ENHANCING ORGANISATIONAL PERFORMANCE IN FAST-CHANGING GLOBAL CONTEXTS

di **Milton J. Bennett**
Ph.D., Director, Intercultural Development Research Institute

Contrary to some myths of assimilation, globalization has actually generated more emphasis on cultural diversity. Organizations face increased cultural variation in both external markets and internal workforce issues. To paraphrase the Harvard Business School professor Rosabeth Moss Kanter, "Every organization in the 21st century will have access to global diversity, but successful organizations will know how to turn that access into an asset." (Moss Kanter, 1995). This presentation will suggest how organizations can maintain competitive performance by developing intercultural viability – the capacity to co-evolve in changing social ecosystems. It demands that leaders become more conscious and that organizations become more agile.

Autori di altri Paesi – siano essi studiosi, manager o consulenti – ci aiutano a inquadrare le problematiche organizzative in una prospettiva globale. Questi contributi sono pubblicati in lingua originale.

Despite its nostalgic appeal, the assimilationist idea of a 'melting pot' was never an effective or sustainable strategy for dealing with diversity. Israel Zangwill's 1927 play by that title was filled with references to eugenics and the 'super race' that would emerge from the melted cultures. But in fact, most people didn't melt, either because they weren't allowed to or because their progeny re-established their ethnicity one or two generations later.

Unfortunately, its dismal history has not stopped the melting pot from going global as convergence. Many business and political leaders think that their particular philosophy will become the global super brand that unites all people under its banner. But research shows, particularly in situations where convergence would be expected such as global organizations with strong corporate cultures, that cultural differences are stressed even more. In one notable study of this effect, psychologist Geert Hofstede found that employees of IBM from 31 different national groups reported more cultural difference from one another than did their national compatriots outside IBM.

BURSTING THE MYTHS OF ASSIMILATION AND CONVERGENCE

What these burst myths imply is that the need to deal with cultural difference in a globalizing world is inevitable and growing. The question isn't (nor ever has been) if, but rather how we incorporate cultural difference into our work. Recognizing this fact places us in a better position to heed the advice of professor Moss Kanter quoted earlier. If we don't, cultural differences will not go away; they will just be an added cost, not an added value.

Various studies have demonstrated the potential cost versus value of diversity in work groups. In one type of this study, groups of culturally similar people were given a creative task and their performance noted as average. Then the groups were made more diverse by adding diversity of age, ethnicity,

gender, and other differences. The culturally diverse groups either outperformed or underperformed the more uniform groups. This shows that diversity isn't automatically valuable, but it could be.

The main difference between the two diversity groups was leadership. The underperforming groups had leaders who suppressed the cultural differences, usually in the name of the corporate culture: "We're all company culture people here, so let's get on with it…". As implied by the IBM study, those leaders didn't make diversity disappear; they just swept the differences under the rug where they became obstacles to performance. In contrast, the outperforming groups had leaders who acknowledged the differences in the group. Usually this takes the form of leaders postponing action on the task in favor of discussing how differences in the group could aid in the effort. That time spent upfront dealing with diversity adds value in subsequent higher performance.

It's likely that the recognition of potential value from cultural and other forms of diversity is a capacity shared by innovative leaders in general. A Harvard leadership initiative study of 1.300 innovative business leaders in the XX and early XXI centuries found that their main shared characteristics were abilities to recognize context, shift context, and synthesize across contexts. In other words, the innovative leaders were perceptually agile, a quality that is also crucial to intercultural communication competence.

Intercultural communication competence is the ability to understand and be understood in a variety of cultural contexts, which obviously is an important skill for managing multicultural workgroups. More generally, intercultural consciousness is the ability to perceive 'otherness' in a sufficiently complex way to generate respect and inclusion of cultural differences into societal and organizational activities. Intercultural consciousness isn't natural to the human condition, which is more likely to be ethnocentric and xenophobic. But intercultural consciousness can be taught, and people who learn it are positioned to be successful leaders in an environment that is certain to be more multicultural and complex.

ETHNOCENTRISM AND ETHNORELATIVISM

The Development model of intercultural sensitivity (Dmis) is a good way to understand how people develop intercultural consciousness. The Dmis defines stages in the development of perceptual agility from ethnocentrism to ethnorelativism. The default condition is denial, where others who are culturally different aren't perceived at all or only in vague terms. Denial isn't a sustainable condition in most contemporary business contexts, but it persists in many areas' social isolation. More common in business settings is defense, were others are perceived in simplistic, stereotypical ways. Defense is associated with feeling one's own culture to be superior (or sometime inferior) to others,

viability its capacity to adapt to rapidly changing social-cultural conditions. Adaptation at this level is a kind of co-evolution, where the organization responds to social changes in ways that sustain both the organization and its environment.

The first dilemma is that of stability and change. The failure to resolve this dilemma impedes movement out of denial. Stability and change are often treated as conflicting conditions, but they are really mirroring of each other. When an organization tries to maximize one side of the dichotomy while minimizing the other side, it generates an unsustainable condition. In this case, stability becomes stagnation or change becomes chaos. To resolve the dilemma, organizations need to create a constant movement between the two sides. When that is achieved, stability becomes security and change becomes adjustment. Secure adjustment is a much more sustainable condition than either stagnation or chaos, since it reduces both the visceral fear of change and the intemperate demand for it.

The second dilemma is that of 'us' and 'them', which characterizes defense. If organizations try to maximize value of us (usually members of the dominant cultural group) and minimize the value of them (minorities, foreigners, etc.), the result is that 'us' becomes superior and 'them' becomes inferior. The resolution of this dilemma is probably the most difficult of all the ethnocentric issues, since it runs counter to millennia of human tribal experience. Nevertheless, we have already adapted somewhat to living with previously fearsome others. The initial resolution is to make everyone 'us' – just parts of a common humanity. The upside of this resolution is that it counters some of the more egregious forms of prejudice against others. But the downside is that it encourages assimilation, where the dominant group insists that its own culture is the proper definition of 'common humanity' for everyone. In organizations, the us-them resolution frequently involves imposing a uniform (and usually dominant culture-based) corporate culture on everyone.

who represent an existential threat. In many cases of sustained contact with others in work situations, defense gives way to minimization, where assumptions of common humanity and universal values allow others to be perceived as 'just human'. This condition, the last of ethnocentrism, is characterized by tolerance for superficial cultural differences and a strong feeling that others are fundamentally similar to one's self.

The development of ethnorelativism is driven by the failure of minimization to deal adequately with actual cultural difference. In global businesses and multicultural organizations that experience a lot of cultural diversity, at least some people develop acceptance of cultural difference, a condition where others are perceived as equally complex, but different from one's self. People at acceptance are typically respectful of cultural differences and see their potential value, but it may be difficult for them to navigate action among the varying demands of different groups. The key ability of people at the next stage, adaptation, is exactly to make ethical decisions in the face of viable alternatives. They can empathize with others and also maintain commitment to a coherent course of action. When this ability becomes habitual, it constitutes the final ethnorelative condition of integration.

In order to allow the development of intercultural consciousness among their members, organizations need to resolve several dilemmas of ethnocentrism and to generate certain supportive conditions for ethnorelativism. The degree to which these conditions are met constitutes the organization's intercultural

The third dilemma of ethnocentrism is that of unity and diversity. Proponents of each side of this dilemma are often quite aggressive in arguing for their position. The attempt to exaggerate unity (typically in the name of the corporate or national culture) generates uniformity, while the attempt to exaggerate diversity generates divisiveness. Ironically, these results of either side winning the argument are exactly what the other side fears! As with the other dilemmas, the better alternative to pushing one side to the exclusion of the other is to resolve

both sides into a dialectic. In this dialectic, unity becomes focus and diversity becomes innovation. Of course, focused innovation is what people wanted all along. When resolved, the dilemma of unity-diversity allows movement out of minimization and into the first ethnorelative stage of acceptance.

INTERCULTURAL ETHICALITY

The acceptance of cultural difference represents an initial activation of intercultural consciousness, specifically in the form of self-reflexivity. What that means is that people at this stage are able to observe themselves in context (cultural, organizational and personal). With that perceptual ability comes the potential to shift into alternative contextual experiences; that is, to empathize with others. But the potential for empathy is impeded by another unresolved issue: ethicality. Even when people recognize and appreciate cultural difference, they frequently cannot empathize with experiences that they think are unethical. For instance, it may seem to international managers that being 'understanding' of giving and receiving gifts as part of business is tantamount to agreeing with it. Of course, much of the world's economic activity is accompanied by the exchange of gifts (in one form or another), so whether one engages in the practice or not, understanding it is crucial to operating effectively in those contexts.

The practice of intercultural ethicality can be supported by shifting the basis of ethicality from 'universal truth' to 'particular commitment.' It is impossible to posit universal truth without assuming that it is true for everyone, whether they think so or not. This is, of course, the assimilation position associated with ethnocentrism. A more ethnorelative alternative is to recognize that there are more than one viable way of being in the world, and that ethicality is maintaining personal and collective commitment to the ways that we think are good. This is not 'situational ethics', since we don't change our commitment according to situation; but we do assume that our ethical actions are choices, not mandates. This allows us to be respectful of others, even though we may disagree with their idea of 'goodness' and avoid emulating their behavior. In organizations, intercultural ethicality takes the form of clear principles of ethical behavior along with respectful ways of implementing and explaining that behavior in different cultural contexts.

A question related to intercultural ethicality is 'who adapts to whom' in multicultural situations. The aphorism of "when in Rome, do as the Romans" works all right for travelers, but in actual multicultural working situations it is unclear where Rome is. The work group may be physically located in Japan but be composed mainly of people from other cultures. Does the group nevertheless adopt Japanese cultural behavior because they are in that country? Or does it adopt the cultural patterns of a dominant group? This is also a difficult question in national societies experiencing migration of immigrants and refugees. No matter how grateful people might be for new opportunity, they usually don't want to lose their cultural heritage. And in multicultural work groups, the adoption of a single culture may destroy the potential value of diversity for the task.

The developmental response to these conundrums is the idea of mutual adaptation. Adaptation, unlike assimilation, is not substitutive; it is additive. So, in the case of immigrants and refugees, rather than losing or suppressing their own cultures for the sake of a host culture, they can maintain their own cultures in addition to acquiring competence in the host culture. The reciprocal of this is that members of the host culture also need to adapt to the incoming cultural groups, but they don't lose

the host culture in the process of doing so. In the case of multicultural groups, every member adapts to every other member in unique ways. In both cases, the outcome of mutual adaptation is virtual third culture – the interactional space that exists between two distinct cultures generated for the purpose of coordinating meaning and action in multicultural situations. In order for this to happen successfully, people need to have already resolved the dichotomy of unity-diversity, as discussed earlier.

The vision of this kind of intercultural consciousness is one that demands more self-reflexiveness and intentionality. Culture and language are, by definition, habits of thought and action that we acquire more or less unconsciously as part of socialization. But traditional socialization is inadequate for living in multicultural situations, whether they are international-multicultural organizations or larger societies. It is no longer sufficient for us to be competent members of our own cultures: we must additionally be aware of our cultural contexts and have the ability to intentionally shift cultural perspective as part of an ongoing mutual adaptation.

Organizations are not conscious entities, so it doesn't make sense to suggest that they also be self-reflexive and intentional about their organizational cultures. For the same reason, it isn't t very useful to talk about 'culture change' in organizations. Organizations (including societies) are coordinating systems. Their function is to provide the structural stability necessary for people to work together towards common goals. As coordinating systems, organizations can be more or can be less viable in their ability to support various groups of people achieving various goals. For instance, simple hierarchical management was viable in the social context of relatively homogeneous workers engaged in fairly straightforward extraction or manufacturing tasks. But as workforces became more heterogeneous and organizational goals became more complex, hierarchical systems lost their viability, they no longer could adapt to the changed environment and they either died or evolved into more complex forms.

Organizational systems now face new and increasingly extreme environmental pressures – more complex organizational goals (for example stakeholder or triple bottom line outcomes) and a more complex cultural mix of multicultural workforce

and international operations. Further, these changes are not stabilizing, but continuing to change at exponential rates. No particular evolutionary adaptation is sufficient to survive this rate of change; to remain viable, organizations need to become more agile in their coordinating functions. For the particular function of coordinating among various culture groups, this can be called an organization's intercultural viability.

To generate intercultural viability, organizations first need to resolve the dilemmas that underlie ethnocentrism. They need to establish both security and adjustment to change, combine 'us and them,' and make unity and diversity interactive. Then organizations need to support ethnorelativism by:

· creating ethical guidelines based on commitment to one among several viable alternative actions, with the clear expectation that alternative actions will be understood and respectfully acknowledged;
· establishing structural support for virtual third cultures, with the expectation that assimilation is never appropriate and adaptation must always be mutual;
· approaching change by building new capacities in critical groups of individuals and providing timely institutional support for those new capacities.

The measurable outcomes of an organization's intercultural viability are forms of habitual behavior ('the way we do things around here') that are sufficiently developed in terms of intercultural sensitivity to support multicultural coordination. For instance, work groups should have a wide repertoire of strategies to get input during in situ or virtual meetings, written communication should not follow rigid protocols, etc. This kind of habitual group behavior is different than an aggregate of individual behaviors, groups may be greater or less than the sum of their parts. So, any measurement of intercultural viability needs to be done at a group level; a difficult criterion, since most measurements can only measure individuals and then average their responses. The definition and assessment of intercultural viability is the next step in evolving organizations.

REFERENCES CITED

Adler N. (2001), **International Dimensions of Organizational Behavior**, 4th Edition, South-Western
College Press, Cincinnati.
Bennett M. (2017), **Developmental model of intercultural sensitivity**, In Kim Y., **Encyclopedia of Intercultural Communication**, Wiley, Hoboken.
Bennett M. (2013), **Basic concepts of intercultural communication: Paradigms, principles, & practices**, Intercultural Press, Boston.
Hofstede G. (1984), **Culture's Consequences: International Differences in Work-Related Values**, Sage Publications, Beverly Hills.
Knefelkamp L. (1998), **Introduction**, in Perry W., **Forms of Cognitive & Ethical Development in the College Years**, Jossey-Bass, San Francisco.
Moss Kanter R. (1995), **World Class: Thriving Locally in the Global Economy**, Simon&Schuster, New York.
Zangwill I. (1921), **The Melting Pot: Drama in Four Acts**, Macmillan, New York.
Rosen R., Digh P., Singer M., Phillips C. (2000), **Global Literacies: Lessons on Business Leadership and National** Cultures, Simon & Schuster, New York.