# Cross-cultural and diversity management intersections: lessons for attracting and retaining international assignees

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## Learning objectives

- To explain talent mobility in a culturally diverse global context, including issues such as attraction, retention and post-settlement adjustment.
- To describe the layers of culture and delineate their workplace implications.
- To explain cross-cultural management by focusing on cultural dimensions.
- To explain cultural diversity at individual and organisational levels.
- To demonstrate the value of employing a multilevel approach to explaining crosscultural management and diversity management.

## Learning outcomes

After reading this chapter, students will be able to:

- understand diversity management more broadly than has been presented in the literature to date
- understand cross-cultural dimensions beyond the macro-level measures presented in the dominant literature
- apply the insights gained from three levels of analysis: the macro (national culture), meso (organisation) and micro (individual and inter- and intragroup)
- address the implications of cross-cultural issues and workplaces staffed by people from diverse backgrounds around the globe
- understand how cross-cultural management and diversity management shape staffing, post-settlement adjustment and retention rates.

## Introduction

Within the context of globalisation, the pursuit of new markets and increasing labour mobility are together driving greater diversity within and between companies, and within and between diverse groups of workers. As such, firms conducting business internationally must be sensitive to, and accommodate, crosscultural issues arising from cultural and linguistic differences (Lloyd & Hartel, 2010). A primary responsibility for international HR managers is managing cross-cultural relations among diverse employee groups. In this chapter, we explore some of the issues confronting HR managers from a cross-cultural perspective, with an emphasis on ethno-cultural and linguistic differences. Combined, these considerations are important for managers operating in a global context who seek to attract the best and the brightest talent from around

**cross-cultural management** A group of strategies and policies designed to minimise the challenges of coordination and cooperation emergent in work environments where staff members embody a multiplicity of (sometimes competing) behavioural norms and interpersonal expectations.

**global mindset** The ability to live and work in and across cultures, and to negotiate crosscultural differences. An individual with a global mindset has an understanding and appreciation of local cross-cultural differences while maintaining the identity of their organisation and a global view. the world. There are both short- and long-term incentives to ensure effective **cross-cultural management** of diverse employees, and the goal is to retain and develop a workforce with a **global mindset** (Gupta & Govidarajan, 2002; Levy et al., 2007).

The Workforce 2000 report (Johnston & Packer, 1987), which heralded the growing diversity of the American workforce, provided the impetus to the importance of managing diversity as a means to achieve a competitive advantage (Thomas & Ely, 1996: 79; Nkomo & Cox, 1996: 88; Edelman, Fuller & Mara-Drita, 2001: 1612). Since then, interest in the opportunities surrounding, and concerns about, greater cultural and linguistic diversity has occupied scholars and practitioners alike. An Economist Intelligence Unit report (2010: 5), based on 479 survey responses and 16 interviews with senior executives, captured the importance of understanding and managing diversity to suit the dynamic contours of workplaces in a global context now and into the future:

Workers will come from a greater range of backgrounds; those with local knowledge of an emerging market, a global outlook and an intuitive sense of the corporate culture will be particularly valued... To build on this, many companies will send employees overseas more frequently, often for short periods, on project-based assignments or to take part in training.

While the IHRM literature focuses on the importance of cross-cultural management and cross-cultural awareness in enhancing performance and productivity (Shay & Baack, 2006; Kim & Slocum, 2008), this chapter focuses on post-settlement adjustment (that is, adjustments a worker must make on arrival in a host country) and **retention** of skilled workers as key reasons it is important to manage cross-cultural relations at work. This chapter provides a nuanced approach to

understanding the implications of cross-cultural issues and the management of ethno-culturally and linguistically diverse groups of workers. This is important because insights from scholars on such issues inform and guide our approach to organisational policy and staffing arrangements.

To date, the approach to understanding cross-cultural and intercultural relations in assisting with and facilitating

post-settlement adjustment has focused on reducing people's uncertainty in the new environment (Black, Mendenhall & Oddou, 1991). Some authors argue that uncertain conditions and the loss of control over one's context that being in a foreign environment triggers exert a significant impact on post-settlement adjustment. Most notably, in studies of traditional expatriate adjustment, it has been found that cultural adjustment is key to success, which includes completion of the assignment and retention in the organisation (Bhaskar-Shrinivas et al., 2005). Retention is defined as the process of managing and developing organisational talent and expertise to encourage loyalty to the organisation and commitment to its preferred goals (Bender & Fish, 2000; Stroh, 1995). This concept can also be applied to an emerging group of workers, that of self-initiated expatriates and skilled migrants (see discussion below).

A key facet of adjustment is the 'cultural distance' from, or sameness to, one's own cultural construct in the host country location (Black & Gregersen, 1991). Cao, Hirschi and Deller (2012: 167) define cultural distance as the '... basic differences between cultures, such as value systems, beliefs, customs and rituals in addition to legal, political and economic systems'. Managing this process with an understanding of cross-cultural relations is the first step in overcoming uncertainty and its consequences (Tung & Verbeke, 2010). To this end, this chapter provides a descriptive and critical evaluation of the guiding principles for understanding cross-cultural dynamics and explores the implications of such dynamics on attracting and retaining a culturally diverse talent pool. It is outside the scope of the chapter to construct a guide on cross-cultural competence, but we see such skills as evolving over time, given exposure to different situations and encounters. Here, we lay the foundations for navigating this long-term and ongoing process of understanding cross-cultural relations and the management of workers from diverse backgrounds.

We begin with a brief examination of labour hypermobility in what is described as a super-competitive era for sourcing talent (Chambers et al., 1998; Michaels, Handfield-Jones & Axelrod, 2001; Beechler & Woodward, 2009). We then outline how the process of attracting and, more importantly, retaining skilled employees has changed in recent years. To illustrate the impact of labour mobility and talent shortages as a precursor to understanding how to effectively manage and retain the talent pool, we present evidence of skills shortages and attrition rates drawn from national and corporate data. In doing so, we lay the foundation for considering cross-cultural diversity awareness as an important tool to manage a more culturally and linguistically diverse workforce and, relatedly, to retain and develop talented employees.

retention The process of managing and developing organisational talent and expertise to encourage loyalty to the organisation and commitment to its preferred goals.

We then turn to a brief description of culture before examining the main typologies informing IHR practice on cross-cultural management. We also critically examine and document the limitations of the typologies in common use, and consider the importance of understanding and managing cultural and linguistic diversity. Finally, we synthesise the arguments and suggest questions for consideration.

## The business case for managing diversity

The landscape of international business and relatedly IHRM has fundamentally changed with the expansion of interfirm mobility (the traditional expatriate), hostcountry nationals (HCNs) and third-country nationals (TCNs) as the main options to staff multinational companies (MNCs). These groups are now joined by skilled and qualified individuals who are immigrating for work purposes in their own right (Brewster & Scullion, 2007; Jokinen, Brewster & Suutari, 2008; Cerdin & Pargneux, 2010). Despite the scarcity of reliable data, there seems to be a marked trend towards increased mobility among skilled workers (Wickramasekara, 2003). To describe this mobile stock of self-initiated labour we use the terms 'self-initiated expatriate' (SIE) and 'skilled migrant' (SM) interchangeably (for discussion on the differences between SMs and SIEs refer to Al Ariss et al., 2012: 94; Doherty, 2013; Howe-Walsh & Schyns, 2010). National government policies that encourage temporary and long-term immigration lure SIEs and SMs, who are in demand in regions where the 'war for talent' has generated significant competition to address key skills shortages (Burke & Ng, 2006; ManpowerGroup, 2012a and 2012b). In this regard, managing intranational diversity among SIEs is not dissimilar to managing cross-national diversity among expatriates in the host country (Tung, 1993). In addition to this (and in common

self-initiated expatriate A person who moves abroad for work on their own initiative.skilled migrant A well-educated individual who moves from a developing to a developed country for work.

with traditional expatriates), firms, occupations and industries also demand SIEs, who may be enticed by the prospect of higher wages, career opportunities and the excitement of a different cultural experience (Al Ariss et al., 2012; Harvey & Groutsis, 2012; Groutsis & Arnold, 2012).

Skilled workers are thus encouraged to relocate for work purposes, and this extends beyond those who travel for work purposes within the confines of interfirm trans-

fers. As Cecilia Malmström (2012), the EU Minister for Migration, recently noted: 'In order for us to remain economically competitive, we need to attract workers, in particular high-skilled workers, from third countries.' With a message from policymakers to look to SMs to address skills gaps, and as a way of building cross-cultural and intercultural skills and know how, employers are finding themselves competing in a shrinking market for in-demand skills. The reason for the lack of available local skills is simply that there is unmatched supply fuelled by a demand-driven need for skilled workers (Al Ariss & Özbilgin, 2010; Cerna, 2010; Chaloff & Lemaitre, 2009; Harvey & Groutsis, 2012; Groutsis & Arnold, 2012; Beechler & Woodward, 2009; Martin, 2003; Wickramasekara, 2003). In findings released by ManpowerGroup, from a large-scale survey based on 38 000 phone interviews across 41 different countries and territories, more than one in three employers 'encounter difficulties in filling skilled positions, with employers in the Asia–Pacific region cited as experiencing the greatest skills shortfall when compared with the Americas and Europe, the Middle East and Africa' (ManpowerGroup, 2012a: 4).

Skills shortages in particular sectors and industries are defining the developed and, increasingly, developing economies. As such, it is becoming increasingly competitive to attract and retain skilled workers where they are needed. In this regard, having the right national and organisational policies may serve to attract prospective SMs. For example, Australia and Canada espouse an official multiculturalism policy that welcomes immigrants (Ng & Metz, 2013). At the organisational level, employers who have a **diversity management** policy also attract more diverse and better qualified job applicants (Ng & Burke, 2005). However, while attracting SMs is critical in the 'war for talent', retaining them post-arrival is also becoming a challenge facing many host countries. For example, a recent study (Finch et al., 2009: 3) examining immigrant retention rates in the UK notes that since 1975:

[A]t least 61 000 immigrants have left the UK each year with numbers rising steadily in the last decade to a peak of 194 000 in 2006, a population the size of the city of Portsmouth. This peak is likely to have been exceeded in 2008 with re-migration topping 200 000.

The study found that those who have left the UK include young, skilled and qualified immigrants, who had previously formed a growing pool of incoming immigrants (Finch et al., 2009: 4–5; see also Oishi, 2012;

Wickramasekara, 2003). In Australia and Canada, for example, highly skilled migrants were prone to leave soon after arrival, due to adjustment difficulties (Brenner et al., 2010; Hugo, Rudd & Harris, 2003; Productivity Commission, 2006). The Australian Department of Immigration and Citizenship notes that between 2006 and 2008, 40 per cent of the professionals departing Australia permanently were born overseas, a trend that is set to continue (Department of Immigration and Citizenship, 2008–2009: 31). Ironically, for host-country labour markets, the issue of retention is particularly pressing given severe skills shortages in certain sectors, predicted to worsen in the coming years. Thus, host countries must work to ensure that SMs receive proper assistance on arrival to ensure that they adjust and will stay to contribute to the host-country organisation and, more broadly, to the economy.

Cross-cultural awareness is therefore important in guiding managers in the selection, post-settlement preparation and adjustment of personnel for multinational organisations. A lack of cross-cultural awareness may have a direct or indirect impact on the post-settlement effectiveness, performance, assignment completion and retention of talented personnel. At a time of global talent shortages, it makes good business

**diversity management** The strategic alignment of workforce heterogeneity to include and value each employee equally on the basis of their diverse characteristics, and to leverage organisational diversity to enhance organisational justice and achieve better business outcomes.

sense to ensure that staff adjust well in the post-arrival phase. We will investigate these issues in the next section.

## Beyond cross-cultural management: a multilevel approach

### Defining culture

There is no universally accepted definition of the term 'culture', but it is possible to draw out some common threads. One of the earliest definitions saw culture as 'that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society' (Tylor, 1871: 1). More recently, Hofstede (1984: 51), considered the 'father' of cultural dimensions in international business, has defined culture as 'the collective programming of the mind which distinguishes the members of one category of people from another'. Kroeber and Kluckhohn (1952: 181) captured both sets of definitions, and incorporated the collective notion of visible and invisible dimensions of culture, stating that:

Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other, as conditioning elements of further action.

In short, to understand culture we should observe the dynamics between two or more people. Culture is socially constructed and historically infused and includes both visible and invisible facets. The visible components of culture include behaviours, language and artefacts, and the invisible components of culture comprise norms, values, basic assumptions and beliefs.

In business, national and corporate cultures influence management in areas such as leadership, decision-making and motivation; approaches to recruitment, selection, training and development and retention; and approaches to managing diversity. It is therefore safe to assume that working across cultures also influences HR systems, since these systems cannot be easily transferred from one country to another. Consequently, it is crucial to establish how cultural differences can affect the social relations between work groups in organisations and how to coordinate processes in organisations, such as recruiting and retaining workers, to leverage the potential gains from cross-cultural diversity. A position paper by the Australian Government emphasises the importance of facilitating cultural exchanges and building cultural knowledge through capital and labour mobility: 'Cultural connections across a range of areas can be powerful forces for bringing people together. Exchanges in culture build greater understanding, foster cultural appreciation and offer commercial opportunities' (Australian Government, 2012: 257).

### The multilevel view of cross-cultural diversity management

Our multilevel critical examination of cross-cultural diversity management seeks to understand culture in national, organisational and employee (group) contexts. Klarsfeld, Ng and Tatli (2012) have documented the role of the national context, as well as voluntary and coercive pressures from regulators (the government), competitive pressures (the firm) and unions (employee groups) in diversity management. For example, in France, unions and employee groups are predominant in driving diversity management in firms, while in Canada and the UK, both government pressures and competitive pressures motivate firms to pursue a diverse workforce (Cox & Blake, 1991; Ng & Tung, 1998). In the examples from France, Canada and the UK, there is a **business case for diversity**. The examples suggest that diversity management approaches are not converging but instead require different approaches based on the national, organisational and individual worker contexts. Thus, a multilevel approach is essential to under-

stand effective cross-cultural management. Further, the examples from France, Canada and the UK suggest that diversity management practices are not converging but, instead, require different approaches based on national, organisational and employee contexts.

### Macro-level dimensions

Cross-cultural management is concerned with issues that arise in the context of relationships between individuals,

groups and organisations from differing cultural backgrounds (Adler, 1983; Holden, 2002). Accordingly, we must recognise the potential for misunderstandings among different groups in the workplace and across business subsidiaries, due to their different ethno-cultural and linguistic characteristics. It is important to understand cross-cultural relations because this allows us to identify the characteristics of particular cultures and make comparisons between them based on identifiable characteristics.

Cross-cultural models fall into two broad categories (Tatli & Özbilgin, 2012). In **etic model**s, behaviour is universal. That is, behaviour must be understood in the

context of behaviour in other cultures. For example, there are often differences between Western and East Asian cultures, and those differences are assessed on the basis of Western cultural norms. In **emic model**s, behaviour is culture-specific. That is, behaviour must be understood in the context of a particular culture. Using the same example from East Asian cultures, a Western perspective may view Japanese, Chinese and South Korean cultures as similar (perhaps because of their shared collectivism,

etic model A cross-cultural model that seeks to understand behaviour in one culture in the context of other cultures.

**emic model** A cross-cultural model that seeks to understand behaviour in the context of a particular culture.

high-power distance and high uncertainty avoidance), but the same cultures are clearly distinct when viewed from within an East Asian subculture.

**business case for diversity** An approach based on the principle that a properly managed diverse workforce can lead to greater financial profits and market share, with an enhanced ability to attract and retain the best human talents, greater creativity and innovation and improved marketing efforts.

### Cultural dimensions

A number of scholars have attempted to define and devise categories for cultural dimensions as a method of understanding cross-cultural management (Kluckhohn & Strodtbeck, 1961; Hofstede, 1980, 2001; Trompenaars, 1993; Brake Walker & Walker, 1995; House et al., 2004). Just as there is no universal measure or definition of culture, there is little agreement among cross-cultural researchers regarding 'what constitutes culture (that is, its key dimensions), how culture should be measured and what culture implies for managerial practice' (Tung & Verbeke, 2010: 1260). What do these research projects tell us? In brief, they derive national cultural dimension scores with the aim of providing scholars and practitioners with a means of comparing cultural differences between nations.

#### Hofstede's six cultural dimensions

Hofstede's work has been, and continues to be, the most cited and influential on cross-cultural research (Triandis, 2004: 89; Tung & Verbeke, 2010: 1259). In 1968 and 1972, Hofstede examined employees at IBM across more than 40 countries and some 116 000 employees completed survey questionnaires; later, in 1991 and 2001, he extended his research to include 50 countries and three regions. The survey examined employees' personal values, norms and approach to communication in relation to their work situation, in each of the countries involved. Notably, Hofstede did not embark on a study of cultural dimensions. Even so, the information gathered produced five cultural dimensions from which to index similarities and differences between cultures (power distance index, individualism, masculinity, uncertainty avoidance index and long-term orientation – see box 2.1), and in 2010 a sixth dimension was added to include a measure of indulgence versus restraint (Hofstede et al. 2010; see box 2.1). Figures 2.1 and 2.2 compare four countries' scores across the first five dimensions, while table 2.1 demonstrates how a number of countries scored across all six dimensions.

## **Box 2.1 HOFSTEDE'S SIX CULTURAL DIMENSIONS**

**power distance index (PDI)** The degree of inequality of influence and power considered acceptable. This dimension allows us to compare high-power distance (greater inequality) with low-power distance (less inequality) cultures. Low-power distance cultures do not tolerate unequal distribution in power.

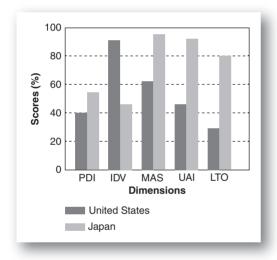
**individualism (IDV)** The extent to which people indicate a preference for individual pursuits rather than acting as members of a group. This dimension allows us to compare individualistic and collective cultures. More collectivist cultures prefer group rewards and prioritise in-group over out-group members.

**masculinity (MAS)** The extent to which traditionally masculine values such as assertiveness, dominance and achievement predominate within a culture compared with traditionally feminine values. This dimension allows us to compare those cultures that display more masculine than feminine characteristics. More feminine cultures tend to have greater overlap in gender roles.

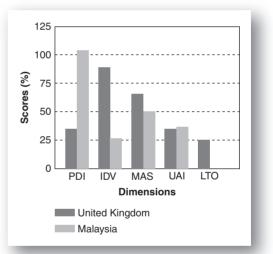
**uncertainty avoidance index (UAI)** The extent to which individuals strive for certainty and favour structured over unstructured conditions and situations. This dimension allows us to compare risk-taking and risk-averse cultures. High-uncertainty avoidance cultures use rules, technology and religion to create uncertainty for themselves.

**long-term orientation (LTO)** The extent to which people display a long-term as compared with a short-term outlook on things such as work, life and other elements of society. Societies with longer-term orientations tend to save (thrift) and invest, and emphasise virtues over the truth.

**indulgence orientation (IO)** The extent to which a society enables the pursuit of satisfaction (as opposed to restraint), with respect to various human pleasures such as leisure, sex and consumption activity. Societies with higher indulgence scores facilitate the pursuit of pleasurable activities and experiences, while societies with higher restraint scores have more restrictive normative codes, which curtail instant gratification.



**Figure 2.1** The five dimensions of culture – comparison between Japan and the United States (adapted from www.geert-hofstede.com)





#### The GLOBE Project's nine dimensions

The GLOBE Project (House et al., 2004) is based on a survey collected from more than 17 000 middle managers, in 951 organisations, across three industries, in 62 countries or regions. The study identifies nine national cultural dimensions from which scores are derived (see box 2.2, page 32):

- power distance
- uncertainty avoidance
- institutional collectivism
- in-group collectivism

Country	Cultural dimensions ranking					
	PDI	IDV	MAS	UAI	LTO	10
Australia	36	90	61	51	21	71
Canada	39	80	52	48	36	68
China	80	20	66	30	87	24
France	68	71	43	86	63	48
Germany	35	67	66	65	83	40
Hong Kong	68	25	57	29	61	17
India	77	48	56	40	51	26
Indonesia	78	14	46	48	62	48
Japan	54	46	95	92	88	42
Netherlands	38	80	14	53	67	68
Russia	93	39	36	95	81	20
South Korea	60	18	39	85	100	29
United States	40	91	62	46	26	68
West Africa	77	20	46	54	9	78

# Box 2.2 THE GLOBE PROJECT'S NINE CULTURAL DIMENSIONS

**power distance** A perceived inequity in the distribution of power.

**uncertainty avoidance** The extent of group reliance on established social norms as a means to avoid uncertainty, including reliance on rules, structures and laws.

**institutional collectivism** The degree of collective action compared with individual action.

in-group collectivism The degree to which people show cohesiveness in groups.

gender egalitarianism Levels of difference between gender roles in society.

assertiveness The degree to which a culture determines behaviour in social relationships.

**future orientation** The degree to which planning and investing in the future is considered important. **performance orientation** Value or reward attached to performance.

humane orientation Value attached to fairness, altruism and generosity.

Cluster	Countries	Attributes Competitive and results-oriented; places less emphasis on family and close kinship ties.		
Anglo	Canada, USA, Australia, Ireland, England, South Africa, New Zealand			
Confucian Asia	Singapore, Hong Kong, China, Taiwan, South Korea, Japan	Results driven and focused on groups working together, with strong loyalty to family bonds.		
Eastern Europe	Greece, Hungary Albania, Slovenia, Poland, Russia, Georgia, Kazakhstan	Low on performance orientation, with strong support for co-worker and gender equality.		
Germanic Europe	Austria, Netherlands, Switzerland (German- speaking), Germany	Values competition; more results-oriented than people-oriented; plans and invests in the future, being considered individualistic in this respect.		
Latin America	Ecuador, El Salvador, Columbia, Bolivia, Brazil, Guatemala, Argentina, Costa Rica, Venezuela, Mexico	Loyal and devoted to family, but less focused on performance and institutions.		
Latin Europe	Israel, Italy, Switzerland, (French-speaking), Spain, Portugal, France	Values individual autonomy and places less emphasis on societal goals.		
Middle East	Turkey, Kuwait, Egypt, Morocco, Qatar	Places emphasis on family ties; women and ethni minority groups often hold lower status.		
Nordic Europe	Denmark, Finland, Sweden	Emphasises the future; focuses on gender equalit and institutional and societal collectiveness rather than family; cooperation and voice are central.		
Southern Asia	Philippines, Indonesia, Malaysia, India, Thailand, Iran	Focuses on humane orientation and collectivism, with low levels of stress and policy structures; emphasises the present rather than the future.		
Sub-Saharan Africa	Zimbabwe, Namibia, Zambia, Nigeria and South Africa	Devoted to a human orientation and sensitive to others and their families.		

#### Table 2.2 GLOBE Project country clusters (adapted from House et al., 2004)

- gender egalitarianism
- assertiveness
- future orientation
- performance orientation
- humane orientation.

Unlike Hofstede's work, the GLOBE Project sets out to measure and evaluate national cultural dimensions. These dimensions are divided into two segments for the different national settings. One segment provides measures of actual societal practices ('As Is' scores) and the other segment measures the corresponding societal values ('Should Be' scores). As such, there are 18 national culture dimension scores. In addition to this, House et al. (2004) provide country cluster categories. Table 2.2 lists the countries in each cluster, and describes the attributes of that cluster.

#### Hofstede and the GLOBE Project: cautionary markers

While both the Hofstede and the GLOBE typologies offer useful ways to determine cultural differences, we should consider several points of caution. First, they assume that cultures are stable, which raises questions about the insights they grant to scholars

and practitioners over time. Bond and Smith (1996) and Triandis (1994) have written in support of Hofstede's study and its cultural stability over time; while McSweeney (2002) and Tung (2008) are among those who have raised criticisms of such an approach.

Second, the typologies correlate cultural dimensions at the national level and apply them to derive an understanding of 'culture' and 'nations'. They also use these terms interchangeably, which raises serious concerns about external validity. This is particularly so given that, in practice, many national boundaries do not equate to clear cultural borders between one country and another. Consider the case where national borders (and the derivation of cultural dimensions) reflect colonial ties, which correspond more to the logic of colonial politics than to complex cultural realities.

Third, they assume that their cultural scores are applicable to, and valid for, an evaluation and understanding at the micro-level; that is, at the level of differences between individuals (Tung, 2008). Such generalisations are unjustified and ignore the subtleties and contradictions in many cultures. Importantly, the macro-level dimensions set out in these typologies cannot be used to make predictive statements about the behaviour of individuals.

Fourth, they argue that domestic cultures are homogeneous and universal. The flow-on effect of this is that subcultural and inter- and intragroup dynamics and differences are overlooked (Tung, 2008). It is important to consider differences in employees' race, religious affiliation, socioeconomic status, educational level and languages spoken. Indeed, differences between two countries might also be found between subcultures within a country. For example, 'Canadian culture' comprises both Anglophone and Francophone Canadians. Francophone Canadians are said to be more formal, hierarchical, moderately relationship-focused and more emotionally expressive than their Anglophone counterparts (Hofstede Centre, n.d.).

Finally, in the case of Hofstede's typology, his study has been criticised for drawing generalised conclusions from a survey limited in scope to one MNC; the MNC has also been seen as overwhelmingly espousing Western cultural values (Ailon, 2008; Javidan et al., 2006). The gaps scholars have identified in response to the cross-cultural theorists have proven fertile ground for the development of a framework that includes consideration of the meso- and micro-levels of analysis. On this basis, we now turn to consider meso- and micro-level dimensions that arise from different corporate structures and cultures, and implications for managing and working in a culturally and linguistically diverse setting.

### Meso- and micro-level dimensions

Organisational theorists, like cross-cultural theorists, have noted the multiple layers that comprise organisational entities, describing them as 'cultural units that have within them powerful subcultures based on occupations and common histories', with visible and invisible layers (Schein, 2009: 3, 27, 39). While an organisation's culture is the sum of its members' interactions, it is also influenced by interactions within and between subcultural groupings and the external environment (that is, the broader society). Hofstede and colleagues (1990: 286) expanded on this point to define 'the organisational/corporate culture construct' as indicative of a range of features including

(1) holistic, 2) historically determined, 3) related to anthropological concepts, 4) socially constructed, 5) soft, and 6) difficult to change'.

While these facets describe the essential components of an organisation's culture, it is important to note that, in an international business setting, the organisational culture is affected and shaped by the type of its business arrangement. We must consider the nature of the arrangement – for example, whether it is a wholly owned subsidiary, a joint venture, a merger or an acquisition – since these structural forms help to shape the organisation's culture. Structures also inform the processes and policies employed in the staffing and management of the international venture, which in turn shape the organisational culture. An MNC has access to home-, host- and third-country nationals and, increasingly, to SIEs who hold multiple professional identities and cultural values located in a different country or company cultural setting. As such, while an organisation's culture is constructed over time and slow to change, the international setting makes for a more complex and dynamic entity, which is by nature subject to change. In this regard, we should also consider the management of workers from diverse backgrounds.

The need for greater awareness and accommodation in managing culturally and linguistically diverse workers is becoming increasingly clear for managers in both domestic and international contexts. Some factors driving this are:

- increasing skill shortages in the United Arab Emirates, for example, expatriate labour is said to comprise more than 70 per cent of the working population
- demographic shifts for example, an ageing population, changes in fertility rates and standards of and access to education and training (Al Ariss et al., 2012: 93)
- the need for organisations to attend to the diverse needs of workers in order to attract and retain their stock of talents.

The issue of cultural and linguistic diversity has been largely ignored in the IHRM literature (Bell et al., 2010; Tatli, 2011), as a result of imposing macro-level cultural dimensions on the meso- and micro-level dynamics of the workplace. When we fail to take stock of the importance of organisational and inter- and intragroup dynamics, we also fail to account for managing groups from diverse backgrounds. While this chapter focuses on diverse ethno-cultural and linguistic groups, we must also acknowledge that ethnically and linguistically diverse employees may differ further, in the dimensions of gender, age, sexual orientation and disability, among others (Brook & Lucas, 2012; Holvino, 2010).

A diverse group of employees works in MNCs, which complicates the cross-cultural issues involved. In addition to the challenge of managing a diverse workforce, MNCs are simultaneously operating in multiple foreign settings and under varying national norms and regulations, which may be at odds with an inclusive diversity management ethos. Even foreign firms with ostensibly equality-focused diversity agendas do not necessarily provide strong safeguards against discrimination of various kinds. For instance, in the Turkish context such policies are compromised once they are left to be implemented at the local level (Ozturk, 2011). MNCs often do not send expatriates who identify as lesbian, gay, bisexual, transgender or queer on international assignments to regions deemed to have challenging local norms (Gedro, 2010), which can in turn reduce the effectiveness of diversity management strategies in sustaining diverse work teams globally. While

not all countries or organisations approach diversity management in the same way, it is important that HR managers make a coherent effort across their entire organisational network to monitor and manage diversity. In particular, they should focus on cultural and linguistic diversity and the inter- and intragroup dynamics that may evolve as a result of individual differences.

Diversity management is a process that is located at the workplace level and requires managers' awareness and response to individual workers (Nkomo & Cox, 1996; Dick & Cassel, 2002). As we have seen, diversity management can be understood as the strategic alignment of workforce heterogeneity where each employee is equally included and valued on the basis of their diverse characteristics. It is a process that ensures organisational diversity is leveraged to support both greater organisational justice and better business outcomes (Sanchez & Brock, 1996; Lorbiecki & Jack, 2000). Managing diversity emphasises inclusion at its core, with a view towards 'valuing each person for his or her unique combination of skill, competencies, attributes, knowledge [and] personality traits' (Heery & Noon 2001: 15) and various other demographic and social characteristics. These demographic characteristics, in combination, can shape group inclusion and exclusion; that is, inter- and intragroup dynamics and the workplace social relations that emerge as a result of them (Taksa & Groutsis, 2012). Accordingly, to manage culturally and linguistically diverse workers, we need to pay attention to the composition and distribution of particular groups; to the management of intercultural interactions; and to issues of equity and employee voice, irrespective of demographic characteristics. This requires a case-by-case assessment, given that cultural distance may play a significant part in the post-settlement adjustment phase. A person's cultural distance from the host country's culture may be influenced to a greater or lesser extent not only by the host country but also, increasingly, by the assignee's cultural background. For example, perceptions of fairness and voice vary among different cultural groups, based on the dimensions of individualism and collectivism and power distance (Au, Hui & Leung, 2001; Hui & Au, 2001; Thomas, Au & Ravlin, 2003).

# Lessons from the multilevel approach: cross-cultural adjustment and retention

In an era characterised by increasing globalisation and worker mobility, it is important to manage across and within cultures and between cultural groups. Our multilevel approach suggests both a top-down and a bottom-up approach, where each level of analysis (the macro, meso and micro) informs the others. We have explored the established macro-level approach to explaining and understanding differences across cultures to date, which offers little insight into the meso- and micro-levels of analysis and is therefore of little use in distinguishing between or within cultures. Given what has overwhelmingly been a single-level approach to understanding cultural differences, it is not surprising that we are incapable of managing the multiple levels that constitute cultural adjustment, especially in conditions that are culturally distant from the worker's home country. In an era that is defined by the 'war for talent', we must consider managing adjustment and cultural differences from a multilevel perspective.

# Conclusion

Observing cultural similarities between people from particular cultures or backgrounds may assist us in developing insights into how another person's cultural values and assumptions differ from our own. If our insights are correct, they may help us to bridge the cultural distance between ourselves and individuals from different cultures and to lay the foundation for effective management and work in another culture. However, if we make shorthand assumptions about values we think are typical of people from a particular cultural background, we may incorrectly categorise individuals who have different values. Homogenising cultural difference and arriving at inappropriate cultural stereotypes may be counterproductive and distract from understanding cross-cultural dynamics and the management of workers from diverse backgrounds.

# Take-home messages

- We need to understand cross-cultural differences to attract and retain people from different ethno-cultural and linguistic backgrounds, and to manage business effectively working with people from other cultures.
- Practices and processes that are effective within one cultural setting (i.e. a national and corporate setting) may not necessarily work within another cultural setting. While macro-level cultural dimensions may provide us with some interesting insights, we must avoid the temptation to make assumptions about the values and intentions of individuals or groups based on this knowledge alone.
- Cultural insights are at best a starting point in establishing and understanding crosscultural dynamics and managing diverse groups in different corporate and national cultural settings.
- We need to progress beyond the common approach to cross-cultural management, which is shorthand and partial and in which national (macro-level) cultural dimensions are applied to organisational level (meso-level) and individual (micro-level) interactions. Such cultural insights may misguide our understanding of organisational dynamics in an international setting.

# Closing the learning loop

- 1. What is the difference between cross-cultural management and diversity management? Discuss with reference to the importance of diversity management insights for IHRM.
- 2. What are the characteristics of a global mindset?
- 3. What is the importance of practical insights from cross-cultural management and diversity management for the attraction and retention of global talent, and why is this so? Explain by drawing on the examples cited in the chapter.

- 4. What is the difference between the etic and emic models of cross-cultural behaviour?
- 5. What insights does cross-cultural theory provide, and what are the strengths and weaknesses of the categories they offer us? Refer particularly to Hofstede's cultural dimensions and the GLOBE Project.
- 6. Why is multilevel analysis useful in understanding cross-cultural management in the context of IHRM?

## CASE STUDIES 2.1 AND 2.2 EXPATRIATE ADJUSTMENT IN INDIA

#### Rana Haq, Laurentian University

Talent mobility is a reality in today's globalised world, where organisations are competing to attract and retain skilled employees who are moving from their home countries and crossing continents to take part in higher education and to accept lucrative employment opportunities. This mobility necessitates increasing crosscultural interactions in the workplace. Therefore, the management of diverse cultures plays a critical role in a global employment context.

India is an important emerging market that attracts many MNCs; however, it ranks as one of the most challenging countries for expatriate assignments and on the 'ease of doing business' index (Kim & Tung, 2013). In case study 2.1, we explore an example of an employee who moved from South Korea to India. South Korean MNCs, such as Hyundai Motors, Samsung Electronics and LG Electronics, all entered the Indian market in 1997, with manufacturing investments in three major Indian cities of Chennai, Mumbai and Delhi. While there is a strong South Korean presence in India, the two cultures are extremely different, particularly as India is very diverse (including in terms of its people's ethnicity, religion and language) and South Korea relatively homogeneous (Kim & Tung, 2013). In case study 2.2, we consider the issues involved in relocating a female senior manager from Canada to India.

Hofstede's (2001) comparative index of India, South Korea and Canada is presented earlier in this chapter (see table 2.1), while the GLOBE Project (House et al., 2004) places South Korea in the Confucian cluster, India in the South Asian bloc and Canada in the Anglo group (see table 2.2). Given these cultural differences, consider the following case study scenarios.

# Case study 2.1 From South Korea to South Delhi

Yeong-jin Lee, an operations manager in a South Korean MNC, was offered a promotion in the form of an expatriate assignment as a senior operations manager in the company's Indian office, which opened in 2000. He willingly accepted the three-year offer and moved to Delhi with his young family. His wife, Soo Kyong, quit her teaching job in Seoul and they moved to Delhi with their two children, a daughter aged 10 and a son aged 13. Yeong-jin was surprised by the various unanticipated challenges he faced in India, both on family and work fronts, and wondered what he and his home office in South Korea, as well as his host office in India, could have done better to prepare him and his family for the overseas assignment.

On the family front, both Yeong-jin Lee and Soo Kyong were concerned about their children's academic and social adjustment in their new school. Although there was no problem with admission to a good school, since the local education system had a significant foreigner's guota, the children were certain to experience cultural adjustment issues at school. In terms of the quality of education, Yeong-jin Lee and Soo Kyong had full confidence in the Indian education system, but were worried about whether their children would be able to adjust to the new school curriculum and make new friends. They were also concerned about how the children's time away would affect their educational opportunities on repatriation to South Korea at the end of the three-year assignment.

Confucian philosophy makes a clear distinction between the roles of the husband and wife, where the former provides financial support to the family and the latter focuses on bringing up and educating children. Soo Kyong had no regrets on quitting her teaching job in South Korea and accompanying her family to India. She found comfort in the fact that she would be a stay-athome mother in India and would be able to spend more time with the children during this period. However, she was slightly nervous about her own personal adjustment in terms of being away from work and feeling isolated in this new country without any family or friends. In addition, she was overwhelmed by the many changes in her new environment, especially the language and food challenges. She also knew that she could not depend on Yeong-jin to help her or the children with many of these changes because he would be occupied with many pressures at work. This was consistent with the Confucian emphasis on sacrifice and the collectivist South Korean value of loyalty to the organisation over individual family needs (Kim & Tung, 2013).

On the work front, Yeong-jin was quite satisfied with the increased responsibilities associated with his elevated job title and managerial status in India. However, his home office still considered him a midlevel manager and expected him to implement centralised directives from headquarters; an expectation that he thought was unrealistic in the Indian context and that caused him significant stress. In addition, having only worked with South Korean nationals in his prior roles, Yeong-jin was illprepared to work with colleagues from different cultural and linguistic backgrounds and with diverse religious affinities.

In India, Yeong-jin was concerned with preventing misunderstandings and unintentionally offending the HCNs, especially his lack of knowledge regarding the nuances of the various social, religious and cultural customs in India. Further, he felt that he could not negotiate the division of labour on joint projects as effectively as he did with colleagues back at home and, as a result, he felt that some projects were bound to suffer from execution and completion problems. An example of this fear was his frustration with Indian cultural and professional attitudes towards expectations of commitment to time and project deadlines although, on the surface, everything seemed agreeable for the moment.

# Case study 2.2 From Montreal to South Delhi

Kathleen Simon, a senior marketing manager in the Montreal office of a Canadian MNC, agreed to relocate to South Delhi, India for a two-year assignment. The MNC opened its Indian operations in 2002. Kathleen was single and had no dependants. As such, she felt that it was a good career opportunity. She thought that getting some international management experience would help her secure a promotion upon her return from this expatriate assignment. However, when she arrived, she found that she was not prepared for the many challenges she faced and wondered how best to deal with them, given that her company's home and host offices had not assisted her significantly during the transition process.

As an expatriate woman relocating by herself, Kathleen was quite concerned about her personal safety in India. She knew that, as part of her contract, there would be no problem with housing security since her company would provide her with a comfortable home in one of the safest and upscale neighbourhoods in South Delhi. However, she worried about how she should dress at work and during leisure time, and especially how others (including her expatriate and local colleagues) might perceive her. She was also concerned about her social life, leisure activities and making new friends in India.

In the professional context, Kathleen felt that the business culture was highly gendered, and communication was difficult when working with subordinates and other managers, most of whom were men. Some of Kathleen's colleagues and external clients saw her workplace behaviour as fastidious and demanding, while she saw it as assertive and competent. So, Kathleen had to try hard to navigate what sometimes seemed like a cultural minefield, to ensure that she interacted seamlessly with local colleagues and clients.

## Case study questions

- What are some of the cultural differences between India and South Korea, according to Hofstede and the GLOBE Project? Refer to tables 2.1 and 2.2 in this chapter.
- What are some of the cultural differences between India and Canada, according to Hofstede and the GLOBE Project? Refer to tables 2.1 and 2.2 in this chapter.
- 3. What challenges may South Korean expatriates face in India, as in the case of Yeong-jin Lee?
- 4. What challenges may Canadian expatriates face in India, as in the case of Kathleen Simon?
- 5. To what extent did issues of gender influence the experiences and challenges that the two expatriate managers encountered on their assignments?
- 6. What insights about India should expatriates from other countries and regions (e.g. Australia, Europe, Mexico, the United Kingdom) consider when offered an expatriate assignment?
- 7. What can MNCs do to ensure successful selection, training, adjustment and completion of expatriate assignments in the Indian context?
- 8. What potential career opportunities are available to MNC managers who accept expatriate assignments to developing countries that may be considered 'more exotic' or 'less preferred'?

## >> ACTIVITIES

### Debate

Present arguments for and against this proposition:

The study of cross-cultural management has historically relied on grand theories, limiting its validity across and within different cultural contexts and countries. We need to consider multiple theories and perspectives, all of which can be partially legitimate and workable. Given that these are only points of view, there is no objective version of cross-cultural management.

## Small group discussion

Break up into small groups and consider the following questions.

- What would a United Kingdom based organisation that wished to expand into Japan, Malaysia and the United States need to consider in terms of crosscultural management? Discuss with reference to Hofstede's cultural dimensions.
- 2. How useful is Hofstede's cultural dimensions model as a guide for practitioners?

# Online resources

- For instructors: answers to activities; long media article with questions.
- For students: further reading; answers to case studies; IHRM in practice.

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