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# MANAGING A MULTICULTURAL DISTRIBUTED TEAM AS A CHALLENGE FOR MODERN BUSINESS

## ZARZĄDZANIE WIELOKULTUROWYM ZESPOŁEM ROZPROSZONYM JAKO WYZWANIE DLA WSPÓŁCZESNEGO BIZNESU

**Keywords:** intercultural management, distributed (virtual) team management, multiculturalism, cultural diversity of companies, multicultural organization

**Słowa kluczowe:** zarządzanie międzykulturowe, zarządzanie zespołem rozproszonym (wirtualnym), wielokulturowość, różnorodność kulturowa firm, organizacja wielokulturowa

### Abstract

Employees employed in modern organizations increasingly come from multicultural backgrounds and work in different locations around the world. It can be predicted that in the long term the number of such employees will increase. This is influenced by such factors as: free movement of goods, services, people, and capital throughout the single market of the European Union, as well as the global expansion of the areas of operation of companies, moreover, the tendency to intensify global migration and the development of technology that enables remote work in conditions of multiculturalism. In the context of doubts of a cosmopolitan nature, managing a multicultural dispersed team and cultural diversity is a challenge for companies, but in the context of social well-being and gaining a competitive advantage, it becomes a significant opportunity that, when used professionally, can be an asset of the company and be a source of advantage leading to the success of the organization and satisfaction of its employees and customers. This article is a review of theoretical nature. Its purpose is to diagnose in the context of cultural differences those conditions, opportunities, and challenges that currently affect the practise of managing a distributed (virtual) team in multicultural conditions.

### Streszczenie

Pracownicy, zatrudniani we współczesnych organizacjach, pochodzą coraz częściej ze środowisk wielokulturowych i pracują w różnych lokalizacjach świata. Można prognozować, że w dalszej perspektywie czasowej takich pracowników będzie przybywać. Wpływ na to wywierają takie czynniki jak: swobodny przepływ towarów, usług, ludzi i kapitału na całym jednolitym rynku Unii Europejskiej, także globalne rozprzestrzenianie się obszarów działania firm, ponadto tendencja do nasilenia się migracji w skali świata oraz rozwój technologii, który umożliwia pracę zdalną w warunkach wielokulturowości. W kontekście wątpliwości natury kosmopolitycznej zarządzanie wielokulturowym zespołem rozproszonym i różnorodnością kulturową jest wyzwaniem dla firm, jednak w kontekście dobrostanu społecznego i zyskiwania przewagi konkurencyjnej staje się znaczącą szansą, która profesjonalnie wykorzystana, może stanowić atut przedsiębiorstwa i być źródłem przewagi, prowadzącej do sukcesu organizacji oraz zadowolenia jej pracowników i klientów. Niniejszy artykuł ma charakter przeglądowo-teoretyczny. Jego celem jest zdiagno-

*zowanie w kontekście różnic kulturowych tych uwarunkowań, szans i wyzwań, które wywierają obecnie wpływ na praktykę zarządzania w warunkach wielokulturowości zespołem rozproszonym.*

## **INTRODUCTION**

The modern economy is affected by globalization processes, which provide new opportunities for international business cooperation between people of different cultural, linguistic, economic, and social origins. This situation has an impact on the cultural diversity of contemporary organizations. The main factors of the cultural diversity of the organization are:

- global migrations of people, which lead to multi-ethnic societies;
- free movement of goods, services, people, and capital in the single market of the European Union.
- the need for international cooperation on the global market,
- remote work in multicultural conditions.

Cultural diversity may occur at the level of a single organization and/or at the level of the organization's relationship with other entities. At the level of a single organization, it is implemented as a result of employing people from ethnic and national minorities in companies that represent, to a greater or lesser extent, different cultural patterns. At the level of relations with other entities, an intercultural meeting occurs as a result of:

1. posting the employees abroad,
2. employing foreigners at the company's headquarters or its international branches,
3. remote work in a multicultural environment.

A current research challenge in the context of diversity management is also the issue of the third culture kid, i.e. people brought up in conditions culturally different from the environment of their parents, in a combination of different cultures, which leads to the creation and respect of other patterns of life than the culture of the ancestors. According to sociologists, the "children of the third culture" of the late 20th century have become the prototype of the 21st century man and embody contemporary problems [Mikułowski-Pomorski, 2006, p. 370]. Their number is growing, and they are more and more visible and audible in the modern world. These people have more cognitively complex cultural representations than monocultural people and more than one pattern of self-identification. It is predicted that in the current situation of shrinking the range of homogeneous cultures, as "travel becomes easier and global culture develops, growing up among cultural differences will become the rule rather than the exception, even for people who have never physically left their home country." [Mikułowski-Pomorski, 2006, p. 370]. This is a challenge but also an opportunity for modern organizations that focus on the cultural diversity of employees.

This article is a review of theoretical nature. In its development, the critical analysis desk research method was used. Its purpose is to diagnose in the context of cultural differences those conditions, opportunities, and challenges that currently have a significant impact on the practise of managing a multicultural distributed (virtual) team.

## **MULTICULTURALISM, CULTURAL DIVERSITY, DIMENSIONS OF CULTURES**

Multiculturalism means "the coexistence in the same space of two or more social groups with different cultural distinctive features: external appearance, language, religious denomination, value system, which contribute to the mutual perception of differences with various effects. The perception of difference takes place in the optics of individuals, small local, peer or neighborhood groups" [Golka, 1997, pp. 54–55]. We talk about cultural diversity when members of a social community differ from each other in terms of one or more important cultural dimensions. So they are closely related concepts.

Multiculturalism and cultural diversity also apply to organizations and broadly understood business. The term organizational culture appeared in the English literature in the 1960s as a synonym for the concept of organizational climate. In the 1970s, the twin term cooperative culture appeared [Hofstede, 2000, p. 266]. According to the definition, organizational culture is “the totality of fundamental assumptions that a given group invented, discovered or created while learning to adapt to the environment and internal integration, as well as unwritten, often subconsciously followed rules that bridge the gap between what is written and what is actually happening. Culture is about shared views, ideologies, values, beliefs, expectations and norms” [Cameron, 2006, pp. 28–59]. The organizational culture consists of: norms, value system, management method, symbols, cognitive schemes, behavioral requirements that have been adopted by employees and motivate them to work. The diversity of cultural groups and their characteristics may pose certain difficulties in the way of doing business on international markets. Among the causes of problems occurring in multicultural teams, there are such factors as: “lack of trust, conflicts and misunderstandings that arise against the background of cultural differences” [Burkiewicz, Knap-Stefaniuk, 2018, p. 65]. That is why managers have been wondering for a long time how to combine the different norms and values for different regions and countries of the world and what management strategy to match them. Norms, values, cultural patterns, customs and habits constitute a group of macro-environment factors of the enterprise that affect the management practice. Confrontation with a different language, different norms, and rules can be a source of gratification or dissatisfaction, and bitterness. In extreme cases, the reaction to a change in the environment can be a feeling of acculturation stress, referred to as culture shock. Stress can trigger intolerance and even racism.

That is why already in the 1970s, on behalf of IBM, pioneering, first studies on efficient management in multicultural conditions were carried out in 45 countries. Their aim was to demonstrate the relationship between cultural conditions and motivation to work. This analysis, carried out by Geert Hofstede, revealed differences in the way companies are managed in different countries, resulting from the cultural orientation of employees. Research led to the separation of four dimensions of culture, such as: Uncertainty Avoidance, Power Distance, Masculinity-Femininity, Individualism-Collectivism. Further research work of scientists led to the separation of further dimensions, but the most popular are those defined by Hofstede. Currently, the following dimensions of culture are used to explain cultural facts and phenomena, reflecting the different rules of social behaviour and the complex network of cultural relationships inherent in different nations. These are Masculinity-Femininity, Uncertainty Avoidance, Power Distance, Long or Short Term Orientation, Individualism-Collectivism, Low or High Context, Universalism-Particularism, Indulgence-Restrictiveness, Ceremonial-Unceremonial, Restraint-Emotionality, Achieving-Assigning Status, Fragmentation-Wholeness, Internal Control-External Control, Relation to Time. These dimensions find a specific translation into a specific way of thinking and behaviour of people.

The dimensions indicated above, reflecting national cultures, are only partially useful for efficient management. Dimensions of power distance and uncertainty avoidance are of the greatest importance for organizational culture. According to the researchers, this is because “organization always requires answering two questions (1) who decides what and (2) what rules and procedures should be followed in order to achieve the desired results. The answer to the first question is conditioned by cultural norms regarding power distance, and the second is related to uncertainty avoidance” [Hofstede, Hofstede, Minkov, 2012, p. 310].

The dimension of Power Distance concerns the scale of expectations and acceptance of the unequal distribution of power. It means the degree to which the company accepts inequalities between individual people and between various levels of management. In distant societies (e.g. China, Russia) hierarchical inequality and privileges for persons holding dignity are approved. Decisions are made by the leader without consulting his subordinates. It emphasizes its status through indicators of luxury, ceremonial, and official tone. In communities with a low power distance indicator (e.g. Austria, Canada), there is less social contrast and disagreement with privileges. Organizations are dominated by an egalitarian approach and a flat structure, which means equal treatment of employees regardless of their place on the organizational hierarchy.

Uncertainty avoidance is related to the degree of anxiety due to the risks to the future of the uncertainty of the situation. Differences in tolerance have religious, historical, and social backgrounds. In the West, along with industrialization, it became necessary to discover the laws of nature and science,

which resulted in an increase in the uncertainty avoidance index (e.g. Poland, Peru) and, at the same time, a more pessimistic attitude towards the world. For the representatives of Confucian cultures, the concept of “virtue” was of overriding importance in history, the need to be a group being and to inhibit selfish aspirations; hence, the uncertainty avoidance index here is low (e.g. China, Jamaica).

Therefore, in the case of countries with a large Power Distance and low Uncertainty Avoidance (e.g. countries of the Far East), the organizational model in which the boss has the decisive voice will prevail, and the behavior of employees will be directed not so much at the good of the company as at gaining recognition from the boss, which is why it is to accept everything he does or says.

In the case of countries with a large Power Distance and strong Uncertainty Avoidance (e.g. France), there is a pyramid model in which the aim is to concentrate power and structure activities. Employees are demanding detailed guidance from the CEO, who is at the top of the pyramid.

In the case of countries with a small Power Distance and strong Uncertainty Avoidance (e.g. Germany), they prefer the “well-oiled machine” model, recognizing that perfectly fine-tuned structures do not require concentration of power. They value clear procedures, rules, and clearly defined competencies of department managers. They recognize that problems are always caused by structural shortcomings. If they do not, management does not have to intervene.

In the case of countries with a small Power Distance and weak Uncertainty Avoidance (e.g. Great Britain), the organization is perceived as a so-called “village market”. Neither strong authority nor a precise structure is needed, and things are often left to their own devices, solving problems in an ad hoc way, while you wait [Hofstede, Hofstede, Minkov, 2012, s. 310–313].

Poles have a moderate Uncertainty Avoidance and Power Distance index, approaching a high one. In studies conducted by Geert Hofstede, Poland obtained a high degree of uncertainty avoidance of 80/100; however, more recent studies “testify to a relatively low degree of uncertainty avoidance in Polish society, because there is no fear of tomorrow, every day should be accepted not with fear, but with joy and openness” [Bartosik-Purgat, Schroeder, 2007, s. 215]. However, the above finding must be supplemented with the observation that the dimensions of uncertainty avoidance and power distance are not petrified, but may change under the influence of unpredictable phenomena, such as the Covid-19 pandemic, the war in Ukraine or inflation. More recent research results show that Poles feel the need for predictability, plan their actions, try to avoid stress caused by the lack of regulations or rules. This also has consequences for the art of management [Pabian, Pabian, 2019, s. 92–99].

The weaknesses of Polish managers include such features as reluctance to take responsibility, slowness in making decisions, being guided by emotions in interpersonal relations, poor innovation and efficiency, low flexibility in action, preferring a sense of security [Penc, 1998, p. 91]. These weaknesses of Polish managers are balanced by “high intelligence, creativity, the ability to adapt new management methods and techniques and the willingness to learn new things” [Mroziowski, 2002 s. 25].

## **THE SPECIFICITY OF MANAGING A DISTRIBUTED (VIRTUAL) TEAM**

Researchers are right that “the turbulent environment forces organizations to constantly monitor the changes taking place and to be highly flexible and react quickly to emerging signals from the environment” [Chajęcki, Krzakiewicz, Chajęcki, 2012, p. 9]. Unpredictable phenomena can exacerbate deep-seated inequalities within and between societies. The latest research on the future of multiculturalism, migration and mobility after the Covid-19 pandemic, taking Australia as a case study, revealed how the pandemic has impacted the multicultural agenda and what cultural, social and political impacts it has had. That is; the ways in which it is shaping intercultural relations, particularly how it is exacerbating racism and other forms of discrimination. The main conclusion from the conducted research is that: „as the world continues to come to grips with the pandemic’s new realities and its many associated challenges, the role of inclusive pro-diversity policies, such as multiculturalism, are needed more than ever as they offer both the ethical foundations (software) as well as the institutional tools (hardware) required to engage in inclusive, participatory, and respectful deliberations about equitable pathways forward” [Mansouri, 2023, p. 9].

In today's post-pandemic situation, the issue of managing dispersed teams working in multicultural conditions is of particular importance. It is known that every company operating on an international scale should take into account three main principles of intercultural management.

- "all management patterns should be based on already tested standards,
- The force that leads to the unification of corporations are shared beliefs and values;
- one of the key success factors in the organization is having a diverse pool of talents, which we are unable to replace by any knowledge building systems" [Encyklopedia Zarządzania, 2020].

According to business practitioners, the biggest challenge currently associated with managing a distributed team is distance. Multicultural distributed teams work in the same way as traditional task forces, but they have difficult contact with each other, which is often only virtual or sporadic. Such teams work on the same task, but in different locations and even at different times, depending on the time zone. The management process is often carried out from several offices, cities, or countries. This can cause transmission or communication errors [MTC, 2020].

Managing a multicultural distributed team means the process of achieving organizational goals by working with and through people and other organizational resources. It involves constant decision-making. Such management must be conducted from the perspective of four classic management functions, i.e. planning, organizing, motivating and controlling employees.

Planning tasks allows you to influence the future, and not just passively accept it [Ghillyer, 2009, p. 112]. Every company must define strategic, tactical and operational objectives. When setting goals, it is necessary to specify the roles of individual employees and teams and to appoint people responsible for the given activities. It is necessary to set the time for the implementation of the activities and indicate what effects should be achieved. The plans should answer the questions: what needs to be done to achieve the set goals, where and when should be done, who and how should be done. On the basis of strategic goals and plans, tactical goals are set and tactical plans are prepared. Objectives and tactical plans should be the basis for formulating short-term goals and operational plans. You should take care of the forms of communication, specify in which situations e-mail contact is sufficient, in which telephone contact, and you can also set the hours of permanent consultations.

Organizing is the process of establishing the orderly use of all resources within an organization's management system. At this stage, it is worth organizing training and integration meetings in real reality. This prevents the formation of subgroups and less integration, which is quite common in distributed teams. The feeling of not belonging to the company resulting from working remotely or away from the headquarters of the organization is also prevented. Integration meetings allow employees to get to know each other, create social bonds, better assimilate the culture of the organization. Synergy, understood as the joint work of individuals or groups aimed at creating a greater whole than the sum of its parts, will certainly improve the efficiency and quality of work [Rue, Byars, 2009, p. 160]. During the organization phase, formal and informal meetings between employees and management should be conducted. To avoid conflict situations, all these activities must be well thought out, taking into account cultural differences. You also need to ensure that distributed workstations are adequately equipped with electronic devices, software, manuals, and other necessary resources to enable efficient work.

Motivation is crucial in management because it explains why people behave in certain ways in organizations [Jones, George, 2011, p. 297]. Typically, employees are reluctant to engage in activities that go beyond their job responsibilities. Artificial and administrative forcing them to deepen and implement knowledge in the field of cultural differences may not bring the desired effects. To this end, an instrumentarium of monetary incentives and non-monetary awards should be launched, such as special allowances, bonuses, salary increases, recognition diplomas, congratulatory letters, and others. It is also important for managers to set a good example for their subordinate employees through their active participation in training on respecting cultural differences, as well as improving their competences in the field of sustainable management. Jeremy Comfort and Peter Franklin, describing the roles played by a manager in a multicultural work environment, emphasize that one of the most important is the role of an expert. It is expressed in the possession of extensive knowledge of the cultures of other nations [Comfort, Franklin, 2014, pp. 99–100]. Managers must also ensure a friendly

atmosphere among employees, based on mutual understanding and striving to achieve the goals set. They may encounter difficulties in adequate job evaluation, because they do not always have the opportunity to observe employees on a daily basis in standard working conditions. On the other hand, they are likely to assess the results of work more fairly, i.e. solely on the basis of employee achievements and not because of their own sympathies. This is important because as a result of favoritism, the boss's authority suffers, and the morale of employees lose their motivation to work, feeling unappreciated.

Control makes it possible to make sure that the company achieves its goals and uses resources efficiently [Stoner, Freeman, Gilbert, 2011, p. 538]. It consists in detecting differences between the established standards and the actual state of task completion. During it, basic questions must be answered, whether all employees of the company have been trained in the field of cultural differences, whether cultural differences are taken into account in everyday work and during formal visits.

## CONCLUSIONS

In the literature up to date, researchers have most often drawn attention to the difficulties resulting from cultural diversity, formulating a list of rules on how to counteract intercultural confrontation, and, in extreme cases, culture shock. Today, more and more attention is paid to the positive importance of the cultural diversity of organizations for the development and expansion of the market. Contrary to previous years, more and more often in the literature there are voices claiming that cultural diversity in the company can be an asset of the company and be a source of advantage. There is a belief that "cultural differences, if well managed, are resources, not obstacles" [Moran, Harris, Mooran, 2007, p. 43]. It is important to promote and develop the intercultural competences of managers to support their ability to effectively manage potential intercultural conflicts. With the current state of knowledge, issues related to challenges for intercultural management are relatively easy to solve, and the benefits of solving them are greater than the outlays incurred. Contact with different cultures brings many positive mental and volitional consequences. It develops certain intellectual abilities and specific social skills among the employees. It broadens the horizons of thinking, protects against sealing, and excessive attachment to one vision of the world. It allows for greater tolerance and understanding for strangeness. Multiculturalism in the organization leads to such shaping of the working environment in which it is easier to be creative and innovative. Companies that employ employees of different backgrounds, life situations, or skills are perceived as those that more respect professional ethics. Such organizations are recognized in the global market and are considered socially responsible. They believe that employees are employed fairly and have equal opportunities. This is conducive to building and strengthening a positive image of a socially responsible company, creating a brand, and consequently increasing profitability. However, in order to achieve success, companies must attach particular importance to creating inclusive, safe, and engaging workplaces where every employee, regardless of cultural background, will have the opportunity and need to self-develop and improve their qualifications, while maintaining physical health and mental well-being. Additionally, in addition to language competences, which are the basis for efficient operation in a multicultural environment, cultural differences recognition skills are important, including knowledge of management psychology, correct communication, and sustainable marketing. This can be achieved by courses and training for employees and managers. The internationalization of business requires a richer and updated knowledge of changing cultural patterns. However, you must be aware that even (explicit) knowledge and international experience did not ensure smooth collaborations. Successful collaborations required creating new context-specific (tacit) knowledge embedded in organizational culture and locals' behaviors. Extrapolating from social interactions led to cultural misinterpretations and inhibited cross-cultural interactions and learning. Continued interactions led to better understandings of cultural others' behaviors as their attributions could be renegotiated [Wilczewski, Soderberg, Gut, 2019, s. 362–363].

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