Managing Multicultural Teams in a VUCA Business Environment

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Abstract:
The objective of the paper is to understand the existing HR practices towards Global integration of businesses. Today we operate in a flat world where geographical barriers do not exist for businesses to function. The entire world has become a level playing field for enterprises of all shapes and sizes. In the context of "Make in India" where the Indian government is looking at a huge influx of FDI towards the manufacturing and services sector, we observe that invariably companies will have cross-cultural teams to work with. The influence of national culture on HRM practices is known to exist and has also been demonstrated by many researchers. This paper attempts to determine the extent of cross-cultural teams that exist in companies, the challenges of working with multicultural teams, the readiness of companies to handle multicultural teams and the extent to which HR has the capability to cater to a global workforce , time dimension of working with teams across geographies, measures that the HR is taking to increase the cultural competency of its human capital and the extent of focused efforts to increase diversity and inclusion within the organization. This paper also touches upon the HR strategies and interventions that companies have planned/ are planning to implement to manage multicultural teams. All the above aspects have been viewed with the lens of increasing convergence of businesses across the globe with seamless interaction of people and management practices. Survey method has been adopted, covering 23 companies in Bangalore. The instrument for the survey has been administered to one senior HR from each company (Manager and above cadre). The items in the instrument are of Likert scale and the responses have been critically analyzed to arrive at conclusions. It has been found that there is both convergence and divergence approaches, ie. both 'emic' and 'etic' approaches to HR practices in the organizations surveyed, with respect to the parent organizations, but the differences are more prominent in the softer areas of HRM where relationships are involved.

I. INTRODUCTION

Today we operate in a flat world where geographical barriers do not exist for businesses to function. With globalization, companies across the world look for resources including human capital from where the best talent can be procured and from where it can be obtained at the least cost. With the world becoming 'flatter' by the day due to globalization, the problems of functioning across cultures are multifold. The entire world has become a level playing field for enterprises of all shapes and sizes. In the context of "Make in India" where the Indian government is looking at a huge influx of FDI towards the manufacturing and services sector, we observe that invariably companies will have cross-cultural teams to work with. The success of business enterprises in the VUCA environment has made the dependency on work teams that are geographically dispersed .Work groups are formed with the best available functional talent from across the globe added with an incisive know-how of the most attractive markets. The coming together of people from a multitude of cultures with a variety of experiences and differing viewpoints on organizational and strategic problems benefits the team in formulating ingenious solutions. All of this helps multinational companies compete in the current business environment.

The group of these talents working towards a shared common goal develop into a team through the stages of norming, storming and performing focused towards the assigned task. When these teams comprise of members from two or more cultures, they are called multicultural teams. The emergence of a team with members from different nationalities, differing in values, beliefs, identities, communication and working styles and often from across various levels of hierarchy enrich the outcomes by their differentiated business practices, approach to problem solving and decision making.

Such teams could be temporary or permanent based on the nature of engagement for instance, product development or service delivery teams could be long term whereas temporary teams are ones with shorter duration projects.

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researchers. These differences result in various issues for the management to overcome while handling such teams and make them effective despite their diversity.

In most cases multicultural teams spanning across geographical boundaries are also virtual. The challenges add on as virtual teams have members working across different time zones and across geographies. It is a fact that highly diverse teams, instead of enhancing creative solutions, may impede the team's performance owing to high tension and incessant conflicts among members. Therefore, it is important to realize that diversity in the work place is not just about increasing the representation of people from different identities, ethnicity and demography but the objective is to create high performance cohesive and functional teams with varied perspectives and approaches to work.

When global companies are able to create such diverse yet cohesive teams , they may result in several advantages such as better understanding of specific markets, customer service that is culturally sensitive, and being able to work round the Clock, 24/7 work cycles.

However, companies need to be wary of the advantages being easily undermined by challenges emanating from cultural divergence that can severely vitiate team performance. With this background this study was undertaken to achieve the following objectives:

- To identify the challenges of working with multicultural teams
- To understand the existing HR practices that cater to a global workforce
- The readiness of companies to handle multicultural teams

II. LITERATURE REVIEW

Multicultural teams should leverage on their cultural differences to arrive at ingenious solutions. Research suggests that Culture impacts the manner in which individuals perceive and interpret the interactions between team members, understanding their objectives, assuming their roles and responsibilities (Mockaitis,Zander & De Cieri, 2018). Different cultures have different norms for resolving conflicts, for decision making, even their working hours and work life management(Gibson & Zellmer-Bruhn, 2001, 2002; Butler,Minbaeva,Mäkelä, et al., 2018).Culture can provide answers and solutions to many problems emanating out of social interactions (Chuapetcharasopon, Neville, et al., 2018), and different cultures may have different solutions to the same problem. Therefore, if there are structures and networks to facilitate seamless information sharing within multicultural teams, their diversity is bound to generate creativity in their work.

There are several models available in the extant literature, some emphasize preservation of diversity to a greater extent and others the role of information sharing for team effectiveness in multicultural teams (Cohen & Kassis-Henderson, 2017). (Hajro, Gibson, and Pudelko, 2017) in their research have found that Organization Diversity Climate is highly positively correlated with the the strength of the knowledge sharing processes existing in multicultural teams.

(Harush, Lisak & Glikson, 2018), have found that lower level of interdependence leads to lower levels of conflict among team member. Also the perception of having a global identity creates cohesiveness among team members. Promoting a global culture and a shared understanding of the vision for the team can mitigate conflicts and help in effective team building (Cohen, & Kassis-Henderson, 2017). These aspects should form the benchmark for recruitment, selection and training and development efforts in organizations employing multicultural teams.

Canney Davison (1996) described four models: "polite standoff wherein team members do not reveal their differences; subgroup dominance, where one subgroup clearly dominates the team's work; exclusion, where some team members are left out of teamwork, either intentionally or unintentionally; and synergy, where teams fully utilize all their members' skills".

III. RESEARCH DESIGN

This research is an empirical study. It is basically descriptive and attempts to put in perspective the current scenario of issues and challenges experienced by people working in cross-cultural teams. The research involved a two pronged approach. Firstly a Structured questionnaire was prepared for this purpose and distributed to HR Managers/ project managers / members of teams working across cultures. Second, in-depth interviews were conducted with six project managers of different enterprises handling such teams. The survey respondents span across 23 companies.

The items in the instrument include demographic profile, Dichotomous Questions and Items measured on Likert scale, the responses have been critically analyzed to arrive at conclusions.

The questionnaire includes the following major constructs with multiple items under each

1) *Major Challenges Faced in multicultural Teams*
2) *Infrastructure for operating in multicultural teams*
3) *Cultural learning and skill development as a central part of system development*
4) *Performance assessments linked to cultural competency*
5) *Grievance Reporting Processes*
6) *Conflict Resolution*
7) *HR Practices with respect to Expats / Repats*
8) *Measure impact of Culture competency on Project Outcome/Success*

IV. DATA ANALYSIS AND DISCUSSION

A. Major Challenges Faced by Multicultural Teams

Failure of multicultural teams have been mainly attributed to the following factors:

Table- I: Common Reasons of Failure of Multicultural teams

Common Reasons for Failure of multicultural teams	% of Companies
Communication	65
Trust between Team members	74
Positive Relationship	87
Differing Time zones	35
Cultural Differences	39

From the figure below it can be seen that the major reason for failure has been attributed to 'Building Positive Relationships', ' building Trust' and thirdly effective 'communication between team members'. Different time zones and cultural differences have not been major issues as team members are oriented towards working in geographically dispersed teams and culture specific training are also provided by most organization surveyed.

Fig. 1. Common Reasons for failure of Multicultural team

B. Cultural Learning and Skill Development

a) **Direct v/s Indirect Communication**: Occidental cultures have direct and unequivocal communication The message can be taken at face value ignoring the context and underlying inferences need not be draw. It is straight forward and direct. Some cultures, however, involve an underlying meaning to the words that are spoken (and not spoken) which needs to be interpreted based on the presentation of information.

b) **Accent and Fluency**: The most accepted international language for business is English. However the language may pose quite a challenge for team members whose mother tongue is not English. This could lead to frustrations, delays and misunderstanding of the message owing to mother tongue influence, fluency and lack of vocabulary and differences in the usage of the language. A major challenge could be a direct translation of the message to English that is thought out in their mother tongue. This could also impact their self-efficacy and status besides the impression of their competence created among the team members.

c) **Different attitude towards hierarchy and authority:** Hofstede's studies show different cultures have different perception of power distance. Though multicultural teams may demand a flat structure, team members from cultures having large power distance may not be comfortable as status is based on their position in the organization. If the strength of the team members are more from low power distance cultures which are more egalitarian in their approach then the others might lose their credibility, face humiliation or loss of stature.

d) **Contradictions in Decision Making:** Factors such as appetite for Risk while taking decisions, the protocols to be followed, the speed of decision making, the extent of analysis required before taking decisions immensely vary with differing cultures. There are individual differences in the styles of decision making in multicultural teams. There is further complexity in the above stated factors when project managers are native of one culture but have long experience of study or work in another culture. (For ex. A Chinese working from US).

The following table shows the percentage of companies that have cultural competency training addressing the above issues to a "great / very great" extent. This question was scored on a 5 point Likert Scale with 1-Least Extent to 5 – To a Very Great Extent. The count of companies scoring 4 to 5 has been summed and the percentage score has been provided in the table below.

From Table 2, Accents and Fluency have been rated low on the scale since majority of companies had language translation services for these teams.

Providing international awareness, knowledge and understanding has been rated high by 87% of the companies followed by "Respecting Other Cultures (Accepting Differences without being critical).

Table- II: Components of Cultural Competency Training implemented by Companies

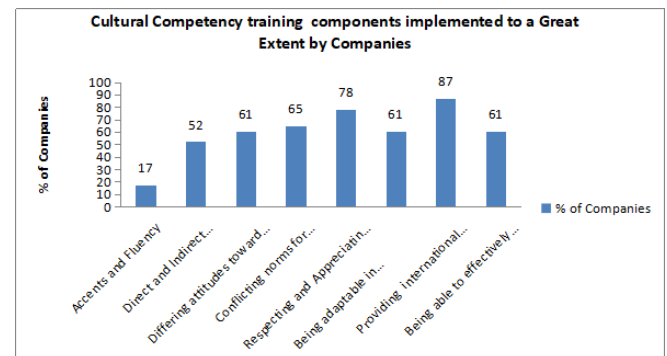| Sl.No	Does your Cultural Competency Training address the following:	% of companies
1	Accents and Fluency	17
2	Communication Types (Direct and Indirect)	52
3	Power Distance (Differing Attitude towards Authority and Hierarchy)	61
4	Decision Making Approaches	65
5	Respecting Other Cultures(Accepting Differences without being critical)	78
6	Adaptability to Changing Situations(VUCA environment)	61
7	International Awareness, Understanding and knowledge	87
8	Effective communication across language and cultural demographics	61

Fig. 2. Cultural Competency training components implemented by Companies

C. Other HR Practices

The following table shows the percentage of companies have responded: "to a great or Very great extent" to the following items. It can be seen that 80 % of the respondents have well-structured Grievance Reporting Process, 78% of companies have 'very good to great' Conflict Resolution Mechanism, 75% of Companies have good infrastructure for teams to operate across boundaries, 66% of companies have Good to great HR practices for Expats / Repats.

The interesting point to note is that only 24 % of companies measure the impact of cultural competency of team members on project outcomes (Success/failures). The interesting point to note is that only 24 % of companies measure the impact of cultural competency of team members on project outcomes (Success/failures).

V. FINDINGS & SUGGESTIONS

It has been found that cultural differences do exist among multicultural and cross-cultural teams. Managers and team members commonly face issues while working in or managing such teams.

The root cause of problems in such teams are by virtue of the

Table- III: HR practices supporting multicultural teams

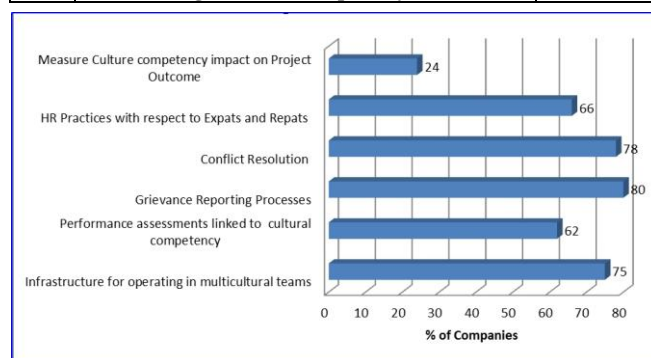| Sl.No	Parameters for operating with multicultural teams	% of Companies
1	Infrastructure support	75
2	Performance Assessment linked to Cultural Competency	62
3	Grievance Reporting Mechanism	80
4	Conflict Resolution Process	78
5	HR Practices for Expats and Repats	66
6	Measuring Cultural Competency Outcomes	24

Fig. 1. Companies having HR practices supporting multicultural teams

fact that the members come from different cultural backgrounds, each having their own style of communication and working. The very purpose of introducing such teams are one, the need of the business when the company is operating on a global scale, inclusion of global and local talent cannot be disregarded as it adds value proposition to the products/services; second, to exploit the creativity and distinctive competencies that the diversity in such teams bring to the table.

Companies have realized the benefits of having multicultural teams and it has been found that majority of the companies have good HR practices in place to support effective functioning of multicultural teams, despite the challenges that such teams can have. Clearly, the benefits outweigh the problems of working with such teams provided companies have well defined policies, procedures and practices for harnessing the benefits and addressing the key issues.

However, There are not enough measures at present that can attribute project success/failure to cultural competency of individuals. Hence this area can be reworked and suitable measures could be implemented to link performance with culture competency. Some companies do have this cultural competency as a measure linked to performance appraisals for managers only at present.

A. Strategies for Multicultural teams

The following strategies could be of help in managing multicultural teams, in specific for conflict resolution:

a) **Cognitive Adaptation**: Stemming from the theory by Taylor (1983), team members are able to overcome the obstacles by adopting new practices and changing their attitude and behaviors to conform to the team, while maintaining their roles and assignments within the team. The team members take cognizance of the cultural differences and shoulder the responsibility to come out with ways to work around them. This approach is possibly the best approach as this is a self-managed solution and requires less time to make the team functional and effective. The team members respect the differences, at the same time preserving their own identity, despite yielding to the processes of others.

b) **Appreciative Inquiry:** This method can be an effective tool for managers to tackle discontentment arising out of culture difference. It has been used as a well-established tool for change management and conflict resolution. It is based on the premise that 'groups change in the direction in which they inquire' (David Copperrider, 1980). It should be noted that these challenges arise out of culture not out of personality.

c) **Structural Interventions** : A structural intervention involves reassignment or in extreme cases reorganizing the team's structure to reduce interpersonal tensions or to eliminate conflicts amid teams This approach is mainly used when the distinction between subgroups become very obvious and when members become arrogant, vulnerable, defending or offensive and use mental models of negative stereotypes of each other.

d) **Managerial Interventions**: It is absolutely essential to get the involvement of the team members for decision making in multicultural teams. Managers should avoid behaving like an arbitrator or a judge without team participation. Participative style or Democratic style of management could be most effective in getting deeper insight into analyzing the causes of team dysfunction. Hence manager's intervention can be a great tool to resolve conflicts in multicultural teams and increase their effectiveness.

e) **Exit**: This strategy is most often used as the last resort when all other strategies to keep the team as a cohesive unit have failed. In short term projects, members may continue in the hope to see the final closure of the project as early as possible, waiting for the closing of the project. In permanent teams, members having issues may leave or quit when no path of mediation emerges, causing disharmony in the team and affecting it synergy. Such exits could be voluntary, when the team member find it difficult to continue or it could be initiated by the management observing the detrimental impact such members may have on the team.

Certain simple measures on a daily basis by managers and members can be implemented to enhance the performance of the team and not allowing for tensions to aggravate leading to conflicts. Some of these actions are listed below:

a) **Keep It Simple**: This language of communication should be kept simple and straight forward with complete and specific information. Consistency in the language and format of oral and written communication should be maintained. This will avoid confusions and better clarity in the message. Briefings of meetings or oral communication could

be sent in written format for better understanding and avoid seeking repeated clarification.

b) **Monitor and Review**: It is necessary to continuously monitor the progress and the functioning of the team. Managers should randomly survey members to have insight into their perception about their roles and responsibilities, the team goal and an evaluation of the team's achievements. Giving realistic feedback during performance reviews and encouraging them to discuss issues relating to any differences that may hinder team results could bring an openness to the work culture easing out communication and diffusing tension in the team.

c) **Feedback**: Managers should seek feedback from the team members to ensure that the information conveyed has been understood correctly by the team members. This can avoid further problems arising out of incomplete or wrong understanding of the message.

d) **Brain Storming and Idea Generation**: When multicultural teams have to present ideas members should be provided with the agenda well in advance, so that they have enough time to think it over and articulate the ideas that could be presented effectively. Providing a heads up and lead time can make the members comfortable to think and plan and contribute to the team.

e) **Interpersonal Relations:** It is extremely important to build trust among team members particularly in virtual teams where it is difficult to understand the nonverbal communication. This becomes difficult to understand the overall content and intent of the message. Building good relations can help members to contribute more openly and freely and will create an atmosphere of comfort for each one to express themselves. Having informal conversations apart from business, either before or after meetings could build camaraderie and better understanding of members and their personality. This could lead to effective teams and a positive work environment.

f) **Face to Face Meetings:** This kind of interactions particularly for virtual teams at least once in a while could build better trust and understanding removing false notion and perceptions. As discussed in the previous section, the missing factors of nonverbal communication could be better understood.

VI. CONCLUSION

As we see a phase shift rather drastically from closed economies to liberalized and globalized economies, businesses functioning in a VUCA world, the markets have shrunk in size and the concept of the entire world as a Global village is now a reality. In such an environment companies expand into several geographies manufacturing and servicing customers across the globe giving rise to source, deploy, lead, manage and work together with people from different nations and cultures.

This study has attempted to understand the benefits and challenges faced by such teams and find strategies for seamless integration to be more productive and efficient. HR practices that are currently existing in some companies have been reviewed and the best practices have been discussed. The readiness of the companies to handle these challenges has been an important outcome of this study.

In conclusion, it can be said that cultural intelligence should become a key competency that companies should deliberate upon as a prerequisite in their recruitment process least for such roles that involve working with people either team members, customers or clients from across diverse cultures. The time has come when this is a "must-have attribute" rather than a "nice-to-have" competency. It should also be a precursor for institutions to come up with programs that impart such an education as part of their curriculum to prepare the future workforce.

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