at all. They claim that the cultural context determines the exact meaning of all concepts, such as leadership, power and organization. Instead, they try to understand the behavior of people in a culture from their point of view and believe that ultimately to understand someone from another culture hinges on the internal development of new or synthesized meaning for each learner (Geertz, 1973). Hofstede's (1980, 1990, 1991) and Trompenaars' (1993) work is considered the key exemplars of this strand of comparative cultural research and its

application in organizations (Sondergaard, 1994; Redding, 1994). Hofstede (1980) explained how managers apply different principles to their business related tasks and preferences depending on their different cultures. He looked at work-related attitudes across a wide range of cultures. Using 116,000 employees of a multinational corporation as informants, he investigated the attitudes held in 53 countries or regions. Comparisons between the diverse cultures were plotted across four main dimensions which are mostly independent of each other. Power Distance is the degree to which the less powerful members of an organization expect and accept the fact that power is distributed unequally. Individualism versus collectivism: that is the extent to which individuals are included into groups. On the individualist side everyone is likely to take care of themselves. Masculinity versus femininity: 'Masculine' being the assertive role and 'feminine' being the caring and modest role. Uncertainty avoidance indicates to what degree a culture programs its members to feel either comfortable or uncomfortable in situations that are unstructured. The opposite type, uncertainty accepting cultures are those that are more lenient towards suggestions different than what they are use to. Long term orientation have values such as thrift and perseverance, whereas values linked with short term orientation are fulfilling social promises, protecting one's 'face' and respect for one's tradition. Dutch anthropologist Trompenaars' (1993) presented seven cultural dimensions. His work builds on Hofstede's. However, he seeks to distinguish national cultures and study how particular cultural values influence the practice of managing business in a multinational setting (Sara Scherr, 1998). Trompenaars views culture as: " A shared system of meanings that shapes

the way a group of people solves problems". Trompenaars argues that every culture distinguishes itself from other cultures by the definite solutions it chooses to firm problems. He looked at these problems under three critical headings. He asserts that these mentioned differences outline individual's behaviors and their attitudes towards work, management and leadership in organizations. He has seen that these values usually give rise to intercultural misunderstanding and conflict at the workplace. Relationships with people: Under this, there are five orientations (Parsons, T., the Social System, Free press, New York, 1951.) which cover the ways in which individuals deal with each other. \* Universalism VS Particularism \* Individualism VS Collectivism \* Neutral VS emotional \* Specific VS Diffuse \* Achievement VS Ascription Attitudes to time: In certain societies an individual's achievement in the past is not that important, it is their plan for the future that really matters. In other societies it is the other way around. Attitudes to the environment: There are cultures in which the main focus disturbing their lives as residing within an individual. In this respect motivations and principles are derived from within. Other cultures look at the world stronger than individuals. In a comparative study of Indian and English work related principles and attitudes, Tayeb (1988) found that matched pair English and Indian companies were significantly different on the degree of consultation and delegation of power that took place within them. The English managers seemed to have consulted their members more extensively before arriving at a decision and delegated power farther down the hierarchy than did the Indian managers. Apart from this, English employees were found communicating to a larger extent as compared to the Indian employees.

These differences were found to be consistent with the differences in culture as a whole. Studies that were conducted later (Lincoln and Kalleberg, 1990 and Smith et al. 1989a, 1989b), arrived at the same conclusions. \* 2. 3

Cultural Diversity “ The representation, in one social system, of people with distinctly different group affiliations of cultural significance.” (Cox, 1993: 5-6)

“ Diversity exists both within and among cultures; however, within a single culture certain behaviors are favored and others repressed. The norm for a society is the most common and most generally acceptable pattern of values, attitudes, and behavior. A cultural orientation describes the attitudes of most of the people most of the time, not all of the people all of the time. Accurate stereotypes reflect societal or cultural norms”. (Adler, 2008: 20-21)

Dr. Nancy Adler pointed out that the way in which managers identify differences in culture and their prospective disadvantages and advantages has an effect on the organization’s way in managing the differences. Dr. Adler (1986) classified organizations as parochial, ethnocentric and synergistic. A parochial organization (our way is the only way) is one in which differences in culture and how their impact on the organization is ignored. Ethnocentric organizations(our way is the best way) are those where in which cultural differences are noticed, however the ways of others are considered as inferior and are looked at as only causing problems. Lastly a synergistic organization (our way and their way differ, and we can learn from each other) is one in which people believe that the best way is a combination of the different approaches. Dr. Adler argues that only once members of an organization identify cultural differences and their prospective advantages, it is then when they make an effort to manage that diversity. \* 2. 4 Managing

Diversity Once we value the fact that each individual is different, the next step would be managing diversity. In remarks given at a “ Strength through Diversity Conference” held in 1995, the Honorable Sheila E. Widnall, Secretary of the Air Force, stated, “ Managing diversity does not mean changing valid expectations and standards for women and minorities. It simply recognizes the fact that some groups react differently to different situations, and we should try to reduce the frictions that may result.” (As cited by Maj Molly K. Moon, 1997: 13) Initially, an approach that was common to handling the effects of prevailing male influence is that which focuses on equal opportunities. In the last few years the distinctiveness and assumptions of this approach have been under scrutiny with the start of a new notion: managing diversity (Marilyn McDougall, 1996). Equal opportunities practices and policies in organizations has been explained in terms of the hunt for equality, i. e. the design of conditions where all cultures are treated the same and are not disadvantaged or advantaged in any way. On the other hand, the term “ managing diversity” is said to emphasize the importance of difference, and suggests an outlook where difference is encouraged and welcomed (Ross, R. and Schneider, R, 1992). However, critics of “ managing diversity”, mention a lack of sensitivity to issues of control in organizations which can effect in less credibility being given to the voices of employees or groups who have constantly been under-represented in the past (Vince R. and Booth C 1996 as cited in Marilyn McDougall, 1996). Organizations are growing to learn that it takes more than just mixing people of diverse backgrounds, areas of perspectives and expertise and making an assumption that they will fit. Researchers like Cox and Blake (1991); and

Meyerson and Fletcher (2000) suggest that to create environments where in which all employees feel supported and valued in contributing to their fullest, significant changes in the systems of management, work practices and organizational values and norms. However, researchers also state that if diversity is not given proper importance and the above changes are not made, retention could be a problem (O'Reilly et al. 1991; Wiersema and Bird 1993). Employees, who feel that they are not supported or valued, usually are less committed to the organization. This is the same for those employees whose norms and values differ from those dominant in the organization. Proportional representation can shape the dominance, the degree to which a particular group holds control, or to the degree of which a group defines the cultural values and norms of the organization. Research shows that organizations become more diverse, at all levels, dominant group members also tend to experience reduced commitment as well as psychological discomfort (Pelled 1996; Tsui et al. 1992). The models selected out of many for this study includes intervention strategies mentioned by Jeanne Brett, Kristin Behfar and Mary C. Kern (2006). Before that they mentioned a few conflicts caused by cultural differences which include: Direct versus indirect communication: For example, instead of merely asking questions, some cultures point out problems which as a result cause relationships to suffer. Troubles with accents and fluency: A few members may not be confident with the dominant language. This may result in perceptions of incompetence and can prevent the team from using their experience. Differing attitudes towards hierarchy: Some cultures expect to be treated differently depending on their status in the organization. If members fail to honor these

expectations it may cause embarrassment or loss of stature and credibility.

Conflicting decision making norms: Members might get frustrated with one another as different cultures take different times to make decisions and also vary in the amount of analysis they require beforehand. These above mentioned challenges can be managed appropriately if members choose the correct strategy and stay away from single-culture based approaches on multicultural situations. Three different types of not direct interventions were suggested. Although there was no right way, understanding the barriers can help you evaluate probable responses.

Adaption: When employees work with or around differences in culture. This should be used when members are willing to acknowledge differences and work with this advantage.

Structural intervention: This would be to reorganize or reduce friction. This should be used when there are obvious subgroups or negative stereotyping.

Managerial intervention: Managers should make final decisions without team involvement when teams require guidance in establishing productive norms.

Exit: This would mean voluntary or involuntary removal of team members. This is used when emotions are running high and too much has been lost from both sides to save the situation.

Empirical studies by Fiedler (1996) (as cited in Cox, 1994: 38-39) have shown that heterogeneous cultural groups tend to report unpleasant working situations and problems with communication than homogeneous groups. Research has also shown that when different perspectives and attitudes on issues held by people of another cultural group, cultural diversity will improve creativity and innovation. Another model selected is one by Taylor, H Cox and Stacy Blake (1991). They suggested that for an organization to maximize the benefits



and minimize the downsides of diversity, must create 'multicultural' organizations. According to them, the typical past organizations have been either monolithic (homogeneous, with a culture dominated by one group) or plural (diverse without valuing and using the benefits of the differences). The features of multicultural organizations include Pluralism: where all groups of culture respect learn and value from each other, structural integration of all cultural groups, absence of prejudice and discrimination, minimum inter-group conflict. To achieve this, five key components are needed in the company: Leadership: Support and commitment from top management to cultural diversity is crucial. Champions of diversity are needed in the organization, even in lower levels so as to take strong personal stands on the need for change, role model the behaviors needed for change, and help with moving the organization forward. Training: training that manage and value diversity is most common starting point for managing diversity. Two popular types include awareness training: creating an understanding of the need for, meaning of managing and valuing this diversity, and skill building training: educates employees on specific cultural differences and how to respond to this in the workplace. Sometimes they are combined (Hewlett-Packard). It has restrictions as an organization change tool and should not be used in isolation. Research: Different types of data are required including analysis of manner and perceptions of employees, data which highlights the career experiences (e. g.: are mentors available to all members.) This component has several significant uses: it helps identifying issues to be addressed in training and workshops; helps identify where changes are required, and evaluates the change effort. Culture and Management Systems Audit: A

complete investigation of the organization culture and human resource systems should be undertaken. The objective is to find any sources of potential bias. The outcome received from the in-depth audit with the help of an external cultural diversity expert must be translated into plan for changes in the organization culture and systems which management must work to apply. Follow-up: This consists of supervising change, evaluating the results and eventually institutionalizing the changes. There is a call for accountability and control for work on diversity. Follow-up activities should include additional training, and repetition of audits. Earlier studies look at the skills required to manage successful cross-cultural interactions (Black, Mendenhall, and Oddou 1991; Cui and Awa 1992; Tung 1998), at policy formulation to give power to a diverse workforce (Cope and Kalantzis 1997; Simons, Vasquez, and Harris 1993), and an effective intercultural communication in the social and work surrounding (Gudykunst 1994; Lustig and Koestner 1993). Thus, research has been conducted on the effective communication and leadership across cultures, international experience of employees, policy advancement, resulting in skills that all managers must have to succeed in a diverse workforce (Chang, S. & Tharenou, P., 2004). A study done by Gilbert, J. A. & Ivancevich, J. M. (2001) showed that the analysis of 284 respondents disclose that minority and majority employees in a more multicultural firm experienced greater attitudinal attachment. The result of this study suggests that a culture that stresses on inclusion of all individuals will have a positive impact on demographic majority. \* \* 2. 5

Suggestions for Managing Diversity Some researchers have recommended that management techniques need to be adjusted, within a country to attend

to rising number of minorities in the workplace. Belfry and Schmidt (1988/89) indicated that failure to attend to cultural differences has led to lack of success and frustration in many cases. Parnell and Vanderkloot (1989) agreed by suggesting that dealing with diversity demands a way of thinking. Monitoring a growing multicultural workforce calls for understanding everyone's values and accepting others. They further explained that cultures may prioritize the same values differently. Some researchers have advanced that to be successful today, managers must discover assumptions about group differences. Sanders (1990) mentioned that those executives who were serious about valuing diversity should develop plans and programs that would remove stereotypes and work to build relationships. Songer (1991) anticipated that while interactions within a diverse workforce could lead to new ways of thinking, the price of this is a willingness to observe current attitudes, patterns and institutions. She mentioned that successful managers must be able to see things from different viewpoints. Roosevelt (1996) cautioned researchers by mentioning that in approaching the issues surrounding diversity, there should be an examination of both similarities and differences. Further, he suggested that to be successful in managing diversity, they should focus on both and specify the dimensions in question. (Peppas, 2002) The approach of working with differences rather than the existence of differences in culture is what determines tangible negative and positive outcomes. For example, a study has been done on mechanisms of power are favored by different nationalities as their organizations spread globally (Bartlett and Ghoshal 1989; Funakawa 1997; Gergen, 1995). Japanese tend to prefer social control, Americans prefer financial and

bureaucratic control and the Italians prefer financial and social control. An organization that is synergistic would first question what kinds of control it is using, and then find out the result they have on different groups of culture, and look for ways to use a variety of approaches that suits members of the organization best. (Merill-Sands, Holvino & Cumming, 2000) Cox and Blake (1991) argued that those organizations that valued diversity would have greater marketing ability by mirroring more and more diverse markets. Roberson, Kulik and Pepper's (2003) analysis recommends that companies systematically conducts training sessions whether the objective is to raise awareness or develop multicultural skills. (As cited in Shen, Chanda, Monga & D'Netto, 2009) Kossek and Lobel noted that top management should replica leadership behaviors such as conducting the feedback session of the results of a company's diversity climate survey. If change efforts include programs that lack the involvement of top management and that fail to attend to overall work processes, their long term success in transforming the organizational culture is likely to be restricted (Nkomo & Kossek, 2000). A study done by Thomas and Gabarro (1999) of US minority executives echoed this theme (As cited by Konrad, A. M., Prasad, P., & Pringle, J. K. 2006). In a survey of US firms examining the adoption of work/life policies and relations to financial performance, Perry-Smith and Blum (2000) found that some policies may be more successful in impact if they are grouped or implemented with other HR policies than if they are adopted by piecemeal (Beauregard & Henry, 2009). Research Methodology In this chapter, the choice of methodology is presented. Knowing how the data was obtained is essentially relevant because the method affects the ultimate results. Also,

from knowing how the data was collected, the validity and reliability of the outcome can be evaluated and conclusions can be drawn. This study seeks to explore the HR policies and practices to manage a multicultural workforce in companies in India. There are many theories suggested by researchers but what were the main issues and challenges these companies faced and the best way they could manage this workforce was to be found out. Many definitions for the term 'Research' exist. D. Slesinger and M. Stephenson in the Encyclopedia of Social Sciences define research as: "The manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art". While Mouton and Marais (1988) indicate that humans have a natural tendency to gain more knowledge about a specific phenomenon. In order to gain more knowledge, research is an essential part of the process. And the term 'Methodology' can be defined as: "An operational framework within which the facts are placed so that their meaning may be seen more clearly." (Leedy, 1993) Qualitative research helps the researcher see through the eyes of people being studied. Bryman and Bell (2007) also stated, "Qualitative researchers are much more inclined than quantitative researchers to provide a great deal of descriptive detail when reporting the fruits of their research." This type of research allows the subjects being studied to give much 'richer' responses to questions asked by the researcher and may give important insights which might have been overlooked by any other method. \* \* 3. 1 Research Approach 'Qualitative approach is a generic term for investigative methodologies described as ethnographic, naturalistic, anthropological, field, or participant observer

research. It emphasizes the importance of looking at variables or the behavior of people in the natural setting in which they are found. Interaction between variables is important as is the organizational context. Detailed data is gathered through open-ended questions that provide direct quotations to convey the meaning attached to statements. The interviewer is an integral part of the investigation (Jacob, 1988). This differs from quantitative research, which attempts to gather data by objective methods to provide information about relations, comparisons, and predictions and attempts to remove the investigator from the investigation (Smith, 1983).’ For this dissertation, the qualitative approach is adopted by carrying out interviews and is found to be apt for this study as it produces more in-depth and comprehensive information. One of the many benefits of using interviews lie in the quality of the information obtained. With case studies there is lower ambiguity and an improved rate of return of the interviews compared to the rate of return in questionnaires. \* 3. 2 Research Method A case study research is presented by some as a strictly exploratory research strategy in which nothing can be proven, most often by referring to the alleged impossibility to ‘ generalize’ (Jan Dul, Tony Hak, 2007). Others, such as Yin (1984, 1994, 2003), have claimed that the problem of ‘ generalization’ can be solved and that, therefore, theories can also be tested in (preferably) ‘ multiple case studies’. For this study, the reality of the multicultural organization was to be identified. The different problems multicultural organizations face should be noted. In order to achieve this goal, the case study method was the chosen research strategy because a case study involves an empirical investigation to study a phenomenon in its reality. This

method will also derive the meanings that different stakeholders may attach to organizational process. Furthermore, a case study gives a rich understanding of the reality (Morris & Wood, 1991, cited by Saunders & al., 2006). The techniques used to conduct this kind of investigation are semi structured interviews, observations, documentary analysis and questionnaires (Saunders & al., 2006). Interviews were to be conducted with companies in India. The reasons for selecting this method was firstly, a qualitative study was found to be suitable for this topic as it is easier to operate. And secondly, the behaviorally oriented research questions of the dissertation could be investigated a lot better by the use of interviews, from which more information and a deeper understanding of the questions could be obtained. This research method was found to be more operational and more controllable. \* \* 3. 3 Data Collection Data collection techniques fall into two categories: primary data collection and secondary data collection. Despite its name, primary data collection should not be the initial concern. Secondary data (' second-hand' information) is, as the name suggests, already available (Sally Dibb, Lyndon Simkin, 1994). The intention of this study is to find out the HR policies and practices used to manage a multicultural workforce as well as the different perceptions of different stakeholder groups about these policies. Research was based specifically on two types of data. The first being secondary data by investigating the essential literature in this area. And second, in order to have a more insightful understanding into this topic, Indian based companies who had operations in the United Kingdom and United states were chosen as examples and a few were interviewed. Fifteen interviews were conducted

with employees of Indian and UK origin, HR and line managers. They were chosen depending on their position and the amount of exposure they had with working with different cultures. After compiling the data from the literature review as well as from the interviews conducted, this information was applied to the ideals gathered from the literature. The researcher was external to the data collection. In the sense that, the process could not be altered since the researcher was not directly affected by the results of the data collected. The researcher stayed as neutral as possible in order to not influence the research which was a success. \* \* 3. 4 Secondary Data

Secondary information has already been collected for another purpose but, by definition, already exists. Frequently, because this information has been collected for another purpose, it will not meet the exact needs of the researcher in the new study. The researcher must then make a decision as to whether or not the additional secondary-sourced information, coupled with his/her experience and intuition, will be an adequate base on which to make a decision (Sally Dibb, Lyndon Simkin, 1994). \* 3. 5 Primary Data

If the secondary data is deemed insufficient, then there is the need to instigate primary data collection — the collection of bespoke/customized information to tackle the specific solution at hand (Sally Dibb, Lyndon Simkin, 1994). In order to obtain empirical data, interviews with multicultural companies based in India were conducted. The aim was to interview at least 2 organizations in order to make a comparison and increase the validity of the research. The questions were tested on a manager having experience with different cultures before going ahead with the interviews. These tests proved to be essential to improve the worthwhile of the interview. According to their



answers and comments, the questions were adjusted to achieve the goal of the research and avoid any incomprehension on the part of the interviewees. E-mails were sent to 5 Indian companies with the questions of the interview and a cover letter explaining the research. The response rate was much lower than expected. To increase the rate, e-mails were renewed, follow-up e-mails were sent and companies' websites were searched in order to contact the managers of the organizations. In the end, it was narrowed down to two companies that were willing to participate, which was deemed sufficient for the study's method choice and design. \* 3. 6 Interview An interview questionnaire was designed, carefully written, which were based on the research questions and the theories from the literature review. All three, line managers, HR managers and employees were all asked a different set of interview questions. The interview was a semi-structured interview with open-ended questions. Open-ended questions were designed in order to encourage the interviewees to provide extensive and developmental answers. They may be used to reveal attitudes or obtain facts as well (Grummitt, 1980, cited by Saunders et al., 2006, pg. 329). Also, the questions were all open because personal answers were required and these questions increases ones understanding of the interviewed company. Due to the distance constraint, interviews were carried out by telephone. Moreover, business people are more willing to accept a phone interview than a face-to-face one, simply due to the time required. A telephone interview has the disadvantage of not being able to see the respondent and gauge their response. The interviews lasted around 45 minutes. More than one interview was conducted in order to get more insights of the environment, to have a

higher rate of validity and also to be able to carry out a comparative study. The interview questions were designed from the research questions, which were developed from the literature review. The results of the interviews were derived from what was found in the literature. Therefore, the interview device meets the theoretical concept of this dissertation, so it can be said that this research has high construct validity. There were some who refused to participate for their own reasons. Notes were taken by the researcher during the interview as the interviews were not recorded due to confidentiality reasons. Due to limitations in time, geographic location and resources, that many interviews were not conducted. The research was done after being granted ethical approval. Each interviewee was given an information sheet and a consent form prior to the interview. The information sheet contained a rather short description explaining the study. The interview was conducted only after the interviewee signed his/her consent form.

Profile of Companies \* 4. 1 ABC Ltd. (Small Company) The first company I got the opportunity to interview was ABC Ltd., a truly global company providing technology solutions for business problems based on three key competencies: Information management, Independent testing and web development. With its headquarters in UK and with offices in the USA, Germany, Singapore, and India, ABC Ltd. draws on a 20 year track record and an incorporated on and off-shore consulting and solution implementation capability, certified to ISO 9001: 2000. It was in 2006, when the company was taken over by a leading provider of Information management Solutions Company to combine global service delivery model with high end consulting. The merged company's contributions are multi-vertical, multi-service with

customer facing domain experts and back-end technology/service specialists. Customers of ABC Ltd. now gain broader service offerings and higher value through a seamless incorporation of offshore resources with onsite work. At ABC Ltd., substantial care goes into recruitment. As an equal opportunities employer, the company finds it essential that they employ the individual best suited and that match the set of core competencies the role requires. Selected applicants go through interviews and part of this procedure might also involve assessments based around written tests, allowing the chance to probe competencies that are relevant to the role and that cannot be detected in an interview. As Europe's largest devoted provider of Strategic consulting and Information Management Solutions, it is good that the company operates an equal opportunities policy. It is a company that does its best to provide a surrounding that will promote good and productive working relationships. The company ensures that the employees are treated fairly and are not discriminated against, bullied or harassed on the grounds of disability, marital status, race, sex, sexual orientation or religions. (E. g. language, color, nationality, ethnic or national origins). The company has worked with over 1000 customers who include many of Forbes Global top 400 organizations such as Coca-Cola, Virgin Atlantic, First Choice, Vodafone, Barclays, Morgan Stanley, William Hill, ABN Amro, River Island, Citibank, and Development bank of Singapore (DBS).

4. 2 XYZ Ltd. (Large Company) XYZ Ltd. was founded in the late in 1940's and is one of the biggest mutual fund groups. The company not only manages a big family of mutual funds but also provides distribution of funds and investment advice services. XYZ Ltd. also offers discount brokerage services, wealth

management, life insurance, retirement services, securities execution and clearance as well as a number of other services. Along with its brokerage and mutual fund businesses, XYZ Ltd. has a strong attendance in the HR and benefits outsourcing industry. Besides being one of the biggest provider of 401(k) retirement plan services the company provides pension administration, health and welfare administration, as well as payroll and other HR record-keeping services. The company has its headquarters located in Boston, Massachusetts. It was in 2004, that the company established its very first presence in India, by starting an office in Mumbai which consists of nearly 7000 employees. After the United States the largest software development facility is in Bangalore (India Headquarters) and Chennai. It also has a presence in Ireland as the European offshore development centre for the company. In Europe the company has offices in France, Germany, Italy, Switzerland, Belgium, Spain and London, UK. The branch in India consists of three business verticals- Business Delivery, Technology services and Enterprise Services that provide services to their US clients. XYZ Ltd. has customers that choose the company because of its one-on-one help on managing money and hearing out ideas that one has. Another reason could be the company's specialists that are there to give you in-depth guidance and help you make informed decisions. The company also teaches its customers to learn and grow as an investor. XYZ Ltd. most important assets is its employees and hence are committed to providing cutting-edge technology and training to make sure that their employees have the right skills and knowledge at the right time. The company does its best to respect their employees' need balance their professional and personal

responsibilities. Therefore the programs that exist are Adoption Assistance Program, Backup Dependent Care, Concierge Services, Employee Assistance Program (EAP), Employee Discount Program, and Mortgage Services Program. Interview Outcome \* \* 5. 1 Case of ABC Ltd. (Small Company) The interviewees were currently working in the Manchester, UK office which held a number of 30 employees. As ABC Ltd. was merged with an Indian firm, there were some people who were resistant to change. There were also some interviewees who were Indian employees who had been working in the parent company in India for a large amount of time and then were transferred to ABC Ltd. At the parent company there are some training sessions that employees receive to help them communicate and work well with cultures abroad. The line managers interviewed had the experience of managing a team which comprised of a mix of employees of Indian origin as well as UK origin. One particular line manager who was of UK origin had a good relationship with his Indian manager who was presently in the parent company. He also felt that people act differently depending on the culture of their supervisor. He mentioned that with an Indian manager, you tend to hesitate mentioning different ways of doing a task. On the other hand, with an English manager, if there is a better way of doing a particular task one is open to suggesting it. A line manager gave the following example: " When I was working with Indians in Hyderabad, we had to deal with a time difference of five and a half hours between the UK and India. This became somewhat of an issue to communicate so I requested them to shift their working timings and come into work two hours later so that they could stay at work two hours later. However, they came into work at the usual time and

stayed an extra two hours as they thought it was what they should do.” One particular line manager found that Indians tend not to speak up and voice their opinions and ideas. India’s culture is generally very hierarchical, so you don’t find them talking to the management or in meetings. Decision making comes back to hierarchy as well. Therefore, we see that Indians are hesitant to make decisions. Line managers felt that people had a hard time understanding other cultures due to their accents. It takes time for them to get use to. Employees who had more experience working with other cultures found it easier. A few line managers had mentioned that Indians tend to talk a lot faster, whereas people of UK origin tend to talk a lot slower. So at times there is a problem with understanding each other in meetings and day to day interactions. When asked on what strategies one should employ in dealing with conflicts related to multiculturalism there was a wide variety of answers. One line manager mentioned that working harder to push the employee to work to their maximum was an important strategy to withhold. One line manager of UK origin said: “ I had to communicate on a regular basis with Indians on a particular project. When I went out of town for a few days, I assigned someone else in my position. When I returned, I was told by my Indian members that he didn’t have the same warmth as me.” As noted above, Indians tend not to voice their opinions and as a result always respond with a ‘ yes’. To try and get them to talk about their issues and problems, managers should reassure them and maybe ask another related question to give them more time. “ Indians always say “ yes”. So if there is a project which needed to be submitted by 5: 00PM and the Indian member said “ yes, it’ll be done”, I would always ask a second question about the

project (be it any question) just to give him more time to say he cannot do it by 5: 00PM.” Line managers feel that they should observe the staff carefully and make sure employees understand what is expected of them. Employees, Line and HR managers from ABC Ltd. mentioned that there was complete support from the top management on managing and valuing cultural diversity. When asked if they think that workshops should be conducted to bring about the awareness and sensitivity of diversity, a mix of replies was received. Some felt that the company was still too small to conduct workshops and they could deal with conflicts as they considered themselves a small family. On the other hand there were some who felt that workshops should be conducted to help employees deliver courses to different cultures. Employees however felt that there should be training sessions for Indian employees after they came abroad to help them deal with the culture shock and issues they had. At the parent company in India employees go through cross cultural sensitivity programs. These programs are absolutely essential for employees especially those who go abroad. These programs are conducted by external trainers and usually focuses on behaviors that are maybe taken for granted. For example: not to talk on the phone when at work, respect/manner in speaking, men should stand aside and allow ladies to go first. All in all employees, HR and line managers felt that multiculturalism was definitely benefitting their organization as it shows employees that everything can be done in different ways. Employees interviewed were a mixture of both Indian origin as well as UK origin. The Indians who were transferred from the parent company had initial problems of culture shock and getting use to working in a different environment with

different lifestyles. Whereas on the other hand, employees who were in ABC Ltd. before hand, had to welcome and make these transferred employees feel at home, let alone get use to them being there. Employees who came from India found minimum interaction at first, but after working in the same company for many years, differences don't seem so prominent. At first employees are worried about the different perspectives and perceptions other cultures might have. Employees of UK origin felt that with Indian employees, you have to make a conscious effort to explain the bigger picture as they tend to see everything in black and white. One particular employee of Indian origin mentioned that with Indians, explicit communication is more seen and they leave very little room to interpretation, whereas employees of UK origin tend to be more implicit in their communication. An employee of UK origin said: " I feel that I am hard to understand. I have a strong accent that I take for granted." When communicating with other cultures over the telephone, it is much harder to understand them as compared to talking to them face-to-face. One Indian employee stated that he had a hard time understanding the Scottish accent, although now he is use to it. There was an Indian employee who felt that working with a company for a few years you tend not to be so hesitant to open up and put your points out there. Employees gave me a mixed response for their opinions on whether different cultures vary in the amount of time they take to make decisions. Some employees felt that Indians take a lot more time to make decisions and this maybe because they do not prioritize. Whereas on the other hand, there were some employees who felt that decision making does not depend on their cultures, but the amount of experience and exposure they have. There



are times when managers had to make decisions from the organization's point of view for the team without consulting the team members. There was also an experience that an employee shared which showed that there were instances where team members were removed from the team voluntary or involuntary. " There was a project in the support department where they had to use many offshore resources to share the work load. There was one particular member who was more comfortable with sending E-mails rather than picking up the phone. This would end up taking more time. The problem was explained to him and we tried to get him to change this behavior but unfortunately he did not. Apart from this reason there were other reasons as to why he was removed from the team." Employees had a very positive reaction when asked how their managers deal with cultural differences. One Indian employee cited this example: " Initially, people of UK origin thought Indians spoke too fast and Indians thought that they couldn't make sense of the English employees as they had very strong accents. Therefore meetings became a problem. Later on, managers made everyone understand the problem and Indians made a conscious effort to stop talking so fast and the English employees spoke neutral English." The employees interviewed had mentioned that their relationship with their managers were encouraging. Even though one particular employee has a manager who was out of the office quite often, he communicated with him daily over E-mail and telephone calls. There are also annual support meetings (lunches) with their managers where they catch up on work and well as their personal lives. Some of the cultural differences encountered by employees were the work timings. With Indian cultures, they are use to staying late at work, whereas

in the UK people strictly follow their 9: 00AM to 5: 00PM job. This however doesn't mean that the job does not get done. One particular Indian employee stated: " 70-80 percent is the same between Indian and UK working situations. However it is out of the office where there is a huge difference." The HR managers that I had the opportunity of interviewing felt that they related to the line managers of the company. The global HR manager noted that it would be rather difficult for the company to integrate cultures if the line managers and the human resource managers did not see eye to eye. One HR manager felt that there was a difference in compensation expectations with different cultures. She felt that Indians focus on making money, however family is also very important to them. " It is not just related to compensation. Indians care to a great extent about titles." To facilitate integration between cultures, the organization tries to facilitate the exposure of line managers and then pass it on. The global HR manager mentioned an example: " A female project manager had a team of 4 men under her. Once she completed her project she returned back to India. When she returned she filed a sexual harassment case. The exposure she had, gave her the confidence to project her concern. Eventually people understood that there are some behaviors that are acceptable and some that are not." \*\* 5. 2 Case of XYZ Ltd. (Large Company) Majority of the employees interviewed from XYZ Ltd. were of Indian origin and worked at the headquarters in Bangalore. However all the employees had to work on a regular basis with people in the Boston office as the branch in Bangalore is the captive company. Employees of the company felt that working with different cultures benefited them as it gave them more exposure. Different behaviors and

lifestyles were learnt and each employee realized that there were many ways one can go about doing a particular task. Employees who had worked with the company for many years felt that different accents did not prevent them from understanding other members from different cultures. However those employees who had less experience had a problem communicating with the different accents that different culture have to offer. One particular employee felt that there should be accent training so that communication is no longer a barrier. One Indian employee mentioned: " There are times when my manager makes the decisions for the team. We do not question it as the manager is the decision maker" When an employee joins the company they are provided training to teach them proper ways to conduct business with the US. Every employee goes through this training initially, after which they are expected to grow by themselves. In the US, Indians go through training (GlobeSmart). There are programs which ensure sensitivity within cultures. For example: About different cultures, how to write E-mails, how to address one another. Employees, HR and line managers mentioned the fact that there was complete support from top management in valuing this cultural diversity. The line managers of XYZ Ltd. interviewed were all Indians and had been working in the company for 5 to 6 years. They all work with people in America which could include other cultures apart from Americans on a regular basis as well as people in Ireland. They felt that different cultures had different ways in handling situations. Indians have different expectations, they tend to agree to do a project immediately and not object. Hence it is up t