

DIVERSITY MANAGEMENT IN GERMAN AND INDIAN MANUFACTURING COMPANIES

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ABSTRACT

Medium sized manufacturing German companies are expanding their operations to emerging industrial economies in India. As cross-cultural research studies involving German and Indian organisations are rare, this paper focuses on diversity management in manufacturing companies. The research explored German and Indian managers' differences in perception of the diversity management practices in their companies. Sixty-four German managers and seventy-seven Indian managers employed in manufacturing companies, most of them in the automobile industry, responded to the diversity survey. Conclusions and interpretations are based on both quantitative and descriptive analysis of mean scores, whereas hypothesis testing was undertaken using Chi-Square calculations. The results of the quantitative analysis show no significant differences of perceptions among the two manager clusters and thus suggest, in general, the acceptance of the null hypothesis concerning diversity management in these contexts. Further qualitative analyses noted several trends in the perceptions of managers regarding diversity status and diversity related problems in the sampled companies. The findings highlighted that diversity is not viewed as problematic, although the managers' perceptions regarding diversity climate and diversity management competences of their companies diverge to a certain extent. The study shows that these differences are of a subtle nature and not as deep-rooted as it may be assumed to be.

INTRODUCTION

This research contributes to knowledge about diversity management practices in German and Indian companies and aims to assist such companies to value and manage diversity (Cox 1991; 1993). During the last decade, there was a notable increase in German organisations expanding their business operations to the Indian sub-continent and response to the liberalisation policy of the Indian government that supports foreign direct investment in India and promotes mutual trade (IGCC 2004). Germany now is India's fourth ranked trade partner and this trade gap points to untapped business opportunities. This research aims to investigate diversity management practices of German and Indian companies in order to assist managers in international and multinational corporations to understand the context in which they manage their human resources.

Companies operating in multicultural environments need to have strategic international HRM (SIHRM) to perform well (Schuler, Dowling & De Cieri 1999). There is a role for diversity management in this SHRM model (Nankervis et al. 2002) and diversity management has an impact on human resource (HR) plans, HR strategy or business strategy (Erwee in Wiesner & Millett 2003). In the context of increasing internationalisation of businesses and expansion where interactions among socially and culturally differing people occurs, HR managers could

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increase individual and group commitment to organisational goals by creating a conducive diversity climate (Cox 1993). Diversity management practices improve overall organisational performance. Many studies about HRM practices in Germany and India are country focussed and explain past and current HRM practices (Geringer, Frayne & Millmann 2002; Von Glinow et al. 2002). In the case of diversity management practices, there is no standardised term yet for 'workforce diversity' in the German language and this contributes to an under-representation of diversity research. This study investigates to what extent current theory and managerial practice about diversity management is applied in German and Indian manufacturing organisations.

Overview of diversity research

Kramar (1998) identifies four notions of diversity management, namely managing differences and similarities of individuals, managing differences and similarities within a collective, the process of managing 'inclusion' rather than assimilation of differences in a dominant culture, and specifying the dimensions of diversity. Race, gender and age are defined as *primary dimensions* of diversity, whereas *secondary dimensions* refer to human factors that can change, for example, religious belief or educational level. According to Kramar (2001) diversity is managed at three levels in organisations, namely at strategic, managerial and operational levels. Building the desired organisational culture, improving management systems and developing leadership competences are described as actions taken at strategic level. At managerial levels it involves designing HR policies to support values and the desired culture and at operational levels it involves implementing the policies and processes developed (Kramar 2001).

In contrast, Awbery (2007) focuses on the concepts of vertical and horizontal diversity. Vertical diversity evaluates difference as superior or inferior, whereas horizontal diversity treats difference as variation. Organizational paradigms of assimilation and separation are based on vertical diversity and treat diversity as a problem to be solved. Assimilation solves it by submergence of difference, and separation by isolating difference. Often organizations in the United States take a benevolent assimilation approach to diversity (Awbery 2007). However, research shows that assimilation does not engage diversity in ways that promote learning, creativity, and organizational effectiveness. Awbery (2007) argues for a relational re-conceptualization of diversity as horizontal, and recommends that diversity paradigms should be integrated with diversity perspectives, levels of self-representation, and uncertainty and certainty orientations.

Diversity in organisations

Links between SHRM and diversity management One view of strategic human resource management acknowledges people as strategic resources and confirms that 'the objectives of SHRM are governed by business strategy and corporate strategy is the driver of HR strategy' (Erwee 2003). In practice, this could mean that any change of organisational strategy would result in adaptation of HRM policies to ensure optimal interaction and co-ordination of knowledge and skills of people—an 'accommodative' linkage strategy (Nankervis, Crompton & Baird, 2002). A second perception is that SHRM has a strong say in shaping organisational strategy, and HRM specialists can contribute information about, for example, availability of skills and competencies, abundance and redundancy of human resources and other labour market data that are of critical value in the process of strategy formulation. This approach is called an 'interactive' linkage (Nankervis et al. 2002). The third set of views appears in the multinational context. To be successful and to sustain competitiveness, multinational

organisations have to gain strategic control over their dispersed operations. Effective strategic international human resource management (SIHRM) can support the strategy implementation process. SIHRM focuses on cross-cultural and diversity management issues in continuously changing conditions. Multinational firms need to integrate their strategic activities and SIHRM policies and practices. Schuler, Dowling and De Cieri (1993) emphasise the necessity of integrating the SIHRM framework and strategic focus since these have reciprocal influences on the goals and concerns of multinational organisations. This perspective is referred to as a 'fully integrated' linkage (Nankervis et al. 2002).

Managing diversity means valuing people's differences and identities as strengths and is directed to achieving organisational outcomes (Kramar in Wiesner & Millett 2001). It is a strategic human resource domain and the HR department has the prime responsibility for formulating diversity-related management policies, and also inducting line managers to ensure effective implementation. However, without the conviction and commitment of senior management, and in the absence of leadership and organisational policy (D'Netto, Smith & Da Gama Pinto 2000), stand alone strategies and programs of HR managers can fail. Acknowledging the advantages of human diversity, and creating and upholding diversity awareness among the workforce through various interventions, are critical success factors for multicultural organisations.

Organisations can develop various strategies and programmes to value and manage diversity. Diversity awareness and skill-building training can create understanding of the importance and meaning of diversity and increase awareness about cross-cultural insensitivity (Erwee 2003). Diversity programmes aimed at increasing representations of minorities and groups based on personal characteristics, coupled with adherence to diversity legislation such as EEO and Affirmative Action, help the process of transformation from monocultural to multicultural entities (Cox 1991; 1993). Employees and employers need to be informed about the cost and consequences of non-compliance with anti-discrimination rules. Visible involvement, dedicated commitment and strong support from leaders and senior management pertaining to diversity issues could impart credibility to diversity policies and practices. Finally, as globalisation forces facilitate the blending of people from distinct cultures, organisations will have to more intensively address the impacts of national and organisational culture. Thus, research into the beliefs and behaviours of their employees, and evaluating their outcomes, help to set diversity benchmarks that could become management processes for future oriented multinational organisations.

The research question for this study is

What are the diversity management practices in German and Indian manufacturing companies and how do they differ?

The above question raises a number of research issues and the following are relevant to this study of German and Indian manufacturing companies.

- What are managers' perceptions of the diversity climate in German and Indian firms?
- What are the differences in perceptions of the diversity climate among German and Indian managers?

Diversity dimensions in India

India is normally described as a collectivist society, however, some research findings indicate that, ‘this typically Indian collectivism is directed overwhelmingly towards the family and to a very little degree toward other groups’ (Braasch 2000, p. 18). Hofstede’s (1993) earlier assessment depicted India as high on power distance; low on uncertainty avoidance; more masculine with strong affiliation to collectivism (Hofstede 1991). Companies in India have established personal and hierarchical corporate cultures, incorporating the values and traits of their workforce (Trompenaars & Hampden-Turner 1993).

In India, the secondary dimensions of diversity have decisive influences on organisational cohesion. Affiliation of individuals to specific religions or castes, their marital and parental status or language play a significant role in the process of developing relationships with superiors, as well as subordinates. The Indian workforce consists of over 400 million employees originating from 32 different states (Kapila 2003) that tend to be culturally and linguistically unique. Although two languages, Hindi and English, are used for official communication, about 2150 newspapers in 92 languages (Gopinath 1998) illustrate the complexity of the Indian linguistic landscape. The level of education of people from different states varies significantly as, for example the states from peninsular India have an aggregate rate of literacy above 70 per cent (Government of India 2005) compared to the national average of 65 per cent (Census 2001). According to Datt and Sundharam (2004), 54 per cent of women are considered literate which contrasts with another assessment of less than 30 per cent in two other populous states (Bennington & Mariappanadar 2001). Possible reasons for the gender based education gap in India (Kingdon 1998) are that male education is regarded as a parental investment and there is a gender biased labour market as there is only one per cent of college educated women in India (Velkoff 1998)—see Table 1.

Table 1. Geographic, economic and societal metrics of Germany and India

Demographic factors	India	Germany
Geographic Area (Tkm ²)	3287	357
Total Population (Million)	1027	82
Working Population (Million)	363	40
Unemployed Population (Million)	7	4
Rate of literacy (%)	65	94
Gross Domestic Product (Bill. Euro)	528	2108
Per Capita Income (Euro)	487	25500
Economic Growth (%)	6	1
Exports (Bill.Euro)	48	648
F D I - inflow (Bill. Euro)	4	44
National language	15	1
Religion	5	1

(*) - Figures based on 2000

Sources: Indian Economic Survey 2002-2003; Statistisches Jahrbuch 2003; Federation of Indian Chambers of Commerce and Industry 2003

The Indian population is composed of 82 per cent Hindus, 12 per cent Muslims, and Christians and the Sikhs and Buddhists are about one to two per cent (Bishop & McNamara 1998). Within the Hindu religious framework, there are four main castes—*brahmins*, *kshatriyas*, *vaishyas* and *sudras*—and several sub-castes whose members inherit the set of values, system of symbols, beliefs and behaviour patterns through a process of socialization which further compound this diversity dimension (Braasch 2000). As a secular state, freedom to practise religion is guaranteed by constitutional rights, and companies observe these rights as they accommodate the religious orientation of employees in their HR policies.

A large portion of Indian women occupy an inferior position in Indian society (Mayer 1999 in Patrickson & O'Brien 2001). However, women are gaining more access to basic and higher education and gender issues in organizations, thus becoming more relevant. Particularly, there is a significant increase of women in the workforce in urban cities (Datt & Sundharam 2004). The surge of knowledge based enterprises in service and manufacturing sectors creates more job opportunities for women. Concurrently, the mechanisation of industrial (Breman 1999 in Patrickson & O'Brien 2001) and agricultural work tends to marginalise women. Despite Equal Employment Opportunity being deemed a fundamental policy, enforcement practices range from full compliance to negligence. The Equal Remuneration Act (1976), applicable to all work sectors, does not serve the purpose of creating pay equality because of weak labour inspection machinery (Heggade 1998). Significant gaps in the earnings of men and women still exist and can amount to 24 per cent less pay in the private sector among full time employees (Patrickson & O'Brien 2001).

Although the ILO convention No. 138 is officially recognised, the illegal deployment of children below 15 years exists in several sectors. Children working in family undertakings or state funded institutions are not covered by the Child Labour Prohibition and Regulation Act (Bennington & Mariappanadar 2001) as these acts apply only to hazardous industries (Ganesan 1997). Child labour in non-hazardous sectors is widely tolerated and as many as 14 major pieces of legislation aimed to protect working children are flouted with the connivance of local bureaucracy (Palmke 2007).

As in many Western countries, the age group of 50 to 60 years is an issue in the context of workplace diversity (Datt & Sundharam 2004) as the statutory retirement age is 55 years in the private sector and 60 years in the public sector. Concepts such as seniority of service and company loyalty are superseded by dynamic adaptability to change, team cohesiveness, and profit and performance consciousness (Sudarshan 2003). Having explained some of the relevant diversity issues in India, the following section summarises diversity dimensions in the German context.

Diversity dimensions in the German context

Diversity issues in Germany and India are dissimilar as even after 40 years of separation and reunification, German society is still homogeneous (see Table 1). Trompenaars and Hampden Turner (1993) classify German industrial culture as hierarchical and highly task oriented. Hofstede's study of national culture indicates Germany as low on *power distance* which contrasts with a high score for India on this dimension (Hofstede 1991). In terms of *uncertainty avoidance*, German organisations operate in relatively stable and low risk conditions and German society is classified as more *individualistic* than Indian culture.

Workforce diversity issues in post-war Germany are largely embedded in the slow but steady inflow of migrant workers from eastern European and oriental countries. Roughly nine per cent (7.3 million) of the German population (82.3 million) are from foreign countries (Government Press 2000). About 1.75 million come from Europe, the most dominant group originating from Turkey (2.1 million, Government Press 2000). Some 26 per cent of this foreign population is under 18 years of age as compared to 9 per cent among native Germans (Government Press 2000).

German society has a common language, standardised education and training systems, through institutionalised practices of collective bargaining, comparative wages and salary equivalence exist at all levels. However, the extensive use of English in business, as well as in various societal contexts, is increasingly emerging as a discriminating issue for older and non professional employees. Turkish immigrants and guest workers constitute the largest foreign population in Germany (Statistisches Bundesamt 2004). They have a higher birth rate (the German birth rate is declining), and the introduction of the Turkish language in primary schools and as a medium of instruction for adult education are becoming contentious issues (Palmke 2007).

Even though Christianity is proclaimed as the state religion, the presence and influence of religion in organisations is minimal. The almost equal numbers—26.6 million Roman Catholics and 26.4 million Protestants—indicate the balance of their societal influences (Statistisches Bundesamt 2004). Nevertheless, religious affiliation is still considered an important recruitment and selection criterion in a number of Christian charitable, medical and educational organisations. A majority of the foreign population is Muslim workers from Turkey and other Arabic countries, therefore, in future, Islam can be conceived as a third religious force (Palmke 2007).

German women constitute about 44 percent of the working class, 55 per cent completing high school and 47 per cent ending up with academic degrees (Statistisches Jahrbuch 2003). The unemployment rate of women is more than 10 percent, higher than that of men at 9 per cent (Statistisches Jahrbuch 2003). Women's low representation in management and leadership positions is a sign of gender based discrimination and substantiates the notion of a glass ceiling. Promotion of women to higher management levels is used as examples of egalitarian practices (Brunstein 1995). Only 36 per cent of women in NRW work, a state with higher density of foreign nationals, while the national average is forty-four per cent. More than 12 per cent of immigrant workers are jobless (Statistisches Jahrbuch 2003). Providing dual citizenship to second and third generations of immigrants, facilitating freedom of religion and belief, enhancing media access to minorities and sponsoring of multicultural events is viewed by managers as appropriate steps to deal with organisational diversity (Palmke 2007).

The different dimensions of diversity in German and Indian society lead to the research issue, "What are managers' perceptions of the diversity climate in German and Indian firms?"

METHODOLOGY

Diversity management is a business process and the realism paradigm is appropriate to describe business constructs, to conduct research on international HR or diversity issues (Rowley & Benson 2002) and to accommodate the objective participation of the researcher (Guba & Lincoln 1994). This research uses predominantly a quantitative survey method, but also integrates qualitative information gathered in personal meetings.

The primary data source was German and Indian managers' responses to a diversity questionnaire modified from a diversity survey conducted by Erwee and Innes (1998) in the Australian context. Sections of this questionnaire were adapted to align with the Indian and German business environment. For example, the issue of skin colour becomes irrelevant in the Indian context, while religious orientation and linguistic factors are more influential and, hence, deserve more attention (Palmke 2007). The first section of the questionnaire refers to the *symptoms of diversity related problems*, the second section focuses on the *openness of companies towards change*, while the third deals with the *diversity management status of the companies*. In the first and second section, fifteen specific statements on the above dimensions are provided for respondents to express their opinions along a 5-point Likert scale. The third section contains eleven options, each consisting of a set of three statements relating to various aspects of organisational diversity, among them, individual and management attitudes and barriers to diversity. Respondents are requested to provide a single answer that they perceive as 'true' regarding their companies. The drafts of the questionnaire were presented to a research professional, two experienced HR managers and a peer for initial screening.

Reliability of Diversity questionnaire: The diversity questionnaire was trialled in South Africa and in Australia (Erwee & Innes 1998; Erwee et al 2000). The Cronbach Alpha values for each of the three sections in the previous study are 0.87, 0.79 and 0.73 respectively (Erwee & Innes 1998) and for *this study the values are 0,781, 0,861 and 0,693* to the Parts A, B and C respectively.

Process: The research focuses on the perceptions of HR managers and general managers of the sampled companies. Though the research was designed to collect data through conventional mailing, the initial response rate was low. It was then decided to interview managers and to request them to fill the survey questionnaires during the interview. Though the cost impact was considerable, the method ultimately minimised survey errors. Further, the researcher's language proficiency (four Indian languages and German) is a factor that also reduces the impact of misinterpretation of questions. Beyond this, measures such as second contacts (McDaniel & Gates 1999), which encourage the sample to respond, was also used. While the responses of managers to the questionnaire were the main source of primary data for quantitative analysis, relevant qualitative information from HR experts was also triangulated for drawing conclusions. Apart from these, secondary data were obtained from electronic media and similar research.

Sample: From the population of about 600 registered firms (IGCC 2003), 48 were selected as the sample. The German respondents consisted of 27 HR managers and 37 general managers. The Indian sample consisted of 37 HR managers and 40 general managers. It also needs to be acknowledged that some managers had overlapping functions. Most of the sampled companies (92%) are from automobile manufacturers or associated sectors.

Data management: Three questionnaires were discarded due to incompleteness and, as a result, 77 Indian responses and 64 German responses were considered for analysis. Data cleaning was done and the diversity variables were coded as **DP1...DP15** for diversity problems, **DS1...DS11** for diversity management status and **OC1...OC15** for openness to change. The mean values for the respective items were compared to interpret differences for research issues one to six. However, in cross-country studies, caution is recommended while

drawing conclusions based on mean differences alone, because respondents in different cultures may use different frames of reference for assessing their work experience (Cox, Lobel & McLeod 1991). For this reason, the independent t-tests are not included; instead the frequencies of ratings are evaluated to draw general conclusions. Furthermore, to test significant differences of perceptions between the managers, Chi-Square tests within the cross-tab functions of SPSS were used.

Limitations: As in all cross-country studies, the language used is critical for reliable results. The management cadre in Germany had good English language proficiency, but there were exceptions. This limitation also occurs in the Indian context, although the working population has sound English language skills. In those situations where the use of English appeared to be an impediment, questionnaires in German were provided using the method of back translation to eliminate misinterpretation of meanings.

RESULTS

Research Issue 1: What are the perceptions of diversity climate of managers in German and Indian companies?

To understand the perceptions of the responses of both samples to Part A of the Diversity questionnaire, *diversity related problems* (DP1-DP15) were examined. Table 2 presents the SPSS summary data for further interpretation and comparisons. About 85 percent of the Indian managers and 94 percent of the German managers note that diversity is present in their companies. The definition of diversity was constructed to cover a wide range of differences, and this could support the many positive responses to this question.

Table 2. Mean scores of diversity related problems

Diversity Variables Diversity related problems	German respondents (N=64) Mean score (SD)	Indian respondents (N=77) Mean score (SD)	Mean score Difference
DP1 – diversity in the staff composition	1.48 (0.713)	1.77 (1.025)	0.29
DP2 – complaints about other languages	3.94 (1.067)	4.06 (0.959)	0.12
DP3 – resistance of staff to working with other groups	4.08 (0.948)	4.27 (0.805)	0.19
DP4 – communicating difficulties due to use of accented foreign language	3.73 (0.996)	4.42 (0.848)	0.69
DP5 – communicating difficulties due to use of accented local language	4.14 (0.870)	4.36 (0.872)	0.22
DP6 – ethnic, racial or gender related slurs and jokes	3.81 (0.990)	4.13 (0.951)	0.32
DP7 – complaints about			

Diversity Variables Diversity related problems	German respondents (N=64) Mean score (SD)	Indian respondents (N=77) Mean score (SD)	Mean score Difference
promotion or pay related discrimination	4.22 (0.826)	3.34 (1.269)	0.88
DP8 – lack of social interactions between diverse groups	3.63 (1.000)	3.58 (1.068)	0.05
DP9 – increase of grievances from members of non mainstream groups	4.31 (0.889)	3.77 (1.111)	0.54
DP10 – difficulties in recruiting and retaining members of diverse groups	4.00 (0.836)	3.95 (0.902)	0.05
DP11 – open conflicts between diverse groups or individuals	4.38 (0.845)	4.14 (1.022)	0.24
DP12 – productivity problems due to misunderstanding of directions	3.72 (0.951)	3.79 (1.004)	0.07
DP13 – exclusion of people who are different from others	4.42 (0.851)	4.22 (0.821)	0.20
DP14 – barriers in promotions for diverse employees	4.39 (0.809)	4.16 (0.947)	0.23
DP15 – frustrations resulting from cultural differences	4.02 (0.951)	4.22 (0.821)	0.20
Aggregate means of all variables	3.88	3.88	

Source: Palmke 2007

Perceptions of Indian managers: In table 2, the Indian managers state that languages spoken or used at workplaces do not lead to difficulties in the communication process (see questions DP2, DP4 and DP5, $x > 4.0$), despite the linguistic variety of the Indian workforce. About 72 percent of managers indicate that *productivity problems* (DP12) based on language deficiency do not arise, supporting the notion about the language proficiency of their employees.

The majority of the Indian managers (83 percent) do not experience *resistance of staff to work in or with other groups* (DP3: $x = 4.27$) and a vast proportion of them (79 percent) consider *open conflicts between individuals or groups from diverse groups* (DP11: $x = 4.14$) as non-existent. Likewise, they are convinced about their company's principles of treating people equally and strongly negate *exclusions of diverse people* (DP13: $x = 4.22$) and

existence of any *barriers for their promotions* (DP14: $x = 4.16$). Yet, their ratings to complaints about *discrimination in promotion practices* (DP7) and *grievances of non-mainstream groups* (DP9) are lower (DP7: $x = 3.34$; DP9: $x = 3.77$).

Managers are also not often confronted with complaints about *ethnic or gender related jokes* (DP6). Furthermore diversity does not appear to be a constraint when it comes to *recruitment and retention of employees* (DP10) and differences in culture seem not to conjure any form of *frustrations among employees* (DP15).

Perceptions of German managers: While almost all (94 percent) German managers recognize workforce diversity, they do seem to realise some language based constraints as a relatively low score exists for DP12 relating to productivity problems due to misunderstanding of instructions. However, respondents tend to refer primarily to the blue collared or shop floor workers, and migrant workers in Germany often are blue-collared.

Bantering or joking about ethnicity, race or gender are not perceived as problems. A majority (81 percent) indicates that working groups containing people of different origin and gender does not provoke resistance or reservations among group members. They tend to believe that differing cultural backgrounds neither cause frustrations nor lead to the exclusion of minorities from the mainstream (DP13- *exclusions of diverse people*. $x = 4.42$. and DP15 - *frustrations among employees from cultural differences* $x = 4.02$; DP9 - *grievances of non-mainstream groups* $x = 4.31$; 84 percent) or to *open conflicts among diverse groups* (DP11 $x = 4.38$; 90 percent).

German managers recognise that their company practices are governed by egalitarian principles of fairness and equal opportunities to all employees. Nearly 86 percent of the managers mention that career development is open for all, whereas 84 percent of them refer to unbiased pay and promotion practices for all employees in the organisation (see *complaints concerning pay and promotion related discrimination* DP7; $x = 4.22$; *promotion barriers* DP14; $x = 4.39$).

Research Issue 2: What are the differences in perceptions of the diversity climate among German and Indian managers?

To understand the perceptual differences between the two samples regarding the diversity climate, the rating frequencies of the three possible options in Part C of the Diversity questionnaire—*diversity management status*—were analysed. In this section the assumption is that of a null hypothesis, that is, there is no difference between German and Indian samples on the diversity survey and the following null hypothesis is formulated.

H_{30} *There are no significant differences in perceptions of diversity climate among German and Indian managers.*

It is likely that the preceding section conveys a coherence of perceptions among German and Indian managers. Several means, values and frequency scores of the responses to problems related to diversity (Part A) fall within a narrow bandwidth. Also the Chi Square values for all variables (in diversity questionnaire Parts A and C) are below the critical values for the given degrees of freedom indicating that *there are no significant differences in perceptions of*

diversity climate. An extract of the Chi square values for the variables discussed below is presented in table 3.

Table 3. Extract of the results of computed Chi-Square test

Diversity Variables	Chi-square -computed- χ^2	Chi-square -critical- χ^2	df	Asymp.Sig 2-sided
Diversity related problems				
DP4 – communicating difficulties due to use of accented foreign language	13.917	16.919	9	0.125
DP7 – complaints about promotion or pay related discrimination	12.899	21.026	12	0.376
DP9 – increase of grievances from members of non mainstream groups	6.638	21.026	12	0.881
DP12 – productivity problems due to misunderstanding of directions	7.017	16.919	9	0.635
Diversity management status				
DS1 – dress codes	1.654	9.488	4	0.799
DS3 – flexibility of company norms	8.355	9.488	4	0.079
DS10 – accountability of managers	4.945	9.488	4	0.293

* $p \leq 0.05$ $p \leq 0.01$ none of the computed values are significant, hence no * or **

Source: Palmke 2007

Even with this, the study detects some trends which need to be understood and explained. For example, in the previous section it was asked to what extent managers acknowledge complaints and grievances (DP7) from diverse groups. Although a majority of both groups report complaints about discrimination as ‘*not really present*’ or ‘*not at all present*’, there is some variation in terms of their degree of acceptance (German 84 percent, versus Indian 53 percent). This perceptual disparity is confirmed when noting the perceptions of the ‘*present everywhere*’ or ‘*present to certain extent*’ scores of the respective groups. About five percent of the German managers seem to register such complaints, while more than 35 percent on the Indian side encounter cases of discrimination. Perceptual differences can also be noted while reviewing the scores for grievances from non-mainstream members (DP9) in Part A. The responses to diversity management status in Part C help to identify more discrepancies.

Trends in perceptions relating to diversity management status

Part C of the Diversity questionnaire pertains to the diversity management status of the companies and uses a nominal scale. Comparing only the means of the responses would be inappropriate to identify differences. The respondents merely mark their best choice and do not express their degree of consent as in the previous sections. The three statements are numbered in an order so that the highest number also depicts the highest diversity awareness. Or, a respondent marking the third statement for all the 11 frames recognizes the management

practices of his or her company as most pertinent to diversity awareness. In other words, a specific relationship between the choices and diversity management status is designed in the questionnaire. So referring to the distribution pattern was a more reliable approach to ascertain differences of perceptions. Table 4 displays the distribution pattern of eleven variables (DS1 – DS11) related to diversity management status.

Table 4. Frequencies of diversity management status

Diversity Variables	German respondents (N=64)			Indian respondents (N=77)		
	Option 1 (%)	Option 2 (%)	Option 3 (%)	Option 1 (%)	Option 2 (%)	Option 3 (%)
DS1 – dress codes	14.1	54.7	31.3	49.4	40.3	10.4
DS2 – family and parental issues	10.9	57.8	3.3	22.1	51.9	26.0
DS3 – flexibility of company norms	23.4	32.8	43.8	46.8	33.8	19.5
DS4 – meeting EEO guidelines	4.7	59.4	35.9	7.8	64.9	27.0
DS5 – management priority	23.4	12.5	64.1	28.6	16.9	54.5
DS6 – people’s attitude to diversity	7.8	79.7	12.5	28.6	37.7	33.8
DS7 – diversity in all staff levels	9.4	29.7	60.9	14.3	23.4	62.3
DS8 – diversity training programmes	25.0	67.2	7.8	42.9	44.2	13.0
DS9 – accountability of managers	75.0	x	25.0	67.5	7.8	24.7
DS10 – accountability of managers	12.5	25.0	62.5	22.1	31.2	46.8
DS11 – religious affiliation, conservatism and uniqueness	x	9.4	90.6	1.3	14.3	84.4

Source: Palmke 2007

In Table 4, almost half of the Indian respondents (49.4 percent) confirm that there is a standard way of dressing in their company (*dress codes* - DS1), whereas just 14 percent of German managers think so. Nearly a third of German managers feel that people are free to wear varieties of dress at work, while very few (10 percent) Indian counterparts observe this. Despite these differences, caution needs to be exercised as the questionnaire does not differentiate between office staff and shop floor workers.

Responses to the *flexibility of the company norms* (DS3) to accommodate diversity needs also differ. Effective diversity management means keeping company norms flexible. For 43 percent of the German managers their norms are flexible enough to address all employee concerns. Indian managers do not endorse this and 46 percent regard norms as rigid and believe that their companies demand newcomers adapt to the existing norms.

An overall consensus about upholding and fulfilling the EEO guidelines exists among all managers (DS4). When we turn to the responsibility of managing diversity (DS5), the majority of managers recognize this as a part of every manager’s tasks and duties. Under this precondition, there is a propensity to predict that people in both countries value and cultivate diversity. However, only 12 percent of the German managers associate the aforementioned status with a highly developed diversity awareness of their staff, namely that they value and cultivate diversity (DS6). Most of the German managers (79 percent) attribute this situation to the willingness of their staff merely to tolerate differences.

Indian managers seem to perceive their status more pragmatically (see Table 4). Over a third of all managers express their belief that diversity is valued and cultivated in their organisations. About 37 percent believe that this is due to the efforts of the people to tolerate and accommodate needs of diverse groups. The remaining 29 percent overtly concede that

people deliberately downplay and ignore human heterogeneity. In comparison, a small percentage of the German respondents agree that people deliberately downplay and ignore human heterogeneity or think that that they are not so different.

Turning to training programs (DS8), its purpose is also perceived differently by the two groups. Indian companies seem to have an ethnocentric orientation as about 43 percent of the managers feel that their training programs are designed to teach company culture and values. This conservative approach is shared only by 25 percent of the German managers. Also, there is a large perceptual gap among Indian and German managers who feel that their training programs focus on building competence of diverse staff. Another striking finding is to what extent training helps effective communication across gender and cultural barriers.

Only about 8 percent of the German managers and 13 percent of the Indian managers attribute effective communication across gender and cultural barriers as the purpose of their training programs. The importance of communication in an organisational context seems to be underestimated by a majority of the respondents. And, finally, there seems to be differences in perceptions about accountabilities of managers. Though both groups identify building productive teams with diverse staff as a core responsibility of managers, their degree of recognition differs strongly. Another trend can be seen in the accountabilities of managers for diversity related practices (DS10). Even though the discrepancy is not as large as in the previous issue, almost two thirds of the Germans surveyed express that their company expects them to build productive work teams with diverse staff. Less than half of the Indian managers feel that they are held accountable for such diversity promoting practices.

Trends in perceptions about diversity related problems

In many cases, the frequencies of the five rating categories vary considerably between the two groups and referring to these figures discloses some subtle perceptual differences that do not surface through the statistical means alone. A good example is DP12 – *productivity problems*. About 30 percent of the German managers have a ‘*neutral*’ opinion, while only 11 percent of the Indian managers chose the neutral option. And while 72 percent of the Indian managers mark productivity problems as ‘*not really present*’ or ‘*not at all present*’, about 59 percent of German managers rate them so. Hence, to identify actual differences, besides the mean scores, the frequencies of ratings were also considered. Table 5 highlights the differences of rating frequencies *while indicating no significant differences based on Chi-square values*.

The responses of each set of managers are clustered into two groups (Group A = ‘present everywhere’ to ‘present to certain extent’ and Group B = ‘not really present’ to ‘not at all present’) to ensure proper use of Chi square test (Zikmund 2002).

Table 5. Extract of rating frequencies and Chi-square values of diversity related problems

Diversity Variables Diversity related problems	German samples (N = 64)		Indian samples (N=77)		Chi Square X^2 (df)	Asymp. Sig. 2-sided
	Group A f (%)	Group B f (%)	Group A f (%)	Group B f (%)		
DP4 – communicating difficulties due to use of accented foreign language	15.6	65.6	5.2	87.1	13.917 (9)	0.125
DP7 – complaints about promotion or pay related discrimination	4.7	84.4	35.1	53.3	12.899(12)	0.376
DP9 – increase of grievances from members of non mainstream groups	6.3	84.4	19.5	67.6	6.638(12)	0.881
DP12 – productivity problems due to misunderstanding of directions	10.9	59.3	16.9	79.3	7.017 (9)	0.635

* $p \leq 0.05$ ** $p \leq 0.01$ - none of the Chi square values are significant. hence no * or **

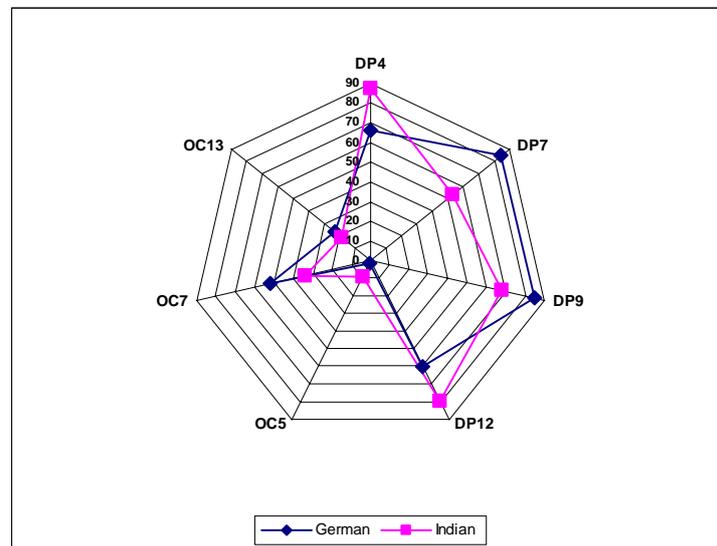
Group A = “present everywhere” to “present to certain extent”

Group B = “not really present” to “not at all present”

Source: Palmke 2007

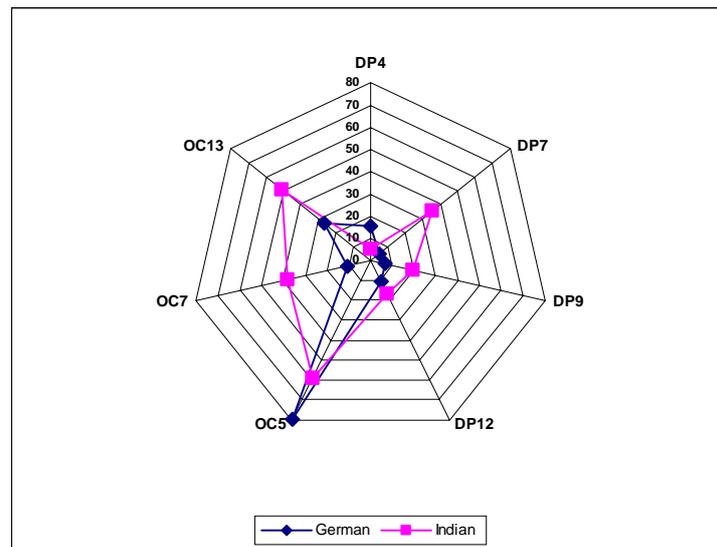
The productivity problems (DP12) may have various causes. Lack of proficiency in spoken and written language at workplaces is one personal factor. Indian and German managers perceive impacts of linguistic diversity (DP4) differently. They also have differences of opinion on complaints of discrimination (DP7) and grievances from non-mainstream groups (DP9). While about 85 percent of the German respondents denote the two issues as ‘*not really present*’ or ‘*not at all present*’, about 35 percent of their Indian peers articulate DP7 as ‘*present everywhere*’ or ‘*present to certain extent*’ and roughly 19 percent feel so relating to DP9.

The polar graphs in Figures 1 and 2 help to comprehend the differing profiles of the two research cohorts based on their rating frequencies. The profiles in Figures 1 and 2 are based on the frequencies in percentage. Figure 1 refers to negative ratings (‘*not really present*’ to ‘*not present at all*’ and ‘*seldom*’ to ‘*almost never*’) and Figure 2 refers to positive ratings (‘*present everywhere*’ to ‘*present to certain extent*’ and ‘*almost always*’ to ‘*to a large extent*’) of Part A and Part B of the Diversity questionnaire.

Figure 1 Diversity profiles based on rating frequencies in (%) of negative ratings

Source: Palmke 2007

One possible explanation for this response patterns (see Figure 1) could be the inadequate provisions in the sampled German companies for employees to lodge complaints against workplace discrimination. Such systems are more observed in Anglo-American organisations (Dessler 2002). While employee suggestion boxes are common, complaint boxes are seldom placed in German firms. Another reason may be embedded in the reluctance of migrant workers, more susceptible to discrimination, to complain about unfair treatment. In contrast, a much higher proportion of the Indian managers note *complaints of discriminations* and *grievances from non-mainstream groups* to be ‘*present everywhere*’ or ‘*present to certain extent*’ (see Figure 2) while very few German managers concede this. Nevertheless, proposing organisational cohesion in the German companies or workplace disharmony in the Indian companies based on these perceptual differences may be inappropriate and needs more research to draw meaningful conclusions.

Figure 2 Diversity profiles based on rating frequencies in (%) of positive ratings

Source: Palmke 2007

Table 6 exhibits the rating differences. Disparity of perceptions emerges in the responses to the dress codes (DS1). The analysis suggests that dress codes are more relevant in Indian companies (see Table 6), whereas very few German companies seem to prescribe dress codes (Option 1). The need for dress codes is seen mostly as a given for employees with client contacts. Although approximately half of the Indian sampled companies provide uniforms to their employees, clear trends amongst the Indian managers to permit informal or casual work dresses exist.

Table 6. Frequencies of diversity management status (Extract)

Diversity Variables	German respondents (N=64)			Indian respondents (N=77)		
	Option 1 (%)	Option 2 (%)	Option 3 (%)	Option 1 (%)	Option 2 (%)	Option 3 (%)
Diversity Management Status						
DS1 – dress codes	14.1	54.7	31.3	49.4	40.3	10.4
DS3 – flexibility of company norms	23.4	32.8	43.8	46.8	33.8	19.5
DS10 – accountability of managers	12.5	25.0	62.5	22.1	31.2	46.8

Source: Palmke 2007

The implications of the results are discussed in the next section.

DISCUSSION

Research Issue 1: Perceptions of diversity climate in German and Indian companies

The quantitative analysis shows that all sampled companies recognise diversity in one or another form and consider it as a normal state. The linguistic diversities in German companies seem to have more impact on work processes than in the multilingual Indian work environment. Further, managers in both countries report a low degree of social interactions between diverse members, but confirm cohesiveness in the workplace. Their opinions about

diversity integrating HRM practices and their accountabilities for diversity related issues in their companies seem to be different and, in some cases, contradictory. The following paragraphs discuss the status quo of diversity and related problems while the details of perceptual differences among managers about organisational diversity will be addressed in the next research issue.

Impacts of language, suggested as a secondary diversity dimension (Kramar 2001 in Wiesener & Millett 2003) are perceived in different ways by Indian and German managers. The Indian high mean scores for three language related variables demonstrate linguistic versatility of Indian employees, even though over fifteen official languages, different in script and sound, exist. Yet in the Indian context, difficulties communicating with others at the workplace are rare (Dwivedi 2002; DeNisi & Griffin 2006). The situation in German companies is different. While the majority of the Indian managers clearly negate language based productivity problems, only half of the German managers do so. Instructions are often misconstrued and dissemination of job related information poses problems for supervisors and managers. One reason for this occurrence is the significant number of migrant workers, most of them blue-collared, originating from culturally and linguistically different geographic locations (Statistisches Bundesamt 2004). The general notion is that the subcultures established amongst the 'Ausländer' prevent or impede them from learning German.

The majority of German and Indian managers believe that diversity does not restrict people from working together, nor does it provoke conflicts among diverse groups or individuals. A majority of the respondents deny the presence of systemic promotion barriers for diverse employees or their exclusion simultaneously and, therefore, confirm the integration of HR practices of their companies. HR practices with integrative perspectives assist organisations to attract and hire talent from diverse segments of the population (Kossek & Lobel 2001). They also substantially contribute to increased job satisfaction and support the continuity of the employment relationship (Nankervis et al. 2002; De Cieri & Dowling 1999; Bamber & Lansbury 1998). To a large extent the surveyed companies appear to be successful in recruiting and retaining members from diverse groups. Diversity-conscious HR policies are also designed to inculcate practices of tolerance and fairness to eliminate discriminating attitudes of the mainstream members. Perceptions of Indian and German managers seem to vary slightly in terms of the effectiveness of diversity practices. German managers are more often confronted with complaints about gender or race related joking and bantering than their Indian counterparts. The differences between German and Indian managers become more significant regarding pay and promotion related complaints and grievances from non-mainstream members. A partial explanation for this inconsistency of perception could be that the companies have well-established systems to manage overt discrimination complaints, but, concurrently, have seldom installed mechanisms to monitor concealed or latent discrimination. Discussions in the following research issue provide more insight about the perceptual differences of managers regarding diversity climates.

Finally, one needs to discuss the influences and consequences of cultural diversity. Some authors (Erwee 2003; Huo et al. 2002; Kramar 2001) focus on the positive influences of cultural diversity. In contrast Kochan and Bezrukova (2002) suggest that diversity in some cases may have detrimental effects on organisational performance. Asymmetries between organisational and national cultures can become impeding metaphors causing employee frustrations. The proposition in the current study is that organisational diversity in Germany is more complex as it encompasses opposite national cultures and is more difficult to

accommodate. Even with this, a very large portion of the German managers perceive cultural diversity as not problematic and that employee attitudes do not lead to frustration or reservations among workers. This perception is also shared by the Indian managers, although in this context one needs to recall that the Indian diversity dimensions are confined mostly to one nation and, thus, is easier to manage. Indeed, these findings may tempt one to assume a harmonious coexistence at workplaces.

Yet, a major proportion of the managers feel that social interactions among diverse groups are inadequate. While the majority of managers emphasise the absence of conflicts among, frustrations about and exclusion of diverse groups, only half describe their employees as socially engaged. Probably the dichotomy can be explained as readiness of the employees to tolerate human differences in order to accommodate organisational and individual needs while at work, but simultaneously restrict social interactions beyond their work environment. This may be deliberate practices of individuals based on their subtle attitude of diversity aversion, or unintentional reluctance of people whose behaviours are strongly influenced by their national cultures.

Research Issue 2: Differences of perception of diversity climate among German and Indian managers

Perceptual differences among German and Indian managers based on mean scores and Chi square values are not significant and, hence, the rejection of the null hypothesis is proposed (see Table 2). Further qualitative analyses highlighted several trends in the perceptions of managers regarding diversity status and diversity related problems in the sampled companies (see Tables 3 & 4). Although these differences are not of a strong and overt nature and therefore not manifested in quantitative measurements, subtle differences could be found using the rating frequencies. Differences relating to dress codes, flexibility and rigidity of company norms, and attitudes towards organisational change and team building will be discussed. Deducing perceptual differences based only on mean scores may lead to incorrect conclusions. The aggregate mean values of all fifteen diversity variables of German and Indian scores tend to be equal (see Table 2). This may be due to the method of calculation or an indication of diversity related perceptual congruence among Indian and German managers. Even so, assuming the diversity status in German and Indian companies to be identical would be an oversimplification of the survey analysis.

As organisations pursue global growth, interactions between socially and culturally diverse people increase, thus making diversity management an important strategic competence. Openness to change is a prerequisite of effective diversity management (see Erwee & Innes 1998; Johnson and Scholes 1999; Nankervis et al. 2002). For instance, managerial attitudes towards minorities and gender diversity influence the pace and scope of organisational change (Johnson & Scholes 1999; Senior 1997). This relationship between diversity and change awareness helps to identify differences in ways managers think. Other research (Kramar 2001; Kossek & Lobel 2001) also confirms the link between the change consciousness and diversity awareness of managers. In a diversity study conducted in Australia, the researchers use this correlation to explore the perspectives of managers on diversity management in Australian companies (Erwee & Innes 1998).

Hence, referring to the responses of the managers in this study to the three diversity linked variables, *openness to suggestions from all people in the company*, *reflection of how company*

responds to new ideas and *bringing about changes very easily* in Part B of the diversity questionnaire ‘*How open to change is your company?*’ also reveals more perceptual differences of managers relating to diversity climates. While both groups *view change as an opportunity*, implementing changes in Indian companies is found to be easier. The Indian managers indicate that *bringing in changes easily* (see Figure 2) is possible in their companies, whereas a smaller proportion of the German managers have this perception. Such perceptions of managers may tempt one to propose that Indian companies are more flexible in terms of organisational changes. Even so, the proposition that the Indian companies would be more open to change becomes contentious while referring to the responses of German managers to their company’s *openness to suggestions from all people in the company*. Compared to the majority of the German managers, who depict their companies as being open to every employee’s suggestions, a smaller percentage of the Indian managers feel likewise (see Figure 2). These findings lead to a ‘German dilemma’ of being more change conscious, but simultaneously encountering more difficulties in implementing changes and indicate some inconsistency in the rating patterns of the German managers.

Similar inconsistency can be interpreted for the Indian respondents when one considers the responses to *reflection of how company responds to new ideas*. Organisations in differing national cultures take different approaches to deal with new ideas and suggestions of employees (Von Glinow et al. 2002; Hofstede 1991). Such approaches could be traditional, conservative and aversive to organisational changes, or be accommodative and responsive to new ideas and perspectives. While noting that their companies bring in changes easily, about one third of the Indian managers (see Figure 2) feel that their companies have conservative approaches to new ideas, whereas over half of all German managers (see Figure 1) argue that their companies never take a conservative approach of ‘we have always done it this way’. Since Indian culture is considered to be more traditional than the German culture (Hofstede 1991; Trompenaars & Hampden-Turner 1993), the perceptions of Indian managers seem to be inconsistent. This seems to be an inconsistency on the part of Indian respondents and can be viewed as an ‘Indian dilemma’. Such perceptual differences found in this study are not documented in other research. On the other hand, it cannot be ignored that the consistent growth and development in emerging economies such as the Indian economy reflect their openness and flexibility to change.

Differences of perception exist not only about diversity related problems, but also in terms of diversity management status. However, inferring any form of diversity aversion in the Indian companies or ascribing higher diversity consciousness to the German companies based on this finding may be unsubstantiated since differentiation between shop floor employees and office staff is not provided in the questionnaires. Moreover, several organisations in the developed countries do not view dress codes for manufacturing personnel as a diversity promoting instrument but, rather, offer uniforms as a compensation benefit.

The results also show some perceptual differences in terms of organisational flexibility to the needs of diverse staff. The opinions of managers differ significantly here. A large proportion of the German managers consider the norms of their companies to be flexible enough to include all employees. In the diversity management context, this finding proposes that the sampled German companies acknowledge the diverse composition of their workforce and formulate company norms and procedures accordingly. Given the large proportion of foreign workers in German organisations, this policy is understandable and appropriate. The situation seems to be different in the sampled Indian companies because the new entrants are expected

to adapt to existing company norms. From a strategic HRM perspective, which incorporates diversity management policies, one could interpret a certain amount of rigidity in the HRM practices of the sampled Indian companies. Presumably, the versatility of the Indian employees permits such policies.

The flexibility of a company's norms indicates its openness to change and some research notes that the extent of organisational change is associated with the three evolutionary stages of diversity (Cox 1993; Erwee 2003). From this perspective, and based on the responses, one may place the German companies in this study at a higher evolutionary stage of diversity (non-discriminatory or multicultural) than the Indian companies.

A source of less difference between German and Indian managers can be noted in the accountabilities of managers for diversity related practices. Though both manager groups consider building productive teams with diverse employees as a core managerial responsibility, German managers appear to be more conscious about their accountability than their Indian peers and manifest this in their responses to diversity related practices. Almost two thirds of the German managers express that their company expects them to build productive work teams with diverse staff. A second interpretation would be that although the results reflect the strong focus of the companies on productivity, it does not necessarily emphasise the strategic importance of diversity management. Diverse work teams may merely be regarded as a productivity supporting instrument and not as the prime cause for the overall organisational effectiveness. The perceptual differences amongst the two manager groups are not large, but evident. A general proposition would be that there are qualitative trends indicating perceptual differences between German and Indian managers regarding the diversity climates in their companies, but this conclusion needs further research and more diversity specific information to adequately differentiate between these types of firms.

CONCLUSIONS AND RECOMMENDATIONS

Research on organisational diversity in Germany and India is still in an embryonic stage. Viewed from such a perspective, this study helps to highlight the assumptions and beliefs of German and Indian managers about diversity and, in this way, contributes to knowledge. In general, diversity is viewed as not problematic by both groups, although their perceptions regarding diversity climate and diversity management competences of their companies diverge to a certain extent. Though it is possible to predict differences in diversity climates in German and Indian firms because of the cultural and societal dissimilarities, the study shows that these differences are of a subtle nature and not as deep-rooted as it may be assumed to be.

Implications for managerial practice

The research also provides some new insights about managerial perceptions and attitudes towards organisational diversity. For instance, some outcomes of this research help to understand how flexible company norms are to accommodate diversity needs and to what extent diversity is valued or merely tolerated in the German and Indian companies. Furthermore there is a general consensus among managers about the lack of social interactions between diverse groups despite various diversity promoting norms and policies such as strict adherence to EEO guidelines while hiring people.

Human resource managers and general managers should not be complacent about the effectiveness of diversity practices. None of the sampled companies have installed

departments or sections to manage diversity, and this is often a recommendation for international human resource management in many multinational companies. German and Indian companies who aspire to expand their businesses to other developed countries should investigate how to integrate diversity management with their other strategic human resource management objectives and policies.

Implications for theory

The similarities found between Indian and German managers in terms of their perceptions of diversity management do not suggest the need to remodel existing strategic HRM or diversity models by other scholars (De Cieri & Dowling 1999; Dowling & Schuler 2002; Kramar 2001; Nankervis et. al 2002). However, the perspectives of Awbery (2007) that question current frameworks and proposes a relational re-conceptualization of diversity as horizontal, should be revisited.

Constructing a comprehensive model about diversity management requires a substantial amount of information relating to diversity in German and Indian organisations, not only regarding what diversity climates exist, but also about how they differ. For instance, in this study most of the companies were operating in private sectors and in manufacturing, whereas future research could be extended to public or state-owned enterprises or service industries. Though the questionnaires were reliable tools for cross-cultural research, they do not differentiate between white-collared and blue-collared employees. Hence, generalising the outcomes based on the perceptions of managers may be debatable.

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