International School of Management

Program

MMGT – Dec. 12-14, 2013

Multi-Cultural Management

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Final assignment:

"Think Local act Global - (h) edging your (cultural) differences".

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- February 2014 -

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Abstract:

"Think global, act local" ("glocal") appears to me as very much cliché in today's world. Common wisdom was to start going international after having reached maturity in one's own "home" market. A "second" best choice strategy indeed. More recent strategies for international manufacturing have been devised to generate competitive advantage in the quest to face pressure for globalization and for local responsiveness. Nowadays, in the current borderless economy, all business is global and competition comes from everywhere. To succeed in a global economy managers have to apply leadership universals, and culture doesn't matter less; it matters more. Societal homogeneity is blend into a multi-dimensional society of societies, a mix of local and global references.

To assess how corporation and management are to be aligned with multiculturalism we will be using for further discussion, a "five + two cross national venture strategies" framework, as follows:

- *Greenfield start.*

Successful leaders must be multicultural, cosmopolitan and worldly, with an ingrained cultural sensitivity, so to be able to conduct business effectively across national borders. Successful companies will avoid a "one-size-fits all" approach to global strategy. The proper usage of intercultural competencies can be a source of competitiveness, given a set of skills and cognitive or behavioral attributes, professionals need to possess to succeed in an international environment. It is not about "what to learn from each other, but how to learn".

- *Foreign acquisition. Acquisitions and Mergers.*

No clear consensus is reached as for the interrelationships among corporate culture, national culture, integration approaches, and influence on the success of international mergers. Cultural differences and lack of trust have frequently been reported as being responsible for 70 percent of integration failures. Theoretical model suggests that executives of the acquiring firm should pay as much attention to the choice of level of integration and cultural dimensions as they do to the effects of national and corporate cultural differences.

- *International strategic alliance.*

Non-Equity Alliances are less effective than Joint Ventures at transferring technological capabilities. Even though maturity and "safeness" of each partners into the venture don't allow for multiculturalism to clash.

- *International Joint Venture.*

When JV partners are based in countries with substantial differences in uncertainty avoidance and long-term orientation, the chance that the JV will survive is diminished. Differences in individualism, however, have been shown to improve JV profitability and productivity.

- *Multi-cultural multinational company.*

The notions of multiculturalism and diversity at one's own (corporate) door step, is becoming more and more a reality. Population subgroups are nowadays noticeable enough to offer a powerful pool to address and understand, starting from the "inside" of the modern organization. Yet in response to the need for better measurement of diversity results, companies have developed systems that can help to calculate the business rationale for diversity efforts and their impact on the bottom line.

- *Born global firm.*

Cultural risks are deemed very low in the way that these startups can see culture and geographical diversity as a key competitive benefit. Internationalization is an intrinsic part of the company's business DNA indeed.

Today's global companies rarely intend to impose standardized sameness on local consumers. However, we will see that multiculturalism and cross-national ventures often meet in "resistance" if the latter has not translated into a newer organizational form, led by transformational agents.

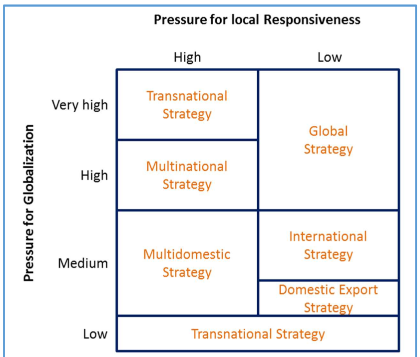
Introduction

The original saying "Think global, act local" has been attributed to Scots town planner and social activist Patrick Geddes (1854-1932). It became a popular business strategy lingo in the 1980s-1990s, with international corporations aiming at promoting themselves as global players, while being seen as active actors in the local communities. The concept had since been coined as “glocal” (and the glocalization[1] practice), and used as an advertising and branding tool for large companies, such as Sony of Japan[2].

As such, this notion of reasoning one’s strategy from a unique perspective (global[3]), that is an exclusive center of consideration, for performance (acting) into a multitude of places (local[4]), appears to me as very much cliché in today’s world, and reminiscent of a business ethnocentrism[5] en vogue in the previous century, where the world was to be divided by those who knew, and those who followed, by those who planned and those who executed, and by the producers and the consumers.

Back to recent and lesser recent times, reasons to export[6], or to internationalize[7] were many. Most commonly, they were due to a wish to A) increase your revenue and profitability (growth), B) protect yourself against local market fluctuations (risk spreading), C) stabilize your annual workflow (un-seasonality) and D) finding a market for your product (expansion)[8]. Common wisdom was indeed to start expanding outside one’s own borders, after having either secured a place, or reached maturity, in one’s own “home” market. Going international, was consequently a “second” best choice strategy, implemented to sustain the longer term business.

More recent strategies for international manufacturing have been devised to generate competitive advantage (Chen, 1999), especially as an answer to “two competitive pressures that companies face: pressure for globalization[9] and pressure for local responsiveness[10]”, with consequently 7 possible matching strategies, as illustrated in **Figure 1** (Miltenburg, 2009).



Source: adapted from Shi and Gregory (1998)

Figure1: Generic strategies for international manufacturing

[1] Noun: *the practice of conducting business according to both local and global considerations.* Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/glocalization?q=glocalization
[2] Retrieved February 10, 2014 from http://en.wikipedia.org/wiki/Think_globally,_act_locally
[3] Adjective: *relating to the whole world; worldwide.* Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/glocal
[4] Adjective: *relating or restricted to a particular area or one’s neighborhood.* Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/local?q=local
[5] Noun: *evaluation of other cultures according to preconceptions originating in the standards and customs of one’s own culture*. Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/ethnocentrism?q=ethnocentrism
[6] Verb: *send (goods or services) to another country for sale.* Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/export?q=exporting
[7] Verb: *make (something) international*. Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/internationalize?q=internationalization#internationalize__18
[8] Retrieved February 10, 2014 from http://businesshelp.lloydsbankbusiness.com/international/exporting/exporting/#why-export
[9] Noun: *the process by which businesses or other organizations develop international influence or start operating on an international scale*. Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/globalization?q=globalisation
[10] Noun: *responding readily and with interest*. Retrieved February 10, 2014 from http://www.oxforddictionaries.com/definition/english/responsive?q=responsiveness#responsive__10

Nowadays, "in the current borderless economy, all business is global and competition comes from everywhere", with "technological advances, knowledge explosion, globalization and rapidity of change, as the universal global business drivers affecting organizations around the world" state Rosen and Digh (2001). Consequently, cultural differences, languages, habits and beliefs have among many things been believed as becoming in the recent period of time, of a lesser importance, with the emergence of more common (world spanning) consumption behaviors (e.g. restoration, entertainments, travelling, access to information…) and the dominating presence of global corporate players (the Top 500 multinational corporations account for nearly 70 percent of the worldwide trade[11]).

However, as shown by an extensive survey conducted by Rosen and Digh (2001), it appears that "to succeed in a global economy, managers have to apply leadership universals, and in the new borderless economy, culture doesn't matter less; it matters more", which emphasizes the need for "universal" leaders able to understand and respect local codes. With migration reaching three times their level than 40 years ago (Withol de Wenden, 2012), societal[12] homogeneity of one's country, its core culture, beliefs and reference sets, is transformed and blend into a multi-cultural, multi-dimensional society of societies, as a mix of *local* and *global* references. That is where Hofstede et al. (2010) tell that "globalization meets fierce resistance, because economic systems are not culture free". Companies have to be "multi-dimensional" too, adapting themselves with new "organizational forms and practices, products and services, culture and custom", as cited by Zhu et al. (2011).

To assess how corporation and management are to be aligned with multiculturalism into the making of a set of Intercultural Corporate Competencies (ICC), I have been using the "five ways of international expansion" (Hofstede et al., 2010), illustrated with two further "ways" (so to take into consideration more recent trends), as a framework for further discussion. **Figure 2** presents the five + two cross national venture strategies a Firm (here called Firm A) can pursue in its internationalization ventures, while weighting the riskiness of each options.

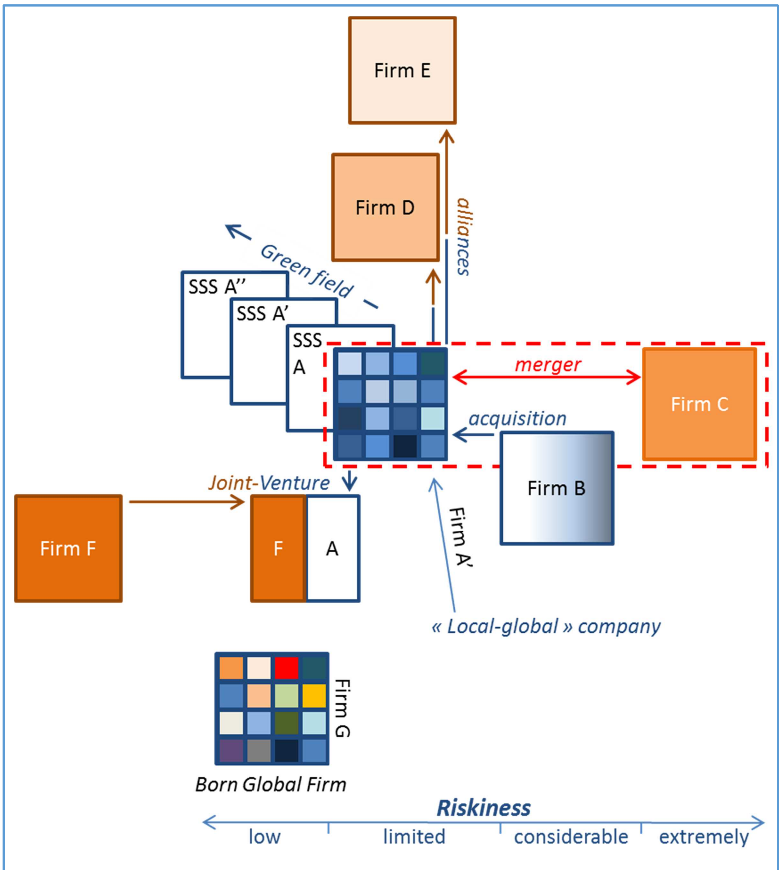


Figure 2: 5+2 Cross national ventures strategies

[11] Retrieved on February 11, 2014 from http://www.gatt.org/trastat_e.html
[12] Adjective: relating to society or social relations. Retrieved on February 11, 2014 from http://www.oxforddictionaries.com/definition/english/societal?q=societal

International organic growth *- Green field start*

Greenfield start, a term coined by Hofstede et al. (2010), means that a corporation (in our case Firm A), sets up local Sales and Support Subsidiary/Subsidiaries (here called SSS A, A' & A''), while sending expatriates[13] to help start the local operation. Until the 1980s, *Greenfield start* was the almost exclusive strategy used by corporations when expanding internationally, with a slow path of growth, yet with *limited* cultural risks.

Nowadays, success in establishing a daughter company abroad, and managing effectively the cultural dimension, is a major challenge, given the fact "of diminishing of the amount of time available to experience and acquire knowledge" (Albescu et al., 2009), common knowledge making the most hidden part of any foreign environment. Success will thus reside mainly in the capability of the *mother* company to become multicultural, transferring back and forth knowledge, from and to the new location (enhanced business practice), by the use of proper (adapted) tools (knowledge management) and agents (leaders).

Usually selection and nurturing of leaders must follow a three stage process of development (fast track) whereas they have been identified as "potential leaders" (leadership[14] skills), then "aspiring leaders" (track record) and finally "outstanding leaders" (achievers). Yet in in today's turbulent, global economic environment, successful leaders must be multicultural, cosmopolitan and worldly, with an ingrained cultural sensitivity, so to be able to conduct business effectively across national borders (Muna, 2011). Further to that, Muna (2011) cautions that the framework of the corporation, that is its capability to incorporate knowledge is not always "compliant", and that "past behavior is not always a significant indicator of future success", where the successful companies will avoid a "one-size-fits all" approach to global strategy".

Gupta and Govindarajan (2000), showed though that knowledge inflow from *mother* to *daughter* company, will be "impacted by the proportion of local nationals within the subsidiary's top management team. The greater its number, the lesser the inflow will be, as per the diminished absorptive capacity of the subsidiary. Expatriates sending will impact its richness of transmission channels (due to strong ties with other managers at corporate HQ), and consequent success in the vertical corporate socialization of the daughter company". Transmission of tacit knowledge to the "foreign" *daughter*, and its inclusion, shall be systematized and implemented by "multi-culturally aware" agents.

At managerial level indeed, as reported by Miltenburg (2009), citing Elmer Dixon (Executive Diversity Services Inc.), it is said that "a manager needs to cultivate self-awareness so to understand the styles and behaviors of other cultures and for that must be able to examine and understand his own actions and their cultural origins". To which, Vence (2003a) citing Kay Iwata (K. Iwata Associates Inc.) shares that "if I am not aware of the biases and beliefs or values that drive my own behavior, then I can judge someone very easily, and stay out (of the situation) and manage the tendency to judge right and wrong". The own intrinsic personae of the agent, is the revealing link in the success (or lack thereof) of the international venture strategy of a corporation. Albescu et al. (2009) emphasized it, in the way that "the proper usage of intercultural competencies can be a source of competitiveness, given a set of skills and cognitive or behavioral attributes (competences), professionals need to possess to succeed in an international environment" (as summarized in **Figure 3**), adding the dimension of "trust building" to the required sets of skills.

Skills	Intercultural competences	
	(cognitive aspects)	*(behavioral skills)*
- Awareness of cultural values - Ability to avoid cross-cultural misunderstandings - International leadership skills	- Awareness or mindfulness - Knowledge of cross-cultural fundamentals and tools - Specific country or region knowhow	- Cross-cultural communication or behavior allowing to build trusting and sustainable, long-term relationships.

Figure 3: Successful intercultural skills and competencies

[13] Noun: *a person who lives outside her/his native country*. Retrieved February 12, 2014 from http://www.oxforddictionaries.com/definition/english/expatriate?q=expatriates

[14] Noun: *the action of leading a group of people or an organization, or the ability to do this.* Retrieved February 12, 2014 from http://www.oxforddictionaries.com/definition/english/leadership?q=leadership

Today, in the global economy Knowledge Management (KM) is a form of cross-cultural management, reinventing the concept of culture (Albescu, 2009). Rather than being presented as a source of difference and antagonism, KM is presented as a form of "organizational knowledge" that can be converted into a resource for underpinning core competence within the cross-national venture perspective. "Focus on cross-cultural interdependence rather than traditional views of comparative differences and similarities between cultures, becomes key to global business management", adds Albescu (2009). It is not about "what to learn from each other, but how to learn", with the aim at fostering and continually sophisticating collaborative cross-cultural learning, with the observation that it is the essence of the very cross-cultural challenge.

Now, it appears clearly that today's and tomorrow's center of gravity (places of origin) of the *Greenfield start*, is about to move permanently toward emerging countries, latecomers to internationalization. It is in fact expected that 45 percent of the Fortune Global 500 companies will be located in emerging markets by 2025, according to a new study by McKinsey Global Institute (MGI)[15]. Those latecomers will have to combine three key "disadvantages", of arriving late to export and internationalization, which are A) a lack of experience and resources, B) a need to break market dominances of established rivals, and C) an ability to adapt and offer quick responses to market changes. Those capabilities (or lack hereof) are related to the managerial skills and experience needed in global markets, both of which may still be lagging (in today's timeframe), in Multi-National Companies (MNCs) from developing countries (Yip et al. 2000). However, as shared by Zhu et al. (2011), "latecomers from developing countries will have a shorter adaptation process in some developing countries than in developed countries". Organizational learning, product, service and brand adaptation, as well as organization cultural learning and adaptation will be indeed quicker in "similar" (culturally closer) countries.

As the key for latecomers, speeding up the learning process (internally or externally), is to go for external strategies, such as acquisition or joint venture, with the further challenges that, as a company from a newly emerging market (attempting to develop a global strategy) they must also develop organizational capability and knowledge exchange (Ohmae 1990, Nolan and Zhang, 2003). From a learning perspective, it is therefore advisable for corporations from an emerging country to adopt a staged approach, starting with politically and culturally similar countries, which will help reducing the 'liability of foreignness[16]' (Zhu et al., 2011).

Indeed, despite many benefits associated with a global strategy, research also shows that few Multi-National Companies (MNCs) can claim to be purely global or local. Differences in cultural, political, geographic and economic factors between countries make it even more difficult to achieve the integration benefits of globalization (Ghemawat, 2001).

To summarize, the benefits of *greenfield start* in cross-national ventures, Barlett and Ghoshal (1989) defined that "global and multinational companies" are both essentially centralized, in that their subsidiaries relate to Head Quarter (HQ) or country (as opposed to other companies or countries in the group), whereas the "international corporation" moves out influence from its center to regions and nations (coordination), relying primarily on transversal structures, while the "transnational corporation" loses its center in favor of polycentric influence from different part of the network, promoting circulation knowledge and know-how" (Trompenaars and Hampden-Hurter, 2010; Chevrier and Segal, 2011). The latter assessing that sharing values ("tacit knowledge") from *mother* company to *daughter* ones, needs to be coded and encapsulated into a "group culture", encompassing a charter on ethics or principles of action, which may however run the risk of being locally reinterpreted. Trompenaars and Hampden-Hurter (2010) adding that "Group management is often fooled by a foreign subsidiary's doing as it is asked by HQ, but essentially performing a corporate rain dance.

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[15] Retrieved January 29, 2014 from
http://www.mckinsey.com/insights/urbanization/urban_world_the_shifting_global_business_landscape

[16] Adjective: *of, from, in, or characteristic of a country or language other than one's own.* Retrieved February 12, 2014
http://www.oxforddictionaries.com/definition/english/foreign?q=foreignness#foreign__9

International inorganic expansion *- Foreign acquisition & Cross-national merger*

In the *foreign acquisition*, a local company is purchased wholesale by a foreign buyer. Foreign acquisitions are a fast way of expanding but their cultural risk is *considerable*. The *cross-national merger* poses, on the other hand, all the problems of the foreign acquisition, plus the complication that power has to be shared. Cultural problems can no longer be resolved by unilateral decisions. Cross-national mergers are therefore *extremely risky* (Hofstede et al., 2010).

For a simplification of the cultural dimensions to be looked at, when conducting international inorganic expansion, acquisitions (Firm B in **Figure 2**) and mergers (Firm C in **Figure 2**), will be looked at simultaneously, their main differences in handling cultural issues, being highlighted by Hofstede et al. (2010), just above, while their riskiness remains high, fluctuating between *considerable* and *extremely*.

It appears noticeably that not clear consensus is reached as for the interrelationships among corporate culture, national culture, and integration approaches, as well as their influence on the success of international mergers (Stahl et al., 2005). Some findings point on negative relationship between Merger and Acquisition (M&A) performance and organizational cultural differences, as well as national cultural differences. Others point on such positive relationship (Weber et al., 2009). "Cross-national mergers are a complex phenomenon, sometimes influenced by national cultural differences, sometimes by organizational influences, sometimes by both and sometimes by neither'', confirm Very et al. (1996). Stahl and Voight (2005) suggesting that "the relationship between cultural differences and post-acquisition performance is complex and that unidentified moderator variables might be obscuring the effect of cultural differences on acquiring firm's performance". In other words, reasons for a high M&A failure rate (and unexpected outcomes) are too many to single out "societal multiculturalism" as the key factor to it, while being a potential part of it.

While any integration program should include fundamental operational matters, much more attention and efforts need to be given to managing the cultural differences between the new partners or business. On a purely "synergetic" dimension, the "culture clash, level of integration, and the ensuing human resource problems may adversely affect the realization of value creation from an acquisition" (Chatterjee et al., 1992; Weber et al., 1996). It can be hypothesized that "integration may ultimately lead to the destruction of the acquired firms knowledge-based resources, through employee turnover and disruption of organization routines" (Puranam et al., 2003; Ranft & Lord, 2002), rendering all the more important the "human" and "cross-cultural" factors.

Where M&A failure rates is usually assessed at about 66-75 percent, relational aspects such as cultural differences and lack of trust have frequently been reported as being responsible for 70 percent of integration failures (Trompenaars and Hampden-Hurter, 2010), whom further assess that "once we are aware of our own mental models and cultural predispositions, and can understand and respect that those of another culture are legitimately different, then it becomes possible to reconcile differences". They both developed for that purpose a 10 steps reconciliation frame as presented in **Figure 4**.

Steps	Reconciliation
1. Theory of complementarity	Nature reveals itself to us as a response to our measuring instruments.
2. Using humor	Values taken to extremes often suggest that the opposite value is really present, rather than the proclaimed one.
3. Mapping out a cultural space	The dilemma must be mapped before its reconciliation can be undertaken, so to have a clear definition of what has to be reconciled.
4. From nouns to present particles and processes	A noun is defined as "a person, place or thing". A value, though, is none of these. Difficulties arise when nouns are used to describe dilemma.
5. Language and meta-language	Language achieves reconciliations by using a ladder of abstraction and putting one value above the other, using both an object and meta-language, allowing for dovetailing.
6. Frames and contexts	Frames and contexts contain and constrain the "picture" or the "text" within them.
7. Sequencing	A major element in reconciling values is to sequence processes over time. One value obviously precludes the other.
8. Waving/cycling	We first err, then correct, then err again, then correct again, and so on. The entire process is called an error-correcting system.
9. Synergizing and virtuous circling	When two values work with one another, they are mutually facilitating and enhancing.
10. The double helix	It helps summarize all the preceding processes by which values are reconciled. It is a continuous, sequential, process.

Figure 4: Trompenaars & Hampden-Hurter. 10 steps that are useful in achieving reconciliation

To summarize, the theoretical model suggests that executives of the acquiring firm should pay as much attention to the choice of level of integration and cultural dimensions during both the *pre-merger search process* and the *post-merger integration*, as they do to the effects of national and corporate cultural differences. The challenges that are associated with the idea type, and the ability to approximate the intended integration approach, should be considered during all stages of M&A, such as screening, planning, negotiation, and interventions that will take place during post-merger integration period (Weber et al., 2009).

Joint business expansion - *International strategic alliance*

International strategic alliance is a prudent means of cooperation between existing partners. Given that the cultural risks are *limited* to the project at hand, this is a safe way of learning to know each other, neither party's existence is at stake (Hofstede et al., 2010). In **Figure 2**, Firms D & E are used as an illustration into conducting strategic alliances with the reference firm, Firm A.

Mowery et al. (1996) found that "International Joint Ventures (IJVs) are more effective than Non-Equity Alliances (NOA) at transferring technological capabilities. This is likely because it is much easier to transfer personnel directly to a Joint Venture (JV) than it is to transfer these employees' tacit capabilities from one organization to another (Kogut, 1988).

Anand and Khanna (2000) found though that more learning occurs in JVs than in licensing arrangements. However, it may also be because it takes longer for trust to develop to the point where knowledge is freely contributed to the JV. This may also explain why the most recent advances in technology are more commonly accessed through non-equity agreements with universities, research consortia, and licensing (Tidd & Trewhella, 1997).

To summarize, risks associated with alliances are limited and both the maturity and "safeness" of each partners into the venture, don't allow for multiculturalism to clash. The knowledge transfer being leveraged between organizations will primarily rely on trust, which may take longer to bridge than in other ventures.

International co-expansion - *Joint Venture*

The *joint venture* with a foreign partner creates a new business by pooling resources from two or more founding parties. The cultural risk of joint ventures can be controlled by clear agreements about which partners supplies which resources, including what part of management (Hofstede et al., 2010). Consequently cultural risks can be assessed as being *low to limited*. **Figure 2**, shows Firm F used as an illustration into conducting a shared venture with the reference firm, Firm A.

Joint Ventures (JVs) are a mode of international expansion that provides foreign partners with access to local knowledge concerning markets and business practices while allowing them to retain some operational and strategic control. “Knowledge tends to flow more freely and capabilities are developed more easily in International Joint Ventures (IJVs) than in Wholly Owned Subsidiaries (WOSs)”, indicates Luo (2002).

In highly uncertain foreign markets in particular, IJVs tend to outperform WOSs because of the benefits a local partner provides (Brouthers, 2002), whereas “ownership structure might moderate the effects of cultural conflict, other parent-related conflicts, and articulated goals” (Geringer and Hebert 1989; Harrigan 1986; Salk 1992). Specifically, shared management (50/50) IJVs have often been characterized by researchers as particularly sensitive to cultural differences and parental tensions (Killing 1983; Salk 1992). Higher levels (than in other forms of ownership) of knowledge acquisition are though expected in shared management IJVs where the spread of information and tacit knowledge is less risky (Lyles and Salk, 1996).

Yet managing IJVs may be complicated by cultural differences that make communication, decision making, and managing personnel more challenging (Child & Markoczy, 1993). Barkema and Vermeulen (1997) found that “when JV partners are based in countries with substantial differences in uncertainty avoidance and long-term orientation, the chance that the JV will survive is diminished”. Differences in individualism, however, have been shown to improve JV profitability and productivity (Li et al., 2001).

To summarize, issues related to cultural differences may be mitigated by training expatriate managers adequately before sending them on assignment to a foreign JV (Beamish and Lupton, 2009). Likewise, Fey and Beamish (2001) found that JVs with similar organizational cultures had a higher probability of success and favor clear agreement. Cultural differences also affect a merger or acquisition, but they likely affect a JV more because the two parent firms retain their separate management. Hence, when selecting a JV partner, managers of each parent firm should observe the internal environment of the other parent firm closely to assess the fit with their own.

“Local-global” Company *- the “Lobal” player*

In large, opened and democratic countries, with long tradition of international presence and/or inbound migrations, the “societal mix”, differs grandly from the “national one” (as the Nation). Hofstede et al. (2010) speaking indeed about the fact that “nations should not be equated to societies”. In **Figure 2**, Firm A’ is used as an illustration of a multi-cultural multinational company, a *local-global* company, as a comparison with the reference firm, Firm A, which is deemed as representing *limited* cultural risks.

In today’s intertwined economies and freer world, where the recent times have allowed for greatly facilitated economical exchanges and human migrations, the notions of multiculturalism[17] and diversity[18], at one’s own (corporate) door step, is becoming a reality in larger and larger parts of the worlds. Predictions indicate that 85 percent of those entering the workforce of the 21st century will be women, African Americans, Asian, Americans, Latino Americans, or new immigrants, in the USA alone (Blank & Slipp, 1994; Johnston & Packer, 1987). Today, Hispanic, African and Asian Americans together account for 1/3 of the US country population. It is expected they may represent a majority of US consumers by 2050[19]. A 2006 European Commission (EU) survey[20], showed that “83 percent of the 900 respondents agreed that diversity policies make good business sense. EU members state that removal of certain barriers in employment allows for recruitment from a wider talent pool, longer retention of better workers, improved community relations and an enhanced corporate image”. Yet, at that time, nearly half of all companies participating in the survey have not implemented diversity policies, particularly those in southern Europe and some new EU members.

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[17] *Multiculturalism focuses narrowly on identities related to a national or ethnic group or culture* (Carrell et al., 2006).
[18] *Diversity focuses on differences based on the categories of race, color, religion, sex, and national origin* (Carrell et al., 2006).
[19] Retrieved January 28, 2014 from http://www.tapestrypartners.com.
[20] Survey conducted by The Conference Board and Focus Consultancy. *Creating An Environment For Global Diversity* by Cynthia Waller Vallario. Retrieved February 12, 2014 from *www.thefreelibrary.com*

On a corporate level, these situations are translating into two converging management issues, the one dealing with a multicultural workforce “at home”, while the other has to do with the multidimensionality of the companies’ market and thus the cultures to reach. One can ask why, “if your market is made up of different ethnic[21] groups, will it not make sense that your staff reflects this reality?” Thomas and Woodruff (1999) provide a kind of answer to this corporate evolution: "Do business organizations really need to attend to diversity issues? *Only if they intend to stay in business.* Any company that believes it can ignore diversity concerns and still thrive in the modem global environment - which is diverse by definition - is set on a disastrous course".

“With a multicultural workforce, you have an entree, or another realm, of different areas and different belief systems, different behaviors and different insights into marketing trends," (Vence, 2003b), citing Andrew Erlich (President Erlich Transcuitural Consultants Inc.). Diversity is to be articulated as a long-term reality likely to affect both performance and productivity in current and future organizations (Whitherspoon and Wohlert, 1996), while Linnehan (1999) indicates that “intergroup power relationships constitute a fundamental issue that diversity initiatives must engage to be effective”. Population subgroups being nowadays noticeable enough to offer a powerful pool to address and understand, starting from the “inside” of the modern organization.

In response to the need for better measurement of diversity results, (Patricia) Digh, as cited by Vallario (2005) notes that “companies have developed systems that can help to calculate the business rationale for diversity efforts and their impact on the bottom line. Within the framework of commitment from the top and a company-wide appreciation and acceptance of differences, one suggested approach is to create a new balance sheet that examines and accounts for human contributions to profitability, financial performance and productivity”. A notion that Trompenaars et al (2010), endorse in saying that “there is a need to link cultural differences more to the bottom line”.

On a more anecdotal note, Demers (2002) assessed that “if every employee wastes just 30 minutes each day in conflict with co-workers owing to problems related to cultural differences, there would definitely be adverse economic impacts”. Yet, conflict may decrease in time, as per Nisbett (2004) who showed that “cognitive processes can be modified by dint of merely living for a time in another culture”. That is also where once managers move past their own preferences, they can optimize their workers' capacities (Ewert et al., 1995). “Self-insight is the key to diversity for all employees, but managers especially, must allow for ego defensiveness... accept rather than merely tolerate culturally diverse workers… and distinguish style from substance" (Henderson, 1994).

Communication in a culturally and ethnically diverse organization is intercultural communication, therefore new rules are necessary if communication is to be effective. Managers cannot uncover these rules if they ignore or neglect diversity as an integral fact of corporate life (Harris, 2001). By modeling biasfree language, both written and spoken, and by illustrating a genuine acceptance of different methods and manners, managers can create a work environment that will nurture and profit from diversity (Henderson, 1994) and allow for enhanced inclusion. Those two terms, being frequently used together. Netter (1998) describing diversity as “the spectrum of human similarities and differences”, and inclusion, on the other hand, as “the way an organization configures opportunity, interaction, communication, information and decision-making to utilize the potential of diversity”. Inclusion refers to the systemic nature of an organization and is not necessarily limited to the way an organization deals with employees; it may refer to interactions with customers and clients, partners, vendors, suppliers, and subcontractors as well.

However, psychoanalytic theory posits that an individual's impulses to maintain identity lead to the resistance of other structures. Therefore, multiculturalism, whether in the academy or in the workplace, embodies the ongoing paradox of democracy, which postulates individual unlimited freedom to develop the self but strips individual identity by mandating that all are equal regardless of factors such as race, sex, religion, national origin, and age. Thus democracy asks individuals to give up their sense of self in order to merge with and be equal to others. This paradox, which pits the

[21] Adjective: *relating to a population subgroup (within a larger or dominant national or cultural group) with a common national or cultural tradition.* Retrieved February 12, 2014 from http://www.oxforddictionaries.com/definition/english/ethnic?q=ethnic

individual against society, underlies tensions in situations where interactions call for compromise, use of biased conventions, and/or denial of the self for the good of the whole.

Workplace diversity focuses on "empowering people of all kinds to develop and contribute their own unique talents to solving our business problems" rather than having employees "give up their own ethnic, gender, or individual identities to be successful" (Ingram & Steffey, 1993). However this challenges hierarchical methods of communications and interaction, calling for new infrastructures and rewards. To remove threats to the individual and thereby to minimize resistance to difference, new workplace structures should focus not on individual change but on cooperation and team goals (Schreiber, 1996).

To summarize, Henderson's (1994) analysis concluded that "successful multicultural organizations are able to build trust; "create an open, problem-solving climate"; allow widespread responsibility for decision making and for setting diversity goals; and foster increased "awareness of the diversity process and its consequences for organization effectiveness". Local (diverse) & Global (inclusive) companies (Lobal) have just been invented.

Born Global Firm[22] - *natural born global*

Born global firm, also called new international venture, global start-up, international New Venture, differ grandly from the previously studied possible cross-national ventures in the way that needs to export, or internationalize, does not come as a "second best" choice, but as an intrinsic part of the company's business model, its business DNA indeed. Their very inception base and framework of references are the world, with an initial setup (organization) concurrently spread in different places and time-zones (competencies) and their market reach (business model) borderless. In **Figure 2**, Firm G is used as an illustration of a *born global firm*, detached from the reference firm, Firm A. Cultural risks are deemed *very low* in the way that these startups can see culture and geographical diversity as a key competitive (and native) benefit, getting closer to their key resources, whether in the matter of access to knowledge or to markets, as well as being technically savvy and universally minded.

Sigala and Mirabel (2013), assess that the accelerated path of internationalization of new firms (born global) is based mainly on the new market conditions (globalization), technical advances in production, transportation and communication (capabilities), as well as unique synergies found in conjunction with technical capacities and aptitudes of the entrepreneurs. The latter being usually well educated, nationally as well as internationally, with experience from managing companies operating on international markets, mastering several foreign languages, of foreign descents or with international familial ties, while experienced with international mobility and in permanent links with foreign social networks, as underlined by Madsen and Servais (1997).

Dominant theoretical models of intercultural competency across domains focus on three dimensions, that is cognition (ability to perceive and interpret information about a culture other than his or her own), affect (appropriate feelings, attitudes, and traits necessary to successfully interact with culturally different others), and behavior (competencies and abilities to communicate effectively in cross-cultural interactions), as stated by Lloyd and Härtel (2010). The latest generation of entrepreneurs (e.g. generation Y) being fully literate (and native) in the ever evolving "global tools, competencies and behaviors".

To summarize, it may be hypothesized that very small International New Ventures operating in very narrow market niches with a very short lead time would apply either new forms of organizing or forms that are skewed towards the market/polyarchy[23]. Such firms may represent a New Organizational Form in comparison with traditional entrepreneurial firms, as well as traditional exporters (Madsen & Knudsen 2003).

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[22] *a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*. Retrieved January 29, 2014 from http://www.amdlawgroup.com/what-is-the-definition-of-a-born-global-firm-international-business-law-case-study-2/

[23] Noun: *(Government, Politics & Diplomacy) a political system in which power is dispersed*. Retrieved February 12, 2014 from http://www.thefreedictionary.com/polyarchy

Conclusion

Today's global companies rarely intend to impose standardized sameness on local consumers. Rather, they attempt to hybridize and offer new and interesting combinations of global and local products (Steenkamp and De Jong 2010). Yet “the manner in which inclusion may be promoted varies between contexts. In certain countries, societal and legal norms dictate that the focus should be on the homogeneity of the marketplace rather than on its diversity (highlighting cultural differences may seem to threaten the national unity and nation building). This situation is particularly salient in countries where integration of immigrant minorities and discrimination against different cultural groups have become major political issues” (Demangeot et al., 2013).

However, we have here seen that multiculturalism and cross-national ventures often meet in “resistance” if the latter has not translated into a newer organizational form, led by transformational agents (multicultural managers). As a new world dimension emerge (the world getting “smaller, closer, faster, smarter”), new ventures are emerging too, which cannot not foresee their “home” and “business” markets, as anything other than multi-dimensional and global. These new ventures, are enabling a new set of corporate culture, created from the combination of two or many cultures, which literature has already labeled as several terms, such as Cultural Synergy, Third Culture, Cultural Hybrid, Intercultural Competences and are seen as Cultural Intelligence (Albescu, 2009).

Those players, thinking locally, while acting globally, are definitely (h)edging their (cultural) differences.

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