

**Dissertation Project Report on**  
**Diversity Management in Multinational Corporations**

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**May 2014**

## **Certificate from the Institution**

This is to certify that the Project Report title “Diversity Management in Multinational Corporations” is a bonafide work carried out by Ms. Priti of MBA 2012-14 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide

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## **Declaration**

I Priti, student of MBA 2012-14 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Dissertation Project Report on "Diversity Management in Multinational Corporations" submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Place: Delhi

Priti

## **Acknowledgement**

I take this opportunity to express my profound gratitude and deep regards to my guide Dr. Shikha N. Khera for her exemplary guidance, monitoring and constant encouragement throughout the course of this project. The help and guidance given by her time to time shall carry me a long way in the journey of life on which I am about to embark.

I thank almighty, my family and friends for their constant encouragement without which this project would not have been possible.

## **Abstract:**

The growing trend of Multinational corporations (MNCs) becoming more transnational than before has made it essential for them to recognize and effectively manage the similarities and differences in each market they enter. The impact of cultural diversity can have both negative and positive influences on teams' productivity within an organization. Team members can face some difficulties to see, understand, and act on situations in similar ways, and cultural diversity makes reaching agreement more complex. Diversity is one of the aspects which extend the benefits of diversity's exposure to organizations; but also, diversity is in the shape of challenges managers have to face in controlling and directing the team members. The concept of diversity has multiple dimensions. Executives and other organizational personnel are now beginning to realize the importance and benefits of calculating the impact of perceived intangible human assets in today's marketplace. The executives should promote diversity to further enhance innovativeness, in order to overcome the challenge of creation of the right environment to encourage innovation and ideas. A diverse workforce should be maintained at all levels, to have a broader range of knowledge, heuristics and perspectives which strengthens the toolbox that a group can work with and solve problems. A successful manager can build a culture of tolerance in the organization through education, training and conflict management strategies.

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# **1. Introduction:**

This first chapter will start with some background information to the research area. This will be followed by a problem discussion which leads to the overall purpose of the research and the research questions.

## **1.1 Background:**

### **1.1.1 Challenges of Managing International Business:**

In today's business environment there is a great global openness and national borders are more transparent than before. There is an increasing acceptance of ideas and products from other cultures and a greater willingness to engage in multilateral actions between companies. This undeniably leads to that global competition is getting more and more intense for companies and more companies than ever are earning their revenues from International operations. Since multinational corporations (MNCs) are becoming more transnational than before they must change their strategies to address the similarities and differences in each market they enter. Therefore, the challenge faced by MNCs is that of recognizing and effectively managing these similarities and differences. (Kanungo, 2006; Holmberg, Bäckman and Tonnby, 2006; Hodgetts and Luthans, 2003)

In global business environment the manager's position has evolved into a much more complex form than it was before. Due to increasing globalization the companies are adopting more global business orientations and this makes the manager's job to include many cultural adaptation issues. At the MNC, the manager is shaped into developing managerial values which consist of collective directives, responding to the global communities' acceptance and preference on how they want to work, think and manage business. The diversity of communication styles and expectations that employees have on their leaders across markets must be taken into consideration by the manager. New managerial values and multicultural policies provide reduced costs, resources acquisition, marketing advantage, creativity, problem solving and organizational flexibility. Globalization has increased the pressure on the manager to recognize and adapt to cultural differences when doing business. (Nilsen, Kowske and Anthony, 2005; Kanungo, 2006)

For the managers at MNCs who are operating in different countries cross-cultural practices become essential to maintain the business process. Human resource management (HRM) covers all management decisions and actions that affect the relationship between organization and employees. The new manager introduces



new technologies, relocate operations, arrange tasks in a new plant, and reward personnel and this will affect employees. Involvement of employees affects their work and how they trust the management. HRM policies and practices, which are used to control and direct behavior and performance, are largely the result of managerial beliefs. Managers at MNCs are getting more and more interested in how HRM is managed in different regions of the world due to increasing competition from other MNCs and if managers can get a greater understanding of cultural differences when managing employees with different backgrounds and cultures it can make them more effective. (Kanungo, 2006; Budhwar and Sparrow, 2002; Hodgetts and Luthans, 2003; Phatak, Bhagat and Kashlak, 2005; Hartenstein, 1988).

### **1.1.2 The role of International Human Resource Management in MNC success:**

When people work together in MNCs across the diverse cultural context of MNCs it can result in cross-cultural misunderstandings. Cross-cultural misunderstandings often create a cycle where cross-cultural conflicts, frustration, and possibly anger lead to communication breakdowns and lower moral which directly affect the employee performance. This has led to a growing belief, among managers and the MNCs they are operational in, that one major source of potential competitive advantage for businesses is the effective management and development of people within the international context. In other words, international human resource management (IHRM) (Milliman, 2002; Higgs, 1996; Monks, Scullion and Creaner, 2001).

IHRM involves six functional human resource areas, which are; recruitment and selection, classifying employees, performance evaluation, compensation and benefits, training and development, and labor relation. IHRM has been recognized as one major determinant of success in the global environment. There are a few reasons to why IHRM is so important for MNCs to understand. Firstly, it is important because of global competition, since the number of MNCs increases rapidly and therefore the role of IHRM grows in significance. Secondly, effective management of international human resources is seen as a key source of competitive advantage. Thirdly, the lack of experienced managers is becoming an increasing problem for international firms, and the successful implementation of global strategies depends on that. Furthermore, companies underestimate difficulties within HRM in international operations. Finally, organizational structures change due to the internationalization and therefore human resources (HR) play a key role in organizations (Lajara, Lillo and Semper, 2002; Phatak

et al., 2005; Harzing and Van Ruysseveld, 1995; Monks et al., 2001).

When MNCs are active in different markets and cultures they encounter issues or problems which are often related with IHRM. These issues are important to solve directly when they surface because if not addressed immediately they can grow into immense problems that can decide the success or failure of the MNCs operations in that particular market/culture. Managers with little knowledge about cultural differences can be compelled to make the wrong conclusions or bad decisions and this is why having good IHRM that identifies each employee's skills, that motivates employees to use those skills and place the appropriate individuals at key positions will affect the efficiency of the MNC's operations. (Lajara et al., 2002; Nilsen et al., 2005)

## **1.2 Problem Discussion**

Economies are globalizing and organizations more and more form cross-border relationships which lead to that people with totally different cultural backgrounds and nationalities are getting mixed at their working places. This leads to management problems caused by this difference in national culture- in values, ideologies, organizational assumptions, work practices, and behavioral styles. Management techniques that a manager has developed in one culture, his mother culture, do not always produce the same results in another culture. The managerial and employee perceptions, expectations, and individual behavior are most likely different due to their different cultural backgrounds. This is why people with different cultures will approach issues or problems differently and resolve and apply problem solutions in different ways. (Devine, Devine, Baum and Hearn, 2007; Kanter and Corn, 1994; Silverthorne, 2005)

When talking about MNCs there is an even greater need for cross-cultural management skills, not only for top managers but for general employees and lower management, because cultural diversity strongly influences the MNCs' cultures due to the fact that they hire people from around the world. When interacting with other cultures there will surface problems due to the cultural differences. These problems can arise in communication, cooperation, commitment and conflict-resolution and this influences the performance. Moreover, these cultural differences influence interpretation and responses to strategic and managerial issues (Adler, 2002; Silverthorne, 2005).

These issues addressed above are the reasons to why MNCs should have a good IHRM that identifies each employee's skills, that motivates employees to use those skills and place the appropriate individuals at key positions. Benefiting from globalization of business many countries have attracted MNCs to their markets for one

reason or another, and a good example is India. India is a growing market with a large, young and highly educated population and these in combination with the low-wage situation present in India are the main reasons to why MNCs are eager to enter the market. During 2006 the size of Swedish exports to India increased by 50% and in 2007 there were over 80 established Swedish MNCs in India. A combination of the challenges that the Indian market has presented to those MNCs which have moved some of their business activities to that country, particularly in terms of human resource management has motivated our research.

### **1.3 Overall Purpose and Research Questions:**

Although we can read and hear about the gradual diffusion of diversity management in India, there is a dearth of analytical investigation of what is taking place in the field. The motivation for my study comes from wanting to gain a more critical sense of diversity management in MNCs. It means wanting to try to understand how diversity managers and other agents are conceptualizing diversity management and its relation to how diversity initiatives are being implemented and the “take” of outcomes of such activities in MNC’s.

It is an attempt to work from the ground up; taking the literature review from the different studies conducted and highlighting the same issues. It is to build an analytical model of how the managers construct their reality or meaning of diversity management and its implementation.

Guiding this analytical investigation are two main questions:

RQ1: How do world’s top company managers and diversity managers conceptualize diversity management?

RQ2: How is diversity management being implemented and what are the outcomes of such efforts?

## 2. Literature Review:

In this chapter literature related to our stated purpose and research questions is presented. At the end of this chapter, a conceptual framework is presented which will include those theories most relevant to the study and this will assist me in collecting data.

There are no differences between MNCs and domestic companies' HRM activities. However, MNCs face some special issues that domestic companies do not. The difference between IHRM and domestic HRM lie not so much in what is done but rather how it is done, since environmental factors differ (Harzing and Van Ruysseveld, 1995). Harzing and Van Ruysseveld (1995) identify five basic points that distinguish activities within IHRM from HRM of domestic companies:

- **More functions.** There are some functions within IHRM that do not arise in domestic HRM, such as international taxation, international relocation and orientation (including pre-departure training), administrative services for expatriates and host government relations.
- **More heterogeneous function.** Functions become more diverse and complex, since they have to be directed to different groups of employees, that is parent-country nationals, host-country nationals and third-country nationals.
- **More involvement in employees' personal lives.** Often the selection, training and management of expatriates involve the employees' personal lives in these activities, in domestic settings such activities often do not involve the employees personal lives as much as in international settings.
- **Different emphasis.** Traditional HRM functions such as, staffing, compensation, and training and development become different in a variety of cultures.
- **More external influences.** There are some major external factors that influence IHRM, such as type of government and the state of the economy. Interest groups such as, unions and consumer organizations can put pressure on the foreign companies to.

The most important activities in IHRM mentioned by Harzing and Van Ruysseveld (1995) are: staffing, assessment and compensation, training and development, and industrial relations/employee participation. The same activities are involved in domestic HRM, but the performing of these activities by MNCs gives a rise of differences.

### 2.1 Major IHRM Issues within International Business

In this section the general theory by Schuler, Budhwar and Florkowski (2002) presents the integrative framework of IHRM in MNCs. Then we will focus only on policies and

practices within IHRM, going through each element within this area. The theory by Schuler et al.(2002) will be complemented by other authors with appropriate theories.

According to Schuler et al.(2002) it is important to understand the differences between managing global firms and managing domestic firms and thus differentiation establishes the basis for largely conceptualizing of IHRM than domestic HRM. MNCs need to be global and local at the same time and need to achieve different levels of globalness and localness. Being global and multi-domestic generate important issues relevant to IHRM. The use of complex global strategic business decisions by MNCs has generated the linkage of IHRM with strategic needs of the business.

The purpose of IHRM is to enable the MNCs to be successful globally. Schuler et al. (2002) state that: "IHRM for many firms is likely to be critical to their success and effective IHRM can make the difference between survival and extinction for many MNCs".

According to Dowling and Welch (1991) IHRM operates in a more complex environment and therefore involves greater diversity in activities and population. They point out that it is important to increase awareness of the HRM variable in international operations. In other words, HR managers should be involved in the decision-making process in order to align HRM activities with the overall strategy for international growth.

IHRM functions include three areas: MNCs HR orientation; the resources (time, energy, money) allocated to its HR organization; and the location of resources and HR decision making (Schuler et al., 2002).

### **2.1.1 IHRM Policies and Practices**

According to Schuler et al. (2002) IHRM policies and practices involve the development of how individuals should be managed and specific HR initiatives. IHRM policies and practices include those related to planning, staffing, appraising, compensating, training and developing, and labor relations. HR planning ensures that the MNC has appropriate people at the right place and time. Staffing policies benefit from expatriation from third-country nationals (TCNs) and host-country national (HCNs). Performance appraisals are incorporated in the competitive strategies of MNC headquarters and host units. Compensation policies should be strategically and culturally relevant. Training and development prepare individuals to operate effectively and co-operate with other MNC

units. The MNC can have the general guidelines for example in rewarding individual performance, but it is up to each local MNC unit to develop their own specific practices. (Schuler et al., 2002) We have chosen to look deeper at HR planning, staffing (recruitment and selection), training and development, appraising performance and compensation, since these areas provide the possibility for comparison with the areas of IHRM.

### **Human Resource Planning**

Walker (1990) states that the human resource planning (HRP) is necessary to maintain the implementation of business strategy. Every company adapts their HRP practices comparative to these overall trends. The author states that no company serves a perfect HRP role model. Indeed, planning can vary within large companies in approach, depth, and quality among divisions and corporate units. Here the challenge for companies is to develop that approach which best fit the organization's strategic situation and management process. Schuler et al. (2002) add that the HRP should be a vital mean of engineering effective inter unit linkage mostly by synchronizing the staffing, appraisal and compensation subsystems of IHRM. This planning must be comprehensive with the MNC's overall strategy.

Dowling and Welch (1991) see the clear need for IHRM to be linked with long-term strategic planning. The planning of the HR functions in a multi domestic industry will most likely be more domestic in structure and orientation. Sometimes, there may be considerable demand for international services from the HR function, but these activities would not be essential, instead many of these services may be provided via consultants or temporary employees. The main role for the planning of HR functions would be to support the primary activities of the company in each domestic market in order to achieve a competitive advantage.

Dowling and Welch (1991) state that the development of HRM functions tends to follow the patterns of structural adjustment which follow international growth of firms. Responsibility for staffing the international division may be allocated to one person in the existing HRM department. When international activity expands, the HRM functions relate to this international activity and may be allocated to a separate international HRM department within corporate headquarters.

### **International Human Resource Staffing**

Schuler et al.(2002) point out that staffing is a major IHRM practice that MNCs use to help to co-ordinate and control their global operations. Many MNCs concerned about the best way in identifying and selecting expatriates for foreign assignments. Molander (1996) states that: "recruitment, selection and placement are the activities concerned with finding suitable people to fill job vacancies within organizations". Francesco and

Gold (2005) define the recruitment and selection processes as: “recruitment involves attracting a pool of qualified applicants for the positions available. Selection requires choosing from this pool the candidate whose qualifications most closely match the job requirements”(p.148).

D’Netto and Sohal (1999) state that problems in recruitment processes can arise when interviewers have little or no understanding of special techniques suitable for interviewing applicants from different ethnic backgrounds. Many organizations conduct blanket literacy and language testing in recruitment instead of organizational and job-relevant criteria. According to D’Netto and Sohal (1999) foreign employees are often perceived as not having the right skills to promote into management position.

The appropriate candidates to approach can fall into two categories, internal and external to the organization (Molander, 1996). When choosing internal candidates the organization gains some advantages in the form of cost reducing of advertising, recruitment and training, because the internal applicant is well known to the organization. The disadvantages of internal appointment can arise when “new blood into the organization” is required. During the selection process psychological tests, achievement tests, ability and aptitude tests, and face-to-face interview usually used.

Francesco and Gold (2005) state that international organization traditionally classified employees into three categories. First, there is parent-country national (PCN), where the employee’s nationality is the same as the organization’s. Second, a host-country national (HCN), is an employee with the same nationality as the location of the subsidiary. The last one is third-country national (TCN), where the employee’s nationality is different from both the organization’s and the subsidiary’s. Classification of employees in many organizations is important in terms of determining compensation, benefits, and opportunities for promotion.

## **The Advantages and Disadvantages of PCN, HCN and TCN:**

### **Parent-Country National**

#### **Advantages:**

- Familiarity with the home office's goals, objectives, policies and practices
- Technical and managerial competence
- Effective liaison and communication with home-office personnel
- Easier exercise of control over the subsidiary's operation

#### **Disadvantages:**

- Difficulties in adapting to the foreign language and the socio-economic, political, cultural and legal environment
- Excessive cost of selecting, training and maintaining expatriate managers and their families abroad
- The host countries' insistence on localizing operations and on promoting local nationals in top positions at foreign subsidiaries
- Family adjustment problems, especially concerning the unemployed partners of managers

### **Host-Country National**

#### **Advantages:**

- Familiarity with the socio-economic, political and legal environment and with business practices in the host country
- Lower cost incurred in hiring HCN as compared to PCN and TCN
- Provides opportunities for advancement and promotion to local nationals and, consequently, increases their commitment and motivation
- Responds effectively to the host country's demands for localization of the subsidiary's operation



**Disadvantages:**

- Difficulties in exercising effective control over the subsidiary's operation
- Communication difficulties in dealing with home-office personnel
- Lack of opportunities for the home country's nationals to gain international and cross cultural experience

**Third-Country National****Advantages:**

- Compromise between securing needed technical and managerial expertise and adapting to a foreign socio-economic and cultural environment
- TCN are usually career international business managers
- TCN are less expensive to maintain than PCN
- TCN may be better informed about the host environment than PCN

**Disadvantages:**

- Host countries' sensitivity with respect to nationals of specific countries
- Local nationals are impeded in their efforts to upgrade their own ranks and assume responsible positions in the multinational subsidiaries.

According to Dowling and Welch (1988) PCN is common in the early stage of internationalization. PCN practice is used when the lack of qualified host country nationals is perceived, and when there is a need to maintain good communication links with corporate headquarters. Schuler et al.(2002) state that MNCs send PCN abroad to ensure that the work will be done in connection with home office policies. Tarique, Schuler and Gong (2006) state that MNCs usually send HCNs abroad because of their familiarity with the culture of the host country and their ability to respond effectively to the subsidiary's operations. TCNs are usually seen as a compromise between PCNs and HCNs.

## **Performance Appraisal**

Morley (2004) states that “performance appraisal is a managerial tool to control individual performance in organizations in order to achieve maximum performance”. According to Badawy (2007) effective performance appraisal has two objectives: to create needed information for basis salary adjustment, and to identify areas for future performance development and growth.

Ubeda and Santos (2007) state that performance appraisal can be used as a tool to identify and monitor staff’s competences. They point out that individual competences identified by performance appraisal are very important aspects concerning the success of a company’s competitive strategy. To implement performance appraisal system it is necessary to check which knowledge, skills and attitudes should be developed in order to improve the internal processes of the organization. Ubeda and Santos (2007) highlighted three aspects of performance appraisal which interact with each other: development, effort and behaviour. Nobody can compel individuals to be competent, but the MNC can create some conditions for their development, and motivation becomes here a key element of developing competences. It is very important for the employee to feel useful. Employees will be more motivated when they grasp that their competences is contributing to the development of their project. Some difficulties can arise when measuring the impact of developing competences regarding company performance. Many authors emphasize that performance appraisal systems are unclear in terms of what to measure and what is important. Human resource managers have to identify exactly how people contribute to a company’s result and how to measure this contribution.

When it comes to designing assessment and compensation systems some problems can arise (Harzing and Van Ruysseveld, 1995). First, financial results of subsidiary are not always a good index for measuring the subsidiary’s actual contribution, resulting in that internal transfer prices may conceal actual performance. Therefore, it is important to view the result achieved by the individual subsidiary and their actual contribution to the companies overall objectives. Second, complications can arise when facing a long distance assessment. The staff could have difficulty in creating a precise image of the circumstances in which subsidiaries have had to operate to achieve their results. The third problem area is connected to the designing of the compensation systems. Difficulties can arise when companies take in account differences in purchasing power, competition in the local or regional labor market, fiscal system and extra compensation for expatriates. Then at the same time they should include elements which will increase

employee's commitment to the companies' global objectives and companies' culture.

Ubeda and Santos (2007) state that understanding of the relationship between competence based management and performance appraisal is necessary. An organization can utilize the performance appraisal system in a subjective way, in other words, not look at the relevance of foreign employees to the job. It can lead to irritation between employee and manager and/or employee-employee (D'Netto and Sohal, 1999).

Ubeda and Santos (2007) highlight some main objectives of competence-based management:

- To guide managerial decisions related to providing employees with the resources necessary for them to carry out their work satisfactorily, as well as to meet their training needs;
- To plan staff's activities and identify the work conditions that influence their performance;
- To guide the company's human resource policies and guidelines; and
- To reward, promote and even punish, warn or fire employees.

### **Compensation:**

When rewarding an individual there are two different forms of rewards, namely extrinsic and intrinsic rewards. Intrinsic rewards refer to self-administered rewards by the individual, and provide a feeling of pride over a job well done. Extrinsic reward is initiated from outside the person, and it might be receiving praises from a supervisor (Ivancevich, Konopaske and Matteson, 2008). Examples of extrinsic rewards are; salary and wages, employee benefits, promotion, and interpersonal rewards. When talking about intrinsic rewards some examples are; completion, achievement, autonomy, personal growth.

Harzing and Van Ruysseveld (1995) state that compensation should be more immaterial in nature. This might involve the person's career prospects, for example the opportunity to grow within the company or participate in international exchanges of information which allow him/her to get involved in strategic policy planning.

According to Dowling and Welch (1988) international compensation policies is a key issue for MNCs. Schuler et al. (2002) argue that employee compensation can be as

significant as appraisal in fostering inter unit linkage and the attainment of international strategic objectives.

They continue by stating that for MNCs to create an effective compensation policy for employees they should strive to meet following objectives:

- Attract and retain employees qualified for overseas services
- Facilitate transfers between foreign affiliates and between home country and foreign affiliates
- Establish and maintain a consistent and reasonable relationship between the compensation of all employees of any affiliate, whether posted at home or abroad, and between these of affiliates
- Provide reasonable compensation, in the various locations, in relation to the practices of leading competitors

Dowling and Welch (1988) state that compensation packages that MNCs provide usually tend to include following components:

- Basic salary, which serves a number of functions. It represents a home country payroll value for the employees and provides a basis from which various allowances and special benefits are calculated from.
- Premiums, cash payments, for taking the job located in a foreign country. Two allowances are included, adjustment allowance and a hardship allowance.
- Cost-of-living allowance, which include general living costs, such as; education, housing, and tax equalization. It can help the employee/manager to maintain their normal living standards.
- Additional fringe benefits, such as home country visits, car allowances and payments of parts of base salary in home or third country currency.

There are a number of complex issues in the international compensation field. According to D'Netto and Sohal (1999) the main problems that can come up are inequality in income and bonuses, job recognitions, promotions and assignment of responsibilities. Dowling and Welch (1988) state that one of the major issues is that of inequity between PCN, HCN and TCN employees. It is often that PCN employees receive higher level of compensation than a TCN or HCN doing a similar job. These

inequalities have created negative reactions from the TCN and HCN and that is why it is such a major issue for MNCs (Dowling and Welch, 1988; Schuler et al., 2002; D'Netto and Sohal, 1999). D'Netto and Sohal (1999) continue with that differences in rewards for similar performance can create mistrust, lower morale and lead to loss of motivation and lower job satisfaction.

According to Dowling and Welch (1988) another issue is the taxation and currency fluctuation when paying wages international. There must exist a tax equalization program so that the wage is safe from difference in taxation between the host country and the home country.

### **Training and Development**

According to Francesco and Gold (2005) training and development focus on planning individual learning, organizational development, and career development. Human resource development (HRD) at international level is responsible for training and development of employees located in subsidiaries, to prepare expatriates for assignments abroad. Training and development are defined by Molander (1996) as the: "systematic process concerned with facilitating the acquisition of skills, knowledge and attitudes which result in improved organizational performance". He states that the lack of training and development strategies within organizations can be viewed negatively by graduates. Low training organizations can lose their attractiveness to existing and potential labor.

Harzing and Van Ruysseveld (1995) state that there are some areas for which training is required. They are: developing knowledge of specific organization to which the person will be assigned, which job and task skills required of him, their knowledge and understanding of local situation (social, cultural and legal), and therefore developing the special personal skills to perform well in that environment.

Many MNCs realize the importance of training and the affecting factors of it (Molander, 1996). For example, when an organization makes major technological or product-market changes, employees can require training and development in order to operate effectively in the new situation. An external factor can be the customers, as they can influence the company's training through the requirement for quality. Cultural training is needed when working with cultural diverse groups or if one is being sent abroad.

## **2.2 Managing Cross-Cultural Issues within IHRM**

This section presents different cross-cultural management issues within IHRM. The theory by Moore (1999) will go through different organizational views on cultural diversity. Other issues will be discussed, such as cross-cultural communication, cultural differences in managerial style, and differences in motivating employees. The theory by Silverthorne (2005) and Vodosek (2005) regarding cultural conflicts that can arise within organizations working international, will be presented at the end of this section.

### **2.2.1 Organizational View on Cultural Diversity**

According to Adler (2002) cross-cultural management describes and compares organizational behavior within cultures; and seeks to understand and improve the interaction of co-workers, managers, clients, suppliers, and alliance partners from countries and cultures around the world.

D'Netto and Sohal (1999) state that “managing diversity includes a process of creating and maintaining an environment that naturally allows all individuals to reach their full potential in pursuit of organizational objectives”. Organization can effectively manage cultural diverse workforce through the effective integration of HR functions.

As per Moore, the different perceptions on diversity along with the attitude to diversity, training and organizational implications can be listed and depicted in the form of a table on the following page.

<b>Perception on diversity</b>	<b>Accompanying attitude to diversity</b>	<b>Training implications</b>	<b>Organizational implications</b>
<b>Diversity Blindness</b>	Neutral: "Diversity is not an issue"	Ignoring diversity training needs in the design and development of organizational training initiatives.	Extra, unrecognized demands on diverse members. No organizational area for discussing or highlighting opportunities and problems associated with diversity
<b>Diversity Hostility</b>	Negative: "Diversity is bad"	Active suppression of diversity. Promotion of "sameness" in training interventions Attempts to "homogenize" the workforce	Explicit and implicit discrimination. Horizontal and vertical job segregation
<b>Diversity Naivete</b>	Positive: "Diversity is good"	One sided "romantic" training interventions focusing on "celebrating or welcoming diversity"	Can damage and polarize groups who do not subscribe to the espoused position on diversity Can lead to unrealistic expectations from diverse groups
<b>Diversity Integration</b>	Realistic and functional: "Diversity does not automatically lead to positive or negative outcomes, but needs to be managed and integrated"	Active training for diverse groups and development of skills in the management of diversity. Managing the opportunities and problems of diversity. Creating important preconditions for effective communication within heterogeneous groups	Networks, mentoring and structural integration of "minority groups in organizations" Supportive organizational interventions such as flexible working conditions, childcare arrangements, ergonomic adjustments for disabled employees

Table 1 Source: Adapted from Moore (1999)

Moore (1999) states that poorly integrated heterogeneous groups can be at least as damaging for organizations as homogeneous groups, but diverse groups are not necessarily more effective than homogeneous ones. According to Adler (2002) the impact of cultural diversity can have both negative and positive influences on teams' productivity. Team members can face some difficulties to see, understand, and act on situations in similar ways, and cultural diversity makes reaching agreement more complex. In another words, multicultural teams demonstrate less cohesion than most homogeneous teams. The higher level of mistrust, miscommunication, and stress diminish the teams' cohesion. Lack of cohesion in cultural diverse teams causes decrease effectiveness of team functioning. Adler (2002) states that cultural differences can decrease teams' ability to act appropriate.

Adler (2002) points out mistrust as a one of the common problems in multicultural teams, and results from unintentional cross-cultural misinterpretation rather than actual dislike. Another cause of mistrust is inaccurate stereotyping. Team members often stereotype colleagues from other cultures instead of seeing their skills. When there are more within-culture conversations it is a sign of mistrust, and people attract to other people of their own culture rather than to people of another culture.

### **2.2.2 Cross-Cultural Communication**

According to Francesco and Gold (2005) some misunderstandings arise in verbal and nonverbal communication between people from different cultures. Usually people misinterpret the words and actions of people from other cultures and that can lead to major barrier to cross-cultural understanding .

Cultural diversity can cause other problems by distracting communication (Adler, 2002). When some team members do not speak fluently the team's working language or must use an interpreter, communication speed is slowed down and there are chances for errors.

According to Silverthorne (2005) communication between cultures is difficult and involves different kinds of problems. Cultural and language barriers can strongly influence MNCs' relationships. Devineet al.(2007) state that there is often a moment of misunderstanding when communicating, both verbal and non-verbal, and it can hinder working relationships and productivity. Kanter and Corn (1994) claim that language problems is one of the most obvious and first problems encountered when merging with a foreign company of another culture.

Silverthorne (2005) states that problems in communication have different consequences



on: production quality, decision making, motivation, teamwork, planning, conflict, and power. He emphasizes that effective communication between international business partners is very important to an organization's success. Communication affects the quality of the exchange of information, work relationships and performance. Silverthorne (2005) continues by stating that effectiveness of communication in international relationships is influenced by harmony of national and organizational cultures and by the cultural diversity of the employee. Barriers in communication between different cultures lead to conflicts.

According to Adler (2002) the stress in culturally diverse teams can arise due to tension of communication difficulties and lack of trust. Some symptoms of social stress within multicultural teams are bickering, apathy, single-party domination of discussions, inflexibility, and reprimanding.

It is highly individual how people react, physically and psychologically, to the same event and why individuals identify a particular event as a job stressor (Silverthorne, 2005). Ivancevich et al. (2008) divided stressors into four main categories: individual, group, organizational, and non-work.

Cultural differences play a significant role either independently or by interacting with individual characteristics (Silverthorne, 2005). Generally, stress occurs in connection to ambiguity or conflict, workload, lack of perceived control over events affecting a person's life, job security, and the demand of the job.

According to Sriussadaporn (2006) problems related to intercultural communication in the workplace can be the following; mentality and accountability, task assignment, time management, language deficiency, and personal/ work relationships.

#### *Problems related to mentality and accountability*

Sriussadaporn (2006) states that employees can lack accountability due to the inability to think proactively, analytically and systematically. Language skills can also minimize the perceived accountability of the employee; they cannot express themselves appropriately. This will make it hard for the manager to coach the employee into being self-managing in planning and making decisions. The difference in mentality can produce problems. The manager wants the employee to be upfront and honest but this might be a problem for the employee due to cultural values and norms such as conflict avoidance, emotional control, and display of respect, tactfulness and modesty.

### *Problems related to task assignment*

According to Sriussadaporn (2006) the employee might not show the right amount of commitment to an assigned task as the manager would like to see, and this might cause tension. When the manager assigns the employee a task, he expects the employee to inform him whether he can take the assignment or not but here the values and norms play in again. The employee might not be able to finish it on time but then he must inform the manager about this so they can solve this problem but then again cultural values and norms might hinder the employee to do this.

### *Problems related to time management*

Sriussadaporn (2006) highlights some problems that can occur between the manager and the employee when it comes to time. The manager may want the employee to be more self discipline when it comes to time but the employee might be better at working towards tasks then towards deadlines. Punctuality and its importance might differ between the manager and the employee and this will cause tensions and problems.

### *Problems related to language deficiency*

The employee may just not understand the manager due to obvious lack of language skills and this will create problems (Sriussadaporn, 2006).

### *Problems related to personal/work relations*

The manager can feel that he is not accepted by the workforce and when trying to get more integrated he might make some mistakes (Sriussadaporn, 2006). In his culture it might be okay to have lunch with employees so that they can work on their personal relationship but in the employees' culture this could be seen as favoring of employees and it can create tensions and problems. The way that the manager asks his employee to perform tasks might be the right way in his culture but in the employees culture it can come out in a wrong way.

## **2.2.3 Cross-Cultural Management Styles**

According to Miroshnik (2002) different cultural environments require different managerial behaviors, as a certain type of behavior could be appropriate in one cultural setting, but may lead to failure in another. She emphasizes the culture as the first dominant factor of problems and failures of multinational businesses.

Miroshnik (2002) states that there are different views across cultures on how managers should manage; problems arise when managers from one culture interact with

employees from another. She states that there are some significant differences in the behavior and attitudes of employees and managers from different countries. Ayoko and Härtel (2006) state that culturally diverse groups prefer different ways of being managed. Subordinates tend to think about their manager's behaviors in terms of task-oriented behaviors and people-oriented behaviors. Some task-oriented skills are necessary for managers in order for them to be respected and be able to pull out the potential of group members. The first required skill is the technical skill and refers to knowledge of products, knowledge of work operations, procedures, markets, clients, and competitors. Another skill is a conceptual skill and refers to the ability to analyze complex events, to recognize changes, to identify problems and opportunities, solutions to problems, and have the ability to conceptualize complex ideas. A third skill is an administrative skill and is found as to be vital. It refers to the ability to perform relevant managerial functions such as planning, delegating, and supervising.

Ayoko and Härtel (2006) recognize some important social skills for managers, such as, understanding interpersonal and group processes, ability to maintain cooperative relationships with people, ability in oral communication, and ability to understand the verbal and nonverbal behavior of people.

#### **2.2.4 Motivation**

According to Silverthorne (2005) individuals with different cultural backgrounds have different needs and therefore will respond to different types of motivation. Effective leaders will understand what matters to each employee and what will motivate them. It is a good start with recognizing of type of motivator in a culture, but individual differences should play an important role as well.

Silverthorne's (2005) general assumption has shown that people tend to be motivated by the same things. He argued that managers tend to use four types of motivation, which can be adapted to fit the culture. The four types of motivation are: differential distribution of rewards, allowing subordinates to participate in goal setting and decision making, modify tasks or job design, and focus subordinates on strategic objectives to improve quality. Motivation across cultures or within multicultural organizations increases the challenges because people are motivated in different ways. Therefore it is hard to find equity in motivation between different cultures. It must be sured that rewards are seen as fair, just and equitable.

#### **2.2.5 Conflicts**

Silverthorne (2005) point out three levels of organizational conflicts: intrapersonal, intra group, and intergroup. Intrapersonal conflicts arise when members of an

organization perform a certain task, activity, or apply a role that do not match the persons' expertise, interests, goals, or values. Intragroup conflict occurs when disagreements arise between members of a group or between subgroups within a group. Intergroup conflict happens when disagreements between members occur of two or more groups.

Vodosek (2005) identifies a number of outcomes of culturally diverse group's conflicts. He distinguishes among three types of conflicts within culturally diverse groups. Relationship conflicts are characterized by interpersonal incongruity among group members. Task conflicts occur during disagreements about the content of group members' decisions, involving different viewpoints, ideas, and opinions. Process conflicts involve disagreements about the way tasks should be accomplished by group members. There are some cultural differences when considering ethical issues. What is considered to be "good" or "bad" is not always the same in different countries (Silverthorne, 2005). MNCs operating within diversities, conflicting values and norms are becoming sensitive to cross cultural ethical differences, and therefore ethical issues across cultures become important (Silverthorne, 2005).

### **3. Research Methodology:**

In this chapter the methodology for the research is presented. The chapter presents how to collect data in order to answer the research questions and thereby reach the purpose of the research.

#### **Research Approach:**

This research is primarily descriptive due to the fact that the stated research questions are formulated in a descriptive manner of a specific problem area. This research is somewhat explorative, since the knowledge regarding IHRM and cross-cultural management were relatively small at the beginning of the study, therefore I began to explore within these areas. Exploration of the research was conducted in form of literature studies and discussing the problem area with my supervisor. The research becomes explanatory when we start to draw conclusions of our findings.

The study has a qualitative approach, since I found that this approach will be suitable for the study in collecting extensive data in order to reach the purpose.

A case study strategy is applied as the research strategy to gain a deeper understanding of the IHRM issues encountered by organizations as a part of their diversity management. Since the stated research questions reach the criteria of “how” questions where, a little control over events is there so, case studies were appropriate. In order to reach the purpose I have chosen to conduct a multiple case study. I have chosen two companies: Google and Ericsson. Google is an American multinational corporation specializing in Internet-related services and products. Ericsson is a Swedish multinational provider of communications technology and services.

#### **Data Collection:**

Secondary data is collected to present the diversity management information of the companies. The companies’ websites were used in order to find some more general information about the companies.

#### **Sample Selection:**

Due to the stated research questions and conceptual framework, multiple cases were chosen. I chose Google and Ericsson in order to get a higher level of understanding within the research area. Since, Google is a company that thrives on diversity both

internally and externally and is known for its diversity management across its offices in different countries, so it presents a good case analysis of diversity management policies and practices.

Ericsson employs more than 110,000 people and work with customers in more than 180 countries, including the US, China, India, Brazil, Japan, South Africa, Australia, Germany, Italy, the UK, and Sweden. Such diverse workforce and customer base management makes it a good case analysis of diversity management policies and practices.

**Data Analysis:**

Multiple case analysis technique is used for analyzing the diversity management of the MNCs. The data analysis is easier and findings are more robust than having only one case. A within-case analysis of the two case studies is done to analyze each particular case to get the insights on conceptualization and implementation of diversity management and its outcomes.

## 4. Case 1: Google

### 4.1 Organization Profile:

**Google** is an American multinational corporation specializing in Internet-related services and products. These include online advertising technologies, search, cloud computing, and software. Most of its profits are derived from AdWords.

Google was founded by Larry Page and Sergey Brin while they were Ph.D. students at Stanford University. Together they own about 16 percent of its shares. They incorporated Google as a privately held company on September 4, 1998. An initial public offering followed on August 19, 2004. Its mission statement from the outset was "to organize the world's information and make it universally accessible and useful", and its unofficial slogan was "Don't be evil". In 2006 Google moved to headquarters in Mountain View, California, nicknamed the Googleplex.

Rapid growth since incorporation has triggered a chain of products, acquisitions and partnerships beyond Google's core search engine. It offers online productivity software including email (Gmail), an office suite (Google Drive), and social networking (Google+). Desktop products include applications for web browsing, organizing and editing photos, and instant messaging. The company leads the development of the Android mobile operating system and the browser-only Chrome OS for a netbook known as a Chromebook. Google has moved increasingly into communications hardware: it partners with major electronics manufacturers in production of its high-end Nexus devices and acquired Motorola Mobility in May 2012. In 2012, a fiber-optic infrastructure was installed in Kansas City to facilitate a Google Fiber broadband service.

The corporation has been estimated to run more than one million servers in data centers around the world (as of 2007) and to process over one billion search requests and about 24 petabytes of user-generated data each day (as of 2009). In December 2013 Alexa listed google.com as the most visited website in the world. Numerous Google sites in other languages figure in the top one hundred, as do several other Google-owned sites such as YouTube and Blogger. Its market dominance has led to prominent media coverage, including criticism of the company over issues such as copyright, censorship, and privacy.

### 4.2 Diversity and Inclusion at Google:

Google works hard to bring attention to diversity and inclusion in everything they do, not only because it makes sense, but because it's the right thing to do. From their top talent

programs in Europe, to their LGBT efforts in Latin America, to their professional development programs for Women and Blacks in North America, to their Women Entrepreneurs on the Web work in Asia, they aspire to be a workplace that works for everyone, in every country, and in every culture in which they operate.

**“Our Googlers, our culture, and our products” philosophy:**

Googlers from all over the world work there to do cool things that matter. Every background, unique experience, and perspective brought by Googlers help them create a unique culture and bring fresh approaches to creating and using their products.

**Diversity in their Workforce:**

Googlers come from all over the world and from every background which brings unique experiences and perspectives to their work. At the end of the day, it’s Googlers who make Google one of Fortune Magazine’s “100 Best Companies to Work For”. All of its employees have a story beyond just working here.

**Google Employee Resource Groups (ERGs):**

ERGs are grassroots networks of employees with shared values of supporting diversity and inclusion within the company and their communities. Members can participate in activities such as education outreach, mentoring, professional development, community service and social events. Currently Google sponsor 18 ERGs around the globe (Asian Googler Network, Black Googler Network, Filipino Googler Network, Gayglers, Google American Indian Network, Google Capability Council, Greyglers, Hispanic Googler Network, Indus Googler Network, Mosaic - Ann Arbor, Mosaic - Boston, Mosaic - Buenos Aires, Mosaic - Chicago, Mosaic - Colorado, Mosaic - Pittsburgh, Mosaic - San Francisco, Women@Google, Google Veterans Network). They come together twice a year at their Annual ERG Leadership Summit and the Sum of Google events to network, share best practices, and celebrate their work. Here’s a sample of what some of their ERGs have been up to:

**Black Googler Network (BGN)**

On top of hosting events like the annual BGN birthday and holiday parties, weekly BGN lunches, the BGN family potluck, and Black History Month, BGN partners very closely with Historically Black Colleges and Universities (HBCUs).

Stemming back to 2006 from BGN’s first initiative to partner with our university



programs teams to support Google's diversity recruiting efforts in the US, Google's commitment to supporting Historically Black Colleges and Universities (HBCUs) has since become one of the hallmarks of BGN's diversity efforts.

Every fall, Google attends annual campus recruiting events at HBCUs like Hampton University, Howard University, Morehouse College, Spelman College, and North Carolina A&T University. They work to ensure there are Investments in scholarships, institutional development, world-class computer science and digital marketing programs, and corporate exposure for HBCU students with the aspiration to help prepare the next generation of African American students for technical careers.

### **Women@Google**

Women@Google is a global network with more than 4,000 female Googlers across 27 countries and 40 offices throughout Asia, Europe, Latin America and North America. The Women@ chapters focus on three distinct pillars: Connections, Development and Community.

In line with the Connections pillar, in 2012, Women@Google hosted 4 regional summits in Asia, Europe, Latin America, and North America that created valuable connections and networking opportunities. Through their Centered Leadership and Taking the Stage programs, they were able to provide customized educational opportunities that met the unique career development needs of Women@Google. In the broader community of women and girls, they worked with 10x10 on the International Day of the Girl social action campaign dedicated to the idea that educating girls in developing nations will change the world. They continue to run the Mind the Gap Program in Israel and, at the beginning of 2012, launched the Women Entrepreneurs on the Web (WeOW) initiative focused on improving economic opportunities for women entrepreneurs.

### **VetNet: The Google Veterans Network**

VetNet offers social and professional networking opportunities and builds awareness about the importance of service to their country at Google and in their communities. They launched the Google for Veterans & Families platform to keep families connected and have also provided support to Veterans outside of Google by partnering with the Veteran's Administration, the USO, MBA Veterans, and Student Veterans of America.

## **Gayglers: Google's LGBT Network**

Gayglers chapters exist just about everywhere Google operates around the world from San Francisco to New York, London to Zurich, Israel to India. The grassroots approach that started the Gayglers continues to allow their LGBT celebrations and initiatives to thrive and grow.

To date in 2012, more than 1,500 Googlers have marched in Pride celebrations, including Boston, Chicago, New York, San Francisco, Sao Paulo, Tel Aviv and Warsaw. However, it's not just through Pride that they show their support for the LGBT community. At Mardi Gras in Sydney, they hosted two Queer Thinking seminars on Activism in the Internet Age and Queer Careers. And in July, Gayglers from over a dozen countries celebrated at World Pride in London where they were joined by one million visitors from around the world.

Though our business and employees span the globe, our policies on non-discrimination are universal in every Google office. Google supports its Lesbian, Gay, Bisexual and Transgender (LGBT) employees in many ways to ensure that its employees are treated fairly both inside and outside of Google. They increased our Transgender benefits to be more comprehensive, have taken a public stance on Proposition 8 in California, participated in the "It Get's better Video Project", made a video on Marriage Equality, and maintain strong partnerships with Out & Equal and the Human Rights Campaign among many others.

## **The Capability Council**

Googlers created The Capability Council to foster an inclusive environment for people with disabilities or special needs. The Council advises Google's product teams on how to increase the accessibility of their products. Here at Google, they are committed to providing their employees with the tools and resources they need to be successful in their jobs. They keep this goal top of mind when they expand their facilities, open new offices and purchase technology equipment.

The Google Accessibility Group and the Google Capability Council influence the design of Google products like Gmail, Google Maps, and YouTube. The YouTube auto-captioning tool now allows all users to automatically create captions upon viewer request in up to 50 languages. While captions help the deaf and hearing impaired, machine translation enables people around the world to access video content in any of 51 languages.

## **Hispanic Googler Network (HGN)**

The Hispanic Googler Network (HGN) is committed to attracting, recruiting, and retaining top Hispanic talent to Google and to expose Googlers to Hispanic Culture. They do this by increasing Google's presence in the Latino/Hispanic community through partners like the Latino Community Foundation and by hosting cultural events for all Googlers like Cinco de Mayo and Hispanic Heritage Month.

## **Diversity & Inclusion in the Culture**

They strive to cultivate a wholly inclusive workplace everywhere they operate in the world. The organization wants all Googlers to love coming to work every day, not just for their projects and the great perks, but for the inclusive culture where they can feel free to be themselves and thrive.

## **Celebrating a culture of diversity**

Diversity is an essential component of the culture at Google. Among the many celebrations like Black History Month, LGBT Pride, Hispanic Heritage Month, and Veteran's Day, they've also developed some celebrations and traditions for Googlers and those who are part of our Employee Resource Groups (ERGs).

## **Sum of Google**

In 2009, a group of Googlers organized an event at the Google headquarters in Mountain View, CA, designed to celebrate their culture of diversity with food, music, dance performances, and executive speakers. This group of passionate Googlers launched the first event in a series of Sum of Google Celebrations with over 1,000 Googlers attending. The Sum of Google has since grown - for the entire month of July in 2012, over 5,000 Googlers in 70 offices across Asia, Europe, Latin America, and North America engaged in global Diversity & Inclusion conversations through panel discussions and speakers. They also celebrated Diversity & Inclusion in local offices with good food and cultural dance performances.

## **Global ERG Leadership Awards**

They annually recognize Googlers for their accomplishments and contributions to diversity and inclusion at Google. This past year they had 23 winners and 14 honorable mentions - all of whom have shown tremendous leadership, passion, and commitment to diversity at Google, and have demonstrated deep impact in the world around them.

## **Global ERG Leadership Summit**

The annual Global ERG Leadership Summit brings together 100+ leaders and members of Google's 18 ERGs for 2 days dedicated to sharing, collaborating, strategy planning, and connecting with the larger diversity community. Attendees at the 2011 summit selected custom content in one of three areas: career development, business diversity, and ERG strategy planning.

## **Diversity & Inclusion in our benefits**

Their global benefits teams regularly partners with employees to identify new areas of growth and opportunities that can serve the unique needs of all Googlers. From Prayer Rooms to Mothers Rooms and more, we strive to provide Googlers with the benefits they need to be successful at Google and at home.

Below are some of their programs and benefits that are specifically focused on creating an inclusive environment for all of our Googlers.

- Adoption Assistance
- Day Care
- Mother's Rooms
- Maternity/Paternity Leave Programs
- Baby-bonding bucks
- New parents support group
- Children centers in Mountain View
- Domestic Partnership Programs
- Accommodation Policies (including those for visually, mobility and hearing impaired Googlers)
- Transgender and Transitioning Workplace Support

## **Support for new parents**

For new parents, Google provides time off to bond with their new Googlet, plus tools and resources to help the transition back to work following maternity and paternity

leaves. Google also partners with Care.com to provide US Googlers access to annual premium memberships. Care.com offers families a trusted place to easily connect to babysitters, nannies, special needs care, senior care givers, pet sitters, dog walkers, housekeepers, and more.

### **LGBT benefits**

They offer unique benefits for LGBT Googlers in the U.S.: grossing up health benefits coverage for same-sex domestic partners, offering an equivalent to the Family Medical Leave Act for same-sex domestic partners, and changing their definition of infertility to expand fertility assistance to LGBT Googlers. They also enhanced their transgender-inclusive benefits to cover transitioning procedures and treatment in accordance with the World Professional Association for Transgender Health's (WPATH) Standards of Care, which includes coverage for procedures like facial feminization for transgender women and pectoral implants for transgender men. They also increased their lifetime maximum coverage for these benefits to \$75K—more than double what it was previously. The decision to implement these benefit enhancements was ultimately a matter of “doing the right thing” and achieving parity for our employees, regardless of their sexual orientation.

### **Equal Opportunity**

At Google, they are committed to a supportive work environment, where employees have the opportunity to reach their fullest potential. Each Googler is expected to do his or her utmost to create a respectful workplace culture that is free of harassment, intimidation, bias and unlawful discrimination of any kind.

### **Equal Opportunity Employment statement**

Employment here is based solely upon individual merit and qualifications directly related to professional competence. They strictly prohibit unlawful discrimination or harassment of any kind, including discrimination or harassment on the basis of race, color, religion, veteran status, national origin, ancestry, pregnancy status, sex, gender identity or expression, age, marital status, mental or physical disability, medical condition, sexual orientation or any other characteristics protected by law. They also make all reasonable accommodations to meet their obligations under laws protecting the rights of the disabled.

## **Diversity & Inclusion in their Users and Communities**

Everybody's searching for something different. Their success hinges on their ability to understand the needs of millions of Google users. That's why they work hard to ensure that attention to diversity is built into the way they think about our business and develop our products and services.

### **Diversity in the business**

Google is committed to making the web work for small businesses and making the power of the web accessible and useful. "Accelerate with Google" is a marketplace initiative focused on helping underrepresented small businesses, content creators, and non-profit organizations achieve success on the web. They empower them to establish their web presence, find customers, build infrastructure and increase productivity through Google products such as Google AdWords, Google+, Google Apps, and YouTube. Some of their programs include Women Entrepreneurs on the Web and Accelerate Your Business. Their programs are driven by passionate Googlers who are dedicated to helping diverse communities succeed online.

### **Diversity in their products for their users**

As they continually work to advance accessibility, they are pushing the frontiers of research and development to further enable people with disabilities. They strive to make information available to everyone, including users with disabilities like blindness, visual impairment, color deficiency, deafness, hearing loss, and limited dexterity. They've found that providing alternative access modes such as keyboard shortcuts, captions, high-contrast views and text-to-speech technology not only help people with disabilities; it helps everyone. They aim to serve an ever-larger number of users by increasing the accessibility of products which impacts not only the millions of people with disabilities, but also the lives of the people connected to them.

### **YouTube captions**

They continue to build upon our commitment to offer automatic captions tools for YouTube video content. Since introducing the captions tool, YouTube has created more than 1 million videos with uploaded captions, and more than 100 million videos with automatic captions in multiple languages.

### **Silent hangouts for Google+**

Hangouts on Google+ lets you video chat with 10 people at the same time. For people

who rely on sign language, video is a natural mode of communication. We continue to work with Google+ users who communicate via sign language to find ways of making communication in Hangouts seamless and easy - no matter what language they use.

### **ChromeVox screen reader**

We launched ChromeVox, a screen reader for Google Chrome. ChromeVox helps users with vision impairment navigate websites, using the latest web standards. It's easy to learn and free to install as a Chrome Extension.

### **Diversity in their communities**

At Google, we are committed to positively impacting the world around us. We support the work of numerous organizations that share their goal of diversifying the fields in which we work by bringing together thought leaders, conducting workshops, and providing networking and professional development opportunities.

### **Partnering with the Black community**

Google has partnered with UNCF since 2006 to support Historically Black Colleges & Universities (HBCUs) through financial donations, scholarship programs, recruitment, mentoring and event sponsorship. The cornerstone of our program has been the Google UNCF Scholarship for computer science students. Each year Google donates \$10,000 scholarships to up to 20 African-American students pursuing degrees in computer science at the Bachelors, Masters and PhD levels. We also work with National Association for the Advancement of Colored People (NAACP), and educational organizations like the LEAD Program in Business, the Thurgood Marshall College Fund, and Management Leadership for Tomorrow (MLT). Through these partnerships, Google provides financial and in-kind donations to support their work. Google also participates in conferences with partner organizations such as AdColor Coalition and National Society of Black Engineers (NSBE) to increase the pipeline of diverse candidates at Google.

### **Partnering with Women**

Google is an annual sponsor of the Anita Borg Institute for Women in Technology (ABI). With programs like the Women of Vision Awards, Tech Leaders Events, and the Grace Hopper Celebration for Women in Computing, ABI seeks to increase the impact of women on all aspects of technology and to increase the positive impact of technology on all women. Google is honored to be a strong supporter of ABI's core programs and

also continues to support The Grace Hopper Celebration of Women in Computing, which brings together technical women of all ages, who are traditionally underrepresented in the field of computer science.

### **Partnering with the LGBT community**

They support the work of organizations such as the Human Rights Campaign, the National Center for Lesbian Rights, and the Transgender Law Center through financial and in-kind sponsorships. They also collaborate with other companies to increase LGBT workplace equality through conferences and events, including hosting workshops at the annual Out & Equal Workplace Summit.

### **Diversity & Inclusion and Students**

Google has long recognized the importance of investing in education. They aspire to help level the playing field by empowering all students to be active creators of tomorrow's technology. Through K-12 and University education outreach programs, technical conferences, targeted community initiatives, global talent development programs, and nonprofit organization partnerships, we are working to increase diversity in the technology industry and develop the next generation of technology professionals.

#### **K-12 (pre-university) education outreach**

They are committed to expanding access for students to understand the possibilities of and pathways to careers in Science, Technology, Engineering, and Mathematics (STEM) and Computer Science (CS) globally. They seek to increase participation of diverse students in CS through a wide range of partnerships, support for the LEAD Computer Science Institute, and our Google Roots in Science and Engineering (RISE) Awards.

#### **Programs for university students**

Google provides opportunities for underrepresented students at the university level to explore careers at a technology company through programs like Google's BOLD internship and in computer science through the Computer Science Summer Institute (CSSI) and Engineering Practicum which provide access to technology careers and skills.



## **Global scholarships and awards**

Google has awarded over \$12.7 million in scholarships to ~3,000 students around the world. With organizations like the Anita Borg Institute, Student Veterans of America (SVA), Lime Connect, and the United Negro College Fund (UNCF), they support women, veterans, people with disabilities, and minorities around the world in their pursuit of technology education.

## 5. Case 2: Ericsson

### 5.1 Organization Profile:

**Ericsson** (*Telefonaktiebolaget L. M. Ericsson*) is a Swedish multinational provider of communications technology and services. The offering comprises services, software and infrastructure within Information and Communications Technology (ICT) for telecom operators and other industries, including telecommunications and IP networking equipment, mobile and fixed broadband, operations and business support solutions, cable TV, IPTV, video systems, and an extensive services operation. Ericsson is the world leader in the 2G/3G/4G mobile network infrastructure market (35% in 2012).

Ericsson is one of the strongest holder of essential patents in the wireless industry and have approximately 33,000 granted patents in 2012. Ericsson complies with terms that are fair, reasonable and non-discriminatory (FRAND) for its patent licensing programs and is a net receiver of licensing royalties.

Founded in 1876 by Lars Magnus Ericsson, the company is today headquartered in Stockholm, Sweden. The company employs more than 110,000 people and work with customers in more than 180 countries, including the US, China, India, Brazil, Japan, South Africa, Australia, Germany, Italy, the UK, and Sweden.

### 5.2 Diversity and Inclusion at Ericsson:

At Ericsson, it is believed that “Diversity and inclusion spur innovation”. A diverse and inclusive workplace taps into the best of global talent, fosters innovation, and gives us a competitive edge.

They believe achieving success in an increasingly multi-faceted, global and competitive market requires tapping into a broad talent pool in which diversity is a central component. Diversity and inclusion spurs innovation, which in turn supports their business strategy.

Their definition of diversity extends beyond gender, race, religion, ethnicity, age and other established parameters to focus on diversity of thought which is a driver of innovation. Diversity must be supported by a truly inclusive workplace, in which individuals are acknowledged and valued for all the different perspectives, ideas and experiences that they bring to the workplace.

## **Global Diversity and Inclusion Council**

In 2013, they further strengthened our approach by forming a Global Diversity and Inclusion Council and appointing a Head of Diversity and Inclusion. The Council is comprised of business leaders representing regions, business units and group functions across the company. The Council will review, approve and monitor activities and programs addressing diversity and inclusion. It will report its progress to the CEO and the Executive Leadership Team twice a year, and the Board of Directors as appropriate. There will also be councils at regional and local levels mirroring the global agenda, but with local priorities and activities as their scope.

## **Focus on gender**

Increasing gender diversity is a critical area of focus for Ericsson. Women make up a growing portion of the global talent pool and are entering the workforce at advanced educational levels. They are involved in efforts such as “TechWomen” to attract more women to the ICT industry, as women have traditionally been under-represented in engineering and technology fields.

They have set a long-term goal that by 2020, one third of their employees should be women. This is also in support of their commitments as members of the European Round Table of Industrialists, a high-level industry group which signed a voluntary target in 2012 to increase the number of women in decision-making roles. In the past few years, they have made steady progress in increasing the number of women at senior-level positions. A quarter of the Executive Leadership Team were women in 2013, a substantial increase in the past five years; the same percentage have nationalities other than Swedish. Similarly, the number of women in the top 250 most senior positions also continued to rise.

## **Battle of the Numbers**

Ericsson participated in the year-long Battle of the Numbers, a Swedish private sector project involving 10 companies, which concluded in November 2013. Each company was asked to commit to raising the number of women in operational and decision making positions. Ten women were selected from each company. The project engaged the CEOs of all the companies as well as other senior-level executives in Human Resources. In the summary report, Ericsson’s team recommended that in order to best achieve the ambition of increasing women in operational decision-making roles, the focus should be on targeted activities in mid-career.

## **Women Up**

Additionally, also in 2013 Ericsson was a founding partner of Women Up, under the umbrella of Hillary Clinton's International Council on Women's Business Leadership Council (ICWBL) in collaboration with McKinsey and Company. The year-long program will bring together a group of 40 high-potential women in a leadership development program.

## **TechWomen**

Ericsson also supports TechWomen, an initiative that empowers, connects, and supports the next generation of women leaders in science, technology, engineering, and mathematics (STEM) from Africa and the Middle East by providing them the access and opportunity needed to advance their careers, pursue their dreams, and inspire women and girls in their communities.

## **Life at Ericsson:**

At Ericsson, they give their customers the opportunity, the support and the empowerment they need to fulfill their potential and achieve their goals.

The employees work in a culture defined by the organization's core values of respect, professionalism and perseverance. These aren't just words: 90 percent of employees feel that the core values are relevant to them. Everyone – customer, colleague, stakeholder or member of the public – is treated with respect.

The core values combine with the Ericsson Code of Business Conduct to provide a framework for ethical and honest business, something everyone within Ericsson can take pride in. They consider that their employees, all 110,000 of them, are the most valuable asset they have, and the diversity they represent is one of their greatest strengths. Each individual's ideas, abilities, unique point of view make a tremendous contribution to the strength of their team and whole company. The employees work in a culture of freedom and autonomy, where they are encouraged to think big and bring their ideas to life. It's no free ride – they all take responsibility for their own performance, in an environment where everyone can do their best, and dare to do more. They have a strong commitment to continuous learning at all levels – an individual's own skills and competence will develop throughout their career with Ericsson. Their talent development programs identify, develop and assist future leaders, helping them pursue

opportunities available across the company.

And the opportunities for employee's career within Ericsson are truly global. They are doing business in over 180 countries, all around the world, with active exchange and placement programs. A career at Ericsson means the world is their workplace. They motivate the employees to discover what makes "YOU + Ericsson a powerful combination".

### **Managing Diversity across different HRM functions at Ericsson:**

Telecommunications firm Ericsson is a global giant. the company operates in more than 180 countries around the world; more than 40% of the world's mobile traffic passes through its systems.

In order to support such a massive organization, Ericsson needs to recruit and retain top talent in all parts of the world. "Globality is Diversity," says Bina Chaurasia, senior vice President and head of human resources. "and we embed this perspective in our diversity, recruiting and retention efforts at Ericsson." The Stockholm based firm takes a global approach to diversity and inclusion but encourages regional efforts as well to better serve the needs of its customers in different parts of the world. For example, in Sweden, the company is focused on recruiting more young engineers, and in Ireland and Hungary, Ericsson works with various educational institutions at different levels to increase the number of female technical students. While each country and region in Ericsson focuses on addressing the unique diversity challenge it faces, one of the company's notable efforts has been its initiative to recruit and retain female talent in India. This isn't a simple task .For one thing, in India gender diversity overall is low, and within the telecom industry it is even lower.

One of the measures Ericsson has taken in regards to employee benefits is to strengthen maternity leave policies for its female employees in India. The normal leave is 12 weeks. To encourage women to return to work, Ericsson offers an additional paid month of leave and allows another two months of unpaid leave. Additionally, the company offers flextime hours for three months after a woman returns from maternity leave. According to Giris Johar, VP of HR for India, 36 women have taken advantage of the program over the past 18 months.

The company also added a daycare allowance to help out working mothers who might not have a family member who is willing to help. Ericsson's female employees receive a reimbursement of 5,000 rupees a month until the child reaches three years of age. "we don't want women to leave and not come back, or to go somewhere else. These benefits have had a positive impact," says Johar.

On the recruitment and development fronts, Ericsson has taken a proactive stance to

get more women into the company and strengthen their career path once they are there. The company instituted a referral program that awards a higher bonus to any employee who refers a woman who is hired by Ericsson. One hundred and fifty women have been hired in the past 18 months as a result of this initiative.

Ericsson also works closely with universities. It offers free telecommunications studies to both female and male students through the Excel certification Program to get them interested in the telecom industry. The Excel program is currently being offered in 50 universities, and this year 37% of the enrollees are women.

There is solid evidence that Ericsson's efforts are paying off: in 2010, 34% of Ericsson's engineers in training were women, and by fall of 2011, that number reached 43%. The importance of diversity to Ericsson—and why it matters—is discussed at all levels of the corporation. The company regularly conducts leadership team meetings, employee meetings, town halls and focus group discussions with managers and employees about diversity and how critical it is for the company's success. In addition, all managers and newly hired employees have to go through mandatory gender training. "you have to have the whole organization involved so that everyone understands how important diversity is," says Johar.

Ericsson's multi-pronged approach in India is showing concrete results in that country. in 2009, 8.7% of employees were women; today that number is 13.8%. One of these hires, engineer Surabhi Bhargava, joined the company in 2009. She says she's amazed at how much she's learned since then. "if it was only work and no fun, i'd feel like a geek. I feel I am in a very friendly working environment, and where I am a global citizen. Another female employee, Koel Chakrabarty, joined Ericsson in 2007 from another company and has since been promoted to Director of communication services & broadband. Ericsson supported her transition into a leadership role by providing training, guidance and mentoring, as well as having her attend training courses at IIM Ahmadabad and ISB Hyderabad, top-notch business schools in India. She now leads a team of ten employees. "Ericsson has offered me opportunities to continually evolve in both the technology and leadership dimensions," says Chakrabarty. In India, and in all of the countries where Ericsson does business, a global, diverse workforce is the key to the company's success. "Innovation is important to Ericsson, and this innovation comes from our global employee base, which allows us to serve our global customers better," adds chaurasia.

## **6. Interpretations and Findings:**

### **6.1 Diversity in the organizational context – SWOT analysis**

Diversity brings thoughts, feelings and cultural knowledge that can benefit operations, decision making, marketing, culture-building, hiring, firing and just about everything that a business does.

According to Cox and Blake, retrieved from Wentling (2001, pp. 45-56), companies that learn how to manage diversity acquire a competitive advantage over companies that do not know how to deal with diversity. Triandis et al. (1994) found that sound management of diversity has a positive effect on organizational strategic goals, objectives and bottom line.

In the globalised organizational scenario, it is very common to have diversified manpower in terms of culture, language, knowledge, nationality, etc. As a primary source of production and performance impact, our economy has shifted from physical to intellectual capital which comes in all colors, backgrounds, genders, orientations, thinking styles, and so on and as a result senior diversity managers are increasingly coming under fire to demonstrate exactly how they are helping the organization organize, utilize and document their critically significant organizational asset to create performance and value.

Diversity is one of the aspects which extend the benefits of diversity's exposure to organizations; on the other hand diversity is in the shape of challenges managers have to face in controlling and directing the team members. The concept of diversity has multiple dimensions. Executives and other organizational personnel are now beginning to realize the importance and benefits of calculating the impact of perceived intangible human assets in today's marketplace.

Businesses today need to better understand other cultures and varied ages, genders, and lifestyles. As individuals, we also need to be acutely aware of possible offenses against others. Valuing diversity shows what creates racial, cultural, sexual, physical, mental, and verbal misunderstandings and gives us the tools to prevent these misunderstandings

Gordon (1992) reports that 82 percent of companies with 100 or more employees use teams. Lawler et al. (1995) found that there was more than a doubling between 1987 and 1993 in the percentage of Fortune 1000 companies reporting the use of self-

managing teams (from 28 percent to 68 percent). The premise motivating the growing use of teams is that they provide an efficient and flexible way to coordinate production requiring a diversity of skills, talents, and information.

An increasingly common feature of the workplace is the degree of diversity in the workforce. The concept of diversity has multiple dimensions.

### **Strength**

Diversity is essential for companies to survive and thrive in today's competitive business environment. The introduction of different voices with different perspectives, backgrounds, priorities and orientations, helps companies identify opportunities and succeed in new markets. Workplace diversity is no longer only about anti-discrimination compliance. It now focuses on both inclusion and the impact on the company's bottom line. Leveraging workplace diversity is now seen as a critical strategic resource for establishing a competitive advantage. Companies are beginning to link workplace diversity to both their long-range and immediate strategic goals and objectives and they are holding management accountable for the results.

Many reasons can be given for the value of diversity within corporations. Because most multinational corporations must adopt a polycentric or geocentric approach for breaking through the formidable cultural barriers of, for example, the Asian, Arabian and/or Latin American worlds, having representatives from the targeted countries on their business team is critical. How can companies market to overseas countries if they do not have representatives from those countries on their planning teams? Further, an appreciation of different cultures, ages, genders, nationalities and lifestyles creates a more supportive work environment.

Diversification provides an increased awareness of global opportunities, a more cogent approach to problem identification/solution and a check on the insidious effects of "groupthink".

If the team, in addition to the essential elements, has members with diverse backgrounds and skill sets, an even higher level of performance can be achieved and the likelihood of producing breakthrough innovations increases. Due to differences in skills and backgrounds, the team members are more likely to look at a project or problem from different points of view. This will lead to more out of the box thinking, which in turn will lead to breakthrough innovations. In a study on more than 17,000 patents, Fleming (2004) shows that breakthrough innovations are more likely to



arise out of teams made up of people from very diverse disciplines.

Organizations want a wider range of leadership skills, work styles, perspectives, and expertise. Opinions of a culturally diverse workforce can lead to higher quality decisions. Diverse teams can boost performance because they are more likely to have access to the breadth of information necessary to solve complex problems (Leonard et al., 2004). In groups with high levels of cultural heterogeneity, casual social contacts and communication are more likely to involve members of different racial/gender groups.

Companies which incorporate employees' diverse perspectives to rethink primary tasks and redefine markets, products, strategies, missions, business practices, and even cultures are tapping diversity's true benefits by making more creative and better decisions.

### **Weaknesses**

Prior researchers have found negative effects or no effects of team diversity on organizational performance. Indeed, diversity might be a double edge sword, enhancing a firm's action propensity and its action and response magnitudes, potentially benefiting company performance. On the other hand, diversity might reduce the firm's speed, both in acting and responding, possibly leading to lower performance less integration, and more turnover and dissatisfaction. Some scholars have concluded that diversity may be good for group performance while at the same time it is bad for interpersonal relations and attitudes toward the work group.

Where there is high diversity, teams enter into debate due to their different perceptions of the strategic environment and the range of possible strategic options. Rather than accepting existing strategies and routine ways of operating, diverse teams are liable to engage in conflict, fueled by their different perspectives. By contrast, teams with low diversity have more common perceptions of the competitive environment, generate fewer strategic options, and are prone to regenerating existing strategies. Such teams are prone to competency traps and performance declines, whereas team members that challenge each other's assumptions can develop more comprehensive, broadly framed strategies (Wiersema and Bantel, 1992) and better-justified decisions (Schwenk, 1984). This type of conflict is based around the strategy-making task and is termed a "productive" or "task" conflict because it broadens the strategic arena and improves the strategy-making process.

## **Opportunities**

It is well proved that the organizations which know how to deal with diversity could get the competitive advantage over those who do not. Team diversity may permit greater productivity than could be achieved by individual effort. The leaders across the globe have started to recognize the importance of diversity issues at the workplace.

Companies increasingly use cross-functional and cross-cultural teams to master the dual demands of creativity and operational efficiency. Besides their cultural diversity, this team set-up often entails team members also being physically dispersed, substituting direct communication with computer-mediated communication. Management's role is to help create and empower an organizational culture that fosters a respectful, inclusive, knowledge-based environment where each employee has the opportunity to learn, grow and meaningfully contribute to the organization's success (Lockwood, 2005).

As no one individual is likely to possess the full complement of task-related characteristics necessary to achieve the desired goals, team diversity may permit greater productivity than could be achieved by individual effort.

A team whose members have diverse skills and orientations can be more creative and nimble in strategic problem solving, less susceptible to "groupthink", and perhaps more likely to overcome their domestic myopia. Moreover, such diversity can build trust and perceptions of procedural justice among a firm's product and geographic unit managers by signaling that a team or board takes competing interests into account when allocating resources internationally. Teams that are socio-cognitively complex may be better equipped to make sense of the changing international market opportunities and to "reconcile the conflicts and paradoxes" presented by internationalization.

Within the information/decision-making perspective, Walsh (1995) suggests that managers' mental models will most likely influence the decisions they make. Diverse groups are more likely to possess a wider range of task-relevant knowledge, skills and abilities. Diversity might also inspire more creative and innovative group performance.

An internationalization process deals with global markets where diversity is a reality most of the time. Thus, diversity at the board and team level could serve to: better understand the complexities of different global markets; signal employees, customers, suppliers and authorities that the firm is making a serious effort to understand new markets and that distinct backgrounds are customary at the highest

levels of the organization; assure investors and other stakeholders that the firm is drawing candidates from larger resource pools; diminish the level of uncertainty that the international arena poses; improve decision making capability of both the board and the team. This is done through better access to a wider set of information and perspectives.

It is believed that great ideas still come from people. The challenge is to create the right environment to encourage innovation and ideas. The diversity of people in a corporation promotes innovation because it achieves greater diversity of ideas. There is a link between diversity and innovation that is not theoretical – it is real (Walkup, 2003, p. 97). The diversity increases creativity and innovation. If an organization has a diverse workforce, it has a broader range of knowledge, heuristics and perspectives which strengthens the toolbox that a group can work with and solve problems.

### **Threats**

Diversity can enhance business performance; however, if it is not properly managed or left to glide along without close attention, it is possible that it may produce higher turnover, conflict, miscommunication or other unintentional consequences. The causes of such problems are deep, with no easy solutions. Diversity introduces manpower with different thoughts, cultures and ideas, which can benefit the organization in multiple ways. Team members may be of different sexes, racial groups, or ethnic, social, or cultural backgrounds. Owing to the very nature of heterogeneous teams, which are made up of diverse individuals, challenges not present in homogeneous teams are introduced. Polzer (2008) argues that diverse teams “are prone to dysfunction because the very differences that feed creativity and high performance can also create communication barriers”. Similarly, Mello and Ruckes (2006) suggest that members of heterogeneous teams are more likely to diverge in their preferences with respect to courses of action, which will lead to lower effort.

Fleming’s (2004) study on patents indicates that innovations from heterogeneous teams are, on average, of lower financial value than those coming from homogenous teams. Members of a team that is heterogeneous with respect to social categories may find it difficult to integrate their diverse backgrounds, values, and norms and work together (Jehn et al., 1999). Effective teamwork requires members to recognize the team as a unit with common goals, values, and norms (Lembke and Wilson, 1998). The efficient management of diversity in the organization has the effect on its goals and achievements. One of the strongest reasons, apart from achievement, is the

adhering of the law of the state where the organization is working. The law has provisions to deal with the diversity issue in the organization. Managers are responsible for the management of diversified manpower and accountable for the employee development, productivity and conflict resolutions in the organizations.

## **7. Conclusions & Recommendations:**

### **7.1 Conclusion:**

Both the organizations believe diversity brings thoughts, feelings and cultural knowledge that can benefit operations, decision making, marketing, culture-building, hiring, firing and just about everything that a business does. A number of initiatives are being taken to support the diversity management function.

Google aspire to be a workplace that works for everyone, in every country, and in every culture in which they operate through efficient diversity management. Ericsson believes diverse and inclusive workplace taps into the best of global talent, fosters innovation, and gives them a competitive edge.

Google works hard to bring attention to diversity and inclusion in everything they do, through their initiatives such as top talent programs in Europe, LGBT efforts in Latin America, professional development programs for Women and Blacks in North America, and their Women Entrepreneurs on the Web work in Asia.

Every background, unique experience, and perspective brought by Googlers helps them create a unique culture and bring fresh approaches to creating and using their products. It's the effective diversity management of Googlers that make Google one of Fortune Magazine's "100 Best Companies to Work For".

Ericsson believes achieving success in an increasingly multi-faceted, global and competitive market requires tapping into a broad talent pool in which diversity is a central component. Diversity and inclusion spurs innovation, which in turn supports their business strategy.

Ericsson has strengthened their approach by forming a Global Diversity and Inclusion Council and appointing a Head of Diversity and Inclusion. They are involved in efforts such as "TechWomen" to attract more women to the ICT industry. Ericsson's team recommends that in order to best achieve the ambition of increasing women in operational decision-making roles, the focus should be on targeted activities in mid-career.

The opportunities for employee's career within Ericsson are truly global. A career at Ericsson means the world is their workplace for employees.

## 7.2 Recommendations:

Although both the multinational corporations are taking several initiatives and practices for diversity management, the following recommendations can further enhance the efforts of MNCs:

- Senior executives should become role models when recruiting to strategic and influential positions, ensuring that a minimum of one female candidate is considered for each role and so helping to change the mindset and behaviors of the entire organization.
- Introduce new steps to further elaborate diversity aspects into the talent planning process.
- In external recruitment, female talent mapping and university recruitment are two major areas to address short term.
- Continue to raise awareness about diversity and inclusion throughout the organization.
- The executives should promote diversity to further enhance innovativeness, in order to overcome the challenge of creation of the right environment to encourage innovation and ideas.
- A successful manager can build a culture of tolerance through education, training and conflict management strategies.
- A recruitment strategy that stresses the need for diversification should be developed.
- Develop policies and guidelines for staff conduct and ensure that each staff member has a copy.
- Include channels and procedures for grievances and ensure confidentiality for everyone.
- Ensure that the rules and guidelines are fair and transparent and apply to all staff, including management.
- Model good behavior and enforce cultural sensitivity management training and

appropriate conflict management training for management staff. An effective training program will first have management staff analyze their own diverse backgrounds and how they may have shaped prejudices that could affect the work place.

- Seek periodic feedback from staff and management in the form of a questionnaire or staff survey. Analyze and communicate the results to staff, identifying any progress made in staff satisfaction and highlight any diversity or conflict issues so that they can be addressed before they become unmanageable.
- Encourage open communication and teamwork across work functions. Horizontal communication is more relevant in business environments where social media networking platforms are causing hierarchical boundaries to disappear. Encourage employees to work together to solve problems and consider incentives and rewards for successful projects.
- Plan an annual event to break down formal barriers and improve staff morale. Retreats and informal gatherings can promote better interpersonal relationships and foster a culture of inclusiveness.

## **8. Limitation and Future Scope of Study:**

This study adds to the literature and the understanding of the Diversity Management; however I am aware of several limitations of the study that suggest opportunities for future research. The following limitations can be identified:

- The study was based on the data collected from secondary resources, not directly observed.
- The information and the data may not be accurate.
- Case analysis was limited to two companies i.e. Google and Ericsson, so further research can be done for other MNCs.
- The analysis of the companies is being done for their present policies and practices of diversity management.

The research can be further extended for the two organizations for their previous diversity management policies and practices. Also, the case analysis can be done for other MNCs to gain a better understanding of the diversity management. Because of time and financial constraints, this study is limited to data collection from secondary resources. Thus future research can be done in this regard.



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