

## Chapter 5.14

# The Multicultural Organization: A Historic Organizational Theory for Gaining Competitiveness in Global Business Environment

**Tongo Constantine Imafidon**  
*Covenant University, Nigeria*

### ABSTRACT

This chapter avers that over the past years, monolithic organizations, as opposed to multicultural organizations, have been created by many top business executives in order to attain their corporate visions and missions. One particular feature of the monolithic organization is that its leaders psychologically impose the culture of the organization on their subjects (employees). Their expectation is that a business organization should

be able to satisfy the diverse needs of its various stakeholders (customers, suppliers, shareholders, etc.), when a unique set of covert and overt behaviour is revered by a homogenous workforce. Oftentimes, the imposed “organizational culture” is nothing but a mere derivative or microcosm of the wider societal culture in which the organization is domiciled. This was conceivable in yesteryears, given the fact that most organizations only operated within their domestic business enclaves. However, with globalization and the increasing need for organizations to develop

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businesses and cooperation across their national boundaries; it has become imperative for business organizations to solicit for more dynamic cultural models. Consequently, the validity of the monolithic organization is fast waning, and managers, especially those of multinational corporations, are beginning to recognize the dividends to be derived in accepting, valuing, and celebrating the differences that exist in a workforce with inherent heterogeneous human attributes. It is based on this backdrop that this chapter identifies three organizational phenomena (i.e., organizational learning, organizational creativity, and organizational justice) that confer competitive edge on multicultural organizations in relation to specific sectors of today's global business environment. The chapter also presents the historical relevance of the multicultural organization to the academic field of organizational theory.

## **INTRODUCTION**

The importance of culture in the conduct of organizational life is well established in the literature of organizational theory (Jackson, 2004; Kuada, 2007; Okpara, 2007). According to Wren (1994), organizational practices have never been developed in a cultural vacuum. Stakeholders of organizations have always been affected by the cultures of their organizations.

For instance, the fact that organizational members in the West and East, and more specifically, the United States and Japan, are influenced by their cultures is well acknowledged. The U.S. organization is characterized by such cultural values as assertiveness, decisiveness, innovativeness, and risk taking, which stem from the frontier-conquering history of the U.S. (Hall & Hall, 1990). The culture of U.S. organizations is also characterized by individualism; the belief in the power and autonomy of the individual (Yeh, 1995).

However, Easterners, particularly the Japanese, complain that Americans are too legalistic

and less willing to be flexible (Thorton, 1993). Hence, Japanese organizations, as compared to U.S. organizations, are more likely to have cultures characterized by flexibility, and people and detail orientation. Possibly, these cultural factors are the driving force behind the competitiveness of Japanese organizations. That is, Japanese organizations may rely heavily on the virtues of flexibility, people orientation, detail orientation, and team orientation to achieve greater business performance and customer satisfaction. Relative to Japanese organizations, U.S. organizations are more likely to have cultures characterized by innovation, outcome orientation, and aggressiveness. Further, these cultural values, which characterize the U.S. organization, are likely to impact on their performance because their business strategies and the resulting successes are attributable to their cultural values. Just as Japanese organizations utilize the cultural values that characterize them to achieve greater competitiveness, U.S. organizations will exercise the characteristics of innovation, outcome orientation, and aggressiveness as their competitive weapon to achieve greater business performance and customer satisfaction. Thus, it is expected that the relationship between organizational culture and business competitiveness should vary across national cultures.

Therefore, aside from the fact that many studies have already recognized the importance of culture to organizational life; there is also a common consensus amongst them with regards to the impact of national culture on organizational culture. Precisely, these studies have found out that the culture of a work organization is nothing but a mere derivative or microcosm of the wider national culture (Tongo, 2005). According to them, managerial jobs are carried out within organizational cultures that are akin to the national cultures in which these organizations are domiciled. As Hofstede (2001, p. 374) observed in his monumental cross-cultural study:

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