Analysis Of Strategies Focused In Multicultural Management To Strengthen Multinational
Companies And Foreign Investment In Colombia.

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The purpose of this analysis is to situate the need for cultural competence, humility and intelligence as a prioritized feature in leadership and managerial dexterities. Proficiency in managing a multicultural and a global workforce will improve organizational outcomes as Colombia’s economic landscapes become more inclusive of globalization. Throughout this paper, essential concepts of multiculturalism are contextualized in the management area and later, some strategies are presented, analyzed and focused in Colombia’s actual business situation to strengthen multinational companies and foreign investment through a culturally inclusive leadership boosting the potential of workforce with a global mindset.
1. Scope of the research

As a result of globalization, Colombia’s economic landscape has grown to encompass diverse cross-cultural environments. A void in cultural competence and dexterity training has negatively affected the workplace thus germinating high employee turnover and unfavorable organizational outcomes (Celano, Munhoz, Malheiros, & Maciel, 2015). As causation, there is an encompassed need of strategic analysis that strengthens multinational companies and foreign investment in the country.

From the above, assertion, we formulate the following question: What strategies can be utilized to develop Colombian organizational managers in regards to a multicultural workplace brought upon as a result of an increase of direct foreign investment and the establishment of foreign owned companies?
1.1 Background

Free trade and globalization has forced companies to ensure their survival through Internationalization. Dynamic environments with growing challenges characterize global markets. With an onset in the 90’s, Colombia has joined the global economy, and has experienced exponential growth in the last few years. This growth is in direct result of newly found democratic security, liberalism in its economic policies, and a reduction of trade barriers. Between 2010 and 2015, Colombian economic markets have realized an increase of 5.512 million dollars (Banco de la república, 2016) in direct foreign investment. Furthermore, an increase of multinational companies in the country has influenced Colombia’s market environments to encompass cross-cultural and multicultural characteristics. Direct foreign investment raises multicultural environments in every sector of the industry; inherently Colombia circumscribes with culturally diverse characteristics. The graphic below shows the distribution of the 11.942 million dollars that were invested in 2015 by foreign companies in Colombia by economic activity/industry sector.

Graph 1. Flow of direct foreign investment in Colombia by economic activity 2015

Own creation, data from (Banco de la república, 2016)
Colombia’s recent and fast changing landscape, comprised in 2015, a registered influx of 540,565 foreigners. This migratory databases wereinclusive of visas that delineated, new residents, temporary visitors, temporary workers, and people that arrive to do business (Migración Colombia, 2015).

<table>
<thead>
<tr>
<th>ADMISSION CATEGORY</th>
<th>NUMBER OF ADMISSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>1,574,609</td>
</tr>
<tr>
<td>Temporary Visitor</td>
<td>404,848</td>
</tr>
<tr>
<td>Temporary Worker</td>
<td>79,921</td>
</tr>
<tr>
<td>Resident</td>
<td>47,101</td>
</tr>
<tr>
<td>Courtesy</td>
<td>36,567</td>
</tr>
<tr>
<td>Temporary Spouse</td>
<td>27,361</td>
</tr>
<tr>
<td>Temporary Special</td>
<td>21,337</td>
</tr>
<tr>
<td>Ext Schengen</td>
<td>20,473</td>
</tr>
<tr>
<td>Temporary Student</td>
<td>13,437</td>
</tr>
<tr>
<td>Business</td>
<td>8,695</td>
</tr>
<tr>
<td>Others</td>
<td>153,124</td>
</tr>
<tr>
<td>Total</td>
<td>2,387,467</td>
</tr>
</tbody>
</table>

(Migración Colombia, 2015)

Due to Colombia’s multicultural environment, multinational companies as well as professionals in all fields need to acknowledge that competence in cultural intelligence is imperative in a business world that flattens as it encourages the creation of a business framework that fosters a global, diverse, and competitive executive workforce.

In a world where organizations must be change-focused, adaptable, and flexible in their intercultural work, leaders are being asked to help people work through, and come to terms with, the changes that differences often bring. Organizations and leaders that expect change are those that tend to thrive – they anticipate and envision different scenarios of environmental change, both internally and externally. (Lawler & Worley, 2006).
Today’s world is an exciting and vibrant place where cultural differences give rise to a universe of emerging possibilities (Magala, 2004), the success of leaders and the companies that they are head of is determined by their skills, how they drive to thrive this global and dynamic environment.

1.2 Justification

In a globalized business world there is an increasing rate of multicultural working environments leading to management challenges such as cultural prostration, maintaining positive organizational conditions, and physiological safety (Markus & Michael, 2003) of workers from varying origins. Colombia is an adept example on how a country that comprises an increasing trend of direct foreign investment, but operates in uni- professional and uni- cultural silos, often discourages the application of culturally competent managerial practices. (Kunasegaran, Maimunah, Roziah, & Ismi, 2015).

With trade barriers opening more every day, human resources have become an import/export element of the countries. Globalization of markets tends to a rising need of professionals with the ability to successfully interact with people of diverse cultural backgrounds.

Expeditious, international markets propel companies to hire professionals that have a greater extent of education, experience and competencies. Competencies that are inclusive of being mindful and proficient in working within multicultural environments create adept and successful leadership and management practices. Leadership that can supervise and collaborate with people from diverse cultural backgrounds is a competitive advantage, not only for today’s managers but for the company he/she makes part of.

With greater accessibility to cheaper labor markets, companies are motivated to move their operations, which affect workforce relations and employment both in home country and host country environment. With the support of advancing information and communication technologies, companies are able to gain efficiencies by consolidating and moving, through offshore outsourcing, many operations to less expensive labor markets. A company’s human resources also represent a primary source of competitive advantage through such key contributions as workforce innovation and human capability. Companies compete for quality
human resources and are able to successfully attract and retain human talent through workforce management practices. (Vance & Park, pág. 9)

Effective leadership is known to be based in three basic personal skills: technical, conceptual and human which can be acquired and leaders can be trained to develop them (Katz, 1955); hence, cultural intelligence introduced to managers and leaders will for sure strengthen multinational companies in Colombia.

As the literature has pointed out, a core characteristic of professional teams, their diverse composition amalgamated with a lack of competent leadership has been identified as enabling poor performance; whereas mediation culturally intelligent management enables the creation of physiological safety that allows for innovation, organizational “buy in” low employee turnover and positive organizational performance. Physiological safety encompasses an environment where the employee feels that their work environment is productive, respectful, provides a feeling of inclusiveness and offers a culturally competent setting (Ramlall, 2004); it is within this setting that the employee is most innovative and productive.
2. General Objective

Analyze strategies of multicultural management to strengthen multinational companies and foreign investment in Colombia

3. Specific Objectives

- Contextualize the concepts of multiculturalism, cultural intelligence and intercultural competence in the management environment.
- Analyze strategies of multicultural management for an intercultural competent leadership focused in strengthening multinational companies and foreign investment in Colombia.
4. Theoretical Framework

4.1 Globalization

There are many theories of the factors that have encouraged inclusivity or that have condensed world views and markets and have propelled towards a globalization point as we are now experiencing. This galvanization has driven companies to a state of competition that goes beyond borders. These factors are very well described as follows in the book “Management Across Cultures, Challenges and Strategies” (Steers, Sánchez-Runde, & Nardon, 2010)

- **Increased customer demands and access to competing products and services.** Customers around the world are increasingly demanding more for less. They are putting increased pressure on both the price and quality of products and services that various firms offer.

- **Increased technological innovation and application.** Improved telecommunications and information technology facilitate increased access to global networks, markets, partners, and customers. Basic and applied research, often conducted by global strategic alliances or international joint ventures, is increasingly generating new products and services (e.g., new technologies, new medicines, new DNA or genetic applications), thereby creating new markets.

- **Increased power and influence of emerging markets and economies.** As many economic forces continue to globalize, differences between haves and have-nots have tended to accentuate. Emerging markets present traditional corporations with a particular challenge, while many emerging economies are demanding greater respect and greater access to global markets. Meanwhile, some economies and societies fall further into poverty and despair.

- **Shared R&D and global sourcing.** Many companies are going global in order to spread their research and product development costs across multiple regional markets. Outsourcing is now the rule, not the exception.

- **Increased globalization of financial markets.** Global economies and financial markets have become increasingly interdependent. Access to capital markets is becoming increasingly globalized.

- **Evolving government trade policies.** Governments are increasingly supporting local economic development initiatives to lure new (and often foreign) investments and create local employment. They are also increasingly supporting aggressive trade initiatives to
support global expansion of local companies. Trade barriers are being systematically reduced across much of the world through multilateral trade agreements (e.g., NAFTA, WTO). However, with increased recessionary pressures, it is anyone’s guess whether this trend will continue or reverse itself.

4.2 Global Mindset

Globalization has changed the way we see the world, it has made it smaller and full of possibilities, it has challenged managers and leaders of companies to expand and cover markets that before they wouldn’t have imagined. But of course, old strategies of local market coverage are not relevant to these new recently developed trends so what companies need is strong knowledge in multiculturalism and leaders with global mindset. The authors of the book: Managing Across Cultures: The 7 Keys to Doing Business With a Global Mindset have explained what global mindset is and its importance in a business world where companies not only want to expand to other markets but where they can realize a favorable opportunity of finding resources that best fit to their needs.

A global mindset is the ability to see global opportunities intuitively. It enables those who have it to work effectively wherever they are in the world. To appreciate the importance of a global mindset, we think it’s worthwhile to consider the confluence of the following phenomena in the global business community:

- Global sourcing refers to the procurement of everything from raw materials to human capital around the world.
- Global mobility refers to the flow of people and ideas around the world.
- Global marketing refers to the ability to develop products and services appropriate for markets at which they’re aimed. Organizations need to have people who understand cultural differences so that they can create products and services customized to local needs.
- Finally, the phrase global wisdom and collaboration refers to the intellectual capital that fuels the contemporary marketplace. People need cultural skills to be able to collaborate, innovative and maximize benefits and opportunities for themselves and their organizations. (Solomon & Schell, 2010)
Culture is as diverse as the individual, has different extents and is relative to different aspects of ethnicity, race, gender, country, region, city, education, age, power, and identity, among others. Having these in mind, one can infer that every individual is a universe and that a good leader has to have the ability to understand and respect the universe within a team member, a customer, a supplier or any other person with which they are relating to. Although for many years managerial theories were universal and applicable to almost everywhere disregarding cultural aspects, the changes in the world have proven this wrong.

Traditionally, both scholars and practitioners assumed the universality of management. There was a tendency to take the management concepts and techniques that worked at home into other countries and cultures. It is now clear, from both practice and cross-cultural research, that this universality assumption, at least across cultures, does not hold up. Although there is a tendency in a borderless economy to promote a Universalist approach, there is enough evidence from many cross-cultural researchers to conclude that the Universalist assumption that may have held for U.S. organizations and employee is not generally true in other cultures. (Luthans & Doh, 2006)

Leadership with culture understanding is key as said by the author of the book: Cultural Intelligence for Leaders

What is the importance of understanding cultural value dimensions in businesses? Like other cultural systems, organizational culture controls the behavior, values, assumptions, and beliefs of organizational members. It is a combination of organizational members’ own beliefs and the values, beliefs, and assumptions of the organization. It is the role of the organizational leader, as a change agent, to help create a positive organizational culture that meets the demands of a competitive environment, board and shareholder expectations, and employee career satisfaction. (Creative Commons, 2012)
5. Investigation development

From entry level employees to top executives, the actual world is seeking for prepared professionals who can face the challenges that come with a borderless business world and the first step towards achieving a global mindset is to understand at all extent the concepts involved in multiculturalism moreover, managers are crucial for a good chain of intercultural intelligent leadership.

5.1 Multiculturalism

Multiculturalism results from the relationship of cultures in the globalized world and relates to race, ethnicity, socio-cultural groups, relation between majority and minorities, gender, sexual preferences or social integration of individuals with disabilities. In reference to Dúbravová (2011), multiculturalism means diversity of cultures, their behaviors, traditions, values and standards, as well as looking for the ways of their interactions, starting from their coexistence, through mutual respect, tolerance and dialogue up to cooperation. The ideology of multiculturalism and resulting political activity started in the second half of the 20th century. (Ďurišová & Čambál, 2015)

Multiculturalism is to be recognized in the workplace, not only to create a better environment; but also in virtue of all the advantages that it can bring to a company in today’s world. Diversity pays off. This yield is presented in “Does Diversity Pay?” (Herring, 2005). Here the author demonstrated that companies with grater racial diversity have higher sales revenues, more customers, larger market shares and greater relative profits than others with workforces with homogeneous origins. This latter phenomenon can be explained as individuals from different origins, gender, religion, race etc., have different approaches for the same situation and can offer of course, different solutions to problems (Portolese, 2010). Furthermore, multicultural focused management offers the possibility of workers trained to understand an interlocutor with any cultural background, are better prepared for negotiations with global customers and suppliers as well as to give a better service to them which results an advantage based on human talent.
5.2 Cultural Intelligence

In basic terms, cultural intelligence is the ability of an individual to successfully adapt to unfamiliar cultural settings (Creative Commons, 2012).

Cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off. A person with high emotional intelligence grasps what makes us human and at the same time what makes each of us different from one another. A person with high cultural intelligence can somehow tease out of a person’s or group’s behavior those features that would be true of all people and all groups, those peculiar to this person or this group, and those neither universal nor idiosyncratic. The vast realm that lies between those two poles is culture. (Earley & Mosakowski, 2004)

Cultural intelligence can be applied to many environments, starting from relocation or a new job, its present whenever there is change in an individual’s life and in accordance with multiculturalism; it has much relevance in multiculturalism management.

There are four key aspects for the integration of cultural intelligence with multicultural leadership: acquiring knowledge, building strategic thinking, contemplating motivation and ability of working with others and adapting and performing. The first aspect, acquiring knowledge is the base, by knowing the culture of the team it’s leading; the manager will boost its potential whereas the team will feel more understood and confident. By building strategic thinking, an individual auto regulates how, when, and how much he/she learns, how to apply the new knowledge and how to adapt all of it to the new environment. Contemplation of the motivation and ability of working with others is a matter of feedback, is an assessment to the surroundings and the response of the individual to the new environment, by comparison to the people natural to it, the individual can feed itself with the correct information and lead him/her to a better development. Lastly, adapting and performing is the last aspect towards reaching cultural intelligence but it has to be understood that as well as multiculturalism, it isn’t an static subject, its very much dynamic and has to be renewed constantly since culture is time linked. Adaptation and performance are the result of the three latter aspects. For the leadership team they become the driving forces for they are linked with how people that are in the environment see him/her-not only for actions but also how leaders react to others create an exemplary image. Altogether, a leader with cultural intelligence will have enough skills of its environment to be adaptable it and to be able to mutate her/his behavior to imitate its surrounding (Creative Commons, 2012).
5.3 Intercultural Competence

Intercultural competence is needed as the basic ability for any interaction! It is not only necessary to have social skills, but also to improve the sensitivity and understanding for other values, views, ways of living and thinking, as well as being self-conscious in transferring one’s own values and views in a clear, but appropriate way. Intercultural competence helps understanding others and achieving goals. (Lustig & Koester, 2013).

Throughout the literature we become cognizant of intercultural competence and in some cases; competence becomes troublesome in its adaptation. We see this discord as described by UNESCO, intercultural competence is summed up as:

Having adequate relevant knowledge about particular cultures, as well as general knowledge about the sorts of issues arising when members of different cultures interact, holding receptive attitudes that encourage establishing and maintaining contact with diverse others, as well as having the skills required to draw upon both knowledge and attitudes when interacting with others from different cultures. (UNESCO, 2013)

One could say in some ways that intercultural competence is the diplomatic posture that an individual can be trained to acquire cultural intelligence in order to treat people equally disregarding their origin, ethnicity, gender, education, etc., and having the ability to take the best of the interaction with said people to enrich it and learn more. Hence, a company can be enriched when an intercultural competent leader is its driving force. As many authors state, intercultural competences can be divided into five principal skills: knowledge of the culture, interpreting/relating, discovery/interaction, curiosity/openness and cultural awareness (Byram, 1997). Intercultural competence training in management of any industry sector aims to build a leader who can understand the dimensions involved in any intercultural encounter (Catherine & Davidsson, 2008) furthermore, it teaches how to handle intercultural communication to successfully understand others and make one understandable.

Multicultural management merges all the above concepts as well as cross cultural, expatriate, cultural identity among others to mold a leader that can boost its company to success in a shrinking business world framed by fierce competitiveness.
Leadership is a very vast subject that has been discussed by many authors and there isn’t a unique or magic formula to become or train an excellent leader; there is literature which states that a leader is born and others that anyone can be trained to become one. In the field of intercultural, multicultural and global leadership there is also a lot to say but one of the aspects in which many authors concur is that leadership types, techniques, strategies or trainings not always work the same in different environments due to cultural aspects. The crucial aspect towards mastering intercultural leadership is to understand and to interiorize the concepts above explained; through them the individual will have a broad spectrum of how his/her environment works and how to interact with it wisely while having all the tools needed to design culture oriented strategies propelling the performance of the company. Indeed, an improvement in the performance of a company based in multicultural management is not a one man’s job, it’s an organizational effort.

The transnationally competent manager needs to take a global perspective. This requires highly specialized groups of manager with different sets of competences to those utilized by their international peers. They need to maintain a balance between international scope and local responsiveness. So, if organizations are to develop into truly global entities they need to develop transnational strategies and that requires a parallel shift in managers’ skills and competencies (Thorpe, 2010).

Embedded in intercultural leadership there is an important subject which is global/international human resources. Multinational companies face constantly the challenge of where to search for the best professionals and they find that either of the four options available (home country nationals, host country nationals, third country nationals or inpatriates) represent cultural shock and of course have to be treated carefully. To retain any of these types of workers there is the need of applying techniques of talent retention linked with cross cultural and cultural competence training (Luthans & Doh, 2006).
5.5 Strategies of multicultural management for an intercultural competent leadership focused in strengthening multinational companies and foreign investment in Colombia

Throughout the research it has been pointed out that regardless of the type of company, multiculturalism should be addressed in order to understand in the best way and have better relationship with an interlocutor from a different culture, henceforth, the strategies for an intercultural leadership will be analyzed and concentrated in multinational companies and companies with direct foreign investment in Colombia.

5.5.1 Internalizing and developing otherness
The meaning of otherness is merely how an individual appreciates differences in others, defining its own self in relation to others. Otherness is by all means result of the individual’s culture, gender, age, ethnicity, education and other aspects (Mengstie, 2011). An intercultural competent leader should develop otherness and also make its team aware of the importance of this aspect on the grounds that it is the essence of understanding any interlocutor; the internalization of otherness promotes the “acquisition of socio-cultural aptness in a multicultural environment. This is significant for international education, multicultural socialization…” (Edwards, 2015).

5.5.2 Awareness models
Throughout the last years, many models have been created in pursuance of cultural intelligence competence to help individuals to perform better in a multicultural environment. For instance, the Doctors Michael S. Schell and Marian Stoltz-Loike created the Windham International Model, Doctor Paula Caligiuri developed the Intercultural Awareness Model and more recently, Charlene M. Solomon and Michael S. Schell created the Cultural Wizard model which will be explained hereafter as it was found to be very easy and useful for any leader. The Cultural Wizard model was designed by its creators to understand owns and other’s behaviors so that the individual learns how to react. The assertion is that if the individual learns to identify the behaviors that manifest in a different way, depending on the culture, and is able to frame it, will have a better response. The model is based in seven keys as follows:
• Hierarchy: the way people see power and authority, how much respect people feel for authority, if they feel with the right to express themselves, and how empowered they feel to make decisions and have initiative (Solomon & Schell, 2010). This aspect can determine whether a team follows or not their leader.

• Group dependence: how people identifies, as a team or an individual and if they consider that goals and responsibility are reached through individual or team effort (Solomon & Schell, 2010).

With the analysis of this aspect, a leader can identify how to motivate the interaction of the team.

• Relationships and connections: the role and time dedicated to build relationships and develop confidence and if confidence and relationships are considered as prerequisite to work with someone (Solomon & Schell, 2010).

These will give the leader the tools to develop organizational strategies.

• Communication styles: the way in which societies communicate, included verbal and non-verbal expressions; the amount of contextual information that people needs to understand and how direct or indirect people are (Solomon & Schell, 2010).

Most of the authors that have investigated multiculturalism agree that communication is essential and can either open or block the work flow between individuals and promote or finish with a good work environment. The most important characteristic of communication in a leader is clarity.

• Time orientation: in which extent people think they control time and adhere to a schedule, if schedules are more an estimation or a dead line (Solomon & Schell, 2010).

A leader sets example, in every culture time is valued differently and its fundamental to understand it.

• Control: the perception of how much control of their lives and their destinies people think they have and if they feel comfortable with change, accepting risks and innovation (Solomon & Schell, 2010).

Maybe this is the first aspect that a leader can analyze when meeting a new employee and it will determine the way the leader routes a team member.
Motivation Work/Life Balance: if people live to work or work to live, if they can reach an status in society when they interchange their personal time to have the possibility of professional growth (Solomon & Schell, 2010). This is an important point fundamental is human talent retention and motivation, if a leader has this concept clear, can maintain a valuable worker happy, giving its best and very near for long time.
6. Conclusions

- Due to globalization, many concepts have been introduced to people’s lives so that they can relate better to individuals from different cultures; the business world hasn’t been alien to these and has introduced also new ways to lead in a world with fewer boundaries.

- Colombia as a result of many variables has been increasing its direct foreign investment and the number of multinational companies, which triggers the need of leaders that can impulse business through management focused in internationalization.

- Success in business in an era of fewer commercial boundaries is set by the ability of an organization and its leaders to adapt to unknown environments and the people with which they interact (inside or outside the company) as well as the way their leaders and all their workforce acts and reacts with intercultural intelligence competence, otherness and other important aspects related to multiculturalism.

- Training leaders in multicultural focused management and leadership in today’s world is less an advantage and more a requisite for companies to survive in business.

- There are many strategies to acquire competencies in multiculturalism, among them we can find awareness models which are easy to apply and wrap up many concepts that can drive leaders to success.

- In multinational companies with workforce from different cultural backgrounds talent retention is determined by the way leaders mentor their teams, whether they are multiculturally focused or not can either attract or dispel the best professionals.

- Having a global mindset is a characteristic of a leader that has interiorized multiculturalism, who has understood otherness and that, is focused in success in globalized world.

- Colombian companies and multinational companies based in Colombia can train their managers, senior executives and other leaders in multicultural management to acquire competences that can open them to a better understanding of today’s world and propelling them to more and better business.


Creative Commons. (2012). Cultural Intelligence for Leaders.


