

DIVERSITY MANAGEMENT IN MULTICULTURAL BUSINESS ENVIRONMENTS

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ABSTRACT: *The paper starts from the premise that, in the context of global economy, every type of business activity, from headhunting to marketing, is determined by individual patterns of perception, thought, and behavior, generically named 'cultural background'. In international business environments, therefore, business negotiation is accompanied by a negotiation of national identities, which, according to its efficiency, contributes substantially to the success or the failure of the former. Consequently, this research attempts to outline the main components of efficient multicultural communication in business and to emphasize the role of diversity management as a strategy of coping with global economy.*

KEY-WORDS: *cultural background, diversity management, multicultural business environment, global economy, coping.*

JEL CLASSIFICATION: *Z13.*

1. MULTICULTURALISM AND GLOBAL ECONOMY. SOCIO-CULTURAL ASPECTS OF GLOBALIZATION

In the article entitled *Disjuncture and Difference in the Global Cultural Economy* (1990), Indian-American anthropologist Arjun Appadurai noticed that today's world no longer fits into rigid frameworks, whether economic, social, political or mental. Thus, he identifies 'mass migration' and 'electronic mediation' as the driving forces of globalization, under the pressure of which individuals and nations are forced to reconsider all the dimensions of their existence, from geographic boundaries and distances to their worldview and self-perception. To explain the changing of perspective on individual and national identity and systems of values, Appadurai sets forth his theory of the five dimensions of what he calls the 'disjunctive global cultural flows' that govern the phenomenon of globalization, namely:

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- *Ethnoscapas*, consisting of the migration of people across national borders, which involves, alongside with geographical relocation, a cultural displacement that reassesses such fundamental concepts as family, community and the sense of belonging by projecting them against new, larger backgrounds;
- *Mediascapas*, referring to the electronic and print media and their specific imagery through which they exert a subtle influence on people's perception of reality. In today's world, the surging development of information technology has granted public access to an overwhelming amount of information, rendering people less and less selective in terms of assimilating it. Thus, we witness a process of mass manipulation based on 'fabricated' reality, capable of creating expectations, promoting stereotypes, and even shaping public taste;
- *Technoscapas*, that is the development and movement of technology (whether mechanical or informational) around the world at such increasing rates that it redefines space and time boundaries;
- *Financescapas*, outlined by the global flux of money and capital contributing to an unpredictable evolution of all the other aspects of global cultural flows. This aspect was further explored by Anthony Giddens (1999) who acknowledged the major influence of technological progress, specifically of electronic money, whose emergence facilitated worldwide capital transfer and triggered a major paradigm shift in the world of finances through its potential to destabilize economies;
- *Ideoscapas*, pertaining to the global flow of ideas and ideologies, economic, political, or religious, mainly oriented towards establishing a diversity of power relations. In the author's opinion, this dimension of the global cultural flows consists of such concepts as "freedom, welfare, rights, sovereignty, representation, and democracy". (Appadurai 1990, pp.296-300)

According to Appadurai's theory, the contemporary world offers a more flexible context not only for economic, but also of cultural exchanges, shaped by different historical, linguistic, and political variables specific to a variety of participants: nation-states, multinationals, diasporic communities, as well as subnational groupings and movements. Therefore, globalization generates a space of *deterritorialization*, within which people from different socio-economic and cultural backgrounds are brought together and offered the opportunity to reproduce and reassess their national cultural patterns. In this context, the negotiation of identities "between sites of agency (individuals) and globally defined fields of possibility" (Appadurai 1990, p. 301) becomes a current social practice defined as the 'social imaginary'. The dynamism of the social imaginary is ultimately the driving force of the continuous interplay between perception and self-representation, between coercion and assertion, and, implicitly, the source of the power relations that govern the global order.

2. FROM THE 'MELTING POT' TO 'HOSPITALITY'. THE CHANGE OF PERSPECTIVE ON MULTICULTURALISM

Although the study of intercultural communication is not a new preoccupation among scholars in the field of social sciences, the age of globalization imposes the

reassessment of traditional approaches to multiculturalism, meant to provide a more revealing perspective on its multiple dimensions. In an article published in 1984, M. J. Yoshikawa establishes the following types of intercultural communication:

- ethnocentric, in which there is a predominant culture that ignores the uniqueness of the other and exerts a unidirectional influence on it;
- controlled, when the predominant culture acknowledges the uniqueness of the other, but only for self-serving reasons;
- dialectic, with three possible manifestations, namely: two cultures mix to form a third culture; culture A dissolves into culture B and becomes part of it; culture B becomes part of culture A;
- dialogue based, in which two cultures interact by keeping their integrity (380)

The first two types are characteristic of colonization processes and based on the ‘melting pot’ approach, that is the assimilation of minorities into the mainstream culture, regardless of their cultural identities. The last type of communication is the one that underlies the modern approach to diversity, which promotes acceptance and respect for national cultural values.

Over the past two decades, the change of attitude towards cultural differences and, implicitly, towards alterity, has determined a paradigm shift in intercultural communication. Thus, the ‘melting pot’ mentality has gradually been replaced the concept of ‘hospitality’ (Derrida, 2000), which associates the openness towards alterity with the act of welcoming a guest into one’s home. By pointing out that the more hospitable we are, the more we assert and consolidate our status as hosts, Derrida lays the foundations of modern intercultural communication, based on generosity and acceptance. Ultimately, the willingness to accommodate diversity is rewarding in the sense that, the more we open towards the Other, the more we expand our perspective on our own identity.

3. DIVERSITY MANAGEMENT IN A MULTICULTURAL BUSINESS ENVIRONMENT

3.1. Diversity Management. Definition, Role, Structure

As shown in the previous sections, globalization involves an intersection of cultures based on the reassessment of national cultural patterns in a continuous negotiation of identities. The success of such negotiation depends entirely on people’s intercultural skills, or their capacity to deal with diversity in a balanced, open-minded manner, by overcoming preconceptions and stereotypes. When intercultural skills are formally organized into strategies meant to build efficient paradigms in the management of transnational communication in the workplace, they are referred to as *diversity management*.

The sense of the concept has extended over the past 50 years alongside with the evolution of the concept of diversity, which was initially restricted to national minorities and women when speaking about workforce. Nowadays, a comprehensive definition of diversity management is “the strategy of promoting the perception, acknowledgement and implementation of diversity in organizations and institutions.”

(Popescu 2013, p. 118) Since the workforce market in the age of globalization is directly affected by demographic changes and massive migration, diversity management has an ever more important role in the overall management of an organization. As its **definition** shows, this type of management relies on the awareness of cultural differences and on turning them from hindering challenges into added value, beneficial to the entire operation of the organization. Business communication specialists are of the opinion that an efficient diversity management displays the following characteristics:

- It is based on a series of methods and techniques for the identification of individual needs and abilities;
- It promotes the awareness and understanding of the employees' strong and weak points, as well as of their beliefs and values, offering them the opportunity to make contributions to collective development;
- It provides equal opportunities for disadvantaged individual and groups, by dealing with differences in a positive way;
- It provides a suitable legal and moral environment for the enhancement of the individuals' potential and of their input to the progress of the organization. (Popescu 2013, pp. 118-119).

The **role** of diversity management in an organization, as it follows from the above, is to bring together not only different perceptions, systems of values, and ways of thinking, but also different degrees of teamwork capacity and types of creativity. Hence, the multidimensional character of this activity, whose **structure** combines:

- Correct human resources policies, meant to insure discrimination free recruitment and promotion;
- The creation of an empathetic work environment, in which a variety of cultural backgrounds are provided with the necessary opportunities and support for self-assertion and for making a contribution to the overall development of the organization. In order to fulfill this double objective, specialists in multicultural business communication have identified two categories of premises that underlie an efficient diversity management:

A. From the perspective of the employees

- They expect to be treated fairly and equitably and are reluctant to accept precarious work conditions or discriminatory remuneration;
- Their decisions and actions are based on different perceptions, values, and beliefs;
- They require the application of different motivation and stimulation methods;
- They display a diversity of opinions and behavior, which, if adequately managed, can contribute to major changes in the organization;
- They expect to be consulted in the process of making decisions likely to influence their work;
- They want information disseminated transparently and company resources distributed equitably, on grounds of individual performance.

B. From the perspective of the management

- The awareness that diverse workforce generates different perspectives and work styles and the capacity to use diversity to the benefit of the organization;

- The identification of the challenges and learning opportunities provided by the different perspectives of the employees;
- The organization policies must support and stimulate personal development;
- Organizational culture must encourage openness by promoting tolerance and constructive conflict management;
- The capacity to make the employees feel appreciated in order to stimulate their initiative and creativity;
- Diversity management must be harmonized with the other human resources policies;
- The promotion of a diversity management based on well-defined measurement parameters whose monitoring and assessment reveal the progress of the organization;
- The evaluation of managers according to their capacity to deal with diversity of opinion and to provide feedback to different attitudes and behavior (Popescu 2013, pp.277-278)

3.2. Diversity Management as Source of Organizational Success

It has already become obvious that diversity management is a variable of crucial importance in the activity of any multicultural organization, since its quality can make the difference between success and failure. In order to be able to harmonize different cultural backgrounds, an efficient diversity management should be primarily based on the awareness of their impact on organizational behavior.

In his analysis of the way in which culture shapes people's systems of values and, implicitly, their behavior in different contexts of communication, Dutch social psychologist Geert Hofstede detects six cultural dimensions that differentiate people's perception and response to reality, namely: individualism vs. collectivism, uncertainty avoidance, power distance, masculinity vs. femininity, long-term vs short-term orientation, and indulgence vs. restraint (Hofstede 2001). In an organization, these six dimensions affect human interaction on all levels, and have a determining impact on the way in which the business as a whole operates. On the level of work relations, for instance, representatives of individualistic cultures differ from those of collectivist cultures from the point of view of their predisposition to collaboration and teamwork. In this sense, employees with an individualistic cultural background felt more comfortable doing voluntary activities in a less formal work environment, whereas those coming from collectivist cultures achieved higher performance when integrated in highly structured environments, with well-defined hierarchy and rules.

The close relationship between organizational success and efficient diversity management has become a major preoccupation of business communication specialists, resulting in an impressive amount of studies dedicated to the positive and negative aspects to be considered when attempting to accommodate multiple cultures in an organizational environment.

Thus, literature in the field points out the following main **advantages** of multicultural organizations:

- By recruiting their workforce from different cultural backgrounds, they benefit from a wider range of options, being able to select top quality workforce that turns into a valuable human resource in the long run, provided they are offered adequate conditions for career and personal development;
- Given their better understanding of foreign cultural environments, they have greater capacity to deal with a diversity of external beneficiaries, which has become crucial in the contemporary global market.
- The multiple perspectives provided by diverse cultural backgrounds enhance their problem solving abilities, especially when it comes to more complex issues
- Due to their organizational flexibility, they are more likely to adapt easily to change (Amaram 1990, p.4).

On the other hand, we shouldn't overlook the fair amount of **drawbacks** involved in managing a multicultural organization, namely:

- The high consumption of time and financial resources in problem solving situations, which can “negate the benefits of synergy, and can even degenerate into dysfunctional conflicts”;
- Under conditions of uncertainty, diverse cultural backgrounds may find it very difficult, or even impossible to reach common ground in terms of approaching a certain source of distress, which generates confusion and frustration among the employees, as well as tense management-staff relations;
- Higher absenteeism and personnel turnover, due to lower level of integration on the part of minority cultures;
- The negative effects of prejudice, stereotyping, and discrimination on all levels of organizational policies, from recruitment to performance evaluation and promotion. the overall dynamics of work relations (Amaram 1990, p.4).

3.3. Towards an Efficient Model of Multicultural Organization

Since multiculturalism affects not only the dynamics of work relations, but also the overall performance of the organization, the role of adequate diversity management is of capital importance. Thus, in order to be able to accommodate diverse cultures and achieve a viable business environment, managers should possess, besides economic competences, the cultural skills necessary to capitalize on the advantages of diversity and minimize the effects of its drawbacks. Therefore, an efficient model of multicultural organization starts from the premise that each employee is an individuality whose distinctiveness should be regarded as an asset capable of enhancing the collective potential of the business and of contributing to its overall progress. In this sense, specialists in the field of management have concluded that such approach involves a gradual paradigm shift from mono-cultural to multicultural models as a result of a three-step development process:

1. **the monolithic stage**, characterized by a demographically and culturally homogeneous structure at all levels of the organization;
2. **the plural representative stage**, characterized by a diversity of employees and a culturally homogeneous leadership, which imposes its patterns on the former;

3. **the diverse model**, in which the process of multicultural accommodation has been completed and diversity is valued and encouraged to manifest itself at all levels (Gottfredson, 1992).

At this stage, the entire activity of the organization is structured around the concept of hospitality. The interaction between the host culture and the accommodated cultures is no longer unilateral assimilation, but a two-way, mutually beneficial relation, in which all the parts involved make efforts to adapt. As a result of this benevolent openness towards alterity, the interaction of cultures is no longer perceived as a *clash* meant to shatter their unique identities, but as a *dialogue* meant to reinforce them. At the same time, the other is no longer regarded as a threat, but as an opportunity for the

Such dialogue entails a certain degree of temporary self-abandonment, in the sense of leaving behind the culturally inherited prejudices and stereotypes pertaining to individual mentality. Actually, this is the premise of creating a space of genuine exchange, focused on what cultures have in common rather than on what differentiates them. On the other hand, differences should not be ignored, judged, underrated, or blown out of proportions, but acknowledged in a balanced manner, with the awareness that, in a world where geographic boundaries and distances are reconsidered to such an extent that they become inoperable, cultural boundaries become an obsolete concept, outgrown by the contemporary global reality.

This complex reality of the global world calls for a matching mentality built around cultural skills that facilitate the access to the enriching experience of diversity.

4. CONCLUSIONS

In the case of diverse business environments, where economic issues are to be considered alongside with cultural ones, the major challenge is to adapt management policies to the dynamics of multiculturalism. Therefore, managers at all the levels base their actions and decisions on the awareness that a work environment flexible and open enough to embrace and cultivate diversity ensures the premises for easier adaptation to change and, implicitly, for the organization's long-term economic success.

Given the profound implications of diversity management the extensive research dedicated to it outlines a set of requirements to be met so that the organization should capitalize on the cultural resources provided by a multicultural workforce:

- Top management support and commitment, including the willingness of CEO's to participate to diversity training in order to gain insight into the cultural barriers that can have a negative impact on the employees' contribution to the overall progress of the organization;
- Inclusion of diversity policies in the business plan of the organization and the establishment of related objectives such as the so-called *outreach programs*;
- The existence of mechanisms meant to motivate managers to focus on meeting diversity goals. An example of such mechanism is a performance evaluation process that takes into account the extent to which minorities, whether cultural or gender, are provided with career development opportunities and granted access to higher levels of management on grounds of professional performance;

- The openness towards free and honest communication that allows a productive exchange of ideas and feedback on both individual and organizational level;
- The creation of a flexible organizational environment to accommodate such elements of diversity as religious holidays, diet preferences and dress modes in such a way that they don't interfere with the operation of the organization.

As it follows from the above, being a good manager of a multicultural environment involves, besides professional abilities, a flexibility of the mind and an openness towards change that underlie the capacity to “unlearn practices rooted in an old mind set, change the ways organizations operate, shift organizational culture, restore policies, create new structures, and redesign human resource systems” (Cox 1993, p.132).

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