Workforce diversity in a foreign subsidiary

1. Abstract:

In the today's dynamic competitive business environment, Diversity management is one of the key challenging area in Human Resource Management (HRM) in particularly to the Multinational Corporations (MNC's) those who have started their operations recently in a country like India where the culture is totally different from western culture. This paper mainly focuses on to what extent Target India, the subsidiary of retail giant Target Corporation, USA, has taken initiative to maintain the work force diversity and analyze the major challenges and issues faced while implementing with their strategic HR policies. It also discusses the role of Human Resource Management (HRM), International Human Resource Management (IHRM) and Strategic International Human Resource Management (SIHRM) in implementing and integrating the diversity initiatives. To examine the effectiveness of Target India HRM policies with respect to the diversity and culture, I used published sources like Target internal records, articles, books, internet and online data bases.

2. Introduction:

Target Corporation is one of the United States biggest retail store. It was established in 1902 and known as Dayton Dry Goods Company before it was named as Target. The first Target store was opened in Minnesota, in 1962. It is widely spread in United States with 1, 613 stores in 47 states. This includes 240 Super Target stores which gives a unbelievable grocery shopping experience. Target ranked 41 on their list of " Americas Most Reputable Companies"-2009

Target Corporation has its presence in India by establishing Target India Corporation in Bangalore in 2005. Target India has 2500 employees currently and it is expected to grow faster and have 5000 employees by end of fiscal year 2010. Target India is located in three different places in Bangalore namely Embassy Prime, RJU building which is named after Robert J. Ulrich, the former CEO of Target Corporation and GWS building which is named after Gregg W. Steinhafel. Another location is being established in Mysore in 2015.

Due to demographic differences, it is very obvious that Target India with respect to Target Corporation varies in work culture, age, work-life balance and all social and personal aspects. Target India takes every effort to build Target culture in the work place which is very similar to Target head quarters with help of strong strategic HR policies.

Target is in particular about the company culture which includes Collaboration, minimizing hierarchy, Work/Life balance, Accountability. Target's vision to become " the best company ever" follows the three core values: FFF (Fast, Fun and Friendly), E's of Excellence (Energy, Enthusiasm and Execution) and Speed is life.

3. Background:

Target Corporation has its offshore extension called Target India. The fast and continued growth of Target India reflects the commitment to develop a global work force. Target drives business efficiently by motivating team members (employees), crediting innovations and thereby giving the best guest experience. Target India plays a key role in providing the brand promise of Target " Expect More. Pay Less." by implementing the technology

and business solutions. Target India works with ten pyramids: Target India is a key partner to achieve the vision of Target " Best Company Ever" and reach the goal of 100 billion in scale. The key accomplishment of Target India is opening Target Sourcing Services (TSS) in Bangalore during the first anniversary and also by opening the new facility which is now called Gregg W. Steinhafel (GWS) centre.

4. Literature Review:

Over the years, it is very obvious that organisations are considering diversity as an essential competitive advantage factor to sustain in the market place where they can serve various array of customers and their needs, to make the customers and stake holders happy and satisfy. Diversity meaning is reached beyond the Equal Employment opportunity legislation and provides opportunity to the workforce with regardless to gender, colours, religions, races.

One of the most important trends in the recent years has been the growing interest in the benefits to be achieved by planning for a diverse workforce known as diversity management. This was based on view that " people should be treated equally regardless of race, ethnic orgin, gender and sexual orientation and other social categorization so that individual are enabled freely and equally to compete for social rewards (Jewson and Mason , 1986 P. 307)". Jewson and Mason set equal opportunities within a free market tradition, and the purpose of the legislation and polices was seen as removing obstacles and distortions to the working markets. According to liff(1997b), there are four approaches to managing diversity based on the degree of the commitment to social group equality as an organizational

objective and on the perceived relevance of social group differentiation for policy making . Four diversity management approaches are : 1)dissolving the differences2) valuing the differences3)accommodating differences4)utilizing differences

Diversity, according to Schneider (2001, P. 27) is " about creating a working culture that seeks, respects, values, and harnesses difference'. The basic contrast with the equal opportunities is an acceptance that there is difference between people, that such difference can be valued and that they are the source of productive potential within the organisation".

Thomas(1995) argues that " diversity does not automatically mean with respect to race and gender and describe diversity as not synonyms with difference but encompasses difference and similarities".(Cassel 2001) define" diversity is a complex, multidimensional concept as a whole. It is a plural term with different perception in different organisations, societies and natural cultures without any unitary meaning".

Hofstedede's (1980) research suggest demonstrate that even within a large multinational, famous for its strong culture and socialization efforts , national culture continues to play major role in differentiating work values. The convergence /divergence argument (Webber 1969) states that economic development, technology, and education would make possible globalization whereas differential levels of available resources and national cultures would work against this.

The need for human resource consultants, managers and specialist to adopt international orientation in their functional activities for those who are

working in Multinational Enterprises (MNEs) are playing key role in implementing the cross cultural and comparative human resource management to make their organisation success. Boxall (1995) define the distinction between comparative HRM and International HRM.

5. Diversity Management

Diversity Management denotes achieving wide range of benefits from diverse work force. The management of diversity concentrates on individuals rather than groups. This also includes opportunities for all individual and not just for people belonging to minority category.

Ellis et, (1994) defines " A multicultural management perspective fosters more innovative and creative decision making, satisfying work environments, and better products because all people who have a contribution to make or encourage to be involved in a meaningful way".

Diversity management denotes the initiatives taken by the organisation to take advantage on the diversity in their workforce including characteristics such as (origin, gender, age, ethnicity and disability) as a strategic approach to achieve the organisational goals.

The key differences between equal opportunities and managing diversity is given in the below table

Aspect

Equal Opportunities

Managing Diversity

Purpose

Reduce discrimination

Utilise employee potential to maximum advantage

Case argued

Moral and ethical

Business case – improve profitability

Whose responsibility

HR/personnel department

All managers

Focuses on

Groups

Individuals

Perspective

Dealing with different needs of different groups

Integrated

Benefits for employees

Opportunities improved for disadvantaged groups, primarily through setting targets

Opportunities improved for all employees

Focus on management activity

Recruitment

Managing

Remedies

Changing systems and practices

Changing the culture

Source : adapted from Human Resource Management p -540) Derek
Torrington , laura Hall, Stephen Taylor

Diversity Management is considered as the core approach to implement
equality. It is believed that equal employment opportunity is driven by HR
functions and diversity management is driven by the managers. As a reason
to run the business, it is argued that managing diversity should be made as
the integral part of any organizational policy. This concept is called
mainstreaming.

5. 1 Diversity at Target India

Diversity became one of the key aspects and challenging area for the HRM
area over the last few years. This is not only to tackle high cost but also to
have workforce diversity to attract, retain and motivate diverse population of
team members to help and server diverse guests and communities. At
Target," diversity is much more than a goal or campaign, it's a core value we
integrate into every area of our business – from our suppliers, to our teams,
to the shopping experience in our stores, we foster an inclusive culture that

allows our high-performing and diverse team to drive innovation". Target adopts a ' miltilocal' approach in implementing the diversity, So Target India is responsible for designing and implementing the diversity management program. Target corporate headquarters is an advisory, informing the corporate wide diversity related messages and providing assistance if required.

The definition of diversity at Target India is broad and focused on appreciating and recognizing the individuality of team members. Target India put this in simple terms as " The Strengths of Many. The Power of One.". At Target India, diversity plays an integral part of the culture to communicate better with diverse team members and thereby serving the guests and communities in the best way possible. Target India builds the competitive advantage to drive the success by attracting the best talent and creating an atmosphere where diverse individuals are respected.

5. 2 Challenges in Maintaining Diversity:

Over the past few years, many Organizations have the goal of implementing multicultural work culture. However, promoting diversity across the Organizations has been challenging in practical way. There are three main reasons for failure of workforce diversity across Organizations. 1) Misunderstanding the problem, 2) Wrong solution, 3) failure to have clear learning cure.

Major challenges faced by Target India during the initiatives of workforce diversity are, 1) Issues related by marginalization and discrimination, 2) Due to time constraint, getting team members together to collect data and

feedback regarding diversity is a difficult task, 3) To make team members accountable for goals related to diversity, 4) As diversity is a new phenomenon in HRM, training all the team members requires huge cost, time and effort, 5) Slow progress rate, 6) Complexity in handling different perspectives from various groups or individuals.

5. 3 Target India Vs Headquarters:

Target India team member culture is different to headquarters. The main cultural differences arise as Target India team members are younger when compared to the headquarters and more specifically in Technology Services. Being young to job and also with a lot of job opportunities, Target India team members tend to leave the job for salary or career growth. This is in great contrast with the onsite team member.

Team Members at Target India tend to work at different time structure than their onshore counter parts. The typical work time is nine to five at headquarter. Team members reach on time, complete their work and leave on time. Though the time is 9: 30 AM to 6: 30 PM at Target India, team member work on flexible timings to overlap with the onsite timings for better co-ordination and save time and effort. Coffee/Tea breaks are taken as per the convenient time whereas in headquarters normally they do not take much time. Also, Target India is providing free nutritious meal to all the team members which they prefer to have together at cafeteria.

5. 4 Cultural Adjustments:

Most of the Target team members have not worked in a foreign land. It is with the establishment of Target India, Target team members are

encouraged to travel to India for working. The juxtaposition of developed and underdeveloped and more importantly rich and poor, the basic contrast of American culture which they need to cope up with. Indian people also have help in cleaning, cooking, driving etc. Though it sense to be of much help but there need to be significant adjustment on two core values of American culture: Privacy and Independence.

The leadership style needed a great alteration moving to Target India. Target India team members are used to work with instructions from clients and managers. They need more of interactive approach where the leader can post their ideas, views and suggestions rather than giving general instructions.

6. Target India HR Approach:

The main asset to IT industry is human resources. The challenging task for Multi National Companies (MNCs) in the IT sector is managing the human resources, especially for MNC subsidiary like Target India, where the culture is totally different from each other. Being very young to market, Target India faces the same challenge to retain employees. Though country like India is abundant in low cost and highly skilled labourers, it is very hard to retain employees because of salary and career growth. Target India is able to handle it better with its strong strategic HR policies and methods.

Target India HR policies work as per the below metrics,

HR Management

Organizational Effectiveness

Training and Development

The main objective of HR management is to frame strong HR policies and thereby managing and retaining the human resources. This includes the best recruiting and selection methods, Pay and Benefits, Performance appraisals, Career development. Organizational Effectiveness literally means integrity. Their main purpose is to maintain the secure work atmosphere with information security, zero tolerance and violence free workplace. Training and Development team deals with training programs such as technical trainings for budding tech professionals, leadership training for those who admire to become leaders, personal development trainings, work oriented trainings.

6. 1 HRM Practise:

The following are the team members experience and saying about Target India.

" I was fascinated by the neat and cool shopping experience I had at Target during one of my visits to the U. S. and just fell in love with Target. I then wondered what it would be like working here and thus began my journey of exploring working at Target. Target is just the perfect world for high-energy, fun-loving and make-things-happen people. The welcoming ambience, smiling teams and committed managers are just the things I like here.

" I am pursuing the Masters program in Software Engineering and am part of the global cohort. It's truly an international experience. I get to do capstone projects within Target as academic work and at the same time it's a real life experience

-Praveen, Information Technology

" I have never seen any organization so far in my career where everyone's so approachable and friendly. Target's the place where I felt my creative potential was explored. Supervisors and peers are open to ideas and change. This keeps me going every day."

– Dee, Brand Management, Buying + Planning

6. 1. 1 Recruitment and Selection:

Target India follows equal opportunity as an employer. Employment practises are implemented without regard to religion, colour, race, creed, caste, sex, age, place of birth, disability. This list also includes sexual orientation and also pregnancy.

Equal Employment Opportunity policy plays an important role for Target India's commitment to hire and develop talented, strong and diverse workforce. With this policy, Target India accommodates qualified and talented applicants, employees with disability and also applicants with strong religious beliefs provided such team member doesn't create hardship to Target India.

At Target India, recruitment and selection happens for both fresher and experience candidates. The highly talented fresh young graduates from the top universities are selected after the written aptitude test, group discussion and HR round. Experience candidates are hired after a series of process such as resume selection, initial technical round, high level technical round

followed by managerial and HR round. Team members at Target India are able to get rewards through referral programs.

6. 1. 2 Training and Development:

The Training and Development team co-ordinates and arranges various training programs. Technical trainings, Personality Development trainings, Induction training, Integrity trainings, Work place trainings, Leadership trainings are the major trainings provided by the training department. Internal training programs are the major trainings arranged where team members are encouraged to attend and learn new technologies and various leadership skills. Target India also partner with external training consultants for those trainings which are not available internally. Fresher recruited from universities are trained in technical and development trainings initially. Experienced candidates are also provided with trainings in the latest version of their technology to accomplish the work as per the time schedule. Target India follows the mentoring system. With help of the mentoring system, senior leaders are helping various team members by motivating, providing organizational updates, helping in career planning.

Target India believes in job rotation for any interested team member. Any team member who is willing to transfer to a different pyramid, department or technology is motivated with various basic technical trainings and job handling trainings.

Apart from class room trainings, Target India also offers online trainings for team members. The online trainings include integrity trainings to maintain confidentiality of information and have best ethics in work place.

6. 1. 3 Career Management:

Target India is committed for team member's personal and career development. This is carried out with mentoring, Individual Development Plan (IDP) creation where team member and the supervisor analyze the team member's strengths and development opportunities to develop the career map.

There is an opportunity for team members in Target India to move vertically and horizontally across Target Technology Services (TTS), Target Financial Services (TFS), Strategy, Target. com, Stores, Marketing, Human Resources, Property Development, Legal and Quality. This is generally known as " talent pool scheme".

6. 1. 4 Flexible Work Timing:

This is one of the strong HR policies which enable the team members to work on their convenient time shifts. This makes the Target India team members to have better co-ordination with their onsite counter parts. This saves a lot of time and effort which ultimately leads to better productivity.

6. 1. 5 Compensation and Benefits:

Based upon the employee's experience and technical/managerial skills, Target India offers compensation package as per or higher than the industrial standards. Compensation revision normally revised twice in a year. Target India provides the following benefits to all its team members,

Health Benefits – Target India's health benefits supports wellness and healthy living for its team members with schemes such as Group Mediclaim,

Parental Insurance, Personal Accident, Wellness Program, and Medical Insurance while Travelling.

Retirement – Target India team members are encouraged to save for retirement by making contribution to their Provident Fund (PF).

Paid Time Off – This consists of Privilege Leave, Casual Leave, Maternity Leave, Paternity Leave, National Holidays, and Bereavement Leave. This helps the team members to recharge and refresh themselves.

Additional Benefits – All eligible Target India team members are provided with additional benefits: Company Loans, Conveyance Program, Gratuity, Free Meals, Tuition Scholarship, Team Member Referral Bonus, Concierge Service, Training and Development.

Other benefits such as professional counselling for team members and their family members, facility for new team members to settled down easily and quickly in new location and all relevant assistance for team members and their family members travelling on an assignment are also provided.

6. 1. 6 Performance Management:

Performance Management is a crucial determinant of culture and what managers consider in their thinking about their team members. Measurement of performance is an indication of organizations' business success.

Target India defines the appraisal as a process which analysis a person's overall capabilities and potential. One of the important part of this process is assessment where team member's past and current work behaviour and

performance are collected and reviewed. With the help of performance appraisal, Target India is able to improve morale, motivate team members, reduce ambiguity about performance, clarify expectation, identifying training and development opportunities, manage careers, improve communication, setting goals and targets.

Target India follows transparent process for evaluating team members' performance and providing compensation packages. Being transparent, it is very clear to the team members as of what is required to reach next level. Target India offers high performers with performance certificates in the form of " Great Team Card (GTC)" and reward and vouchers. To motivate the team members, high performers are honoured in the Annual Leadership Meeting.

6. 1. 7 Work-Life Balance:

Target India is conscious about " Work-Life Balance". This has been supported in the form of work from home where team members are allowed to work from home due to emergency and any other personal commitment. Older team members who wish to remain in work are allowed to work fewer hours or different shift pattern. To maintain work-life balance various programs such as flexible work timings, Personal counselling for team members and their family members are initiated. This form of " work-life balances" gives satisfaction to the team members in the form of handling work and also caring children and elderly parents.

6. 1. 8 Community Work by Employees:

Target India believes in serving the community. Target India and its team members play a vital role in taking part in community work to serve the society. Many team members play leadership role in community work. As a corporate citizen's responsibility, team members are allowed to organize various camps to rural areas to help in educating and bringing awareness about different social causes to rural population. This brings self satisfaction to the team members and also makes work place more enjoyable.

6. 1. 9 Women Empowerment

To increase the women workforce, Target India conducts recruitment programs especially for women. Target India women all hands meeting is conducted frequently to help and discuss the hurdles faced by the working women. These meetings not only give women spirit but also help them to develop career growth and leadership qualities.

6. 1. 10 Employee Retention:

Attrition rate is a major concern for newly started MNC subsidiaries in developing country like India. When other similar organizations have the attrition rate in double digit, Target India managed the employee retention rate in single digits with help of their sound career growth plans, high rewards and appreciation apart from their fulfilling compensation and benefits. Target India provides the following benefits to retain the team members,

Good work atmosphere

Meals and transportation facilities

Giving more career plans

Employee oriented policies

6. 1. 11 Open Door Policy:

No organization can improve without constant feedbacks, ideas, suggestions in a diverse work environment. Target India aligns with its headquarters belief of having " Open Door Policy". To improve workforce diversity, team members' suggestions, feedbacks and ideas become a crucial factor. This vision is attained through Open Door Policy where team members can reach to any leader irrespective of their caste, religion, sex, culture, age at any time with their thoughts. Although this is the easiest way to reach to any leader, for those who feel uncomfortable speaking to the leaders directly there is also a separate HR team named as Employee Relations team. Team members can post their issues, solutions and ideas to the Employee Relations team or call the Integrity Hotline numbers being anonymous. Every concern of the team members' are reviewed by the Employee Relations team and sent to the appropriate leader.

6. 1. 12 Great Team Recognition:

Target India follows a unique culture of appreciating great work. Although recognition is done annually through performance appraisals, best performer awards and certificates, many great works go unnoticed in the annual meetings. To avoid that, Target India encourages sending Great Team Card to any individual contribution or to the team at any moment. This makes the team members feel that they are noticed in diverse work culture.

7. Conclusion:

Due to globalization, organizations are operating in multicultural context. A key debate is to what extent their diversity programmes should be standardised across subsidiaries. As there is no best approach to manage diversity workforce, since it varies from organization to organization, country to country.

From last many quarters, Target India is growing steadily because of its strong strategic HR policies and in particular with workforce diversity. The process of acquiring, retaining and bringing success with diverse population in a growing organization like Target India is not an easy task. The determination from top management, HR and operations team across Target India and Target Corporation, helped Target India to achieve the success of implementing strategic HR policies in a multicultural and diverse workforce.