Diversity Management Competencies of HR Managers

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Abstract. The aim of the paper was to identify the impact of labor force diversity on human resource management in the Russian Federation in the context of political and economic conditions and to propose recommendations which HR practices are effective in making use of diversity by an analysis of the current situation. Paper shows that using of diversity management in HR practice needs tools of competency based management and cross-cultural management. Methodology research includes publication research, an in-depth analysis of semi-structures interviews with human resource managers and consultants, and observation of aspects that cover practices used in diversity management through human resource management. Interviews identify approaches and human resource practices in companies located in the Sverdlovsk region: HR marketing attract foreign workers in the Russian Federation mostly under pressure stemming from minority customers and the diversity market. A study of management practices in organizations of the Sverdlovsk oblast showed that managers have not got competencies in diversity management, but they think, that its true important for managing of divers personnel and they ready for learning and using of diversity management.

Introduction

Three cultures defined the ethnocultural distinctness of the Sverdlovsk oblast – Finno-Ugric (Mansi, Udmurts, Mari, Mordovians), Turkic (Tatars, Bashkirs) and Slavic (Russians, Ukrainians, Belarusians). Besides, Sverdlovsk oblast is one of the multi-religious regions of the Russian federation. As of 01.01.2016 there are 770 religious organizations which represent 20 world religious denominations. There are also more than 100 ethnic-cultural organizations and 22 ethnic-cultural autonomies. In terms of ethnic diversity the Ekaterinburg as the main city of Sverdlovsk oblast holds one of the leading positions in Russia. There are 160 ethnic groups living in the region. According to the all-Russian census of 2010 the Russians make up the significant majority in the population of the Sverdlovsk oblast (3684843 people) – 85.7 percent of all the local population, that is 90.6 percent of those people who identified their ethnicity. Second largest ethnic community in the region is the Tatars (143803 people) – 3.3 percent of all the local population. Third largest ethnic community is the Ukrainians (35563 people) – 0.8 percent of all the local population in the region. The Bashkirs make up the fourth largest community. There are 31181 representatives of this ethnic group living in the Sverdlovsk oblast. The Mari people take the fifth position, their number is 23801 people. These are followed by the Azerbaijani,
Udmurts, Belarusians, Armenians, Tajiks, Chuvashes, Kirghiz, Mordovians, Jewish, Germans and others[1].

From 2011 to 2014 there was annual growth in the number of non-resident labour force in the Sverdlovsk oblast. So in 2011 the number of non-resident labour force was 61757 and in 2016 this figure was 80169 (an increase of 129.8%). There was such an increase due to the growing number of non-residents working in the Sverdlovsk oblast on the patents (from 16133 people in 2012 to 56446 people in 2014). Taking into account all the above mentioned categories of people the Federal Immigration Service Office in the Sverdlovsk oblast registered 313621 foreign citizens in 2015 (337955 in 2014). Mostly these are citizens of Tajikistan, Uzbekistan, Vietnam, China[2].

Main HRM problems connected with ethnic and cultural diversity are the following:

a) Differences in religious and cultural traditions. Different religions have different potential for integrating into the Russian, European and American business culture.

b) Foreign employees’ poor knowledge of the official language.

c) Inflexible policies of the companies towards ethnic and cultural diversity.

As a result of these problems potential productivity is not achieved, employee’s creativity and innovative activity falls, staff turnover and evasion of performance increases. The experience of solving these problems in the tradition of American and European management is represented by the concepts of diversity management and cross-cultural management. The research in the theory and practice of social and cultural diversity management held in the Sverdlovsk oblast became the basis for this article. The objective is: taking into account the experience of the European Union countries to determine the prospects for developing practices of social and cultural diversity management in the organizations of the Sverdlovsk oblast which use foreign labor.

The tasks to be solved to achieve this goal are:

- Identifying the approaches in socio-cultural diversity management, types of managerial skills and employee competencies required by employers who face socio-cultural diversity of staff in the Sverdlovsk oblast.

- Working out proposals and recommendations for the development of social and cultural diversity management practices in the organizations of the Russian Federation (Sverdlovsk oblast).

Theoretical Framework

The theoretical basis of diversity management are the institutional theory, resource theory[3] and the concept of competency based management and cross-cultural management[4]. Competence management includes an approach to the description, assessment and development of the person within which the behavior of the person is considered to be the manifestation of his competences. In scientific literature there are three main directions of competence-based approach: American (behavioural), English (functional) and integrated in France, Germany and Austria. The common things in these directions help to define "competences" as behavioural characteristics which the individual must have or which he must acquire to effectively cope with the work[5].

Referring to socio-cultural diversity management the competence approach provides methods of evaluation, development, motivation and stimulation of the required competences of employees and managers. Describing the state of research in the field of socio-cultural diversity, it should be noted that the
socio-cultural diversity management is a relatively young industry, known little in Russia and in Eastern Europe. Its development is of great interest, because of the current problem for some ethnic groups to integrate in the Russian society and the issues of interaction with labor migrants, foreign partners in the WTO, foreign investors. The management of socio-cultural diversity (diversity management) as a separate direction in the personnel management (human resources management) originated in the United States of America and was a reaction to a common situation, when the company's staff consists of employees of different age, nationality, race, religion, etc. It is based on the principle that differences between people should not prevent their joint work.

"Diversity" may relate to various aspects: gender, age, color, religion, cultural differences, etc. In this article the focus is on cultural diversity and its specifics connected with employing foreigners and representatives of ethnic and religious minorities. Socio-cultural diversity and ethnic diversity management is seen by many studies as the key strategic aspect of international companies. For example, in the work of the Canadian scientist of Indian origin K. M. Srinivas it is noted that "one of the key factors for the success and growth of global companies is that they have a global type of thinking, which includes such skills as curiosity, interest, recognition of the complexity and attention to diversity, the search for new opportunities, belief in progress, continuous improvement, long-term perspective and systematic thinking."

Analyzing the experience of German companies, A. Siegert notes that "an acute shortage of competencies in the field of intercultural communication is mainly experienced by companies operating internationally. The role of intercultural competences is considered within a separate concept of management - cross-cultural management. Cross-cultural management issues refer to those organizations that "employ foreign workers, as management needs to take into account their motivation system", and "transnational corporations...which should take into account the cultural specifics of different countries in adapting the management style practiced by the company headquarters."

An ability to effectively interact with different cultures is an important criterion for highly qualified specialists and, as a consequence, the success factor in creating innovation, the growth of economic well-being, entering new markets and preserving the existing markets (Table 1). Based on the above mentioned results of the research in USA R. Florida introduces a new formula for economic growth: "describes it as the so-called "Three T's": Technology, Talent and Tolerance, which contribute to economic development, market attractiveness and competitiveness."
Table 1. Diversity Management Competencies of a Manager.

<table>
<thead>
<tr>
<th>No</th>
<th>Group of competencies</th>
<th>Cross-cultural competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managerial competencies</td>
<td>- recruitment and selection of staff, taking into account socio-cultural competences;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- controlling and assessing socio-cultural diversity of staff;</td>
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<tr>
<td></td>
<td></td>
<td>- motivation and stimulation of socio-cultural competencies.</td>
</tr>
<tr>
<td>2</td>
<td>Basic social competencies (soft skills)</td>
<td>- openness and interest in the new</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- flexibility and respect for other people and other cultures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- the ability to adjust themselves to the changing circumstances of another culture</td>
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<tr>
<td></td>
<td></td>
<td>- the ability to act successfully in a new cultural context</td>
</tr>
<tr>
<td>3</td>
<td>Communicative competencies</td>
<td>- the ability and desire to communicate effectively, taking into account the socio-cultural</td>
</tr>
<tr>
<td></td>
<td></td>
<td>diversity of the staff.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- style of communication, taking into account socio-cultural diversity of the staff.</td>
</tr>
<tr>
<td>4</td>
<td>Knowledge of national culture (hard cultural skills)</td>
<td>- knowledge about the national characteristics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- competent communication</td>
</tr>
</tbody>
</table>

Source: compiled by author.

The main obstacles to the implementation of a multicultural HR policy are contradictions with the existing corporate values, the problems of assimilating a new culture, the complexity and expensiveness of the process\(^{[12]}\). To implement such approaches successfully the Human Resources Department should carefully handle selection, recruitment, training, remuneration and motivation of employees. It largely depends on HR Department whether the use of cultural diversity potential will lead to positive or negative results\(^{[13]}\).

Another factor for the successful introduction of diversity management is organization of internal communications in the company. Experience shows that cultural diversity in the company will inevitably lead to conflicts and difficulties in understanding if it is not taken seriously and controlled. Therefore, this aspect requires special attention and insight of the company leaders. Among other things, the homogeneous structure of the management body is not very good for implementing these approaches: "People tend to look for similarities in others. We feel sympathetic towards those people, who are like us, who have similar cultural and educational background, who are on the same wavelength. This sort of sympathy arises spontaneously"\(^{[14]}\).

Methodology and Results

A study of administrative practices in the organizations of the Sverdlovsk oblast experiencing socio-cultural diversity was held in the first half of 2016. The researchers used the methodological approach proposed by Professor Z. Dvořáková\(^{[15]}\). The methods included the accumulation of data and information using multiple methods: analyzing scientific publications, conducting semi-structured interviews and observation. The data included both historical and present day information about the given social sphere. The reasons for using specified methods are connected with studying the social phenomena: national culture, values, behavior and HR management practices. Thus, the collection, selection and analysis done by using the methods of interpretation (reveal ideas (meanings) generated in human economic activity, show the sphere for their implementation) provide the basis for achieving visible results and developing
recommendations. These methods are used in the in-depth analysis of data obtained from semi-structured interviews with managers and HR specialists to explore approaches and practices in the field of diversity management in the national cultural environment as in the business model.

The object of the research on diversity management practices in the Sverdlovsk oblast were organizations involved in three types of activity that provide employment to more than 80% foreign workers:
- manufacturing – 5 organizations (number of employees over 1000 people);
- construction – 10 organizations (number of employees over 100 people);
- wholesale and retail trade- 12 organizations (number of employees over 200 people);
- other community, social and personal services–2 organizations (number of employees over 200 people).

The respondents were 46 line managers and HR managers who filled in questionnaires or took part in semi-structured interviews on the questionnaire. The questionnaire aims to identify HR management practices which are used when the staff consists of foreign workers and Russian citizens from ethnic and religious minorities. Besides, it measures managerial competences in the field of diversity management and cross-cultural management, as well as understanding the need to acquire (deepen) these competencies.

The study showed prevailing practices of recruiting citizens of Russia coming from ethnic and religious minorities for jobs that require both unskilled and highly skilled labor. 100% of employers confirmed the use of such practices. None of the respondents mentioned the cases of any conflicts related to socio-cultural differences between the citizens of the Russian Federation.

The results of our study are consistent with the results of a study conducted by the Center for the promotion of ethnic-cultural associations under the Urals state mining University in 2012. The research theme was "The attitude of members of ethnic and cultural public associations to the development of ethno-religious relations in the Sverdlovsk oblast". Of the 388 respondents representing 70 ethnic and cultural associations of the Sverdlovsk oblast, 94% of respondents assessed the level of relations between the representatives of different peoples in the Sverdlovsk oblast as "satisfactory", "good" or "very good".

The results of the studies conducted in the Sverdlovsk oblast differ significantly from the results of the study on diversity management practices organized by the group of Professor M. Korgova in the republics of the North Caucasus. The study revealed that 80% of organizations work under multinational management teams. However, 92% of CEOs prefer to choose the management team and employees representing one ethnicity.

Meanwhile, the majority of managers and HR specialists (90%) do not consider it necessary to address the special social and cultural competences in managing employees who are the citizens of the Russian Federation representing ethnic and religious minorities. This result may be explained by insignificant differences in labor and consumer behavior of the Russian Federation citizens representing different ethnic and religious groups.

The situation with foreign workers is radically different: 100% of respondents recruit foreign workers for unskilled jobs, only 30% hire foreign workers for skilled jobs, and none of the respondents confirmed hiring foreign workers for highly skilled jobs. 67% of respondents spoke about past or present conflicts between managers and foreign employees as well as conflicts between foreign workers and nationals of the Russian Federation caused by socio-cultural differences of the foreign workers. This result is also consistent with the research data of the Center for the promotion of
ethnic-cultural associations under the Urals State Mining University, in which 58% of respondents assessed the impact of the inflow of migrant workers on ethnic and confessional relations as "increasing tension" and "bringing a lot of harm". However, 54% of respondents noted taking into account particular social and cultural competencies when deciding to employ foreign workers. The proportion of foreign workers employed in construction was 80%, the proportion of those employed in sales was 67%. Foreign workers employed in the utilities and manufacturing industries accounted for less than 50%.

All respondents agreed on the necessity of and confirmed the fact of taking into account foreign workers’ special social and cultural competences in the organization’s management practices. Among the most serious management challenges related to staff diversity were organizing internal communications (poor knowledge of the Russian language by foreign workers, lack of work contact with the employees who are the citizens of the Russian Federation), increasing the loyalty of foreign workers. Among the measures being taken there were organizing training of foreign workers in the Russian language and culture (required by the Russian legislation). 2 respondents (4%) proved to be familiar with diversity management methods and cross-cultural management. However, no special events aimed to create competences and understand socio-cultural diversity challenges were held in the organization. The values of socio-cultural diversity were not part of the organization’s strategy. All the respondents noted the need to deepen professional knowledge in the field of diversity management and cross-cultural management.

**Recommendations**

Based on the labor legislation, experience of managing socio-cultural diversity in leading multinational companies and research into diversity management practices in the Sverdlovsk region, we recommend taking the following measures to develop diversity management practices:

- to include the socio-cultural diversity management in the HR policy of the organization;
- to conduct an audit of HR policies and processes to avoid discriminatory conditions;
- to collect and analyze information about the socio-cultural environment in the organization;
- to develop the policies and techniques of diversity management (including them in the planning, recruitment, selection, training and development of the staff, in the performance management, motivation and stimulation, wage and labor relations);
- organize staff training in the issues of social-cultural diversity;
- to provide information support to the initiatives in the field of diversity management;
- to increase the involvement of employees representing ethnic-cultural minorities, through special training and organizing intra-network of communications;
- organize the popularization of diversity management practices using informal internal communications.
Conclusion

The desire to respect and to strengthen cultural diversity in the company is motivated not only by ethical but also purely rational considerations, a direct count on success. It comes to those companies who understand that competitive challenge in dynamic global markets requiring constant innovation and creativity, organizational flexibility and adaptive capacity, should better be responded by combining the experience and knowledge of the multinational team.

A study of management practices in socially and culturally diverse organizations of the Sverdlovsk oblast revealed the managers’ and specialists’ lack of knowledge in the field of diversity management. At the same time, managers and professionals realize the importance of the problems to be solved using the methods of diversity management, the need to deepen the knowledge in this area and put it into practice. The diversity management within the framework of traditional HR management processes provides a significant economic effect. Thus, an important objective of diversity management is developing the methods of HR management based on the use of staff diversity. The use of these methods in practice makes the staff diversity management one of the directions of the organization’s HR policy.

Further research in the field of diversity management requires the surveys of foreign workers opinions on the management methods. It requires building the models and profiles of socio-cultural competences of managers and specialists as well as in depth studying the specific processes of managing socially and culturally diverse staff.

References


