



Cultural Diversity in Organizations

The Impact of Cultural Diversity in Organizations

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Abstract:

The thesis aims to investigate the experiences of individuals who have worked in culturally diverse environments in order to gain a better understanding of the effects that cultural diversity has and ultimately reach a conclusion on whether organizations should strive to diversify. The research questions are: What sort of impact does cultural diversity have on organizations and Should organizations culturally diversify? The study applies a qualitative approach, utilizing semi-structured interviews and open-ended survey questions. Respondents are six, from various cultural backgrounds whose experiences are analyzed, categorized into themes, and compared to a couple of theories, the Cultural Intelligence theory and the Social Identity Theory. The findings of this study indicate that cultural diversity in the workplace offers numerous advantages. The participants emphasized some of the main advantages such as enhanced communication, increased cultural intelligence, and new ideas/innovations being direct outcomes of working in diverse settings. Based on the results, organizations should embrace and promote cultural diversity. By doing so, organizations gain many competitive advantages. Furthermore, this research highlights the importance of inclusive environments that value and support differences, ultimately leading to improved business communication, innovations and performance.

Keywords: Cultural Diversity, Cultural Diversity at Work, Inclusion, Cultural Intelligence

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1. INTRODUCTION

Good quality of communication skills is required especially while working in a culturally diverse environment, however, there can be challenges in terms of communication due to cultural differences especially when there is a lack of knowledge about the different working styles, body language, values or principles. By interpreting and understanding words, body language and behaviors, misunderstandings can be avoided. (Laroche & Yang, 2015, p.45)

However, according to Laroche and Yang (2015, p.254) there are various studies funded by governments on the business success brought by cultural diversity but there are also other invisible advantages. Some of the advantages that they mentioned are having a team look at a problem from a different angle, bringing diverse people together to produce a unique solution and finally creating a connection to form new ideas at a higher speed. In other words, enabling employees and managers to develop and maximize skillsets to solve issues and create new innovations in a more efficient and effective way.

Nowadays the workforce in most organizations is quite diverse, this means an environment that consists of various ethnicities, cultures, religions, ideologies, communication skills, and most importantly different types of expertise and knowledge. The beauty and impact of an international work environment are immense when you think of how an organization can stand out and benefit from this advantage, ultimately, putting it to good use.

Enabling interactions where employees or employers use their communication skills and knowledge to a maximum level is a strategic way to learn and engage appropriately in order to bridge the cultural gap and build a mutual understanding with others (colleagues, partners and customers) from diverse cultural backgrounds. A Diversity and Inclusion Solutions Framework stated three essential points and one of them being *PEOPLE*, more specifically, ‘building awareness, increasing skill levels and improving

communication between individuals or among teams are essential to bridge the cultural gap.’ (Laroche & Yang, 2015, p.18)

In addition, the Intercultural Competence Framework (Deardorff, 2006) is another approach that supports diversity and inclusion in various contexts as well as work. It focuses on developing intercultural competence to enhance communication and understanding between people from different cultures. The framework includes key elements like *understanding* and *gaining knowledge* about different cultures, *skills*, *self-awareness* of cultural stereotypes, and *taking action* to create and support diverse environments. These elements are essential for bridging the cultural gap and promoting diversity and inclusion.

In a short article, ‘*The Importance of Diversity and Inclusion for Today’s Companies*,’ published by Forbes magazine, Bernard Tynes explains that diversity and inclusion are characteristics that naturally attract more people and contribute towards the business, which gives a competitive advantage when it comes to a company’s ability to innovate and develop new solutions. In other words, diversity provides a creative and talented workforce. Tynes also highlights how a diverse and inclusive workforce is not only about creating new ideas but also about creating an attractive environment for job seekers and that by 2025, 75% of the workforce will be millennials of which 47% actively look for diversity in the workplace. Ultimately, diversity maximizes operations and growth by enabling organizations such as Penn Community Bank to serve different communities in its market. (Tynes, 2022)

However, if cross-cultural differences are not understood properly, it can be risky resulting in poor working relationships and decreasing organizational effectiveness significantly. (Laroche & Yang, 2015, p.48)

The key is to create an environment where all these cultural differences are valued and used properly to reach the fullest potential of an organization. Therefore, it is essential for organizations to understand and be aware of the kind of impact cultural diversity has

on internal company communication and on external activities and relationships.

1.1 Research aim

As mentioned earlier, with diversity, there may be certain challenges and advantages, but the aim of this thesis is to investigate and understand the impact of *Cultural Diversity in Organizations*.

1.2 Research questions

The following questions will be researched and answered in this investigation:

- What sort of impact does cultural diversity have on organizations?
- Should organizations culturally diversify?

1.3 Limitations

The focus of this thesis is on the impact of cultural diversity in organizations to reach a conclusion on whether businesses should strive culturally diversify or not. The researcher's technique for this thesis is based on the focus of data collection methods, however, secondary data has also been used in the process. The Interviews were carried out face-to-face in a private office space and the surveys were sent out using the google forms.

It is recommended for the readers to remember that the aim is not to generalize organizations and experiences but rather to understand the effects of cultural diversity and the opportunities that come with it. Due to different circumstances and situations, not every organization can succeed with the same communication methods/tools or approaches. Therefore, the research has been carried out to describe the *impact of cultural diversity*.

1.4 Structure of the thesis

This research is structured as follows, introduction, theoretical framework, methodology, results, discussion and conclusion. The structure allows the reader to familiarize with the topic and the aim in the introduction section, followed by the theoretical framework that gives an insight into how culture plays a crucial role in business communication, the advantages and disadvantages, and how cultural diversity enables effective work environments as well as business activities.

The method chapter is based on a set of interviews that have been conducted on professionals from different cultural backgrounds. For the interview, the researcher selected candidates who have experience working in diverse environments.

The collected research data leads to the final part of this thesis, presenting the results, a discussion about the findings and finally reaching a conclusion to the research questions.

2. THEORETICAL FRAMEWORK

In the theoretical framework section, 3 types of cultural environments are discussed along with the challenges and advantages, what diversity looks like in a healthy environment, the tools for strategic communication and the opportunities that come with the strategic skills that are of value in the environments.

Towards the end of this chapter, the idea is to understand the opportunities that come with diversity.

2.1 Communication in diverse environments

A key element in culturally diverse organizations is communication. However, it is said that with knowledge of communicating interculturally, people can connect no matter which part of the world they are from.

‘When encountering someone from another culture, communication barriers are often created when the behavior of the other person differs from our own. Communication barriers are obstacles to effective communication. By understanding intercultural communication, we can break down barriers and pave the way for mutual understanding and respect.’ (Chaney & Martin, 2014, p.12)

Nonetheless, for effective communication and navigating cultural differences in various contexts, it is important to understand the difference between multicultural, cross-cultural and intercultural communication. (Lustig & Koester, 2013)

- **Multicultural**

is defined as a society or environment where there are several different cultural or ethnic groups. In that environment the people live or work together alongside each other, however, this doesn’t necessarily mean that either one of the groups interacts with one another. An example of communication in a multicultural environment could be a school, where everyone studies together when they are put into their classrooms, however not all students necessarily prefer to interact with other students that come from a different country or have different perspectives. In schools there are cliques, which means the Asians sit together during lunch, the Latinos have their own cliques, the religious hang out with others that have the same belief and the list goes on because this is a diverse world.

‘Multicultural societies are made up of people from diverse ethnic and cultural backgrounds who live alongside each other, but often do not interact with each other.’ (Martin & Nakayama, 2021, p. 7)

- **Cross-cultural**

is comparing two or more cultures to one another. In a cross-cultural society or organization all different cultures are understood and recognized, but not necessarily accepted as the right way. As for the communication style, one culture is considered the main one and known as the law or the right way and the others are simply compared to it.

‘Cross-cultural communication compares and contrasts communication across cultures, often highlighting cultural differences and identifying areas of potential misunderstanding.’ (Gudykunst & Kim, 2017, p. 2)

- **Intercultural** communication in environments is usually known as communities in which there is acceptance and respect for all (diversity). Intercultural communication is based on the mutual exchange of perspectives and a process of developing (building) relationships with others no matter where they are from or what they believe in. The aim of these types of organizations is to learn from each other and grow together as one.

‘Intercultural communication is the exchange of information between individuals who are from different cultures. It involves understanding the cultural beliefs, values, and customs of people and incorporating that understanding into communication. The goal of intercultural communication is to promote understanding, respect, and tolerance for all cultures and to build relationships between people from different backgrounds.’ (Jandt, 2016, p. 2)

Even though one might be working or studying in a culturally diverse environment, it does not mean that they have fully adapted to the intercultural mindset. The following image is a scale to understand the mindset regarding intercultural development, as mentioned earlier, the process of developing a monocultural mindset towards an intercultural mindset.

Intercultural Development Continuum

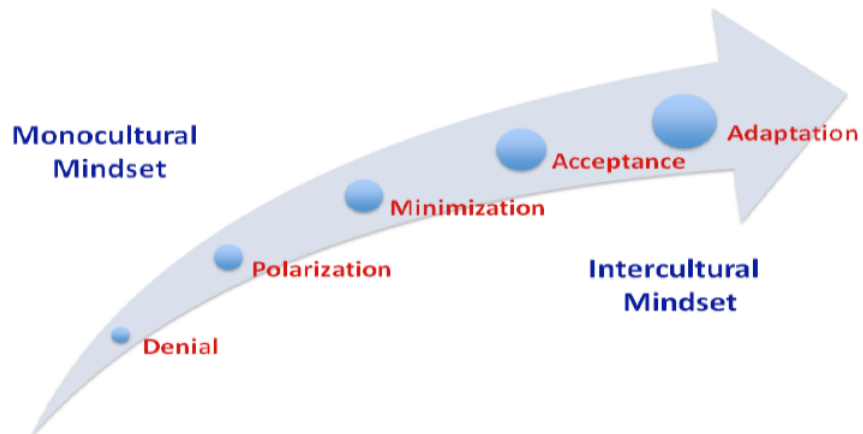


Figure 1. Intercultural Development Continuum by Dr. Mitch Hammer (source: <https://idiinventory.com/generalinformation/the-intercultural-development-continuum-idx/>)

‘Simply being in contact with people from other cultures does not necessarily lead to the development of intercultural competence. One can live and work in a multicultural environment without developing an intercultural mindset.’ (Lustig and Koester, 2021, p. 38)

Lustig and Koester further explain that developing intercultural competence requires a process of self-reflection, acquiring knowledge, and practicing new skills.

2.2 Understanding Diversity

Diversity in a healthy work environment requires breaking cultural barriers by deploying the following:

- acceptance & inclusion
- respect and value towards cultural differences
- equality, in other words, no discrimination
- communication exercises
- diversity training

There are numerous advantages to having a diverse organization. It is said that successful research & development, and process & product innovation are all because of people with different backgrounds and knowledge working with one another and joining forces to create something better.

‘In a healthy work environment, individuals must break cultural barriers by embracing diversity, which involves accepting and including people who are different from oneself. Diversity also requires respect and value for cultural differences, including different languages, customs, and beliefs. In order to break down cultural barriers, there must be a commitment to equality, including the elimination of any discrimination. Finally, communication exercises and diversity training can help promote acceptance of diversity and create a more inclusive work environment. There are many advantages to having a diverse organization, including successful research and development, and process and product innovation, which is often the result of individuals with different backgrounds and knowledge working together.’ (Adler & Elmhorst, 2019, p. 6)

A ‘Diversity Matters’ report published by McKinsey & Company examined 366 public companies across Canada, the United States of America, Latin America and the United Kingdom. The report concluded that when diverse teams cooperate together to achieve the same goal, the final result can be spectacular. This means having a significantly better chance (35 percent higher chance) of making more money compared to the average performance of other companies in their industry within the same country. (Hunt, Layton, and Prince, 2015)

2.2.1 The Good and The Difficult

Embracing cultural diversity in the workplace is an important first step for businesses that want to improve performance and be competitive internationally. However, there are many advantages as well as challenges to a diverse working environment. The following list is a summary that showcases the benefits and the difficulties of diversity based on a blog post, 13 benefits and challenges of cultural diversity in the workplace by Katie Reynolds, HULT International Business School:

Advantages

1. Cultural diversity sparks creativity and fuels innovation.
2. Local market expertise enhances competitiveness and profitability.
3. Cultural sensitivity and local knowledge yield high-quality targeted marketing.
4. Embracing diverse talent attracts and retains top performers.
5. Varied skills enable a wider range of adaptable products and services.
6. Diverse teams excel in productivity and performance.
7. More chances for personal and professional growth.

Challenges

1. Some cultures may have reserved colleagues.
2. Prejudice hinders multicultural team integration.
3. Language and cultural differences complicate communication.
4. Diverse etiquette norms create understanding gaps.
5. Dealing with visa requirements, employment laws, and the expenses of accommodating workplace needs can pose challenges
6. Conflicting work styles may arise among different teams.

Based on the lists, many advantages and challenges appear as an organization becomes more diverse. People encode and decode or interpret messages based on their cultural perspectives, and assumptions. Misunderstandings are more likely to happen in diverse work environments especially when there is no comprehension of different business behaviors. (Reynolds, 2019)

2.2.2 Cross-cultural and intercultural business behavior

Nowadays, many companies are cross-cultural, which means that they understand and accept diversity as well as cultural differences but only one culture is considered the right way to operate within the organization. From country to country, the company cultures may differ due to the different regulations and working styles, more specifically diverse cultural values or habits. However, when interacting globally with customers and partners from different regions, to secure successful business activities, it is

essential that the business behavior has an intercultural approach. This means having knowledge of adapting to cultures and situations and breaking cultural barriers.

‘The negotiation task requires knowledge about the company and the industry, about the culture, about processes for decision making, about communication preferences, and the ability to enact this knowledge. Good negotiators are people with high CQs (cultural intelligence).’ (Beamer & Varner p. 310)

With CQ, people will have all the necessary tools for a strategic communication style to negotiate and manage an organization appropriately.

2.3 Strategic Intercultural Communication

For a good strategic communication style, here are 10 main effective steps that are of great use when interacting interculturallly:



Figure 2. Strategy for effective communication by Dering Naben (source: <https://www.slideshare.net/deringnaben/bc-28712894>)

This figure above sums the main points, however, in order to improve Intercultural Communication even more and understand it thoroughly, one must:

- Before starting a conversation or communicating with another person or a group of people that is from a different country or has different beliefs, one must do his/her homework (research) regarding the other person's perspective in order to understand and avoid offending or confusing someone.
- Respect one another no matter the differences, the key is always communicating to reach an understanding.
- Humor is always great, however, one should talk professionally and keep it simple without unnecessary jokes especially when interacting with new people.
- Listening to one another is extremely important in order to understand each other because sometimes accents and the level of language between two people can be significantly different.
- Ask questions whenever felt necessary.
- Body language, gestures and personal space are also very important.

In some countries people might find giving a kiss on the cheek inappropriate or offensive and in other countries, it can be perfectly fine due to cultural greeting habits. An important factor to bear in mind is also creating a comfortable space for all parties and as much as all the points listed above are important, personal space also plays a big role in accommodating and creating a comfortable space for others during business interactions or negotiations and it differs from one culture to another.

Here's a scale that gives a good idea of the personal space that is expected in several cultures.

EXHIBIT 6.3
Personal Space in
Several Cultures

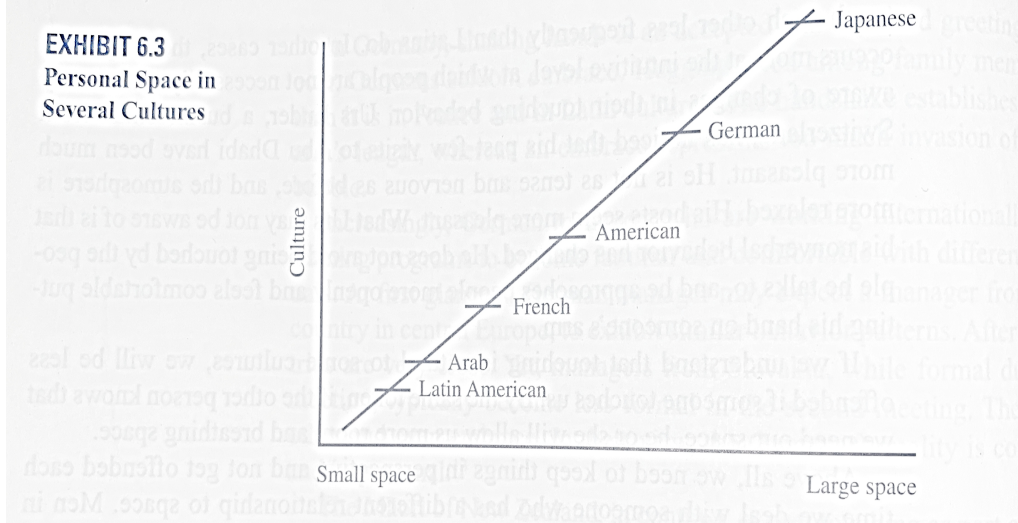


Figure 3. Exhibit 6.3, Personal space in several cultures, *Intercultural Communication in The Global Workplace* (Chapter 6, p.216)

2.4 Business Across Cultures

Not everyone knows about the do's and don'ts when it comes to communication, in other words, businesses across cultures differ from one another and are not necessarily familiar with other customs and cultures. However, diverse teams are an asset in these situations by leading businesses to operate successfully internally and externally.

"Cultural Intelligence: Surviving and Thriving in the Global Village" by David C. Thomas and Kerr Inkson supports the idea that culturally diverse teams can be an asset for business communication:

‘Cultural intelligence is the capability to function effectively in a variety of cultural contexts - national, ethnic, organizational, and generational. The hallmark of culturally intelligent individuals and teams is that they can adjust their communication style to fit the cultural context of the situation, without losing their authenticity or compromising their own cultural identity.’ (Thomas & Inkson, 2019, p. 14)

This quote highlights the importance of cultural intelligence, which enables individuals and teams to adjust their communication style to fit the cultural context of a situation. Therefore, culturally diverse teams can be an asset to businesses as they have members who can navigate and communicate effectively across different cultures and contexts.

2.4.1 Diverse Teams Being of Value

It is said to be beneficial to have diversity in an organization. People from different backgrounds can also teach each other as a team to understand the different perspectives, values and expectations, which enables an effective communication style when interacting internally and externally.

‘All interactions with other cultures are likely to succeed when there’s the knowledge of other culture’s strategy differences and expectations.’ (Varner & Beamer, 2008, p. 310)

Diversity and cultural intelligence will open doors to many business opportunities and allow growth within the organization itself.

2.4.2 Business opportunities

With diverse cultural knowledge, a business can expand and communicate with other markets around the globe providing customer-centric services. By adapting their products, services, and marketing strategies to different cultural contexts, businesses can effectively engage with customers worldwide and tailor their offerings to specific market needs. (Ghemawat & Reiche, 2018)

2.4.3 Customer, Employee & Partner Satisfaction

Diverse team skills do lead to a general satisfaction of all parties involved especially when everyone is understood, respected, valued and familiar with one another's social mindsets. Easy communication enables a healthy environment where concerns, thoughts or challenges can be discussed openly for further development. Ultimately, mutual

understanding is essential to engage effectively with a team and/or partner and a customer's needs and expectations.

‘Business owners should prioritize effective communication in their organization if they want to ensure employee satisfaction and promote high performance.’ (10 Benefits of Effective Communication in the Workplace, 2023)

3. METHODOLOGY

The research methods and techniques used for this research in this chapter is a qualitative approach. The author points out the reasons why the chosen method and techniques are more suitable for this research. The aim is to explore and analyze what kind of an impact cultural diversity in an organization has on the actual business. Also, the research focuses on professionals with diverse cultural backgrounds by using the qualitative method to understand and evaluate their experiences of diversity at work.

3.1 Qualitative research

The aim of qualitative research is to understand in depth why in this case cultural diversity has the impact it has. The author chose this method to get more in-depth answers to the questions presented in this thesis, in other words, descriptive data based on real work-life experiences were collected and analyzed.

Primary data was collected by carrying out interviews and open-ended survey questions from participants with different expertise and cultural backgrounds. The author asked the same questions for both the interviews and surveys. Bryman (2012, p.36), mentions that most of the data used in the inductive method are sourced from different techniques such as interviews and daily observation, justifying what qualitative research is. The chosen research method is to prove and support the topic's purpose by finding patterns and themes in the empirical data.

3.2 Interviews and Surveys

As mentioned earlier, the author used two instruments of qualitative research, an interview and a survey, both with the same open-ended questions. The interview and survey topic was selected before being presented and sent out. To collect the best quality of data, the author made sure of the following: time management and atmosphere. These two points are essential because a participant should feel comfortable and have sufficient time to explain their answers to the interview and survey questions in their preferred space. The open-ended questions help authors to collect in-depth information that has not been considered and allow participants to express their feelings and opinions more accurately. (Tjora, 2018)

There are several distinct types of structures for the selected instruments, however, in order to collect specific information, a semi-structured method has been used for this research to allow the participants to express their individual experiences more thoroughly and explore the topics in-depth rather than having them answer to yes or no questions. This method is more relaxed and can lead to information that wouldn't be possible to achieve with predefined questions. (Bernard, 2017)

3.2.1 Participants

The following participants (*Table 1: Interview Participants*) were selected for the research.

Table 1. Introduction to participants

Participants	Gender	Years of Work Experience	Occupation	Organization Size
1	F	23	Nurse	>25000
2	M	35	Entrepreneur	<20
3	F	40	Entrepreneur & Restired Nurse Assistant	>100
4	F	10	Freelance Marketeer	<20
5	M	2	Engineer (software integration specialist)	<600
6	F	36	Teacher	>500

The candidates were chosen specifically to gain insight of those who come from different cultural backgrounds. These candidates have either international work experience or have worked in diverse organizations. In addition, they also differ from one another by age, the years of work experience and occupation in order to understand

whether the impact and experience of cultural diversity at work is the same for everyone.

3.3 Data Collection

For this research study, data was collected by holding individual face-to-face interviews with half of the participants and sending survey questions to the other half (with the same questions as in the interview).

A total of 10 questions (see appendix 2) were asked from all participants that have had some kind of international and/or diverse work experience and are currently residing in Finland. The interview questions and survey questions were conducted in English. The interview lasted 20 minutes, but the survey participants had one week to respond. The combination of face-to-face and survey methods was selected to allow participants to choose the most comfortable method for them and the reason was that the research requires deep and honest responses. Therefore, allowing the participants to have a choice in how responses are delivered is extremely essential especially when considering their different backgrounds and preferred communication methods. When communicating with anyone, whether for an interview or just small talk, it's important not to pressure anyone as it naturally will also affect the quality of responses.

The face-to-face interviews were recorded and transcribed while the questionnaire surveys only required collecting and storing safely into a file. Most importantly, all participants were promised confidentiality and anonymity by storing all the collected data in a way that only the author has consent and access to. All participants gave consent via a consent form (see Appendix 1) that was sent by the author.

Bear in mind that cultural diversity is a broad topic and it evolves continuously from one generation to another, therefore the responses to the questions should not be generalized to this research topic. Furthermore, the interview responses are all based on individual experiences from professionals of different backgrounds.

3.4 Data Analysis

Collecting data to reach a theory is known as an inductive strategy and this approach has been mainly used for qualitative data analysis such as this thesis. ‘With an inductive stance, theory is the outcome of the research.’ (Bryman, 2012, p.26)

It is essential to analyze and understand how participants' responses lead to a theory (*see figure 4*). Therefore, the author took a few steps, first was to transcribe the responses to the interview and survey questions, the second step was to transfer all data into a document and finally the data was coded (a Grounded Theory framework) by organizing and then categorizing the common keywords and themes to understand the similarities and differences of all the responses. ‘*Coding* is one of the most central processes in grounded theory. It entails reviewing transcripts and/or field notes and giving labels (names) to component parts that seem to be of potential theoretical significance.’ (Bryman, 2012 p. 568)

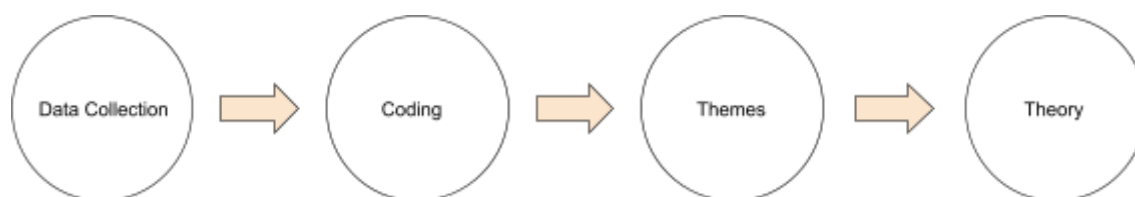


Figure 4. Grounded Theory Analysis. Image credit Anahita Houshangi

3.4.1 Trustworthiness

‘Lincoln and Guba (1985) and Guba and Lincoln (1994) propose that it is necessary to specify terms and ways of establishing and assessing the quality of qualitative research that provide an alternative to reliability and validity. They propose two primary criteria for assessing a qualitative study: *trustworthiness* and *authenticity*,’ (Bryman, 2012, p. 390)

The author assures the trustworthiness and authenticity of the finding in this research study. The reason behind the author’s choice of having a smaller group of participants that were chosen for the research was due to the in-depth questions that were required to ask in order to understand the nature of the relationship between the research and the

theory based on real-life experiences and personal thoughts of the participants.

The author's aim from the tailored questions for the interview and questionnaire was to keep a neutral tone in order to avoid influencing or leading participants in their answers. The participants agreed to respond honestly to all questions and not to provide misleading or false responses so that the theory of this research study can be achieved based on true facts. All responses have been collected and used correctly without misreporting any kind of data.

4. RESULTS

This chapter will provide insight into the findings collected from the empirical data. The analysis of the interviews and open-ended survey responses was conducted by identifying specific themes that emerged from the data. The focus was to find answers to the research questions and identify themes based on this data. While each interviewee and respondent shared information about their background, they also talked about their unique experiences at work and several common themes emerged from the responses.

To learn more about the participants and understand their responses, descriptive data of the participants' background will be presented and then common themes (see figure 5, section 4.2.) that emerged will be discussed, providing valuable insights about the impact of cultural diversity in a work environment. The themes are based on the analysis of the data, identifying patterns and connections between the questions and responses of the interviews and surveys.

4.1 Descriptive Background

A common factor that all participants of the interviews and surveys shared was their diverse cultural backgrounds. This also meant that participants had more understanding and experience dealing with people from different backgrounds. When participants were asked to tell about their background and occupation as well as work experience (Q1-3), they all mentioned either several countries, languages or continents. This proves that all participants are culturally diverse.

R1:

'I'm a multilingual person with Persian roots. I speak Farsi, English, Finnish and Bosnian... At home, we speak 3 languages and share 3 cultures (Iranian, Bosnian and Finnish). I'm married to a Bosnian so that is where the diversity grows in this family.'

'I have worked from the age of 13 in the service industry and the last 10 years as an ICU and Burn nurse. I have a double degree as a registered nurse and public healthcare nurse... I work for Helsingin Uudenmaan Sairaanhoidopiiri (HUS) that just recently during this year moved under the management of SOTE...'

R3:

'I'm of Turkish descent and I have lived in 6 different countries. My children were born and raised in Finland so at home naturally we have also adopted the Finnish culture along with my culture.'

'I have worked as an entrepreneur and nursing assistant in Finland. As an entrepreneur and nursing assistant, I have dealt with all kinds of customers and patients from different backgrounds.'

Both respondents one and three clearly have embraced different cultures even at home which also enables them to understand and communicate outside of home with an open mind towards other cultures, views and values. Their occupations have also been within the healthcare sector, which means that working with professionals as well as patients from different backgrounds has been part of their everyday responsibilities.

R5:

'I was born in the Middle East and moved out of my country in my early twenties. I have lived in several countries Iran, Pakistan, India, Nepal, Spain and Finland.'

'I've had restaurants in Spain and Finland and the culture as well as values and habits are completely different however, It's been a valuable experience. The Spanish culture is very laid back, warm/inviting and sometimes at work maybe

not as punctual as you would hope for but then again in the Finnish culture everything is done according to regulations, law and is expected to be punctual and sharp. This doesn't mean that in Spain they are not professional but it's just a very different vibe.'

Respondent five has lived in various countries in addition to having entrepreneurial experience in different countries where culturally they are very different to one another.

R6:

'I'm Iranian and I come from a country with an ancient civilization and it is a culturally diverse nation due to the history colonization of Greeks and Arabs. It is a country influenced by several cultures, however, the official language has been still preserved, Farsi...'

The sixth respondent also highlighted that today, in Iran there are numerous languages spoken and various dialects. Even though the country is primarily Muslim there are still different traditions, religions, values and beliefs. More about the respondent's occupation:

'I'm a teacher and I have worked 10 years in Iran as a mathematics teacher and 26 years in Finland as a preparatory class teacher and resource teacher specializing in a specific subject mainly for foreign/immigrant students. At the moment I work as a Farsi language teacher for primary, secondary and high school students.'

As mentioned earlier, all respondents have a diverse cultural background or experience and have worked in diverse environments.

4.2 Themes



Figure 5. Themes. Image credit Anahita Houshangi

First theme is Communication as a tool, it showcases how the participants' backgrounds have helped them to communicate at work and how cultural diversity allows a person to gain more knowledge and grow at work. The second theme, cultural shock and reactions is about individual experiences at work. The third theme, Performance and the fourth theme, Diversity in Organizations, highlighting the impact of cultural diversity and perspectives on whether organizations should diversify.

4.2.1 Communication as a Tool

The theme of *communication as a tool* emerged from answers to questions four and five. The importance of knowing about different communication styles was asked from the participants. Most respondents emphasized that knowledge of how to engage with others is one of the most important tools and essential for effective communication as well as work progress.

R1e:

'It's one of the main working tools between patients and their relatives as well as colleagues.'

R2:

'It's vital for progress, inclusion and conveying a message properly.'

'A deeper understanding of their culture and views.'

R5:

'I would say it's the most important tool because that's how you can engage and understand effectively your team, business partners and customers.'

R6:

'The understanding of different communication styles is extremely important, it's a work tool because people are different, mentalities and perspectives are different, therefore, you need to find effective ways of conveying your message to others. Naturally, there should be different approaches with people from different cultural backgrounds.'

For the fifth and sixth question, the benefits of working with people that have a different communication style because of their cultural background were presented. The majority of respondents stated some common advantages, such as gaining understanding and learning to improve skills, this doesn't mean just personal growth but an overall growth of an organization to engage effectively.

R1:

'My knowledge has helped me to communicate smoothly with everyone in a respectful manner and allowed me to learn more when working with people from other backgrounds. I believe knowing the basics of respectful and efficient communication is important.'

R2:

'You gain a deeper understanding of their culture and views.'

R3:

'Working with different people means diverse ideas, values and skills and this is richness! This is how we continuously learn, grow and eventually use it to improve our interpersonal skills.'

R4:

'Diversity provides us with continuous opportunities for learning, personal growth, and ultimately utilizing these experiences to enhance professional communication capabilities'

R5:

'I think this is something that as a person you can always learn more about to improve your own skills at work.'

These responses collectively emphasize the significance of understanding diverse communication styles for achieving effective communication. By valuing and cultivating this knowledge, individuals and organizations can even improve their ability to connect and communicate in diverse work environments.

4.2.2 Cultural Shock & Reactions

The respondents shared valuable insights about cultural shock and people's reactions when encountering cultural diversity in a professional environment.

According to respondent one, in the healthcare sector, patients primarily prioritize receiving necessary care for their well-being, regardless of cultural background. However, colleagues may occasionally face cultural shock when they encounter unfamiliar cultural practices, such as relatives wanting to remain with the patient and provide care even when professional assistance is available.

R1:

'This is a sector where professionals have to update and learn continuously to understand the different cultures. From a patient perspective, when they are under care regardless of the country, they have no other choice other than undergoing the care that is required for their well-being, therefore I have not seen them experience cultural shock but colleagues do face it at times when they don't understand that in some cultures relatives would like to stay and visit the patient all the time and care for them even when they are in good hands.'

R2:

'None, most have been positively surprised and appreciated of the good level of communication skills... However, diverse ideas and views are good in general but conflict can arise if not careful, it can create a clan effect within the company.'

R5:

'I think in the hospitality industry customers come with an open mind especially if they are trying ethnic foods because they are also paying for the exotic experience and not just the food so I would cultural shocks I haven't seen but surprised reactions (in a good way) I have seen plenty. Customers appreciate unique experiences.'

In the hospitality industry, Respondent five observed that customers generally approach experiences with an open mind and positive reactions.

These responses highlight that while cultural shock may not be a widespread experience, individuals may encounter surprises, appreciate diverse perspectives, and value unique experiences. It emphasizes the importance of effectively managing cultural differences and promoting communication to maintain harmony and leverage the positive aspects of cultural diversity within the workplace.

4.2.3 Performance

In question nine, the focus was on understanding the impact of cultural diversity. The aim was to gather insights into the potential benefits of cultural diversity and to assess

the importance of diversity in organizations. However, performance was a common theme that came up when the respondents expressed in-depth why organizations should strive to diversify.

For question nine regarding the impact of cultural diversity on business activities, the following respondents stated:

R3:

‘Culturally diverse organizations have several positive effects on performance and business activities. They foster enhanced creativity, innovation, and problem-solving by bringing together diverse perspectives. Additionally, they can expand market reach, improve adaptability, and increase employee engagement and satisfaction. Overall, cultural diversity offers organizations a broader global perspective and a competitive advantage in today’s diverse and interconnected business landscape.’

R5:

‘Employees usually and employers usually learn a lot from each other and it shows successfully in the performance and quality of work.’

4.2.4 Diversity in Organizations

The last question (Q10) explores the perspectives on whether organizations should diversify. Even though the question is close-ended (yes or no), the respondents were aware of the qualitative research method, therefore, the author was able to collect in-depth responses and identify diversity as a theme.

R1:

‘They should seek to be diverse because in the past 30 years, diversity has increased in the country and will keep evolving. We need more international people to support this growth and to be able to provide services in the right way for everyone.’

R2:

'I think organizations should seek to diversify their employee culture as it'll help create a firm base of understanding, learning, teaching and creating an outstandingly performing team/ business. Though this depends ultimately on the people themselves and how they want to interact with others.'

R5:

'I believe organizations should diversify because the key to evolving our markets, services/products and experiences is inclusion and this will allow everyone to evolve their own skills as well as to create something for everyone. We live in a time where people travel and countries are becoming more international than ever before so we also need to learn and evolve.'

In general, these responses emphasize the potential benefits of cultural diversity in enhancing the performance, quality, and market adaptation of organizations. They highlight the benefits of embracing diversity through learning, innovation, and inclusivity to meet the evolving needs of an increasingly globalized world. Ultimately, all participants agreed that organizations should strive to culturally diversify.

5. DISCUSSION

In this chapter, the focus is on addressing and discussing the results obtained from the qualitative research and the theoretical framework. The primary objective of the research is to answer the following research questions:

- What sort of impact does cultural diversity have on organizations?
- Should an organization culturally diversify?

To gather the necessary data for answering the research questions, the participants of the research were professionals who possess experience working in culturally diverse environments and come from diverse backgrounds, allowing for a valuable perspective on the topic.

5.1 Impact of cultural diversity in organizations

The impact of cultural diversity in organizations is big and has various benefits such as gaining better communication tools and enhancing professional skills at work by learning from each other, which were also themes that emerged from the responses of the interview and survey questions.

As mentioned earlier, one of the themes that arose from the respondents was communication as a tool, in other words, understanding different communication styles and gaining communication skills is not just about personal growth but it can also be an organizational growth. One of the theories that also supports this theme is the Cultural Intelligence (CQ) Theory by Earley, P. C., and Ang, S. (2003). Cultural Intelligence refers to a person's capability to work effectively in culturally diverse environments. CQ theory suggests that individuals and organizations can develop cultural intelligence through learning and adapting to different cultural contexts. Culturally intelligent individuals and organizations are better equipped to understand, appreciate, and navigate cultural differences, leading to improved teamwork and organizational outcomes. The empirical research data also supports this theory as respondents emphasized that we all have different ways of perceiving and conveying information, therefore, cultural intelligence is essential for effective communication.

5.2 Should organizations culturally diversify?

A theory that supports the theme of Performance and whether organizations should diversify or not, is the Social Identity Theory (SIT). Developed by Henri Tajfel and John Turner (1979), the SIT explores how individuals' sense of identity and self-concept is influenced by their membership in social groups. In the context of cultural diversity in organizations, the SIT suggests that when employees from different cultural backgrounds come together, they bring their unique knowledge, skills, and perspectives. This diversity enables learning and skill development through interactions, as individuals learn from each other and gain new insights. This also enhances the quality and performance of work within the organization. The SIT emphasizes the positive effects of cultural diversity on collaboration, creativity, and problem-solving, supporting

the notion that cultural diversity has a significant impact on enhancing work quality and performance through mutual learning and developing skills. Some of the statements of the respondents that were mentioned in the Performance theme, such as the need of diversity for new ideas and being able to identify issues from a different angle, clearly support the SIT.

Ultimately, SIT is relevant to the statements as it highlights the positive effects of cultural diversity in organizations. Inclusion or diversity, as mentioned in the statements, enhances the evolution of markets, services/products, communication and experiences by leveraging the diverse skills and perspectives of individuals. Furthermore, diversity in teams and work environments allows for the creation of new ideas, innovations, and alternative problem-solving approaches, aligning with the notion that businesses should diversify.

6. CONCLUSION

The research questions' purpose was to conclude whether organizations should strive to diversify and finally, the findings of this thesis suggest that cultural diversity has a significantly positive impact on organizations. The results of the research align with the Social Identity Theory (Henri Tajfel and John Turner, 1979), and Cultural Intelligence Theory (Earley, P.C. and Ang, S., 2003).

The advantages of cultural diversity in organizations identified in the empirical data include:

1. Interpersonal skills and communication tools: Cultural diversity brings a wealth of different perspectives, communication styles, and approaches to problem-solving. This variety of interpersonal skills and communication tools can enhance collaboration and teamwork within organizations.
2. Understanding and learning (cultural intelligence): Cultural diversity promotes a deeper understanding and appreciation of different cultures, traditions, and values. Individuals in diverse organizations are likely to develop higher levels of

cultural intelligence, which involves the ability to interact effectively across cultures.

3. Creativity and innovation: The presence of diverse backgrounds, experiences, and perspectives stimulates creativity and innovation within organizations. When individuals from different cultural backgrounds come together, they bring unique insights and ideas that can lead to novel solutions and approaches.
4. Successful business performance: Based on the findings, organizations that embrace cultural diversity are more likely to achieve better business results. The combination of diverse skills, perspectives, and innovative thinking can improve decision-making, problem-solving, and overall organizational performance.

Finally, it can be concluded that organizations should consider diversifying their workforce and actively promoting cultural diversity. By doing so, they can tap into the richness that cultural diversity brings and harness its potential benefits, such as enhanced communication, cultural intelligence, creativity, and better business performance.

6.1 Future Research

Cultural diversity in organizations is an extremely broad topic and it's continuously evolving. Therefore, the author's suggestion for future researchers is to focus and investigate a specific theme within this topic, such as business performance in addition to analyzing actual company cases instead of individual experiences.

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APPENDICES

Appendix 1.

Consent Form for Data Collection

Research Study: Cultural Diversity in Organizations

- I confirm that I understand the research project and its purpose, and agree to take part.
- I understand that my participation is voluntary.
- I understand that I am free to withdraw at any time, without explaining the reason behind the decision.
- I understand that the interview will be recorded, transcribed, stored, in accordance with the Data Protection Regulation (GDPR).
- I understand that the questionnaire will be stored in accordance with the Data Protection Regulation (GDPR).
- I understand that anything I say will be treated confidentially and the collected data will only be used for research purposes, in accordance with the Data Protection Regulation (GDPR).

Name of participant: _____

Signature: _____

Date: _____

Name of researcher: _____

Signature: _____

Date: _____

Appendix 2.

Interview Questions and Survey Questionnaire

Introduction:

1. Tell me about your cultural background.
2. What do you do or have done for a living and for how long? (Kindly mention your occupation in your answer.)
3. What is the average size of organizations (association, union, company, business, start-up, etc.) that you have run or worked for from the beginning of your career up until now and how was your experience?

Communication at work

4. How essential is the knowledge of diverse communication styles for work?
5. What sort of challenges have you experienced with communication while working with people from different cultural backgrounds?
6. What are some of the benefits of working with people that have a different communication style because of their cultural background?

The effects of cultural differences

7. What is your experience of customers or partners facing cultural shocks while interacting with them?
8. What kind of effect do you think that culturally diverse organizations have on employees?
9. What kind of effect do you think that culturally diverse organizations have on performance and other business activities?

Diversity

10. Why should or shouldn't organizations seek to be culturally diverse? (This can mean even international collaborations or partnerships and not just having a diverse team)