

The Study on the Importance of Diversity Training and Cultural Intelligence Training in Organizational Efficacy

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Abstract:- As a result of repaid globalization, the companies try to cope with the fast changing local and global settings. One of the key factors was the diverse human resource, and the challenge was managing them effectively for achieving the organizational goals. Developing country, like India, tried to develop the human resource that can survive and sustain to face new socio-economic challenge of diverse workforce. The diversity could be in terms of language, nationality, age, gender, equality, caste, religion, values, norms, opinion, views, thoughts, beliefs, and education etc.; and so also the emerging cross-cultural manners, cultural differences, etiquettes, traditions and all that. Knowledge, skills and abilities need to be developed in heterogeneous groups so that there is smooth and effective to interaction at local, national and international level. These KSAs are developed through framing of the appropriate policies, conducting focused trainings, workshops etc. Team performance that is dependent on individual performance leads to the organizational efficacy. On this background, the researchers wanted to check the awareness of organizational employees about the concept of diversity management and cultural intelligence. Also wanted to get the opinion of managers on the importance of diversity training and cultural intelligence training for the organizational efficacy. 100 managers of a leading multi-national automobile company in Pune contributed the opinion in this study through the well-structured questionnaire.

The Cronbach alpha [0.940] reliability test of instrument of the study is checked. Z test used for hypotheses testing. The finding is, majority of the managers significantly aware with the concepts of diversity management and cultural intelligence. The study concluded that the managers are significantly aware about the importance of diversity policies/ training and cultural intelligence training or cross-cultural competence training for organizational efficacy.

Keywords:- Diversity management; diversity management training; cultural intelligence ; cultural intelligence training; cross-cultural training; organizational efficacy.

I. INTRODUCTION

Every human resource needs to work to achieve the common aims and objectives of the organization. So, working in a team with members having diverse background becomes indispensable. Moreover, in these situations, the result or target oriented performance is also expected. Therefore, the need arises not only to equip the employees with social intelligence and emotional intelligence, but also to train them on cultural intelligence [CI]. Cultural intelligence is the ability, adaptability and skill to work in cross-cultural environment. The diversity management simply means a systematic and planned responsibility by the organizations to recruit, retain, reward and promote the diverse or heterogeneous employees. (Ongori & Agolla, 2007) Cultural intelligence is the ability of an individual to interact in cross-cultural situations.

Cultural intelligence is important for individual development. (Bucker, Olivier, & Yanyan, 2015)

The efforts are required in the global economy to work beyond boundaries and overcome the challenges in cross-cultural interactions. At present, the world has become global village and the managers need to sustain in the local to global and global to local situations.

Organizational efficacy is related to the individual performance and organizational performance. Individual performance is based different variables such as performance, efficiency, technical competence, financial rewards, recognitions, leadership and motivational factors etc.

organizational performance is a collective effort of all individuals. Organizational effectiveness or efficacy is based on individual performance and organizational performance.

This paper aims to study the awareness of diversity management and cultural intelligence and to know whether diversity training and cultural intelligence training (cross-cultural training) is essential for achieving organizational efficacy. Organizational efficacy [organizational effectiveness] is the efficiency with which the organization can meet its decided or planned objectives. It leads to better individual and organizational performance.

Livermore (2010) commented that cultural intelligence [CI] is the test of the potential for cross-cultural success. Ang, Dyne, Rockstuhl (2015) revealed that through training interventions cultural intelligence is developed. According to Livermore (2010) every individual has his cultural intelligence which can develop. The new scale to test or to assess the CI is highly required. (Bucker, Olivier, & Yanyan, 2015)

Okoro & Washington (2012) commented that the local and global workplace needs intercultural competence with focused diversity initiatives and workshops. Amaram (2007) suggested the remedies to manage cultural diversity includes diversity training, including diversity as an objective, open door system, grievances, feedback, follow rituals on holidays, promote diet plans and dress code without hampering routine work.

Stening (2006) advised to invest in the skills like by training the staff with necessary skills, and inculcate a service oriented mentality. Cultural intelligence [CI] is one of the parameters in recruitment, develop the CI in existing staff, training programs focused on CI and cultural sensitivity etc. This training helps to increase cultural knowledge, mindfulness and behavioral skills etc.

As per Livermore (2010), almost 92 % of companies observed the increase in revenue within 18 months after application of CI assessment .90 percent of leading executives from 68 countries identify cross-cultural skills as one of the most important capabilities needed to remain competitive. (Livermore, 2016). The cross-cultural skills need to be sharpened with constant and focused efforts.

Diversity initiatives and training is a boon to improve workplace culture as it gives creative and skilled workforce. The tailor-made programs needed under diversity training which will link to individual performance. (Prieto, Simone, & Osiri, 2009)

Diversity training is an important instrument to develop organizational culture. (Bele & Hebalkar, 2020)

Odita, Egbule (2015) conducted research and found positive correlation between workplace diversity and organizational effectiveness. Menon and Narayanan (2015) believed that cultural differences are largely underestimated, and therefore the study is required to deal with the unique and different ways to embrace it. This area of research need to be explored. (Menon & Narayanan, 2015) (Vedadi, Kheiri, & Abbasalizadeh, 2010)

There are four dimensions of cultural intelligence; the same can developed through training.

Metacognitive cultural intelligence is the extent of consciousness of cultural awareness in intercultural interactions. Individual with high metacognitive cultural intelligence are aware of cultural preferences and norms of different societies during interactions. (Rockstuhl, Seiler, Ang, Dyne, & Annen, 2011)

Cognitive cultural intelligence is knowledge of cultural systems, information, values, norms, practices, conventions. Individuals with high cognitive cultural intelligence means mental ability to understand cultural environment. (Rockstuhl, Seiler, Ang, Dyne, & Annen, 2011) (Ang, Dyne, & Livermore, 2009)

Motivational cultural intelligence is capability to give attention and energy towards learning and applying cultural knowledge in culturally diverse situations. (Rockstuhl, Seiler, Ang, Dyne, & Annen, 2011) It includes the sub dimensions like extrinsic, intrinsic and self-efficacy. (Ang, Dyne, & Livermore, 2009)

Motivational cultural intelligence is scale and direction of energy applied toward learning about and functioning in cross-cultural situations. (Ang, Dyne, & Koh, 2006)

Behavioral cultural intelligence is the capability to exhibit verbal, non-verbal acts and speech acts in cross-cultural and international interactions. High behavioral cultural intelligence means demonstrating flexibility in intercultural interactions. (Rockstuhl, Seiler, Ang, Dyne, & Annen, 2011) (Ang, Dyne, & Livermore, 2009).

II. RESEARCH METHODOLOGY

A. Objectives

- To study the concepts and significance related to diversity management and cultural intelligence.
- To study awareness of employees in organizations related to diversity management and cultural intelligence.
- To get the opinion of managers on the importance of diversity training and cultural intelligence training for organizational efficacy.

B. Hypotheses

- Hypothesis 1:
 - H₀: There is no significant difference in the managers' awareness regarding diversity management and cultural intelligence.
 - H₁: There is a significant difference in the managers' awareness regarding diversity management and cultural intelligence.
- Hypothesis 2:
 - H₀: The managers are not significantly aware of the importance of diversity policies and training in organizational efficacy.
 - H₁: The managers are significantly aware of the importance of diversity policies and training in organizational efficacy.
- Hypothesis 3:
 - H₀: The managers are not significantly aware of the importance of cultural intelligence training in organizational efficacy.
 - H₁: The managers are significantly aware of the importance of cultural intelligence training in organizational efficacy.

C. Scope of the study

- Workplace diversity, diversity management, policies with respect to diversity.
- Cultural intelligence [CI] or cultural quotient [CQ].
- Diversity training, Cultural intelligence training and cross-cultural training or competency

D. Limitation of the Study

- This study is done with the leading multi-national automobile company in Pune city.
- The study is completed in the year 2020.
- Limitation as to Sample
 - Sample type: Simple random sampling method is used for sampling. The respondents covered here are top, middle and lower managers working in domestic and cross-cultural interactions or teams at present or as a past experience.
 - Sample size is 100 managers which includes: Top level managers-20% (20), middle level managers-30 % (30), and lower level managers-50% (50)

E. Method of data collection

a) Secondary Data

Data collected through secondary sources that includes books, online resources, journals, thesis, magazines, newspapers, official reports and the official website of the selected company.

b) Primary Data

The primary data was collected through a well-structured questionnaire and interview. The sample size was 100 managers from the leading automobile multi-national company in Pune. This study was based on the managers' perceptions on the importance of diversity policies and training and cultural intelligence training for organizational efficacy. 5 point Likert scale was used where the meaning of codes is: 1- strongly disagree, 2-disagree, 3-somewhat agree, 4-agree, 5-strongly agree etc.

The variables used for the questionnaire are:

- Awareness about diversity management, diversity laws, policies, training programs.
- Awareness about cultural intelligence, cultural intelligence training, cross-cultural training.
- Awareness about organizational efficacy.

F. Statistical tools & Tests

Applied Cronbach alpha test to know the reliability of the instrument(questionnaire). Z test was used to know the significant difference in managers' awareness regarding diversity management and cultural intelligence.

III. RESULTS

Conducted the reliability test as per Cronbach Alpha [0.940] which is close to 1, which means the reliability of questionnaire is at a higher level. Structured questions asked in the questionnaire based on the awareness of diversity management and cultural intelligence to 100 managers from the selected company. The opinion on the policies and importance of diversity management and cultural intelligence in the organizational efficacy was asked to managers. In addition, questions on the importance of training in the areas of diversity and cultural intelligence were also asked to the managers through questionnaire.

A. Hypothesis Testing

• Hypothesis 1:

- H_0 : There is no significant difference in managers' awareness regarding diversity management and cultural intelligence.
- H_1 : There is a significant difference in the managers' awareness regarding diversity management and cultural intelligence.

The Z test is used.

Test Value = 0 df=99		
Awareness	z	Sig(2-tailed)
Awareness of diversity management	32.668	0.000
Awareness of cultural intelligence	22.743	0.000

Table 1: ONE-SAMPLE TEST (Z TEST)

Field Work.

In table no.1, value of Z ($z = 1.96$) is greater than the table value of Z (i.e. $Z = 1.96$) in both the cases. Also the 'P' value is less than 0.05 ($P < 0.05$). It means that the null hypothesis rejected & alternate hypothesis is accepted. Hence it can be concluded that there is a significant difference in managers' awareness regarding diversity and CI.

As per the opinion of the managers, the awareness of diversity management is 87%, and for cultural intelligence it is 77% .

Hypothesis accepted is (H_1): There is a significant difference in managers' awareness regarding diversity management and cultural intelligence.

• Hypothesis 2:

- H_0 : The managers are not significantly aware of the importance of diversity policies and training in organizational efficacy.
- H_1 : The managers are significantly aware of the importance of diversity policies and training in organizational efficacy.

The Z test is used.

Sr.no	Statements	% of respondents agreed	Test Value = 0 ,df=99)	
			Z	Sig. 2-tailed
	My organization gives enough importance to diversity management.	99%	58.4	.00
	Diversity training is one of the tool to improve organizational culture	99%	59.3	.00
	Diversity Audit is a tool to manage workplace diversity	95%	46.2	.00
	Diversity Audit & training needs to be conducted from time to time by the organization	92%	44.3	.00
	Encouraging diversity through training is positive motivational tool that attracts and retains best employees and increase organizational competitiveness.	99%	60.2	.00
	My company arranges Special Training Programs to manage cultural diversity	74%	28.2	.00
	My company has Diversity Management Policy to deal with the challenges and Opportunities of diverse culture of employees.	88%	37.2	.00
	My company complies with Diversity related Laws and Regulations i.e. Law of Discrimination, etc.	95%	46.3	.00
	Managing workforce diversity is a present challenge in organization behavior	94%	41.4	.00

Table 2: ONE-Sample Test (Z Test)

Field Work.

In table no.2, value of Z is greater than the table value of Z (i.e. Z = 1.96) in all the cases. Also the ‘P’ value is less than 0.05 (P < 0.05). It means, the null hypothesis (H₀) rejected & alternate hypothesis (H₁) is accepted.

Hence, concluded that the managers are significantly aware of the importance of diversity policies and training in organizational efficacy.

• Hypothesis 3:

- H₀: The managers are not significantly aware of the importance of cultural intelligence training in organizational efficacy.
- H₁: The managers are significantly aware of the role of cultural intelligence training in organizational efficacy.

Sr.no	statements	% of respondents agreed	Test Value = 0 ,df=99)	
			Z	Sig. 2-tailed
1.	The organizations applies Cultural Quotient as a tool to foster tolerance and enhance cross cultural interactions.	96%	50.4	.00
2.	The organization gives enough importance to development of CI/ cross- cultural competence of employees.	96%	48.7	.00
3.	CI is important competency in domestic and cross cultural context	100%	47.3	.00
4.	The managers need to explore the concept of Cultural Intelligence / cross- cultural competence more	93%	44.8	.00
5.	The company conducts special programs to develop Cultural Intelligence/ cross- cultural competence	79%	31.0	.00
6.	The cross-cultural competence training is essential in below areas			
	Communication Skills	97%	60.0	.00
	Tolerance to Ambiguity	91%	37.8	.00
	Empathy	84%	31.4	.00
	Open Mindedness	89%	35.2	.00
	Flexibility	89%	35.2	.00
	Ability to Adopt Dual Forces :- Task & Relationship	91%	37.8	.00
	Positive Attitude for Learning	90%	36.4	.00
	Tolerance for Different Styles of Culture	94%	44.4	.00
	Cultural Knowledge	96%	52.8	.00
	Ability to Succeed in Multiple & Diverse Environments	95%	47.9	.00

Table 3: ONE-Sample Test (Z Test)

Field Work.

In table no.3, value of Z is greater than the table value of Z (i.e. $Z = 1.96$) in all the cases. Also the 'P' value is less than 0.05 ($P < 0.05$). It means, the null hypothesis (H_0) rejected & alternate hypothesis (H_1) is accepted.

Hence, concluded that the managers are significantly aware of the importance of cultural intelligence, and are knowing the importance of CI training or cross- cultural competence training in organizational efficacy.

IV. DISCUSSION

- The managers are significantly aware with diversity management and cultural intelligence.
- The managers are significantly aware of the importance of diversity policies and training in organizational efficacy.
- The managers are significantly aware of the importance of cultural intelligence training [cross- cultural competence training] in organizational efficacy. Majority of the managers opine that there is a need of cross-cultural training in few areas :
- communication skills, tolerance to ambiguity, empathy, open mindedness, flexibility, ability to adopt dual forces: task & relationship, positive attitude for learning, tolerance for different styles of culture, cultural knowledge, ability to succeed in multiple & diverse environments etc.
- Majority of the respondents opine that -
 - Cultural intelligence is an important competency in domestic and cross-cultural context (100%).
 - Managing workforce diversity is a present challenge in organization behavior (94%)
 - Managers' apply cultural intelligence as a tool to foster tolerance and enhance cross cultural interactions (96%)
 - Organization gives enough importance to diversity Management (99%)
 - Organization gives enough importance to development of Cultural Intelligence of employees (96%)
 - The managers think that they should explore the concept of Cultural Intelligence more (93%)
 - Diversity training is one of the tools to improve organizational culture (99%).
 - Diversity audit is a tool to manage workplace diversity (95%)
 - Diversity audit needs to be conducted from time to time by each organization(92%).
 - The company arranges 'Special Training Programs' to manage cultural diversity (74%) and conducts programs to develop cultural intelligence (79%).
 - The company has 'Diversity Management Policy' to deal with the challenges and opportunities of diverse culture of employees and follow diversity related laws and regulations.

V. SUGGESTIONS

- A tailor-made and need-based soft skill program and cultural awareness program will help the employees to behave and communicate effectively in diverse conditions.
- The awareness of CI as an important competency to cross cultural context and should be enhanced so that employees and organizations will enjoy the benefits of CQ.
- The workshops or training to develop (any one or in combination as per the need) cognitive CI, meta - cognitive CI, behavioral CI, and motivational CI to increase cultural intelligence[CI]scale of the employee are essential.
- Essential to conduct cultural sensitivity workshops to spread awareness of diversity at workplace, diversity management and cultural intelligence.
- While recruiting the managers, the candidates who are adaptable to diverse situations should be preferred.
- There should be 'Need Analysis' of the training workshop for CI. It will help to identify the gaps and the target group. Specific and focused efforts are required to make the workshop effective and successful.
- The need is there to arrange diversity training and cultural intelligence training to target groups.
- Cross-cultural training (online and offline) recommended in few areas like -communication skills, tolerance to ambiguity, empathy, open mindedness, flexibility, ability to adopt dual forces: task & relationship, positive attitude for learning, tolerance for different styles of culture, cultural knowledge, ability to succeed in multiple & diverse environments etc.
- A special paper or value added course on cross-cultural interaction, cultural sensitivity, cultural fit, and cultural intelligence with evaluation on grade system to be accommodated in pedagogy. It will help in enhancing the employability skills of the future employees.

VI. AREA OF FURTHER STUDY

The Case studies on employees of IT companies about awareness of CI be undertaken.The impact of cultural intelligence on performance and productivity of employees is to be studied in Asian context.

VII. CONCLUSION

Day by day, the employees need to work in more and more diverse groups and the challenges of managers to manage this diversity for organizational effectiveness has become imperative.

Diversity should be recognized as an asset which is available without much investment. So organizations are supposed to take maximum benefit by offering proper organizational environment. The organizations are to make optimum efforts to manage the diversity and keep equilibrium in organizational culture and organizational development at local, regional, national level and also at international level.

Diversity brings innovation in ideas which is important for enhancing individual, team and thereby organizational performance. There is much requirement to spread awareness of cultural intelligence in companies and to build the capacity of employees in CI. It is essential that the diversity is too treated as boon and not the bane.

The study concluded that, the managers are significantly aware about the importance of diversity policies/ training cultural intelligence training [cross-cultural competence training] in organizational efficacy.

As cultural intelligence has proved to be a catalyst for better organizational performance and effectiveness, it should be attended to and focused trainings should be conducted frequently on diversity management and cultural intelligence.

ACKNOWLEDGMENT

The special thanks to managers of the company selected for the case study.

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