





### The culturally diverse workplace is a reality.

- Companies and people increasingly cross borders and continents in search of business opportunities.
- Technology is connecting us all, globally, every day.
- Tweeters (Twitter) discussing diverse workplace issues range from New Zealand universities, Paris (France) based International Chamber of Commerce, and US-based The Conference Board.
- In February 2012, University of Missouri students participated in the first 'Bottom Line for Diversity' symposium – an event focused on cultural competency in the workplace, including a culturally competent training session.

### Successful integration of local and global cultures is challenging.

Potential problems of a less-than-cohesive policy of cultural integration and understanding can include inadequate communication, poor decision-making, and misunderstandings – all of which can lead to a non-competitive, non-globally aware business.

### This whitepaper:

- asks why managing cultural diversity is important;
- examines cultural differences and challenges, within global, local, industry and geographic divisions;
- assesses the cost of inadequate, ineffective cultural diversity and understanding; and
- outlines key factors in creating a successful, culturally diverse workplace, from recruitment to training and management.

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## Catalyst for Innovation

*Why managing cultural diversity is important*



Workplace diversity offers an opportunity for a rich and varied corporate environment, with the different experiences and perspectives leading to improved results. And in European countries, such as Germany where export orientation is an important key to economic success, the demographic changes result in a multi-lingual, multi-cultural workforce. Companies with an innovation culture tend to be market leaders and have more sustainable businesses.

Indeed, some of the world's largest companies successfully manage increasingly diverse workforces:

[Diversity Inc's 2011 Top 50 Companies for Diversity](#) list includes PricewaterhouseCoopers, IBM and Kraft Foods. It is ranked by CEO commitment; human capital; corporate and organizational communications; and supplier diversity.

In 1999, Fortune magazine's 'America's 50 Best Companies for Asians, Blacks, and Hispanics' included some of Wall Street's top performers.

Global operations with culturally diverse workforces have unique access to people sharing global and local experiences. This provides better insight on specific client needs arising from geographical/cultural differences within a specific country. The challenge is in harnessing this diversity to the organization's benefit by adapting and adopting the best of various cultures. Successful examples include:

- the Indian operations of Unilever-Hindustan, and IBM.
- integration of the diverse and sometimes disadvantaged peoples of South Africa to create companies that win government tenders in addition to corporate, often global, business. Racial and ethnic diversity and transformation is part of the legislative framework in the country.

## Where and What Global? Local?

A survey of [member firms of IRC global alliance](#) found that cultural diversity is considered a significant issue in emerging markets such as Eastern Europe, China and India, where companies are increasingly outsourcing labor-heavy functions. The idiosyncrasies of these countries' particular cultures demand corporate understanding and awareness for effective co-operation in a multi-cultural workforce.

However, cultural diversity is also seen as a global phenomenon: "Very few environments and/or companies are so monolithic that there is no exposure to people from diverse backgrounds."

Experienced executives realize that in addition to the increased cultural awareness needed by the developed countries, that the converse is also true: "To be successful, emerging countries need to learn how to work with business and cultures in the Western world. For example, China and India need to learn a lot about European and American customs."



Even in countries such as Canada and Brazil, where different cultures are accepted and integrated, there is still need for a deeper understanding of cultural customs on a business level as well as social.

Among Asia Pacific countries, false 'cultural ceilings' can mistakenly inhibit executive advancement, and contribute to a lack of diversity at senior levels, as experienced by [Australia and Singapore based Culture Resource](#):

'In the Australian culture in general ... staff are pretty much expected to take care of their own career: it is up to you to express what you



want, you are directed to the available resources by the organization (i.e. the communication via the intranet) and you can consult your manager about the best process – but you need to take the initiative. Some of the non-English speaking cultures ... believe that it is not up to the employee to decide what their next career step is; they expect their manager to take the initiative. Not surprising, it was mostly the Anglo-cultures that worked their way up the management ladder, while the non-Anglo cultures waited patiently for their managers to promote them. Of course, when many of the non-Anglo employees felt over-looked, they often left the organization, resulting in high staff turnover and a lack of cultural diversity at senior levels.'

As Culture Resource concluded: 'even though the management team actually wanted to encourage culturally diverse staff for managerial positions, they quickly realized that this process needs to be guided by culturally appropriate practices to remove the cultural ceiling and avoid the negative impact of high staff turnover.'

## Industry sector?

## Geographic location?

## Virtual reality?



The need for a significant influx of skilled people in certain industries, including IT, telecoms and energy, is considered a big driver. In addition, industries with these types of needs are often clustered in specific geographies. For example, the Finnish telecom industry attracts people from many different cultures.

While people are willing to relocate world-wide in accordance with work in their industry, insufficient cultural knowledge of the geographic location can make a difference between accepting a new position or deciding on a 'safer' option of a 'known' country. Some countries, states and/or provinces are more restrictive on allowing foreigners to get work permits; some are restrictive regarding religious orientation.

As the need for talent increases, companies must provide adequate resources to enable a valuable (often key) prospective employee to understand and appreciate – and feel comfortable with – diverse cultures.

While traditional industries, tied to sources of physical raw material, experience a generally slower development of the multi-cultural workforce, the digital world contributes to an increasingly diverse workforce, and executives.



A [Mashable Business](#) article by Shane B.

Santiago (president and chief creative officer at SBS Studios, a digital creative agency with offices in Jacksonville, Florida, and Washington, D.C.), suggested reasons for the IT industry becoming more culturally diverse:

'According to a [2010 report from Defacto Group](#), a higher percentage of Asian Americans, Hispanics and African Americans use Facebook, YouTube and Twitter than those classified as "non-ethnics." This poses the question: Can you effectively serve a demographic that isn't employed at the highest levels of your

organization? A study by the [Kaiser Family Foundation](#) showed that black and Hispanic Americans in the eight to 18-year-old age bracket spend more time than white Americans on computers, playing video games and using mobile devices. This young demographic may soon be at the helm of the industry, leading the charge of digital entrepreneurship.'

## Consequences of Ignorance

### Experiences, challenges and what NOT to do

When a list of 'what not to say to offend' has more than 25 separate topics, it shows the extent of both ignorance and need for understanding.

US-based [Diversity Inc's](#) 'Things NEVER to Say To...' includes conversation taboos when speaking with Asian co-workers; Latino executives; and biracial/multiethnic colleagues.

### Size is not a savior

Even large global businesses can get it wrong. For example, multilingual services company [Kwintessential](#) tells the story of how an Arab TV channel's (MBC) version of a television show called 'Big Brother' was cancelled after just its second showing – despite being successful in the UK in 2001, and in subsequent spin-off versions in other continents, including Australia and Europe:

'In early 2004, the Arab TV channel MBC surprisingly decided to produce their own version, Al-Ra'is (the Boss), in Bahrain. Perhaps just as unsurprising was the decision to cancel the show after its second showing following intense media criticism accompanied by protests on the streets of Bahrain. One can only wonder how the MBC producers failed to see the cross-cultural implications of Al-Ra'is. An understanding that the format and logistics of the show demanded some cross-cultural modifications became manifest as the producers decided to segregate the sleeping quarters of the male and female contestants. In addition a

prayer area, women's lounge and mixed-sex communal area were introduced to better accommodate Islamic principles. Targeting an audience comprising of mainly Muslims, Al-Ra'is failed to read the cross-cultural signs. The close quarter interaction between men and women was culturally unacceptable to the majority of viewers. "It is normal for males and females to mix, but not to put them together in the same house for a long time," said 21-year-old student Maryam al-Sayrafi, who summed up most Muslims' feelings on the show.'



Kwintessential believes the failure of Al-Ra'is demonstrates 'the adverse consequences of a failure to incorporate cross cultural analysis into a business strategy; in this case a TV show, and the importance of cross cultural understanding in transferring ideas and concepts across cultures'.

## Lost opportunities

A member firm with a global recruitment alliance has also seen the failure of under-valuing 'foreign' business experience: "We've had a couple of clients where their lack of general cultural education has led to presumptions that a non-US candidate's business experience must be inferior as it was not gained in North America. The same presumption has been applied to education if the candidate does not have a degree from a North American university. Some US-based clients simply have no knowledge of the education levels achieved at the top universities in Europe, or elsewhere."

On another occasion, a Japanese company's managing director (MD) and a German Human Resources (HR) director held a joint interview with a German management-level candidate. "For some reason the Japanese MD lost interest in the candidate – and openly showed his lack of interest by leaving the table and hitting a golf club in the meeting room. Not only was this embarrassing for the German HR director, it



also sullied the company's reputation as an employer."

## Life is too short to learn Mandarin

### Key factors in creating a successful, culturally diverse workplace



Cross-cultural awareness identifies how different approaches are affected by an individual's cultural background.

These differences typically arise in such areas as:

- communication;
- non-verbal communication;
- training;
- management approaches to task completion; and
- mentoring and guidance.

Overall, management decisions on global company culture are key.

## Language of Communication

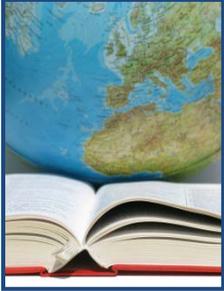
"I see many people worried about learning Mandarin, but the Chinese are really learning English. I guess life is too short to learn Mandarin..."

While executives consider if they need to be multilingual, English language skills are increasingly necessary (and accepted as the norm) in the global business world. Indeed, some people consider that fluency in one common language (in this case, English) may eventually minimize cultural misunderstandings.

[Global executive search experience](#) seems to support the need for English-language fluency in global searches.

- Good candidates have been cut from the search process because their English is inadequate for cultural understanding and communication.

- A company that wants to implement a diverse cultural policy will seek an executive, whose language fluency will minimize cultural misunderstanding, enabling critical information exchange between employees and management.



However, fluency in the English language cannot prevent some cultural issues from arising, as body language can be perceived differently by various nationalities - even if they all speak a common language. One of the biggest challenges is recognizing

the natural bias and pre-conceived perspective of other cultures that are sometimes so subtle as to go unacknowledged, especially by the executive who seeks to be open minded, and culturally aware.

While it can be difficult to design and enforce policies, ongoing development to nurture sensitivity to cultural differences can include various programs:

- listening skills to enable true understanding of meaning;
- a business culture of openness, transparency, sensitivity and mutual respect;
- people participation to foster mutual understanding, as opposed to formal classroom training;
- evaluation on a 'need-to' basis, preceded by open and frank communication with all employees explaining the rationale, and the benefits; and
- education of the 'native' workforce for better integration of the 'foreign' workforce.

Harvard Business School's ['Working Knowledge for Business Leaders'](#) also has suggestions for better communication in a diverse workplace, including:

- learn how the source culture best receives communications;
- train international employees early and often;
- train the non-foreign-born;
- assign mentors and take care of the spouses;
- practice open-door communication – carefully;
- avoid jargon and slang in company-wide communications; and
- play by the rules and stick to business.

## Management

Management's demonstrated attitudes towards culturally diverse policies and acceptance will create positive change, cascading down to the rest of the organization. In addition to learning the local culture's nuances, and expanding their own country-centric views, executives can take a longer view, and adapt their thinking. While the management structure may not have to change, management mentality may need adjustment. For example:

- hiring managers tend to hire people who are most like themselves, from a gender, cultural or religious background, socio-economic background – they will have to consciously overcome such biases to engage fully in recruiting a diverse multi-cultural team;
- executives who manage non-English speaking staff must accept, respect and appreciate foreign cultures;
- soft skills and cultural training will be needed to ensure that effective communications are in place.

## Mentoring and Guidance

For mentoring or guidance to have results, there must be an initial willingness by employees to challenge long-held assumptions - on approaches to authority, to gender roles, and ways of communicating. It is essential that people are encouraged to ask questions if they don't understand, without fear of looking foolish.



Some ideas for such programs can include:

- formal programs to prepare employees and their families to live in different countries;
- global employee-resource groups that meet during the work day, are funded by the company and have a senior executive as a sponsor;
- policies in place to protect employees from harassment and discrimination, resulting from cultural misunderstanding;
- flexible hours for religious observances;
- disability-awareness training in global locations.

## Ten Basic Cultural Communication Keys

*Creativity, empathy and an open mind are essential components for successfully developing a culturally diverse workplace.*

- Use appropriate communication channels (formal and non-formal; traditional and modern).
- Create forums/platforms (Facebook, LinkedIn, Twitter) for people to join and learn.
- Use universal symbols, pictograms and multilingual information pieces – as successfully used in the manufacturing industry.

(As other industries become increasingly diverse, similar tactics will be needed for training and communications.)

- Encourage empathy and emotional intelligence.
- Highlight the specific 'norms' of the new 'local' market.
- Coach both management and new employees.
- Analyze the current business situation, and then gauge the impact of additional, multi-cultural employees.
- Teach employees about other cultures, and share experiences.
- Talk to executives, share positive management examples.
- Have a business partner that knows the local market conditions.
- Sensitize employees from the 'home' country, along with the new recruits from the 'foreign' country on cultural issues that could impact the working relationship. These can include food and food habits, religious and social customs, and cultural taboos.



**As business and people increasingly move across industries and countries, companies that understand the need for a flexible diversity policy – one that will be continuously modified, expanded and developed to successfully integrate people, ideas and diverse cultures – will be the leaders.**

## Additional Resources and Further Reading

**CULTURE RESOURCE CENTRE:** aims to help people, teams and organisations developing a joint appreciation of doing business across cultures.

**MASHABLE:** Social media news and tips.

**KWINTESSENTIAL:** Professional Document Translation, Interpreters, Multilingual Business Services and Training

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## About IRC Global Executive Search Partners

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