

UNIVERSIDAD DEL ROSARIO



Multicultural Work Environment as a Key in Cross-Cultural Negotiations and Organizations'

Performance:

Canada Overview

Double degree – Montpellier Business School

Author: Natalia Stefany Cuervo Castro

Montpellier, France

2016

UNIVERSIDAD DEL ROSARIO



Multicultural Work Environment as a Key in Cross-Cultural Negotiations and Organizations'  
Performance:  
Canada Overview

Double degree – Montpellier Business School

Author: Natalia Stefany Cuervo Castro

Tutor: Professor Marylin Bourdil

International Business Administration

Montpellier, France

2016

## TABLE OF CONTENTS

Abstract .....	5
Key Words .....	5
1. INTRODUCTION .....	6
2. THEORY .....	7
2.1 Multiculturalism and diversity; impact on organizations .....	7
2.2 Multiculturalism in Canada and Canadian organizations .....	9
2.3 Cross-cultural negotiations .....	11
2.3.1 Negotiation strategies and techniques.....	13
2.3.2 Factors influencing cross-cultural negotiation.....	15
2.3.2.1 Hofstede’s dimensions – Canada .....	15
3. METHODOLOGY AND RESULTS .....	17
3.1 Royal Bank of Canada (RBC).....	17
3.2 Work environment and multiculturalism.....	17
3.2.1 Project scope and initiatives.....	18
3.2.2 Results and lessons learned.....	19
3.3 BC Hydro and power authority.....	20
3.3.1 Work environment and multiculturalism.....	21
3.3.2 Project scope and initiatives.....	21
3.3.3 Results and lessons learned.....	23
3.4 Comparison: RBC and BC Hydro.....	24
4. DISCUSSION.....	24
5. CONCLUSION.....	27
REFERENCES .....	29

## TABLES INDEX

Figure 1. Births, Canada, 1921 to 2005 .....	10
Figure 2. Cross-cultural negotiations .....	12
Figure 3. BC Hydro: one of Canada's Best Diversity Employers (2016) .....	21

## ABSTRACT

Managers need to be leaders and start establishing strong relationships with employees, to afterwards establish strong ones with other potential partners. To achieve this goal, the use of negotiation strategies and techniques is crucial, as is the importance of cultural and diversity awareness.

Globalization has not only moved markets but also people, immigration is a strong phenomenon nowadays and several countries, such as Canada, have been inclusive and supportive with these new citizens. Companies in Canada, no matter the industry, have been taking the challenge of integrating a diverse workforce with the purpose of acquiring new knowledge and growing at the national level, but mostly at the international one. Moreover, it is essential to take into consideration advantages and limitations of multiculturalism inside the company and concerning cross – cultural negotiations specifically.

**Key words:** Globalization, cross-cultural negotiation, negotiation strategy, negotiation technique, culture, diversity, immigration, multiculturalism.

## 1. INTRODUCTION

Multiculturalism is a complex concept and it is important to first talk about it in a historical context. The concept first emerged in the late 1960s in Western democracies, time where social transformations started to arise. These ideologies of involving ethnic and racial diversity were originated even before the World War II and kept being developed through the years, as well as different multiculturalism policies in order to measure its evolution and acceptance.

According to Rosado (1996), multiculturalism is “a system of beliefs and behaviors that recognizes and respects the presence of all diverse groups in an organization or society, acknowledges and values their socio-cultural differences, and encourages and enables their continued contribution within an inclusive cultural context which empowers all within the organization or society”. Considering this definition and the historical context described above, it is possible to establish a link between multiculturalism and organizations, mostly nowadays that globalization has opened frontiers and made of the immigration a situation more and more common all over the world, which means not only cultural differences but also different kind of knowledge and several ways to do things and negotiate.

First of all, considering this work is going to be developed on base of the Canadian context, it is essential to pose several questions: How are organizations in Canada implementing this concept in the work environment? How has this concept been developed in the country and what have been its impacts on companies? Is it a multicultural work environment a key in cross-cultural negotiations for Canadian companies? How to deal with cross-cultural problems in a negotiating process? Answering these questions will allow to find out if having a multicultural work environment as a strategy and as a main point in the organizational culture helps companies to grow and find more business opportunities for Canadian firms.

Finally, it is crucial to take into account not only the advantages of multiculturalism but also its limitations and establish the best way and strategies to deal with these cultural

differences in big size organizations. Additionally, there are also negotiating techniques that are necessary to be implemented in this kind of business situations.

The main questions established above and the last statement embrace the objective of this work; explaining how organizations in this specific country works in terms of multiculturalism and how globalization has encouraged companies to involve employees from all over the world to develop competitive advantages allowing easier and faster cross-cultural negotiations.

## **2. THEORY**

### **2.1 Multiculturalism and diversity; impact on organizations**

As the process of globalization increases every day there is inevitably more interaction between people from all over the world. Nowadays is totally normal to live, work and be established in a country that is not where people were born. According to O'Reilly, Williams, & Barsade (1998), "a group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity", these characteristics can be classified either in primary or secondary dimensions: primary dimensions include the gender, political ideologies, sexual orientation, etc. and are the ones that have the biggest impact in the workplace because they define the way people behave and act in different situations. By contrast, the secondary dimension adds more information to the primary and refers to a less visible part of the person, such as education, work experience, religion, family status, etc. These dimensions play a fundamental role in the work environment because define how is it going to be the relationships between employees and work teams.

Nowadays, companies are using their workforce as a way to achieve goals and that is why they have to manage it wisely. According to Jackson, Joshi, Erhardt, Webber & Donahue (as cited in Omankhanlen & Ogaga, 2011), "some studies have found that various forms of diversity are associated with greater innovation, improved strategic decision making, and organizational performance. Other research shows that various types of team and organizational diversity sometimes increase conflict, reduce social cohesion, and increase

employee turnover”, which means diversity can be an advantage but also can be a limitation if employees are not well trained and have an appropriate work atmosphere.

On the one hand, there are several advantages of having a diverse workforce and implementing a diversity management establish by Dike (2013). The first one is the increase of the level of productivity due to a proper compensation and a fair treatment in the workplace, this develops employees’ loyalty and engagement to the company which helps to the improvement of the productivity and ends up in a higher profit. Another benefit is that people with different perspectives can bring different ideas and ways to solve a problem, so the team can get a faster and unique solution.

Additionally, people working in a diverse place allow them to learn more and grow personally and professionally. Sharing knowledge and experiences coming from different cultures make employees more open minded, let discrimination thoughts ahead and start being involved to society which leads to more research and acquiring new useful knowledge. Furthermore, there is another advantage: effective communication. Diversity is a clue in customer service, customers come from all over the world and it might be better for them to communicate with employees from their same country for example. (Dike, 2013).

The last advantage is in terms of experience. Employees with different backgrounds have experienced different situations and know probably different ways to do things which is a positive aspect when working in teams. Each member of the team can complement each other and by working together they can end up having a unique solution or idea.

On the other hand, there are some limitations for diversity in organizations as well. The first disadvantage could be the high cost that diversity represents for a company because having a diverse workforce necessarily means a mandatory training for all members of the organization. Furthermore, the discrimination and communication issues have direct impacts on the employees affected, like decrease on productivity and motivation. (Dike, 2013).

In addition to the limitations mentioned above, there are accommodation and incorporation issues. Accommodation issues refer to the cost that represent for the company the fact of respecting certain activities each culture has. Finally, talking about the incorporation, this limitation cannot be controlled and is always a risk for the company, because it is impossible to make all employees understand each other and actually develop a relationship beside the professional one. (Dike, 2013).

## 2.2 Multiculturalism in Canada and Canadian organizations

Since the adoption of multiculturalism in Canada in 1971, the country has been known as a multicultural society and this phenomenon was accelerated by the globalization process and also because of the need of younger people coming to the country. There is evidence that the process of immigration and integration of communities is working well and even better than in other countries, and also “that the multiculturalism policy plays a positive role in this process”. (Kymlicka, 2010). Due to the fact that Canadians are used to interact with people from different cultures and nationalities, there is more acceptance and they feel immigration is beneficial, also it became part of the Canadian identity. Additionally, a fact why immigrants are considered as important in the country, is that “compared to every other Western democracy, immigrants in Canada are (much) more likely to become citizens”. (Bloemradd, 2006. As cited in Kymlicka 2010). The abovementioned fact is a key in terms of political integration, immigrants can eventually participate in the political process, which allows them to feel and behave as Canadian citizens.

According to Kymlicka (2010), there is evidence the presence of different cultures and their appropriate integration, has positive impacts on the development of a country. However, “critics of multiculturalism sometimes argue that Canada’s record of integration is explained by other factors, such as the fact that Canada’s immigrants tend to be more highly skilled than immigrants in other countries, and the fact that there is a relatively open labor market”. (Kymlicka, 2010). This, means that the excellent integration of minorities in Canada is due to the people’s skills and capabilities, which is true, but also it is essential to understand that multiculturalism has operated at two levels: individual identity and institutional design.

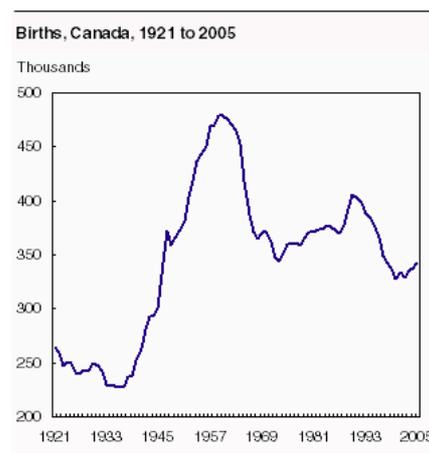
The individual identity refers to the way immigrants feel in a country and this is directly related to their contributions to it. Canada has worked hard to make minorities feel part of the country and feel a national pride, which makes them work and actually help Canada to grow in all aspects. In addition, Canada has created more inclusive and equitable public institutions, and according to OECD (2006), this country has focused on education. This, shows Canada is committed to the community and cares about the personal development of young and adult immigrants.

On the other hand, multiculturalism specifically in the workplace has increased as well along the years in response to globalization. Companies in Canada has passed from being homogenous to adopting cultural diversity and now, according to Jacobsen (n.d.), it is possible to identify three major workplace challenges in Canadian organizations. The first one is the

growing scarcity of skilled workers, “only 29% of companies felt they had an effective plan for dealing with finding and keeping talent” (Jacobsen, n.d.), that is why retention, succession planning and development are important tools companies in Canada have been taking into account.

Moreover, the second challenge is to deal with the fact that Canadians are aging and are close to retirement as it is possible to see in the following graphic:

**Figure 1. Births, Canada, 1921 to 2005**



Retrieved from StatCan (cited in Jacobsen, n.d.).

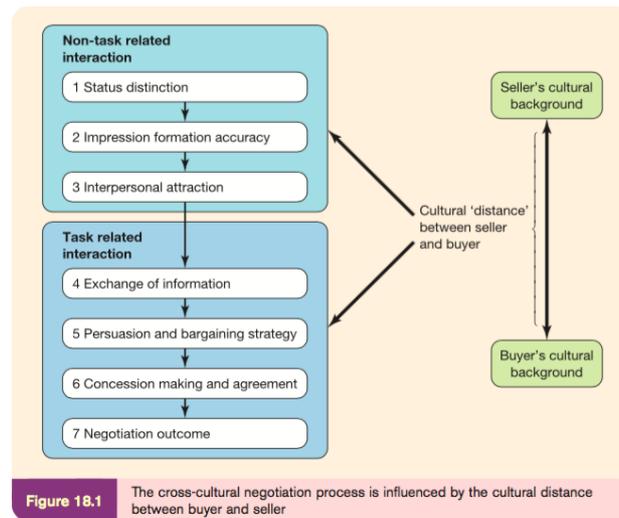
Due to this situation, companies, mostly in the oil and gas industry, have been working on involving new workers from different cultures and nationalities. Organizations have been encouraging employees that are close to the retirement age to share their knowledge with new generations, creating a culture of learning and co-development. Finally, the third challenge for Canadian companies, mentioned by Jacobsen (n.d.), is the fast increase of non-Canadian people in organizations, “Statistics Canada predicts that immigrants will account for 80% of population growth by 2031. In 1991, fewer than one out of every five workers were born outside Canada. By 2031, that number is expected to be closer to one in three”. (Jacobsen, n.d.). The situation mentioned above shows the reality of Canadian organizations and also other countries with similar characteristics, integration programs for immigrants would be a strategy so all employees adapt better and keep being motivated for the good of all members and the business.

### 2.3 Cross-cultural negotiations

Globalization has increased the need for small and big companies around the world to be aware, not only of the local competition, but also of the international one. Companies need to develop strategies that make them competitive in the market and be able to negotiate in potential markets with organizations that help their business to grow. First of all, it is important to define what a negotiation is. According to the Cambridge University Press, “negotiation is a process where two parties with differences which they need to resolve are trying to reach agreement through exploring for options and exchanging offers – and an agreement”, this process implies the use of a clear communication and it is even more necessary if this negotiation is happening between two parties (companies) from different countries and cultures.

First of all, there are two different negotiation cultures: rule-based and relationship cultures. The first one is found primarily in western countries and it consists on organizing their business around contracts or agreements enforced by a legal system and followed by several rules that have to be accomplished. On the other hand, relationship negotiation cultures, according to Hollense (2011), “are based primarily on loyalty and obligation to friends, family, or superiors rather than on a system of rules”, which means cultures with this approach, like Asian, prefer more to build long-term relationships rather than just making deals and this is actually more effective in several contexts nowadays. Therefore, it is crucial to understand and be aware of these negotiation cultures when establishing a new business cultures can rather be advantages or barriers that will lead to failure or success.

Focusing on cross-cultural negotiations, these, “take place where the parties are from different backgrounds, and thus have different cultural beliefs and attitudes”. (Fox, as cited in Udobong, n.d). Having a diverse workforce in organizations and learning more about the nature of culture and they way it has impact on business practices could definitely increase the chance of success. This process has two parts: the non-task related interaction and the task related interaction as it is possible to see in the following figure:

**Figure 2. Cross-cultural negotiations**

Retrieved from Hollense (2011).

The non-task related interaction is the stage of approach to the buyer and it is essential to start establishing a relationship. Firstly, it is important for the parties to understand Status Distinction, which “is defined by interpersonal rank, age, gender, education, the position of an individual in the company and the relative position of one’s company”. (Hollense, 2011). The abovementioned characteristics vary between high and low context cultures, for the first, the negotiator’s status is more important than the way used to express himself, which is the complete opposite in low context cultures. Secondly, there is the stage of Impression Formation Accuracy, which is the exact moment where the two parties have contact for the first time. Negotiators need to be careful with the first impression because perceptions of individuals differ according to their culture, and causing a bad one might have negative effects throughout the next stages of negotiation. Moreover, the last stage is the Interpersonal Attraction, which according to Hollense (2011) “refers to the immediate face-to-face impression influenced by the feelings of attraction or liking between the buyer and seller”. This aspect is hard to control when there are two different cultures involved, similarity can lead to trust but it also depends on the techniques used by the seller mostly.

In addition to the interaction described above, the task-related interaction is the stage where there is already a relationship established between parties. This interaction starts with the exchange of information where an effective communication is essential so the participants can share and understand needs and expectations. The verbal communication is commonly difficult because of the participation of two different cultures who speak different languages,

however, the hardest communication is the non-verbal, body language can either help improving the relationship, or totally break the link already established. Moreover, the phase of persuasion and bargaining strategy consists on using persuasive tactics. According to Anglemar and Stern (as cited in Hollense, 2011), there are two type of strategies: representational and instrumental, the first ones consist on identify and solve problems, while the second one are mostly the fact of influencing the other participant's behavior and attitude.

The next step is fundamental in a negotiation process between cultures because is where parties establish their BATNA (best alternative to a negotiated agreement). BATNAs are essential in a negotiation because they remind the participants the less they are willing to accept, that is why having a smart BATNA is a key that leads to the increase of negotiating power and gives the party the possibility to improve their BATNA when they see it is pertinent, "making the BATNA as strong as possible before negotiating and making that BATNA known to the opponent will strengthen the negotiating position" (Hollense, 2011).

Finally, the negotiation process ends with an agreement or an outcome, but this is just the beginning of a relationship between the parties. This is the starting point of a relationship between the participants where both have to act strategically and honestly with each other, always following the contract made, even if it was not formal.

### **2.3.1 Negotiation strategies and techniques**

In every negotiation it is important for the parties to implement clever strategies and techniques according to their needs and goals established. The main strategies are, according to Udobong (n.d), Hard vs Soft, Good cop vs Bad cop, and Boulwarism. Firstly, the hard style is taken by a participant who has a rigid position and this usually harms the relationship with the other party; while the soft style focuses on building a cordial relationship and it can be really efficient but the parties have to be careful of not being too vulnerable.

Secondly, Good cop vs Bad cop is a strategy where there are more than two parties. Participants of the same team adopt two roles, one acts like a hard negotiator and the other one implements a soft strategy. And the last strategy is Boulwarism, where the participant shares their offer and is not willing to make concessions, which means it is the first and the last offer. This type of negotiation has to be used only when a party has enough negotiating power, otherwise could be taken as too harsh and could damage the relationship.

Moreover, Berghoff, Fieweger, Linguanti, Morkin, Vigil, Williams, Stewart and Contributors (2007), mention, in *The International Negotiations Handbook*, several techniques to take into account in a negotiation, some of them might seem obvious and others unusual, but all are really helpful. It is important to start with the gathering of information, where both parties will try to get as much information they can by encouraging dialogue, listening attentively, making eye contact, and know when it is appropriate to use silence. On top of that, the communication between the participants is crucial, that is why it has to be considerate the verbal and non-verbal signs that can positively or negatively affect the process of negotiation. In addition, the implementation of documents can be a persuasion strategy and “will also be helpful in establishing and maintaining your delegation’s credibility by supporting a position your delegation is taking”. (Berghoff et al., 2007).

On the other hand, in some situations a mediator could make the negotiation easier and faster, this third party won’t take any side and facilitate the provision of responses, considering all the possibilities the participants have not taken into account due to their own interests. There are not only mediators that can be involved, also the using experts could be helpful due to their knowledge and neutrality, expertise can be related to coming out with faster and creative solutions. Another key technique is the effective use of time, this is directly related to the understating of the other party’s priorities, showing respect and commitment, and this will allow participants to evaluate each other’s constraints.

If there is a point when the discussion is turning aggressive or not going the way both parties were expecting, it is crucial to redirect the topic. This, to calm down the environment and focus again on what it is important, also know when to hold on a topic for a future argument. Besides, “intermittent breaks during the negotiation session can be used to effectively alter the tenor of the negotiations” (Berghoff et al., 2007), this breaks can be a good technique when a re-focus of the strategy is needed. Also, there is another completely different technique that is the changing of players, this allows the negotiation to have another perspective but changing directions is risky and has to be thought out and discussed by all members of the team. Finally, the last and most difficult technique is to leave a negotiation, it is necessary to take into account cultural backgrounds and be sure when to take this decision and explain the specific reasons, just in case participants wish to return.

### **2.3.2 Factors influencing cross-cultural negotiation**

The whole negotiating process described above is influenced, according to Udobong (n.d), by several factors including: motivation, power distance, communication and time. The parties behave according to their needs and the goals settled, there are individualistic (win-lose negotiation) and collectivists cultures (win-win negotiation), the first ones are driven by self interest and focus on their own outcome, while the second ones tend to cooperate with the other party and understand the other's needs, always trying to get a satisfactory agreement for both participants.

In addition, according to the power distance, there are cultures that tend more to accept authority more than others and that is why this factor directly affects a cross-cultural negotiation. There are situations where one participant would care about the position of the other one due to the cultures' ideologies, and it is extremely important for the parties to understand and respect this, otherwise there is a high chance of failure. Furthermore, according to the communication factor, cultures share information in different ways, there is a clear difference between direct and indirect cultures; the first ones communicate through asking questions to obtain information through the other participant's answers, while the second type of culture prefer to exchange information through telling stories.

Finally, time usually vary from one culture to another, and negotiations get harder when a monochromic person negotiate with a polychromic one. Polychromic cultures tend to do different activities at the same time and that is why they are flexible and are willing to make changes, while monochromic cultures are strict with time and want to focus on one thing at a time, that is why this factor could represent a limitation in the negotiating process.

#### **2.3.2.1 Hofstede's dimensions – Canada**

It is a well known fact that nowadays it is necessary for a company to be cultural aware because culture definitely affects the process of negotiation. Since this work is focused on the Canadian context, it is necessary to take into account the six culture dimensions mentioned by Hofstede: Power distance, Individualism, Masculinity, Uncertainty avoidance, Long term orientation and Indulgence.

First, “Power Distance is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally”. (The Hofstede Centre). In the case of Canada, their culture tends to be egalitarian and that is why their score in this dimension is relatively low: 39, Canadian organizations believe it is important for all members to be able to communicate to each other no matter the position someone has and work together as a team.

Second, Individualism is “the degree of interdependence a society maintains among its members”. (The Hofstede Centre). Individualist people are more focused on themselves, while collectivists care more about the people around them and try to work in teams. Canada has a high score of 80 in this dimension, which means people in this country have as their biggest priority personal interests and their families. Moreover, the third dimension refers to the difference between a society driven by competition and another cares about others and quality of life. In this dimension Canada got a score of 52, which means is a moderately masculine society, Canadians are hard workers and focused, however they also tend to balance their professional and personal life to also enjoy personal pursuits.

The fourth dimension is Uncertainty Avoidance, which is “the extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these”. (The Hofstede Centre). Canadian society, with a score of 48, accepts more the uncertainty, which means people in this country are open minded, tolerant with opinions and ready to innovate and make changes when they are needed. Furthermore, there is the Long Term Orientation dimension that describes “how every society has to maintain some links with its own past while dealing with the challenges of the present and future”. (The Hofstede Centre). With a low score of 36, it is evident the Canadian culture is a normative one, more focused on achieving quick results and they tend to maintain their traditions.

Finally, the last dimension is Indulgence, “the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called “Indulgence” and relatively strong control is called “Restraint”. (The Hofstede Centre). Canada has a relatively high score of 68 and this means this country is indulgent, this culture tends to have a positive attitude and people want to pursue their dreams and realize their impulses and desires.

### **3. METHODOLOGY AND RESULTS**

Nowadays, more and more organizations have started to understand the theory mentioned above and are aware of the impact of having a diverse and multicultural workforce. Several Canadian companies are taking advantage of Canada's high level of immigration by hiring people from different cultures and nationalities to improve their performance and increase negotiation opportunities. A lot of Canadian organizations have successfully overcome the challenge and, RBC and BC Hydro are perfect examples of this situation.

#### **3.1 Royal Bank of Canada (RBC)**

RBC is Canada's leading bank and also one of the largest banks in the world. "We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis". (RBC official web page). The company has more than 80.000 employees serving clients in Canada, the U.S. and 37 other countries.

#### **3.2 Work environment and multiculturalism**

RBC was selected as one of Canada's Best Diversity Employers (2016) due to their different integration programs for immigrants, women, people with disabilities and LGBT. "For RBC, diversity includes and goes well beyond basic definitions and respecting employment and regulatory requirements in the jurisdictions where we do business. We understand that having diversity is just part of the story; how well that diversity works together is the key". (RBC, 2012 – 2015). According to this, the company strongly believes that the inclusion of immigrants and diversity in general, increases business and economic potential; creativity and innovation comes from different perspectives and backgrounds.

RBC is aware of the importance of a comfortable and inclusive work environment and thinks that companies that have a diverse and multicultural workforce, takes into account their ideas and help them to develop their potential, will be those with a strong competitive

advantage. This is the reason why the company established three diversity objectives: “To be a recognized leader in workforce diversity, to be the financial institution of choice for diverse clients, and to leverage diversity for the growth of RBC and the success of the clients and communities”. (RBC, 2012 – 2015).

### **3.2.1 Project Scope and Initiatives**

Along the years, RBC have strongly supported new immigrants to Canada and believes “for Canada to succeed in the global marketplace, attracting, employing and fully integrating immigrants in our workforce is imperative”. (RBC, 2012 – 2015). According to the RBC Diversity Blueprint 2012 – 2015, the company is fully committed to increase the representation of minorities and it is also implementing several leadership development opportunities, providing all members cultural competency awareness and training. In addition, the organization is willing to participate in community partner programs to attract new potential employees from all over the world, offering internships as well.

Due to RBC’s commitment to develop a multicultural workforce, the company connected Hire Immigration Ottawa (HIO), “an initiative that brings together employers, immigrant agencies and stakeholders to enhance employers’ ability to access the talents of skilled immigrants in the Ottawa area”. (HIO official web page). The idea was to apply different initiatives on the company to see the impacts on the individual, team, and workplace performance.

The project was developed in Ottawa, where RBC launched certain diversity and inclusion practices. The first one was to undertake a voluntary diversity census used on RBC employees to measure progress and performance. After this, the company advanced an employee language – skill list used to improve communication in the workplace. In addition, the third practice combined the two mentioned above to identify language gaps and strategically place new employees taking advantage of their backgrounds to satisfy customers and partners. Finally, according to HIO, the organization intensively involved managers in diversity initiatives through cross – cultural competency trainings.

Since 2001, different RBC’s business lines and top executives implemented a diversity strategy called RBC Diversity Blueprint. To make this initiative be successful, the company settled three pillars: “Increase the diversity and inclusion of our workforce globally; offer

customized and accessible services and products to diverse client markets; build supplier diversity programs in North America to support the economic and social development of our communities through leadership research, strategic partnerships, donations and sponsorships”. (RBC, 2012 – 2105).

The project started because of Sue Danahy (2012), the Branch Manager at RBC, who knew the importance of getting involved in immigrant coaching events to actually understand what immigrants, interested in banking, were thinking and doing to apply to a job. Danahy (2012) found that banking is different in every country and immigrants were not presenting the skills RBC, as a Canadian bank, was looking for. However, Danahy (2012) kept attending to these events and noticed the unbelievable potential immigrants in Ottawa had, and that is why she believed “there was a need to encourage more of RBC’s Ottawa-based Branch Managers to become engaged and involved in understanding how to access this internationally trained local talent”. (Hire Immigration Ottawa, 2012).

Furthermore, the company has hosted mock interviews, coaching events and cross-cultural competency training to integrate not only employees, but also managers so they can understand cultural differences and learn from them to implement this knowledge in cross-cultural negotiations. In addition, RBC developed an internal survey that allows to measure the diversity of its employees and see how the company is contributing to their personal and professional growing.

Finally, the organization came up with the idea of creating a series of Employee Resource Groups to help immigrants working in RBC to share and feel comfortable with their backgrounds. One of the groups is called MOSAIC, which has been in place since 2008, and “provides peer support through networking, mentoring and coaching; promotes education and awareness; and supports employee engagement and retention”. (Hire Immigration Ottawa, 2012).

### **3.2.2 Results and lessons earned**

All initiatives mentioned above had positive impacts in terms of performance. The company could proof that diverse talent increases the excellence of service provided to

customers and give managers the knowledge and help them to develop skills to bring out successful cross – cultural negotiations.

The annual Diversity and Inclusion Progress Report (2012) of the company, shows that in all headquarters in Canada the percentage of employees who are members of a minority “increased from from 24% in 2006 to 30% in 2012, while visible minorities in middle management and above increased from 21% to 30%”. (RCB Diversity and Inclusion Progress Report, 2012).

Client service and new business opportunities were the two topics with more positive impacts due to diversity and inclusion initiatives. Sue Danahy (2012) mentioned how relationships between customers and partners started to be stronger only because of the fact employees could speak different languages. This make foreigners more comfortable and also provide higher opportunities to the company to reach into new markets, just because they understand better the backgrounds and know how to establish long – term relationships. In addition, hiring immigrants and diverse employees represent a positive effect because it increases satisfaction in the workplace, they feel their cultural backgrounds enrich the customer’s experience, which makes them feel more useful and motivated.

Finally, through this process in RBC, Danahy (2012) was able to give some advices to companies interested on having a multicultural and diverse workforce. Firstly, she mentioned the importance of knowing its own company and have clear the leaders so they can start to take actions, such as connecting organizations like HIO and the Community Immigrant Service Organization (OCISO). These connections provide companies a larger perspective and, according to Danahy (2012), by doing the cross cultural competency training, organizations can get more educated and understand cultural differences much better.

### **3.3 BC Hydro and power authority**

BC Hydro is the main electricity distributor in British Columbia, Canada, established in the country in 1860. The company has its main headquarters in Vancouver and operates thirty hydroelectric facilities and three natural gas-fueled thermal power plants. “We deliver electricity to customers through a network of over 78,000 kilometers of transmission and distribution lines”. (BC Hydro Power smart).

### 3.3.1 Work environment and multiculturalism

BC Hydro was selected as one of Canada’s best diversity employers, and according to Leung and Yerema (2016), there are several reasons for this nomination. The company cares about the well being of its employees and looks for new potential that can be useful in the business, that is why “BC Hydro encourages managers to hire skilled newcomers at junior-level positions and provides a defined career advancement plan”. (Leung and Yerema, 2016). Additionally, the company has developed training, integration and diversity programs for new employees from all over the world, and also has established a recruitment plan focused on aboriginal candidates. This can be seen in the following chart:

**Figure 3. BC Hydro: one of Canada’s Best Diversity Employers (2016)**

<b>Industry</b>	Hydroelectric Power Generation
<b>Major Canadian hiring locations</b>	Burnaby BC, Surrey BC, Vancouver BC
<b>Full-time employees in Canada</b>	5,048
<b>Workforce representation</b>	female employees (29.2 %), female managers (25 %), visible minority employees (18.8 %), visible minority managers (13.5 %), Aboriginal employees (2.5 %), Aboriginal managers (1.9 %)
<b>Diversity programs for</b>	disabilities, women, visible minorities, Aboriginal peoples, LGBT
<b>Employee resource groups</b>	Hydro Employee Multicultural Society (established in 1990 to promote cultural awareness), Women's Network (established in 2004, over 350 members, provides networking, learning and development opportunities), RAIN Network (established in 2012 to engage and support Aboriginal employees)

Retrieved from 2016 Canada’s Best Diversity Employers

### 3.3.2 Project scope and initiatives

BC Hydro’s Board of Directors, in 2006, decided to focus more on involving diversity in the company and since then has been developing recruitment projects to develop a diverse workforce, which strengthen its inclusive workplace. The abovementioned decision is the

reason why in 2007 the executive team of the company established a 10-year goal: “To have a workforce fully representative of the BC labor market by 2017”. (BC Hydro, n.d.).

The company is aware of the importance of having a multicultural and diverse workforce and that is the reason why “BC Hydro has developed its business case for diversity in response to leading research which suggests that diversity can result in improved organizational performance”. (BC Hydro, n.d.). Additionally, the case study talks about the importance of culture inside the company to understand better and make easier negotiations with companies in other countries, due to the fact diversity strengthens innovation and creativity, improves financial performance and relationships with all stakeholders including new negotiation opportunities, and finally, has a positive impact on the company’s reputation.

To achieve the goal mentioned above, BC Hydro developed a strategy based on key elements including: definition of diversity goals, a supporting business case focused on the goals, effective recruitment strategies, development of integration and activities for employees to understand the diversity strategy, and finally, appropriate policies and infrastructure focused on equity and inclusion.

In the first place, the organization “conducted some targeted recruitment and outreach activities in order to encourage a broad range of skilled applicants from diverse groups to apply for positions at BC Hydro”. (BC Hydro, n.d.). In addition, the organization implemented several initiatives to fight systemic employment barriers and make easier the inclusion of cultures in the organization. Some of this initiatives are: using multicultural media to advertise job postings, reviewing job qualifications, encouraging the hiring of qualified immigrants, include diversity questions in hiring interviews and the creation of an Aboriginal Education and Employment strategy.

In the second place, “BC Hydro has also worked to create a positive work environment within the organization that makes people from diverse backgrounds feel welcome and included once they join the organization”. (BC Hydro, n.d.). The company provides all employees workshops concerning cross-cultural negotiation, generations in the workplace and aboriginal awareness. Also, managers received additional diversity training, of course to understand better the workforce but also to understand other cultures when having a cross-cultural negotiation.

In the third place, in order to include better immigrants into the culture of the company, BC Hydro decided to support employee-run resource groups. “Since 1994, BC Hydro has provided corporate support for the Hydro Employees’ Multicultural Society (HEMS) which

celebrates and promotes multiculturalism and inclusion through employee activities and celebration events”. (BC Hydro, n.d.).

In the fourth place, the company offers an Ethics Office and a program called Ombuds, both resources to create ethical standards concerning diversity and help to create a welcoming and inclusive work environment. The first one was created with the intention of building trust between employees and managers, also it is focused on promoting integrity and discouraging the wrongdoing. Furthermore, the second resource was executed in 1999 and is intended to complement existing programs in case employees do not choose to use the Ethics Office. Finally, BC Hydro counts with different diversity measures which provides the company enough information so they can track possible opportunities for improvement and growth. This includes the knowing of specific information of each employee through application of surveys to get to know employees’ point of view.

### **3.3.3 Results and lessons learned**

The results of this project were obtained after constant observation for a period of time considered by the company as sufficient for obtaining appropriate results. As the BC Hydro focused on particular business areas, it was possible to see “improved diversity in recruitment, retention, and skills development in the targeted areas”. (BC Hydro, n.d.). Additionally, having a diverse and multicultural workforce resulted in better and faster decisions, and also gave the company more understanding, which led the organization to deal better with cultural differences and to create new strong relationships with potential partners through cross-cultural negotiations, mostly in Asia.

On the other hand, the implementation of the strategy mentioned above allowed the company not only to learn from the experience, but also to give advice to other companies looking for the same improvement through a diverse and multicultural workforce. BC Hydro finds necessary some specific items to develop and implement an effective strategy. First of all, companies should identify needs inside the company and create programs for diversity within the organization. When this first step is completed, the second one is focused on the development of the business case for diversity, including the establishment of a vision, mandate, metrics and budget based on a long-term oriented SMART (specific, measurable, achievable, results-focused and time bound) goal.

Moreover, it is essential to ensure that executives endorse the program and are willing to participate, also there should be regular reports about progress. This to identify and clear barriers and allow the company to use this multicultural workforce to increase negotiation opportunities with national and international companies, and grow not only internally but externally as well.

### **3.4 Comparison: RBC and BC Hydro**

After the analysis of RBC's and BC Hydro's case studies, it is possible to see that even if both companies operate in totally different industries; banking and electrical, they still have similarities in the inclusion of multiculturalism and diversity. Both companies settled goals towards diversity and started to take actions following a specific strategy, which allowed them to have the excellent results described above and that is why they were chosen as two of Canada's Best Diversity Employers (2016). Both organizations established their own initiatives such as groups for new employees and workshops to make sure that the integration was well supported, and even though RBC and BC Hydro had different projects, the goal was the same: to help growing their multicultural and diverse workforce, and use their potential to improve the companies' performance.

RBC and BC Hydro are organizations who decided to take the risk and involve top executives with employees through inclusion programs, so they could understand better their backgrounds. In addition to this, managers could develop stronger communication skills and apply this knowledge to establish stronger relationships with customers and partners.

## **4. DISCUSSION**

Nowadays, multiculturalism and immigration have extremely increased and the biggest reason is globalization. Countries are communicating between each other and people are looking for opportunities to grow all over the world. Mostly developed countries, like Canada, are receiving thousands of immigrants every day and this phenomenon not only has had impacts in the society and the economy, but also inside organizations. Canadians, according to

Kymlicka (2010), are used to the interaction with people of different nationalities and this makes easier their inclusion in companies in this specific country.

According to the case studies of BC Hydro and RBC, both Canadian companies, described and analyzed above, it is possible to answer one of the main questions: how are organizations in Canada implementing the concept of multiculturalism in the work environment? Regardless the sector, organizations are being aware of this situation and have decided to include immigrants and diverse employees in their organization as a business strategy. Both companies experienced positive results after their inclusion of diversity programs in terms of performance, customers' satisfaction and the increase of business opportunities with companies in other countries. This confirms what Jackson, Joshi, Erhardt, Webber & Donahue (as cited in Omankhanlen & Ogaga, 2011) said: various forms of diversity bring to companies; creativity, innovation, and business opportunities, and this leads to a higher performance. Additionally, confirms what Dike (2013) mentioned about productivity, multiculturalism and diversity improves it and this ends up in a higher profit. However, there are negative impacts that must be considered by organizations and that is why BC Hydro and RBC implemented integration programs not only for employees but also for managers, because, according to Dike (2013) having communication issues impacts not only productivity but also external relationships, and both companies were aware of this risk.

Moreover, it is known the situation of decrease of births in Canada and this is one of the reasons why companies need to look for new potential in immigrants. According to Jacobsen (n.d) "statistics Canada predicts that immigrants will account for 80% of population growth by 2031" and this is why initiatives such as Hire Immigrants Ottawa are important for companies to take into account, because it allows them to actually know what kind of skills they are missing and could be useful.

Multiculturalism has allowed companies in Canada to start business with companies from other countries, and based on the cases of RBC and BC Hydro, it is possible to answer the main question of this work: Is it a multicultural work environment a key in cross-cultural negotiations for Canadian companies? Including different cultures and diverse employees to the workforce allow organizations to have an appropriate approach and development of negotiations, because managers learn from the cultures in advance giving them a competitive advantage.

RBC and BC Hydro are an example of how multiculturalism can improve performance and productivity, allowing managers to focus on cross-cultural negotiations. Once managers have closely worked with their multicultural and diverse workforce, and learned how to

communicate with them, they can take the next step that is to apply these skills in the cross – cultural negotiation process with future partners in other countries or in Canada. The non – task and task related interaction, mentioned by Hollense (2011), is an accurate perspective for these two companies to use their employees’ backgrounds as a starting point of a cross – cultural negotiation. Understanding the culture of who the company is negotiating with is a huge advantage to make the process easier, faster, and stronger.

Furthermore, it is essential for organizations, according to Hollense (2011), to establish BATNAs in order to have clarity and remember to act according to it. This is the reason why multiculturalism has an important role in cross-cultural negotiations, because managers who know what the other party is willing to accept, gives them a huge advantage in the negotiation process. In addition, it is necessary for companies to take into account that establishing a relationship with the other party is not the only challenge, they have to keep communicating and of course employees get involved afterwards. BC Hydro and RBC understood this, and that is why both companies strategically created projects and attended events where they could recruit the best talent and help them to increase their potential. Whenever an organization starts having international relationships, having employees that know these cultures represent a huge advantage because it makes the communication easier and, customers and partners, feel more comfortable and secure.

Moreover, it is crucial for companies, such as BC Hydro and RBC, to implement several strategies and techniques to know how to deal with cross-cultural problems in a negotiating process, because there are factors influencing it, starting with the Canadian culture. According to Hofstede, there are six dimensions through which is possible to evaluate each country’s culture: Power distance, Individualism, Masculinity, Uncertainty avoidance, Long term orientation and Indulgence. Canada, as mentioned above, is a multicultural country and that is why people are more open minded and adaptability is one of their characteristics,

According to the Hofstede Centre, Canadian organizations tend to be egalitarian and this can be seen in BC Hydro and RBC. Both companies created integration programs between employees and managers to help improve communication and performance in general. Additionally, Canada is for sure an individualistic country but this does not mean people look for just their own interests, they look for the interests of who they care about and work hard to make it happen. This can be seen in both companies analyzed before, BC Hydro and RBC wanted to grow and be more profitable, but also wanted their new and old employees to develop their potential and support them in their careers.

These two companies knew that adding immigrants and diverse workforce would represent not only a challenge but also a risk, however, Canadians are more likely to accept uncertainty; they are open minded and tolerant. These characteristics allowed BC Hydro and RBC to start being interested on including immigrants and more diversity in their workforce with great potential, because Canadians are also more likely to look for achieving quick results.

Furthermore, as Canada is an indulgent country, people tend to have a positive attitude and pursue their dreams and desires. This was exactly what Sue Danahy, the Branch Manager at RBC, did; she understood that including immigrants in the workforce was useful for the company and started to attend events where she could learn more about these potential employees, and creating projects as well to make it happen.

Finally, culture is not the only factor that can influence cross - cultural negotiations, according to Udobong (n.d), there are others such as; motivation, power distance, communication and time. These factors are really important during the negotiation but also inside the companies while dealing with employees, and this is what BC Hydro and RBC tried to do through all the inclusion programs and trainings, which led to a positive outcome: increase of the performance and stronger relationships with partners due to the knowledge of their cultural backgrounds.

## **5. CONCLUSION**

Multiculturalism has been rapidly increasing throughout the years and represents an important factor in the performance of countries and companies. Canada is an example of this due to its high acceptance of immigrants from all over the world, who once they move to the country, they start working in companies of different industries. This is the reason why, companies such as BC Hydro and RBC have developed integration programs to incorporate new abilities and knowledge to increase efficiency, efficacy, and understanding of diverse cultures. This two real cases answer the main question of this work: Is it a multicultural work environment a key in cross-cultural negotiations and organizations' performance? Multiculturalism helps companies not only to be successful at the national level, but at the international one as well, increasing the chance of having favorable cross-cultural negotiations.

This situation was clearly seen in the two cases studies this work is based on: BC Hydro and RBC, two Canadian companies of totally different industries (banking and electrical) which, through a multicultural workforce, had similar results: both companies increased their internal and external performance, and the number of cross – cultural negotiations, for example with Asian countries; also the improvement of client service and establishment of better relationships not only between employees, but also between employees and the top management. These factors were developed and explained by different authors mentioned throughout this work, such as Joshi, Erhardt, Webber & Donahue (n.d), Dike (2013), Hollense (2011), Jacobsen (n.d), and Udobong (n.d). These authors explained how, with an adequate management of employees, clear communication and motivation, it is possible to accept the challenge of integrating multicultural workforce providing them enough support, and take advantage of their potential and new knowledge, while using it as a competitive advantage in cross – cultural negotiations. In addition, it is possible to say that companies nowadays need to be more aware of the changes globalization is bringing, they need to be prepared and be able to adapt quickly. To achieve this, a diverse force makes companies to be one step ahead and help them to be competitive in the market.

However, it is essential to consider the limits of having a multicultural workforce, due to the fact it is not always easy to achieve a perfect integration. According to Udobong (n.d), motivation, power distance, communication and time, are factors that need to be taken into account to create strong relationships inside the company whenever there is presence of multiculturalism. In addition, talking about the cross – cultural negotiations, it is important for companies to have clear strategies, a BATNA and to implement negotiation techniques to ensure a successful negotiation with the other party, such as Hard Vs Soft, Good cop Vs Bad cop, and Boulwarism, mentioned and described by Udobong (n.d).

Finally, even if this specific project was developed based on two real and recent case studies of two Canadian companies, it does not show a large view of the general situation, which limits the results and the answers of the main questions. This is why it is important to mention that applying a survey to a specific number of companies in Canada for a future, deeper and accurate research would be the ideal tool to help developing this project. Now that it is known that Canadian companies in different industries have had success while integrating a diverse workforce, through the implementation of a survey it would be possible to know what managers of companies in different areas in Canada actually think about having a diverse workforce and if they consider this as a factor of improvement, and as a key in negotiating with foreign companies with totally different backgrounds and manners.

## REFERENCES

- Geert-hofstede.com,. (2016). *Canada - Geert Hofstede*. Retrieved from <http://geert-hofstede.com/canada.html>
- Adair, W., & Brett, J. *Culture and Negotiation Processes* (1st ed., p. Chapter 7). Retrieved from <https://uwaterloo.ca/culture-at-work-lab/sites/ca.culture-at-work-lab/files/uploads/files/Chapter%202004%20Culture%20and%20Negotiation%20Processes2.pdf>
- *An introduction to negotiation* (1st ed.). Retrieved from [http://assets.cambridge.org/97805217/35216/excerpt/9780521735216\\_excerpt.pdf](http://assets.cambridge.org/97805217/35216/excerpt/9780521735216_excerpt.pdf)
- Berghoff, E., Fiewege, M., Linguanti, T., Morkin, M., Vigil, A., Williams, P., & Stewart, M. (2007). *The International Negotiations Handbook: Success through Preparation, Strategy, and Planning* (1st ed.). Baker & McKenzie. Retrieved from [http://www.bakermckenzie.com/files/Uploads/Documents/Supporting%20Your%20Business/Featured%20Services/bk\\_internationalnegotiationshandbook\\_dec07.pdf](http://www.bakermckenzie.com/files/Uploads/Documents/Supporting%20Your%20Business/Featured%20Services/bk_internationalnegotiationshandbook_dec07.pdf)
- Brett, J. (2000). *Culture and Negotiation* (1st ed.). International Journal of Psychology. Retrieved from <http://isites.harvard.edu/fs/docs/icb.topic551848.files/Brett.pdf>
- Dewing, M. (2010). *THE CURRENT STATE OF MULTICULTURALISM IN CANADA AND RESEARCH THEMES ON CANADIAN MULTICULTURALISM 2008–2010* (1st ed.). Minister of Public Works and Government Services Canada. Retrieved from <http://www.cic.gc.ca/english/pdf/pub/multi-state.pdf>
- Hollensen, S. (2011). *Global Marketing: A decision-oriented approach* (5th ed., p. Chapter 18). Pearson.
- Udobong, E. *How to deal with cross cultural problems in International Business Negotiation* (1st ed.).
- Rosado, C. (1996). *Toward a Definition of Multiculturalism* (1st ed.). Retrieved from [http://www.rosado.net/pdf/Def\\_of\\_Multiculturalism.pdf](http://www.rosado.net/pdf/Def_of_Multiculturalism.pdf)
- Kymlicka, W. (2012). *MULTICULTURALISM: Success, Failure, and the Future* (1st ed.). Transatlantic Council on Migration. Retrieved from <http://www.migrationpolicy.org/research/TCM-multiculturalism-success-failure>

- Mazur, B. (2010). *Cultural Diversity in Organisational Theory and Practice* (1st ed.). Journal of Intercultural Management. Retrieved from <http://www.joim.pl/pdf/MAZURv2n2.pdf>
- Omankhanlen, A., & Ogaga, J. (2011). *THE IMPACT OF WORKFORCE DIVERSITY ON ORGANIZATIONAL EFFECTIVENESS: A STUDY OF A NIGERIAN BANK* (1st ed.). Retrieved from <http://www.upet.ro/annals/economics/pdf/2011/part3/Ehimare-Ogaga-Oghene.pdf>
- Dike, P. (2013). *The impact of workplace diversity on organisations* (1st ed.). Retrieved from <https://www.theseus.fi/bitstream/handle/10024/63581/Thesisxx.pdf?sequence=1>
- *About BC Hydro*. (2016). *Bhydro.com*. Retrieved 28 March 2016, from <https://www.bchydro.com/about.html>
- *Corporate Profile - RBC*. (2016). *Rbc.com*. Retrieved 28 March 2016, from <http://www.rbc.com/aboutus/>
- *RBC Diversity Blueprint 2012-2015*. (2016) (1st ed.). Retrieved from <http://www.rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf>
- *RBC: Creating a Diverse and Inclusive Workforce that is Representative of the Wider Community*. (2016) (1st ed.). Retrieved from <http://www.hireimmigrantsottawa.ca/downloads/HIORBCCaseENWEBFinal.pdf>
- *Top Employer: RBC*. (2016). *Content.eluta.ca*. Retrieved 28 March 2016, from <http://content.eluta.ca/top-employer-rbc#section-18>
- BC, S. *Diversity is working* (1st ed.). BC Hydro.