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# Building a multicultural organisation: A conceptual model for organisational change in the 21st century

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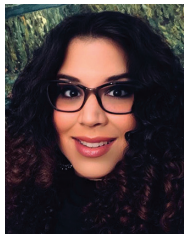


## Jake Beniflah

Executive Director, Center for Multicultural Science, USA

Jake Beniflah is the Executive Director of the Center for Multicultural Science, a leading US non-profit, non-partisan multicultural marketing research think tank and data science accelerator dedicated to increasing the representation of women, and ethnic and racial minorities in the USA. Dr Beniflah is the founder and editor-in-chief of the *Journal of Cultural Marketing Strategy* and author of 'The Big Shift: Redefining Marketing in a Multicultural America'. He has a doctorate in business administration from Golden Gate University.

Center for Multicultural Science, 5700 Wilshire Blvd, Ste. 1100, Los Angeles, CA 90021, USA  
E-mail: [jake@multicultural-science.org](mailto:jake@multicultural-science.org)



## Julie Veloz

Vice President of Diversity Intelligence & Strategy, Interpublic Group of Companies, USA

Julie Veloz is the Vice President of Diversity Intelligence and Strategy for the Interpublic Group of Companies, a global leader in marketing solutions, employing more than 50,000 diverse and talented individuals worldwide. Julie is a subject matter expert in learning and development, diversity and inclusion, and organisational change. Her work has appeared in such publications as *Forbes*, *Adweek*, *AdAge* and *Shark Tank* with Daymond John, among others.

E-mail: [julie.veloz@ipg.com](mailto:julie.veloz@ipg.com)

**Abstract** Over the next 50 years, several factors are expected to change the composition and size of the US labour market, most notably: (1) the growing number of baby boomers retiring from the workforce, (2) the stabilisation of women's participation in the workforce, and (3) increasing racial and ethnic diversity. With higher population growth, fertility and workforce participation rates, the US multicultural population is projected to account for a much larger proportion of the US workforce in the decades to come. The degree to which corporate America is able to maximise productivity and manage cultural diversity effectively will not only impact workforce participation, but also economic output. This paper proposes a conceptual framework for cultural diversity to help corporations manage their increasingly diverse workforce and help transform their companies into multicultural organisations to better serve their diverse employees — and their consumers. The paper outlines a robust toolkit, arguing that companies must take a comprehensive approach to address the lack of diversity in corporate America rather than launch 'diversity and inclusion' initiatives, as many have recently done. Future research and discussions on this topic are warranted.

**KEYWORDS:** multicultural organisation, multiculturalism, organisational change, competitive advantage, cultural diversity, diversity and inclusion, management

## INTRODUCTION

Corporate America is currently at a crossroads.<sup>1</sup> Companies that value cultural diversity are likely to prosper, while those that choose to ignore it are likely to suffer the consequences.<sup>2</sup> Lessons from previous crises suggest that there is a real risk that today's 'diversity and inclusion' efforts may recede as a strategic priority.<sup>3</sup> This may be unintentional, as corporations shift their focus on new and more pressing problems. Others have proposed that the recent interest in diversity and inclusion programmes is short-lived and driven by external social and political pressures.<sup>4</sup>

This paper argues that companies pulling back on diversity and inclusion are likely to place themselves at a competitive disadvantage.<sup>5</sup> Such companies not only risk backlash from customers and employees, but also fail to position themselves for growth in a competitive marketplace. This paper proposes a comprehensive conceptual framework of cultural diversity at the organisational level. The first half of the paper outlines three types of organisations (monolithic, plural and multicultural) that can help senior leadership transform their companies by elevating the value of cultural diversity. The second half of the paper provides a toolkit that can be used to drive organisational change. Simply put, corporate America is currently at an inflection point.<sup>6</sup> What companies do today may determine whether they win or lose in a marketplace that is increasingly becoming multicultural.

## Types of organisations

Like other major organisational changes, enhancing organisational capabilities to benefit from a diverse workforce should begin by creating a vision of change.<sup>7</sup> The objective of managing work diversity is to create organisations in which members of all sociocultural backgrounds can contribute and achieve their full potential

in order to maximise productivity and drive a competitive advantage.

Organisational change can be facilitated by explicitly identifying the characteristics of multicultural organisations.<sup>8</sup> In what follows, this paper describes three organisation types: monolithic, plural and multicultural.

### *Monolithic organisation*

The single most important factor about a monolithic organisation is that it is not culturally integrated, even in the formal structure. The organisation is demographically and culturally homogeneous. Such organisations are characterised by an overwhelming white male majority in the overall employee population, with relatively few white women or racial and ethnic minorities. Monolithic organisations<sup>9</sup> feature extremely high levels of occupational segregation, concentrating women and ethnic and racial minorities in low status jobs. As a result, the representation of people from minority cultural backgrounds is limited in the overall work population as well as in the power structure of the organisation.

The characteristics of a monolithic organisation follow from the relative absence of people from different cultural backgrounds. Hiring decisions in a monolithic organisation exclude people who are demographically different from the majority and the effects of cultural differences on organisational experiences are generally ignored or misunderstood. People from non-majority backgrounds who enter monolithic organisations must adopt existing organisational norms framed by the majority group as a matter of organisational survival. As such, because the organisation has been designed and managed almost exclusively by members of one cultural group, bias unfavourable to persons of other cultural backgrounds is embedded in the practices and policies of that organisation.<sup>10</sup>

One positive note is that intergroup conflict and the other potential drawbacks of diversity are minimised in this type of organisation by virtue of the relative homogeneity of the workforce. It is worth emphasising that the creation of monolithic organisations is not always deliberate. Some companies exist as a natural consequence of the homogeneity of the membership. Aside from the rather obvious downside implications of the monolithic model in terms of under-utilisation of human resources and social equality, the monolithic organisation is not a realistic option for most large corporations in the 21st century. Monolithic organisations were far more common in the first half of the 20th century prior to the civil rights and feminism movements and the beginnings of changes in workplace demographics. As such, many organisations responded to these societal forces by creating the plural organisation.<sup>11</sup>

### *Plural organisation*

The plural organisation differs from the monolithic organisation in several important respects. It has a more heterogeneous membership than the monolithic organisation and takes steps to be more inclusive and accepting of people from cultural backgrounds that differ from the dominant group. These steps include affirmative action programmes; manager training on equal opportunity issues such as civil rights laws, the Americans with Disabilities Act 1990 and sexual harassment; and audits of compensation systems to prevent discrimination against minority group members. As a result, the plural organisation achieves a much higher level of structural integration and may have a lower incidence of institutionalised bias than the monolithic organisation.

The plural organisation<sup>12</sup> represents a marked improvement over the monolithic

organisation in managing employees of different cultural backgrounds. Nevertheless, this type of organisation is not multicultural. The problem of skewed representation across functions, organisational levels and work groups — typical in the monolithic organisation — is also present in the plural organisation. The plural organisation features only partial structural integration. In addition, the plural organisation continues the assimilation model to acculturation that is characteristic of the monolithic organisation. As a result, the plural organisation tends to be diverse in terms of this phenotype, but genuine cultural diversity in these organisations may actually be limited. The failure to address cultural aspects of integration is a major shortcoming of the plural organisation, and is a major point distinguishing it from the multicultural organisation. In addition, although the greater structural integration and more tolerant culture of the plural organisation improve opportunities for non-majorities to participate in informal networks within the organisation, full participation is still quite limited. Institutional bias continues to occur in plural organisations.

The plural organisation has been prevalent in the USA since the 1960s and represents large corporations today. These organisations emphasise an affirmative action approach to managing diversity. Since the 1980s, corporations have seen an increased evidence of resentment toward affirmative action among white males. They argue that such policies discriminate against white males, and therefore perpetuate the practice of using group identities such as race and ethnicity, nationality or gender, as a basis for making personnel decisions. They also argue that it is not fair that whites today be disadvantaged to compensate for management errors made in the past. This backlash, coupled with the increased number of women and non-white men in organisations, often creates

increased intergroup conflict in the plural organisation that is present in monolithic companies.

### *Multicultural organisation*

An organisation which simply contains many different cultural groups is considered a plural organisation. A multicultural organisation,<sup>13</sup> however, values diversity and has an understanding of the distinction between tolerating diversity and valuing it. In essence, the multicultural organisation has the following six characteristics: (1) culture that fosters and values cultural differences, (2) pluralism as an acculturation process, (3) full structural integration, (4) full integration of the informal networks, (5) an absence of institutionalised cultural bias in human resource management systems and practices, and (6) a minimum of intergroup conflict due to the proactive management of diversity. While few, if any, organisations have fully achieved these characteristics, they can be utilised to create a more comprehensive vision for organisational change to manage workforce diversity more effectively. Table 1 provides a side-by-side comparison of these six dimensions across the three organisational typologies. The following section outlines a conceptual model toward organisational change.

## **CONCEPTUAL FRAMEWORK**

### **A model toward organisational change**

Multicultural organisations have specific characteristics that are different from most traditional organisations.<sup>14</sup> Organisations wishing to maximise the potential benefits of diversity and minimise potential drawbacks (ie interpersonal conflict, turnover, work group cohesiveness, and coherent action on major organisational goals) must transform monolithic and plural organisation into multicultural ones. A comprehensive development effort designed to improve organisational capabilities and the management of cultural diversity, and the transformation of traditional organisations into multicultural ones, should contain a number of key dimensions. The following section outlines five dimensions of the proposed change model.

### *Leadership*

Leadership refers to the need for champions in the cause of diversity who (1) will take strong personal stance on the need for change, (2) model the behaviours required for change, and (3) assist with the work of moving the organisation forward. As with many other major organisation change efforts, the support and genuine commitment of top management are

**Table 1:** Dimensions of three types of organisations

| Dimension                                 | Monolithic                                | Plural                         | Multicultural                     |
|---|---|--------------------------------|-----------------------------------|
| Culture                                   | Ignores or actively discourages diversity | Ignores or tolerates diversity | Values diversity                  |
| Acculturation process                     | Assimilation                              | Assimilation                   | Pluralism                         |
| Degree of structural integration          | Minimal                                   | Partial                        | Full                              |
| Degree of informal integration            | Minimal                                   | Limited                        | Full                              |
| Institutional cultural bias in HR systems | Ubiquitous                                | Prevalent                      | Minimised or eliminated           |
| Intergroup conflict                       | Minimal due to identity homogeneity       | Significant                    | Minimised by management attention |

Source: Adapted from: Cox, T. (1993) 'Cultural Diversity in Organisations', Berrett-Koehler Publishers, Inc. San Francisco, CA.

critical. This commitment can be reflected in a number of ways: (1) the commitment of resources to the effort, (2) inclusion of managing diversity as a component of the business strategy, (3) a willingness to change corporate-wide human resource management practices, such as performance appraisals and compensation structures, (4) a willingness to keep mental energy and financial support focused on this objective for a period of years, and (5) the establishment of valuing diversity as a core value of the firm that receives the same priority as other core values such as innovation, sustainability and total quality.

It is important to emphasise that top management commitment alone is not enough. Also needed are champions at the lower levels of the organisation. Many organisations are addressing the leadership requirement in part by changes in organisational structure, such as the appointment of full-time directors of diversity or diversity coordinators. The job of champions is to work with other members of the organisation to plan and execute organisational development work on diversity. Frequently, their tasks include working closely with outside consultants, planning training activities, coordinating work across units so that learnings are shared across the organisation, and monitoring progress. The creation of a full-time position may not seem warranted for some companies. For others, it is much needed.

Another issue related to organisational structure is whether or not diversity change work should be combined with work towards equal employment opportunities (EEO). In many companies, executives in diversity work are former EEO officers and the two roles are combined. However, in an increasing number of companies, these tasks are being separated. One reason for this is that executives want to reinforce the message that managing diversity work has broad implications on the organisation and has fundamental differences with the

traditional EEO work.<sup>15</sup> The second way that organisations bring leadership to diversity work is through the formation of steering committees and advisory groups. These are normally composed of middle managers from a variety of task functions and are often headed by a senior manager or corporate executive. Although a full-time executive for diversity makes sense for larger organisations, it is important that companies appoint an executive responsible for diversity work in addition to, rather than a substitute for, a broader involvement team such as a diversity task force. This is especially important in the early stages of the work. A major reason for this is that an inter-departmental team helps to gain commitment throughout the organisation where the changes to how people relate on a daily basis must take place.

An additional task of leadership is the development of an explicit strategy for communicating to the organisation about the developmental work on diversity.<sup>16</sup> This is needed for several reasons. First, the nature of the work itself deals with sensitive and sometimes emotional issues that are difficult to work on in organisations. How the work is presented to members of the organisation, as a result, becomes more important. It is critical to help them understand what is meant by managing diversity, how this is different from the affirmative action programmes of the past, and to recognise that there are organisational performance implications for having and using cultural diversity in the organisation.<sup>17</sup> A second reason is that many organisations have several other initiatives involving cultural change occurring at the same time; as such, in many organisations there is a concern that managing diversity will be viewed as 'the new flavour of the month',<sup>18</sup> and to even elevate diversity and inclusion into the company's corporate values. One way to address this is to integrate diversity work with one or more of the other initiatives across the organisation. It is also clear that managing diversity is also linked to

cross-functional teams.<sup>19</sup> One advantage of this type of integrated approach is that it reinforces the fact that diversity dynamics are an integral part of everyday life in a corporation, and need to be considered in all activities. A downside risk is that diversity work will be lost or watered down.

Another important aspect of the communication strategy is how, when and to whom organisational data collected as part of the developmental process should be communicated across leadership and other levels of the organisation. In this regard, it should be noted that even preliminary interviews that surface issues of diversity are a form of organisational intervention, which may create expectations of feedback on employees. Organisational leaders should therefore think carefully about what kind of feedback is required. Communication is also important to maintain momentum of the work as time goes on. This is particularly noticeable after awareness training has been completed. Some organisations have used company newsletters for this purpose. It is also a good idea to make updates on diversity initiatives a regular part of staff training. Bulletin boards, e-mails and online publications are useful to publish special events such as diversity day celebrations or management achievement awards related to diversity.

### *Research and measurement*

The third dimension is the collection of information about diversity-related issues. Many types of data are needed, including measures of the organisational culture, traditional equal opportunity profile data, analysis of attitudes and perceptions of employees and data highlighting the differential career experiences of members from different cultural groups.

Needless to say, research has several important uses. First, it is often helpful in servicing issues and concerns that may be useful to address in the education process.

Secondly, research is needed to identify areas of organisational culture, management practices and interpersonal relations or changes needed and to provide cues as to how to make these changes. Thirdly, research is a means of evaluating the change effort. One aspect of the research programme should be to obtain baseline data on key indicators of the diversity environment that can be updated periodically to assess progress. As with other key business strategies, when measurement is coordinated across the departments of an organisation, there is an opportunity for benchmarking and improved organisational performance.

### *Education*

The most commonly utilised starting point for organisation development work on managing diversity is some type of employee education programme. The education programme begins with a one to three-day workshop focusing on increasing awareness and sensitivity to diversity issues. It is highly desirable for this training to begin with senior managers and then proceed throughout the rest of the organisation. Ideally, all employees should be trained. Most organisations have found it advantageous to have outside trainers assist with the workshops, at least for some initial period of time. However, for economic reasons and in order to build commitment, it is recommended that in-house expertise be developed in completing the training. Most experts on the subject matter are able to provide training designs and trainer workshops to help organisations launch their efforts.

Awareness training for existing employees is only part of the education component of the proposed model. Training must also be built into new hire orientation programmes so that coverage does not include or decline as employee turnover occurs. Advanced training is also essential. This training should focus more on building specific skills and

helping individuals understand their role in implementing the organisation change process. Some of the following topics can be included: (1) providing tools in managing differences, (2) developing managerial skills, (3) recruiting for a diverse workforce, and (4) learning from and sharing information with one another.

There have been some attempts to formally assess the importance of awareness education as an influence on how people feel and think about diversity issues. These preliminary accounts indicate that even elementary education efforts have a positive affect on perceptions and attitudes. Most experts agree that education is a crucial first step; however, it is important to recognise that it has limitations as an organisation change tool and should not be used in isolation. It is unlikely that a seminar or two around awareness education in diversity can drive sustained change in a corporation. As such, is also important to approach training as an ongoing education process rather than a one-shot seminar.

#### *Culture and management systems audit*

The fourth dimension of the change model is a comprehensive assessment of the organisational culture regarding human resource management systems. This includes recruitment, training and development, performance appraisal, potential assessment and promotion, and compensation and benefits. This aspect of the work is sometimes referred to as a 'culture audit'.<sup>20</sup> The primary objectives of this assessment include: (1) uncover sources of subtle bias in the management practices and policies that may create barriers to performance for employees, and (2) identify ways in which the organisation culture may be inconsistent with the needs of a diverse workforce. Regarding the first objective, it is important to look beyond surface data in auditing management systems. The audit must be an in-depth analysis

of the systems, and is often best done with the assistance of an external cultural diversity expert. Regarding the second objective, consider a scenario in which an organisation's culture places a high value on aggressiveness. Such a value might put individuals from certain identity groups within the organisation at a disadvantage if their secondary culture discourages such behaviour. If the preservation of this value is viewed as central to organisational effectiveness, the solution may be to acknowledge that conforming to this norm places a greater burden on some members of the organisation than on others, and that assistance to learn the behaviour may be needed. However, this scenario more likely illustrates a situation in which organisational values need to change so that other styles of accomplishing work are accepted and appreciated. A part of the culture audit is to identify the prevailing values and norms and then examine them critically in light of the diversity of the workforce. The results of the audit must be translated into an action plan for specific change to an organisation's management systems. Before the assessment is undertaken, there should be a commitment from senior management to consider these changes seriously and implement at least some of the recommendations that come out of the audit. The overall objective is to identify and remove barriers to excellence. Barriers to the performance of all employees, and not just minority group members, must be addressed to maximise organisational productivity.

#### *Follow-up*

The final dimension of the model is follow-up. The two principal aspects of follow-up are to establish accountability for results and create explicit mechanisms for evaluating effectiveness. Both accountability and evaluation should be governed by the philosophy of continuous improvement. This means that the goal is for the participation

of all members, and for the adverse effects of group identity to be reduced to zero. This is analogous to the zero defect goal of total quality management. Progress toward the multicultural organisation is acceptable only as an interim goal. The ultimate goal is to achieve a zero correlation to sociocultural identity with opportunity and achievement, as well as full capitalisation on the benefits of a diverse workforce.<sup>21,22</sup>

The follow-up dimension of diversity work requires that the change process be monitored and ultimately institutionalised. Like other management efforts, work on diversity requires accountability and control. During the initial years of the organisation development effort, strategic accountability rests with senior management, while operational accountability for the change process might be assigned to the diversity task force or a manager of diversity or both. Ultimately, accountability for preserving the changes must be established with every manager. In order to establish accountability, specific objectives related to diversity are needed, as well as changes in the performance appraisal and reward processes of the organisation to reinforce the importance of meeting these objectives.

It is important that these objectives address a broader range of issues than the traditional workforce profile data monitored under affirmative action. Organisations need to assess managerial competency for leading diverse workgroups, and build these assessments into both development efforts and performance evaluation ratings. Quantitative measures include a culture group profile of employees mentored and of persons moved for developmental purposes. Qualitative measures include activities to support culture group-based resource groups in activities initiated by the manager for the purpose of promoting pluralism. Accountability is further enhanced by providing incentives to managers for performance on diversity-related goals.

However, much additional work is required in this area to clarify effective measures and methods.

While a major part of accountability is monitoring and rewarding individual performance, there is also a need for evaluating organisational performance.<sup>23</sup> It should be emphasised that two distinct types of evaluations are needed. First, it is important to evaluate performance on the achievement of diversity-related goals; secondly, it is important to assess the impact of managing diversity and other organisational performance indicators. Establishing direct linkages between diversity-related issues, such as ethnocentrism, stereotyping and minority group density, with measures of organisational outcomes such as profits is problematic for several reasons. First and foremost is the fact that profits are influenced by so many factors that it is difficult to isolate the specific cause of profit levels.<sup>24</sup> This fact is well understood by most managers with regard to organisational activities such as human resource initiatives and advertising. The second reason is that the linkages occur in a lag-time fashion, so that changes in the causal factors may not be detectable at the organisational outcomes level for many years. A third factor has to do with the problems inherent in measuring and comparing variables across organisations. As measures relating to diversity may not be effectively developed at the organisational level, measurement validity for inter-organisational analysis is difficult. For all of these reasons, the best approach may be one that applies a stage model to evaluation. Stage one should evaluate the affective outcomes of individuals, such as career satisfaction, job involvement, organisational commitment and attitude changes. At stage two, individual achievement measures such as intergroup differences in performance ratings, promotion rates, and compensation should be measured. At stage three,



organisational performance indicators such as work quality, turnover, productivity and absenteeism should be addressed. Finally, market share and profitability should be examined as long-term measures of effectiveness.

In summary, increasing diversity presents challenges to business leaders, who must maximise the opportunities that it presents while minimising its costs. To accomplish this, organisations must undergo an organisational transformation — from a monolithic or plural organisation to a multicultural model. The multicultural organisation is characterised by a culture that values diversity, the integration of non-majority members both formally and informally in its organisational structures, the absence of bias in management systems, and a minimum of intergroup conflict. The organisation that achieves these conditions is poised to create an environment in which all members can contribute to the organisation's maximum potential.

The following section of this paper provides specific tools and techniques that have been successfully used by leading organisations to begin the transformation process, taking a monolithic or plural organisation to the multicultural model. Table 2 summarises the most helpful tools for the six dimensions outlined in Table 1.

## **TOOLS FOR ORGANISATION AND CULTURE CHANGE**

### **Culture change**

The process of changing organisational cultures is a long-term and difficult process.<sup>25</sup> Resistance to changing the fundamental ways of doing business, which in many companies have changed very little over the last 50 years, is inevitable.<sup>26</sup> As difficult as it may be, it is clear that excellence in managing a diverse workforce will require changes in culture for many organisations. Once the organisation has the leadership commitment to change, and a vision of

what the goals are, there are three primary means by which organisational cultures can be changed: (1) selection process, especially of managerial personnel, (2) changes in management systems — especially of evaluation and reward systems, and (3) ongoing education and communication activities.

Cultures are changed by changing the type of people who work in the organisation.<sup>27</sup> People vary a great deal in their personal attitudes and value systems related to diversity issues. In the long run, behaviours will depend greatly on what these attitudes and values are. By hiring and promoting people who are tolerant of differences and who embrace the value of diversity on a personal level, organisations can go along way toward creating a multicultural organisation. In addition to the three primary methods of selection, rewards and education, virtually all of the other techniques mentioned in Table 2 will impact organisational culture as well.

### **Creating pluralism**

#### *Training and orientation programmes*

The most widely used tool among leading organisations is managing or valuing in cultural diversity training. It is important to select a diverse group of trainers, including a significant representation of white males — or whatever the majority identity group is in the organisation. It is also important to select people who have developed insights into the substance of the issues.

Another training issue is finding the right mix of intellectual and emotion-based learning. A related issue is the extent to which the personal experience of participants should be used as a vehicle for learning purposes versus that of e-learning and other similar programmes. Three factors should guide these decisions: the time available for the training, knowledge of the intended audience, and the skill and experience of the facilitators.

**Table 2:** Organisational transformation: diversity tools and techniques by organisational dimension

| Dimension  | Tools   |
|--|---|
| <i>Culture</i>   |   |
| Objective: Create climate in which members of all identity groups exce   | <ul style="list-style-type: none"> <li>– Hire or promote people who embrace the new values</li> <li>– Reinforce values in rewards and appraisal</li> <li>– Educate and communicate</li> </ul>   |
| <i>Pluralism</i>   |   |
| Objectives: (1) Create a two-way socialisation process and (2) ensure influence of minority culture perspectives on core organisation norms and values             | <ul style="list-style-type: none"> <li>– Managing/valuing diversity (MVD) training</li> <li>– New-member orientation programs</li> <li>– Language training</li> <li>– Diversity in key committees</li> <li>– Explicit treatment of diversity in mission statements</li> <li>– Identity-based advisory groups</li> <li>– Create flexibility in norm systems</li> </ul> |
| <i>Structural integration</i>  |   |
| Objective: No correlation between culture group identity and job status  | <ul style="list-style-type: none"> <li>– Diversity in key committees</li> <li>– Education programme</li> <li>– Affirmative action programmes</li> <li>– Targeted career development</li> </ul>  |
| <i>Integration in informal networks</i>  |   |
| Objective: Eliminate barriers to entry participation   | <ul style="list-style-type: none"> <li>– Mentoring programmes</li> <li>– Company-sponsored social events</li> <li>– Support groups</li> </ul>   |
| <i>Institutional bias</i>  |   |
| Objective: Eliminate bias ingrained in management systems  | <ul style="list-style-type: none"> <li>– Culture audit</li> <li>– Survey feedback</li> <li>– Changes in manager performance evaluation and rewards</li> <li>– HR policy and benefits changes</li> <li>– Task forces</li> </ul>  |
| <i>Intergroup conflict</i>   |   |
| Objectives: (1) Minimise interpersonal conflict based on group identity, (2) minimise backlash by dominant group members, and (3) promote intergroup understanding | <ul style="list-style-type: none"> <li>– Survey feedback</li> <li>– Conflict management training and conflict-resolution techniques</li> <li>– MVD training</li> <li>– Core groups</li> <li>– EEO-related training</li> </ul>   |

Adapted from: Cox, T. (1993) 'Cultural Diversity in Organisations', Berrett-Koehler Publishers, Inc. San Francisco, CA.

### *Ensuring multicultural group input and acceptance*

The most direct and effective way to promote the influence of minority culture norms on organisational decision-making is to promote cultural diversity across all levels of the organisation. An important supplemental method is to ensure diversity across key committees and task forces. Another technique is explicitly publishing the importance of diversity as a basis of

competitive advantage and human resource quality in a company's statements of mission and strategy. By doing this, organisations foster the mindset that increased diversity is an opportunity, and not a problem. One can easily read the annual reports to see whether or not an organisation has elevated cultural diversity to the organisational level. Corporate statements shed light on whether senior management understands the value of diversity as a driver of growth.

### *Support and advisory groups*

In many organisations, identity-based support groups, such as women's networks, have emerged. These groups are often referred to as employee resource groups. In some cases, the groups are of mixed identities while others are homogeneous. In addition to offering mutual support benefits for their members, these groups can be used effectively by organisational leaders as a means of broadcasting input for problem-solving and decision-making in general and especially for facilitating accomplishments in the organisation's ability to manage diversity.<sup>28</sup> By providing support groups with direct access to the most senior executives of the company and giving them an advisory role, the influence of minority group members on organisational culture and policy can be accelerated. Finally, a more complex, but potentially powerful, tool for promoting change toward pluralism is the development of flexible, highly tolerant climates that encourage diverse approaches to problems among all employees. Such environments are useful to workers regardless of group identity, but especially beneficial to people from non-traditional cultural backgrounds, because their approaches to problems are more likely to be different due to past norms. Among the operating norms of the company that promote pluralism are: encouragement of informality and unstructured work, flexible work schedules and loose supervision, setting objectives in broad terms with lots of individual employee discretion over how they are achieved, and a policy that researchers should spend at least 10 per cent of company time exploring personal ideas.

### **Creating full structural integration**

Despite the extensive effort that has been given to basic representational and glass-ceiling issues of diversity in the past 20 years, they continue to be significant challenges for many organisations today. Affirmative

action initiatives of various kinds continue to be paramount in addressing structural integration issues. Because of the centrality of structural integration to the overall managing diversity effort and because affirmative action has become increasingly controversial, this tool will continue to be more important than ever in the 21st century.

### *Affirmative action*

During the past 25 years, many US organisations have adopted affirmative action programmes as a tool to promote equal opportunity. There is considerable evidence that these efforts have been highly effective in changing the proportional representation of women and white men, especially at entry-level jobs and then lower level management and professional positions.<sup>29</sup> However, despite its widespread use and effectiveness, affirmative action has increasingly come under attack in recent years. In addition, many executives are somewhat confused about the role of affirmative action in the context of managing diversity initiatives.

There are at least three common beliefs about affirmative action that hinder its use.

The first is that affirmative action requires the use of rigid quotas for hiring specific numbers of minority group members. While quotas may be used in affirmative action programmes, they are by no means a required feature and many contemporary programmes do not use them. It is also important to distinguish between 'goals', which may be applied to any objective related to diversity, and 'quotas', which generally refer to a headcount approach to equal opportunity.

The second belief is that affirmative action results in the selection of unqualified people, and that it inevitably leads to a noticeable decline of the overall quality of human resources. While this result has occurred at times due to misguided efforts,

affirmative action was never intended to permit a lowering of minimum standards, which would actually undermine rather than facilitate equal opportunity.

The third, and perhaps most damaging, belief is that affirmative action is essentially reverse discrimination, so that opportunity for economic quality becomes lower for majority group members than for members of minority groups. To a significant extent, the potential for affirmative action to become a major source of intergroup conflict in organisation hinges on how reverse discrimination is defined and on the beliefs about the status of equal opportunity in contemporary organisations. If the use of affirmative action in selection decisions is viewed in the context of overall employment opportunity, then characterising it as reverse discrimination is inaccurate. If people from certain targeted identity groups are disadvantaged in seeking to obtain the qualifications required for employment, and if there continues to be discrimination against them in the absence of affirmative action, the use of affirmative action can be appropriately viewed as a balancing of overall employment. It is tempting to think that the removal of affirmative action is eliminating identity group discrimination rather than preserving discrimination in favour of the majority group. As a result, it is possible to view affirmative action as a method that addresses the disadvantages that members of outgroups have due to a combination of ethnocentrism and unequal power distribution. To this extent, its use might be supported as a way to compensate for the existing discrimination.

When viewed in the context of valuing diversity, there are two distinctly different motives for the use of affirmative action. First, it addresses the equal opportunity goal, which is the traditional use of affirmative action. It is a tool for redressing past and present factors that tend to systematically advantage or disadvantage individuals based on group identities like gender and racioethnicity.<sup>30</sup> Secondly, managing diversity

has given rise to an additional motive for the use of affirmative action, namely to enhance organisational performance through improvement in decision-making, problem-solving, marketing strategy and creativity. Organisational leaders who believe there is a direct positive value in diversity for the organisation's economic mission may consider the use of affirmative action as a way to foster diverse perspectives for finding high-quality, creative solutions to organisational challenges.

It has been argued that the fundamental behaviour of affirmative action, explicitly using a person's group identities in selecting decisions, derive from two types of organisation goals. The value-in-diversity concept introduces a different way of viewing affirmative action, which organisations have only recently begun to consider. This reconfiguration suggests that the concept of equal opportunity should be redefined to consider the total life history of a person, rather than just the moment at hand. This broadening of the context for defining equal opportunity seems justified not only because educational and other opportunities to prepare for careers are influenced by group identities, but also because group identities often influence ratings of past achievements. The second implication is that organisations seeking to leverage the potential benefits of diversity will be conscious of group identities such as gender, nationality and racioethnicity as selection criteria in creating decision-making and problem-solving groups in the same way that the need for diverse departmental representation in such groups is recognised.<sup>31</sup> This perspective is implicit in the concept of valuing diversity that has been widely advocated by managers and organisational consultants.

### *Other tools*

The objective of creating an organisation in which there is no correlation between culture identity group and job status implies

that minority group members are well represented at all levels, in all functions, and in work groups. Achievement of this school of thought requires that skill and education levels be evenly distributed. Educational statistics indicate the most serious problems occur with African Americans and Hispanics.<sup>32</sup> It is important that business community leaders join efforts with educational institutions to promote equal achievement in education and across corporate America to increase the competitiveness of US businesses. Corporate leaders should insist that economic support be tied to substantive programmes that are jointly planned and evaluated by corporate representatives and educators.

### **Creating integration of informal networks**

One tool for facilitating the inclusion of non-majority group members in the informal networks of organisations is company-initiated mentoring programmes. One issue that arises is whether or not such programmes should target only non-majority members instead of all employees. If resources permit, there are clear advantages to having the programme include all employees, or all employees of certain job categories.<sup>33</sup> However, if company-specific research shows that mentoring is less available to members of certain identity groups, the data can be used to justify and bolster support among majority group employees for targeted mentoring programmes. The second technique for facilitating informal networks integration is company-sponsored social events. In planning such events, multiculturalism is fostered by selecting both activities and locations with a sensitivity to the diversity of the workforce. A third idea for promoting informal integration is to utilise identity-based support groups. There are many organisations in which members of minority groups have formed

their own professional associations to promote information exchange and social support.

### **Eliminating institutional bias**

Tools for addressing the problem of institutional bias include the culture audit, survey feedback, changes in performance appraisal and reward systems, changes in human resource policies and benefits, and the use of task forces. This is the organisational diagnostic tool that underpins the other tools discussed in this section.

#### *Survey feedback*

Survey feedback is a standard organisation development tool through which survey data are collected and then presented to organisation members as a means of building community commitment and showing the needed direction for change. It may be used on both an organisational and an individual level. Internal research on various aspects of employment experience organised by culture groups can provide a powerful tool for change. On an individual manager level, survey feedback may be used to identify development needs for diverse groups. By carefully selecting both the survey items and the respondents, relevant measures for the management of diversity can be obtained. This type of research-based approach tends to be underutilised by organisations.

#### *Revamping reward and appraisal systems*

An absolutely essential tool for addressing institutional bias is ensuring that the organisation's performance appraisal and reward systems reinforce the goal of excellence in the management of diversity. Results of the culture and system audits will provide the needed direction by showing what aspects of these processes may contain unintended barriers to members from certain culture groups. In many cases, the

assessment will identify the changes that are needed to better manage workers regardless of group identities. To properly plan changes that take into account the cultural diversity in the workforce, considerable expertise in diversity issues is required.

### *Benefits and work schedules*

The elimination of institutional bias is also facilitated by changes in human resource policies and benefit plans that make it easier for employees to balance work and family demands. This type of accommodation will make it easier to hire and retain both men and women, as parents struggle to balance time demands at work and home.<sup>34</sup> It is especially important for women, because they are more likely to be in single-parent situations. Many companies have provided comprehensive work-family programmes covering everything from paternity leave to the part-time work with preservation of benefits. Corporations will increasingly need to develop flexible work schedules and different benefits as demography and lifestyles continue to change.

### *Task forces*

A final tool for removing institutional bias is diversity task forces and special committees to monitor organisational policy and practice for evidence of cultural bias on an ongoing basis. This composition combines the power of senior executives with the insight into needed changes that the minority representatives can provide. Many companies have designated special committees to process sexual harassment complaints. The 'hostile environment' form of sexual harassment is a classic example of institutional bias. These committees might also take proactive steps such as conducting periodic focus groups to discuss employee perceptions about progress and to get ideas for ways to further reduce the probability of harassment on an ongoing basis.

### **Intergroup conflict**

Experts on conflict management have noted that a certain amount of interpersonal conflict is inevitable and perhaps even healthy in organisations.<sup>35</sup> Conflict becomes destructive when it is excessive, poorly managed or rooted in struggles for power rather than the differentiation of ideas. This is due to many factors, including language barriers, cultural clashes, and resentment among majority group members regarding what they may perceive as the preferential treatment of minority group members.

Conflict management techniques may be applied to minimise intergroup conflict related to group identities. Experts can assist managers in learning and developing skills in applying alternative conflict management techniques, such as mediation and superordinate goals.<sup>36</sup> Managing conflict is one of several general management skills that are crucial as the US workforce increases in diversity. A number of organisations have used regularly scheduled meetings with people from diverse cultural backgrounds as a tool to change culture and improve intergroup relations. These groups typically meet on company time to explicitly examine attitudes, beliefs and feelings about culture group differences and their effects on behaviour at work. A variety of training and development activities have been designed to increase knowledge of equal opportunity-related issues. Most plural organisations have used equal opportunity seminars for many years. These include sexual-harassment workshops, training on civil rights legislation, and workshops on sexism and racism. Finally, training employees on how to manage and value cultural diversity is a major tool for avoiding or reducing identity-related conflict. This training must be handled skilfully in order to avoid polarisation within the organisation, which can negatively impact intergroup relations.

## CONCLUSION

The effects of cultural diversity on organisational behaviour and performance are highly complex and very powerful. The purpose of this paper was to show that there is a substantial base of knowledge that can be used to inform the processes of teaching, researching and fostering organisational change in the 21st century. Cultural training that values diversity should be a high priority for practitioners and scholars alike. Corporations can no longer ignore or delay action as a new generation of workers and consumers are demanding that companies address systemic inequities and imbalances that not only impact productivity, but society as a whole.<sup>37</sup> Given the influence that corporations have on the economy, it is not too far-fetched to view organisational change as a catalyst for social change.<sup>38</sup> Further research and discussions in this area are warranted.

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