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## Cultural Diversity in Organisational Theory and Practice

### 1. Introduction

Increasing globalization requires more interaction among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, organizations need diversity to become more creative and open to change. Therefore maximizing and capitalizing on workplace diversity has become an important issue for management today. Since managing diversity remains a significant organizational challenge, managers must learn the managerial skills needed in a multicultural work environment. Supervisors and managers must be prepared to teach themselves and others within their organizations to value multicultural differences in both associates and customers so that everyone is treated with dignity.

Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the population of many countries. Companies need to focus on diversity and look for ways to become totally inclusive organizations because diversity has the potential of yielding greater productivity and competitive advantages. Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity. Unmanaged diversity in the workplace might become an obstacle for achieving organizational goals. Therefore diversity can be perceived as a “double-edged sword”.

### 2. Concepts of Diversity

Diversity is a subjective phenomenon, created by group members themselves who on the basis of their different social identities categorize others as similar

or dissimilar: “A group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity” [O’Reilly, Williams, & Barsade 1998, p. 186]. Loden & Rosener [1991] define diversity as that which differentiates one group of people from another along primary and secondary dimensions. *Primary dimensions* of diversity, those exerting primary influences on our identities, are gender, ethnicity, race, sexual orientation, age and mental or physical abilities and characteristics. The primary dimensions shape our basic self-image as well as our fundamental world views. Additionally, they have the most impact on groups in the workplace and society. *Secondary dimensions* of diversity are less visible, exert a more variable influence on personal identity and add a more subtle richness to the primary dimensions of diversity. They include: educational background, geographic location, religion, first language, family status, work style, work experience, military experience, organizational role and level, income and communication style. The secondary dimensions impact our self esteem and self definition.

There is a definite trend towards definitions of a multiplicity of diversity dimensions; Arredondo [2004] adds culture, social class and language to the primary dimensions and healthcare beliefs and recreational interests to the secondary dimensions. She further adds a tertiary dimension, which encompasses historical moments experienced. Maier [2002, pp. 132–134] lists 38 possible diversity dimensions, and further suggests that his item “character traits” is “infinitely expandable”. He illustrates this multi-dimensionality by reference to the individual as a kaleidoscope.

The analogy of an iceberg comes to mind in the face of these potentially endless dimensions; the obvious characteristics of race, ethnicity, gender, age and disability relate to the small, visible portion of the iceberg, and are the basis of much anti-discrimination legislation around the world. Other dimensions such as religion, culture and political orientation are less obvious, and could be said to constitute the secondary dimensions lying just below the surface, which may be revealed with time. The tertiary dimensions are often the core of individual identity and lie deeper below the surface. It is the vast array of qualities that lie beneath the surface that provides the real essence of diversity to be tapped into, and these have not until recently been acknowledged. It should be noted that only some of the possible dimensions are shown in Table 1; the lists are in no way exhaustive.

**Table 1.** Dimensions of Diversity

Primary dimensions	Secondary dimensions	Tertiary dimensions
<ul style="list-style-type: none"> <li>• Race</li> <li>• Ethnicity</li> <li>• Gender</li> <li>• Age</li> <li>• Disability</li> </ul>	<ul style="list-style-type: none"> <li>• Religion</li> <li>• Culture</li> <li>• Sexual orientation</li> <li>• Thinking style</li> <li>• Geographic origin</li> <li>• Family status</li> <li>• Lifestyle</li> <li>• Economic status</li> <li>• Political orientation</li> <li>• Work experience</li> <li>• Education</li> <li>• Language</li> <li>• Nationality</li> </ul>	<ul style="list-style-type: none"> <li>• Beliefs</li> <li>• Assumptions</li> <li>• Perceptions</li> <li>• Attitudes</li> <li>• Feelings</li> <li>• Values</li> <li>• Group norms</li> </ul>

Source: based on R. Rijamampinina, T. Carmichael, A Pragmatic and Holistic Approach to Managing Diversity. *Problems and Perspectives in Management*, 1/2005, p. 109.

Table 1 indicates that diversity has many dimensions. These may intertwine to produce unique syntheses of human profiles, made up of both differences and similarities. The dimensions interact with and influence one another, and emerge or are displayed differently in different contexts, environments and circumstances, making analysis and management complex. Race, for example, may be more dominant than age in a certain social situation, but may be less dominant than education in a work context. Thus the position and dominance of each dimension are not static, but dynamic, making the concept of diversity more complex. In addition to this, the secondary dimensions are more malleable and many of them will change over time. Diversity is not simple, not easy to grasp and not easy to manage. By using socio-demographic traits as independent variables to operationalise diversity, most diversity studies has understood diversity as a given, fixed individual or group essence [Litvin 1997]. Thomas [1996] sums the situation up by observing that diversity in business has for too long been associated with multicultural, multiethnic and multiracial aspects of the workforce. He defines diversity as “any mixture of items characterised by differences and similarities” [Thomas 1996, p. 5]. In support of this view, this paper proposes that diversity be redefined as “the collective, all encompassing mix of human differences and similarities along any given dimension”.

### 3. Cultural homogeneity and diversity in the workplace – a comparative analysis

Cultural diversity has been defined as “the representation, in one social system, of people with distinctly different group affiliations of cultural significance”. It has been studied in both laboratory and field settings. Laboratory studies, grounded in the value-in-diversity perspective, have shown that diversity within work groups increases their effectiveness [Cox et al. 1991]. On the other hand, field studies, guided by social identity and related self-categorization theories, have suggested that diversity is associated with negative performance outcomes [Pelled et al. 1999].

Within culturally homogeneous groups, members will have a tendency to communicate with each another more often and in a greater variety of ways, perhaps because they share worldviews and a unified culture resulting from in-group attachments and shared perceptions [Earley & Mosakowski, 2000]. According to social identity theory, cultural homogeneity in management groups may thus increase the level of satisfaction and cooperation and decrease emotional conflict [Williams & O’Reilly 1998]. Since homogeneous groups do not have significant cultural barriers to social intercourse, positive social associations and in-group social contacts are fostered [Blau 1977]. This formulation suggests that deleterious social identity and self-categorization processes will not inhibit an organization with a culturally homogeneous management group. As cultural diversity increases, however, social comparison and categorization processes occur, and in-groups/out-groups and cognitive biases may occur, creating barriers to social intercourse [Blau 1977]. Therefore, as heterogeneity in management groups reaches moderate levels, the psychological processes associated with social identity theory and self-categorization processes may be more likely to emerge. These processes generate individual behaviours such as solidarity with others in a race- or gender-based group, conformity to the norms of one’s group, and discrimination towards out-groups [Tajfel & Turner 1985]. To the extent that multiple subcultures exist in moderately heterogeneous groups, conflict is potentially maximized [Earley & Mosakowski 2000], and intergroup interaction and communication may be blocked [Alexander, Nuchols, Bloom, & Lee 1995]. For example, Earley and Mosakowski [2000] found that moderately heterogeneous groups exhibited relationship conflict, communication problems, and low identification of members with an overall work group. Within management groups, the difficulties associated with moderate levels of heterogeneity may lead to negative performance outcomes for an organization. Although moderate levels of cultural heterogeneity may create barriers to effective social intercourse, high levels of heterogeneity could actually weaken these barriers [Blau 1977], since group members will be more evenly diffused over the categories of cultural diversity, and in-group/outgroup identities will be reduced [Alexander et al. 1995].

In groups with high levels of cultural heterogeneity, every-day social contacts and communication are more likely to involve members of different racial/gender groups. Further, the in-group pressures that inhibit social interaction with out-group members should be weakened [Blau 1977]. In management groups with high heterogeneity, out-group discrimination is thus less likely to exist. In fact, few common bases for subgroup formation and social identity are likely to exist in management groups with relatively high levels of diversity [Earley & Mosakowski 2000]. In addition, the processes associated with the value-in-diversity paradigm are fully realized within highly diverse management groups, which further enhances performance [Cox et al. 1991]. An organization with high levels of cultural heterogeneity in management may not be inhibited by social identity processes because organization members have many out-group contacts and may, instead, distinctly benefit from a diverse pool of resources.

#### **4. Double Effects of Diversity**

In sum, in keeping with presented above research diversity might have positive and negative contributions to organizational functioning depending on its level. There are some advantages and disadvantages for organizations which deserve to be discussed in detail.

There is substantial literature which argues that diversity has performance advantages over homogenous work structures [Cox, Lobel and MacLeod 1991]. First, multicultural organizations have an advantage in attracting and retaining the best talent. The capabilities of women and minorities offer a wider labour pool. Organizations that are able to attract and retain qualified minority group members and keep faith with them through fair and equitable career advancement treatments, gain competitive advantage and derive high quality human resources dividends. Second, a multicultural organization is better suited to serve a diverse external clientele in a more increasingly global market. Such organizations have a better understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations [Adler 1991]. Third, in research-oriented and hi-tech industries, the broad base of talents generated by a gender-and ethnic-diverse organization becomes a priceless advantage. "Creativity thrives on diversity" [Morgan 1989]. Fourth, multicultural organizations are found to be better at problem solving, possess better ability to extract expanded meanings, and are more likely to display multiple perspectives and interpretations in dealing with complex issues. Such organizations are less susceptible to "groupthink." Fifth, multicultural organizations tend to possess more organizational flexibility, and are better able to adapt to changes. Women, for instance, are said to have higher tolerance for ambiguity than men [Rotter & O'Connell 1982].

Diversity has some drawbacks which moderate its significant advantages. In problem-solving situations, extraordinary costs in time and financial resources

can negate the benefits of synergy, and can even degenerate into dysfunctional conflicts. Diversity does not fare as well under conditions of uncertainty and complexity which may lead to confusion and frustration. Diversity can make it harder to arrive at an agreement on a particular course of action, and can result in negative dynamics and cultural clashes that can create work disadvantages for women and minorities. Traditionally, cultural conflicts between majority and minority group members are usually resolved in favour of the majority groups. This, in turn, creates significant barriers to full participation by minority members in potentially conflict situations. In an analysis of 151 work groups, Tsui, Egan and O'Reilly [1992] found diversity to be associated with lower levels of psychological identification with group members which would tend to detract from overall performance and result in adverse effects on organizational measures of productivity, absenteeism and turnover. Homogenous groups have been reported to outperform culturally diverse groups especially where there are serious communication issues which make it more difficult for everybody to make optimal contributions to the group effort. Higher turnover and absenteeism are special problems identified with multi-cultural organizations. Several research studies since the 1960's have found women and other minorities to be consistently higher on absenteeism and turnover than their majority-member counterparts. In a study of twenty work units, O'Reilly, Caldwell and Barnett [1989] concluded that heterogeneity in groups was associated with lower levels of group social integration which resulted in higher individual turnover. They concluded that out-group members were more likely to leave the organization. Using a hypothetical company of 10,000 employees, Cox estimated that absentee differences attributable to multiculturalism would cost a company an average of three million dollars per year [Cox 1993, p. 25].

Milliken and Martins [1996] argued that diversity can affect an organization's functioning through four types of mediating variables. First, diversity can have "affective consequences", such as lower organizational commitment or lower satisfaction, because people prefer interactions with similar others. Second, "cognitive outcomes" refer to an increase in creativity and innovation. Diversity can enhance a group's ability to gather and process information and therefore it could result in a greater creativity. Third, a diverse organizational workforce is a symbol of equality. These "symbolic effects" are important for an organization's reputation. And last, diversity also has clear implications on the communication process within a group or organization, i.e. "communication effects". Milliken and Martins' typology takes into account the fact the diversity can have both positive and negative effects on the functioning of organizations. Also Benschop [1999] argued that their typology provides a clear view on the effects of diversity on an organization's functioning.

## 5. Cultural diversity in the perspective of Firms operating In the Podlaskie region

Geographical and historical conditions have made Podlaskie Voivodeship a place of coexistence of various nations and cultures. Multinational character provided background for the creation of distinct systems of values and attitudes, characteristic to the representatives of different denominations inhabiting the north-east of Poland. Nowadays, those who constitute the largest ethnic groups for the most part are members of Catholic and Orthodox Churches<sup>1</sup>

On the basis of the review of the features specific for orthodox and catholic cultures described in theological literature it can be predicted, that the differences might be visible in companies operating in culturally diverse regions. When translated into organizational reality they could mean that there are varied approaches to organizational phenomena. They are presented in the Table 2.

**Table 2.** Cultural traits of Catholics and Orthodox believers

For Orthodox believers	For Catholic believers
<ul style="list-style-type: none"> <li>• a group is more important than an individual person, a group cannot be wrong, the group's representation works for all the group members</li> </ul>	<ul style="list-style-type: none"> <li>• an individual is responsible for his/her life and is independent from other members of the group, has ability to critical self-assessment and difficulty to create a group in organization</li> </ul>
<ul style="list-style-type: none"> <li>• passive attitude is characteristic, authorities can make decisions concerning individuals without giving a reason standing behind them, no instructions are given</li> </ul>	<ul style="list-style-type: none"> <li>• active, rational and social attitude is specific, explaining and instructing is important</li> </ul>
<ul style="list-style-type: none"> <li>• phenomena are unrecognisable, rational arguments are not useful for attaining truth which has no logical nature; they have distaste for strict and conceptual thinking, they reveal preferences for emotional experiences and influencing sub consciousness</li> </ul>	<ul style="list-style-type: none"> <li>• rationalism, gaining knowledge by learning, appealing to intelligence and logic are distinctive</li> </ul>

<sup>1</sup> According to 31.12.2000 data there are 1,222,709 inhabitants of Podlaskie Voivodeship. The Catholic and Orthodox congregations make 77% and 13,5% of all inhabitants of Podlaskie Voivodeship respectively (in some districts, for example in Hajnowski district, the inhabitants are over 80% Orthodox Church believers).

<ul style="list-style-type: none"> <li>the only freedom possible to achieve by humans is spiritual, the necessity of choices limits human liberty</li> </ul>	<ul style="list-style-type: none"> <li>freedom means the freedom of choice which together with responsibility is the most important value</li> </ul>
<ul style="list-style-type: none"> <li>any award results from approaching to organizational power or authorities. For being awarded individual must change and fit to its expectations</li> </ul>	<ul style="list-style-type: none"> <li>to deserve an award men should take actions which lead to reward. Any reward is always a natural consequence of desirable behaviour</li> </ul>

Source: based on B. Mazur, K. Bargłowski, *How to manage Eastern and Western Christians successfully in one organization?* Proceedings of cAIR10, the first Conference on Applied Inter-culturality Research (Graz, Austria, 7-10 April 2010, [www.uni-graz.at/fAIR/cAIR10/text/procs/Mazur\\_Bargłowski-cAIR10.pdf](http://www.uni-graz.at/fAIR/cAIR10/text/procs/Mazur_Bargłowski-cAIR10.pdf))

Companies in Podlaskie Voivodeship operate in an environment of cultural multiformity which stem from the province's location and history, as the area has always been a melting pot of different religions and ethnicities. In December of 2009 the research embracing some of these companies was conducted. Researched were 32 companies operating in the most religiously diverse parts of the Podlaskie Vivodship in the districts of: Białystok, Hajnówka, Siemiatycze, Bielsk Podlaski and Sokółka. Half of the analyzed companies represented a group of big firms included in *100 Biggest Companies of the Podlasie Region*, the other half located in the same districts as the firs ones represented the sector of small and medium companies.

Random sample frame consisted of companies representing different sectors – from traditional as mining industry through communal services to modern technology represented by telecommunication companies. Using data provided by the HR executives in the interviews, let to assess in what way the diversity was perceived by the companies.

The purpose of the research consisting of 4 questions was to perceive the differences between the workers representing catholic and orthodox culture in companies operating in the Podlasie region. Questions asked were aimed to gain information about the results of the differences to the functioning of the company: perception of cultural diversity of the workers as a profit or liability for the company. The scale of the results consists of: affective, cognitive, symbolic and communication effects.

Answering the question – *Do the companies notice employees engage less while working with people whose religion varies* – there were 32 negative answers that do not show affective effects. That means – that none of the analyzed companies confirmed negative influence on the engagement of the employees doing tasks in mixed religious groups.

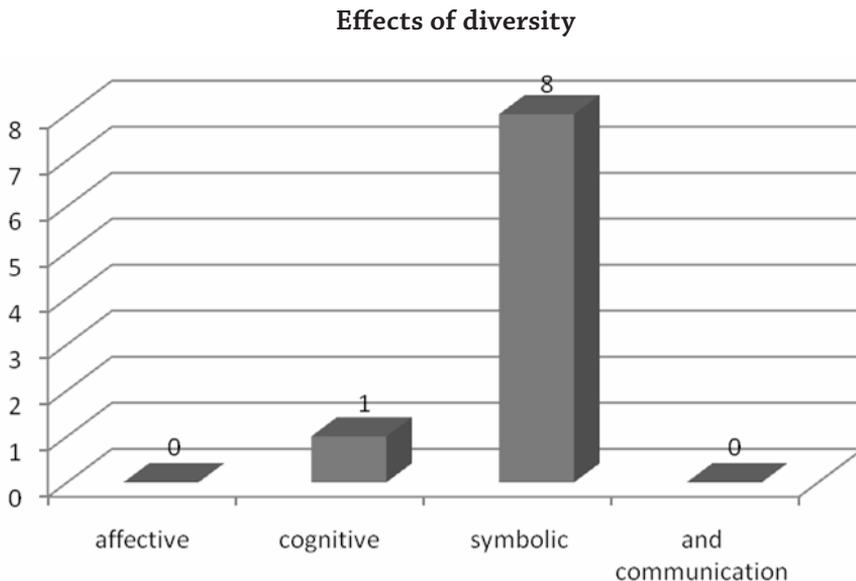
The next question aiming at grading the level of creativity and innovativeness was this: Did you notice a higher level of creativity and innovativeness of the

employees when they work with the religiously different? Also in this case the answers were almost homogenous - 31 companies did not confirm the higher level of creativity of employees co-working with people representing a varied religiously environment. So this time also as to the cognitive effect in the analyzed companies there was no evidence apart from one company that it exists.

The question – Do you reckon that by employing workers of different religions your company will have better image and bigger chances on the work market? – which was aimed to grade the level of the symbolic effect, was the one to differentiate the inquired mostly. 8 companies agreed to the suggestion that by hiring different religiously workers the companies will create a better image and will have bigger pool of talented people to chose from on the work market, while 23 remaining companies did not agree to that suggestion. One company did not give a particular answer to the issue.

Answers given to the question – Do the companies observe a lower level of communication between workers while they work with people of an other religion, – did not confirm the existence of the communication effect. None of the 32 companies did confirm the fact of a worsening level of communication between religiously- varied working groups.

The results of the research are presented on the graph 1.



Source: own research.

## 6. Conclusions

A diverse workforce is a reflection of a changing world and marketplace. In the laboratory research diverse work teams bring high value to organizations and respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to the same opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organizations need to learn how to adapt to be successful.

In the exploratory research the benefits of the diverse workforce were not fully confirmed. The only advantage of cultural diversity indicated by the companies was better image and bigger opportunity on the marketplace with finding the best personnel for companies. Results of the research suggest that diversity is neither a great asset (in terms of innovation and creativity) or a liability but definitely is closer to the first one because of its symbolic effect (image).

### Abstract

*This is a paper examining the arguments in favour and against diversity in organisations.*

*The purpose of this paper is to review the literature on cultural diversity, enumerate the advantages and disadvantages of diversity in organizations and examine the effects of diversity as perceived by organizations represented by chosen companies operating in the Podlasie region.*

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