ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

Globalization & Leadership – Challenges & Strategies In Cross Cultural Environment To Enhance Employee Performance

Anuradha Reddy, Doctoral Researcher, Banasthali Vidhyapith, Rajasthan, India
Dr.Sudhakar Kota, VC, Skyline University, Sharjah, UAE

ABSTRACT

Leadership role in UAE organizations is emerging into new trends in the context of globalization. The concept of globalization has led many foreign investors to invest in UAE. Along with the investors, workforce from foreign countries are recruited to work in their offshore units which in turn throws up challenges to managers in host country in managing and enhancing employee performance in a multicultural environment. As the globalization gets popular and more foreign investments flow in, employee diversity is expected to grow in future, thus need for developing management skills among the managers will grow to handle multicultural work environment. It is important for international organizations and managers to be prepared to identify and manage cultural challenges to meet the global competitiveness, flexibility, and learning capabilities and maintain a balance that could lead in building up cultural sensitivity and capability to manage and identify unique strategies in enhancing employee performance. This study aims at identifying leadership strategies to be developed among managers to overcome challenges in enhancing employee performance in the process of globalization over a period of time. Objectives of the study are to (i) study the influence of globalization in managing employees' performance (ii) identify challenges in managing employees performance in a multicultural environment and (iii) identify strategies employed in enhancing employee performance. This research is based on a study of firms from United Arab Emirates (UAE). A questionnaire was distributed to 196 HR managers working in UAE organizations for indicating their level of opinion (using a 5 point Likert scale). The collected data is analyzed using factor analysis that helped the research to identify challenges managers are facing in managing employee performance and strategies employed in enhancing employee performance. Factor analysis conducted on null hypothesis indicates that managers do face challenges in identifying knowledgeable and skilled employees with good communication skills to meet international standards. Further results of the study indicate strategies such as motivation, training, remuneration, performance appraisal and encouraging teamwork show significant impact in enhancing employee performance. Managers strongly recommend that there

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

is a need for regular development practices through training on updated technologies in order to increase employee's productivity and there by organization's productivity. Thus this paper gives useful insights on the challenges and effective strategies that could be implemented in a multicultural environment.

Key Words: Globalization, Leadership, Employee performance, Culture, Strategies & Challenges

INTRODUCTION

Need for experienced and talented workforce to manage multicultural business environment has grown in organizations especially after globalization and expansion of multinational companies operating in foreign units. This has caused number of people to start research studies discussing the impact of globalization on the effectiveness of leadership practices so as to enhance employee performance in the context of globalization [2]. There are studies globally to assess the generalizability of leadership theories, behaviors, and processes across cultures and how to manage employees in a multicultural environment. Organizations are facing challenge to deliver the most important change in these organizations having diversity. It is becoming important for leadership development programs. Leadership style is important as diversity in workforce and processes have both positive and negative effects. There may be positive changes such as increased creativity, flexibility and innovation, and negative effects such as tensions, poor communication, reduced job satisfaction, higher turnover levels and stress [3].

REVIEW OF LITERATURE

In every culture in the world authority, bureaucracy, creativity and accountability are dealt in different ways. Internal and external environments of the organization have influence on managing human resources in organizations. Organization culture largely influences while ownership plays a key role in effecting external environment. Cultural influences on internal environment has become a hot topic especially due to globalization, team working and diversity play a major role in organizations in determining internal environment. International organizations should identify the cultural challenges and develop management practices so as to meet the global competitiveness, flexibility, learning capabilities and maintain a balance that could lead in building cultural sensitivity and capability to manage employee performance [8]. It is also a fact that internationalization will lead to cultural integration and adaptability in a global context which will make the management of multicultural employees much simpler. The

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

globalization integrates the world's economies and provides number of ways to conduct business activities as technology narrows borders [7]. [8] states that there are three different levels of cultural variables affect the human resource management practices. The first level organizations internal work culture is seen as a way that shares managerial beliefs and assumptions guided by the organizational characteristics such as industry, ownership status, availability of resources, market competition. Finally at the third level employee related assumptions are driven by socio cultural characteristics. Thus it can be said that the organizational work culture (internal work culture) refers to shared managerial beliefs and assumptions which shows a major impact on organizational and societal level cultures.

Number of studies [1][4][8] suggested performance appraisals as a tool for providing feedback on deciding promotions or termination, determining compensation, identifying strength and weakness or areas for change and identifying development needs that can help with career planning. This methodology is used by majority of the organizations to enhance the performance of employee and the organization. Significant concept is the type of appraisal that is used in line and the requirements and structure of the organization in order to reap the benefits. Type of Performance appraisals used in a globalized environment has increased the challenges that the manager will experience in the organizations [4]. Thus indicating that role of managers in managing cultural environment directly or indirectly influences the performance of employees.

AIMS & OBJECTIVES OF THE STUDY

This study aims at identifying leadership strategies to be developed among managers to overcome challenges in enhancing employee performance in the process of globalization over a period of time. Objectives of the study are to (i) study the influence of globalization in managing employees' performance (ii) identify challenges in managing employees performance in a multicultural environment and (iii) identify strategies employed in enhancing employee performance.

RESEARCH METHODOLOGY

A sample survey questionnaire was developed and distributed to 196 HR managers working in UAE organizations. Questionnaire included statements with options to indicate the level of opinion using a 5 point Likert scale. To test the appropriateness of data and for conducting factor analysis, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett Test of Sphericity is performed. Null hypothesis is developed based on chosen factors, H01A – H01G

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

for challenges and H02A – H02G for Strategies. Survey questionnaire included two parts. Part one aims to identify various challenges HR managers are facing in restructuring HRM policies and practices that aim to manage multicultural employees, manage employee performance and challenges encountered by managers. Part two of the questionnaire identifies the necessary strategies employed by the organization to enhance employee performance.

STATISTICAL TOOLS

Aim of this research is to identify the challenges leaders are facing in managing employee performance due to globalization. Therefore, to identify the underlying exploratory factor analysis (EFA) is conducted. To test the appropriateness of data and for conducting factor analysis, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett Test of Sphericity is performed. In the analysis, factors with eigen values over one is retained and single item that loaded on a factor and items with factor loadings below 0.50 were excluded.

SAMPLING AND DATA COLLECTION

A questionnaire was distributed to a small sample of 196 HR managers working in UAE organizations to identify challenges facing in managing employee performance and strategies employed in enhancing employee performance.

Table 1: Results of KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.929
Bartlett's Test of Sphericity	Approx. Chi-Square	22205.625
	Df	1378
	Sig.	.000

The Kaiser-Meyer-Olkin measure of sampling adequacy and Barlett test of sphericity are tested for the given data set. The KMO measures of statistics vary between 0 and 1. A KMO value of 0 indicates the sum of partial correlation is large relative to sum of correlations indicates diffusion in pattern of correlation stating that factor analysis is likely to be inappropriate tool for analyzing the data. Any value close to 1 indicates that correlation patterns are relatively compact so factor analysis may yield reliable and distinct factors. [5] recommended values greater than 0.5 are acceptable and value less than 0.5 indicates the researcher to collect more data or rethink on which variables to be included. KMO value between 0.5 and 0.7 is considered as mediocre and value between 0.7 and 0.8 is taken as good and anything between 0.8 and 0.9 is considered as

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

great and value above 0.9 is considered superb [6]. From the details shown in table-1 the KMO value is 0.929, which greater than 0.9 thus falls into the category of superb thus the researcher is confident that factor analysis is appropriate for these data.

To test the hypothesis that the original correlation matrix is an identity matrix, it is tested with Barlett's measure. Some relationship testing is needed between variables for factor analysis to work and if R-matrix were an identity matrix then all correlation coefficients would be zero. Therefore this test is significant for the researcher i.e. the significance value is less than 0.05. From table-1 it is clear that significance is 0.000 which is less than 0.005. This significant test tells us that R-matrix is not an identity matrix and thus there are some relationships between the variables. The Barlett's test is highly significant thus researcher can conclude that factor analysis is appropriate tool to analyze the data collected from the sample respondents. With these several tests it is very clear that the data collected from the sample respondents is accurate and can be successfully analyzed using factor analysis with SPSS software.

RESULTS AND DISCUSSION

A sample survey questionnaire was distributed to 350 HR managers working in UAE organizations of which 196 managers responded. Majority of respondents were males, aged between 35 – 45 years with 10-15 years of work experience. Following is the interpretation of the hypothesis developed from the questionnaire.

Interpretation of H01

To understand the challenges managers are facing in context to employee performance the following hypothesis has been developed. Following null hypothesis (H01A – H01G) (Table 2) considered various aspects of challenges identified through literature review such as education qualification, work experience, knowledge and job skills, communication skills and English language proficiency, acceptance and competency towards given task, performance and productivity, nationals integrating with expatriates and finally unrealistic demands in relation to pay.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

Table 2: Results of Pearson Chi-Square for H01

Hypothesis	Number of valid cases	Chi sq value	P values	Degree of Freedom	Accept/Reject
H01A – HR managers are not able to find local candidates with expected educational qualification	196	17.933	0.518	12	Accept
H01B – HR managers are not able to find local candidate with expected work experience, knowledge and job skills	196	11.565	0.441	12	Accept
H01C – HR managers are not able to find local candidate with communication skills and English language proficiency	196	14.801	0.434	12	Accept
H01D - Local employees have low acceptance and competency towards given task	196	13.503	0.334	12	Accept
H01E - Local employees performance and productivity is unsatisfactory	196	17.728	0.327	12	Accept
H01F - Local employees are not able to integrate easily with expatriates	196	21.034	0.026	12	Reject
H01G - Local employees have unrealistic demands in relation to pay	196	22.670	0.541	12	Accept

Inferences

From table 2 chi square value of H01A is 17.933 and significance is 0.518 which indicates that sig. value is > 0.05, thus accept the stated hypothesis. It means that HR managers are not able to

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

find local candidates with expected educational qualification' and hence their disagreement towards availability of educated national man power. Chi square value of H01B is 11.565 and significance is 0.441 which indicates that sig. value is > 0.05, thus accept the stated hypothesis. It means that HR managers are not able to find candidates' with sufficient work experience, knowledge and job skills. Chi square value of H01C is 14.801 and significance is 0.434 which indicates that sig. value is > 0.05, thus accept stated hypothesis. It means that HR Manager's agreement towards non availability of locals with appropriate English proficiency and communication skills to the need for exclusive education to increase the national's fit to challenging jobs. Chi square value of H01D is 13.503 and significance is 0.334 which indicates that sig. value is > 0.05, thus accept stated hypothesis. It means that there is a need for training to find suitable jobs and the locals competency and acceptance towards given task. Chi square value of H01E is 17.728 and significance is 0.327 which indicates that sig. value is > 0.05, thus accept stated hypothesis. It means that there is a need for education and vocational guidance for challenging jobs currently to the agreement of HR Managers towards the low productivity and performance of the local employees. Chi square value of H01F is 21.034 and significance is 0.026 which indicates that sig. value is < 0.05, thus reject stated hypothesis which states that there is significant association between the HR Managers towards the national employees mingling with Expats. Chi square value of H01G is 22.670 and significance is 0.541 which indicates that sig. value is > 0.05, thus accept stated hypothesis. It means that HR Manager's perception towards unrealistic National Employee pay demands and Emiratization policies and their favorableness to national employees in private sector.

Inferences of hypothesis indicate challenges faced by HR managers in managing employee performance in context of emiratization. It is seen that the significance values are for two major aspects HR managers are not able to find local candidate with expected educational qualification (p = 0.518), work experience, knowledge and job skills (p=0.441)and local employees have unrealistic demand towards pay' (p = 0.541). Another attributes communication skills, English language proficiency (p = 0.434) and acceptance towards given task shows a significance value of (p = 0.334) which seems to be moderate thus it indicates that these aspects also have an impact. It is a good sign that national employees are able to integrate easily with expatriates (p = 0.026). According to [11] economic development and relative lack of locally available skills drive the basic need for expatriates in the region. Thus here the firms major challenge is to

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

design the competitive HR practices to attract the employees group for work culture, manage their performance, bring integration between them and many more. Language has importance in administration and leadership. There is need for English communication in the emiratisation program. Further [10] are of the view that majority of jobs in UAE require English language and a certain level of skill in national graduates. Unfortunately as of date the national graduates do not possess the level of skill needed. Achievement of certain level of skill in English communication will increase the value of employees to organizations irrespective of public and private sector. It can also add flexibility to the employee's knowledge to fit around the work schedule and domestic responsibilities.

Interpretation of H02

To test this objective a hypothesis (H02A – H02G) considered HR strategies from the literature review. This hypothesis aims at identifying different strategies such as motivation, training, communication, having good relationship with employees, teamwork, remuneration, promotions, rewards and performance appraisals adopted and practiced by managers to improve employee work performance and see which of the stated strategies help managers to improve employee performance. Chi square test is been performed to understand the significant values. The following is the results obtained.

Table 3: Results of Pearson Chi-Square for H02

Hypothesis	Number of valid cases	Chi sq value	P values	Degree of freedom	Accept/Reject
H02A – Motivation has no impact on employee performance	196	314.323	0.015	49	Reject
H02B – Communication has no impact on employee performance	196	319.393	0.031	49	Reject
H02C – Training and guidance programs have no impact on employee performance	196	308.400	0.027	49	Reject
H02D – Having good relationship with subordinates has no impact on employee performance	196	311.482	0.029	49	Reject
H02E – Encouraging teamwork has no impact on employee performance	196	302.294	0.028	49	Reject

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

H02F – Remuneration, promotion and rewards have no impact on employee performance	196	304.103	0.032	49	Reject
H02G – Bi-annual or annual performance appraisals have no impact on employee performance	196	312.200	0.028	49	Reject

Inferences

From table 3 chi square value of H02A is 314.323 and significance is 0.015 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that 'Motivation always has an impact on employee performance. Chi square value of H02B is 319.393 and significance is 0.031 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that Communication strategy has significant impact on employee performance. Chi square value of H02C is 308.400 and significance is 0.027 which indicates that sig. value is <0.05, thus reject stated hypothesis. This indicates training and guidance programs have significant impact on employee performance. Chi square value of H02D is 311.482 and significance is 0.029 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that having good relationship with subordinates has a significant impact on employee performance. Chi square value of H02E is 302.294 and significance is 0.028 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that encouraging teamwork has a significant impact on employee performance. Chi square value of H02F is 304.103 and significance is 0.032 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that 'Remuneration, promotion and rewards have an impact on employee performance'. Chi square value of H02G is 312.200 and significance is 0.028 which indicates that sig. value is < 0.05, thus reject stated hypothesis which indicates that **'**Bi-annual or annual performance appraisals have significant impact on employee performance**'.**

Inferences of hypothesis indicate that suitable HR strategies employed in context to emiratization has impact on employee performance. HR strategies such as remuneration, promotion and rewards and bi-annual or annual performance appraisals resulted low significance values (p = 0.031) which clearly indicate that these strategies have high impact on employee performance when considered to communication, training and guidance programs (p = 0.027), having good relationship (p = 0.029) and encouraging teamwork (p = 0.028) has an impact but considerable less. [8] viewed that most employees are motivated by rewards usually by cash rewards and continuous interaction with employees and giving them recognition can really motivate

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

employees. According to [7], motivated employees easily adapt to change. [1] in their study stated that job performance indicators are useful tools to help an organization achieve their goals effectively. It is a measure of the degree to which objectives are being achieved. Further [1] is of the view that employees are more satisfied with performance appraisal systems which emphasize on specific job relevant criteria and do not feel it risky when they have prior knowledge of assessment criteria**.**

Conclusion

Inferences of hypothesis H01 indicate challenges faced by managers in managing employee performance in context of globalization. It is seen that the significance values are high for three major aspects. Low level of employees acceptance towards given task, where in employees are not able to integrate easily with expatriates, shows employees productivity and performance is not satisfactory and finally which states that employees have unrealistic demands towards pay.

Inferences of hypothesis H02 indicate that suitable HR strategies employed in context to globalization has impact on employee performance. HR strategies such as remuneration, promotion and rewards and bi-annual or annual performance appraisals resulted low significance values which clearly indicate that these strategies have high impact on employee performance when considered to communication, training and guidance programs, having good relationship and encouraging teamwork has an impact but considerable less.

FINDINGS, CONCLUSIONS & RECOMMENDATIONS

There has been a strong disagreement from all the managers that employees would easily mingle with the expatriates in the company and at work floor. Managing employees in a diversified multicultural environment is a major task identified. Almost all the managers feel that the employee attitude (acceptance towards given task) has been the key in creating a positive work culture at the work place. All the managers are not satisfied with the Productivity and Job Performance of the employees. Managers opined that all the employees have the competency to meet the set targets. There was a strong agreement from all the Managers in this context. Managers feel that there is a low level of acceptance to the task allocated to the employees. Managers opined that employees do not get with the expats and this is creating a barrier in forming highly productive teams. Most managers were in agreement to the fact that employees show interest to work in teams with expats.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

From the analysis it is clearly evident that managers do not face hurdles in identifying right candidates to the jobs but there is a lack of employees with expected qualification, work experience and enough job skills so as to meet international standards. It is evident that most of the employees do not mingle with expats but are interested in forming teams with expats to create a productive and positive work environment. Managers experience the job performance and productivity of the employees to be promising and their acceptance to the target and work allocated is low. Managers also felt that their demands on pay packages are unrealistic.

From the inferences it is understood that almost all the managers felt that there is a need for proper training and motivation programs to properly guide and groom employees to meet international standards. Managers strongly recommend that there is a need for regular development practices through training on updated technologies in order to increase employee's productivity and there by organization's productivity. Managers are of the opinion that the need for proper performance appraisal policy to assess the employees develop them and reward them to boost their performance and retention.

Role of HR and strategies formulated by them are vital for modern organizations. According to [1] major focus of HR while creating HR strategies should be on

- ✓ Create a culture at corporate level to improve the individual performance
- ✓ Rewarding employees will increase employee commitment towards organization and this will directly help in reaching organizational goals and objectives
- ✓ Developing skills and positive attitudes in employees will help the employees to perform their job more efficiently
- ✓ Making available all the necessary resources to the employees to perform their job well

LIMITATIONS OF THE STUDY

- Due to time and distance constraints this research only three major emirates of UAE that included Abu Dhabi (Al Ain region), Dubai and Sharjah.

SCOPE FOR FUTURE RESEARCH

There is a wide scope for further research. Research can be tested on a large sample, different factors on enhancing employee performance can be included and can be tried on firms with foreign investments in UAE and also be extended to between and within cultural samples.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

BIBLIOGRAPHY

[1] Bratton and Gold (2007). *Human Resource Management*, Palgrave Macmillan, 4th Edition

[2] Dorfman, P., Hanges, P. J., & Brodbeck, F. C. (2004). *Leadership and cultural variation: The identification of culturally endorsed leadership profiles*. R. J. House, P. J. Hanges, M. Javidan, P. Dorfman & V. Gupta (Eds), Leadership, culture, and organizations: The Globe study of 62 societies (pp. 667–718). Thousand Oaks, CA: Sage

[3] Guldenmund FW, Chen M, Cleal B and Mearns K, (2010). *The relationship between accidents of foreign workers and their cultural background; an exploratory study*. Delft University of Technology—Safety Science Group, Delft. (TUD).

[4] Steven H. Appelbaum, Michel Roy, Terry Gilliland (2011), Globalization of performance appraisals: theory and applications, *Management Decision* Vol. 49 No. 4, 2011 pp. 570-585

[5] Kaiser, H. F. (1974). An index of factorial simplicity. *Psychometrika*, 39, 31–36..

[6] Hutcheson GD, Sofroniou N. (1999), The Multivariate Social Scientist. London: Sage; *Factor Analysis*; pp. 224–225

[7] Plessies Andries J.D.(2009), An Overview Of The Influence Of Globalisation And Internationalisation on Domestic Human Resource Management In New Zealand, *International Review of Business Research Papers*, Vol.5 N0. 2 March 2009 Pp. 1-18

[8] Zeynep Aycan, Rabindra Kanungo, Manuel Mendonca, Kaicheng Yu, Jurgen Deller, Gunter Stahl and Anwar Kurshid (2000), Impact of Culture on Human Resource Practices: A 10 Country Comparision, *Applied Pshychology, An International Review*, 2000, 49 (1), 192-221.

[9] Malcolm Higgs (1996), Overcoming the problems of cultural differences to establish success for international management teams, *Team Performance Management: An International Journal*, Vol. 2 No. 1 1996 Pp. 36-43, MBC University Press 1352-7592

[10] Jasim Al-Ali, Himanshu Kumar Shee and Patrick Foley (2008), Structural Barriers to Emiratisation: Analysis and Policy Recommendations

[11] Geoffrey W.Latta, Slobhan Cummins (2007), Human Resourece Strategy, The growth of expatriate assignments in to the Middle East, *World At Work Journal*, Qty