Developing Core Competence Through Multicultural Learning

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CONTENTS

ACKNOWLEDGEMENTS..................................................I

1. DARE TO BE DIFFERENT........................................1
   1.1. UNDENIABLE REASONS....................................1
       1.1.1. Facts and Realities................................1
       1.1.2. Gaps in Prior Studies..............................2
   1.2. RESULTING PURPOSES OF THIS BOOK....................5
   1.3. GOLDEN DIFFERENCES....................................5

2. DARE TO BE ACCURATE............................................7
   2.1. CULTURE.....................................................7
       2.1.1. Reviewing the Concept of Culture.................7
       2.1.2. Culture Does Matter...............................10
   2.2. CULTURAL DIVERSITY......................................11
       2.2.1. Reviewing the Concept of Cultural Diversity.....11
       2.2.2. Toward a Scientific Approach of Measuring
               Cultural Diversity.......................................14
       2.2.3. Influences of Cultural Diversity on Management...16
       2.2.4. Toward a Scientific Approach of Measuring the
               Effects of Cultural Diversity on the Workplace
               Environment, the Management, and the
               Organizational Performance..............................26
   2.3. LIMITS AND PROBLEMS OF PRIOR CONCEPTS............27
       2.3.1. The Concept of “Divide and Rule”..................27
       2.3.2. The Concept of “Melting Pot”.......................28
       2.3.3. The Concept of “Salad Bowl”........................29
       2.3.4. The Concept of Cross-cultural Interface..........29
               Management................................................32
   2.4. CORE COMPETENCE AND ORGANIZATIONAL
        LEARNING....................................................32
       2.4.1. The Concept of Core Competence....................32
       2.4.2. Anatomy and Evolution of Core Competence........34
2.4.3. The Linkage between Organizational Learning and Core Competence ................................................... 35

3. DARE TO BE EFFECTIVE ................................. 36

3.1. DEFINITION OF MULTICULTURAL MANAGEMENT … 36
3.2. MODEL FOR AN EFFECTIVE MULTICULTURAL MANAGEMENT ......................................................... 36
   3.2.1. Toward Success Sharing ........................................... 37
   3.2.2. Toward Mental Models Sharing .................................. 43
   3.2.3. Toward Vision Sharing ............................................ 54
   3.2.4. Toward Core Competence Development ...................... 56
   3.2.5. Toward Co-success .................................................. 61
3.3. SPECIFIC HYPOTHESES ........................................ 62
   3.3.1. Effects of Cultural Distances ................................... 62
   3.3.2. Conditions for an Effective Multicultural Management ........................................................................... 65
   3.3.3. Linkage Between Core Competence Development and Performance .............................................. 70

4. STANDING IN THE GAP .......................................... 71

4.1. QUANTITATIVE STUDY .................................... 71
   4.1.1. Questionnaire for the Management ................................. 71
   4.1.2. Questionnaire for the Employees ................................... 72
4.2. CASE STUDY ....................................................... 77
   4.2.1. Purpose and Design of the Interview ............................. 77
   4.2.2. Contents of the Interview ........................................... 77
   4.2.3. Process of the Interview .......................................... 77

5. QUANTITATIVE ANALYSIS:
   THE CASES OF KRAOMA & STAR .............................. 79

5.1. PRESENTATION OF MADAGASCAR ....................... 79
   5.1.1. Geographical Situation ............................................. 79
   5.1.2. Population and Cultures ........................................... 79
   5.1.3. Historical Background ............................................... 83
   5.1.4. Madagascarian Organizations ................................. 87
5.2. PRESENTATION OF THE COMPANIES ....................... 87
  5.2.1. Kraomita Malagasy (KRAOMA) .......................... 87
  5.2.2. Star-MADAGASCAR (STAR) .............................. 94
5.3. KRAOMA ................................................................ 101
  5.3.1. Responses to Questionnaires ............................... 101
  5.3.2. The Sampled Employees ..................................... 101
  5.3.3. Measurement of Cultural Diversity ....................... 102
  5.3.4. Hypotheses Testing .......................................... 108
  5.3.5. Interpretations, Findings, and Discussions ............ 137
5.4. STAR ................................................................ 146
  5.4.1. Responses to Questionnaires ............................... 146
  5.4.2. The Sampled Employees ..................................... 146
  5.4.3. Measurement of Cultural Diversity ....................... 148
  5.4.4. Hypotheses Testing .......................................... 153
  5.4.5. Interpretations, Findings, and Discussions ............ 185
5.5. SUMMARY: A COMPARISON OF THE TWO STUDIED
COMPANIES ................................................................. 193
  5.5.1. Similarities ..................................................... 193
  5.5.2. Differences ..................................................... 196

6. CASE ANALYSIS:
THE CASE OF ERICSSON TOSHIBA ............. 199
  6.1. THE FIRM’S OUTLINE ........................................ 199
  6.2. THE FIRM’S WORKFORCE ................................... 200
  6.3. THE FIRM’S CORE COMPETENCE ....................... 201
  6.4. THE THIRD GROUP’S STRATEGIC FUNCTIONS .... 202
  6.5. THE NEW CONCEPT
       OF CONTEXTUAL SWITCHING .............................. 207

7. CONCLUDING & FURTHER THOUGHTS .... 210
  7.1. CONCLUSION .................................................. 210
  7.2. IMPLICATIONS ............................................... 211
    7.2.1. Theoretical Implications ............................... 211
    7.2.2. Managerial Implications ............................... 212
  7.3. FURTHER RESEARCH ......................................... 214
Chapter 1
DARE TO BE DIFFERENT

1.1. Undeniable Reasons

1.1.1. Facts and Realities

Beyond the significant number of multicultural countries, which are already widely recognized, today, we are living in a world where borders are decreasing in importance. People are moving from one place to another for economic, political, or social reasons rather than accepting the status quo in their environments. Multicultural workforces are therefore rapidly and irreversibly becoming the norm in a large number of organizational situations. Unfortunately, this fact nowadays is claimed to influence negatively organizational performance.

In addition, it is actually recognized that global business is on the rise. Almost all large companies now view themselves as members of both domestic and world communities, and literally every developed country is giving high priority to helping their small and medium-size businesses operate internationally. Nevertheless, reliance on domestic business or a shift toward international business operations is actually fraught with growth complexity, geographic distances, and cultural diversity.

In other words, the dramatic changes, which are occurring around the world, are not only due to the rapid changes in technology and new service opportunities, but also from the evolution of new domestic infrastructures and competitive environments.

Common agreements are therefore necessary across borders because there is a clear mutuality of interests, which would provide a significant incentive for compliance. That is why, actually, nations and organizations are more attracted to
multicultural and international connections. Multicultural and international connections suppose global networking—that is, global mission, global vision, global markets, and interdependence on a global economy.

Almost every theory of organizations presumes a tendency for environmental change to be reflected in organizational change. As a result, the era of intensifying global competition predicts that a firm's survival will depend less than previously on access to material resources or markets and more on how it can continuously learn and develop its strength—that is, its core competence. What is not known, however, is how a multicultural organization can be effectively managed so that it would be able to learn continuously and, thereby, develop its core competence. The synthesis and replenishment of the diverse competencies of a multicultural workforce and the mediation between diverse occupational values require new kinds of strategies in managing organizational forces.

1.1.2. Gaps in Prior Studies

Though the great challenge facing management might be described as the search of HOW, prior studies fall far short of providing practical guidance for managing the culturally diverse groups for at least ten (10) reasons:

1. Case studies bear little resemblance to real life. Most researchers have used short-term groups that existed only for the duration of their studies (e.g., Cox et al., 1991; Kirchmeyer and Cohen, 1992; Watson and Kumar, 1992; Watson et al., 1993). Their findings therefore give no guidance as to what to expect in ongoing organizational groups.

2. Sample sizes fall below conventional levels because organizations are reluctant to participate (Cox, 1990).

3. There exists little empirical literature on the dynamics of culturally diverse work groups and even less on the
effective management of such groups, though:

- Comparative studies have shown that culture affects the work-related values and behaviors of its members (e.g., Hofstede, 1984; McCarrey, 1988);
- The differences between cultures can cause difficulties in the multicultural workplace (e.g., Tang and Kirkbride, 1986; Vaid-Raizada, 1985).

4. There has been little empirical research on:
- The notion of core competence;
- The linkage between organizational learning and core competence;
- Multicultural learning;
while most of the empirical research on competencies within firms were much earlier (e.g., Hitt and Ireland, 1985, 1986; Snow and Hrebiniak, 1980).

5. The tasks employed have been either quite simplistic (Fenelon and Megargee, 1971) and/or have had a game-like quality (Ruhe and Allen, 1977), having no significant impact on group members’ well-being, so that the relevance of the studies have been limited.

6. The existing studies’ conclusions are incongruent:
- Some studies concluded that racial diversity inhibited group performance (Fenelon and Megargee, 1971; Ruhe and Allen, 1977); some found no performance differences between racially diverse and racially homogeneous groups; and some concluded that racial diversity enhanced groups’ performance (Ruhe and Eatman, 1977; Watson et al., 1993).
- Some specialists in this field argue that national or regional culture is rarely present in the firms (Maurice et al., 1980, 1992; Amadieu, 1993) or that it is often overpowered by organizational culture (Ivanier, 1992). The idea has been widespread that
organizational culture moderates or erases the influence of national or regional culture. It assumed that employees working for the same organization even if they are from different countries or regions are more similar than different (Adler, 1991). On the contrary, others affirm that national or regional culture is predominant compared with organizational culture (D’Iribarne, 1986; Hofstede, 1980; Laurent, 1983; Meschi and Roger, 1994).

7. *The greater the need for comparison, the greater the need to reduce complexity* (Evers, 1991). But consequently, though these analyses serve as useful background information, they are ineffective as recommendations for action.

8. *Scientifically, it is hard.* Indeed, ideally, we want to emphasize on the interactions among the cultures, given a host of other variables in a dynamic system. But much past research went awry because it mixed up culture as an outcome variable, as a causal variable, and as an indexer of utility functions. Moreover, the development of applied cultural studies faces grave difficulties in:
   - Defining variables
   - Data collection
   - Empirical estimation

9. *It is no longer easy to determine one specific set of objective leadership standards* that the “good manager” can put into practice to be successful. Relativity and flexibility are the new norms (Simons et al., 1993).

10. *A warranted fear of misuse and misunderstanding.* The possible contribution to stereotyping and dynamic effects on group identities reveals that considering culture touches on sensitive questions. These questions are: what are our purposes and what it means, “to analyze a culture” with intellectual inquiry as well as on a philosophical level?
1.2. Resulting Purposes of this Book

The purposes of this book are therefore:

- To address the real and practical issues and improvements of cultural diversity in management with empirical data and case analysis.
- To offer a practical and effective strategy of promoting non-dominant cultures and better mixing up management rank, while ensuring optimal performance and maintaining a skilled workforce, which would be willing and able to continuously learn and develop the firm’s core competence.

1.3. Golden Differences

1. Optimistic view of cultural diversity. Prior studies hypothesize that cultural diversity is difficult to manage and to coordinate. However, it could also bring some positive effects if heterogeneous energies, viewpoints, ways of doing and thinking, skills, and so on, are effectively integrated. The uniqueness of this book would therefore stem from the way of viewing cultural diversity as an originator of a dynamic situation.

2. New concepts: multicultural learning and dynamic core competence. As a consequence of the first point, this book will offer:

- The concept of multicultural learning as a driving force for core competence development;
- The concept of dynamic core competence based on continuous multicultural learning and development of core competence;
- The concept of motivational, interaction, visioning, and learning processes into systems frameworks. This, hopefully, would not change only the organizational members’ numbers and attitudes but...
also the way an organization is managed.

3. *Empirical research and work-related case analysis on multicultural learning and dynamic core competence.* In order to overcome some of the above mentioned gaps in previous research, this book will:

✧ Be based on real and work-related cases and will therefore attempt to provide management a practical way to:

➢ Balance multicultural workforce’s representation and power without replacing one dominant group with another;

➢ Create a willingness-to-share environment that would welcome and foster multicultural learning and, thereby, core competence development;

➢ Understand and utilize the great asset—cultural diversity—in more suitable and productive positions and at their highest potentials.

✧ Attempt to address the issues of cultural diversity with empirical data and a further case study.

4. *Broader scope of study.* Though prior studies usually tend to confine their analyses to the cases of Japan vs. U.S. or Japan vs. U.K. or Japanese multinationals operating in the U.S. or in Europe (everything at the national level), this book will attempt to offer a broader scope of study by analyzing:

✧ Cultural diversity, both at the national and the ethnic groups levels;

✧ Malagasy companies (local companies) and a foreign multinational company operating in Japan.
Chapter 2
Dare To Be Accurate

2. 1. Culture

2. 1. 1. Reviewing the Concept of Culture

From a narrow perspective, culture could be defined as “...that complex of activities which includes the practice of the arts and of certain intellectual disciplines, the former being more salient than the latter” (Trilling, 1978). Most management researchers subscribe to a view of culture which sees it as a set of ideas shared by members of a group (e.g. Allaire and Firsatro, 1984). Culture is therefore not an individual characteristic but rather denotes a set of common theories of behavior or mental programs (Hofstede, 1980, 1984, 1994) that are shared by a group of individuals.

Harris and Moran (1987) define culture as “the cumulative deposit of knowledge, beliefs, values, religion, customs, and mores acquired by a group of people and passed on from generation to generation. It includes not only arts and letters, but also ways of lives, values systems, traditions, and beliefs.”

Majority of cultural components (e.g., beliefs, values, norms, perceptions, attitudes, and priorities) is less visible (Kotter and Heskett, 1992; Schein, 1992), which makes them more difficult to understand and cope with successfully. Therefore, culture could be viewed as a group of hidden and recurring patterns of behavior and thought. According to Aviel (1990) and Cushner and Trifonovitch (1989), they are hidden because individuals learn to behave appropriately in a given culture and little conscious thought is given to the actual behaviors and how those behaviors are learned.

This is consistent with Kohls’s (1981) definition that “culture
is an integrated system of learned behavior patterns that are characteristic of the members of any given society. It includes everything that a group thinks, says, does, and makes—its customs, language, material artifacts, and shared systems of attitudes and feelings.”

Kotter and Heskett (1992) state that, at the deeper and less visible level, culture refers to values that are shared by the people in a group and that tend to persist over time even when group membership changes. At the more visible level, culture represents the group’s behavior patterns or style. At this level, culture is thought to change, not nearly as difficult as at the level of basic values.

In any given culture, some values are regarded as more important than others. And in different cultures, the relative importance attributed to particular values may differ (e.g., Kluckhohn and Strodtbeck, 1961; Rokeach, 1973). Within a culture, values are organized in a hierarchy or a relative order of priority. The terms “Core” and “Periphery” may therefore be used to represent, respectively, the relatively high and the relatively low positioning of values in the values hierarchy and the extent to which they are involved in social control (Lachman et al., 1994).

Many of the prior studies, however, do not consider (see Figure 1):

- The interrelationship between cultural visibility and centrality of values;
- The interrelationship of cultural visibility and centrality of with conflict in intercultural interactions.

Hence, the definition that best suits the reality and the scope of this study would be as follows:

“Culture is created, acquired and/or learned, developed, and passed on by a group of people, consciously or unconsciously, to subsequent
generations. It includes everything that a group thinks, says, does, and makes—its customs, ideas, mores, habits, traditions, language, material artifacts, and shared systems of attitudes and feelings—that help to create standards for people to coexist.”

![Figure 1: The structure of individuals’ cultures](image)

This definition encompasses a wide variety of elements from the visible to the invisible, from the core values to the periphery values, and embraces both national, regional, and ethnic boundaries.

Figure 1 shows that values higher in the hierarchy—that is, core values—are more important, more enduring and resistant to change, mainly if they are invisible (e.g., Americans give primary value to freedom and independence; and Arabs highly value religious belief and devotion). They are highly accepted within a cultural group, thus, are more likely to cause conflict in intercultural interactions. Resistance to change softens when core values are becoming visible (e.g., Elashmawi and Harris
say that the new generation in Japan is now putting more priority on self-reliance as opposed to the older generation, which valued belonging to a group).

Values of low priority, low consensus, and less importance—that is, periphery values—are on the contrary relatively susceptible to change (Shils, 1961). They are more easily subject to change when they are visible (e.g., clothing, housing) than when they are not.

2.1.2. Culture Does Matter

Traditionally, organizations were managed with an ethnocentric approach to culture, which assumes that any society has the same basic values and goals that characterize Western countries. But the evidence to date shows that this assumption is not valid. Although the concept of culture is difficult to define in practice, it is widely accepted that culture has significant effects on organizations (Bhagat and MacQuaid, 1982; Denison, 1990). Culture differs in any society or social group and it does matter.

To better analyze this question, consider the following simplified equations:

\[ \text{Utility}_{Ci} = U_{Ci} (\text{Performance, Management, Environment...}) \]

\[ \text{Performance} = P (\text{Management, Environment, Culture...}) \]

\[ \text{Culture} = C (\text{Performance, Management, Environment...}) \]

Equation (1) indicates that the social utility function under cultural conditions \( Ci \) has many dimensions such as, performance, management style, environmental conditions broadly construed, and so on. The functional form of the utility function depends on the cultural conditions (e.g., Carnevale and Stone, 1994; Cox, 1991, 1993; Wilhelm, 1994), including the possibility of diverse arguments in varied cultures (e.g., Cox et al., 1991; Maznevski, 1994; McLeod and Lobe, 1992; Watson et
Equation (2) states that performance is a function of management style applied, the environment broadly construed, cultural variables (e.g., Carnevale and Stone, 1994; Fershtman and Weiss, 1993; Weber, 1977), and so on.

Equation (3) suggests that the cultural vector itself is a function of many factors including performance (e.g., Baker, 1994; Simons et al., 1993), management choices (e.g., Kirchmeyer and Cohen, 1992; Maznevski, 1994; Tjosvold, 1991), environmental conditions, and so on. This equation suggests that culture is not static but subject to change. Some of these changes are planned and many are unplanned; some can be prevented or retarded or advanced and others cannot.

With such equations, how could decisions be made? The manager’s instinct is to choose a management style to maximize utility, taking cultural conditions and other variables into account. But the equations show that the maximization problem would be a complicated one indeed. Especially, if you look at “Culture”. It is, at the same time, a dependent variable in equation (3), an independent or moderating variable in equation (2), and a giver of meaning in equation (1), in the sense that the utility function itself depends to some degree on the culture. In making choices, culture should be considered in all these ways. With such knowledge in hand, the type of management with new horizons—that is, with cultural variables—could be rethought.

2.2. Cultural Diversity

2.2.1 Reviewing the Concept of Cultural Diversity

Culture group or cultural group refers to an affiliation of people who collectively share certain norms, values, or traditions that are different from those of other groups.
According to Cox (1993), “cultural diversity therefore means the representation, in one social system, of people with distinctly different group affiliations of cultural significance.” In addition, Cox assumes that a majority group and a number of minority groups generally characterize the contexts of social systems. Majority group means the largest group, while minority group means a group with fewer members represented in the social system compared to the majority group. And in most social systems, one group may be identified both larger in size and as possessing greater power and economic advantages.

Mazrui (1992) however views societies into three categories:
1. *Homogeneous* society, in which over 80% of the population are in the same cultural tradition. A homogeneous has a minimum of multiculturalism.
2. *Preponderant* society, in which just over 50% belong to the same cultural tradition.
3. *Heterogeneous* society, in which no cultural group is close to 50% of the population. Usually this is the most multicultural.

That is, it is a homogeneous social system with a minimum multiculturalism, which is more probable to be characterized by majority group and minority groups than a heterogeneous one. Moreover, though Cox (1993) and Mazrui (1992) both consider all social systems being culturally diverse, Mazrui argues that the degrees of diversity are different depending upon the proportions of the cultural groups within the social systems.

In this book, it is argued that:

“Cultural diversity, as it is understood in the workplace today, implies differences in people based on their identifications with various cultural groups. However, cultural diversity is not only defined by the number or proportion of cultural groups within the social system but also
by the significance of their cultural distance\(^1\).”

In other words, disregarding the number or proportion of cultural groups\(^2\) in a given social system:

- If the cultural distances between the existing cultures are not significant, the social system could be viewed as homogeneous, thus, cannot be said to be multicultural.
- If the cultural distances between the existing cultures are significant, the social system can be said to be multicultural, because the diversity is then relevant.

Cultural distances may be due to various factors [e.g., gender, differences in race, in nationality, in age, in educational level, in occupational level, in religion, and so on (Hofstede, 1994)]. It is therefore misleading to state that cultural diversity is caused by a single factor, though indeed, one factor may be more significant than the others.

In addition, a majority group is not always necessarily the dominant group. Therefore, in order to better generalize the analysis and to avoid any confusion or controversy about the relationships between the cultural groups’ sizes and their power and advantages (that is, opportunity to succeed), from here, the following terms will be used throughout the book:

- **Dominant groups**: which means, the groups who hold the power and economic resources;
- **Non-dominant groups**: that is, the other groups.

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1. **Cultural Distance**, a correlative term, refers to the amount of difference in average scores on specific dimensions of culture content (Cox, 1993).
2. Cultural diversity supposes the existence of more than two cultural groups.
2.2.2. Toward a Scientific Approach of Measuring Cultural Diversity

Beyond the above-mentioned gaps in prior studies (Section 1.1.2.), to date, cultural distances between countries and ethnic groups were measured by just comparing the amount of differences in average scores on specific dimensions of culture content\(^3\).

In other words, prior researchers rather cared about the average score differences in absolute values than the significance of these differences. Such approach is however very misleading in the sense that:

- As it was mentioned earlier, culture is by fact a function of core, periphery, invisible, and visible values (Figure 1);
- Differences in average score may include visible and periphery values (values of low priority, low consensus, and less importance, easily subject to change).

\(^3\) Hofstede’s (1980) and some of Kluckhohn and Strodtbeck’s (1961) dimensions have been commonly used by numerous prior researchers.

**Power distance (PD):** defines the extent to which a group of people feels and perceives unequal distribution of power in institutions and organizations.

**Uncertainty avoidance (UA):** defines the extent to which people in a culture feel threatened by uncertainty and ambiguous situations and try to avoid such situations.

**Masculinity orientation (MO):** indicates the extent to which the dominant values of a group of people are “masculine” (e.g., assertion, competition, self-achievement, and so on).

**Group orientation (GO):** implies a tightly knit social framework in which the “in-groups” are expected to take care of their members.

**Task orientation (TO):** indicates the extent to which the dominant values of a group of people are task related.

**Space orientation (SO):** defines the extent to which the dominant values of a group of people are space related.

**Human relation orientation (HR):** indicates the extent to which the dominant values of a group of people are human relation related.
Prior studies like that of Hofstede’s (1980, 1984, 1991, 1994) assume a static environment where cultural dimensions such as power distance and masculinity do not consider both the structure of cultures and the interactions which may influence these cultures. Hence, they based their analysis on a simple comparison of average scores.

This book therefore suggests that data would be analyzed with an interaction-based viewpoint since, in reality:

- Organizational environment is rather dynamic than static;
- Measurement of cultural diversity should:
  - Consider the structure of individuals’ cultures within the dynamic environment;
  - Point out the significance of their cultural differences while considering the dynamic environment, which may shape some parts of their cultures.

Schematically, when a cultural distance has high absolute value but not significant, it would mean that the difference might incorporate a lot of visible and periphery values. On the contrary, though a cultural distance may have a low absolute value but is significant, it would indicate that the difference is composed of invisible and core values that are highly accepted within a cultural group, thus, they are more likely to cause conflicts in intercultural interactions.

Practically, with the ANOVA procedure within the SAS (Statistical Analysis System), for example, one could compare the cultural groups’ average scores on specific dimensions of culture content. The multiple comparison methods within this procedure offer detailed information about the significance of the differences among the average scores and allow the control of error rates for a multitude of comparisons.
2.2.3. Influences of Cultural Diversity on Management

Since people’s assumptions, beliefs, values, interests and needs, and goals are shaped by the culture to which they belong, they can be fairly deeply rooted in an individual. One should therefore assume, at least in the short run, that culture could not be changed to meet the demands of management. In the case of national or ethnic cultures, they are also usually supported by a complex and long-established social system, which has a vibrant existence outside the context of a business organization, fathering power and opportunity discrepancies between the cultural groups. Thus, one should take the position here that an individual’s behavior in an organization will mainly be guided by the outside culture from which he/she comes (Jaeger, 1990).

Members of a multicultural organization therefore would not share a common set of assumptions, beliefs, values, interests and needs, nor goals, which originate from the local environment. Indeed, employees do not leave their cultures at the company’s door when they come to work. Jaeger (1990) says that these cultural values from the environment are brought into the workplace and their differences would have a strong impact on the behavior of persons within the organization.

The practical impact of cultural diversity on management practices would therefore be identified in (Figure 2):

- **Motivational process**, because individuals in organizations would have various opportunities and interests and needs—these are the foundations of motivation;
- **Interaction process**, because members of organizations would not share a common set of assumptions; they would not perceive and evaluate attitudes and behaviors similarly, thus they would also act differently. Herein lies the source of miscommunication, misunderstanding, competitive or even destructive conflicts, disrespect, and mistrust;
• **Visioning process**, because visioning process could be only effectively achieved after the accomplishment of the motivational and interaction processes. That is, common needs and aspirations and goals (from the motivational process) would be needed in conjunction with a common way of seeing the world (from the interaction process). If these elements are found in combination, then there would be a sharing of vision.

• **Learning process**, because without a common vision, there would be no question of collective learning. Moreover, individuals in organizations would hold diverse experiences, varied ways of thinking and doing, and different knowledge;

• **Performance**, because work output would depend upon the above cited processes as a whole.

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**Figure 2: Cultural diversity's influences on management**