

Term paper on the role of cultural diversity in small business

[Business](#), [Management](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Introduction](#) \n \t
2. [Executive summary](#) \n \t
3. [Benefits of cultural diversity](#) \n \t
4. [Managing cultural diversity in small businesses](#) \n \t
5. [Conclusion](#) \n \t
6. [Reference](#) \n

\n[/toc]\n \n

Cultural diversity refers to the range of people having different origins, traditions and religion who coexist and interact with one another. This paper aims at understanding the role of this type of diversity in the management of small businesses. At the workplace, having a culturally diverse group of individuals can be a source of potential benefits or even potential conflicts in the organization. In the recent past, the small businesses have been the main source of employment in most economies of the world and thus make a significant contribution towards economic growth in their respective countries.

At the inception of a small business, it is the entrepreneur's dream that it becomes successful and experiences growth, one way of ensuring this is by embracing cultural diversity. There has been a shift in business operations such that organizations are currently targeting the global platform. One best way of gaining a competitive edge in this uncertain environment is by undertaking such an initiative. It has been established that investment in

cultural diversity in this current business environment is as important as investing in such essential initiatives as marketing and technology.

Introduction

In the current business environment, as business expands and extends in the direction of a global platform, it has been established that those organizations that embraced diversity in their operations are experiencing a rapid rate of growth and success over time. Coming up with initiatives that promote diversity in a business organization is key to success and growth of the organization. A lot of research concerning the impacts employee diversity has on organizations has been carried out and also published. Very little of this though focuses on small organizations. This paper, therefore, intends to look at the role played by cultural diversity in small businesses.

The available research concerning this topic mainly focuses on large businesses. This is despite the fact that most people in various economies of the world are working in small organizations. The fastest growing sector of many economies is small businesses, and they contribute significantly towards the economic growth of their countries. Diversity policies as well as strategies which appeal to clients, suppliers, employees and vendors among others should be adopted by small businesses because of their potential benefits. Cultural diversity entails differences in socioeconomic background, geographical locations, religious beliefs and several other such aspects. It is about establishing a mindset of appreciating people's differences and acknowledging similarities as well and not just the achievement of results.

Executive summary

In a small business, cultural diversity should be taken into account and managers are required to recognize, respect and also capitalize on the difference in backgrounds and experiences of their employees so as to ensure better service delivery or better products for their clients. An environment in which there's mutual respect, cooperation, and understanding is essential in ensuring a cheerful and productive workforce. Both clients and employees have expectations as regards the business owner's level of awareness and respect for cultural diversity.

Small business entails finding opportunities and fully exploiting them to your benefit. A small business owner should thus be result-oriented, and his focus should be the acquisition of every edge he can get. He should, therefore, not ignore the idea of cultural diversity within his firm. However, such aspects as training, communication, recruitment practices and management should be put into consideration so as to avoid problems brought about by this diversity. Problems to do with cultural diversity may plague a small business in case workers are not fully equipped with the necessary knowledge for effective communication with others despite their differences. There may be interpersonal differences and lack of co-operation within the organization and is not healthy for business.

Benefits of cultural diversity

Small businesses are not left behind in the clamor for a global presence. They target any opportunity that would make them achieve their objectives. Cultural diversity is not only concerned with having people from different

religions or geographical locations or from different races working in an organization, it is perceived to be an essential piece in the fabric of society, and it exists in all spheres. A firm that is focused on hiring employees from diverse cultures and accommodating this aspect in its existence will be positively imparted upon as this diversity offers a point of view from unique sources.

Establishing strong cultural diversity strategies and policies in a small business shows that the firm recognizes and appreciates the differences inherent in different backgrounds. The realization of the value of the people in an organization and how worthy their individual contributions are to the business is vital in business management. By ensuring diversity is promoted the productivity and profitability of a small business can be directly impacted. Diversity provides a pool of talented individuals that is essential in giving the business a competitive edge in the given industry.

Innovation and creativity in a business come about due to groups of people from different backgrounds and experiences. Dynamic exchanges in an organization having such a workforce guarantee creative outcomes. It is of course natural that people with varied experiences and views would be more inclined to develop unique and creative ideas as opposed to those with similar views. Promotion of diversity is tantamount to cost saving. People will never run out of new solutions to problems within the business. It is beneficial also as it lowers the rates of absenteeism among workers, decreases chances of discrimination lawsuits and generally ensures low employee turnover costs.

Previous researches have indicated that businesses which emphasize on cultural diversity tend to witness exponential growth in their business processes. When operating on a global scale, a business having a culturally diverse workforce will be in a position to reach out to many international opportunities because it is able to understand the business cultures of various people and thus exploit opportunities therein. In addition, problem solving takes a comparatively shorter period of time because of the collective effort. There will be easy implementation of new technologies because a technology deemed new in one part may as well have been accustomed to in another part and thus increase in productivity for such a small business.

As concerns system flexibility, a small business organization having a culturally diverse workforce ensures there are fewer bureaucracies and thus easy to effect changes rapidly. It will be relatively easy for such a firm to respond to the environment's changing needs especially with regard to its customers because of its culturally diverse members. The employees can perform as per their capacities as there are increased opportunities for decision making and autonomy in such a set up. This implies effective execution of business processes.

Managing cultural diversity in small businesses

The world over, the issue of cultural diversity has shifted from being a legal and moral issue to a business necessity. It is an idea that may help an organization, especially small businesses to attain higher levels of growth and productivity. However, if not keenly taken into account may end up

causing chaos in the work place and thus adverse effects. It is the duty of the management of a small business to ensure the various cultures within the organization are in sync with the business goals and objectives. Diversity management refers to the process of incorporating differences among individuals into a business' core processes.

Most process faults in organizations have been discovered not to be technical but human in origin. Diversity management thus entails the identification of these human factors and addressing them. They are categorized into organizational factors, compliance factors and market factors. Addressing each of these is important for the success of the business. Managers should therefore aim at developing such values as integrity, respectful communication and honesty in the workplace. Having a sense of purpose which transcends beyond self interest for the business is also key in exploiting cultural diversity for the benefit of the organization.

Conclusion

Small businesses should undertake to increase and manage cultural diversity as a strategic tool for doing business. As mentioned, cultural diversity ensures acceleration towards growth, and this being the major goal for most small businesses it is mandatory that such initiatives should be undertaken at inception. One specific advantage for small businesses is that benefits of a culturally diverse group of individuals will be felt within a very short period as compared to large businesses.

Reference

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