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# Impact of multiculturalism on the industrial enterprises management

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**Abstract**

In the current stage of globalization and the of the global society development, migration of population is an important component of demographic development. It has become an important phenomenon of the modern world economy. Free movement of labour force, along with the free movement of goods, capital and services, represents one of the four freedoms. The essential feature of demographic development in the states of the West, Central and Eastern Europe is decrease of the working-age population. The solution to this situation seems to be the employment of foreigners, which, however, brings about the confrontation of cultures, religions, laws and standards. It is simultaneously important to recognize, accept and appreciate the differences that arose within a different cultural context, and to benefit from the managerial approaches that also arose in that environment. Diversity management can thus become an effective tool of increasing the efficiency of industrial enterprises.

## 1. Introduction

Entry of foreign investors and the related changes of entrepreneurial environment significantly interfere with human resources and their needs, and accentuate the issue of cooperation and coexistence of various nationalities, ethnicities and cultures. The issue has become topical partially regarding the current international political situation and the publicity given to the problems with migrants, since the links between members of different national and ethnic cultures, religions, laws; moral and ethical standards keep strengthening.

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For employees, working in international environment means to adapt to various economic, political, legal, technological as well as social, cultural and historical situations. The increasing internationalization of business emphasizes the ability of employees to work effectively in different cultural environments, adapt to new cultural and social circumstances and even recognize, accept and value those differences between people, which have arisen from a different cultural context, and use the managerial approaches incurred in such environment for our own benefit. This can be called "international management". Businesses are increasingly coming into contact with members of various national cultures, religions and laws. On the website migration.sk in *Practical impact of multicultural communication and multiculturalism on the international managment of enterprises and organizations* (2011) the authors emphasize that one of the key roles of management is to prepare conditions for all employees, to fully develop their personal potential regardless of their individual differences, and also to address the issues likely to arise from interaction of individual societies and national cultures.

## 1.1. Multiculturalism, key concepts

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.

Elementary principle of multiculturalism is to consider the culture of any group as equivalent, i.e. all cultures are equal and equivalent, regardless of their economic and social conditions. According to Mistrík (2006), multiculturalism, the confluence of cultures, is not a mere coexistence of different cultures, but the effort of understanding between the cultures and the necessity to learn how to live together. It is the acceptance of cultural diversity, elimination of prejudices and discrimination of every kind, and the job possibilities where talented individuals do not lose their chances and everybody finds the space for self-fulfillment. On the other hand, multiculturalism can lead to legitimization of inequality and oppression. Therefore, a debate on the needs, benefits and limits of multiculturalism is not always of unequivocally positive nature. The idea of multiculturalism is sometimes considered as a means of overcoming cultural differences; the pursuit of intercultural communication has become a way to prevent the growing tension between the majority and minority societies. Multiculturalism and thus intercultural understanding can only develop in the atmosphere where there is a feeling of security. The interacting and communicating cultures must feel that they do not endanger each other, and it is actually just prejudices, customs or ideology that are behind potential conflicts. Diversity and differentiation of cultures keep growing, and diverse groupings of cultures are becoming more and more frequent.

## 1.2. Positive and negative features of multiculturalism

Multiculturalism assumes independent coexistence of different ethnic cultures of the equal status and rights in society, including the right to preserve and develop their own culture, but simultaneously with little incentive to meet and interact with other cultures. This is what has led in some countries (particularly in the European countries, e.g. United Kingdom, the Netherlands or Sweden, where the policy of multiculturalism has had a strong position) to the isolation or segregation of cultures rather than to their integration. Multiculturalism can be thus viewed either as a positive tool of equal treatment, opportunities and tolerance towards the minority right to preserve their own heritage, or as a negative phenomenon endangering the national values and national identity.

According to Schauerová (2013), the critics accuse the multiculturalism of its ambiguity and mainly the fact that its basic concepts, i.e. culture and cultural identity, distract attention from other identities and aspects of inequality (class, age, gender, sexual orientation, religion, etc.), and segregate immigrants and ethnic minorities from the majority society.

Julia Roig, President of the Partners for Democratic Change, as interviewed by Mihočková (2015), claims that the countries with the greatest tolerance towards the rights of minorities belong to the least conflict and the most stable societies. According to the world ranking of the Global Peace Index, the top positions of the least conflict and

most stable countries are occupied by the countries with open immigration policy. Multiculturalism cannot be therefore considered a threat. Social balance in the countries that do not accept multiculturalism is frequently impaired.

## 2. Material and Methods

In our contribution we primarily utilize two sources: data by the Slovak Republic Statistical Office and results of own research focused on Code of Ethics implementation in Slovak enterprises and organizations and its impact on Slovak and foreign employees.

Within own research we used the questionnaire designed according to Dytrt et al. proposal (2011). The questionnaire comprised 32 scaled questions (five possibilities per enquiry plus space for own remarks if necessary), which were arranged, classified, analyzed and evaluated quantitatively in graphs. Subsequently, the graphs were described.

The research sample consisted of the amount of 291 Slovak enterprises and organizations, 153 of which were returned by addressed respondents. The research, i.e. questionnaire preparation, its distribution, data collection, classification and analysis were carried out from May 2014 to February 2015.

Regarding the comparison of own research results and data provided by the Slovak Republic Statistical Office, we framed the conclusions. It is necessary to add that for the needs of the contribution submitted – focus on foreign employees and related issues (positives, negatives) – we introduce only part of the aforementioned results, those concerning the employed foreigners in the Slovak Republic (Questionnaire items No. 27-32).

## 3. Results

Based on the data published by the Slovak Republic Statistical Office on portal.statistics.sk (2014) and slovak.statistics.sk (2013), Figures 1 and 2 show that the number of foreigners from the EU and third countries by 31 Dec. of the given year. Most of the EU foreigners come from the Czech Republic, which is due to the common history of both states. The Czech Republic is followed by the EU countries bordering with the Slovak Republic.
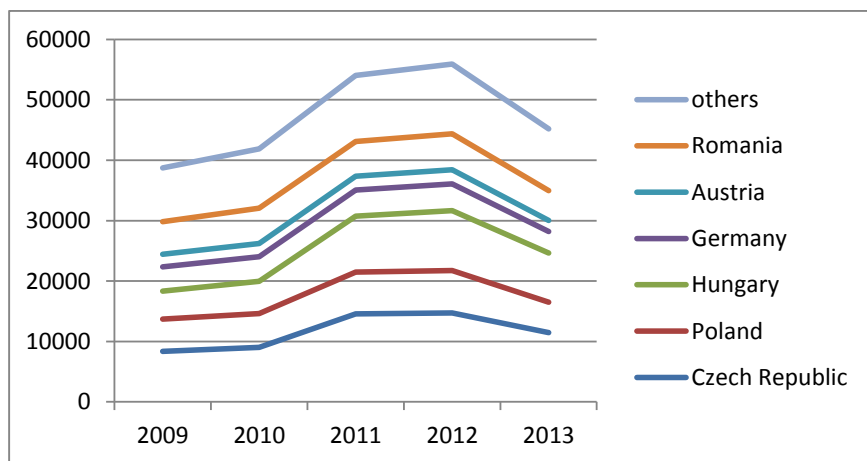


Fig. 1. Number of foreigners from EU countries in the Slovak Republic - elaborated by authors.
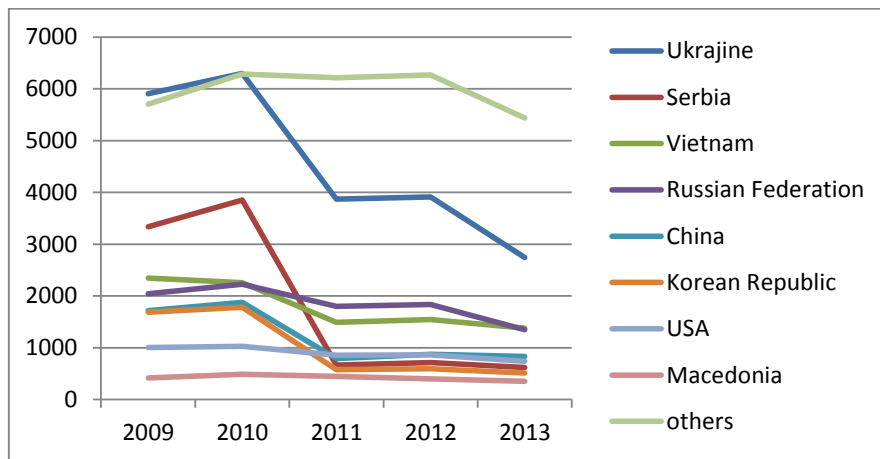
Fig. 2. Number of foreigners from the third countries - elaborated by authors.

The statistics of the Slovak Republic Statistical Office demonstrate that currently there is a high amount of foreigners with their own culture and confessions in Slovakia. The majority and minority societies interact in both positive and negative ways. It is therefore essential to find the ways to the respect, tolerance, dialogue and teamwork in order to avoid any misunderstanding and conflicts. The existence of cultural differences has always been undeniable. The understanding and acceptance of other cultures cannot guarantee conflict-free living together.

By integrating into the labour process, employees of other cultures affect themselves as well as the corporate culture and the overall work process. One of the main factors contributing to the success of the enterprise is the application of ethical principles of responsibility, honesty, humanism, tolerance and protection of living and working environment. With respect to individual differences, ethical principles will allow to solve the problems that may arise from the contact of individual communities and national cultures.

As for migration of population, managers in companies have to deal with the issues related to ethnic groups with very different cultures. Thanks to globalization, enterprise employees frequently work in the international teams made up of many nationalities. It is therefore very important that those employees respect each other and use the differences for the benefit of the company. In Slovakia, it is high time to take the necessary steps to help define a generally accepted framework of morality, culture, trust and fair conduct. Tough the Slovak law explicitly does not allow any discrimination; the issue is not addressed in Code of Ethics representing the corporate culture.

The results of the aforementioned research, focused also on the multiculturalism of enterprises or organizations (Item No. 27: *Do you employ foreigners?*) we have learnt that almost 50% of respondents employ the foreigners, while the majority of them were the citizens of the Czech Republic and neighboring countries (Item No. 28 *concerning the country of origin of the employed foreigners*). The difference in the employment of foreigners between the production and non-production enterprises was not confirmed.

To Item No. 31 (*Where do you see the biggest problems in employment and working with foreign nationals?*) many respondents stated that the language barrier and difficulties in understanding the practices and customs in the business represented the biggest problems. The following figure (Fig. 3) illustrates the answers.

Fig. 3. Problems with employing foreigners - elaborated by authors.

To Questionnaire Item No. 32 (*Where do you see the biggest benefit in employing and working with foreign nationals?*) the respondents also agreed that the foreign expertise is the biggest benefit of employing and working with foreign nationals. The benefit is based on the idea that a diverse work environment brings advantages to the company thanks to the different value orientation of its employees, work with members of different cultures, acceptance of differences, elimination of prejudices, increased work efficiency and stimulation of new creative ideas. It can provide the space for mutual cultural enrichment and exchange of cultural values. Figure 4 presents the responses to the question regarding the employer's benefits of employing the foreigners.
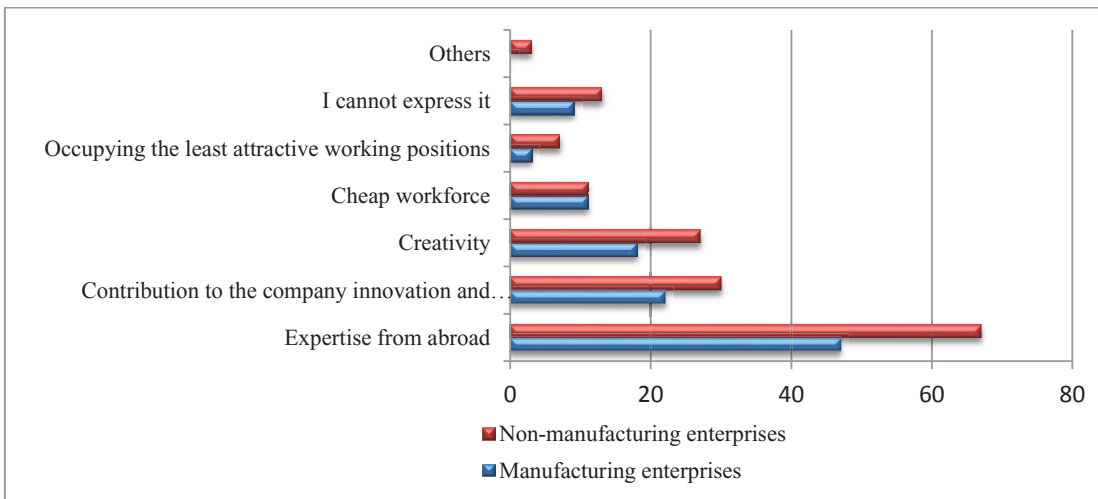


Fig. 4. Benefits of employing foreigners - elaborated by authors.

At the current stage of globalization and the development of the global community, migration of population is an important component of demographic development. It has become an important phenomenon of the modern world economy. Free movement of labor, in addition to the free movement of goods, capital and services, represents one of the four freedoms. The essential feature of the demographic development in the Western, Central and Eastern Europe is an expected decline of working age population. Despite the increasing number of the Slovak Republic inhabitants, Statistical Office of the Slovak Republic reports an increase of 130,111 economically active persons in 2001 compared to 1991, though the census carried out in 2011 indicated the decrease of 117,560 persons. Solution to such demographic development may be the employment of foreigners, which, however, will encompass the confrontation of cultures, religions, laws and standards.

Groups of migrants come to Slovakia for labour. They are either gradually integrated into the life of the domestic society, assimilated or wait for the return home. These groups have different cultural backgrounds, different lifestyles and different needs. It is therefore necessary to prepare the immigrants for integration into the domestic society, and also to prepare the domestic population for the adoption of other cultures and confrontation with often incomparable values and artefacts.

Finally, according to data provided by the Slovak Republic Statistical Office the influx of third countries citizens up to 2013 (incl.) was decreasing, nevertheless, current critical situation in Ukraine, Near East or North of Africa shows that the number of migrants will be increasing.

## 4. Discussion

In order to promote intercultural relations, growth of creativity, international awareness, improved problem solving, better access to ecology, improved image, increased loyalty and social responsibility along with the fear of discrimination, businesses start implementing diversity management.

The concept of diversity can be seen as acceptance, recognition and appreciation of differences among people with respect to their age, sex, social status, ethnicity, religion, physical ability and experience. Diversity helps remove the barriers arising from prejudices; it also utilizes the differences in order to bring benefit to both company and its employees.

According to Brodský (2009), the aim of diversity management is to create such conditions in society and especially in the business environment that will enable all people to develop their personal potential regardless of differences. It could also be active assistance in integrating the employees coming from another culture into the working environment formed mainly by the dominant culture.

The initiatives aimed at promoting diversity in practice try to cultivate the relations in society, increase respect and understanding for mutual differences, and overcome all forms of the hidden and open discrimination. The traditional approach to diversity focused on ensuring the legislative measures to create equal opportunities and the actions supporting the disadvantaged groups in the labor market.

The main purpose of diversity is to develop an inclusion corporate policy providing equal opportunities for all individuals for expressing different opinions and practice different skills and creativity. In reference to Schauerová (2013), the decisive for the implementation of diversity management into the organization's policy is the attitude of top management (owners of organization), since the top management defines the policies and procedures.

## 5. Conclusion

Slovak society is affected by a lack of experience with diversity. For example, policy of the ethnic minorities' integration still exhibits considerable reserves. The experience of living with different ethnic and national communities is quite limited. Though the conduct typical for the previous period still persists, large multinational organizations are bringing some changes by introducing the corporate values and best practices from their headquarters. However, there are still prejudices and established stereotypes in dealing with people, which are close to discrimination.

Each person is unique. According to Schauerová (2013), the personality is shaped as a complex biological, intellectual and social being. This helps in integrating a person into a society sharing certain values and attitudes with others. Each personality must be respected with all the individual features different from others, since it is the

differences that ultimately bring profit and a competitive advantage to businesses. Within the work processes, diversity significantly affects the development and management of human resources.

The Slovak population still perceives foreigners as the people who deprive the native population of jobs; they fear the increasing criminality as well as lifted funds from the state budget. Such concerns arise from the fear of the unknown. It is therefore important to change the attitude of our citizens towards the foreigners who **should be viewed as an economic contribution to individual businesses and thus for the entire society, and, above all, as a tool mitigating the effects of adverse demographic development.**

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