Chapter 39

Cultural Diversity, Negotiation, and Organizational Leadership:
Their Relationship With the Competitiveness of Colombian Companies in a Global Context

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ABSTRACT

In globalization, the business world is becoming increasingly complex and challenging for small and medium companies in Latin American countries. There are variables that determine the success of a national and international business. In the latter case, one must have a good knowledge of the country's environment with which a commercial operation is carried out (competitors, political, economic, socio-cultural, legal, technological, etc). All these factors are undoubtedly important in the field of international treaties or agreements, as well as the precise information of the negotiating company. However, variables such as leadership and organizational culture and, in particular, cultural diversity are to a small extent considered as decisive factors of business competitiveness. The chapter describes the importance of the three variables as tools for the performance of Colombian companies in an international context and shows the results of the CW Model of the Culture Assistant, where seven key elements of cultural diversity are evaluated in organizations.

INTRODUCTION

In a globalized market like today, the business world is becoming increasingly complex and challenging for small and medium-sized enterprises, especially for those in developing countries such as Colombia. There are several variables that determine the success of a business both nationally, but especially at the international level; in the latter case, one must have an excellent knowledge of the environment with the country that is conducting some commercial operation (competitors, political, economic, sociocultural, legal, technological, among other aspects). These factors are undoubtedly important in the field of international treaties or agreements, as well as the precise information of the negotiating company. Variables such as cultural diversity, leadership and especially the organizational culture are in a little measure considered as determinants of business competitiveness.

This chapter aims to describe the importance of these three variables as tools for the competitiveness of Colombian companies in an international market. Cultural diversity is based on different theories about organizational culture. For Martinez (2010) studies on organizational culture could be divided into two broad groups; on the one hand, "those who try to identify the variables that define the organizational culture and the relationship of these variables with results in the organizational field" (p. 167). The second group is characterized by representing "studies between cultures (cross-cultural), which seek to associate the traits of the cultures of countries or regions with characteristics of organizational cultures. In the latter case, characteristics such as leadership and organizational behavior are taken into account "(Martinez, 2010, p. 167). This second group focuses on the analysis of cultural diversity and its effects on organizational behavior.

The issue of what makes culture different in terms of attitudes, beliefs and behaviors at the level of countries, regions, and organizations has been a case of study and interest to researchers since the late '70s. As a result of these investigations, there are different models. As a pioneer in the development of these studies, Professor Geert Hofstede focused on six categories: distance of power, individualism Vs. Collectivism, avoidance of uncertainty, masculinity Vs. Femininity, long-term Vs. Short-Term orientation, indulgence Vs. Containment. Subsequently, adaptations emerged to the Hosfede model as the Intercultural Awareness Model, ICAM - developed by Dr. Paula Caligiuri, of the Center for Human Resource Strategy of Rutgers University and Caligiuri & Associates. This created a framework of eight aspects for better understanding and appreciation of cultural differences, which are: Hierarchical structures vs. Equalitarian, Formal vs. Informal style, Individual or Group Interests, Interpersonal Relationships vs. Transactional Relationships, Direct vs. Indirect Communication, Controlled vs. Fluid Time, External Control vs. Internal Control. Motivation State vs. Balance.

Dr. Caligiuri's research focuses on the reality that companies live in the world and how managers are incorporating cultural diversity in decision-making. Caligiuri (2013) states that, "it is difficult for CEOs to find talent with intercultural competencies and global leadership" and "organizations are concerned about the difficulty to find talent with intercultural competencies and global leadership, there are not many people, and that there are, does not have the capabilities we seek "(p.175).

In 2010 Drs. Michael S. Schell and Marian Stoltz-Loike proposed the CW Model-Culture Wizard Model, which is an adaptation of the Windham International Model. Solomon and Schell (2010) guide their model with seven key elements of cultural diversity that are: Hierarchy and Egalitarianism, Global approach, Relations, Communication styles, Orientation to time, Tolerance to change and motivation, Life-Work Balance and develop a global mindset. The research was carried out to 40 companies with global competencies in the services, industry, manufacturing and agricultural industry sectors.

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