

Diversity in top management is way to end endemic global economic crises

As the world emerges from approximately its fifth crisis in just ten years, business managers are rightly sceptical as to whether globalisation is the way forward.

Speaking at the latest thought leaders' seminar hosted by the UNISA Graduate School of Business Leadership (SBL), international speaker, author and consultant in the field of cross-cultural communication, Professor Fons Trompenaars (economics graduate of the Wharton School of Business) explained that the practical application of globalisation was giving way to the concept of the "transcultural corporation".

He listed three vital characteristics of a successful transcultural corporation: a highly diverse top management mirroring that of the organisation; the use of value-driven logic, as opposed to the bipolar (there's only right or wrong) thinking; and they globalise best local practices.

Cristal Peterson, UNISA SBL's deputy director: communication and marketing, explained that the purpose of these thought leaders' seminars was to shift management paradigms and help build a generation of business leaders. "These seminars enable our postgraduates, alumni, and other stakeholders to learn from international leaders, network with the SBL community and contribute to the global debate."

Globalisation has not worked

Trompenaars said that the focus of management has generally been on globalisation when it should be on diversity. "If one looks at the frequency of global crises, globalisation has not worked."

He pointed out that the pace of change in the rest of the world, and especially Europe, has left the US (where 95% of management textbooks originate) behind. Trompenaars gave the example of his home city, Amsterdam: 15 years ago 6% of under-20s had parents of non-Dutch descent - today that figure is 50%.

"That's the world we're living in and management concepts have not kept abreast of that change. The real change in the world is not the pace of change - people have always felt it is fast-changing - the actual change is in the quantity of diversity. In contrast, business has evolved in a non-diverse manner," he said. "People have been raised in ethnic silos and paradigms such as those of the US."

Bipolar thinking

He attributed much of the fault of repeated global economic crises to this "bipolar thinking" in which there are only absolute ideas, and when one paradigm is proven to have failed it is replaced with an over-reaction to the opposite absolute. "No absolute works on its own. We need to connect the opposites.

"Bipolar thinking is at the end of its lifespan," he said. Because of these "wild swings", he likened current business paradigms to fashion, which become exaggerated and for that reason are bound to fail and die, whether valid or not.

The future paradigm, he explained, lies less in swings from one fad to another as in combining values. Management diversity is not only the best example of this, but is also the tool to create better innovation within an organisation as a diverse team of people is better positioned to bring together different values.

He pointed out that, culturally, there are widely differing views globally as to what is ethical, moral and polite. Often the best solution may emerge from blending the best of these - provided there is an understanding of those cultural differences.

"The first step is to recognise cultural differences and raise awareness of them. Secondly, there has to be respect for those differences." Trompenaars pointed out that these differences are far more perceived than real, because each of these differences is latent within each of us and are, therefore, universal human characteristics - cultural upbringing simply exaggerates one over another in each person.

"Today's effective leader is, therefore, one who can best reconcile this diversity. He is not an authoritarian leader, but a servant leader who achieves his authority by serving other people," he said.

Research has shown that quality of management and the business model accounts for only 12% of a company's results - the rest is the economy and luck, with 60% attributable to the business sector. "The greater value is created in how management resolves the dilemmas of diversity in society, and this is best achieved with a diverse management team and leadership that embrace diversity," he said.

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