

9 Globalization and Cross Culture: Issues and Challenges in IT Sector: A Case study on Infosys Technologies

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Abstract

The term 'Globalization' has been used to describe and explain many worldwide phenomena. As per Social theorist, the process of globalization is a series of "flows" consisting of ideas, finances, political beliefs and people moving around the world in unprecedented speed and volume. As the world becomes increasingly interconnected, different cultures and their particular values come into closer contact. With the opening of the world economy the need for understanding the cross cultural issues in human resources practices are essential for organizational integration, worker commitment, workplace flexibility, efficiency, innovation and quality. Today the IT industry is of global in nature with diverse workforce facing lot of challenges and issues. This paper attempts to analyze the various issues connected with globalization and cross culture with specific reference to Indian IT Sector.

Key words: Globalization, Cross cultural issues, Organizational integration, diversity and HR practices.

Introduction

In today's globalized economy Mergers and Acquisitions (M&A) have become one of the strategies for the business growth and expansion. The reasons for such M&A may be for accessing new markets, maintaining growth

or developing new products or improving margins or taking on global competitions

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Evolution of HRM

Human resource is the most valuable asset of an organization [Kleynhans 2006]. Employees are vital for the effective functioning of an organization. Before two to three decades ago, HRM was mainly meant to conduct company picnics, retirement parties, scheduling vacations etc. This has changed to a very large extent and today it has become the critical function which could contribute in enhancing employee productivity [Decenzo 2009]. Human resource

management has undergone sea change from purely welfare approach to strategic approach.

Globalized organizations have come up with strategies to manage the complex system spreading over cross countries and have designed Human Resource Management procedures and policies in order to ensure effective utilization of human talent. HRM must be seen under a global perspective and placed in a wider business context in order to meet the upcoming needs.

More over productive and innovative people, to work in flexible environment are vital for the success of the organization. Also the management of the company should be able to cope with multicultural conditions. Culture occupies a prominent place in the successful conduct of international business and international HRM. Countries differ in many perspectives like history, values, beliefs, language and even laws which could provide a unique identity to a country. But all this can be under a single name as 'culture'.

Globalization has demanded the employees to work on international assignments. The human resource management faces some fundamental challenges in the international business context. They can be both general and specific to manage the company in globalized environment and in multiple countries with local work force first and foremost we require a set of governing procedures and cross cultural training. A large amount of research has been conducted by eminent scientists in the field of cross cultural training.

Issues and challenges

The issues and challenges of multicultural environment can be classified in the following heads:

Job Expectations

Fitting the characteristics of employee with the Job

Corporate Governance

Selection and Training.

Varied Job Expectations

The HRM policies and practices in multi-national companies will be having a major impact on their employee morale and future career, which is mainly a large portion of their employees come from outside the home country. So the employees from the host country and the expatriates have varied job expectations. Thus it is the duty of the management to devise the policies in such a way that which could satisfy both employers and employee. Hence it's not exaggerating to say that the global success of almost every company depends upon the policies and procedures implemented by its HR department.

Fitting Expatriate Employee

Expatriate management is a major issue of most multi-national companies. Measuring the performance expatriates is difficult and the most *expensive*. The primary task ahead of most expatriate researches is to find a fit between environmental demands and the characteristics of expatriate employees during an overseas assignment.

Corporate Governance

Cultural disparities are the most challenging task for corporate governance. Multi-national companies face cut-throat competition with their rivals on the competencies and talents of their human capital. The employees of these organizations thus have to work across their national borders on many cross-national job assignments. Such international assignments can be quite challenging for these individuals as they are outside their comfort zones.

Selection and Training

Among the two specific HR functions that promote cross-cultural effectiveness among expatriates are selection, training and development. Cross cultural management emerged after the second world-war when the multinational companies started to be interested in effective management of their workforce in other countries. Cross-cultural management can be viewed as the application of knowledge about cultures in the practice of international management.

For working as an expatriate, an individual must possess some skills that would influence his work performance over there. A skill is defined as the ability to perform the task which is related to functional goal of the organization. The cross-cultural management skills would equip an individual to cope with cultural challenges that could be faced when working on an international assignment.

Strategies for managing cultural differences

How the companies manage the different cultures in their organization?

Companies follow different strategies to manage the cultural differences. **Adler (1997)** has identified three strategies for managing cultural differences.

- + Ignore cultural differences - Managers do not recognize cultural differences or its impact on the organization. (**Ethno Centric organization**)
- + Minimize cultural differences (**Parochial type of organizations**): Such type of organizations tries either to select a culturally homogenous workforce or to attempt to socialize all employees into the behavior patterns of the dominant culture.

- + Manage cultural differences (**Synergistic Approach**): Managers using synergistic approach believe that "our way and their way of behaving and managing differ, but neither is superior to the other". Creative combinations of our way and their way may be the best approach to organizing and managing. By adopting synergistic approach, managers and employees minimize potential problems by managing the impacts of cultural diversity, not by attempting to minimize the diversity itself.

Indian IT Sector

Today the IT industry is of global in nature with diverse workforce facing lot of challenges and issues. India's software sector presents the case of an internationally competitive high-tech industry in the context of a rapidly developing economy. India's exports of software services accounted for US\$128 million in 1990-91 which increased to \$8.3 billion in 2001, \$18.3 billion in the year 2010-11 and \$21.4 billion in the year 2011-12 (RBI). The industry exports of services, which started at the low end of data feeding and onsite projects in the early and mid-1980s, moved up the quality ladder to encompass offshore development, niche products, and software consultancy services by the beginning of the millennium. Almost all the major US and European Information Technology (IT) firms have set up software development and R&D Centers in India, especially in Bangalore. The competitiveness of the industry is generally attributed to the low cost of scientific and engineering manpower coupled with strong English language skills. The industry has been able to achieve export competitiveness without a domestic market base and despite inefficient input industries and infrastructure. With its colonial heritage, India has legislative and financial systems that tend to fall within the comfort zones of the West, a large workforce who are conversant with the English language, and an independent media. The caste system,

British colonization and post independent socialism, have been influential forces in shaping India till the time of liberalization in the 1990s. Against this background is the tension emanating from the opening up of the economy where competence is slowly gaining ground against the commitment to caste relationships, and a super competitive environment is resulting in more transparency, less bureaucracy and a move towards professionalism.

With the unique social, cultural, political, legal and economic surroundings of India, the management of human resources in Indian context is challenging due to its complex and demanding nature. However, starting from 1990's the Indian economy has responded favorably to various reforms and India has emerged one of the strongest markets world over.

Case analysis of Infosys

Growth of Infosys

Infosys Technologies is one of the few Indian companies that changed the way the world looks at India. It is now perceived as an economic giant to reckon with, bursting with brilliant software engineers and ambitious entrepreneurs. Infosys is a global leader in consulting, technology and outsourcing solutions. As a proven partner focused on building tomorrow's enterprise, Infosys enables clients in more than 30 countries to outperform the competition and stay ahead of the innovation curve. With US\$7.906bn in LTM Q2 FY14* revenues and around 1, 50,000 employees, Infosys provides enterprises with strategic insights on what lies ahead.

The company has nearly 150,000 employees spread across 77 cities and 32 countries. The work force consists of employees of 89 nationalities. The company has 34.7% woman employees as a part of total workforce. Talent

diversity is the key for propelling growth of Infosys. Infosys has a growing global presence worldwide, across 73 offices and 94 development centers in the United States, India, China, Australia, Japan, Middle East, and Europe

In 1981, seven engineers started Infosys Limited with just US\$250*. The idea of Infosys was born on a morning in January 1981. That fateful day, N R Narayana Murthy and six software engineers sat in his apartment debating how they could create a company to write software codes. Six months later, Infosys was registered as a private limited company on July 2, 1981. Infosys co-founder N S Raghavan's house in Matunga, North-central Mumbai, was its registered office. It was then known as Infosys Consultants Pvt Ltd. Over the period Infosys has grown manifold.

From the Table 1 given in annexure it is observed that the Revenue has grown from \$4804 million (2009) to \$6994 million (2011) over the three years (2009-2012). The average growth of PBT is 14.3% Revenue 21.7% and the market Cap 20.5%

Infosys and diverse culture

The company has nearly 150,000 employees spread across 77 cities and 32 countries. The work force consists of employees of 89 nationalities. The company has 34.7% woman employees as a part of total workforce. Talent diversity is the key for propelling growth of Infosys. [Annexure 1: Table 2 and 3]. Infosys has a growing global presence worldwide, across 73 offices and 94 development centers in the United States, India, China, Australia, Japan, Middle East, and Europe.

At Infosys, responsibilities also extend beyond business. That's why the company established the 'Infosys Foundation' to provide assistance to some of the most socially and economically depressed sectors of the communities.

ABBS

Such Diverse and Multicultural work force create greater challenge and issues. Infosys addresses these issues and challenges by-

- a) Adopting good HR practices, through good governance, HR practices and career options.
- b) By building employee talents through 'Build my talent' programs
- c) Create inclusivity across Global community of employees through communication and smarter interface. To employee satisfaction and productivity.
- d) Energizing leadership by building and training senior leadership in strategic focus areas, business transformation, product innovation and out sourcing, equip to lead and manage workforce.
- e) Build and implement frame work for greater agility in decision making and enhancing efficiencies.
- f) Infosys has developed grievance mechanisms to tackle issues related to employee grievances and work force harassment and other issues[See Annexure Table 4]

g) Employee resource group: Infosys works towards increasing 'Employee motivation' and their ability to collaborate, and innovate with internal and external stakeholders to have positive business success through inclusivity and diversity programmes. Some of the programmes on cross cultural which educates employees about the values and cultural ethos practiced at a specific Infosys locale, this is done through innovative and common campaign channelized through live events, intranet, corporate T V Channel, Mailers and posters are used. Most recent assimilation program was done for Switzerland and Germany.

h) Training and development:

Cross Cultural Management in Global Business

Infosys designs training programmes towards enhancing the skill levels of its employees. The following table shows number of employees undergone with different training programmes.

Program	2011-12	2010-11	2009-10
Technical	604490	104,715	163971
Soft skill	133961	36525	55528
Project management	2556	2274	2754
Participation in person days	2011-12	2010-11	2009-10
Technical	1,856,550	1,652,016	3,29,617
Soft skill	1,15,540	36,440	37,270
Project management	4,132	4,131	3,679

Source: Infosys sustainability report 2011-12

The cross cultural training that is conducted in Infosys includes training for the following.

- Cultural acclimatization and Understanding.
 - Client business and organization overview.
 - Technical processes and systems specific to the client.
 - Creating proper interactions with the client.
- Apart for the training provided to the employees Infosys also has a communication mechanism that enables its business and strategic partners to:
- Understand the exterior and Trans-country processes
 - Understand their business and offshore associates
 - Work upon the various skills and continuous improvement of strategies.

Work life balance: Infosys through its HR policies supports work life balance and inclusivity. Some of the measures under its HR policies are as below.

- Paid maternity leave
- Extended maternity leave
- One year child care sabbatical
- Paternity leave
- Part time flexi hours
- Sabbatical for volunteer work/Higher education
- Work option from satellite offices.

Systems for health assessment and life cycle enrichment: The health assessment and life cycle enrichment (HALE)-Initiative focuses on adding values by optimizing their Health, Quality of life and Work environment.

Anti - tobacco campaign to change employees and quit smoking, program is organized across campuses.

HALE-safety weeks are conducted

HALE- diabetic camp is conducted. Chat sessions are arranged with endocrinologists. Employees share their health concerns.ala

HALE-Health weeks; with focus on cardiology, ergonomics and fitness, ophthalmology, dermatology and nutrition areas. Over 68,200 employees participated in on line chat sessions with medical experts.

Promoting community empathy: Infosys provides a platform through which employees can express their concern for society and environment. It advocates for individual corporate social responsibility. Decentralizing corporate social responsibility makes employees feel more empowered and makes activity localized and leads to employee satisfaction. Employees can contribute their personal time and money to projects of their choices. Sabbatical opportunity is created to provide employees with a platform for their personal aspirations related to social service can be

addressed. Sabbatical policy makes it possible for employees to get involved in community development projects while receiving monetary support from company and the choice to come back to normal work schedules on successful completion of projects in a time frame of 6 months to one year.

Conclusion

Globalization is linked to the growth of social and cultural interconnectedness and embraces geographical and political boundaries. Cross cultural diversity with globalization opens lot of opportunities for development by introducing and establishing cross cultural values among employees of the company. Due to the increasing complexities in personal and workplace managing human resources has become a challenging task. Globalization and workforce are the order of the day, those organizations which recognize global movement of workforce as positive phenomena will benefit. Hence, it becomes imperative to organizations world over to keep in mind these cross cultural issues and challenges, if they want to remain globally competitive. Global companies must develop long term intervention strategies by giving equal opportunities to workforce. They have to embrace flexibility, understanding, acceptance, and adapt to local ground realities.

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Website

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Annexure

Table 1 Financial performance of Infosys

Financial Determinants	2009	2010	2011	Average
NP	1313	1499	1716	Growth %
PBT	1669	2046	2410	14.315
M Cap	33747	41625	32349	20.515
Revenue	4804	6091	6994	21.17

Source: Infosys sustainability report 2011-12(Figures are in US Million dollars)

Table 2: Age wise distribution of Employees

Age wise	2012				2011				2010			
	Male	Female	Total	Female %	Male	Female	Total	Female %	Male	Female	Total	Female %
<30	71508	45460	116,968	38.87	61217	37693	98910	38.11	58540	33889	92429	36.66
31-50	25681	6537	32218	20.29	24893	6405	31298	20.46	16916	4025	20941	19.22
>50	653	155	808	19.18	494	118	612	19.28	334	92	426	21.6
Total	97,842	52,152	149,994	34.77	86,604	44,216	130,820	33.8	75,790	38,006	113,796	33.4

Source: Infosys sustainability report 2011-12

Table 3: Role wise distribution of employees in Infosys

Level/role wise	2012			2011			2010		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Associate	45994	34237	80231	41789	29240	71020	39473	26831	66304
Middle	35357	15325	50682	30290	12860	43150	22961	9198	32159
Senior	16068	2560	18628	14148	2095	16243	13065	1956	15021
Top	423	30	453	377	21	398	291	21	312
Total	97,842	52,152	149,994	86,604	44,216	130,820	75,790	38,006	113,796

Source: Infosys sustainability report

Table 4: Employee Grievance

Employee concerns & grievances	No of issues raised
Work place Harassment	15
Workplace concerns	173
Other issues	41
Total issues reported	229
No of issues rejected	28
No of issues resolved	201

Source: Infosys sustainability report