

## CULTURALLY DIVERSE ORGANIZATIONS

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### ABSTRACT

In a nowadays globally integrated and technologically advanced world more and more people from different cultural backgrounds have to interact. Culture affects everything we do: starting from personal relationships to conducting business abroad. Culturally diverse organizations will be successful as long as there is a sufficient amount of communication within them. Different companies adopt different strategies but all of them need simple tips that can be useful anytime and after taking into consideration all these tips it's possible to say that the path to effective intercultural leadership is long but not hard and even necessary.

**Key Words:** Intercultural communication, cross cultural communication consultancy, tips to intercultural leaders, cultural diversity in IBM.

### INTRODUCTION

Within the international and global business environment, activities such as exchanging information and ideas, decision making, negotiating, motivating, and leading are all based on the ability of managers from one culture to communicate successfully with managers and employees from other cultures. Achieving effective communication is a challenge to managers worldwide even when the workforce is culturally homogeneous, but when one company includes a variety of languages and cultural backgrounds, effective two-way communication becomes even more difficult (Adler, 1991). After all, the world today is characterized by an ever growing number of interactions caused by communication between people with different linguistic and cultural backgrounds within spheres of business, military cooperation, science, education, mass media, entertainment, tourism, politics.

Cross cultural solutions to international business demands are increasingly being viewed as a valid and needed method in enhancing communication and interaction in and between companies, between companies and customers and between colleagues. Intercultural communication is of importance to international businesses as it examines how people from different cultures, beliefs and religions come together to work and communicate with each other (Bennett, 1998).

Step by step need for intercultural communication skills is increasing as more and more businesses are becoming global or international. They become conscious of barriers and limitations on the way to a foreign market and without the help of intercultural communication they can unknowingly result in confusion and misunderstandings. For these reasons it is vital for businesses to fully understand the cultural differences that exist, so as to prevent damaging business relations due to intercultural communication gaps.

This paper attempts to show that cross cultural solutions to international business demands are valid and necessary methods in enhancing communication and interaction in and among companies, between companies and customers and between colleagues. This has been done by examining the phenomenon of cultural diversity itself as well as different organizational types and finally by analysing the implementation of IBM's strategy aimed to controlling and benefiting from cultural diversity. After the theoretical background and a study case some managerial tips will be suggested to the intercultural leaders.

### UNDERSTANDING CULTURAL DIVERSITY

The basic skills of intercultural communication are fundamentally general communication skills that can be used universally by representatives from all cultures and races. These skills are simply tweaked in a direction that takes the cultural limitation into consideration. The examples of such communication skills in the intercultural

environment are: to listen without judging; to repeat what you understand; to confirm meanings; to give suggestions; and to acknowledge a mutual understanding. Respect in all cultures in the world is a common language and by earning it through respecting other peoples culture and religion; the favor is returned.

The simplest way for an organization in understanding the cultural differences and in using it for its favor is creating culturally diverse personnel who can help in case of barriers when entering a foreign market. For organizations workplace diversity refers to the extent to which an organization is culturally diverse. Cultural diversity includes the range of ways in which people experience a unique group identity, which includes gender, sexual/ affectional orientation, physical abilities and qualities, race, ethnic heritage and age. An organization's culture tends to determine the extent to which it is culturally diverse.

"A healthy organization is one in which an obvious effort is made to get people with different backgrounds, skills, and abilities to work together toward the goal or purpose of the organization. While we have not accomplished this at a societal level, it is achievable at an organizational level," says the Dean and Provost of Pennsylvania State University at Harrisburg, John Bruhn<sup>1</sup>.

In a journal entitled *the multicultural organization*, by Taylor Cox<sup>2</sup>, Jr., Cox talks about three organizational types which focus on the development on cultural diversity. According to Cox the three organizational types are:

1. the monolithic organization,
2. the plural organization, and
3. the multicultural organization.

In the first organizational type, the amount of structural integration (the presence of persons from different cultural groups in a single organization) is very minimal. This kind of organizations is very characteristic to developing countries. The plural organization has a more heterogeneous membership than the monolithic organization and takes steps to be more inclusive of persons from cultural backgrounds that differ from the dominant group. This is the case of developed countries, and the multicultural organization not only contains many different cultural groups, but it values this diversity. This is very widely spread in G 8 countries.

### **DIVERSITY:CHALLENGES AND BENEFITS**

Diversity in the workplace can be beneficial to both the organization and the members. Diversity brings substantial potential benefits such as: better decision making and improved problem solving; greater creativity and innovation; and more successful marketing to different types of customers (Harvey, 2011).

Culturally diverse organizations will be successful as long as there is a sufficient amount of communication within them as it is natural that people from different cultures perceive messages in different ways, that's why communication is vital to the performance of an organization because miscommunication within a diverse workplace will lead to a great deal of challenges.

Now let's talk about challenges when managing a diverse work population as managing diversity is more than simply acknowledging differences in people. Many organizational theorists have suggested reasons why it can be difficult to motivate and manage diverse work population. There are many challenges which face culturally diverse organizations, and a major challenge is *miscommunication within an organization*.

The theorists explain that meanings of messages can't ever be completely shared because no two individuals perceive events in exactly the same way. Even when native and non-native speakers may interpret the same messages differently. It is necessary for employees who are less familiar with the primary language spoken within the organization to receive special attention in meeting their communication requirements. In high context cultures, communicators share an experiential base that can be used to assign meanings to messages. Low context cultures, on the other hand, provide little information on which to base common understandings and so communicators must be

<sup>1</sup> <http://www.joe.org/joe/2001june/a1.php>

explicit. Because of this fact, it is better to view all diverse organizational environments as low-context cultures (Bromwell, 2003).

*Cultural bias* is an additional factor which challenges culturally diverse workplaces. Cultural bias includes both prejudice and discrimination. Prejudice refers to negative attitudes toward an organization member based on his/her culture group identity, and discrimination refers to observable adverse behavior for the same reason.

Another challenge faced by culturally diverse organizational environments is *assimilation*. According to the theorists assimilation into the dominant organizational culture is a strategy that has had serious negative consequences for individuals in organizations and the organizations themselves. Those who assimilate are denied the ability to express their genuine selves in the workplace; they are forced to repress significant parts of their lives within a social context that frames a large part of their daily encounters with other people. People who spend significant amounts of energy coping with an alien environment have less energy left to do their jobs. Assimilation does not just create a situation in which people who are different are likely to fail; it also decreases the productivity of organizations (Cox, 1991).

As cultural diversity within the company can bring dangerous challenges besides benefits the managers should try to minimize them. International and national businesses are ultimately the result of people, so cross cultural differences can occur between them in such general areas as in behaviour, etiquette, norms, values, expressions, group mechanics and non-verbal communication. These cross cultural differences then follow on through to high level areas such as management styles, corporate culture, marketing, HR and PR.

In order to overcome potential pitfalls the managers should turn to a “doctor”, i.e., to a cross cultural communication consultant. As one would approach a doctor for a medical diagnosis or an accountant to examine finances, cross cultural consultants offer the expertise, experience and know-how to diagnose problems and provide solutions to interpersonal cultural differences.

Within companies there are many facets in which cultural differences manifest. Some key areas which cross cultural communication consultants deal with are the following (this is the list provided by a specialised cross cultural training company Kwintessential):

- Cross Cultural HR;
- Cross Cultural Team-Building;
- Cross Cultural Synergy;
- Cross Cultural Awareness Training;
- Cross Cultural Training for Expatriate Relocation;
- Cross Cultural Negotiations;
- Cross Cultural PR Consultancy;
- Cross Cultural Language Training.

But the most important training that a cross cultural communication consultant can advise is diversity training. Diversity training has been categorized in different ways. Let’s discuss a perspective that overviews six general classifications of formal diversity training, such as:

- ethnic, black, or feminist studies,
- psychotherapeutic approaches,
- sensitivity training,
- dissonance creation,
- cultural awareness, and
- legal awareness.

### **CULTURAL DIVERSITY IN ACTION: CASE STUDY OF IBM**

In its 11<sup>th</sup> year, “The DiversityInc Top 50 Companies for Diversity®” list was announced for more than 300 corporate executives.

**Table 1 The list of top 10 culturally diverse companies in the world from 2008-2011**

	2008	2009	2010	2011
1	Verizon Communications	Johnson & Johnson	Sodexo	Kaiser Permanente
2	The Coca-Cola Co.	AT&T	Johnson & Johnson	Sodexo
3	Bank of America	Ernst & Young	AT&T	PricewaterhouseCoopers
4	PricewaterhouseCoopers	Marriott International	Kaiser Permanente	AT&T
5	Procter & Gamble	PricewaterhouseCoopers	Ernst & Young	Ernst & Young
6	Cox Communication	Sodexo	PricewaterhouseCoopers	Johnson & Johnson
7	Merrill Lynch & Co.	Kaiser Permanente	Marriott International	IBM corp.
8	Johnson & Johnson	Merck & Co.	IBM corp.	Deloitte
9	IBM corp.	The Coca-Cola Co.	Bank of America	Kraft Foods
10	American Express	IBM corp.	Abbott	Colgate-Palmolive Co.

Source: <http://www.diversityinc.com/public/5530.cfm>

As shown in the Table 1. the most culturally diverse companies in the world are the MNCs, such as Kaiser Permanente, Johnson & Johnson, Sodexo, Verizon Communications, IBM and so on. This phenomenon can be explained by their globalizing strategies which intend to use cultural diversity in the working environment as a bridge to international markets.

Later on an example of an MNC's strategy aimed to controlling and benefiting from cultural diversity can be discussed. For this particular case study the choice of IBM is supported by the fact that even though it was only the 8<sup>th</sup> or 7<sup>th</sup> in list in 2010 IBM was named the 1st company for Global diversity<sup>3</sup>.

IBM has a long history of commitment to cultural diversity in workplace and has consistently taken the lead on policies concerning diversity long before it was required by law. It began in the mid-20th century, grounded in Equal Opportunity legislation and compliance (Diversity 1.0). Then the company moved forward to Diversity 2.0 in the 1990s with a focus on eliminating barriers, and understanding regional constituencies and differences between the constituencies. As employers' demographics changed, the company adapted its workplace to be more flexible and began to focus on work-life integration. In addition, over the past 5 years, they've introduced IBM's Values, which links to their activities in the sphere of diversity.

This strong foundation based on diversity has brought the company to its present condition — Diversity 3.0. This is the point where the management can take best advantage of existing differences — for innovation. “Our diversity is a competitive advantage and consciously building diverse teams helps us drive the best results for our clients”- says the CEO of the company<sup>4</sup>.

IBM's thinking on cultural diversity did not develop in a vacuum as it is a long-held view that by valuing diversity, IBM uncovers new perspectives taps different knowledge and experience and generates innovative ideas, suggestions and methods. Three pillars that are in place to make up IBM's diversity strategy are the following<sup>5</sup>:

1. Creating a work/life balance
2. Advancement of women

<sup>3</sup> <http://diversityinc.com/diversity-management/the-diversityinc-top-10-companies-for-global-diversity-2/>

<sup>4</sup> <http://www-03.ibm.com/employment/us/diverse/>

<sup>5</sup> <http://www.humanresourcesmagazine.com.au/articles/74/0C021774.asp?Type=60&Category=903>

### 3. Integration of people with a disabilities.

IBM Corp. develops diversity not only in its headquarters but also in its subsidiaries, such as IBM Australia's DNA. In order to make diversity part of IBM Australia's DNA the specialist have used a diversity program which combines "push & pull" strategies.

The decision to develop this program of cultural awareness and acceptance in Australia IBM was driven by corporate values, one of which is respect towards others, legal requirements (Antidiscrimination Acts) and business case.

Asides from IBM's diversity team within human resources there are other groups in IBM that have formally identified roles in the implementation of the company's overall strategy concerning cultural diversity. These are IBM's Diversity Council chaired by the CEO of the company Phillip Bullock, diversity contact officers and diversity champions.

### TIPS FOR INTERCULTURAL LEADERS

After discussing the strategy of IBM it can be easily stated that the great companies really understand all the beneficial sides of cultural diversity and spend lots of money and, what is more important, time for developing and maintaining this diversity.

The leaders of today's organizations and businesses need to be quite successful in managing people of different cultures. They need to be able to understand and grasp the essence of each culture quickly, as culture is so important in understanding customer or employee behaviour. Leaders must also learn to shape culture (at least that in their own organizations) so that it is positive, and aligned with the direction the organization is taking.

For these reasons cross cultural consultants from Kwintessential have suggested the following simple tips for the intercultural leaders who want to improve their intercultural leadership qualities:

1. Learn about the cultures of people that you work and/or interact with
2. Get a book about intercultural communication and learn about the subject from an academic level
3. Take some formal training from intercultural experts.
4. Try and attend events or occasions where you can submerge yourself in another culture.
5. Start listening and paying more attention when dealing with someone from another culture.
6. Temper your own communication style.
7. Learn to tolerate uncertainty.
8. Be patient with others and yourself.
9. Keep on top of your own development.
10. Ask for help and don't be afraid to apologise for mistakes.

The ten tips that were suggested to intercultural leaders can be easily referred to the employers and just individuals, as well, because these tips intend to help people to improve their international communication skills.

### CONCLUSION

The history of humankind is based on culture and culture is everywhere. Due to globalization countries today lose their physical borders and when interacting within native cultures, culture acts as a framework of understanding but when interacting with different cultures this framework no longer applies due to cross cultural differences, that's why special intercultural communications skills are required.

In contemporary business world multicultural organizations are dominant and the number of organizations that develop cultural diversity is getting more and more. Even though the cultural diversity brings a great number of challenges it always comes with numerous benefits and the intercultural manager's task in this case is to react to these challenges in order to handle them as soon as possible and use the benefits in order to enhance organizational effectiveness.

In any case no matter how sophisticated the manager is, he/she can't go along without the help of professionals which are cross cultural communication consultants who provide the companies with many ideas how to handle cultural diversity without harming anyone's feelings and/or values. Generally speaking, cross cultural consultancies are involved in aiding companies to find solutions to the challenges cross cultural differences carry.

Day by day lots of changes take place in the working environments and companies have to change their strategies, that's why fluctuations in the list depicting the top 50 culturally diverse organizations in the world can be noticed. Different companies adopt different strategies but discussing the IBM's managerial strategy of cultural diversity it could be stated that the company has intended to improve its credit in labour market and enhance its organizational effectiveness by developing cultural diversity within the company and its branches as well.

After paying attention to the simple above – mentioned tips it is obvious that the path to effective intercultural leadership is long but not hard and even necessary. Essentially it is about being open-minded with which comes greater flexibility and creativity.

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