Globalization and Management of Cultural Diversity in Tourism Businesses

Afsaneh Pourjam*

Assistant professor, University of Science and Culture, Faculty of Tourism, Tehran, Iran.

Abstract| Diversity in societies and businesses has become an important issue in recent years, which can create new opportunities as well as being challenging. Regarding tourism, due to the close intercultural relations in this industry, especially in relation to tourism businesses and the increasing number of multinational companies in the process of globalization of societies, the issue of diversity has become doubly important. Various studies have emphasized that diversity and its dimensions have different manifestations in different industries. Therefore, the present article examines the impact of globalization on labor and customer diversity and the need for diversity management specifically in the tourism industry and describes it as a systematic process.

Keywords| Globalization, Diversity, Tourism Businesses.

Introduction| Although the term diversity has a broad meaning, it can be defined as the collective integration of differences and similarities that includes organizational characteristics, values, beliefs, experiences, backgrounds, preferences, and behaviors. United Nations Annual Declaration (1995) states that “cultural diversity is as important to humans as biological diversity to nature.” According to Singal (2014), diversity is defined in different ways, but it is mainly understood on two levels; the outer level and the deep level. The outer surface has primary dimensions such as gender, race, age, sexual orientation, and secondary dimensions such as education, marital status, work experience, and the like. Deep level diversity generally refers to cognitive diversity; A variable that is not easily visible and measurable. In the analysis of diversity, the classification of human beings into majority and minority groups is an inevitable fact. These groups are defined by race, ethnicity, religious affiliation, political affiliation, sexual orientation, gender, physical status, and nationality (Kalargyrou & Costen, 2017). Diversity management has challenged managers for decades. The process of paying attention to diversity and accepting it began in the 1960s and 1970s. The most important achievement of these two decades was allowing different people entering to systems. In the 1980s, the focus was on valuing differences; in the 1990s, the focus was on diversity management; but now in the 21st century, the concern of universities and corporations must be to live diversity. The globalization phenomenon has also added to the complexities of diversity and made it a global issue (Onnday, 2016). Utilizing and embracing diversity is becoming a strategic issue for multinational corporations around the world. Diversity management is a process designed to create and maintain a positive work environment in which

*+989127745323, a.pourjam@usc.ac.ir
individuals’ differences and similarities are valued (Singh, 2018).

Increasing social and legal pressures are encouraging companies to invest in and manage diversity in the workplace. Diversity in today’s organizations is considered as organizational resources and capabilities that can lead to competitive advantage. It seems that diversity research should be conducted in various industries because industries are different in terms of product/service orientation, staff skills, and related rules and regulations, and therefore pursue different management strategies which makes diversity management more effective in some industries. In service industries such as tourism and hospitality, where the level of guest-host exposure is very high when receiving service, diversity management is doubly important. In other words, in the tourism and hospitality industry, there is a higher level of interpersonal interaction in which the provision of personalized/customized services affects the performance of the company (Singal, 2014). Interestingly, several major tourism or tourism-related companies such as Marriot, Hilton, Walt Disney, and Boeing are among the top 50 companies in Diversity Inc.’s 2019 list. Therefore, the present article seeks to examine the developments related to globalization and increasing diversity and its impact on the management of tourism-related businesses in the current competitive and diverse environment in addition to the need for diversity management in the workplace in order to enjoy its benefits and improve organizational performance.

Cultural Diversity in Today’s Organizations

There are different types of culture in society. The most general level of culture is the global level and the most unique level is the individual level (Fig.1). Basically, everyone with any nationality, belief and value, is within the scope of world culture. At the next level, social culture is the broadest level of cultural identity that individuals acquire, which includes issues such as ethnicity and religion. National culture is a more limited field and mainly refers to national culture, which is determined by the country of residence (birth) and citizenship. People’s behavior and perception are also determined by various factors such as friends, family, race, occupation, religion, education system and the like. Finally, the micro-components of culture in society are the industrial, organizational and individual culture that encompass the greatest diversity and difference (Korjala, 2012).

Researchers in occupational psychology, organizational management, and other work-related fields have argued that defining the diversity construct is challenging. The term evolved in parallel with multiculturalism, which includes obvious identity differences such as race and ethnicity, and ultimately diversity has emerged as an umbrella covering differences such as age, physical ability, nationality, immigration status, sexual preferences, and religious and spiritual identity. In this article, diversity is defined as the presence of individuals belonging to different groups of visible and invisible social identities in any space. Discussions about workplace diversity have focused on cultural diversity and the benefits of a multi-ethnic and racial work environment concerning creativity, innovation, and productivity.
enhancement, while others have considered it a legal issue (Schaeffer & Mattis, 2012). Companies, during the recent years, have embraced and valued a multicultural workforce, and the workforce in companies has been diverse in ethnic, racial, religious, and gender groups. Nowadays, the challenges and opportunities associated with the growing trend of employing a multinational workforce have been noticed since this trend is considered as a key factor in business success. Multicultural teams are more prone to conflicts and misunderstandings, but under the proper conditions can be creative and synergic. The main characteristics of multicultural organizations are the participation of minorities at structural levels such as managerial and executive positions, the involvement of informal business networks, the elimination of prejudice and discrimination, and the formation of a way of thinking that not only accepts diversity but values it. An organization composed of different cultural groups is only a pluralistic organization and is considered multicultural only when it values diversity (Edewor & Aluko, 2007). Tourism organizations, especially multinational and international organizations, deal with different cultures, both among customers and among employees, and should be able to reduce the cultural gap, especially among employees, because it is effective in the interaction of people belonging to different cultures. Cultural distance reflects differences between different national cultures, and the greater the differences, the greater the conflict and the lower the benefits of diversity (Korjala, 2012).

The workforce consists of three generations: generation with many children (born 1964-1946), generation X (born 1979-1965), and generation Y (born 1980 onwards); each of these generations has a different approach to work and work environment. Older generations are more focused on loyalty because in the past they did not have a variety of working options. Younger generations, on the other hand, find work meaningful and challenging, and leave it if the work environment does not allow them to grow and learn and does not allow them to strike a balance between work and life. Today, employees

Fig. 1. Levels of culture. Source: Reisinger 2009, 100.
work not only for income but organizational status, ethics, and culture is also important for them (Murmu & Bisht, 2014).

Globalization and Cultural Diversity in the Tourism and Hospitality Industry

Globalization is a multidimensional and complex process that affects the tourism industry from various dimensions such as cultural, economic, social, environmental, and technological dimensions (Mihaela & Flavius, 2010). According to Scholte (2000), the phenomenon of globalization should be defined in terms of the five processes of internationalization, liberalization, popularization, westernization, modernization, and deregulation. Many definitions of globalization have been offered from an economic point of view because this process links a country’s economy to the global economy, but the form of globalization has changed recently. Globalization in the past decades was defined by the movement of products and populations, but today it is defined as the movement of services, information, and capital. Moreover, due to the service orientation of modern societies, special attention has been paid to communication technologies and experiences (Saee, 2004). Globalization involves the evolving interactions in the world that are reflected in the expanded flow of information, technology, capital, goods, services, and people. This process is defined as the whole process by which the people of the world are integrated into a single society (Dwyer, 2015). Globalization has also brought about changes in the business environment that have led to increased competition, as well as changes in the political, economic, social, and technological environments that have posed new challenges for organizations to survive and thrive in the competitive environment. One of the most challenging issues is the quality and quantity of the available diverse workforce Socio-economic trends have changed the quantity and quality of labor and led to the invention of the term labor diversity (Roberson, 2019). The term labor diversity refers to a variety of personal characteristics such as race, age, lifestyle, culture, etc. that make the labor management heterogeneous (Murmu & Bisht, 2014). Meanwhile, the tourism and hospitality industry also deals with tourists and increasing globalization, which leads to a wide variety of customers (tourists) and tourism and hospitality companies settle their operations in different parts of the world employing diverse workforce and minorities more than other industries (Manoharana & Singal, 2017). Since modern societies around the world are interconnected and their cultures influence each other in the process of globalization (Blench, 2001), more interactions have also emerged due to globalization among people with different cultures. Diversity for organizations can be both an opportunity and a threat (Dike, 2013; Edewor & Aluko, 2007). Besides, having cultural intelligence in the contemporary business world is doubly important and refers to a concept that helps bridge the gap between cultural differences and take advantage of it. Thomas (2006) defines cultural intelligence as an ability that enables individuals to understand and behave appropriately across a variety of cultures (Pongsapayaklert & Atikomtrirat, 2011). As such, we are more and more connected with each other in the 21st century. In the age of globalization and with the advent of multinational corporations, diversity must be maintained by merging into a multicultural world. Diversity can be defined as the variety of perspectives and approaches that people from different identity groups bring to the workplace. Diversity management is now recognized as a strategy that improves organizational competitiveness and increases employee satisfaction and productivity (Singh, 2018).

Cultural Diversity Management in the Tourism and Hospitality Industry

Diversity, like globalization, has a variety of approaches and definitions. The cultural diversity considered here is the diversity of human groups, communities, and cultures in a given space. This concept also refers to the combination of individuals and groups with backgrounds, characteristics, values, beliefs, customs, and traditions. On the one hand, managing cultural diversity in companies operating in the tourism and hospitality industry is not an easy task (Mihaela & Flavius, 2010) and on the other hand, in the current corporate environment, companies are investing in increasing diversity in the workplace more than ever. While diversity refers to the differences between people hired in organizations, diversity management refers to policies and activities designed not only to recognize diversity but also to use these differences to advance organizational goals. It refers to increasing customer satisfaction, increasing innovation, fulfilling the company’s social responsibilities and
gaining a competitive advantage, which leads to higher performance of the company. Research shows that the benefits of diversity increase the likelihood of success. Reisinger (2009) argues that tourism organizations operate in the complex multicultural environment of the tourism industry and cannot be indifferent to cultural differences and the role of national cultures in such an environment (Reisinger, 2009). Hotel managers who have learned intercultural behavior and are able to manage cultural diversity are valuable assets for the organization that can make the most of staff potential and create a cohesive and efficient work environment (Minkov & Hofstede, 2012). A company’s performance is measured by its commitment to diversity. Forbes (a leading professional business magazine) announced in 2011 that diversity is the key to business growth. Many studies have found diversity to be beneficial for businesses. People who work in diverse work environments are more likely to feel fair and equal. Of course, diversity can also bring challenges, and if not managed properly, it can lead to emotional conflicts in the workplace. In the hospitality industry, due to the widespread presence of minorities in its various sectors, the management of cultural diversity is doubly important. A 2012 study by Forbes showed that the second most diversified industry in the United States and the United Kingdom was the hotel and catering industry (Kalargyrou & Costen, 2017). In the tourism and hospitality industry, which inherently is a global, labor-intensive and capital-intensive industry in which customer satisfaction with the services provided is essential to success, fostering diversity and its effective management has become a strategic endeavor. Companies in the hospitality industry, unlike manufacturing companies, need to be located at the customer consumption area. Therefore, they employ a more diverse workforce and management of such diversity enables them to identify talents across a wide range of people, foster a positive organizational culture, and improve customer service (Manoharana & Singal, 2017).

Managing Cultural Diversity in Businesses in Iran

In the age of increasing diversity and intercultural communication, globalization and the acceptance of a global perspective are inevitable issues for improving the performance of businesses in developing countries. Many organizations in developing countries have a relatively enclaved organizational culture and there is little interaction between individuals and units in these organizations. Therefore, according to the model of culture in developing countries and the importance and advantages of cultural diversity in organizations, it is necessary to conduct serious research to identify the characteristics and features of organizational culture in Iran and the processes of cultural change in order to identify the requirements for access to the necessary conditions which can result in the acceptance of cultural diversity and achieving cultural synergy (Asgari & Taleghani, 2010). In addition, in Iran, due to the existence of widespread cultural and ethnic diversity, the management of this diversity is doubly important. Nowadays, there is an even greater need to preserve cultural diversity in the process of globalization that leads to similarity, equality, and standardization. For this reason, the protection of this diversity is considered as the protection of the country’s cultural heritage (Jahani, Balali & Afrasiabi, 2018).

Methodology

The present study has been conducted with a descriptive-analytical approach with the aim of development, the qualitative data of which have been collected and analyzed by reviewing documents. In this way, the evolution of the concept of diversity in the business literature and specifically tourism businesses was analyzed and the role of diversity management in using diversity to improve organizational performance was explained with a systematic view. In this regard, the research questions were presented as follows: question (1): how different can be the performance of tourism businesses that accept diversity compared to those avoiding diversity; question (2): how diversity management in tourism businesses can contribute to enjoy the benefits of diversity and avoid its challenges.

Findings

Statistical data from previous researches show that differences between individuals in the workplace
Globalization and Management of Cultural Diversity in Tourism Businesses Pourjam | A. Pourjam

have increased and continue to increase, and labor force composition has become increasingly heterogeneous. The spread of human rights, women's rights, and civil rights over the decades have led to greater participation of social minorities and the need to manage human resource with multiple identities, backgrounds, and experiences. At the same time, the reduction of barriers to trade has linked global markets and created a free flow of goods, services, information and resources (including human resources). These changes have increased the complexities related to the existence of different norms, values, and languages (Roberson, 2019). The concept of diversity in business is based on the fact that when diversity is beneficial in the workplace, it benefits the organization by increasing innovation, better decision-making, access to talent, and more customers (Guillaume, Dawson, Otaye-Ebede, Woods, & West, 2015). The attractiveness of the potential benefits of adopting diversity on the one hand and the need to adapt to the environment for organizations that require alignment with the globalization process has led organizations in recent decades to pay more attention to the issue of diversity and the need to apply it. Although all companies face the costs and benefits of diversity, this is even more pronounced in the tourism and hospitality industry due to its service-based and labor-intensive nature as well as its greater geographical dispersion. Companies employ a diverse workforce to access vital resources such as experience, worldviews, and information on the one hand, and to comply with legal requirements and gain social legitimacy on the other. Leading companies in employing diversity in the tourism industry such as Marriott, Hilton, Walt Disney, and Boeing support organizations such as National Societies of Minorities in Hospitality (NSMH). Universities have included diversity education in tourism-related syllabuses. These active measures well demonstrate the importance of managing diversity in the tourism industry in the current business climate. In this way, according to what has emerged from the literature and has been reviewed in the present article, the first question can be answered by acknowledging that in today's world diversity cannot be avoided; diversity is an inevitable outcome of changes emanated from globalization, and has the potential to create multiple collective and organizational benefits; tourism businesses that embrace diversity perform better than businesses that seek to avoid diversity; In other words, accepting diversity is a step towards adaptation to the environment (the process of globalization) and increases attractiveness. An organization can be considered as multicultural when taking advantage of cultural diversity as a competitive advantage. In fact, the challenge that needs to be addressed is dealing with demographic changes in the workforce, understanding cultural differences in a multicultural environment, and using them to increase profits and competitiveness, which unfortu nately many organizations do not have this ability. The tourism and hospitality industry deals more with the multicultural environment and workforce than any other industry, and if it is not adapted to a diverse environment, the relationship between customers and employees will face serious challenges. In this way, employees need to be trained to understand the cultural differences of customers. Furthermore, the importance of cultural diversity is increasing due to the increase in multicultural labor and migration, the expansion of international property rights and changes in the composition of the workforce; additionally, the main challenge, especially for tourism businesses, is to take advantage of the cultural diversity created. On a large scale, cultural diversity is an opportunity and one of the foundations of development that not only promotes economic growth but also provides the basis for spiritual, moral, emotional, and intellectual development in human societies. However, diversity is not always absolutely beneficial because issues such as lower employee morale, more conflict, and poorer job performance may also be potentially present (Guillaume et al., 2015). It should be noted that fostering diversity, despite the potential benefits mentioned earlier, can increase the costs of communication, coordination, and conflict and have a negative impact on the organization. Singal (2017) believed that if employees with diverse cultural backgrounds cannot understand and trust each other, conflict in the organization will increase. Managing companies operating in the tourism and hospitality industry that operate on a global scale faces additional difficulties and may even face challenges raised from communication problems. Such challenges are related to cultural differences in work style, different expectations and ethical principles of employees, and cultural and moral differences; moreover, it is probable that a person's values and beliefs prevent him/her from understanding the views and behaviors of others, because it is possible that people use their culture
as a criterion by which evaluate others. Extremist ethnocentrism and lack of awareness prevent the proper understanding of each other and effective communication and can have serious consequences. Therefore, various studies have reported that managing diversity and workforce diversity are essential factors that have a positive impact on organizational performance. Organizational efforts to employ and promote diversity are encouraged to create positive perceptions in business environments, employ capable employees, and generate creative ideas, but various studies have focused on the need to manage diversity for profit. Emphasis has been placed on its benefits, improving performance, and avoiding potential harm. Research has also suggested that future studies should determine the differences between diversity management styles in different organizations based on industry type, service type, time scale, staff composition, and customer characteristics. Numerous studies have examined the mediating role of diversity management in the relationship between diversity and performance (Cho, Kim, & Barak, 2017). Therefore, it seems that according to what is asked in the second question, diversity management used in the organization is a tool that can help the effectiveness of diversity in the organization and minimize the challenges arising from it in the next steps. From the perspective of cultural diversity Seyman, (2006, 301) indicated that the management of cultural diversity is an organizational response or reaction to the need for competitiveness and increasing diversity of the workforce. In order to manage employees with different cultures and also to attract diverse groups of customers, it is necessary to be familiar with the differences, cultural performance, and reasons for the cultural behaviors of others. Since social interaction between customers and employees affects customers’ perception of service quality and their ultimate satisfaction, it is necessary for active companies in the field of tourism and hospitality to understand the cultural differences and manage these differences as a necessity to succeed in the tourism market. In Iran, in addition to the diversity resulting from the process of globalization, there is a wide range of ethnic-cultural diversity, which doubles the importance of cultural diversity management and indicates that this necessity has always existed. Existing ethnic-cultural diversity is part of the cultural heritage, and in a situation where globalization at the international level leads to standardization and similarity, the preservation of this diversity must be cared for at the national and local levels. In this way, diversity can have multiple benefits for the organization. First, hiring for diversity expands the range of potential applicants, leading to more options, higher quality and lower costs (Niederle, Segal, & Vesterlund, 2013). Secondly, diversity in the workforce improves individual performance, strengthens individuals’ organizational identities, promotes productivity and job satisfaction, and ultimately reduces staff job transfer and reduces recruitment and training costs (McKay, Avery & Morris, 2009). Thirdly, higher job satisfaction increases the quality of interaction between employees and customers (Koys, 2001). Fourth, a diverse workforce provides access to new networks for the organization and expands the organization’s information resources (Phillips & O’Reilly, 1998). Fifth, it fosters diverse thinking, a creative and innovative environment at the group level (Bantel & Jackson, 1989) and, ultimately, better interaction between service staff and customers, improving customer experience and satisfaction; effective management of diversity, each can ultimately have a positive effect on performance. Based on what has been discussed so far, the following system process can be defined for what is happening by separating input, process, output, and feedback for this system (Fig. 2). Thus, if we consider the organization as a system, system inputs are as follows: the diversity that globalization creates in the workforce and customer groups, the potential benefits of using diversity and social pressures on the organization to accept diversity; adopting and management of diversity is the process that takes place on these inputs and leads to benefits that improve the overall performance of the organization.

Discussion and Conclusion
With the progress of globalization and the phenomenon of migration, diversity management in the organization has become increasingly important. Diversity in the workforce and management of this diversity will be one of the most important challenges for future organizations. This issue for various reasons such as high ethnic-
cultural diversity and widespread migration of villagers to industrial cities will be one of the challenges facing organizations in Iran, especially organizations active in the field of tourism. There is widespread agreement on the need to actively address diversity in organizations and identify its advantages and disadvantages for different sectors. Research has shown positive effects of diversity in terms of creativity and satisfaction in heterogeneous teams compared to homogeneous teams. People with diverse backgrounds bring different perspectives on how to solve problems and access different resources to improve creativity and performance, creating a more engaging and satisfying work environment. Different perspectives on the positive and negative dimensions of diversity in an organization lead to different approaches to diversity and diversity management; As a result, organizations will operate in different ways in terms of managing a diverse workforce according to their approach to diversity. Moreover, different industries face the problem of diversity in different ways. Past empirical research such as (Joshi & Roh, 2009) has confirmed the difference between service industries and other industries in terms of diversity in the workplace. Even among the service industries, the tourism and hospitality industry is unique because its employees have more continuous and direct interactions with customers, and the customer’s perception of the quality and value of service depends on the richness of these interactions and the company’s reputation. But it must be borne in mind that the application of diversity can also bring challenges. The costs of creating harmony and integration in a situation where there is cultural diversity in the organization sometimes go beyond its benefits, which include things like creativity and knowledge sharing. In addition, implementing successful diversity programs is costly. These costs include training staff and managers on diversity, finding managers and employees with non-traditional thinking, and reforming company policies to be more sensitive to cultural differences, infrastructure costs to attract employees with disabilities, and women with young children and the like that can have a negative effect on profitability. In addition to the potential financial benefits and costs, building relationships and trust in terms of employee diversity in the organization will be time consuming and these factors will be barriers to fostering and managing diversity in
organizations. Therefore, organizations that seek to benefit from the potential benefits of diversity should take a balance between benefits and costs by adopting an appropriate approach to managing diversity to ultimately see better performance in the organization. Therefore, future research can focus on identifying and introducing different styles of diversity management in the organization.

Reference list

- Korjala, V. (2012). Cultural Diversity in Hospitality Management. Turku University of Applied Sciences, Degree Programme In Hospitality Management (BA), Finland.