

# TEAM PLAYER

 *How to improve personnel management and your career*

## THE CONSEQUENCES OF DIVERSITY

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*In today's global village, it has become vital for companies to leverage cultural diversity for bottom-line impact.*

*By Marie-Gabrielle Cajoly*

**I**n December 2002, the UN General Assembly declared May 21 to be the World Day for Cultural Diversity for Dialogue and Development. This day, adopted in the wake of the terrorist attacks on September 11, 2001, stands for an official and supranational incentive to welcome cultural diversity in our lives and see it as a sound foundation for harmonious, peaceful and prosperous development. However, can this translate into the business world, and if so, what is the business case for cultural diversity? Can it really enable organisations to develop in better and stronger ways, and what evidence is there of the effect of cultural diversity management on the bottom line?

**FROM A NICE TO HAVE TO A MUST HAVE** Amongst all questions, one stands out: is it needed? To answer this, the responsible manager must analyse the profit that the company can retrieve from a cultural management programme. Every company has its own identity, market, industry and specific commercial challenges. However,

*“Cultural diversity can be a vector of creativity and integration.”*

generally speaking, the anchor points remain the same for all and are tightly connected to key stakeholder relations: what are your strategic objectives and how can cultural diversity management contribute to helping employees align with them? To what extent does cultural diversity impact the operations and core business of your company, and to what extent does it affect your clients, customers and com-

mon objectives? How do your competitors position their company on the subject and use cultural diversity to differentiate themselves?

Over the past 30 years, the global number and value of mergers and acquisitions have, despite peaks and troughs, increased dramatically. Most of these are international, which implies that there is an increasing need for cultural diversity management. As a result, the answer to the questions above quickly brings us to the following conclusion: whatever the industry or the size of the company, cultural diversity has become a reality and cultural diversity management a powerful lever for pumping up a company's productivity and competitiveness.

**THE BUSINESS CASE FOR CULTURAL DIVERSITY** Cultural diversity can be a tremendous vector of creativity and integration when it is given proper attention and is the object of corporate commitment. Proactive cultural management is a springboard for innovation and performance, and without the ability to manage cultural diversity a company is not properly equipped to market and sell its products or services to the wide range of consumers it



comes across in our global economy. Furthermore, leveraging cultural diversity is of a paramount importance in leading change, especially in a post-merger or post-acquisition context. This is not news, and yet the global picture is puzzling. According to a Marsh, Mercer, and Kroll survey conducted in collaboration with the Economist Intelligence Unit, “organisational cultural differences and people integration issues are the two most significant challenges” (M&A Beyond Borders: Opportunities and Risks, 2008). Transactions that fail to recognise and manage cultural differences find themselves facing lower productivity and performance, lower levels of employee engagement, employee resistance to workplace change, tension and poor morale, misunderstandings about what is and

what is not important, slower execution, high talent turnover and low talent attraction power. On the contrary, the same survey reports that “organisations that do this achieve higher levels of transaction success.” In light of this, it comes as no surprise that it is commonly acknowledged that successful change management lies in the attention given to behavioural change and the processes and procedures set up in the workplace to stimulate cultural sensitivity.

**MULTINATIONAL, MULTICULTURAL OR INTER-CULTURAL COMPANY?** Cultural diversity as a concept can be very attractive. However, in day-to-day practice it often brings along additional complexity. Mergers and acquisitions or overseas business expansion do not automatically imply that cultural diversity management is fully integrated in the core business of an organisation. Although it operates in different countries, a multinational company is generally managed from one ‘home’ country. As a result it also nurtures and develops only one home culture beyond its original geographical borders. This is commonly reflected in the use of one sole or dominant working language within the company. The multicultural company

offers a more advanced model in respect of integrating cultural diversity in the workplace and its organisational structure. It acknowledges the existence of several different national cultures in the same company.

In certain countries, cultural diversity is seen as a value in itself. Similarly, in multicultural companies the recognition given to diverse linguistic, national and even ethnical identities within the company is a way to accept this complexity as a feature of the company's culture. In that respect, the intercultural company goes one step further by promoting the interactions and exchanges between the several cultures and groups of persons encompassed within the company. This is done to build synergies and identify common cultural denominators. In this context, the company's management clearly expresses the will to stimulate a spirit of open-mindedness, curiosity, and reciprocal learning. This management style brings to the foreground a culture which emerges from and overtakes the existing cultural complexity to secure a greater sense of togetherness and inclusiveness in the workplace, beyond cultural particularisms. It consists of fostering an internal climate based on open dialogue, genuine curiosity and intellectual

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tolerance. It also depends on people agreeing upfront to make the effort to conceive the reality of every day from a different perspective than the one they have been raised from childhood. Lastly, it means being able to stand back with regard to one's own culture and to challenge one's inner cultural beliefs with the satisfaction of eventually gaining a better grasp of one's own cultural foundations. This is a permanent and dynamic process which encourages conflict management and resolution through the development of listening, negotiation and mediation skills.

By continuously enhancing cultural awareness, cross-cultural communication is a tool which supports greater integration both within and outside the company. The more a company is favourably disposed towards cultural diversity and is capable of leveraging it, the higher its potential to secure win-win stakeholder relations and successful worldwide business expansion.

### THE PATH TO INTERCULTURAL COMMUNICATION

To make employees of different cultures live and work together efficiently, five principles should be considered:

## EXECUTIVE SUMMARY

### Valuable variety

- ➔ The growth of international mergers and acquisitions, as well as globalisation in general, has brought cultural diversity to business
- ➔ Steps towards successful intercultural integration include strategic planning, comprehensive training and emotional intelligence
- ➔ A strong work culture binds together workers from diverse backgrounds

## 1. STRATEGIC THINKING MUST COME FIRST

As in any other area of management, a prerequisite component of intercultural communication is to craft a strategic fit-for-purpose approach to cultural diversity and appreciate the degree to which business and cultural integration are needed. It is essential to clarify at the highest level of management the ultimate goals of the company and how cultural diversity stewardship can help the corporation achieve them. This allows a relevant programme which supports the business strategy of the company to be designed and implemented.

## 2. TRAINING IS AN ABSOLUTE NEED

Mastering language skills is a necessary, but not a sufficient, condition. Do we give the same meaning to the same words even when we speak the same language? Nothing is less certain when working in a multicultural context, never mind the numerous misleading interpretations of non-verbal communications (smiling, raising eyebrows, hugging, holding hands, looking in the eyes or not, and so on). Knowing each other requires a better

understanding of the underlying mechanisms of thoughts and beliefs in our behaviour: to accept cultural differences, one needs to understand them; to understand them, one needs to be trained. International exposure offers the alluring but illusory promise that cultural differences can be overcome without bothersome training, but to be satisfied with superficial preconceived ideas and comfortable stereotypes sets one up for denial and misses the challenge of cultural diversity.

**3. PRAGMATIC PROBLEM-SOLVING IS A DETERMINANT**

To win buy-in for the idea that cultural skills matter and deserve to be allocated time and budget, employees need to appreciate how it will benefit them in their daily work while management must be convinced that it will help employees and themselves deliver at a higher level of performance. The concepts of time management, age, gender relations and motivation incentives; the sense of privacy, personal freedom, loyalty or respect; the rules of politeness that we have been taught since childhood; the understanding of authority; the influence of religious beliefs; the balance between tradition and modernity, individualism and collectivism; our level of risk acceptance – culturally driven themes like these have high impact on behaviours and attitudes in the workplace. Combining them is a subtle exercise which varies from high-context to low-context cultures as presented by the anthropologist Edward T. Hall in his book, *Beyond Culture*. The best cross-cultural trainings are based on concrete examples, promote the analysis of real-life situations and secure a high level of interactivity between the trainer and the participants.

Photo: Private

**4. EMOTIONAL INTELLIGENCE IS AN ENABLER**

When it comes to performance, generating new ideas is the key to progress. However, for this to happen there has to be a link to the non-cognitive capabilities, competencies and skills that influence one's ability to understand, interpret and respond to the emotions of others. In a multicultural context, one necessarily faces constant difference. Cross-cultural learning does not only happen in workshops, seminars or diversity retreats, but can also happen through playful and artistic moments which are sources of enjoyment and generate the virtuous circle of being willing to know and experience more: examples include art exhibitions, music performances, readings, food-tasting and discovery trips.

**5. A STRONG COMPANY CULTURE IS THE CEMENT**

As soon as there is a business, there is a company culture. In a multicultural context it is all the more important to identify and reinforce its key characteristics. Now comes the time to generate collaboration at all levels of the hierarchy and across the entire organisation. A company culture comes from all employees. Working on it creates a powerful opportunity for employee engagement beyond differences. Asking employees how they think they can contribute to the success of the company and its culture is a good way to kick off a process of internal dialogue based on employee consultation.

Collecting their perceptions about the past and the future, strengths and weaknesses, of the company, and encouraging them to take a personal stake in defining core values, generates positive energy in the workplace. When this happens, employees go beyond their day-to-day duties and take responsibility for shaping the company's culture and contributing to its business success.

The work culture spontaneously brings co-workers closer to one another, and the corporate culture – the company's DNA – serves as social glue to integrate all members of an organisation. |



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