



**3<sup>rd</sup> Seminar on Maritime Human Resource Solutions**  
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# **Strategic management of HR' cultural diversity in the shipping company:** *a proposed framework*

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# OUTLINE

- Introduction
- Theoretical Background
  - Cultural Diversity Management (CDM)
  - Resource-Based View (RBV)
  - Human Resource Management & Strategic HRM (SHRM)
- Proposed framework
- Conclusions





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# INTRODUCTION

- Shipping companies' practice to employ low cost labour;
- From a defensive measure to a common practice;
- Composition of global seagoing labour changes;
- Cultural diversity affects Crew Management practices.
- Experience seems deficient to handle problems of multiculturalism.





# PREVIOUS RESEARCH

- Linguistic and cultural differences
- Problematic cooperation among crewmembers
- Stereotypical thinking
- Lack of training on multiculturalism
- GAP: strategic management of multicultural crews





# CDM THEORIES

- **Organisational strategies for managing cultural differences:**
  - Ignore
  - Minimise
  - Utilise (Source: Schneider and Barsoux, 1997)
- **Components of diversity initiatives:**
  - Education
  - Support groups
  - Human resource policies (Source: Fine, 1995)





# VALUE OF SHRM

- **SHRM system requires:**
  - HRM policies consistent with business strategy,
  - HRM practices to reinforce each other.
- **Combination of diversity & SHRM** can lead to competitive advantage





# RBV ANALYSIS

- 1) **V alue:** *‘Do a firm’s resources and capabilities enable the firm to respond to environmental threats or opportunities?’*
- 2) **R areness:** *‘How may competing firms already possess particular valuable resources and capabilities?’*
- 3) **I mitability:** *‘Do firms without a resource or capability face a cost disadvantage in obtaining it compared to firms that already possess it?’*
- 4) **O rganisation Support:** *‘Is a firm organised so as to exploit the full competitive potential of its resources and capabilities?’*

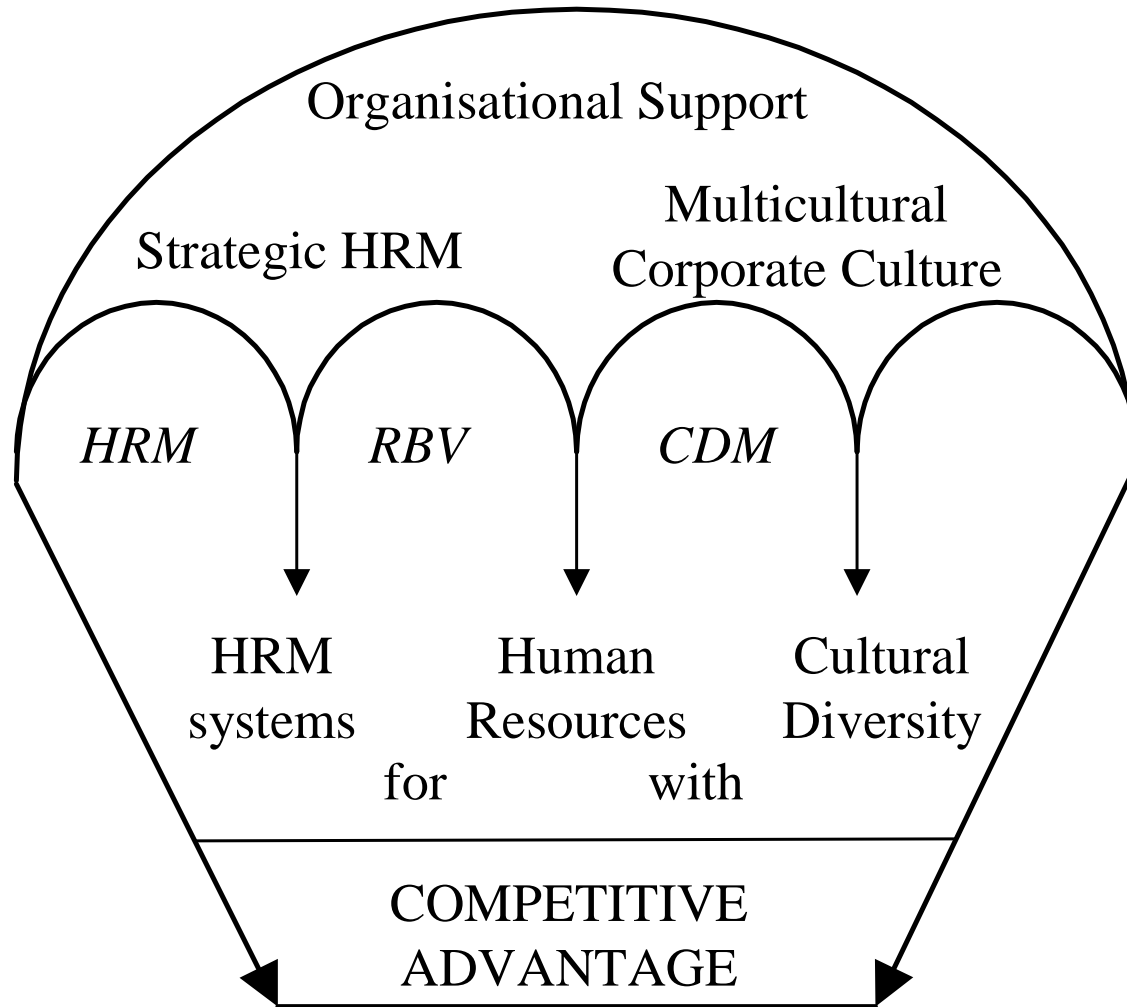
Source: Barney (1997).

See also: Barney and Wright (1998), Prahalad and Hamel (1990)





# CORPORATE STRATEGY





# PROPOSED FRAMEWORK OF STRATEGIES

a) **Do nothing:** *Ignore cultural diversity*

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b) **Intervene onboard or ashore:**

- Mediator
  - Foreign
  - National
- Support groups

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c) **Develop skills:** *Multicultural training*

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d) **Integrate actions:** *Utilise diversity to develop core competence*

- Multicultural corporate culture
- Integrated system of SHRM

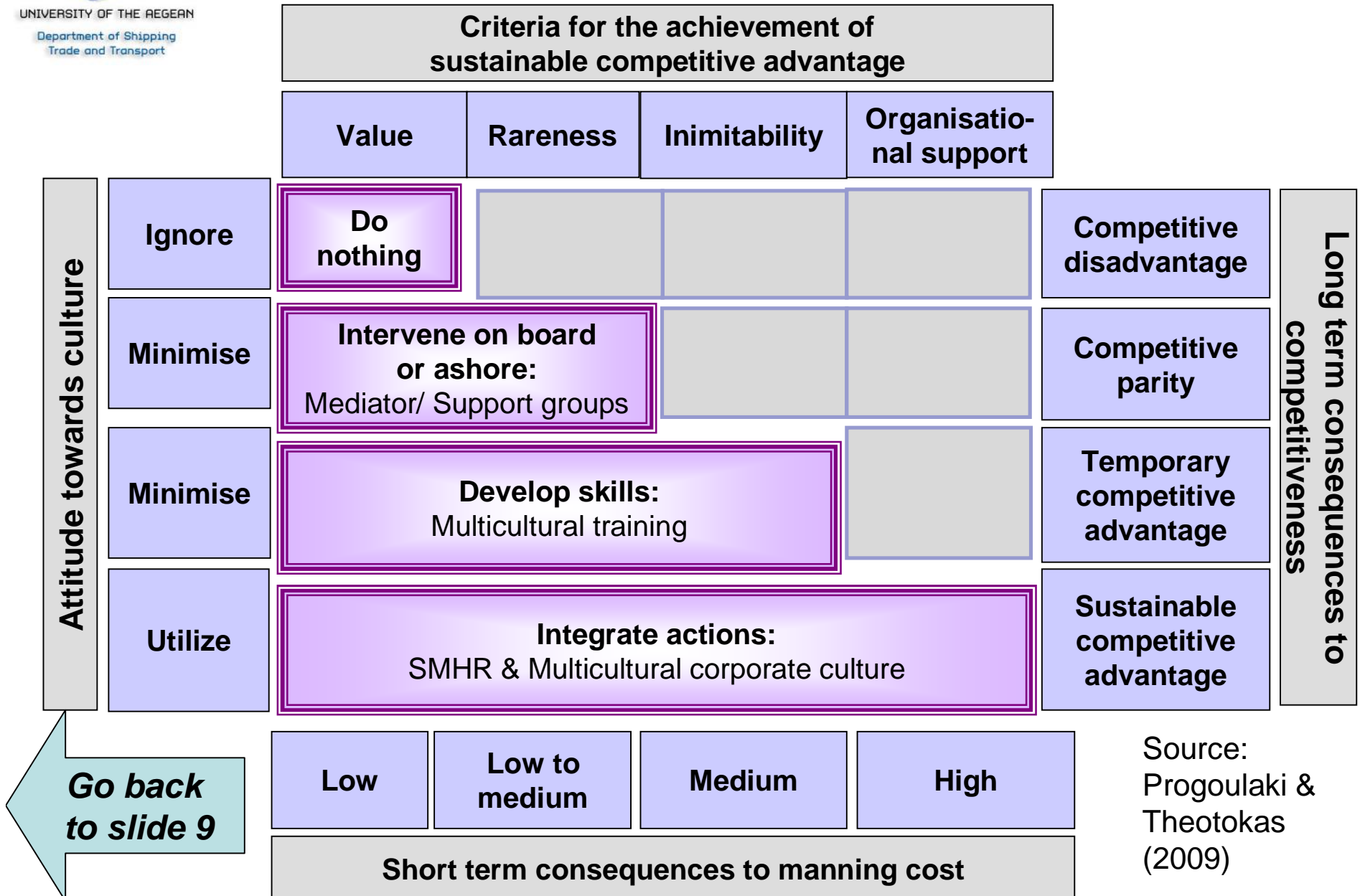
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# PROPOSED FRAMEWORK



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Source: Progolaki & Theotokas (2009)



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# CONCLUSIONS (1)

- Absence of unified HRM systems for shore-based personnel, Officers, Ratings, no matter nationality was encountered during survey;
- Separate and unlike crew management practices are best in the short-run;
- Proposed strategic approaches can be applied to all sizes of shipping companies;
- Integration of HRM to company's strategy: precondition for competitiveness;





# CONCLUSIONS (2)

- Change or evolution of corporate philosophy, culture and strategy is required
- Integration of HRM & CDM to company's strategy: precondition for competitiveness;
- Long- term competitiveness can be achieved through HR.





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# Thank you for your attention.

## Questions?



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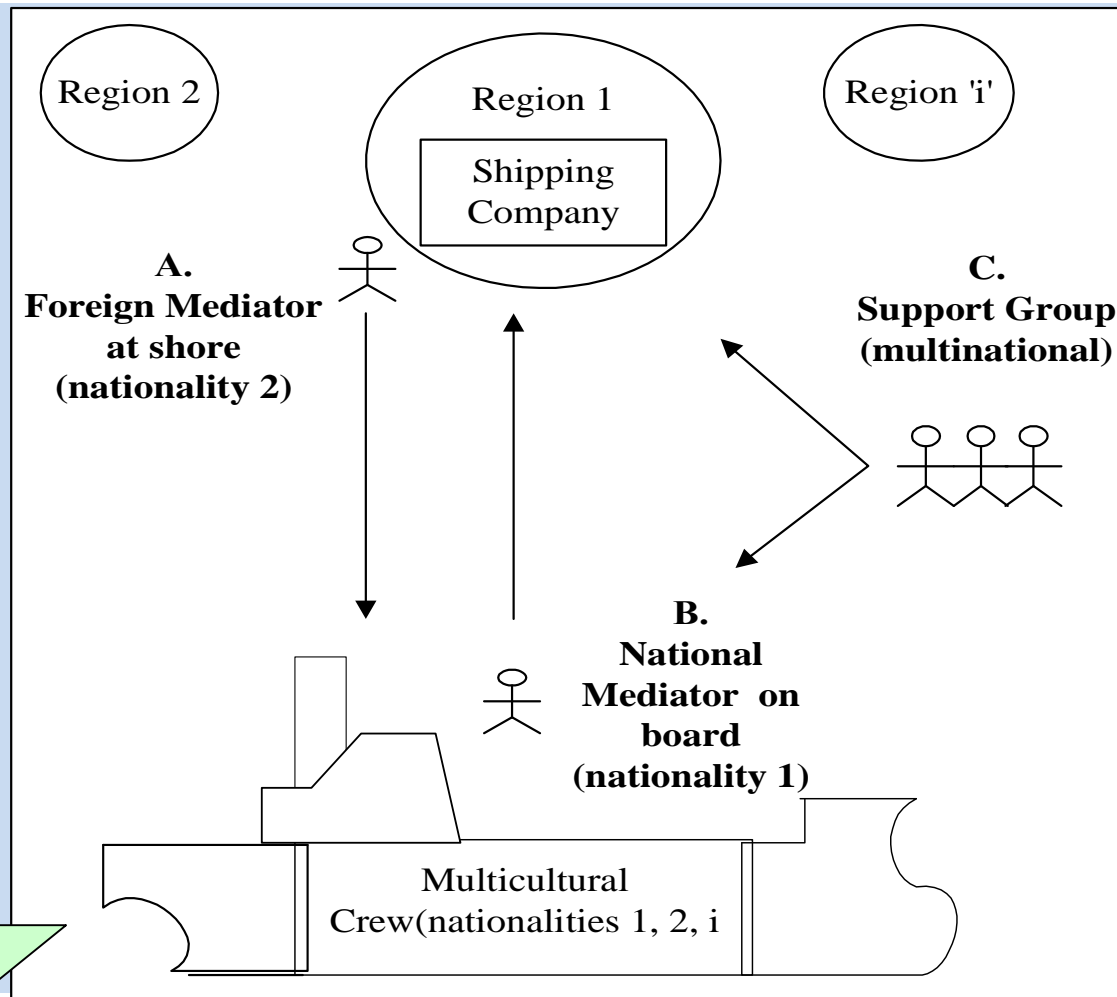
# Suggested Literature

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- Moreby, D.H. (1990), Communication problems inherent in a cross-cultural manning environment. *Maritime Policy and Management* 17 (3): 199-205.
- Prahalad, C.K., and Hamel, G. (1990), The Core Competence of the Corporation, *Harvard Business Review* 67 (3): 79-91.
- Progoulaki, M. and Theotokas, I. (2009), "Strategies of managing Maritime Human Resources' Cultural Diversity, 16<sup>th</sup> International Conference of IAME, Copenhagen, Denmark, 24-26 June.
- Schneider, S.C., and Barsoux, J.L. (1997), *Managing Across Cultures*, Prentice Hall, Europe.





# Strategy of Mediators/ Support Groups.



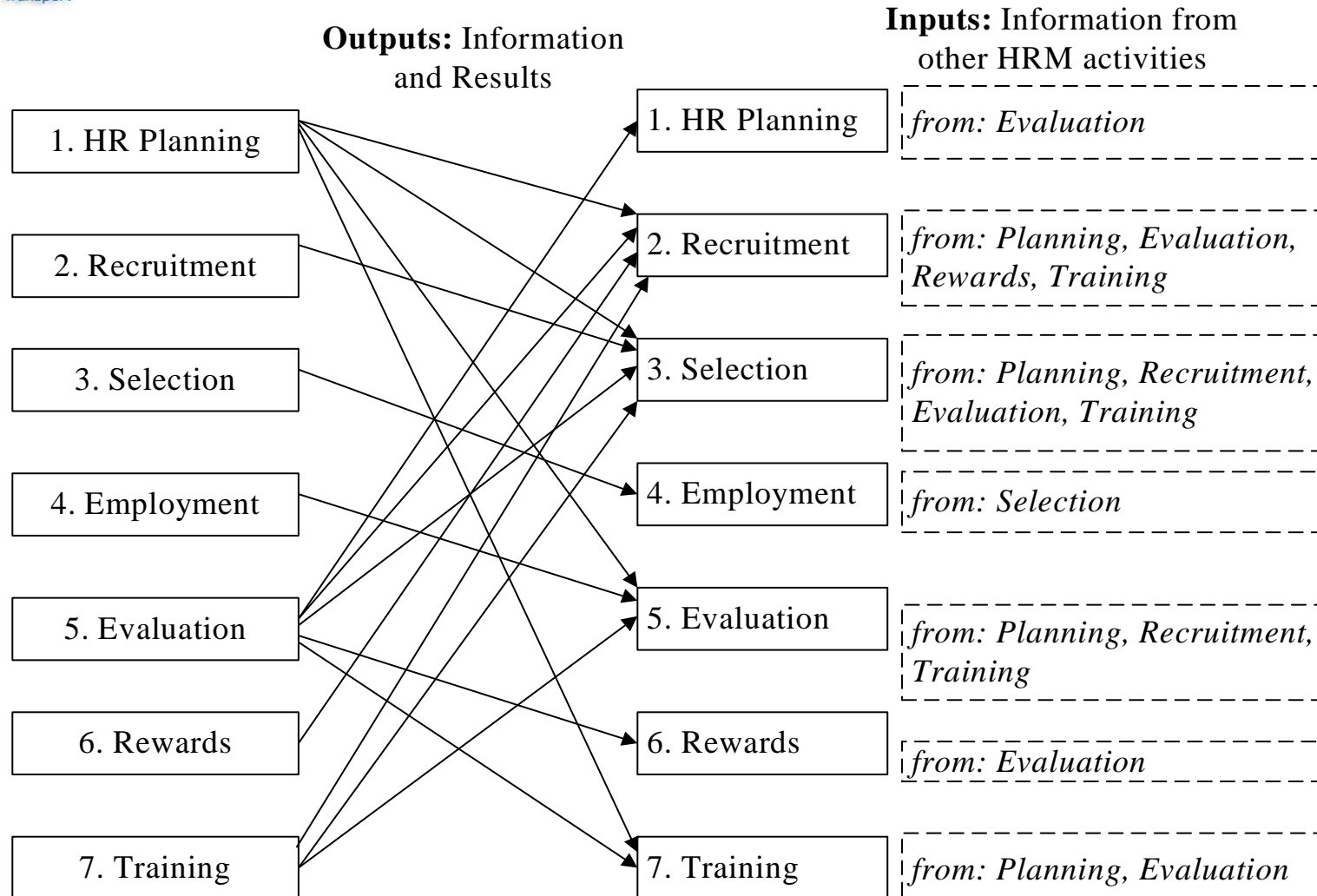
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See also: Moreby (1990).



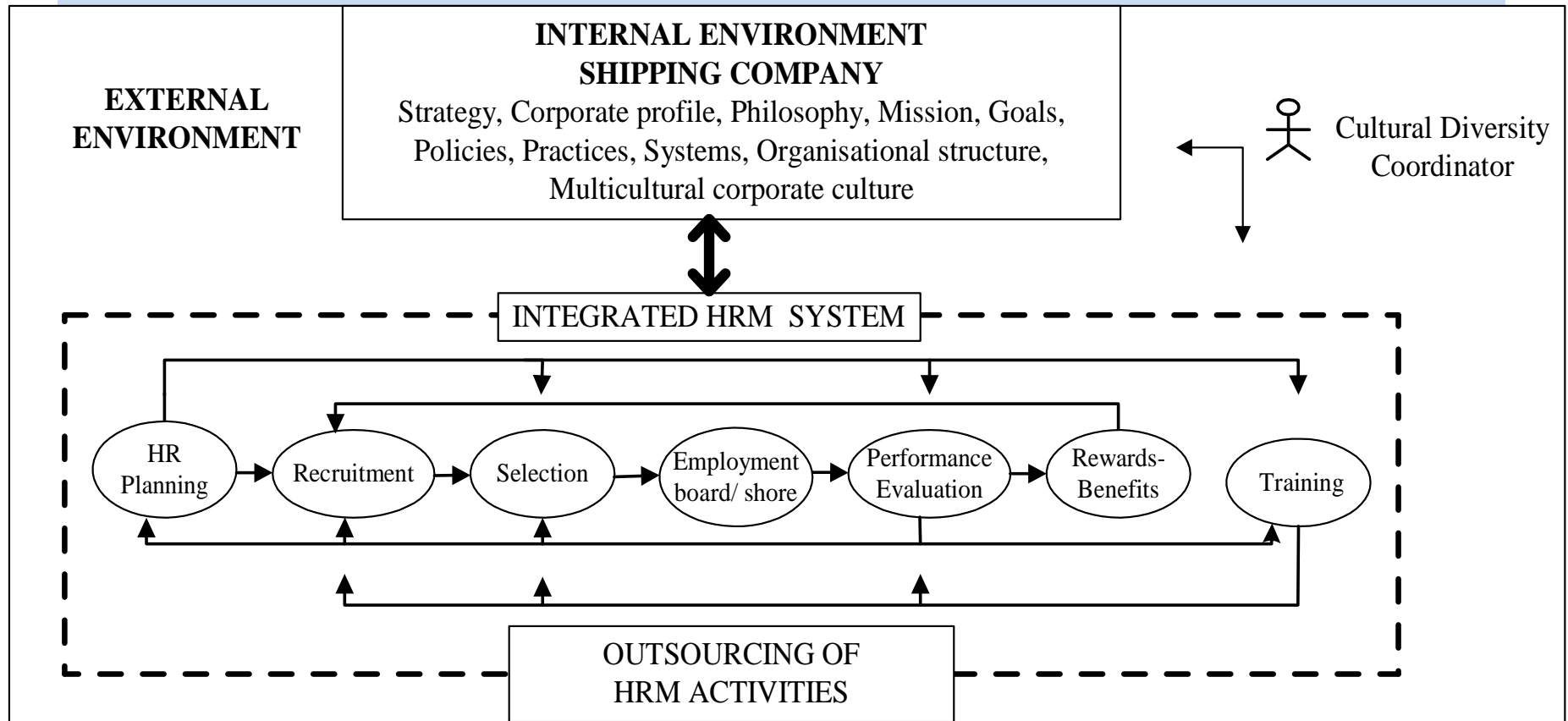


# Information flow between HRM activities





# Strategic Management of Multicultural Human Resources' System



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