Impact of Cultural Diversity on International Management: Challenges and Prospects

Ezezue B.O and Nwekpa K.C

The paper anchored on the impact of cultural diversity on international management. It examines the beneficial impact of cultural diversity and also highlights some of its challenges/prospects. The paper tries to ascertain the extent to which the knowledge of cultural diversity could help international managers achieve companies goals, it examines the effect of cultural diversity on managerial attitude and behaviour. It also evaluates the extent to which people of diverse culture could work together or co-exist in the same organisational environment. It further x-rays the need of companies to train their employees on techniques of cultural diversity and its benefits to the well-being of the companies, the whole purpose of this paper, therefore anchored on management of diversity in order to bring out the best of employees talent, skills, knowledge and abilities as well as the well-being of the companies; it is a known fact, that when workforce diversity is well managed, no employee in the companies will feel disadvantaged. A good manager has a key role in transforming the organisational culture so that it more closely reflects the values of the diverse workforce. The population of the study was 850 and the sample size 272 which was determined using Taro Yameni’s formula. The study adopted survey method to collect data using 5 point likert scale form. The finding of the study shows that organisation where its managers have deep knowledge of cultural diversity, its workforce do better in terms of contributing to the organisational goals and objectives than in organisations where its managers are racists and dichotomous. And since globalization is quickly reshaping the international economic landscape, it must be managed carefully and intelligently.

1. Introduction

As Ezezue (2011) opines a major challenge of doing business internationally is to adopt effectively to different cultures. Such adoption requires an understanding of cultural diversity, perceptions, stereotype and values. In recent years, a great deal of research had been conducted on cultural dimensions and attitudes, and the findings have proved useful in providing integrative profiles of international cultures. In the same vein, Ezezue (2011) quoting Hodgeths and Luthans (1999) asserts that because different cultures exist in the world, an understanding of the impact of culture on behaviour is critical to the study of international management. If international managers do not know something about the cultures of the countries they deal with, the results can be quite disastrous.

Star etal (2003) define cultural diversity as the quality of diverse or different cultures, as opposed to monoculture, as in the global monocultures, or a homogenization of cultures, akin to cultural decay. The phrase cultural diversity can also refer to having different cultures respect each other’s differences. The phrase “cultural diversity” is sometimes used to mean the variety of human societies or cultures in a specific region, or in the world as a whole.

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1.2 OBJECTIVES OF THE STUDY
1. To ascertain the extent to which the knowledge of cultural diversity help international managers achieve organizational goals.
2. To examine the effect of cultural diversity on managerial attitude and behaviour.
3. To evaluate the extent to which people of diverse culture could work together or co-exist in the same organizational environment.
4. To find out the relationship between training and companies performance.

2. LITERATURE REVIEW
Here works of different authors who have related views on the study were reviewed. Also internet search was made in order to tap the available literature on line.

CULTURAL DIVERSITY
Cultural Diversity is the quality of diverse or different cultures, as opposed to monoculture, as the global monoculture, or a homogenization of cultures, akin to cultural decay. The phrase cultural diversity can also refer to having different cultures respect each other’s differences. The phrase “cultural diversity” is sometimes used to mean the variety of human societies or cultures in a specific region, or in the world as a whole. (en.wikipedia.org/wiki/cultural_diversity)

2.1 CULTURAL DIVERSITY IN NIGERIA: A BLESSING OR A CURSE?
Cultural diversity is a term commonly used to describe the society with people of different ethnic origins, which is manifested in their languages, the way they dress, art, and other traditional practices that are either similar or very different from each group. These traditional practices are highly valued and maintained with great admiration among people of ethnic groups. In Nigeria, for example, when it comes to dressing the core North is identified with the starch-ironed, the Fez as a cap. In the western part of Nigeria, dominated by Yoruba ethnic group, people generally sew their cap in a long style which neatly folded when worn on the head. On the other hand, in the eastern part of the country –IBO are known for their red cap, which is traditionally worn (but mostly) by the titled men. Other minority ethnic group in the middle belt region – the TIV, Ngas, Ida, Nupe and so on, also have unique cultural attributes that help identify cultural roots when they appear in public. For example, the TIV people in Nigeria are well known for it’s a’ nger, unique traditional costumes (cloth) linear sewn in black and white options, which typically carry TIV people identify with their cultural background.

However, living and working together does not make Nigeria one, for there are so many differences that still keep its people apart. For example religion has remained one of the major factors that
contributed to the disunity of the Nigerian people (Boko Haram). Nevertheless, there are common areas of similarity in most Z (cultresocial.blogspot.com/2011/09/cultural_diversity-in-nigeria.blessing.html).

2.2 WHAT IS CULTURE?
Hacker (2011) states that Culture refers to a group or community which shares common experiences that shape the way its members understand the world. It includes groups that are born into, such as race, national origin, gender, class or religion. It can include a group we join or become part of. For example, it is possible to acquire a new culture by moving to a new country or region, by a change in our economic status, or by becoming disabled. When we think of culture this broadly we realize we all belong to many cultures at once.

In the same vien, Ezezue (2011) further says that culture is acquired knowledge that people use to interpret experience and generate social behaviour. This knowledge forms values, create attitudes and influences behaviour. Simply put, culture could be defined as the way people do things, their way of life, eating, dressing, behaving and so on. Most scholars would agree on the following characteristic of culture according to Ezezue (2011).

1. Learned: culture is not inherited or biologically based; it is acquired by learning and experience.
2. Shared: people as members of a group, organization, or society share culture; it is not specific to single individuals.
3. Trans-generational: culture is cumulative, passed down from one generation to the next.
4. Symbolic: culture is based on the human capacity to symbolize or use one thing to represent another.
5. Patterned: culture has structure and is integrated; a change in one part will bring changes in another.
6. Adaptive: culture is based on human capacity to change or adapt, as opposed to the more genetically driven adaptive process of animals.

2.3 CULTURAL DIVERSITY
Brown & Mazza (1997) opine that cultural diversity or multiculturalism, is based on the idea that cultural identities should not be discarded or ignored, but rather maintained and valued. The foundation of this belief is that every culture and race has made a substantial contribution to American history. However, many people remain opposed to the idea of multiculturalism or cultural diversity awareness, while others often support it and yet have no clear idea of how it should be taught (www.diversity-books.com/what-is-culturaldiversity.html).

Ezezue (2011) says that there are many ways of examining cultural differences and their impact on international management. Culture can affect technology transfer, managerial attitudes, managerial
ideology, and even business government relation. Perhaps most importantly, culture affects how people think and behave.

Furthermore, Ezezue (2011) quoting Hodgetts and Luthans (1999) asserts that the cultural impact on international management is reflected by these basic beliefs and behaviours. Here are some specific examples where the culture of a society can affect management approaches:

i. Centralized vs Decentralized Decision making:
   In some societies, all important organizational decisions are made by top managers. In others, these decision are diffused throughout the organization, and middle and lower managers actively participate in, and make key decisions.

ii. Safety vs Risk: In some societies, organizational decision makers are risk averse and have great difficulty with conditions of uncertainly.
    In others, risk-taking is encouraged, and decision making under uncertainly is common.

iii. Informal vs Formal procedures: In some societies, much is accomplished through informal means. In others, formal procedures are set forth and followed rigidly.

iv. Individual vs Group Rewards: In some countries, personnel who do outstanding work are given individual rewards in form of bonuses and commissions. In others, cultural norms require group rewards and individual rewards, frowned at.

v. High vs Low Organizational Loyalty: In some countries, people identify with their occupational group such as engineer.

vi. Co-operation vs Competition: Some countries encourage co-operation among their people. Others encourage competition among their people.

vii. Short term vs Long term Horizons: Some countries focus most heavily on short term horizons such as short-range goals of profit and efficiency. Others are more interested in long-range goals, such as market share and technological development.

viii. Stability vs Innovation: The culture of some countries encourages stability and resistance to change. The culture of others put high value on innovation and change (Ezezue 2011, quoting Hedgetts and Luthans 1999).

OVERVIEW

Many separate societies that emerged around the globe differed markedly from each other, and many of these differences persist to this day. As well as the more obvious cultural differences that exist between people, such as language, dress and traditions, there are also significant variations in the way societies organise themselves, in their shared conception of morality, and in the way they interact with their environment. Cultural diversity can be seen as analogous to biodiversity (Star and Jason, 2003).
2.4 OPPOSITION AND SUPPORT

By analogy with biodiversity which is thought to be essential to the long-term survival of life on earth, it can be argued that cultural diversity maybe vital for the long-term survival of humanity, and that the conservation of indigenous cultures maybe as important to human kind as the conservation of species and ecosystems is to life in general. The general conference of UNESCO took the position in 2001, asserting in Article I of the universal Declaration on cultural Diversity that “… cultural diversity is as necessary for human kind as biodiversity is for nature”. (UNESCO 2002).

The position was rejected by some people on several grounds. Firstly, like most evolutionary accounts of human nature, the importance of cultural diversity for survival maybe an untestable hypothesis, which can neither be proved nor disproved. Secondly, it can be argued that it is unethical deliberately to conserve “less developed” societies, because this will deny people within these societies the benefits of technological and medical advances enjoyed by those of us in the developed” world (UNESCO, 2002).

In the same manner that the promotion of poverty in underdeveloped nations as “cultural diversity” is unethical, it is similarly unethical to promote all religious practices simply because they are seen to contribute to cultural diversity. Particular religious practices are recognized by the WHO and mutilation (FGM), sati (burning the widow on the husband’s burial pyre) polygamy, child brides, and human sacrifice (UNESCO, 2002).

2.5 EMPIRICAL REVIEW

Subhash (2001) stated that the diverse workforce has become a reality today. The impact of cultural diversity varies with the type of environment and firm’s overall strategy. As more and more number of firms move from domestic, multidomestic, multinational strategies to operate as a truly global firms, the significance and impact of cultural diversity increase remarkably.

Furthermore, Subhash (2001) quoting Adler (1997) opined that management of cultural differences has become important for creating advantages and getting competitive edge. Hence, diverse workforce (diversity) refers to the co-existence of people from various socio-cultural backgrounds within the company. Diversity includes cultural factors such as race, gender, age, colour, physical ability, ethnicity, etc. it also includes all groups of people at all levels in the company.

Diversity requires a type of organisational culture in which each employee can pursue his or her career aspirations without being inhibited by gender, race, nationality, religion, or other factors that are irrelevant to performance (Bryan 1999) as quoted in Subhash (2011).
Torres and Bruxelles (1992) concluded that managing diversity means enabling diverse workforce to perform its full potential in an equitable work environment where no one group has an advantage over another.

Simmons (1996) was of the opinion that dynamic organisations look for people who are different from us because the diverse workforce may bring different talents, interests, and viewpoints. Therefore, organisations which fail to embrace diversity effectively and do not take a holistic approach to eliminate discrimination and injustice will adversely affect both employees and customers; hence, organisations must concentrate on holistic strategies that address broader human resource issues, and value diverse employees.

**DIVERSITY ALSO CAUSES CERTAIN ORGANISATIONAL PROBLEMS**

i. Communication becomes more difficult. Employees from different cultures fail to understand one another. Firms operating in different language areas find difficulty in communicating with the Local employees as local employees speak different languages.
ii. Diversity increases ambiguity, complexity and confusion.
iii. Diversity also causes problems when managers and employees over generalize organisational policies, strategies, practices and procedures.
iv. Cultural diversity creates difficulties for an organization when it wants to reach on a single agreement.
v. Cultural diversity increases complexity and problems in developing overall organisational procedures.

An organization with a diverse workforce can better serve and compete in diverse market. Hiring a diverse workforce can be challenging but the greater challenge is to retain the diverse workforce. As Farren (1999) suggests, exploring best HR practices help a lot in identifying the best tools for retaining a diverse workforce. These practices include: establishing open communication, supporting ongoing training and mentoring programmes and linking pay to diversity goals. Ultimately, the key to create, develop and retain diverse workforce is to find a way to make workforce to feel connected to their organisation.

**WHY IS CULTURE IMPORTANT?**

Culture is a strong part of people’s lives As Hacker (2011) asserts, it influences their views, their values, their humour, their hopes, their loyalties, and their worries and fears. If you are from New Mexico or Montana, if your parents are Cambodian, French, Canadian, or Native American, if you are German Catholic or African-American, if you are Jewish or Mormon, if you are straight or Gay, if
you are mixture of cultures, your culture has affected you. So when you are working with people and building relationships with them, it helps to have some perspective and understanding of their cultures.

But as we explore culture, it’s also important to remember how much we have in common. A person who grew up in Tibet, will probably see the world very differently than someone who grew up in Manhattan – but both people know what it is to wake up in the morning and look forward to the adventures of the day. We are human beings; we all love deeply, want to learn, have hopes and dreams, and have experienced pain and fear.

At the same time, we cannot pretend that our cultures and differences don’t matter. We can’t gloss over differences and pretend they don’t exist. Wishing that we could be alike. And we can’t pretend that people that discriminate don’t exist (Hacker, 2011).

2.6 WHY IS IT IMPORTANT FOR PEOPLE OF DIVERSE CULTURES TO LIVE AND WORK TOGETHER?

- In order to build communities that are powerful enough to attain significant change, we need large numbers of people working together. If cultural group join forces, they will be more effective in reaching common goals, than if each group operates in isolation.

- Each cultural group has unique strengths and perspectives that the larger community can benefit from. We need a wide range of ideas, customs, and wisdom to solve problems and enjoy community life. Bringing non-mainstream groups into the centre of civil activities can provide fresh perspectives and shed new light on tough problems.

- Understanding cultures will help us overcome and prevent racial and ethic divisions that result in misunderstandings, loss of opportunities, and sometimes violence. Racial and ethic conflicts drain communities of financial and human resource; they distract cultural groups from resolving the key issues they have in common.

- People from different cultures have to be included in decisions making processes in order for programs or policies to be effective. The people affected by a decision have to be in formulating solutions – its basic democratic principle. Without the input and support of all the groups involved, decision-making, implementation, and follow through are much less likely to occur.

- An appreciation of cultural diversity goes hand-in-hand with a just and equitable society. For example, research has shown that when students’ cultures are understood and appreciated by teachers, the students do better in school. Students feel more accepted, they work harder to achieve, and they are successful in school.

- If we do not learn about the influences that cultural groups have had on our mainstream history and culture, we are all missing out an accurate view of our society and our communities (McCoy etal, 1997).
CULTURAL DIVERSITY IN THE WORK PLACE
Cultural diversity is when differences in race, ethnicity, language, nationality, religion and sexual orientation are represented within a community. A community is said to be culturally diversified if its residents include members of different groups. The community can be a country, region or city. Cultural diversity has become a hot-button issue when applied to the workplace (McCoy et al, 1997).

WHY DOES CULTURAL DIVERSITY MATTER?
People from different races, etc have different life experiences. This flavours their interpretation of events. These differences can bring strength to the group if it is valued and integrated into the group dynamics. However, it can take time, intent and the willingness to be open-minded and non-judgmental about the value the differences bring. It definitely takes effort to make cultural diversity a strength.

Cultural diversity can also weaken a group. Differences in interpretation of events can lead to miscommunication, awkwardness and hostilities if not addressed. Prejudices about people of different backgrounds can also lead people to jump to conclusions and misinterpret actions and behaviours.

2.7 HOW TO MANAGE DIVERSITY
Stereotypes can create destructive communication. Team members have to sort through all the prejudices about people who are different. Even though it takes longer time for the teams to perform, it’s worth it. Once the team bonds, the diversity of the members makes it more innovative and perform better. Result? Higher salaries, bonuses, and even stock options for everyone on the team.

Wharton Biz school consultant, Pamela Tudor, found that if members of a team shared similar values and dedication to a shared goal commitment to common goal overcame any other diversity issues. Therefore, these teams must be supported by departments that dearly, explain the goals of the team. This is more likely in growth – oriented companies that know they need to embrace diversity to fuel the innovation that’s their competitive advantage.

3. METHODOLOGY
The researcher adopted a survey approach in collecting data from the employees of some selected Companies namely: Innoson Manufacturing Company, International Glass Industries (Abia State), Consolidated Breweries Plc (Imo State), through the use of likert-scale form. The population of this study comprises of all the employees in the above companies covered by the study-numbering 850 who are currently on the pay roll of the companies. The sample size method Taro Yameni technique was used to select a sample of 272 respondents to participate in this study. The sample comprises both managers, supervisor, indigenes and non-indigenes staff from all the departments of the enterprises since indigenes and non-indigenes are found in all organisational levels.
\[ n = \frac{N}{1+N(e)^2} = \frac{850}{1+850(0.05)^2} = \frac{850}{1+2.125} = 272 \]

Where \( n \) = Sample size, \( N \) = Finite Population, \( e \) = Limit of tolerable error (.05), 1 = Constant, was the 272 employees of the above three companies.

Data Analysis and Findings
The data which were collected via questionnaire and interview are presented and analyzed using 5 point likert scale form thus: (KEY –SA=Strongly Agreed, A = Agreed, N = Neutral, D= Disagreed, SD =Strongly Disagreed).

Table 3.1: Whether knowledge of cultural diversity helps international managers achieve organisational goals and objectives.

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Source: field survey, 2013

Table 3.2: Whether cultural diversity effect managerial attitude and behaviour

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Source: field survey, 2010
4. FINDING
The finding of the study shows that organisations where its managers have deep knowledge of cultural diversity, its work-force do better in terms of contributing to the organisational goals and objectives than in organisations where its managers are racists and dichotomous.

Again, in some organisations visited by the researcher, employees that are from different ethnic groups are regarded as non-indigenes and untold hardship are meted on them; some are not promoted when the indigenes are promoted and in most cases, they are disengaged for no good reasons. Hence, it was suggested that organisations should take care of their work-force no matter their areas of origin.

5. CONCLUSION
Conclusively, cultural diversity can bring strength to an organization if it is valued and integrated into the organizational dynamics; hence, cultural diversity matters a lot because people from different races have different life experiences and they co-exist with one another even in organizational setting. It is also an established fact, that when workforce diversity is well managed, no employee in the companies will feel disadvantaged. Hence, a good manager has a key role in transforming the organisational culture so that it more closely reflects the values of the diverse workforce.

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