



# Impact of Cultural Diversity on Organizational Performance in Ooredoo Oman

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The project is about the impact of cultural diversity on organization performance of Ooredoo Company. This project focuses on the advantages and disadvantages of the cultural diversity in organization. Then the challenges that the organization faces for managing multicultural groups.

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## Introduction

In an age, where the impact of globalization has increased tenfold across all aspects of society and government, multinational corporations have raced to prove that their standards employ multicultural policies. Due to this, it is imperative to understand the impact of cultural diversity on organizational performance and its significance in company's success. However, the definition of "cultural diversity" has a fluid history and has evolved since its introduction to the mainstream in the late seventies. By the 21<sup>st</sup> century, cultural diversity in corporate environments has branched out to include race, ethnic background, religion, gender and sexual orientation (Velten and Lashley 2018) The adaption of culturally diverse practices by companies require corporate boards to recognize how the employment of diverse individuals contributes to higher productivity and reputation. Companies must recognize how employees from different nationalities and backgrounds contribute to company performance, and whether having a diverse workforce would affect a corporation's performance positively or negatively. Previous studies suggest that cultural diversity in the workplace has advantages such as an increase in innovation. Employers are also encouraged by a diverse working environment, allowing them to problem solve efficiently. Different points of view are encouraged, and creativity is fostered in a diverse work environment. The direct correlation between cultural diversity and performance may not only increases the chances of better implementation, it can ominously aid managers on managing their employees (Martin 2014). Lastly, understanding the impact of cultural diversity on organization performance can be the first step in helping multicultural societies function and live together productively. Despite this, the institutionalization of multicultural practices may also have negative effects. Culturally diverse individuals in group settings will obviously face challenging "interpersonal conflicts" (Martin 2014). Individuals possess different opinions or beliefs which may affect teamwork or the harmony of the office. "When culturally diverse workers are placed in a group to achieve a goal with mutual effort and collaboration, the difference of opinion can hinder the development of unity (Martin 2014)." For example, the concept of work ethic may vary vastly across culture and region and so individuals in a company may be used to different workloads. This may create a dysfunctional work environment. Another negative effect of culturally diverse atmospheres includes miscommunication which directly affects productivity, the most essential aspect of any corporation in the capitalist society. However, corporations may decide to pick and choose the cultural behaviors that are socially acceptable to company protocol which underlines overall positive cultural values from all individuals (Mecheo 2016). The following case study seeks to make sense of culturally diverse policies and their weight on the corporate setting.

## Motivation theories



First theory on motivation was introduced by Abraham Maslow. He says that individuals have personal needs, by accomplishing these needs we could motivate them. He designed a pyramid to illustrate the human needs in a hierarchy level and the basic needs that comes at the bottom of the pyramid like food and shelters should be accomplished first. So, the employees feel safe through which job security is achieved. Like this all the needs at each level must be achieved because employees who are afraid for their job can't completely focus on their high-performance goals **(Crumpton 2013)**.

According to Crumpton Michael, financial motivation should be taken more importantly **(Crumpton 2013)** But from our view, we think there are many other ways for motivating employees like giving them training as required.

## **ERG theory**

This theory is the modified form of Maslow's theory. In this theory, the author has not mentioned any particular order or priority to motivate the employees. In this theory he states that if they fail to accomplish one need of the employee they can try to accomplish any other need. The implication of this theory is they should try to recognize the various needs of the employees that will drive the employee to a given point to understand their behavior and properly motivate them.

According to McPhee, the ERG theory created a positive experience to the employees. It states that it provides a bridge between the aboriginal and organizational identity and it also generated an affirmative connection to the organization **(McPhee 2017)**.

## **Studies in diversity**

Diversity is nothing more than a difference from the majority. In any culture there is a majority and many minorities. Culture is a set of norms that set standards for a society of what is acceptable behavior **(Lee 2018)**. Diversity means being diverse or varied, and at work means having a workforce comprised of two or more groups of employees with various racial, ethnic, gender, culture, national origin, handicap, age, and religious background. **(Dessler 2015)** For example, if a company has different people from different cultural backgrounds, they are considered to be a diverse organization.

Cultural diversity means a variety of people like different age groups, cultures, gender, nationality, etc. That occurs in a specific place like organization, school, and college. When different types of people unite in a place, we can study different cultures and different kind of view that each person have towards specific situation and learn about their cultures. We should respect each culture and should understand that no cultural difference is superior to other. Then scholars differentiate diversity into primary and secondary diversity. Primary diversity includes gender, age, ethnicity, physical abilities and race. Secondary dimension means the diversity, which is able to change if needed, they include religion, education, marital status, socio-economic status.

Nowadays, cultural diversity in a workplace is an important factor. It can benefit the organization like they can bring different events, people with different background have variety of interpretations, they contribute unique ideas, and this help the organization or that team to look at the problems from different angles and find corrective and effective solution. At the same time, it can also lead to miscommunication and prejudice. Devine et al. **(2007)** highlight that international workers are a vital source of labor. They conducted research in hospitality industry. These diverse people are taken care and managed properly. When people with different skills, background, age, experience, gender, etc. works together, they can share different kinds of viewpoints, study new cultures and language, will have innovative ideas so as said by the authors they are an invaluable source of labor for the organization.



## **The benefits of cultural diversity in workplace are varied:**

**Promotes humanistic values:** If an organization has employees from diverse cultures that organization will have an image that it promotes, recognizes and celebrates diversity that is present among the people. This will motivate the employees because they are valued, and their contributions are observed, and all these are recognized and observed by the management and organization. Feeling valued will improve the morale of working environment in the organization **(Kapoor 2010)** and that shows through the countless studies where it has been proven that having a diverse set of people in an organization improves the working environment and increases the level of employee satisfaction.

**Improves profitability and productivity:** Cultural diversity also brings some real benefits to the business all over the world. The active motivation of diversity in the workplace will directly impact on the organization's profitability and productivity. This will affect employees also, like when the profitability of the organization increases the chances for the employees to get higher salary than ever before and also increase the chances of getting any kind of bonuses, promotions and trainings **(Kapoor 2010)**. It is evident that the organizations that have a higher rate of people from different countries, religion and race are more likely to have a higher profitability than organizations with lower rates.

**Exchange of innovative ideas:** When an organization has diverse employees, it creates a bigger pool of talents. This group will help the organization to have competitive advantage. These employees are coming from different background, cultures, experience, perceptions therefore this difference will bring unique and variety ideas and solutions to the problem. Employees can also have varied experiences while working with them. So, it is a great benefit for both the organization and employees. This kind of dynamic exchange that happens between the employees will result in creative results whereas this exchange never happens between the people of same cultures **(Kapoor 2010)**. And it has been proven by different case studies that organizations with diverse people tend to be more creative and have a wider range of knowledge as well as innovative ideas.

**Global impact:** The economy in the world is increasingly globalized. A diverse workforce will increase trust in your brand which will help you to increase your business to different countries. This will lead your company to reach the worldwide markets. It is a benefit that organizations get when they are able to communicate effectively with different parts of the world. Then understanding how to create relationships, and the cultures in those regions will help to do a successful business. Also knowing the differences in doing business in foreign regions. So, a workforce with these advantages can easily compete in the market.

## **On the other hand, there are some disadvantages of cultural diversity which are:**

**Increased cost of training:** An organization gives training to its employees as required to improve their skills, knowledge, attitudes. This will become more productive. Similar to this training should be provided for the employees to accept diversity in the workplace. The training should help them to know how they should accept thoughts, personality and ideas from culturally diverse people. They will also provide information about how to deal with conflicts and partiality in a professional manner. So, when the organization continues hiring new employees of diverse culture, they should continue giving training **(Future of working 2016)**. This is more obvious when it comes to new employees who are joining the company recently and are from other countries or never been in the country where the organization is located in. The Human Resources department will have to then give a more in-depth induction and longer training sessions so that the employee doesn't have a culture shock and is able to handle all sort of problems he/she might



face during employment.

**Integration issues:** In an organization usually, there will be many social groups among the employees so the chances of forming social groups in diverse organization is more, many informal divisions will be created. This will lead to ignorance between culturally diverse people, which will affect the sharing or exchange of experience, knowledge, skills and this will result in the decrease of productivity and profitability of the company (**Future of working 2016**). This is very clear in organizations with different nationalities especially because each nationality will have group of their own where they connect and interact because they are from the same cultural background and have a lot of things in common such as language, culture, thoughts and a way of thinking and this will lead to some conflicts between different cultural groups.

**Increased competition:** Normally competitions in the workplace is good because it will help the organization to reach their goal and improve the productivity. But when employees don't accept the other culture people they will start competition against other culture and start refuse to work together and this will really affect the organizations growth very badly (**Future of working 2016**). This is due to having the social groups, each employee from the same country will tend to be more cooperative with employees from the same country and in some cases, it will go to the point where they will no longer want to work with other employees who are not from the same cultural background.

### **HR functions affected by diversity:**

**Legal requirements:** The main role of a Human Resource department is to ensure that the legal laws are correctly practiced in the organization like hiring, enquiring and promotions. In addition, ensuring that equal rights are practiced and given to all the employees without considering their difference, and then practicing same hiring process based on the job standards (**Mayhew 2018**). There are some companies who prefer to have male employees rather than female and that can be due to reasons such as the maternity leave and they cannot afford having employees who go on leave for a long period of time due to legal requirements, they cannot a biased or have all the employees who work in the company be males or a certain type of nationality.

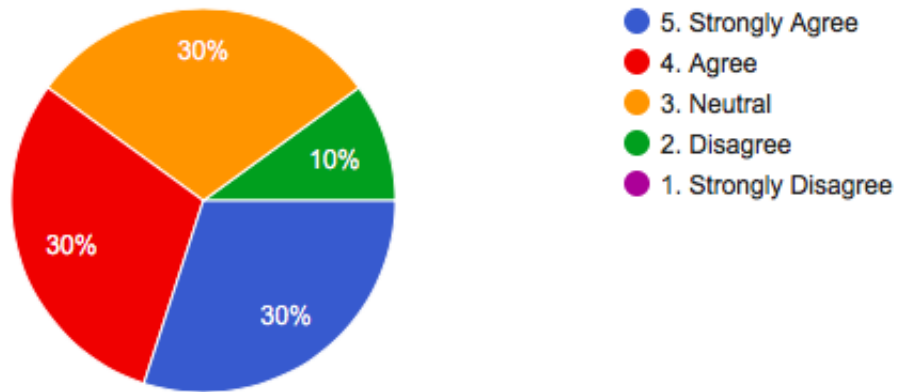
**Training:** Human resource managers should understand the challenges of diversity and try to provide the training for culture awareness, benefits of diversity, and conflict resolution will help employees to understand the different perspective of the employees from different cultures. Then provides coaching to speak different languages (**Mayhew 2018**). For example, in some companies they have a trainer who is multilingual who makes sure that everyone in who is attending the training understands everything that is being said in the training to avoid confusion and discomfort of employees.

**Conflict resolution:** HR managers are not only said to provide physically safe workplace, they should also provide a positive workplace for the employees. When employees face any difficulties in the organization HR managers should be present and help them to resolve it. Sometimes they should also terminate employees if they abuse the co-workers, superiors or subordinates, and take corrective action. They should provide the diversity policies in the organization and should make sure they communicate these policies to the employees. It is the HR manger's responsibility to create and establish the organization's diversity policies.

Diversity in other countries can also be applied with people from different regions and that is true especially in countries that have a big population or countries where different regions speak different dialects and even different languages such as in Spain where it has four different languages (**Beer 2017**). In addition, the prime example of a country with a diverse set of people is the United States of America which is home to around 311 and is the fifth linguistically diverse country in the world with people from different cultural background living in the US which leads to a lot of people feeling more comfortable going there because they know that they can always find

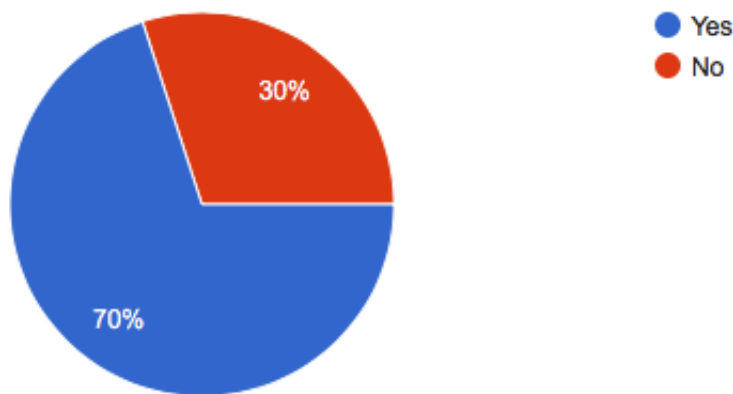


someone with similar background (**Potowski 2010**).



**Figure 1.** Diversity in workplace will bring new innovative ideas according to the situation.

This data presented expresses a high number of respondents generally believe that diversity at the workplace brings innovative ideas. At the highest's respondents of 30% either agree or strongly agree. In addition, another group of 30% respondent with being neutral on this matter. Leaving a small percentage of 10% who disagree. Since the company Ooredoo emphasizes innovation in its management, one way they were trying to achieve that is by being the more diverse company in the industry, through that business model is where most employees agree that diversity brings innovation.



**Figure 2.** Having more diverse employees helps increase organization's performance

This pie chart indicates that more diverse employees in an organization will help to increase the performance of that organization. According to Ooredoo 70% employees agree to this and the other 30% disagree. If we take any successful organization, we can notice that majority of the employees will be diverse employees. This is because they help the organization in achieving the goal in a creative step, they bring innovative ideas than the homogeneous groups. Diverse employees have different perspective, opinion, and different skills to solve the problems, which will lead to the increase of the organization's performance.



## Conclusion

When analyzing previous literature and current data, it can be said that the impact of cultural diversity on organization performance has more of a positive effect and like. According to a study by Devine et al. (2007) cultural diversity brings new interpretation, innovative ideas and helps in looking at problems from different angles. The study indicates that cultural diversity fosters new and unique ideas. However, it's the direct link found, that there is a common agreement that cultural diversity increases company's performance. This is really important and unique to the study that the direct link is established from the statistics. Moreover, although the study shows that perceptions of majority of respondents show that they believe companies with diverse teams achieve better financial results. The reasons as to why that is the case differs from one manager to another. Meanwhile previous literature has attributed this success to increase in the motivation of a more culturally diverse work force in comparison to less diverse work force (Kapoor 2010). Cultural diversity is said to help organization deal with having ever more globalized market. This is either by having the different expertise and input, adding to the process or by simply increasing customer trust by showing that the company is a diverse team, that might have a positive impact on company's performance (Future of working 2016). The study has revealed that employees think they have exclusively benefited from cultural diversity at their workplace. In Ooredoo, managers have encouraged diversity by employing people from all parts of the world and providing training programs to try to avoid problems that may arise from having a very diverse work force. When having a more diverse work force, managers should be aware and make sure that conflict resolution process is as smooth as possible and take corrective action, thus not impacting the performance of the company in a negative manner.

Studies show that employee value systems effects organization performance, this is because different cultures have different goals and expectation according to the culture they live in (Knippenberg 2000). Furthermore, Hofstede's research is in line with Knippenberg research, stresses that values and beliefs from different cultures influence the degree in behavior of different groups, individuals and institutions in a culture is enacted and the degree of how they are viewed as acceptable and effective. In addition, it is important to note that research done by Soares et al in 2007 shows that cultures of people who lack somewhat of an ethical behavior in the work force may hurt institutions. Ooredoo's cultural values seem to help the organization performance instead of hindering it. However, this is only the case when employee values are in line with company's values. This alignment in value is what creates a powerful connection according to Knippenberg. When this connection is established, individual growth and company's productivity has been seen to rise according to Bartel, this is because not only are the values in line with each other, but they share the same vision. Moreover, the study shows the positive relation between value system and company performance as proven by Ringov et.al (2007) research that states organization that work in unity with their employees and share the same set of value, are then seen to have a more enhanced capability to take collective action.

Adding to that Soares et al (2007) states shared values and value system is very important because it builds trust, this trust creates a strong relationship between team members and customers who are alike.

When it comes to dealing with multicultural work force, managers face many challenges. One of the major challenges that a company like Ooredoo might be facing is conflicts that may arise from integration issues. The statistics has showed a pattern of workforce having difficulty adapting and integrating with different cultures due to many reasons like religion and different value systems. A previous study conducted has showed integration issues leads to conflicts between different social groups. Moreover, this conflict has major consequences for the company's productivity, as these issues hinder exchange in experience, knowledge and skills (Future of working 2016). The following problems leave managers to do deal with knock on effects of giving integration issues. To avoid these issues and culture clash that hinders overall productivity and profitably Managers will face the



challenges of identifying what training is needed, constructing the appropriate training program and finally providing it. This maybe a challenge for some companies as it increases costs (Future of working 2016). Although the statistics show that Ooredoo provides the necessary training, managers still have challenges identifying whether the training is effective, and it solves the problems arising from cultural diversity issues. Furthermore, the data gathered has managed to illustrate the more significant challenges in dealing with multicultural groups within the chosen company and perhaps in companies in the Gulf region. Communication seems to be a repeated issue that arises when asked. Another significant challenge is that the study conducted shows a fairly high percentage of respondents pointing out diversity creates stress and low morale in the workplace.

Although there is not a direct relationship between cultural diversity and technology. Ooredoo still benefits from having a diverse work force, that can operate different and more advanced technology in comparison with its main competitor with omental. Ooredoo takes advantage of being a franchise and brings employees from overseas with expertise and degrees in technology. Local employees sometimes don't have long working experience in some of these technological fields that are constantly developing rapidly.

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