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Diversity Management, Challenges and Opportunities in Multicultural Organizations
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Abstract: The imperativeness of the multicultural organization, with a diverse workforce, in the face of globalization is increasingly being emphasized. As against what obtains in monolithic organizations, corporations are now accepting and valuing a multicultural workforce comprising employees with diverse ethnic, racial, religious and gender backgrounds. This diversity necessitates adopting appropriate strategies for its management. Strategies for managing such diversity in organizations are discussed together with the impact of multiculturalism on organizational behaviour. The challenges and opportunities posed by an increasingly diverse culture as well as how a manager can respond to such diversity are presented. The paper concludes that it is imperative for employers and policy makers to understand changing workforce demographics and the impact of increasing diversity on human behaviour in the workplace.

Keywords: Cultural Diversity, Diversity Management, Globalization, Multicultural Organization, Organizational Behaviour

Introduction

Cultural diversity or multiculturalism and its effects on organizational behaviour is not a new phenomenon, although there has been considerable variation in terms used to describe societies or organizations which include within their boundaries diverse cultures, ethnic, racial and gender groups. Historically, monolithic organizations, as opposed to multicultural organizations, have been created by many top executives in order to attain their corporate visions and missions. Such organizations are characterized by leaders who psychologically force the culture of the organization upon their workers (against theirs). However, with globalization and the increasing need for organizations to develop businesses and cooperation across their national boundaries, it has become imperative for them to solicit for a more dynamic cultural model. Corporations are now accepting and valuing a multicultural workforce wherein companies’ employees include members of a variety of ethnic, racial, religious, and gender backgrounds. Attention is now given to the challenges and opportunities associated with the growing trend toward culturally diverse workforces, which is a key factor in overall business success.

Against this backdrop, this paper first examines the following concepts: culture/organizational culture; diversity/cultural diversity; multiculturalism/multicultural organizations. Second, it seeks to provide answers to the following questions: (1) how can a manager effectively manage people and organizations of diverse backgrounds? (2) How can he or she respond to new challenges and opportunities posed by an increasingly diverse culture? Finally, what are the implications of cultural diversity or multiculturalism for organizations?

Definition of Concepts

We like to begin with the concept of culture. In order to understand this concept in our present time, we need to go back to its origin. Culture as a concept expresses an essential element within the classic world, namely the way in which a man should educate himself in order to be a successful and an excellent human being. According to Tylor (1871), culture "is that complex whole which includes knowledge, beliefs, art, morals, laws, custom and any other capabilities and habits acquired by man as a member of society". On the other hand, a 2002 document from the United Nations agency, UNESCO, states that culture is the "set of distinctive spiritual, material, intellectual and emotional features of society or a social group and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs (UNESCO, 2002)." With this background, organizational culture is, therefore, the personality of the organization. It comprises the assumptions, values, norms and tangible signs (artifacts) of organization’s members and their behaviours. According to Schein (1993), the culture of a group can ... be defined as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has
worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As a group finds solutions to these problems over time, they engage in a kind of collective learning that created the set of shared assumptions and beliefs we call "culture". Therefore, simply defined, "organizational culture" is an organization's values, beliefs, principles, practices, and behaviour (Foldy, 2003).

Diversity, according to Thomas (1991), means more than race and gender in the workplace. Diversity can refer to lifestyle tenure, position in the organization, age, sexual preference, functional specialty or geographic location. It is the human differences that play an important role in the culture and operation of organizations (Brazzel, 1991). With this in mind, cultural diversity is, therefore, the representation, in one social system, of people with distinctly different group affiliations of cultural significance (Powell and Persico, 1995; Cox, 1994). Researchers have gone further to define diversity in primary and secondary dimensions. Primary dimensions being age, ethnicity, gender, physical abilities/qualities, race and sexual affection orientation. The primary dimensions shape our basic self-image as well as our fundamental worldview. Additionally, they have the most impact on groups in the workplace and society (Loden and Rosener, 1991). The secondary dimensions include educational background, geographic location, income, marital status, religious beliefs and work experience. These secondary dimensions of diversity affect our self-esteem and self-definition. Numerous studies have established that culturally diverse teams have different dynamics than homogeneous teams (Williams and O'Reilly, 1998). These groups are broadly seen as having both increased challenges and opportunities: diverse groups often experience miscommunication and disabling conflict (Shaw, 1981; Tsui, Egan, and Xin, 1995); yet under the right circumstances, they can be synergistic and creative (Cox, Lobel and McLeod, 1991; McGrath, 1984).

Multiculturalism is more of a policy response for coping with cultural and social diversity in societies and organizations. Inglis (1994) has noted that there are three interrelated but distinctive referents of the concept 'multiculturalism', namely, the demographic-descriptive usage, the ideological–normative, and the programmatic-political usages. The demographic-descriptive usage occurs where 'multicultural' is used to refer to the existence of ethnically or racially diverse segments in the population of a society or organization. It represents a perception that such differences have some social significance, primarily because of perceived cultural differences though these are frequently associated with forms of structural differentiation. In the programmatic-political usage, 'multiculturalism' refers to specific types of programme and policy initiatives designed to respond to and manage ethnic diversity. The ideological–normative usage of multiculturalism is that which generates the greatest level of debate since it constitutes a slogan and model for political action based on sociological theorizing and ethical or philosophical consideration about the place of those with culturally distinct identities in contemporary societies.

Multiculturalism emphasizes that acknowledging the existence of ethnic diversity and ensuring the rights of individuals to retain their culture should go hand in hand with enjoying full access to constitutional principles and commonly shared values prevailing in the society or organization. It has been used interchangeably with cultural diversity.

In the light of this, organizations and societies are becoming increasingly diverse in terms of gender, race, ethnicity, and are being charged to create the multicultural organization. Primary characteristics of this kind of organization include integration of minorities in all structural levels of the company, including management/executive positions; integration of informal/social networks of the business; absence of prejudice and discrimination; and a mindset that not only accommodates diversity but also values that diversity. An organization which simply contains many different cultural groups is just a plural organization, but it is considered multicultural only if the organization values this diversity (Sales and Mirvis, 1984). This change in attitudes, strategies and methods on differences and diversity has led to a new and emerging school of thought on how to manage people and organizations as well as how to respond to new challenges and opportunities posed by an increasingly diverse culture. This is discussed in the next section.

Strategies for Managing Diversity in Organizations

A combination of workforce demographic trends and increasing globalization of businesses has placed the management of cultural differences on the agenda of most corporate leaders. Moreover, literature is both consistent and clear in demonstrating the power and potential of the culturally diverse organization. The key to tapping the advantages of multiculturalism and avoiding its pitfalls is to create an organization in which members of all socio-cultural backgrounds contribute and achieve their full potential. To achieve this, leaders face a dichotomy in main-
taining a balance between meeting the objectives/goals of the organization, on one hand, and retaining the individual cultures of employees, on the other. However, since the goal of diversity is not just to identify people of different backgrounds, rather to treat people as individuals – mutual respect between the various groups in an organization for one another’s culture – this problem can be overcome.

Experts (Fernandez, 1993; Rice, 1994; Carnevale and Stone, 1994) indicate that business owners and managers who hope to create and manage an effective, harmonious multicultural workforce should remember the importance of the following:

Setting a good example: This basic tool can be particularly valuable for small business owners who hope to establish a healthy environment for people of different cultural backgrounds. This is because they are generally able to wield significant control over the business basic outlook and atmosphere. The leaders must exhibit strong commitment to addressing issues like myths, stereotypes, and real cultural differences, as well as organizational barriers that interfere with the full contribution of all employees.

Communicate in writing: Company policies that explicitly forbid prejudice and discriminatory behaviour should be included in employee manuals, mission statement, and other written communications. Diversity must be part of an organization’s strategic business objectives. It should be a superordinate goal rather than a goal ascribed to individual groups.

Training programmes: Training programmes designed to engender appreciation and knowledge of the characteristics and benefits of multicultural workforces have become ubiquitous in recent years. Two types of training are most popular: awareness and skill-building (Cox, 1994). The former introduces the topic of managing diversity and generally includes information on workforce demographics, the meaning of diversity and exercises to get participants thinking about relevant issues and raising their own self-awareness. The skill-building training provides more specific information on cultural norms of different groups and how they may affect work behaviour. New employee orientation programmes are also ideal for introducing workers to the company’s expectations regarding treatment of fellow workers, whatever their cultural or ethnic background.

Recognize individual differences: There are various dimensions around which differences in human relationships may be understood. These include such factors as orientation towards authority; acceptance of power inequalities; desire for orderliness and structure; the need to belong to a wider social group, etc. Differences should not be assumed to be cultural alone. Other sources are personality, aptitude or competence (Goffee, 1997).

Actively seek input from minority groups: Soliciting the opinions and involvement of minority groups on important work committees, etc., is beneficial not only because of the contributions that they can make, but also because such overtures confirm that they are valued by the company. There must be an improvement in its supply of diverse workers through aggressive recruiting. It must break the “glass ceiling” and increase the number of women and minorities in the management levels through career development, mentoring, and executive appointment. It must empower all of its employees to use their full capacity (Schauber, 2001).

Revamp reward systems: An organization’s performance appraisal and reward systems should reinforce the importance of effective diversity management (Cox, 1994).

Make room for social events: Company-sponsored social events – picnics, softball games, volleyball leagues, bowling leagues, Christmas parties, etc – can be tremendously useful in getting members of different ethnic and cultural backgrounds together and providing them with opportunities to learn about one another.

Flexible work environment: Cox (1994) indicated that flexible work environments – which he characterized as a positive development for all workers – could be particularly beneficial to people from non-traditional cultural backgrounds because their approaches to problems are more likely to be different from past norms.

Continuous monitoring: Experts recommend that business owners and managers establish and maintain systems that can continually monitor the organization’s policies and practices to ensure that it continues to be a good environment for all employees. Jorgensen (1993) further opines that this should include research into employees needs through periodic attitude surveys.

From the foregoing, it can be seen that diversity presents challenges to business leaders who must maximize the opportunities that it presents while minimizing its costs. The question, therefore, is what are the impacts of diversity and multiculturalism on organizational behaviour? To this we turn in the next section.

Impact of Diversity and Multiculturalism on Organizational Behaviour

There have been so many changes in the cultural make-up of organizations that it becomes imperative for leaders to understand cultural diversity and how it can affect or impact their organization. The effects are complex and very powerful. To identify and
measure these effects, it is necessary to examine an organization’s culture. As shown in our earlier definition, organizational culture encompasses values, beliefs, principles, practices, and behaviours of the organization’s members. However, because members are of various backgrounds and possess different attitudes, values and norms, this has resulted in distinctions in their attitudes and performance at work (Cox, Lobel, and McLeod, 1991).

One area of cultural differences researched extensively is the contrast between individualism and collectivism. Compared to individualist cultures, collectivist cultures emphasize the needs of the group, social norms, shared beliefs and cooperation with group members (White, 1999). People from cultures that view relationships in terms of hierarchy prefer highly structured teams. On the other hand, those from cultures that see relationships in terms of groups want teamwork to be the norm, while those from cultures that emphasize the individual, feel most comfortable with voluntary and informal teams. Mixing these culture types will have significant impact on an organization.

Cox (1994) has provided a conceptual model (Fig. 1) showing the impact of diversity on an organization. He ties together his research and uses information on gender, racio-ethnicity, nationality, age and other areas of diversity like job function, background and values, to create this model. However, the model ignores how the individual identifies with the culture of the group. It proposes that the impact of diversity on an organization is an interaction of the environment and individuals.


The logic of the model shows that a person’s group affiliations such as age, gender and race can be analyzed on three levels: individual, group/inter-group and organizational. These collectively will define the diversity climate of the organization. This climate may influence individual and organizational outcomes as either affective outcomes or achievement outcomes. These individual outcomes may influence organizational factors such as work quality and productivity (Cox, 1994).

Additionally, a set of individual, group and organizational factors interact to influence a set of individual outcomes that in turn influence organizational outcomes. Cox (1994) defines affective outcomes as “how people feel and think about their jobs and their employers….What people believe about their opportunities in the work environment is of vital importance regardless of whether or not these beliefs are consistent with the facts”. If an individual feels valued by the organization, he/she will contribute more to meeting the goals of the organization. Achieve-
ment outcomes are the “tangible measures that are, at least theoretically, indexes of the employee’s contribution to the organization” (Cox, 1994). These can include performance ratings and promotion rates. Therefore, according to the model, by understanding the diversity climate we can predict effects on individual outcomes and, ultimately, effects of diversity on organizational effectiveness.

There are direct effects of diversity on organizations. Processes such as problem solving, creativity and communications will be affected by diversity. These processes are critical to any organization and diversity can either complement these processes or provide challenges to overcome. This is reflected in Cox’s model by the arrow that extends from the diversity climate to the organizational outcome.

Problem solving in a diverse group will provide different perspectives, provide more critical analyses of the alternatives, and lower the probability of groupthink (Cox, 1994). It is necessary for the group to understand the differences of the other members of the group; otherwise, the group may have conflicts in trying to solve problems. Creativity may also be enhanced by a diverse group. Nevertheless, the contributions of all members must be recognized so that individuals will want to share their creative ideas with the group. Finally, communications can pose an obstacle to a diverse group. Communication differences related to culture may become the source of misunderstandings and ultimately lower workgroup effectiveness (Cox, 1994). Once this is recognized, action can be taken to try to overcome these difficulties. This, therefore, leads to the next question, what are the new or today’s challenges and opportunities posed by an increasingly diverse culture in organizations?

Today’s Challenges and Opportunities

Managing a diverse or a multicultural organization is a broad and complex issue. Leaders face formidable challenges in building a multicultural organization that truly values diversity. This is because not all people in organizations value diversity. As a rule, people are most comfortable with those like themselves and emphasizing diversity may undermine that comfort level. Diversity tends to breed new approaches to old practices and long-standing problems. Individuals in organizations may find such change troubling. Moreover, individuals with strong prejudices against certain groups may find rapidly changing demographics in the workforce threatening because either they find change itself disquieting or because they hold a position they feel they might not be able to maintain if groups historically excluded from their work place are allowed to compete in an unhindered way for their positions.

Given such realities, organizations need to go beyond simple recognition of cultural diversity to active diversity management. Managing diversity is a comprehensive managerial process for developing an environment that works for all employees. Diversity management is an inclusive process since all employees belong to a culture, including those from the organization’s traditionally dominant cultural group. Thomas (1991) indicated that diversity management must not be viewed as an “us/them kind of problem to be solved but as a resource to be managed”. Also, Carnevale and Stone (1994) have emphasized that valuing diversity involves “recognizing that other people’s standards and values are as valid as one’s own”, and note that for most organizations, valuing and managing diversity requires nothing less than cultural transformation. This is a prodigious task, for it requires people – especially those of the dominant culture – to let go of their assumptions about the universal rightness of their own values and customary ways of doing things and to become receptive to other cultures.

In this regard, cultural diversity in the work place mirrors many of the same issues at play in the realm of international business. In international business interactions, people who have learned differing conceptions of normative behaviour are forced to suspend judgement of one another. Cultural norms shift relative to language, technological expectations, social organization, face-saving, authority conception, non-verbal behaviour and the perception of time.

In addition, since the ability to compete successfully in the “new” global economy depends on the ability to tap the skills and insights of increasingly diverse workforce all over the world, organizations must, therefore, be involved. Owing to mergers and international cooperation as well as migration flows which lead to multicultural societies, companies and institutions will increasingly have to take into account the foreign personnel, foreign laws and foreign market parties. They must recognize that diverse employees possess cultural competencies, for example, language skills and cross-cultural expertise that represent a sustainable source of competitive advantage. Organizations that continue to focus on what worked in the past and do not pay attention to current and future market demographics are excluding significant sources of profit.

Internationalization and international business relations require that the modern manager possesses or acquires specific skills in order for him/her to be able to cooperate adequately with colleagues, managers, or partners in other countries. The manager needs those skills to deal with a range of persons who have been influenced by another background, education, training and culture - a culture, at least,
in which one can recognize similarities as well as differences with one's own culture (Burggraaf, 1998). After establishing this, the organization stands to enjoy the following benefits: the full utilization of her human resources; reduced interpersonal conflict among employees of all backgrounds as respect for diversity increases; enhanced work relationships based on mutual respect and increased employee knowledge of multicultural issues; a shared organizational vision and increased commitment among diverse employees at all organizational levels and across all functions; greater innovations, and flexibility as employees of all cultural backgrounds participate more fully in key decision-making and problem-solving groups; and finally, improved productivity as more employee effort is directed at accomplishing tasks and less energy is spent managing interpersonal conflicts and cultural clashes.

**Conclusion**

From the foregoing, it can be concluded that it is imperative for employers and policymakers to understand changing workforce demographics and the impact of increasing diversity on human behaviour in the workplace. As the workforce grows more diverse, tensions over cultural issues are likely to rise. Cultural clashes can be a significant drain on the energy of the people involved, especially minority workers who are more likely to feel oppressed by the differences. To employers and leaders, these changes in workforce demographics offer both opportunities and challenges. Leaders who ignore demographic forces find themselves at a competitive disadvantage. However, the organization that achieves the conditions of a multicultural organization (pluralism, full integration of minority-culture members both formally and informally, an absence of prejudice and discrimination, and low levels of inter-group conflict) will create an environment in which all members can contribute to their maximum potential, and in which the ‘value in diversity’ can be fully realized.

**References**


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