Topic 4.3: Managing a cross-cultural workforce

1. The importance of cross-cultural management

As a result of globalization, many companies operate worldwide, which requires the recruitment of foreign employees from different countries with different origins and cultural backgrounds. Consequently, managers must deal with the issues of cultural differences and how managers can effectively communicate their decisions, which benefits both employees and the organization. When businesses expand from local to international operations, managers need to be able to understand the importance of cultural diversity in the workforce, particularly in human resource management, which focuses on the employees (Dalluay and Jalagat, 2016, p. 663).

It is a primary goal to properly manage employees with different cultural backgrounds as an important prerequisite for a successful organization. The term for this is Cross-Cultural Management, which can be defined as following: "Cross-cultural management explains the behavior of people in organizations around the world and shows people how to work in organizations with employees and client populations from many different cultures" (Adler, 2008, as cited in Kawar, 2012, p. 107). Accordingly, the management of a cross-cultural workforce is very important, as it is well known that cultural conflicts can arise when companies fail to address the many issues that contribute to such conflicts (Dalluay and Jalagat, 2016, p. 664).

2. Cultural issues faced by managing a culturally diverse workforce

Managers of a culturally diverse workforce are often faced with many problems. This is due to the fact that employees have different cultures, which can have an impact on business operations and overall performance. Some of the well-known cultural problems and barriers that hinder cultural adaptation are described below (Dalluay and Jalagat, 2016, p. 664).

2.1 Parochialism

International business activities have a greater scope and responsibilities than national companies. Employees newly joining an international business therefore tend to be narrow-minded by not recognizing the differences between their own culture and other cultures, and by continuing to behave in ways of their own culture in the face of new cultures resulting from internationalization (Dalluay and Jalagat, 2016, p. 664).

2.2 Individualism

For many employees, satisfying their own needs and their well-being is more important than the well-being of the organization. This means they become more individualistic rather than collective. The concept of teamwork thus seems to be difficult to achieve because the employee does not strive to be a team builder, but the basic attitude is more oriented towards self-interest and self-gratification (Dalluay and Jalagat, 2016, p. 664).

2.3 Ethnocentrism

Another problem that complicates cultural acceptance is the idea of ethnocentrism. It involves the fact that employees tend to apply the culture of their home country to the multicultural environment and workplace. They often believe that their own country's culture, conditions and working environment are much better than the new environment, which makes it difficult for them to adapt to new cultures. In addition, their judgement and perceptions are often based on a self-criterion that eventually has a negative impact on their productivity and performance. In order to understand new cultures, they have to temporarily forget about their own culture (Dalluay and Jalagat, 2016, pp. 664-665).

2.4 Cultural Distance

Cultural distance is an important factor in evaluating the degree of cultural adaptation that employees can achieve when moving from their home country to another country. It also addresses the origin of differences between two social systems, ranging from a minimal to a significant gap. Cultural distance affects the feedback and reactions of employees within the organization. Difficulties for employees in distinguishing their own culture from a new culture indicates a greater degree of cultural distance, which could cause ethnocentric behavior. Managing this issue is therefore important in order to reduce cultural barriers (Dalluay and Jalagat, 2016, p. 665).

2.5 Culture Shock

Culture shock can be described as a state that employees experience due to insecurity and disorientation when confronted with a completely different culture, which makes it difficult for them to adapt to a new culture (Chaney and Martin, 2011). Employees may not know how to react to new conditions, lose self-confidence and may be emotionally insecure (Dalluay and Jalagat, 2016, p. 665). Some reasons for culture shock can be related to the following factors: language, different management philosophies, clothing, food, driving patterns, attitude on work and productivity, separation from friends and colleagues, etc. (Davis and Newstorm, 1989).

3. The role of human resource management in cultural diversity

Managing cultural diversity in the workplace is an important challenge for the human resource management (HRM) of any organization. The role of HRM in managing cultural diversity is critical to how effectively the department deals with issues and challenges by establishing plans and programs to facilitate the adaptation of cultural differences by employees in the workplace (Dalluay and Jalagat, 2016, p. 666). Consequently, the flexibility of the organization to embrace diversity and the expected benefits it can provide will ensure the competitive advantage of the organization by employing a highly competitive workforce (Konard, Prasad and Pringle, 2006, as cited in Dalluay and Jalagat, 2016, p. 666).

In addition, HRM should consider that the workforce has both talent, expertise and experience. Efforts by HRM to promote diversity in the workplace would likely motivate employees to perform at their best, leading to higher productivity and higher profits (Stockdale and Crosby, 2004). A broader understanding of human resource management is necessary to counteract the negative effects of cultural diversity, such as tensions between management and employees, growing disagreements, frequency of complaints and lawsuits, and loss of investment if cultural diversity is not managed effectively (Dalluay and Jalagat, 2016, p. 666).

To maximize the benefits of managing cultural diversity, the management should overcome these challenges by implementing programs that address such problems as perceptual, cultural and language barriers, lack of effective communication and a perceived lack of teamwork (Albrecht, 2001). An effective management of cultural diversity enables organizations to create competitive advantages by reducing costs while attracting the most qualified staff and encouraging a higher level of creativity (Henderson, 2001).

4. Managing cultural differences

In order to achieve an effective approach to diversity management, it is necessary to react quickly when identifying cultural differences and to avoid that these differences cause problems (Dalluay and Jalagat, 2016, p. 666). Managers must value the contribution of employees in reducing such differences and respect the diversity in the workplace (Cascio, 1998). Managing cultural differences at work is an effective strategy for dealing with the effects of cultural diversity. Organizations using this strategy encourage their managers and employees to participate in trainings in order to understand how to manage cultural differences and how to effectively use them to strengthen competitive advantages (Dalluay and Jalagat, 2016, pp. 666-667).

4.1 Cross-cultural training

Cross-cultural or intercultural training is a strategy for managers and employees allowing them to learn about and adapt to other cultures which are essential to the organization. The goal of such a training is to develop the attitude of managers and employees towards working with people from different cultures (Farren and Nelson, 1999). Therefore, there are two different approaches where this strategy can be implemented best: either to offer trainings for a diverse group of employees or for managers to teach them how to deal effectively with a cross-cultural workforce (Luthans, 1995).

4.2 Top management support in managing cultural diversity

A very important aspect of managing cultural diversity is the full support of the top management for this measure. In this context, five further steps should be considered, as follows (Hayes, 1999, as cited in Dalluay and Jalagat, 2016, p. 667):

1) An organizational audit for compliance should be carried out. This should include the control and monitoring of actions and decisions taken by the HR department regarding recruitment and retention, evaluation and promotion, training and development, compensation and reward system among others.

2) An evaluation of the conditions of the diverse workforce should be carried out. Top management should primarily assess whether the diverse workforce feels comfortable and satisfied in their workplace, as this enhances their well-being, promotes

motivation and satisfaction as well as increases their commitment to the work as well as to the organization.

3) The standards should be clearly defined and effectively communicated. The support of top management is crucial, particularly in setting performance standards, which should be based on the key competencies required for each task. These should be developed with clarity and objectivity and communicated effectively.

4) Regular feedback should be provided. Feedback is essential for the organization to identify satisfactory or unsatisfactory performance. Therefore, employees should be given guidance and training on how to give and receive appropriate feedback. This is also related to identifying desirable and undesirable behavior that the organization might consider in the context of a diverse workforce.

5) The company should develop its own diversity strategy. While benchmarking is an ideal strategy that can be used by many organizations because of its ability to copy best practice, this is not the case for dealing with cultural diversity. Instead, the most suitable strategy should consider the efficiency of human resources, organizational strength and organizational culture. Managers should understand the importance of first adapting their own culture and then implementing a diversity strategy based on the adapted culture.

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