Chapter 1

1.1 Conceptual Framework

1.1.1 Independent Variable

1.1.1.1 Cultural Diversity

Worldwide interest in the topic of Diversity Management has grown steadily in recent years. Many researchers assume that manager's in today's multicultural global business community frequently encounter cultural differences, which interferes with management practices in organizations. In the year 1871, the word Culture was first used by pioneer English Anthropologist Edward B. Taylor in his book *Primitive Culture*. He explained that culture is that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society. Thus, a culture refers to a community which split into common experiences that shapes the way to understand the world in its members. It includes groups that we are born into, such as race, national gender, class, or religion. It influences their views, values, humor, hopes, loyalties, worries and fears. This chapter considers all those employees who are social and cultural stereotype. The chapter also addresses key concepts relating to culture and cultural diversity, dimensions, models.
Many people encounter ‘Culture’ in numerous ways. Some defined it as tool for survival; some identified it as a full range of learned human behavior. Researchers defined it as “patterned way of thinking, feeling and reacting”. According to Business dictionary, it as a social heritage of a group with patterned way of responses arising out of interactions from its group members in a particular environment. These responses are considered the correct way to perceive, feel, think, and act. Culture determines what is acceptable or unacceptable, important or unimportant, right or wrong, workable or non workable.

Watson (2006) accentuated culture as ‘something cultivated’. Most of the academicians and practitioners who are studying culture suggest that the culture is the climate and practices that an organization develops around their handling of people, the values they promote and statement of their beliefs. Culture helps an organization to understand and guide daily activities of workers to meet individual and organization goals. It enables organizations to respond rapidly to customers need or the move of a competitor. Cultures also provide coherence and corporation to achieve goals of an organization (Nikels et al, 2011). This entails that culture is the set of values, guiding beliefs, understanding and way of thinking that is shared by members of an organization and it is learned not inculcated genetically. This learning process tends to go on and on and unconsciously it passes from one generation to another unnoticeably (McShane and Von-Glinow, 2006). In case of an organization, the underlying values may include ethical behavior, commitment to employees, efficiency or customer service.
In Support of this statement Brown (1995) opined corporate culture is the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholder outside the organization. Corporate culture tends to enhance management in coordinating and integrating people with diverse personal and cultural values systems in the workplace. Building of strong culture help employees to understand organizational event and effective communication that will reach high level of cooperation as they share common mental models of reality.

A multicultural workplace is a kind of work setting which is heterogeneous in terms of race, ethnicity, beliefs, culture, gender, age and country of origin etc. The degree of Multiculturalism is different from one organization to another. The workforce diversity has to be control within an organization as it reflects the formal structure, systems and policies within the organization. Cox (1991) argued that organizations must become multicultural to capitalize on the benefits and minimize the costs associated with diversity. A multicultural organization is one that not only hires employees from multiple ethnic groups/backgrounds, but also celebrates such diversity. Specific advantages associated with multicultural organizations. These include the ability to attract and retain the best human talents, lower operating cost, stimulation of higher levels of creativity and innovation, improved marketing efforts, fostering of more creative problem solving and engendering greater organizational flexibility. It can be concluded that organizations with diverse culture working in a dynamic organization may not need policy manuals or organization charts, detailed procedures and rules to succeed but people should work in the manner in which they are supposed to do in most of the situations. In this turbulent scenario, ‘Human Resource’ is receiving precedence over
other resources thus, it is crucial for managers to develop their staff member considering their economical, social and Physiological need (Editor, 1995). Organization leaders have to create and manage this diverse culture; and that it is the ultimate act of leadership which can destroy culture when it is viewed as dysfunctional.

The term “Diversity” broadly pertains to the extent of differences between groups of people. Many diversity researchers conceptualized it as the differences among groups of individuals that are reflected in a variety of forms, such as gender, age, race, ethnicity, socioeconomic status, social class, religion, education, sexual orientation, language, disability, national origin, language preference and use, learning style, lifestyle, politics, and geographical location. Nonetheless, many researchers find variety of dimensions along which people differ in a society. Diversity also denotes as a “state of dissimilarity”, Weitzman (1992) stated this fact in one of his article that diversity is the meaningful dissimilarity measure given for pair wise comparison of interest.

Cultural diversity refers to the variety of human society on cultures in the world, it also called as multiculturalism of a group or organization or region. It includes the various different social structures, belief systems, and strategies for adapting to life situations in various parts of the world. The difference in race, language, ethnicity, values systems, religion, and local cultures that make up various groups in a community also account for the diversity. According to Hofstede (1983) culture is more often a source of conflict which causes occupational stress rather than synergy. Goessl (2008) opined that diversity is all about setting a mindset of valuing the differences in employee and organizing the similarities, it is not only about achieving results. Once this way of thinking is established, the benefits of
cultural diversity in the workplace tend to come naturally and enhance organizational effectiveness.

Culture is an object of empirical knowledge and cultural diversity is an epistemological object (Bhabha, 2006). Bhabha mentioned that cultural difference is a process of signification whereas cultural diversity is a category of comparative ethics. According to his study cultural diversity is the recognition of pre given culture, contents and customs. Differences in race, ethnicity, language, nationality, religion, and sexual orientation are represented within a community denoted as cultural diversity. A community is said to be culturally diverse if its residents include members of different groups. Diversity in today’s business environment provides benefits that increase success; but if it not managed properly it brings challenges and obstacles that can hinder the organization’s ability to succeed.

Diversity initiatives are now common place in corporate. It is very rightly propounded by Sachs (2000), that it’s hard to define what diversity is because everyone has an opinion. In the year 1987, William Bock, Secretary of labor commissioned a study of demographic and economic study. His study became a landmark book Workforce 2000 – Work and Worker in the Twenty First Century. After some years of his book, most companies believed that incorporating new talent into the organization is an easy task as they are required to obey the rules of existing culture. But for the variety of reasons like rapidly changing political contexts; globalizing markets and shift in social, economic, and cultural pattern within and across nations have highlighted the need for a fresh analysis of corporate culture.
Over last 40-50 years companies itself must adapt that kind of corporate culture where they can retain or attract the competitive workforce. For Instance South Korea has the largest number of international headquartered companies, although the global wealth is still centralized with United States, Europe, and Japan. The mixture of the religious traditions of South Korea—Christianity, Buddhism, Shamanism, Confucianism, and Chondogyo influence the structure and strategies of these companies when they undergo their globalization process. An increasingly global business environment inevitably leads to an exchange of traditions that are religion based and hence became the problem of South Korea. Thus, to attain organizational effectiveness cultural diversity at workplace plays a key role and therefore it is sometimes called as ‘Workplace Diversity’. Workplace diversity is not only about learning from others who are not same, but also about the dignity and respect for all so that the organizational environment can encourage learning. Workplace diversity is people issue; it is focused on both the differences and the similarities that people bring with them in the organization. A know-how company will achieve success if it can lead up the diverse workforce in a systematic manner. It is well established by study of Wheeler (1997) that over a period of time, heterogeneous groups outperformed homogeneous groups. They have a better approach towards problem solving, decision making and generating new ideas.

According to an article published in Economic Times (2010) the scope of diversity in the company not only focus on just gender and age but also extends to persons who are disable and people from underprivileged grounds. Ms. Sunita Cherian is a member of Wipro's corporate diversity council opined that the companies have to go beyond the routine. People
from diverse nationalities, from underprivileged backgrounds, different cultures, and different generations should also be considered. The report from Oxford economics (2013) on “Diversity across Industries” disclosed that there are five major industries which have progress farthest at encouraging diversity: retail, insurance, professional, business and services. It has been reported that Women will make up a larger component of most of the industries and workers at the age extremes are reported are from 25 to 65. The researchers from the Oxford Economics concluded in their research that for achieving the level of cognitive diversity the company must have to go through a multistage process, called as 3Cs of diversity. The first one is Compliance, in which the company’s aim is to comply with the law of diversity, no formal set of rules and strategy for diversity. The second one is “Commitment”, which lead top management to set various diversity goals, and the company commitment to develop diversity strategy like; mentoring programs, diversity councils, and employee groups. The last level integrated into the company’s product development, innovation and marketing, which is named as “Core”. In this last level company has to often go through employees teams that draw cultural and cognitive differences and generate new ideas by listening into their innovate views.

It is very difficult to measure diversity, although many researchers studied diversity differently. Cox (1991) proposed a model for measuring diversity with respect to organizational effectiveness. He proposed the comprehensive model that summarizes the impact of cultural diversity on individual and organizational outcomes (Figure 1).
Figure 1: An Interactional Model of the Impact of Diversity on Individual Career Outcomes and Organizational Effectiveness.


The model depicts that diverse organizational climate at various hierarchical (Individual-group-organizational) affects individual career outcomes which consequently affects organizational effectiveness.
1.1.1.1 Cultural Diversity: Dimensions

The success of effective diversity lies in defining it in a broad and inclusive way. Organizations that define it broadly, involving all dimensions of similarity and difference around which there are inclusions and exclusions that affect the business. The Diversity, arises from the interaction of diverse people’s thought comes out of their demographic characteristics, experiences, conceptions and ideas of working. The global economy takes the diversity criteria to the top of the agenda. Today the organizations are dramatically changing their workforce according to the required composition of the organization. As propounded by Thomas (1990), diversity breaks the action framework and goes beyond race and gender. The new diversity dimensions are not only focuses on age, race or gender but also go beyond the demographical criteria. Today a more relational approach is followed to highlight the dimensions of diversity, it now talks about the personal, interpersonal and intergroup dynamics that influence how people interpret and act on their differences.
The famous model (Figure 2) proposed by Gardenswartz & Rowe (2003) used by many organizations across the world. The model gives multiple dimensions of diversity around which there is inclusion and exclusion is depicted in four concentric circles.

Figure 2: Internal Dimension and External Dimension of Cultural Diversity.

The core of the model is personality, relating to individual style and characteristics. The personality traits like introvert or extrovert, reflective or expressive, quick paced and or methodical, a thinker or a doer it all influence how the individual will be treated in an organization. The second layer, the internal dimensions, comprises of six aspects of an individual’s life. Age, sexual orientation, race, ethnicity, and physical ability determine the treatment of an individual in an organization. These all determines the performance and expectation of both own and others. The third layer, External Dimensions, comprises those that are result of life experiences and choices. Aspects such as religion, education, marital status, work experiences and recreational habits are areas, around which employees can connect or disconnect, be valued or disrespected, it all depends upon how these dimensions are seen and used. The last layer, organizational dimensions, contain those aspects tells about the aspect of similarity and differences that are part work in the organization.

The aforesaid dimensions give impact on both the aspect: treatment of employee and productivity of the organization. They represent areas in which there may be similarity as well as differences. If the all aspects are well managed these differences have the potential to bring new perspective, ideas and viewpoints needed by the organization. But, if mismanaged, they can create and conflict and misunderstanding amongst teams and hinder productivity. To maximize the complex set of differences in among teams, organization requires suitable framework and strategy.
To support the above dimensions Rijamampianina and Carmichael (2005) mentioned diversity as primary, secondary and tertiary which are depicted in figure 3. They further analyzed that the dimensions can be divided into three categories. These are slightly different from the previous model but basically it is also advocated the same concept. Ely and Roberts (2008) supported the thought that cultural diversity is differences among team members in race, ethnicity, gender, religion, nationality, or other dimensions of social identity that are noticeable in the history of inter group prejudice, inequity or domination. The other dimensions except primary include some of the socio-culture and socio-historical aspect.

![Figure 3: Dimensions of Diversity.](image)

All these three categories explore the multiple aspect of the person in the achievement of its mission and objectives. If an organization can learn how to effectively recognize, understand, appreciate, respect and utilize these dimensions, this can positively shape a person unique life experiences, perspective and skill sets. Their study also revealed that heterogeneity among team members on specific demographic dimensions affects team process and performance. The benefit of managing diversity is more if the initiatives for managing cultural change intervention should be looked with both the aspect the people and systems. This kind of change in process takes time, money, tenacity and determination. Therefore the above mentioned model is a helpful tool for guiding the change in diversity. Influencing with these model the present study consider only two dimensions viz Primary and Secondary. Primary which is immutable like age, gender, physical abilities etc and secondary (can be changed) includes religion, income, work experience, status etc.

The dimensions of culture defined, broadly classify these specifications which help us to explain the discriminatory status. For explaining the workplace diversity it is very necessary to categorize the specific dimensions, identities and perspectives of the employee such as age, income, profession, education, work experience and geographic location. For the present study geographic location (northern and southern region of India) is considered as fundamental variable and three sub variables gender (Male / Female), age (more and less than 30 years), and income (more and less than 35000) are taken for assessing the impact of cultural diversity on employee effectiveness.
1.1.1.2 Workplace Diversity and Effectiveness

Many existing literature explains the impact of diversity in workplace, as well as the need and importance for managing diversity issues. An adoption of Hopkins Process Model of Ethics Diversity Relationship (Hopkins, 1997) is taken in the beginning. This model explains the way in which diversity impacts on the functioning of the organization (Figure 4).

![Hopkins Model for Cultural Differences](image)

**Figure 4: Hopkins Model for Cultural Differences.**

The corporate culture is established by the values, attitudes, behavior and belief; these all are responsible for social information processing. In today’s diverse workforce like India, English is not a first language for all employees. This affects the verbal and non verbal communication in between the cultural networks and hence affects the ethics paradigm of the workplace. The organization’s ethics paradigm defines formal and informal moral standards that dictate acceptable behavior of people in striving towards organizational goals that are in line with the organizational values (Hopkins, 1997). Hopkins Process Model of Ethics-Diversity Relationship is based on cognitive theory which focuses on “higher” mental processes like knowledge, education, information processing, problem solving skills, language, decision making and creativity. Weiten (1983) recognizes the need of cognitive theory for addressing people thought, attitudes, beliefs, attributions and expectation. The fundamental principle of this theory is that the way people view and react to the happenings of the environment. In support of this statement Spielgler (1983) suggested that employee’s beliefs and expectations will determine their attitude which would shape their behavior.
1.1.1.3 Managing Diversity

Cox, (2001) quoted in one of his study which was based on the characteristics of workgroups. Diversity creates challenges and opportunities that are not present in a homogeneous work groups. Thus, Cultural diversity is a major issue in diversity management. Interculturalism is a central element of diversity it involves critical thinking and the comprehension. It adds little value unless we can enhance communication among diverse individual and groups (Lee, 2005). The development of intercultural competence will fail at individual and organization level if it is not managed properly. According to Adler (1997) the ability to engage in effective interaction across cultures is a core capability not only for the business leaders but for our political leaders as well. Without systematic efforts at developing intercultural competence, an organization may devolve into a conflict and violence situation.

The newly hired “diverse” members to “fit” to the culture of the company requires the other members help to learn the organization and should emphasize on maintaining historically derived core values and practices. For understanding intercultural complications and for managing this diverse workforce Mr. Bennett developed a model of Intercultural Sensitivity. It is a tool for understanding Principals of cultural competence which help many academician, business man and trainers to perform a better job and prepare people for cross cultural encounters. As people work in more diverse culture they became more intercultural competent. It is seen that there is a major change in the quality of their experience which is termed as moving from “ethnocentrism to ethnorelativism”. Ethnocentrism refers to the
experience of one’s own culture as ‘central to reality’. The values, belief and behaviors that people receive in their primary socialization will became their culture. These people take the things ‘just the way they are’. Ethnorelativism is opposite to the ethnocentrism, which means that the one’s own perception, belief and behavior will transform according to the organization environment with many practical possible changes. There are six distinct kinds of experience followed by the defense against cultural difference. The most ethnocentric experience is named as Denial of cultural difference, followed by the Defense against cultural difference. In the middle of the band the Minimization of cultural difference seemed to be a transition from the more virulent form of ethnocentrism. Leading to the ethnorelativism the nest level is Acceptance of cultural difference. At the heart of ethnorelativism is Adaptation to cultural difference, followed in some cases by the Integration of cultural difference into identity.

Figure 5: The Ethnocentric Stages of Development.

This model (Figure 5) explains the primary issue that has to be resolved in order to confront cultural differences (Bennett, 2004). For managing this interculturism one has to establish a set of these six categories. But study revealed that unfortunately these emerging categories often take the form of stereotypes which typically leads to more Polarization (Defense/reversal) orientation in which people come from different culture move into their own community rather interacting with the other cultural groups. This defensive orientation can also be a sense of denigration and can leads to overconfidence towards other cultural patterns which is seen as an obstacle in doing things in its best way. The Defensive forms talks about the sense of “us versus them”. In this the group feels superior to other cultural communities. A defense can manifest itself in terms of its firmness that they can figure out how to get things done in an organization, and other diverse group shall adopt their ways of doing things. Reversal is a form where the cultural practices and values of the other cultural groups are viewed as superior to own culture. Reversal carries a more positive evaluation toward other cultural groups. The evaluations can also be stereotypic but individuals are often uncritical to other cultural practices and exceedingly critical toward their own group.

From the viewpoint of Gardnsworth & Rowe (2003) if any organization wants to win the complexity of diversity culture change, it needs to focus on three areas (i) individual attitudes and behavior, (ii) managerial skills and practices and (iii) organizational values and policies. The individual attitudes and behaviors talks about the employee’s intrapersonal work that make their attitudes and beliefs on a wide range of topics. Every individual have their own perspective of how they feel about multiple languages spoken at the work place; conflicting managing the working of union; co worker’s attitude, his attitude towards formal and
informal groups etc. If an employee does not go up with flow of diversity then company has to employ many diversity training programmers. The second arena in which change needs to take place is that of managerial skills and practices. An organization can not work on a single principle or a single style of management which does not fit for all. Managerial practices must be tailored to suit wide range of employees. The managerial practices should go with the one’s culture. For example the flow of information can be direct or indirect it should be depending upon the culture. The wide range of practices has gone with norms involving meeting participation and giving feedback to bosses. In hierachal culture direct questions or feedback is not possible, yet it is expected in an open and participative culture. Proper acknowledging of performance requires a deep understanding of the sensitivity and knowledge of culture. Many organiztional cultures does not support public acknowledgement and find it very humiliating. In such cases acknowledging good work, a quit thank you note in employees file is works more wonderfully than public acknowledgement. Managers need to know these differences among their employees because they have to increase satisfaction, reduce conflict and manage diversity amongst all. It can be thus concluded that due to increased globalization diversity plays a central role in organizational life, greater workforce diversity, and the increasing complexity of jobs makes an organization more sensitive towards cultural diversity (Williams and O’ Reilly, 1998). The last arena of change that is required to successfully leverage diversity involves changes in organizational values and policies. This is the most complex area which requires people are hired and recruited to create a broader talent pool and a more equitable organization. But once all these strategies will put up in a right order for managing diversity, it should not be a hurdle for any organization to achieve success.
1.1.1.2 Cross Cultural Diversity: Meaning and Significance

According to Hofstede “symbols are words, gestures, pictures, objects that carry complex meaning. This is called as diversity which can be depicted in a language, attire, and body language (Hofstede, 2000). According to International journal of Psychological Studies (2001). Cross-cultural research is a scientific method of comparative research which focuses on systematic comparisons that compares culture. Cross-cultural research attempt to clarify the things by which homogeneous group performed in a specific way (Hempel, 1965). To compare culture is not to deny their individual distinctiveness. The uniqueness of culture and similarity are always present in a particular set of group. Cross-cultural research deals with what is general, what is true for some or even all human cultures. The cross culture study results are generalizable to all types of society from small to large. It also helps in analyzing the similarities and differences of cultures.

Human society have a variety of practices, beliefs, social roles, norms, expressions, forms of organization and conflicts (economic, political, legal, religious, expressive and artistic) that display various sorts of internal unity and disarray within communities. These interactions can be a outcome of different historical experiences, physical and social environments in which people live. This can also depicted interconnections that are shared with neighboring and interacting groups within a society with same historical experiences, including common origin, common membership in historical civilizations, and languages that are mutually understood or that derive common families.
The diverse workforce has become a reality of international market. The impact of cultural diversity varies when a firm moves from domestic to multinational strategies to operating as a truly global firm. According to Adler (1997) the significance and impact of cultural diversity increase markedly, and therefore it becomes very important to manage cultural differences for getting competitive advantage. After going through many articles and blogs it was concluded that over past 20 years the number of workers employed by foreign – owned companies has grown significantly resulting in expanding activities of foreign affiliates of MNCs around the world. Cross – cultural management issues arise differently in different business context. In case of individual firms the managers from a foreign parent company need to understand that local employee from the host country. Mergers and Acquisition in cross-border requires synergies depending upon the structures and procedures that encompass both the cultures in a balanced way. In between two or more firms the joint ventures, alliances or buyer-supplier relationship require a cultural compromise. The sensitivity is high in the second case because serving foreign customers require culturally sensitive adaptations for the marketing of goods, services and advertising.
1.1.1.2.1 The Indian Work Force Diversity

Diversity in the Indian workforce has a spectrum wider than just age or gender; a country where Seventy-two percent of the population is 72% Indo-Aryan (Northern), 25 percent Dravidian (Southern), and 3 percent Mongoloid (others). India’s workforce is predominantly young. A Manager needs to consider the diversity in his team on a case to case basis. The pace of globalization is increasing continuously therefore the composition of workforce is changing day by day in India. The companies from different counties are now understanding and respecting the Indian culture. Large number of professional workforce is entering at this time of rapid economic expansion of India and this provides increased opportunity for the well qualified and well connected people. The MNCs are recruiting well qualified employees for IT industry as Indian are considered as best talents amongst the world.

India with its diverse culture and considerable huge population reports economic disparity in different geographical locations. As a strength India is the having the largest English speaking population and the world largest base of middle class group. India’s growth is expected to recover from 4.4 per cent in 2013 to 5.4 per cent in 2014, supported by slightly stronger global growth, improving export competitiveness and implementation of recently approved investment projects,” said the latest edition of the World Economic Outlook released by the IMF. But on the other hand it is a country having the most diverse culture in the world. It has having different regions with their own religion more than two thousand ethnic groups, four major language containing a total of 1,652 sub languages and a strong social hierarchical structure.
In spite of cultural and regional differences multinationals does not face any severe problem related to culture as India is highly influenced with the British culture for a very long time and people generally understands the language for business communication in all the regions of the country. It has further observed that Indian workforce respect their organization and exhibit vast variety of diversity through the varied religion, ethnic groups, caste and language working together for achieving a common goal. Many researchers have found an interesting fact about Indian workforce is that – they displayed a mixed set of values and characteristics adapted from both Western and Indian culture and tradition.

### 1.1.1.2.2 Indian Cultural Diversity: North vs South

At the present market conditions, MNC’s are confronted with multicultural people in one market place (Luna & Gupta, 2001). If we talked about India’s geographical differences, we find India is a reflection of various norms and standards. Every part of India brings deeply rooted cultural differences based on state or location, caste, religion, beliefs, norms, ethics, behavior and attitudes to the workplace.

A geographical location has a big contributor of Indian cultural diversity. Different regions have their own business culture and ethics, it is very important for a MNCs manager to have a good grasp on Indian business culture in different geographical locations. Therefore India’s regional disparity and unique culture diversity, politics, religious tension can be a threats to
Multi National Corporations. This factor is highly sensitive and should be analyzed to understand the differences in work settings values among Indian geographical differences.

The performance of India depends upon the performance of it’s constitutes states. India can not do well unless all the states perform well (Ahluwalia, 2002). The focus of attention has been moving to the happenings in all over the states majorly to Northern and Southern region. The regions are having its own strength and weaknesses. The competitive edge due to geographical location is contributing equal in both the regions. There are many MNC’s which have been successfully established there ventures and enjoying their investment well in both the regions. The present study includes states like: Haryana, Punjab, Delhi and Noida as Northern region. Hyderabad, Kerela and Bangalore and Karnataka are jointly considered as Southern region.
1.1.2 Dependent Variable

1.1.2.1 Employee Effectiveness

1.1.2.1.1 Employee as Managers: A Paradigm Shift

An employee means an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. Employee is considered as a unique human being, not just a part in a machine, and each employee is involved in helping the organization to meet its goals (Apostolou, 2000). Apostolou also advocated in his report that it is the employees, who differentiates one company to another; except employees everything can be duplicated whether it a product, a service establishments or any secret ingredients. Employees, or in other word people at work comprise a large number of individual of different sex, age, socio-religious group and different educational or literacy standards. Specifically, an employee is any person hired by an employer to do a specific "Job".

In today’s economies, employee defines as a specific relationship between an individual and a corporation, which differs from those of customer, or client. Individuals became employee after a job interview with a company. After interview if the individual is perceived as a satisfactory fit for the place; he or she is given an official offer of employment within that company for a defined starting salary and position. These individuals in the work place exhibit not only similar behavior patterns and characteristics to a certain degree but they also show much dissimilarity. Organizations are now focusing on high performance business
result and are always searching new ways to maximize the profits and market share. In lieu of this, organizations are withdrawing the line between employees and managers. In this competitive era, the main emphasis is given on high quality workforce and the eminent leaders who are really valuable resource in achieving business success. Employees are now recognizes as a valuable resource and their suggestions are always welcome in day to day strategic management of the company.

The need of effective employees are began a top priority as in last two decades, global competition, harsh economic conditions, continuous innovation and new technology brings restructuring of organizations, which leads to change in nature and structure of work (Towers Watson 2012, Fairhurst and O’Connor 2010.). The success of an organization depends upon how an organization understands the employee and identifies the specific actionable levers that can improve engagement levels. Engagement can be a complex to measure, high level of satisfied employees can be measured but how much should be the engagement is a matter of thought. The factors for engagement should be unique and carefully planned, which will include all the elements that work together. There is always a mix of opinions about employee engagement. HR professionals and management consultant’s gives a strong emphasis engagement with organization whereas academician tends to place more emphasis on roles and tasks to be performed. It is a widely accepted saying that high level of employee engagement brings an assured positive business result. It is also supported by Schaufeli and Bakker (2010) that employee engagement has a significant impact on both the organization and the individual. They further in their study suggested that employees are very valuable when it comes to problem solving; as they are closest to the work environment they have innovative solution regarding improving efficiency, reducing cost and increasing customer satisfaction. This type of association with employee brings sense of ownership to them; they feel more motivated and thus perform better.
The functional changes in the case of lower level and middle-level managers have recently received increased attention in conceptual and empirical analysis. According to many researchers it was proved that employees are the core source of information and ideas which helps in strategy formulation. This is employees who set the motion of any change with regard to traditional functions and their habituated work situations. Soltis and Lanphear (2004) suggested that employees are encouraged to participate in the company affairs and provide opportunities to develop new skills and strives to solve work related problems for a better productivity. A supportive work environment is a need of today’s business success; people work at the place where organizational environment supports the positive emotions and invite personal participation. Purcel et al. (2003); and Lawler and Worley (2006) advocated that the employees have to make decisions that are important to their performances. Organization which nurtures employee involvement and personal value always report higher productivity (Konrad, 2006). Montana and Charnov (1993), Glisson and Durick (1988) and Cammann et al., (1979); suggested the key two factors which appear to correlate with increasing and sustaining employee performance are the worker satisfaction and commitment. Many organizations are interacting and engaging employees in ways that result in more positive results than what managers are able to achieve. Managers and employee work nearly the same task; but employees are supervised by the managers.
However, Tsui et al. (1995) suggested that similarities in employee–manager responsibilities are high as they both serve as the basis for (a) forming interpersonal attraction and (b) inferring managerial perceptions of employee performance and employee perceptions of managerial supportiveness. Lawrence (1988) showed that ahead of time employees are viewed as “fast-trackers,” he think that employees have potential to take decisions in a better way as they are more close to the work and premises. A vital aspect of the “Quality Revolution” in management from last 30 years empowered the ordinary employees and certainly made them a decision maker. The change in economic system of the world has increased the significance of human resource by many folds. The principal component of an organization is its human resource, whether an employee or manager or collectively called as “People at work”. They are the bundle of knowledge, skills, creative abilities, talents. Therefore it can be concluding that whether a manager or employees both are taken as human resource. Traditionally, it was only in the purview of the supervisors or managers, only managers are engaged in decision making and instruct their subordinates to do work.

Employee is categorized as manager as he performs various task which is similar to the behavior of a manager in an IT company; for instance important characteristics of effective employees as a role of manager are that they manage work instead of superior, they plan and organize daily affairs, they set goal more realistically, they derive decisions by group consensus but accept responsibility for themselves, they rely on others for help in solving problems, they communicate effectively, they are stimulus to action, they show consistent and dependable behavior and finally they win emotions more gracefully and tactfully. To understand the role of employees as manager’s / supervisor’s, several organizational analyst
have attempted to identify the more salient facets associated with this fact. To support the above facts Bengtson et al. (1978) suggested that managerial effectiveness includes more than the achievement of profitable records, it is more than individual brilliance, it is the personal ability to solve the problems (irrespective of the designation).

Drucker (1973) identified five areas of performance of employee as manager like setting up of individual goals, second is organizing the daily affairs, third is motivation and communication, fourth is performance measurement, and fifth one is development of people as better colleagues. He stated that one of the measures of a manager’s effectiveness is the extent to which his subordinates are able to carry out their work effectively. Rao (1985), Bandura (1982), Katz (1974), Drucker (1967), emphasize the development of individual competence as an effective executive. Their studies showed that effectiveness is best seen as something a individual produces from a situation by managing it appropriately, producing the results or meeting the targets in every sphere of organization. Therefore employee’s effectiveness can be treated as managerial effectiveness.

Quagraine (2010) concluded that not only managers are decision makers but employees are the fuel that runs the engine of the organization and it is believed that their non-involvement in the decision-making process creates tensions between management and staff. Chouhan, Dhar and Pathak (2005) also attempted to examine the similarities of managerial effectiveness and employee effectiveness. They observed that there is no significant difference between role of employees and managers in Indian context. The current study is focused on IT sectors where there is no such difference in employees and managers, as employees take decisions and are more participative in decision making process. In reference
to the above mentioned terms this study is considering employee as a manager as employees are performing job of as a manager or supervisor. The effectiveness is also measured on a managerial effectiveness scale as the data is taken by both managers and employees at supervisory level.

1.1.2.1.2 Managerial Effectiveness

Effectiveness is very difficult to measure in an organization (Daft, 2003). A range of variables have to take into consideration at both the organizational and departmental levels to measure effectiveness. It can be evaluated to the extent to which the multiple goals of the organization are attained. Manager’s effectiveness is very difficult to evaluate as it is dependent upon the performance on goals. Effectiveness is conceptualized in four approaches by Hersey et al. (2005) as goal achievement approach, systematic approach, strategic factor’s approach and competitive value approach. Goal achievement talks about the fulfillment level of organizational objectives and final achievements of the organization. Ability in using and processing of data for maintaining stability comes in systematic approach, in which the ways by which the achievement should be made. Strategic factors approach means fulfilling expectation of external factors on which organizational stability depends and finally the fundamental variables which influence the performance of organization and connection of those variables comes in competitive value approach.

Likert (1967) alleged three categories which determine the effectiveness of an employee or manager in an organization, they are: casual, mediator and efficiency. Daft (2003) identified
two major approaches to measure effectiveness in organization – the traditional and contemporary approaches. Here traditional include the goal approach, the system resource approach and internal process approach. Goal approach which studies the output in terms of desired level of outputs (Strasser et al., 1981). This means that this approach identifies the organizational output goals and assessed how well they have been attained in respect to expected.

Hamidi (2004) stated that employee effectiveness is rooted in management processes and successful organizations have three characteristics in terms of organizational design: simple form, few employees and decentralization aiming at efficiency increase. Employee effectiveness is the fundamental basis of Organizational Effectiveness. As per the thoughts of Gupta & Sharma (2006) management effectiveness start with objectives, identification, believing, commitment, alignment and create mobility and motivation toward the objectives in the manager. Mintzberg (1983) suggested that effectiveness is the only thing that makes management more effective in communication, social interactions with employees. In this turbulent and competitive scenario, environment every organization is trying to maximizing efficiency and effectiveness. The challenges of managing human resources are of considerable importance, which means that the challenges increasingly dynamic circumstances (Brech, 1967). To cope up the dynamic environment the managers has to give their full potential as their performance, effectiveness, technical competence and managerial experience outcomes an organization success.

Schuler et al (1989) suggested that employee’s effectiveness is a key concern for employees in the changing work styles and professional development. History itself revealed the truth
that companies which have fallen sick over the years, the lack of managerial effectiveness are the major factor contributing to their sickness. Performance to survive is necessary for excelling in the path of continues growth and quality improvement. Thus managerial effectiveness is a vitally important variable (Sen and Saxena, 1999) in the era where business environment is undergoing a deep change and companies are facing the challenge of turnaround and survival, the need for enhancing employee effectiveness at all levels has become a crucial challenge of business (Jain et al, 2000).

The organizations require effective managers as they contribute in the success of an organization. Every organization need people whose attempts to correlate various function of management for achieving effectiveness. For an effective manager definition, there are various studies which have described the qualities a manager. According to Japanese viewpoint a manager should have aggressive, innovative, productive, well informed, determined, energetic, creative, intelligent, responsible, enterprising, clear-thinking, cheerful, formal, courteous and modest. The above characteristics suggest that various qualities contribute to the effectiveness directly. The concept of effectiveness is a wide area of inputs it is crucial to man’s self development; organizational development; and fulfillment and viability of modern society (Drucker, 1967). In the year 1946 Michigan studies identified five major dimensions of supervisor’s effectiveness: Supervisor’s role, Supervisor’s orientation towards work, Supervisor’s closeness of his supervision, Supervisor’s group relationship and type of supervision he receives. Managerial effectiveness is a process which depends upon how a supervisor/ manager manage the affairs in the organization.

Likert and Rensis (1967) identified three variables: casual, intervening and output result. These three are useful in describing effectiveness over time. Effectiveness can be called as a
mixed relationship of casual and intervening variables as it involves everyone in a business organization. Causal variables are those independent factors that influence the course of development within an organization; like leadership strategies, skills, styles, behavior, decisions, organizational philosophy, objectives, policies, structure and technology. These variables affect intervening variables within an organization. Intervening variables represent the current condition of the organization. They are reflected in the commitment to the objectives, motivation, and moral of members, communication, conflict resolution, decision making and problem solving. These variables develop the organizational long term goals and short term goals. Committed employees and motivated managers are central to the organizational success and effectiveness. Organization fails or succeed, decline or prosper because of people work in everyday job. A firm can achieve competitive advantage is the combination of individual and team based competencies of an organizational employees, managers, and leaders.

Pomisuwan (2010) explains seven competencies model for future effectiveness as an employee, a professional, a manager or a leader. The seven competencies are: managing self competencies, managing communication competency, managing diversity competency, managing ethics competencies, managing cross cultural competencies, managing team competencies and managing change competencies. Managing self competency involves the ability to assess one’s own strengths and weaknesses, set and pursue professional goals, balance work and personal life, and engage in new learning – including new or modified knowledge, skills, behaviors, and altitudes. Managing communication competency involves the ability to use all the modes of transmitting, understanding, and receiving ideas, thoughts, and feeling – listening, nonverbal, written, and electronic modes of communication – for accurately transferring and exchanging information and emotions. Managing diversity
competency involves the ability to value unique individual and group characteristics, embrace such characteristics as potential sources of organizational strength. Managing ethics competency involves the ability to incorporate values and principles that distinguish right from wrong in making decisions and taking action. Managing across cultures competency involves the ability to recognize and embrace similarities and differences among nations and cultures and then approach relevant organizational and strategic issues with an open and curious mind. Managing team competency involves the ability to develop, support, facilitate, and lead groups to achieve organizational goals. Managing change competency involves the ability to recognize and implement needed adaptations or entirely new transformations in people and the tasks, strategies, structures, or technologies in their areas of responsibility.

Managerial Effectiveness is a manager’s ability to achieve desired results. His skills and abilities guide others and will meet the desired result. A Manager’s achievement related to technical skills, specialized knowledge adds competitive edge against rival. There is a difference in managerial effectiveness, obvious effectiveness and personal effectiveness. Managerial effectiveness refers to extend a manager show his characteristics effectively like to be on time, prompt response and good public image. Obvious and Personal effectiveness does not lead to managerial effectiveness. Employees’ effectiveness is the survival and flourishing factors if each organization gains meaning from the employees. The closer the objectives of employees or manager and organization to each other, the easier it would be to achieve those objectives; therefore, the goals of managers or employees would be realized. Different variables are involved in the studies related to employee/manager’ effectiveness. To explore the dimensions of employee/managerial effectiveness the following section of the study has taken the concept of managerial effectiveness a synonym used for employee effectiveness.
Drucker (1973) suggested that effectiveness is the foundation of success” in this competitive era and to cope up this requirement managerial effectiveness is a key concern for organizations (Schuler et al, 1989). Managerial effectiveness has been defined by many authors and researchers in their own style. Some are discussed below:

According to Tennenbaum and Schmidt (1958) “The successful manager can be primarily characterized by neither a tough nor as liberal one. Rather he is one who maintains a high scoring average in accurately assessing the forces that determined what his most appropriate behavior at any given time should be and in actually being able to behave accordingly”.

Drucker (1967) stated managerial effectiveness is the extent to which a manager achieves the output requirements related to his position, what he achieves rather that what he does. In the words of Campbell (1970) managerial effectiveness is any set of managerial actions that are most favorable in identifying, assimilating and utilizing internal and external resources with the aim of sustaining manager’s functionality. Roger and langourd (1979) relates managerial effectiveness with performance and task objectives and between achievement and goals within the constraints of manager imposed on him. Pareek (1987) explained that an effective manager is a person who integrates his skills and competencies, who can proactively and creatively face challenges, consider his role important and influence main decisions, link his job with the others, help others and seek help of others. The extent to which a manager achieves the output requirements of his position can be one of the realistic definitions of managerial effectiveness (Reddin, 1970). According to Tennenbaum and Schmidt (1958) the successful manager of men can be primarily characterized neither as a strong leader nor as a permissive one.

In the year 1988, Reddin defined situational elements, role sets, productive sets, interaction sets and skills while defining managerial effectiveness. He suggested different role sets for
different group of persons like superior as a person whom anyone reports; coworkers who are equal to manger or employee of equal authority; staff advisors who usually with low powers but known as knowledge workers; unions are representatives of members; customers who is purchaser of a company products and services; and finally the general public who are neither customer nor employee of the company. Reddin revealed different interaction sets – communication, conflict, errors, meeting and teamwork.

Managerial effectiveness is the connection between performance and task objectives assessed against goals within the constraints imposed by the manager himself, his position in the organization and socio-economic environment (Roger and Langord, 1979). Effectiveness is related to achievement of some purpose, objective or task (Reeves, 1994). The three areas of effectiveness Malcolm Leary and his associates identified are: Input effectiveness, process effectiveness, and output effectiveness.

**Perspective and Determinants of Managerial Effectiveness**

The purpose of organizations is to achieve the goals effectively and efficiently while ensuring harmonious system among the employees, which is internal efficiency. This can be driven via synergy between competent managers and responsive employees in the use of resources available to organizations. Managerial effectiveness is formed by combination of personal-behavior attributes. Page et al. (2003) suggested three perspective of managerial effectiveness i.e Traditional/conventional perspective, a strategic management or organizational level perspective and individual level perspective. Here, the focused given on strategic management or organizational level competency. This gives emphasis on identifying and
supporting a set of core competencies for an organization to attain competitive advantage. The skills and characteristics of manager is the major factor in developing organizational competencies. Tsui and Ashford (1994) described two distinct categories of their self regulation framework in which one protect the manager self esteem and other improve manager’s effectiveness. Tsui with other authors also suggested that impression management plays a critical role in managerial effectiveness. Managers deal with different type of people having different concern, demands and expectations. It is a big task of a manager to satisfy all or some of these concerns as these all are important for increasing effectiveness.

Chand and Mangla (1997) suggested five approaches for managerial Effectiveness, they are: Structural Approach, Behavioral Approach, Personal Effectiveness Approach, Standard and Objective Approach and Person process and Product Approach. All of these approaches highlight the characteristics of a successful manager from the viewpoint of accomplishment of organizational goals. The Structural Approach is explained by three renowned philosophers Taylor, Fayol and Weber. This approach give insights to rules, regulation, procedures, methods and structures which are very important elements improving managerial effectiveness. Behavioral approach represents how effective managerial behavior as action which optimize identification, utilization and incorporation of both internal and external resources towards sustenance in the long run performance of organizational ethics. In the third approach personal effectiveness means how a manager wants to contribute in increasing effectiveness of the organization. The fourth one is a way of describing managerial effectiveness in terms of certain standards and effectiveness objectives. The Standard and Objectives are important to set as they represent the general output requirement of a managerial position. The last one Personal Process and Product Approach highlights the characteristics of a successful manager from the point of view of management process leading to achievement of organizational goals. The ten dimensions of managerial
effectiveness are explained by Gupta (1994) which is derived from Pareek’s role efficacy model in the year 1987. These are explained with the help of model below:

![Diagram of Managerial Effectiveness](image)

**Figure 6: Dimension of Managerial Effectiveness.**


In the explanation of the above diagram the ten dimensions which Gupta (1994) proposed are:

1. Integration versus Distance: When a manager perceives that the role he occupies and the skills and capabilities he possesses are combined, such perception is referred as integration of self with role. On the other hand, manager’s perception that his talents are not utilized in the
role is referred as distance between self and role. The integration of self and role increases effectiveness of manager. The distance does not.

2. Creativity versus Routines: When a manager perceives that he does something new or unique in his role, this is his creative behavior. On the other hand, the manager’s perception that only routine tasks are done by him are considered as non routine behavior. The creativity increases effectiveness, the daily routines does not.

3. Productivity versus Reactivity: When a manager takes initiative and does something on his own, this is his proactive behavior. On the other hand, if he merely responds to what others expect him to do, shows reactive behavior does not.

4. Confrontation versus Avoidance: Problems often arise in the business. A manager’s liking to confront the problem in order to seek solution of it will increase his effectiveness. On the other hand, a manager’s inclination to avoid the problems will diminish his effectiveness.

5. Centrally versus Peripherality: The manager’s perception that more central (important) his role is in the organization will enhance his effectiveness. If the manager depreciates his role in the organization, his effectiveness will be lower.

6. Influence versus Powerlessness: The feeling that he is able to exercise influence in his role increases a manager’s effectiveness. The influence may be in terms of decision making, implementation of policies, advice or problem solving. On the contrary, the feeling that he is powerless in his role decreases its effectiveness.

7. Growth versus Stagnation: When a manager perceives that the role provides him opportunities for his personal growth/professional development, his effectiveness will be high. On the other hand, his perception that the role deprives him of personal growth will lower his effectiveness.
8. Linkages versus Isolation: If the manager perceives independency of his role with other roles, his effectiveness will be high. On the other hand, the feeling that his role is not related with other roles will decrease his effectiveness.

9. Helping attitude versus Hostility: The perception that he is contributing to something beyond his own; he is serving the society, and is contributing to knowledge building enhances his effectiveness. However, the feeling of interpersonal hostility decreases effectiveness.

From this point of view attempt is made to explore two major things the first one is how employee effectiveness can be called as managerial effectiveness and the other one is how a manager contributes to the effectiveness of an organization. Large no of qualitative and quantitative studies are analyzed as predictors of managerial effectiveness is a combination different cultural diversity factors which are further explained in the study.
1.2 Rationale of the Study

The concept of free trade and liberalization has become very prominent in the era of globalization. India is also opening the door for foreign firms as multinationals bring employment, technology, talent and huge capital investment. At the same time doing business in India is a very profitable for MNCs as India is enriched with resources, low cost factor of production, liberalized policies and a huge customer base. The prime objective of multinationals is to earn profit and they have their own style and culture in business. It is difficult for Indian employees to adopt their working style and work culture. Difference in work settings, organizational structures, climate, and management styles lead to cultural diversity which if managed properly, results in high employee effectiveness. From the ongoing review of the existing literature it was found that not much has been explored regarding impact of cultural diversity and employee effectiveness as cross cultural study considering India as a host country. So to fill in the gap, the present research has been undertaken.
1.3 **Objectives of the Study**

1. To understand major dimensions of cultural diversity.

2. To identify the impact of cultural diversity on employee effectiveness through cross cultural study.

3. To open up new panorama of future research and to set up a base for further implications of this study.