

Cultural Differences: Not just HR's business, It's everybody's business

Can we risk the consequences of intolerance?

by Stephanie Quappe and Giovanna Cantatore

Quappe and Cantavore discuss the dynamics of cultural differences in today's workplace. They argue that demographic shifts in populations and globalization make managing culture a must. They further explain that it is possible to identify, manage and benefit from cultural differences, and that the management of cultural differences is part and parcel of every job.

We are living in a global village where managers can more rapidly travel, communicate and work across cultures. The reduction in physical distance had made us more aware of cultural differences. Without leaving our country, even our home, we can work for a foreign-owned company, buy raw materials abroad, sell products to non-native customers and have regular conference calls with our colleagues from all over the world. Terrorist attacks and the threat of war and retaliation make us vividly aware that culture matters.

Whether cultural differences will be a help or hindrance to the building of a global village is increasingly a key issue for everyone in today's environment.

A Multicultural Society, a Multicultural Workforce: Demographic shifts in world population

US society will continue to become more multicultural within its own borders. People now considered "minorities" will, in fact, become "majorities" in various areas of the country in the not distant future.



- According to the U.S. Department of Labor, the number of African-, Asian-, Native-, and Hispanic Americans represented just 7.6% of the workforce 50 years ago.
- In 2000, that number more than doubled to 16%, and, according to the Hudson Institute, is projected to surpass 30% by 2020.
- Today, minorities buy more than US\$1 trillion worth of products and services annually.

The workforce has become more multicultural as a result of globalisation as well. Companies integrate groups of businesses around the world through strategic alliances, mergers and acquisitions. Organizations are a mix of people from different cultural backgrounds who have to understand each other, interact on a daily base and often work in more than one country. Understanding cultural diversity, as well as the need to communicate effectively across cultural divides have become imperative if we are to compete effectively in the global marketplace.

As Professor Ian Mitroff said: "For all practical purpose, all business today is global. Those individual business, firms, industries and whole societies that clearly understand the new rules of doing business in a world economy will prosper; those that don't will perish."

What is the challenge?



The challenge for HR professionals is to understand and leverage cultural diversity as powerful resource for increasing productivity and meeting the needs of the global market on a daily basis. To many, this means getting the results that HQ wants. But this perspective is not the only reality. There is, for example, the impact of cultural diversity on the day-to-day business operations. Cultural diversity affects the way in which people feel, think and act, and frequently, people either refuse to see it, or don't want to see it.

Why? Because people are threatened by differences they can not understand. Cultural diversity within any team can be identified as a key factor in the evolution of conflicts.

Ultimately it becomes a source of fear, if cultural difference is perceived as a threat. There is an economic risk of not valuing cultural diversity. In the last 60 years multinational corporations have come a long way from ethnocentric to geocentric thinking and busi-

ness strategy¹. Nowadays, the American Investment Fund Fidelity considers diversity amongst senior management as an important criteria for investment, says Heinz Fischer, Head HR of Deutsche Bank. Equally, research among 1500 students of 50 well known German universities has shown that a multicultural workforce attracts highly qualified new talent.

Ignoring cultural differences diminishes our ability to manage them. On a larger scale, as powerful countries and firms are perceived not to value cultural diversity, so skepticism and then hatred grow, cooperation evaporates, standoffs multiply, trade dies, and both sides feel threaten. No one wants to invest, everyone wants to wait. Deficits and fear increase rapidly. This is potentially a negative spiral that can start in the environment and then pervade the activities of a firm. HR must find ways to counter this spiral if a firm is to retain its honored and respected place in international markets.

The emerging needs

Since a multicultural workforce is a reality, it is crucial for the members of the organization to:

- Perceive and understand the nature of cultural differences.
- Understand their own cultural assumptions and behaviors
- Understanding others' cultural assumptions and behaviors
- See how these differing assumptions can create multicultural conflicts that cost time, money and efficiency.

¹ Dowell, International Growth Strategies and Structured Responses: *Ethnocentric* means that few foreign subsidiaries have any autonomy, strategic decisions are made at HQs, key jobs are held by HQs management personnel, subsidiaries are managed by expatriates. *Geocentric* means that the organization ignores nationality in favor of ability, accompanied by a worldwide integrated business strategy.

The emerging multicultural society poses new questions:

- How can we understand each other better?
- How can we avoid misinterpretations?
- How can we manage our differences?
- How can we use our differences to produce creative solutions for the organization?

The new attitude

It is time to understand that valuing cultural differences is everybody's responsibility, not just that of a selected few.

If we consider cultural issues a task for Human Resources only, we miss the point. A company which has established intercultural training, personal development schemes and international networks looks in good shape and might signal to their employees that everybody's talent is valued regardless of origin. However, political debates about 'good' and 'evil', 'friend' and 'enemy' are likely to enter the company through the back-door and undermine training efforts.

In order to become more aware of cultural differences and their impact on the workplace, we need to change the way we think about diversity and review our approach to culture. Diversity is not about minorities anymore, but it is about the internal employees' needs and the external customers' needs. It is about creating a culture where each individual can succeed and contribute to the organization.

Everyone, employees, supervisors, and managers, play a key role in transforming the organizational culture, so that it more closely reflects the values and potential of our diverse workforce. We partner with our organization as well as with our clients in such a way that it becomes everybody's responsibility to create a more inclusive work environment and use our diversity to understand and meet the needs of our equally diverse customers.

Every employee needs to understand his/her participatory role within the organization and society at large. ✧

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