Cultural Diversity
and Its Impact in
Doing Business

Claudia Carballal-Benaglio
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# Index

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>Cultural Diversity Definition</td>
<td>7</td>
</tr>
<tr>
<td>Cultural Rights</td>
<td>8</td>
</tr>
<tr>
<td>Main Aspects of Cultural Diversity</td>
<td>9</td>
</tr>
<tr>
<td>Race</td>
<td>10</td>
</tr>
<tr>
<td>National Origin</td>
<td>11</td>
</tr>
<tr>
<td>Ethnic Background</td>
<td>12</td>
</tr>
<tr>
<td>Religion</td>
<td>13</td>
</tr>
</tbody>
</table>
Index, Cont….

Cultural Intelligence Definition………………14
Cultural Intelligence in Business……………15
Cultural Intelligence Applied…………………16
Intercultural Collaboration Definition………17
Five Key Cultural Assumptions……………..18
Proper Communication……………………19
Perception of Performance………………….20
Concept of Responsibility………………….20

Cultural Diversity and Its Impact in Doing Business
Index, Cont….

- Concept of Authority ........................................ 21
- Concept of Time ............................................. 22
- Cultural Profiles .............................................. 23
- Low/High Contexts ......................................... 24
- Low/High Power Distance ................................. 25
- Individualist/Collectivist ................................. 26
- Low/High Uncertainty Avoidance ..................... 27
- Mono-chromic/Poly-chronic ......................... 28

Cultural Diversity and Its Impact in Doing Business
Index, Cont....

Objectives of Cultural Profiling ............29
Fitting Cultures ........................................30
Emotional Intelligence ..............................31-32
Case on Point ..............................................33
Cultural Awareness Definition ..................34
Five Cultural Awareness Tips For The Workplace ........................................35-37
Contact Information .................................38
Introduction

In today's world of global business relations, companies and professionals are finding themselves in foreign countries, dealing with different languages, customs, and perceptions more like never before. The key to effective communication is understanding and respect of each other's culture.
*Cultural Diversity Definition*

The cultural variety and cultural differences that exist in the world, a society, or an institution.
Cultural Rights

Every human being has the right to culture, including the right to enjoy and develop cultural life and identity.

The right to culture is limited at the point at which it infringes on another human right.

In accordance with international law, no right can be used at the expense or destruction of another.
*Main Aspects of Cultural Diversity*

1. Race
2. National Origin
3. Ethnic Background
4. Religion
Race

Several generations of Americans are comprised of many races. In many parts of the United States, companies are finding that minorities make up a large segment of their workforces presenting specific challenges.
National Origin

The addition of tens of thousands of immigrants into the USA every year, brings their valuable skills and abilities but also challenges in terms of cultural and language gaps that require overcoming, ways of thinking or perceptions, and social and communication styles.

Employees play a role in addressing cultural challenges in order to ensure overall business success.
*Ethnic Background*

Many born and raised Americans bring different perspectives and understandings shaped by the ethnicities and cultures of their immigrant families.

Employers and co-workers need to respect both identities in a person and be, at a minimum, comfortable with these differences.
Religion

The United States is characterized by a variety of religious practices and beliefs both inherited from immigrant families and founded within the country.

Employers play an important role making their employees feel comfortable and valued no matter what their religion.

The Civil Rights Act of 1964 prohibits discrimination in hiring or treatment of workers on the basis of religion.
Cultural Intelligence Definition

The ability to interpret a person’s unfamiliar and ambiguous gestures in just the way that person’s compatriots and colleagues would.

The ability, natural or learned, to understand, and be comfortable with, foreign human actions including body language and make cooperation possible.
* Cultural Intelligence in Business

The human actions, gestures, and speech patterns a person encounters in a foreign business setting are subject to a wide range of interpretations which may lead to misunderstandings.
*Cultural Intelligence Applied*

- If culture and collaboration are interrelated systems, why aren't they being managed as such?

- Can they be managed?

- If so, How?
**Intercultural Collaboration Definition**

Collaboration systems to reduce the risk of cultural misunderstanding or conflict in the workplace.

Born our of the need to understand other cultural models of collaboration and interact effectively with them.
Five Key Cultural Assumptions

1. Proper communication
2. Perception of performance
3. Concept of responsibility
4. Concept of authority
5. Concept of time
*Proper Communication*

What might be considered an appropriate way of communicating in one cultural system or group might be perceived as nonfunctional or bureaucratic in another.

For example, some people may speak in a “high context” communication style, meaning that speakers rely on things other than words to convey meaning, while other people might speak directly and to the point without paying much attention to things other than words to convey meaning.
*Perception of Performance and Responsibility*

The way a corporation in a foreign country evaluates performance and the worth of employees might be perceived as ineffective in another country.

The same applies for the concept of responsibility and how employees and employers are held accountable for their performance within the corporation.
*Concept of Authority*

In some countries, the concept of authority is highly respected and unquestionable while in other countries, the concept of authority is more flexible and something a person earns.

For example, Chinese culture gives a considerable amount of reverence for authority and age based in part on the legacy of Confucius’ system of interdependent relationships—a structure in which the lower level gives obedience to the higher, extending from the family level to the national level.
*Concept of Time*

For some cultures, time is flexible while for other cultures time is interpreted in a strict sense without room for much flexibility.

*For example, in some Latin American countries it is more or less acceptable that people arrive half an hour or an hour late to a meeting or formal event. On the other hand, tardiness in the United States is considered a sign of disrespect and a lack of seriousness or responsibility.*
*Cultural Profiles*

1. Low/High Contexts  
2. Low/High Power Distance  
3. Individualist/Collectivist  
4. Low/High Uncertainty Avoidance  
5. Mono-chromatic/Poly-chronic

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Low/High Contexts

How much speakers rely on things other than words to convey meaning. Cultures that favor low-context communication will pay more attention to the literal meanings of words than to the context surrounding them.
**Low/High Power Distance**

The degree to which people accept hierarchical authority and how far they are willing to subordinate themselves.
*Individualist/Collectivist

Whether the individual or the group is the fundamental unit of a political, social, and economic system.
Low/High Uncertainty Avoidance

The level of tolerance for ambiguity and uncertainty. Low uncertainty cultures tolerate various opinions and inconclusive or unsettled discussions. Change is accepted more easily. High uncertainty cultures like to employ rules to control ambiguity and uncertainty. If uncertainty emerges it must be resolved.
*Mono-chronic/Poly-chronic*

Whether a person likes to do just one thing at a time or multiple things at a time.

Mono-chronic cultures value order, look for an appropriate time and place for everything and take time commitments seriously. Poly-chronic cultures like to do multiple things at the same time, can be easily distracted but tend to manage interruptions well with a willingness to change plans often and easily.
Objectives of Cultural Profiling

Specialist hope that a methodological process of analysis based on the five cultural profiles, will help individuals and corporations evolve beyond a subjective mode of judgment from their particular cultural structure, which originates prejudice and conflict, to an objective understanding of other cultures.
Interestingly, cultural intelligence studies have shown that different cultures might get more things accomplished because they help each other overcome their weaknesses. For example, an individualist culture may work more efficiently with a collectivist culture.

The key is that both cultures work together without judgment and applying cultural and emotional intelligence.
*Emotional Intelligence*

Emotional intelligence is directly related to cultural intelligence. You cannot have one without the other, but cultural intelligence picks up where emotional intelligence leaves off.

A person with high emotional intelligence grasps what makes us human and at the same time what makes each of us different from one another.
Both cultural intelligence and emotional intelligence require the suspension of judgment and to think before acting.

A person with a high level of cultural intelligence might take a few hours or days to suspend judgment, while someone with low cultural intelligence might have to take weeks or months.
*Case on Point*

An American expatriate manager served on a design team that included two German engineers. As team members provided ideas, the German engineers condemned them repeatedly as stunted or immature. The manager concluded that Germans in general are rude and aggressive.

The skills of cultural intelligence and emotional intelligence would have helped the American realize he was mistakenly equating the merit of an idea with the merit of the person presenting it and that the Germans were able to make a sharp distinction between the two.
Cultural Awareness Definition

The understanding of how a person's culture may inform their values, behavior, beliefs and basic assumptions.

Cultural awareness has become an important skill for multicultural teams.

Relocation services and human resources managers provide a variety of cross-cultural orientation sessions and tools to help employees deal with an unfamiliar language, the lack of cultural awareness, and limited knowledge of new business protocols.
*Five Cultural Awareness Tips For The Workplace

1. Have a positive attitude towards other cultures. This will help you communicate more effectively and relate better to others.

2. Create an environment of cultural competence. Organize cultural meetings and get in touch with people who have been successful in interacting with diverse cultures. By developing cross-cultural skills you enhance the opportunities of successful services to foreign clients.
3. Your company’s human resources department must have the experience and sensitivity to work with persons from different cultural and ethnic backgrounds. Cultural awareness must be projected inside and outside your company.

4. Identify the main characteristics of those cultures with whom your team interacts. Does your client come from a culture where they value individualism or collectivism? Is verbal or non-verbal communication prominent? Is time and being on time interpreted rigidly or flexibly? These aspects will define the way you approach and communicate with diverse clients.
5. Have mechanisms in place to develop and disseminate awareness of one's own cultural worldview and different cultural practices. This will make everyone accountable for cultural sensitivity.
Cultural Diversity and Its Impact in Doing Business