

Thesis

Managing diversity at the organizational level

Prepared by

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## Table of Contents

ABSTRACT.....	5
INTRODUCTION.....	6
PROBLEM DISCUSSION .....	7
PURPOSE OF THE STUDY .....	8
OUTLINE OF THE THESIS .....	8
CHAPTER 1.....	9
1.1 DEFINITION OF DIVERSITY AND ITS DIMENSIONS.....	10
1.2 DIVERSITY MANAGEMENT PARADIGMS. ....	12
1.3 REASONS TO IMPLEMENT DIVERSITY MANAGEMENT.....	16
1.4 FRAMEWORK OF MANAGING DIVERSITY. ....	21
1.5 PREJUDICE, DISCRIMINATION AND STEREOTYPES. ....	26
1.6 DIVERSITY EFFECTS ON ORGANIZATION.....	32
CHAPTER 2: EXAMINING SPECIFIC GROUPS AND CATEGORIES.....	36
2.1 BLACKS/AFRICAN GROUP.....	39
2.2 HISPANICS/LATINOS GROUP. ....	44
2.3 ASIAN GROUP.....	48

2.4 WHITES/EUROPEAN GROUP.....	53
2.5 HOFSTEDE’S CULTURAL DIMENSIONS THEORY.....	58
CHAPTER 3: RESEARCH PART .....	69
4. CONCLUSIONS.....	92
REFERENCES:.....	97
APPENDIX .....	99

## Abstract.

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Nowadays globalization has changed not only the countries' borders and created a less difficult labour movement, but also the organizations that now need to deal with individuals from different cultures and backgrounds. Multicultural workforce reinforces Human Resource managers to face new challenges, due to necessary changes in managerial practices. Tendency to increasing diversity and heterogeneity within organization is beneficial only when it is managed effectively. The main purpose of my work is to obtain a deeper understanding about culturally diverse organizations, people, whom they would like to attract and retain among employees and of course how to manage such multicultural organization. To reach this purpose, I have to explore the benefits and the drawbacks of culturally diverse organization. The main benefits of diversity implementation are: increasing productivity and innovativeness, increasing satisfaction among clients of the company, and eventually increasing profits. Among drawbacks, there are: difficulties in communication among diverse employees, stereotyping and prejudicing, and finally discrimination. But all this minuses can be covered by the important idea: gaining diversity company obtains not only heterogeneous individuals in terms of nationality, education, backgrounds, experiences, but it gains a competitive advantage, something that does not have a competitor. In my work, I have analysed different racial groups that are represented in organizations as minorities and often suffer due to their diversity. I gave my personal recommendations to such groups, what can they change in order to obtain a better job. Simultaneously, I gave recommendations also to companies that employ these individuals. The final research of my work was dedicated to analysis of the survey, where I have identified the factors that can influence the duration of the contract for an employee, which of these factors are more significant; and also I have examined how different size companies manage diversity, or employees in general and care about diverse workforce. Final finding of my study shows that diversity implementation can be accepted in any organization, it is just a question of willingness of managers and company's goals and objectives.

## Introduction.

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The world is changing; in the same way change also people. Today individuals do not look, think or act like in past years. Values, experiences and needs also changed. Even cultures are not static. But still culture has a strong influence on how person communicates, reacts on the problem, searches solutions and resolves conflicts. All this will have an effect on the managerial practices. Important role in this workforce change processes will play also the national laws and regulations.

Human resource department became a linking bridge between a firm and workforce supply, as now companies deal with rapidly changing and very competitive environment it is important to catch the resource and do not loose it in a favour of competitor.

As companies start to deal with a range of diverse workforce, work of human recourse managers became extremely important, as they have to work with several cultures in the same time.

In theory and practice it has been accepted that homogeneous groups of employees are as not that efficient as heterogeneous. Only at the beginning of working together, heterogeneous groups perform less effectively than homogeneous, due to their differences. Heterogeneous groups need time to adapt in order to work together. After such adaptation they will outperform homogeneous groups that do not show high innovativeness and usually stuck in their old and identical ideas. Heterogeneous groups perform and manage better tasks, as they have a wider range of experiences. The diverse work groups avoid “group think”<sup>1</sup>, thus encourage learning and creativity. Therefore, organization can raise its performance through its human capital (Agócs & Burr, 1996). The only problem is that how to manage these employees. Company has to create a right workplace environment in order to cultivate a positive organizational and job attitudes among employees. If individuals feel themselves comfortable and valued in a working place the productivity will also increase.

When company understands the benefits of diversity, workforce becomes a strategic asset and when managed well, could also facilitate the company’s success.

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<sup>1</sup> Refers to easy acceptance of group decision without thinking too much and without considering

## Problem Discussion

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Notwithstanding enough positive evaluation of diversity implementation, there are also problems that can be created by diversity for organization. As heterogeneous personnel shows a different range of backgrounds and experiences, use of different languages (slangs), have a different priorities, etc., all this interfere collaboration. Moreover, there is a high risk of tensions, disagreements and conflicts, due to different ideologies. Sometimes it is just simple miscommunication and misunderstanding. That is why company cannot ignore such actions within working groups, because it will result in turnover and more interpersonal conflicts (Robbins, 2001). And in a “house” with conflicts it is impossible to do a business and make people work. Therefore, awareness and understanding must be the main priorities for organizations in order to promote diversity. And such awareness has to be represented by the real trainings and development of diversity needs.

Another problem that arises around diversity is the challenge for company to implement it effectively, even if it is widely recognized. Therefore, it is important to learn how to work with differences, and determine the right mix of skills that must be involved in a working process and which of skills are not necessary at the moment. In my opinion, the ability to realize that individuals from different cultures, backgrounds and experiences can bring as a solutions for company needs-symbolize what is effective management of diversity is.

Nevertheless, the most crucial problem, in my opinion, in management of diversity is how to eliminate discriminatory barriers and prejudices and exchange them on high productive environment, equivalent rewarding system and job satisfaction of minorities. This topic is very essential and needs additional research and analysis.

I think, that in the future, however, people will become more knowledgeable about cultural workforce diversity and its management, due to growing number of cross-national mergers and acquisitions, and this will make workforce diversity one of the main priorities in doing business.

## **Purpose of the Study**

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The purpose of my study is:

- Deeper understanding of workforce diversity;
- Search of companies that already implemented it, what kind of diversity it was, and what it has brought to organizations;
- Deeper understanding and analysis of special races that often represented as minorities in organizations. Personal recommendations for these racial/ethnic groups and companies who have to deal with them;
- Analysis of the survey's answers collected.

This topic is one of the most important nowadays, but it is impossible to embrace all aspects of the research purpose, because of limited time, not enough data collected.

## **Outline of the Thesis**

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My thesis contains five parts. The first part represents an introduction with the relevant questions that have been discussed during my work. The subsequent chapter of my thesis contains the literature overview with relevant theories, paradigms already introduced for this issue. It is also full of examples of companies who successfully implemented diversity as one of their primary objectives. Chapter three provides with careful analysis of races, like Asian, Blacks, and Hispanics, who are represented mainly as minority group in organizations and continue to suffer due to discrimination, stereotyping and prejudice. Next chapter contains the analysis of the survey collected and the conclusions derived from the statistical results. The last chapter contains conclusions with implications for management and companies and further research of this question.



## Chapter 1.

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In this chapter, I will provide with a review of theories relevant to my research question.

Firstly, I will give different definitions of diversity according to different authors. Then I will explain different diversity dimensions, interesting theories and paradigms about diversity. Also the part of this chapter will be dedicated to preconditions of diversity. Main benefits and drawbacks will be discussed here. Finally chapter will provide with real examples of companies, who successfully adopted diversity.

## 1.1 Definition of Diversity and its dimensions

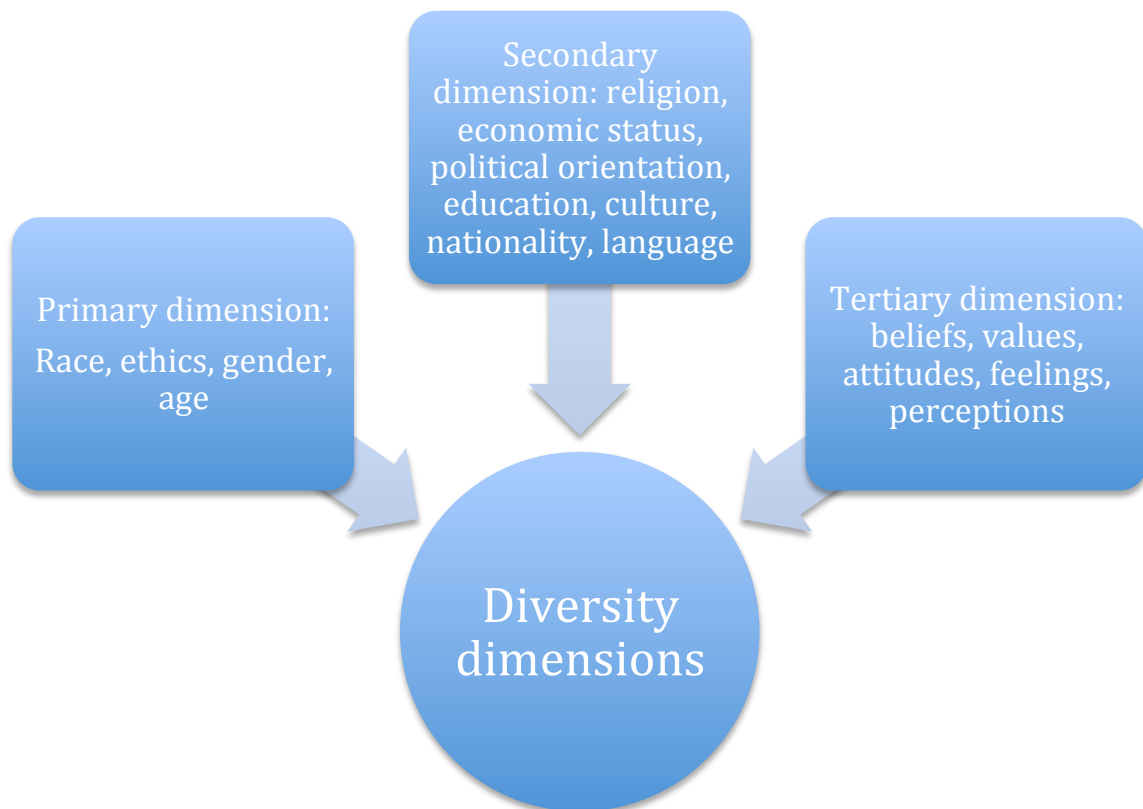
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Many scientists define diversity as substantial difference that differentiates one person or individual from another. Each individual has a wide range of uncovered and hidden characteristics and qualities.

Mainly diversity characteristics are grouped into four classes<sup>2</sup>:

1. Personality, which includes specific traits, abilities, skill of the individual.
2. Internal, which contains gender, age, level of I.Q., race.
3. External- represented by nationality, culture, religion, marital status.
4. Organizational, that shows the position of the individual in organization, the department.

At the same time diversity represents the differences among individuals in terms of several dimensions, such as race, ethnicity, religion, nationality. These dimensions can be grouped in three classes:



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<sup>2</sup> Digh, 1998; How, 2007; Johnson, 2003; Simmons-Welburn, 1999.

For example, religion arises from the feelings, behaviours and thoughts of individuals about sacred and got validation and support from group of people. Age is one of the unique aspects of diversity with specific attributes that differ it from such things as race, ethnicity, and culture. Age is not a stable element of diversity, coz during the life of person it changes, while race, ethnicity and gender (in the most cases) remain constant and stable.

It is impossible to give an ending definition for the diversity, because it has many interpretations and explanations. Many theories on diversity and management of diversity started to develop in the 80s, due to the impact of managerial reports indicating toward the fast growing diversity of the future workforce. Different scholars have determined it in a different way. For instance, Cox (2001) defines the term of diversity as the variation of social and cultural identities among people existing together in a defined employment, while William and O'Reilly (1998) conclude diversity as the degree of heterogeneity among team members on specified demographic dimensions. William and O'Reilly in their research tried to explain how such heterogeneity influences team processes and performance. Thomas and Ely (1998) pointed that diversity should be seen as the varied perspectives and approaches to work, that individuals of different identity groups bring.

Diversity holds all groups of employees at all levels in the company. It calls for such type of organizational culture, where all members can pursue his or her desire without being inhibited by gender, race, nationality or other conditions and factors that are irrelevant to performance. Managing diversity requires fair work environment, where all employees are equal among each other's and no one group has an advantage or disadvantage. Cox (2001) noted, "The challenge of diversity is not simply to have it, but to create conditions in which it's potential to be a performance barrier is minimized and its potential to enhance performance is maximized".

The term diversity management originated in North America, but has slowly been introduced in other regions and countries all over the world. The brief definition of the term can be submitted as: unasked organizational action, which is, developed in order to create greater engagement of employees from numerous and diverse backgrounds into the organizational structures (formal and informal) though purposive policies and programs.

Diversity management does not refer only to the heterogeneity, but it cites also to the workforce composition across nations. IBM's chairman and CEO S. Palmisano (2002-2011) indicated the link between diversity management and the core business at IBM. Indeed, he has noted, "Diversity policies lie as close to IBM's core as they have throughout our heritage. Today, we are building a workforce in keeping with the global, diverse marketplace, to better serve our customers and

capture a greater share of the demand opportunity”<sup>3</sup>. In our more and more globalized economy, knowledge and innovations play a crucial role in creating competitive advantage, more than in past years.

## **1.2 Diversity management paradigms.**

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In last years were introduced several paradigms for diversity management, which highlight its main characteristics and aim. The most famous are: human resource paradigm and the multicultural organizational paradigm.

Let’s start from the first one. Human resource practice tends to release and record homogeneity in the workplace as the result of the A-S-A cycle, which refers to attraction-selection-attrition<sup>4</sup>. Usually, people are attracted to companies that already have members with values, which are similar to their own. Then, organizations select new individuals that are very similar to their already existing members, because the existing hiring process continues to make everyone feel comfortable. The result of such process is following: individuals, who do not fit well in the dominant organizational culture in course of time leave such workplace or are fired, and those creating selection attrition process. Such process supports and maintains homogeneity in a workforce. Such trend in organization is unhealthy in the long run, as it will limit talents within organization; it damages an ability to adapt rapidly to changes in the environment and of course the growth rates of the company will decrease.

Kossek and Lobel (1996) offered their own original approach to diversity management. They created the model and made the connection between HR practices, workforce diversity and individuals, groups and organizational outcomes.

These four approaches are summarised in the table below.

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<sup>3</sup> IBM Web page, 2009

<sup>4</sup> Schneider, 1987; Schneider, Smith, & Paul, 2001

## The HR approach to diversity management

HR Approach	Goal	Strategy	Assumption
Diversity Enlargement	Changing the demographic composition of the workforce will help to change the organizational culture.	Recruitment of individuals from different ethnic and cultural backgrounds in the organization.	Newly hired employees will change the current culture in organization and there is no need of additional interventions.
Diversity Sensitivity	Individuals with diverse backgrounds and cultures can create difficulties at the workplace, so there is a need to overcome these problems through diversity training, promotion of communication and collaboration among employees.	Train employees in order to increase communication and sensitivity.	If sensitivity to differences will increase – performance will also increase.
Cultural Audit	Identify barriers that can limit the progress of employees with diverse backgrounds and, therefore, modify company practices.	Continuous audit of current practices through surveys and focus groups and generation of changes according to obtained results.	Problems are mainly caused by the dominant cultural group in the organization and need to be addressed by that group.
Strategy for Achieving Organizational	Organizational goals can be achieved	Integration of Human Resource policies with	Diversity management practices have to be

Outcomes	through diversity management.	diversity management and other company strategic choices and plans.	directly linked to desired individual and organizational outcomes.
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According to multicultural paradigm, diversity management strives to create multicultural organization, where each individual from various backgrounds can contribute to organizational goals and achieve his or her full potential.

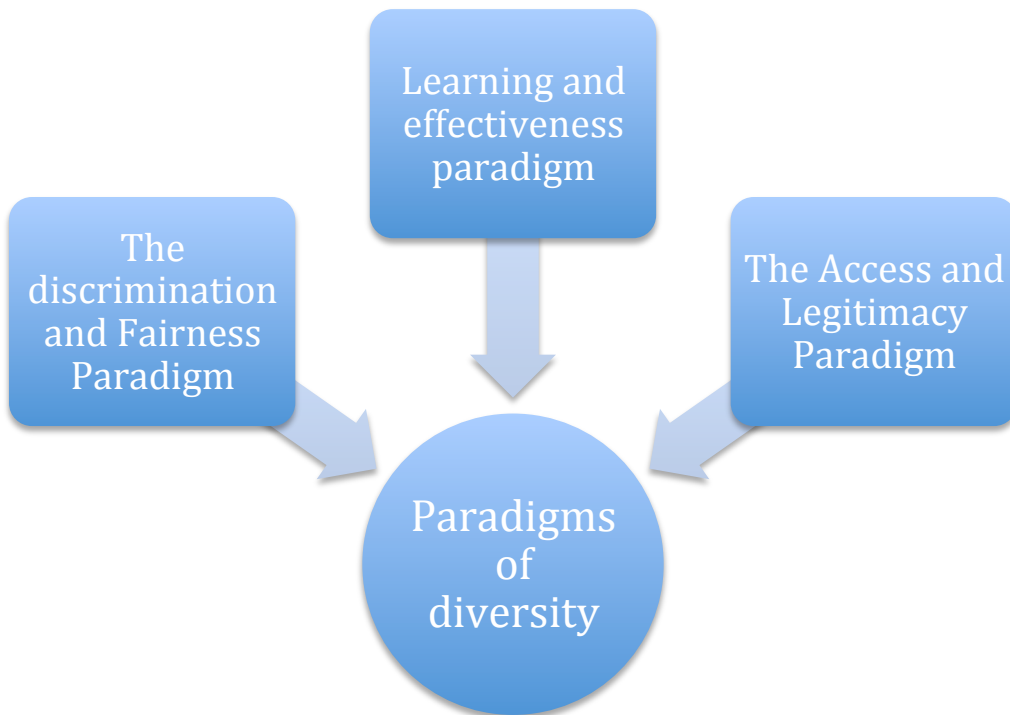
Cox (1994, 2001) presented a diversity management paradigm that contains three types of organizations: the monolithic organization, the plural organization and the multicultural organization.

The first type of organization, which is monolithic one, is demographically and culturally homogeneous. For instance, most Chinese companies are monolithic from cultural and ethnic point of view, but from the gender prospect they are not monolithic, as there are many women in the company, who are mainly employed at the lower levels of organizations, while most of the top level managers are men. Intergroup conflict in such organizations is expected to be minimal, due to homogeneity of members and dominance of one cultural group. I think such organization, in terms of very fast development and globalization of economy, will suffer a competitive disadvantage, as its homogeneity will become more difficult to maintain.

The plural organization is represented by heterogeneous workforce compare to monolithic one. Example of plural organization includes companies in which members of minority groups constitute a significant proportion of the workforce, but at the same time very small percentage of the managerial positions. This type of organization, according to Cox, prevails in the North America business environment, and in other areas of the world such as Europe, Australia, India and South Africa.

The most ideal, rather than an actual type of organizational model, is the multicultural one. This type is very difficult to achieve. The multicultural organizations have a minimal intergroup conflict thanks to the effective management of diversity. And these organizations are characterised by a culture that fosters and values cultural differences.

Another very interesting paradigms were identified by Thomas and Ely (1998), which are:



Usually organizations utilize only two of these three paradigms, like the discrimination and fairness and the access and legitimacy paradigms.

The main focus of the discrimination and fairness paradigm is concentrated on the equal opportunities for each employee, like fair treatment, recruitment and compliance with equal for each employee's recruitment requirements. Under this paradigm, companies often introduce programs specifically developed for the women in organization and people of colour; provide the training courses for employees about the respect of cultural differences.

The key element of the access and legitimacy paradigm is based on the acceptance of the differences. The main feature of this paradigm is that, such organizations almost always serve in a business environment, where there is an increased diversity among customers or clients, who represent a clear opportunity for organizations with well-managed diversity.

Under the learning and effectiveness paradigm companies assimilate differences among employees and after learn and grow because of them. Members of such organization feel commitment to the place where they work and despite of all the differences can work with each other.

In this fast changing world, companies have to be smarter about individuals, whom they want to recruit, in a sense, that such people with a right talent will meet company's needs.

Herman-Josef Lamberti, Chief Human Resource Officer (2002-2012) at Deutsche Bank noted: “Deutsche Bank knows that diverse teams are smarter teams, that success comes from many perspectives and that diversity is vital for dealing innovative solutions for our clients.” This statement supports the idea, that a diverse workplace presents a deeper pool of knowledge and skills, life experience, new possibilities and knowledge.

### **1.3 Reasons to implement diversity management.**

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Nowadays, diversity starts to play one of the central roles in organizational life, due to several reasons. In my opinion, the most important reasons behind the rise of diversity are:

- Globalization

Such common force, as globalization, has moved barriers between markets, and hence countries, which resulted in a free flow of products, services, ideas, skills. Many organizations felt the pressure of new market rules and presence of new competitors. As there are almost no barriers among the markets, organizations have to work with new types of consumers, tastes and different human resources. The significance of diversity has occurred, due to unpreparedness of companies both within their branches and their markets. Cox said: “globalization of business is a trend that makes diversity competency crucial for many organizations”.

- Migration

Another important reason to accept the importance of diversity is the growing migration. Just look at developed regions of the world, such as North America and Western Europe, where the birth rates are low as well as decreasing over time groups of young people, and increasing number of retirees to workers. In order to maintain their level of economy, these countries start to import immigrants to work. Another opposite picture we can see in developing regions of the world.

These regions experience high birth rates, increasing number of young people, better medical conditions than in past years. Such trend shapes very big group of young job seekers, who start to emigrate in order to find jobs. Therefore, if we shall sum up these two trends in developed and developing parts of the world, we shall get the new tendency: the pull from the developed part of



the world and the push from the developing countries. This is the reason why the workforce is becoming more and more diverse all over the world.

- Aging population

New advances in health care are raised the number of seniors staying active, which resulted in increased workers' age. This trend explains how work environment has been adapted to the different age workers, and how many processes have been modified to involve also the senior profiles.

- The role of women

In recent years the role of women has been raised significantly, as some male professions start to be performed also by women. This process is resulted in modifications of rules and processes within organizations.

- Corporate structure changes (outsourcing, global operations)

Due to everyday growing competition, companies try to cut costs and move their productions to third world countries to explore the cheap labour costs, get necessary raw materials, increase the diversity among its workforce and benefit from knowledge spill over.

- Status diversity

As many companies try to reach international level, human resources become more mobile resulting in the presence of expatriate and local employees working all together, but under different working conditions (such as salary, benefits, work period) and promotion prospects, that often lead to confrontation among employees, frustration and loss of meaning of work.

Other reasons behind the rise of diversity can be: political diversity, caste diversity. Therefore, the modern workforce is more varied than in previous years.

Taking just twelve countries throughout Europe: there are more than 5500 companies and public institutions, which employ more than 15 million of people, and these entities recognise the benefits of diversity in a working place. By adopting and following the strategy of diversity within organization, companies promote equal opportunities for each employee in the workplace. Firms that invest in diversity want to create economic benefits in the future. Such economic benefits are classified in three groups: long-term value drivers, short and medium-term opportunities. The

medium-term opportunities are also known as return-on-investment benefits. The long-term value drivers refer to the tangible and intangible assets that indicate and guarantee companies' competitiveness and unique reputation with main stakeholders and customers.

In accordance with the European Institute for Managing diversity<sup>5</sup> (2003) there are six main benefits from diversity implementation:

1. Diversity is beneficial for enterprise, as by implementing it organization can reduce absenteeism, turnover and do not lose talent people, or human capital;
2. Workforce diversity benefits economy in general as with diversity increases creativity, efficiency and there is a productive use of human capital;
3. Administration benefit is represented by the stable employment, where any individual, notwithstanding of his/her nationality, skin colour, disability, education or other personal characteristics, is employed and contribute his/her workforce and knowledge for the society;
4. Individuals also benefit from diversity as they can advance in their professional life;
5. Consumers may find the services and products, which are necessary for them, as workforce that produced them is very diverse and can cover many different needs;
6. And of course society experience a positive effect of diversity, by supportive social climate, where employees are satisfied in their jobs and in private life.

According to Cox and Blake, there are also six reasons to adopt diversity in the organization. Effective management of diversity can benefit organization in such areas as cost, resource acquisition, marketing, creativity, problem solving, and system flexibility.

Implementation of diversity within organization helps to reduce costs associated with turnover. Such costs include: exit interviews, lost productivity, when position is still unfilled and recruiting costs for employee's replacement. And sometimes, this area (costs) is associated with lawsuits, when employee wants to sue the organization. Anyway, the likelihood of such actions is very small. Mainly, employees, who feel unfairly treated, discriminated or not valued do not sue, they just leave the organization and share their bad experience with family and friends about organization. Of course, not positive feedback will affect the ability of the company to attract new employees.

Resource acquisition is referred to organization's potential to attract and retain employees from various backgrounds. At the same time, the capacity of organization to value all types of employees will also influence its ability to market varied types of customers. It can be performed in multiple

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<sup>5</sup> <http://www.iegd.org/englishok/diversity.htm>

ways. Firstly, in organization, where all employees are treated fairly and the idea of diversity is widely promoted, customers will favour such organization. Secondly, hiring people from different backgrounds will improve the marketing ability of company, as it will be able to meet various needs and address to diverse consumers. Avon cosmetics, for example, suffered decline in sales and profits, but after increasing representation of Blacks and Hispanics managers within organization, it was able to market successfully its products for markets of this races. Third, individuals from different backgrounds may also be more likely to avoid costly marketing mistakes, which are associated with homogeneous advertising campaigns or marketing teams.

Research shows that groups consisted of people from different backgrounds bring different outputs that result in bigger productivity and problem-solving capacity. Empirical research also confirms the idea that diversity has a positive result on creativity, innovation and group performance. Watson, Kumar and Michaelsen examined the effects of diversity, in terms of race, nationality, on group performance. The results of this investigation showed that in the long run, performance of diverse work groups was higher than performance of homogeneous groups. Their research suggests that after learning how to interact with each other's, diverse groups show more high-quality solutions than homogeneous groups. MxLeod, Lobel and Cox identified that using such technique for generation of ideas, as brainstorming- groups, made by diverse members produce higher-quality ideas as well. And such ability is very important nowadays in global competition.

The sixth reason for valuing diversity, according to Cox and Blake is system flexibility and openness, as it procures organizations with competitive advantage. For instance, women have a higher tolerance for ambiguity than men. And such attitude is connected with cognitive flexibility and success in uncertain situations.

Another possible advantageous of diversity implementation are:

- Cooperative behaviour. The groups composed of people from collective background (such as Asian, Black, Latino), instead of individualist backgrounds (White/ European American) show more cooperative behaviour, while performing group tasks.
- Interaction effects with organizational strategy. According to Richard, firms with growth strategy are more successful, when hire diverse employees. So diversity for organizations with growth strategy can be very beneficial.

The EBTP, which refers to the European Business Test Panel (EBTP) – is a sample of 3000 businesses from 25 EU Member States<sup>6</sup>. In 2005 EBTP presented the degree to which diversity policies were adopted among 25 members, the main benefits of diversity policies and the difficulties of implementation faced by adopters. The conclusion of the research indicated a positive impact of adopting diversity strategies, as the 83% of the companies agreed on its beneficial effect. The main positive effects of managing diversity, that have been underlined by these businesses are:

- Promotion of cost-effective employment relations;
- Enhancement of relationships with customers;
- Reinforcement of creativity;
- Increased flexibility (means, that the organization will become more fluid, less standardized and less determinant) and innovation in organizations;
- Promotion of sustainable development and business advantages.

Therefore, mainly all six reasons of diversity implementation (Cox and Blake) have been discovered according to European Business Test Panel.

Talking about concrete benefits and impact, companies affirm to minimize the average pay difference between men and women by about 5%, and also guarantee higher representation of women in company's board and managerial positions.

Another interesting conclusion was made by the Eurobarometer on discrimination in 2012<sup>7</sup>, it showed that there is a growing support among European citizens in supporting in such aspects as:

- Training employees and employers on diversity issues (79% of respondents are agree on that);
- Monitoring recruitment procedure (76% supported this idea);
- Regular check over the composition of the workforce (69% confirm the importance of it)

And of course for companies it is always important try to assess and monitor, such trends in labour market as:

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<sup>6</sup> European Commission project “Managing diversity at work”

<sup>7</sup> [http://ec.europa.eu/justice/newsroom/discrimination/news/121122\\_en.htm](http://ec.europa.eu/justice/newsroom/discrimination/news/121122_en.htm)

1. Shift in workforce demographics;
2. Progresses in staff engagement and employee well-being;
3. Trends and changes in working environment;
4. The merger of diversity goals and objectives with actions across all organization's units;

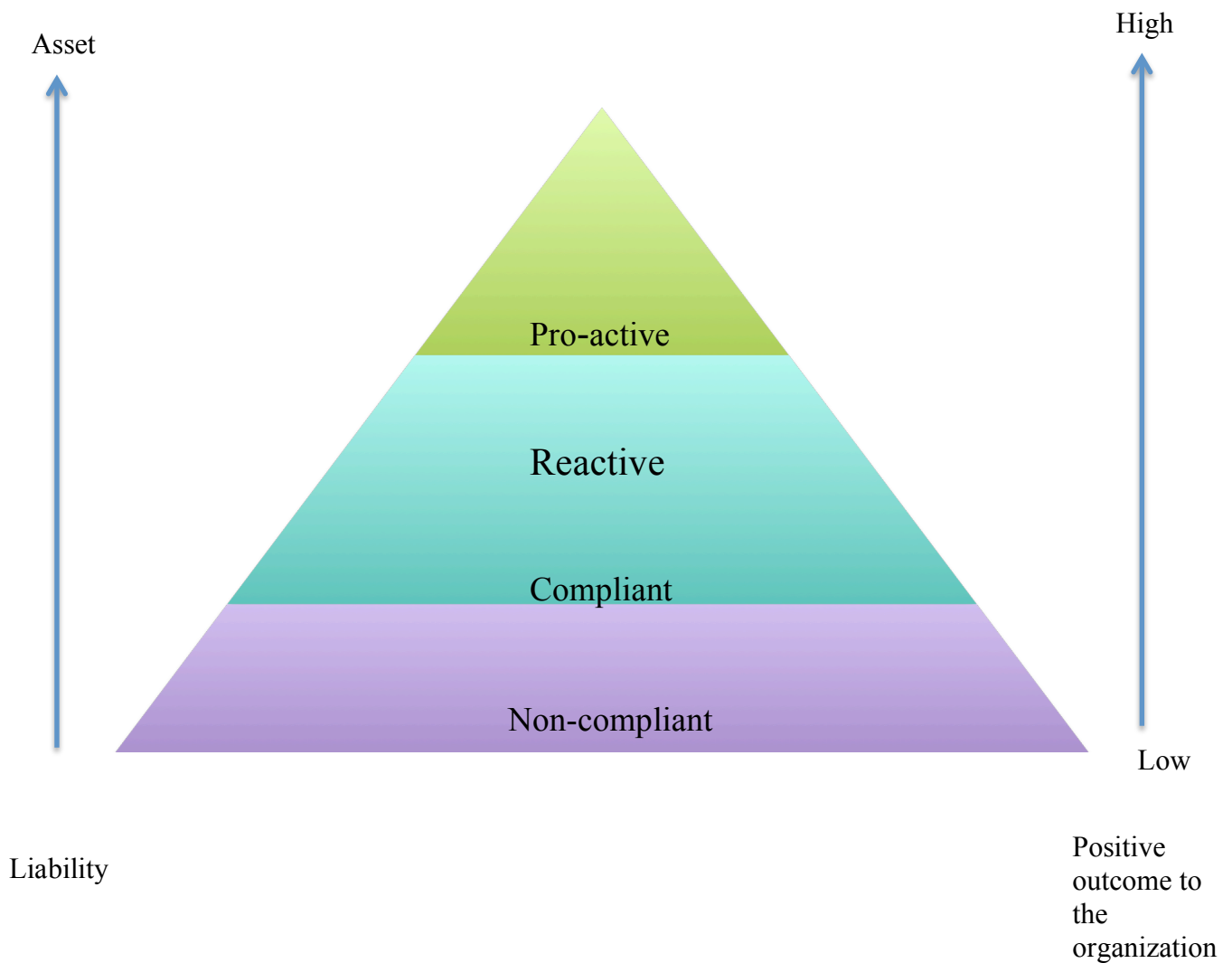
As identical companies do not exist, due to the different size, strategy, sector and market position of the companies- diversity strategies will also differ across organizations. Of course, diversity represents just one of the factors that improves company's performance.

The data for measuring the impact of diversity has to be collected over time. Diversity impact dimensions require indicators that have to be discussed and reviewed regularly to guarantee the relevance and efficient use. Hubbard proposed the lead and lag indicators. The lead indicators speak about drivers of future economic performance and evaluate transitional processes, such as absenteeism or hours spent with diverse customers. The lag indicators show the result of activities previously taken and these indicator also used to measure results at the end of time period, such as sales, market share, satisfaction of employees. For better understand diversity impact there should be a mix of both types of indicators.

## **1.4 Framework of managing diversity.**

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J. Fink, D. Pastore and H. Riemer (2003) proposed a framework of managing diversity that differentiates between “non-compliant” organizations and “pro-active” organizations going through “compliant” and “reactive”.



The sense of this framework is very simple, it suggests: the diversity will go from a liability to an asset for the companies that move their diversity management from “non-compliant” “to pro-active”. The “non-compliant” organizations will face the threats imposed by diversity, while the “pro-active” organizations will benefit and profit from their diversity management rise their opportunities. In “pro-active” organizations employees at various levels are involved in decision-making.

I will give several examples of organizations in different countries, which adopted the management of diversity.

Orange Polska is a polish telecommunication provider company, which employs over 21000 employees all over Poland. Company believes that diversity creates new opportunities for the business development and growth and recognises it as an asset that helps to hire the best talents. The main diversity program implemented in Orange Polska is focusing on gender equality in the workplace and it is a part of corporate social responsibility strategy. The main tools to observe diversity impact in organization is equal pay and access to management positions in the company. By equal pay, we mean, controlling the gender pay equity in managerial and non-managerial

positions. The second tool is referred to achievement of 35% of women in managerial positions by 2015. Between 2011 and 2012 the percentage of women in managerial positions rose from 26,8% to 27,3%. But already by 2013 the increase reached 35,8%. And the overall ratio of gender pay was 94,5% in managerial positions and 84,9% in non-managerial ones<sup>8</sup>.

Another brilliant example of diversity management implementation is Hewlett-Packard Austria<sup>9</sup>. The organization strongly supports the idea, that diversity drives the company's growth, productivity and innovation and creates competitive advantages. The analysis of key data on diversity is made on quarterly basis by analysing the results per region, sub-region and per business and function. By doing analysis regular company observes over year-to-year trends and searches the way for improvements. Moreover, every year HP measures staff engagement using Employee Engagement Index (EEI). This index collects feedbacks of all employees of the company with their suggestions and proposals for future and continuous improvements. Using EEI company defines new goals and continues to monitor the achieved ones. And another tool to measure diversity in HP is gender diversification. Now, HP Austria has the highest percentage of women working within local IT industry.

PSA Peugeot Citroen Spain is searching to implement and promote best practices in every aspect of human resource management. Company promotes diversity by recruiting the best talents and putting them to work and grow together. Company tries to obtain the best mix of knowledge, by diversifying recruitment channels. By using diversified channels of recruitment, company, for instance, enters in agreement with educational institutions, public employment services and recruits online. The selection process is more objective in PSA, as they introduced a guide for good recruitment practice: anonymous CVs, the Simulation Recruitment Method (SRM) and training in order to prevent discrimination. And of course, company monitors diversity and equality of opportunity for each employee, to be sure that agreements are effectively implemented. Starting from 2008, PSA Peugeot actively trains its managers in "diversity management"<sup>10</sup>.

Clearly, for these mentioned organizations and many others who already implemented or just started to implement the idea of diversity at the organizational level, management of diversity is something more than diversity as such. What kinds of activities are necessary in order to implement effectively a company strategy, which consolidates diversity as an asset into company's personality? In my opinion, firstly company needs to understand, why it is important to implement

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<sup>8</sup> European Business Charters "Assessing Diversity, Impact in Business: Case Studies"

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

the strategy of diversity. Second, examine such strategy in order to identify what strengths and weaknesses it brings to the company. Third step, the integration of company and new strategy will bring tensions that should be accepted and solved in a positive way. Fourth, there is a need of change in a whole company's culture. And finally, if organization will succeed in each step, it will attract more and more talents. In other words, management of diversity is about integration of ideas and practices of diversity into the day-to-day managerial and learning activities and processes of an organization and its environment.

From examples of Orange Polska, HP Austria and PSA Peugeot Citroen Spain, we can see how for companies are important the strategies of awareness and understanding about diversity problems and policies. The wish to raise awareness is often shown in titles and slogans of diversity programmes of different companies. For instance: "Everyone is Welcome at Tesco", "Open Minds, Open Markets" (UBS), "Getting Older, Thinking Younger" (Pfizer Deutschland). TNT Austria, for instance, won a number of diversity awards. By implementing diversity, company reduced yearly staff turnover from 25% in 2000 to 10% in 2003 and got a similar reduction in absenteeism. Moreover, TNT also saved 15000 euros on taxes, from the employment of disabled employees. There is an important need to move beyond the HR department and at the same time including it. According to the study of the European Commission "The Costs and Benefits of Diversity", the most considerable advantages for companies with an active diversity policy are:

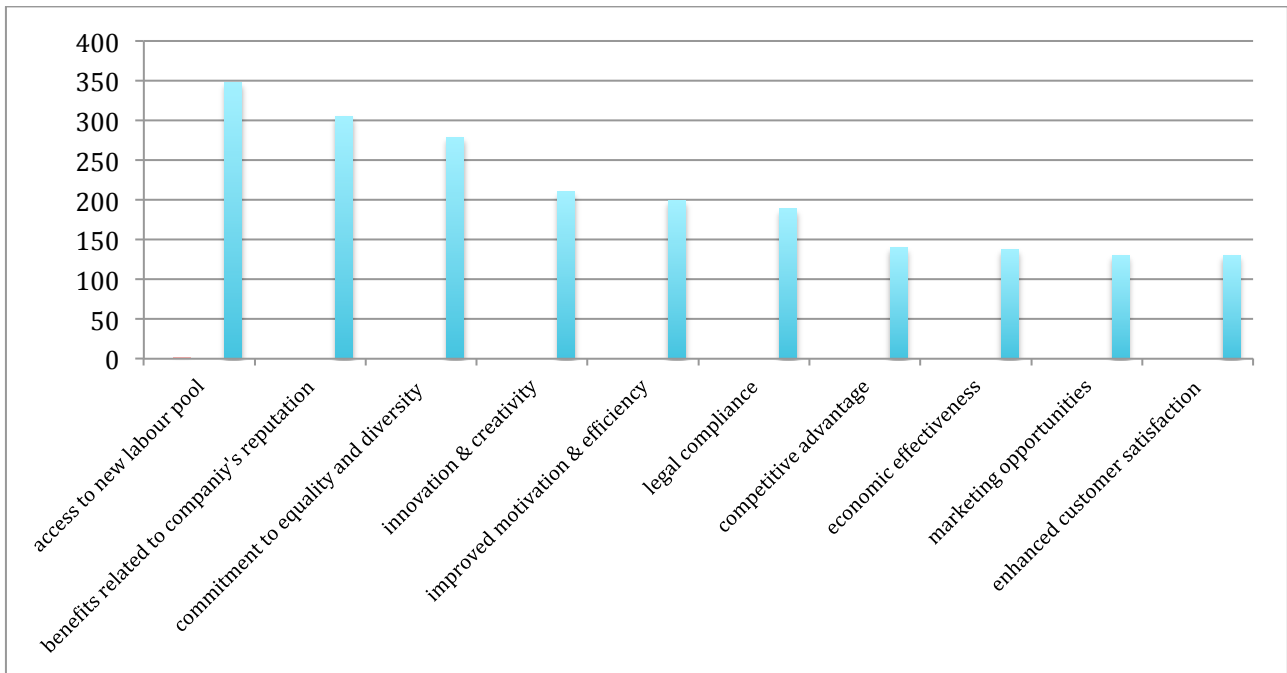
- Reinforcement of cultural values within the organization;
- Boosting corporate reputation;
- Serving as a facilitator of attraction and retention of highly talented staff;
- Increasing motivation and efficiency of employees;
- Increasing creativity and innovativeness among staff.

EBTP (European Business Test Panel)<sup>11</sup> indicated perceived benefits (such as: access to a new labour pool, benefit's related to company's reputation, commitment to equality and diversity, innovation and creativity, competitive advantage and other) of implementing diversity by collecting data from 400 companies. The results are represented in the graph below.

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<sup>11</sup> Training Manual for Diversity Management, 2007





Now the rising question is: is diversity a threat or an opportunity for organization?

In my opinion, diversity is not just a moral or social issue; it affects directly the performance and results of the organization. For any company, which wants to employ diversity, must be clear that managing diversity means recognising people differences and seeing these differences as valuable.

For instance, according to Knippenberg (2004) when people recognized their work group diversity as valuable for their tasks- they are more likely react positively to their diversity and its diverse membership. Especially, when individuals believe in the value of diversity for the task- diversity is positively associated to group authentication, while diversity is negatively associated to identification, when individuals believe that similarity is more beneficial.

The affective model of diversity proposed by Phillips and Lount tells: individuals, who strongly believe in the value of diversity, will not expect to feel negative emotional reactions when forecast interaction with diverse others. Moreover, individuals with more positive diversity credence should be more willing to adapt to the negative affect and disagreement that often occurs in diverse working environment. At the same time, diversity beliefs can change, depending on an individual's experience, while working in diverse groups. Especially, past positive cooperation in diverse groups

can lead individuals to cultivate positive diversity beliefs, that will lead to less negative emotional reactions.

Another interesting conclusion from Phillips and Loyd experimental study is: group members expect differences in knowledge and opinions from individuals who are socially dissimilar. As such group members seem more likely to consider unique perspectives from socially dissimilar individuals than from socially similar ones.

When group members have different opinions about how to perform a task- the diverse groups may outperform those who have no differences (homogeneous groups). Individuals of diverse groups are more likely to consider the unique perspectives and engage more in task to understand the constellation of agreement and disagreement.

The impact of diversity on organizational behaviour is powerful and complex. To determine the effect of diversity on organization, it is important to examine organizational culture. Organizational culture includes behaviours, shared values, background's of organization's members. Individuals share a common sociocultural heritage. In last years, culture includes such factors as race, gender, age, and disability. Individuals, who represent the minority groups often, suffer from prejudice, discrimination and stereotypes.

## **1.5 Prejudice, discrimination and stereotypes.**

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Prejudice is a prejudgment that person builds about another individual on the basis of some factors and characteristics. Prejudice may create positive and also negative considerations about someone. Prejudice is an attitude, while discrimination is behaviour based on attitude. For instance, employer can have a negative attitude about overweight people. Such negative attitude may result in rejection to hire such discriminated employees.

Discrimination is behaviour with respect to a person based on the person's group identity. Reid (1988) made a list of three sources of prejudice and discrimination:

- 1) Intrapersonal factors that result from low tolerance and aggressiveness;
- 2) Interpersonal factors such as communication proficiency heritage effects from the history of intergroup relations;

### 3) Reinforcement factors in society as laws, books and media.

Stereotype represents a barrier for individuals from minority groups, because individuals of these groups are associated with information stored in minds of other individuals about such groups. Stereotypes are the basis for prejudice and discrimination. There are two types of stereotypes: prescriptive and descriptive. Prescriptive stereotypes belong to perception how people should behave, based on their group membership. Descriptive stereotypes belong to the idea on how people will do or behave, according to their group membership. Stereotyping serves to simplify and categorise the world and makes cognitive processes more efficient (social cognitive theory). Categories help quickly and easily revise the data. Human's tendency to categorize is linked with the need to evaluate the person categorized, and this process leads to stereotyping. When individual firstly come into contact with others, he or she categorizes this individuals to an in-group or an out-group. Such trend can affect the relationship among supervisors, peers and job satisfaction. People tend to see the members of their in-group as heterogeneous individuals and out-group members- as homogeneous (with similar behaviours, attitudes, characters- essential characteristics that fit stereotypes).

The negative effects of stereotypes are:

- It will impact the careers of members of stereotyped groups;
- It will affect mainly members of culture minority groups rather than majority groups, due to power imbalances;
- Out-group members (minority) have lower acceptance as a leaders;
- There are present differences in hiring and performance ratings between majority and minority group members.

In order to reduce stereotyping process among employees, organizations have to provide employees with training courses. Kerry Kawakami and colleagues explored the effect of training on stereotype's reduction- when employees deny stereotype, it helps to reduce its activation. And generally, to reduce discrimination based on stereotyping and social categorization process, companies should implement diverse monitoring and controlling measures, such as:

- Well-structured interviews, where interviewer is trained in proper procedures and errors
- Implementation of diverse recruitment and selection teams

- Execute legitimate selection criteria.

Workers from minority groups also face such problem as ethnocentrism within corporate's culture. Ethnocentrism is an idea and believes for majority –group members, who see their own group as the centre of universe and do not evaluate beliefs, values of other groups more positively that their own group.

Literature identifies three types of organizational goals, which contribute to the growth of diversity at the organizational level. The first goal includes moral, social and ethical goals that drive efforts to improve the conditions of minorities. Second includes legal obligations that require organization to improve equality, by eliminating racial and gender discrimination in education and employment. Third type of organizational goal serves to maintain and increase competitiveness in the global marketplace. Such multinational companies as IBM, Exxon, Coca Cola and Dow Chemical understand the role of cultural diversity as a mechanism to succeed in multinational business environment and more than half of their revenues come from overseas markets.

Now I can make the overall conclusion about importance of implementation of diverse workforce at the organization. There are follows:

- 1) Multicultural organizations have an competitive advantage in attracting and retaining the best accessible talent, interests and viewpoints; such diverse organizations understand better foreign employees;
- 2) By recruiting the diverse workforce, multicultural organization understands better the political, social, legal and economic environment of foreign countries, where it already does the business or just plans to start it;
- 3) Diversity boosts creativity and innovation and provides advantages; multicultural companies have a greater openness to new ideas;
- 4) Diversity management creates a competitive advantages in such fields as marketing, resource acquisition, problem solving. Diverse workforce is more capable to avoid the outcomes of “groupthink”;
- 5) Diverse teams are rapidly response to changes and show better flexibility;
- 6) Diversity serves as one of the keys for those who want to enter international arena.

At the same time diversity has its drawbacks:

1. Communication becomes more difficult among people and brings costs for company. Homogeneous teams often outperform heterogeneous groups, mainly when there is a serious communication problem. Employees from different cultures experience difficulties in understanding one another. When company faces the problem of communication among workers, there is a necessity of cross-cultural training for overcome misunderstandings and communication difficulties. It will help to improve intragroup communication and increase performance;
2. Diversity easily increases confusion in organization, complexity and ambiguity;
3. It is often difficult to reach a single agreement when there is a cultural diversity within organization.
4. Diversity creates problems in developing overall organizational procedures.
5. Diversity can generate ethnocentrism, stereotyping and cultural clashes. There negative consequence of such dynamics definitely will decrease productivity, increase turnover, and absenteeism. Heterogeneous groups absenteeism and tenure are associated with lower level of group social interaction and integration.
6. The potential of intergroup conflict is higher than in homogeneous teams.

Also we can divide benefits that diversity brings into internal and external. Internal benefits are mainly related to the life of organizational and its development, while external make impact on society and competitors of the company. Therefore, internal benefits of diversity implementation are:

- Plenty of good ideas that can be used by organization;
- Less limited problem-solving capacity than in organization with heterogeneous workforce;
- Working environment, where more employees are satisfied;
- Growing organizational productivity, creativity and effectiveness;
- With increasing creativity the innovativeness will also increase;
- Increase in profits;
- Human resource managers that are responsible for recruiting individuals will improve its ability to attract and retain employees with necessary and valuable skills and knowledge.

External benefits are follows:

- With diverse workforce it will be easier to understand the foreign markets and its customer needs;
- Customer service will improve;
- Increase in customer satisfaction;
- It will be easier to build stronger relationships with customers;
- With diverse workforce it will be easier to adapt for new market changes and increase organizational flexibility;
- By acquiring diverse workforce, company will gain a competitive advantage.

The conclusion is that: existing studies shows that diversity can effect an organization's objectives in positive and negative ways, and the main problem on that, is to understand under which conditions the potential advantages of diversity can be best used, while at the same time minimising the negative actions of it. And of course, the role of managers in organization is very important, because they need to control all the time conflict in groups, distribution of power, the identity of minority group members.

Successful steps in managing organizational diversity:

- Top management plays a leading role in transferring diversity in a success. From the side of executives must be transmitted a strong commitment in implementing and supporting diversity. Top management must understand the differences between majority and minority groups and face the difficulties, which they suffer.
- Diversity must be included in an organization's strategic business objective. The diversity strategy will not succeed if it will be a separate from the main goal of organization. At the same time, diversity must be implemented not only internally, but also must be a part of external program that identify the organization as an active leader in community and social problems.
- Company, who wants to follow the strategy of diversity, should empower all of its employees to use their full capacity.
- There is a necessity to upload an efficient communication, where employees can easily introduce their new ideas and get feedback.

- Not only Top management has to be engaged in diversity, but also employees within organization must understand, through recognition, support and respect of cultural odds, the competitive and moral advantages that it brings.

Nevertheless, there is no best way and answer on how managing diversity, as company leaders during their careers, face great challenges in building multicultural organization, that indeed values diversity.

There are other studies, which suggest that leadership plays a substantial role in the outcomes of team management. Friedrich has examined the role of leadership in the organization and its effects on innovation activities. The study run by Friedrich (2010) found that using a single catch-all approach for the principal idea of innovation did not provide with the most effective and desirable outcomes. While, using of multiple concepts that represented innovation at the individual, team, and organizational level was more effective in determining the outcomes of innovation. The research used multiple concepts of diversity by concentrating mainly on functional diversity at the group level; founding showed that functional diversity of the group was directly referred to the innovation process and leadership. Therefore, leadership and moderating role between diversity and innovation is well defined.

In my opinion, a diversity leader must have several qualities in order to manage heterogeneous groups of employees. The main qualities are: commitment, communication, empathy, responsibility and engagement.

## 1.6 Diversity effects on organization.

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According to Milliken and Martins there are four types of effects of diversity on organization<sup>12</sup>:

- Affective;
- Cognitive;
- Symbolic;
- Communicative.

The affective effects relate to satisfaction, identification and involvement, perception of discrimination and social integration, role conflict and role ambiguity. In diverse organization all employees are working with people of a different gender or ethnicity, which can carry negative emotions. This effect can be explained by the phenomenon of “homophily”. It refers to the fact that people are attracted and feels comfortable to those, whom they feel similar to themselves and are more likely to become friends and form relationships with them. Such social phenomenon makes the process of social integration and identification more difficult in heterogeneous groups than in homogeneous ones. However, such discomfort among the members of heterogeneous group tends to decrease over time. Milliken and Martins argue that to achieve more effective collaboration among heterogeneous employees is possible, when all the group processes are made subject of reflection and discussion.

The second type is the cognitive effect, which can also be explained as the ability of group members to put all information together, process it and then reach common conclusions. This type of diversity effect works well in heterogeneous groups, as the cognitive variety of these groups involves many various possibilities that can lead to creativity. Therefore, heterogeneous groups are able to generate a more realistic picture of the organization context.

The third group of diversity effects contains the symbolic effects. Heterogeneous staffs often represents a symbol for minority groups within organization, convincing the members of minority group that there are an equal opportunities for everyone. Therefore, the legitimacy of organizations will increase. Moreover, such heterogeneity can also influence external groups and customers to purchase products and services from such organization.

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<sup>12</sup> Taken from Maddy Janssens, K.U. Leuven, Organizational studies: “Theories of Diversity within Organizational Studies: Debates and Future Trajectories”



The communication effects represent the last, but not least category of diversity effects identified by Milliken and Martin. Communication nature within heterogeneous group tends to be less frequent and more formal than in homogeneous group. But, on the other side, communication with people from outside the group can be more frequent and can help to create the basis for implementing group's decisions.

As was mentioned before, an organization with diverse workforce can understand and serve better in diverse market place. Therefore, it is always challenging to hire diverse workforce, but the greater challenge is to retain such workforce. In my opinion, the key to successful creation, development and retention of diverse workforce is the ability to find the way in which workforce feels connected to their company.

The degree to which company's managers and employees recognise cultural diversity and its benefits and disadvantages determines an organization's strategy of managing cultural diversity.

Adler (1997) proposed three strategies/approaches for managing cultural diversity:

1. Ignore cultural differences
2. Minimize cultural differences
3. Manage cultural differences

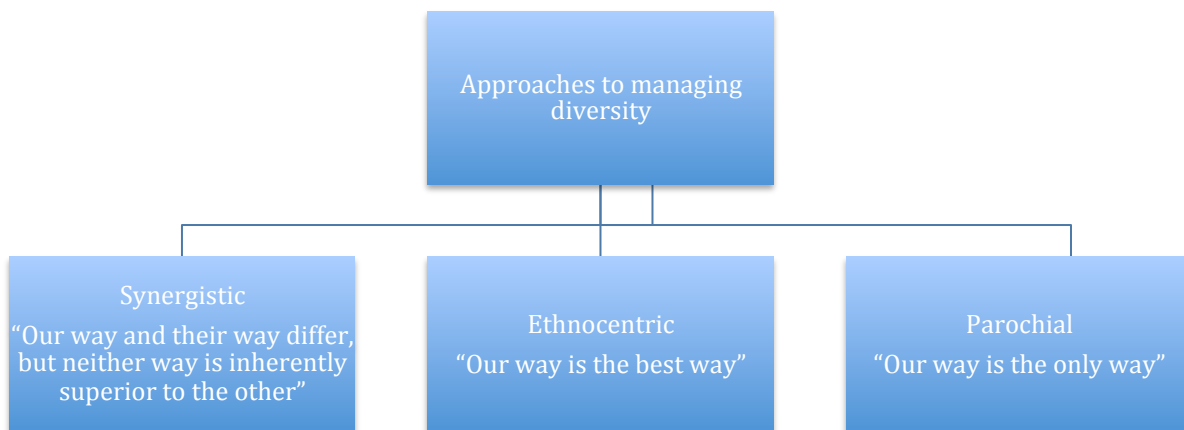
In term of first strategy (ignore cultural differences) company's managers do not perceive cultural differences or its impact on organization. The managers and employees of such organization believe that "our way is the only way" to manage and organize. As the result, they do not see any impact of cultural diversity on the organization. For them diversity is irrelevant.

In the second strategy managers recognize the diversity, but only as a source of problem. Managers of such organizations believe that "our way is the best way" to organize and manage. In such strategy managers try to reduce the problems of differences just by reducing diversity. So, they do not think about what kind of advantages they can get from diversity. Such types of organizations try either to hire culturally homogeneous employees or try to socialize all employees into the behaviour patterns of the dominant culture.

The last strategy shows organizations that recognize the impact of cultural differences, with its advantageous and disadvantages. Managers of such organizations believe that "our way and their way of behaving and managing differ, but neither is superior to the other". Therefore, new creative

combination of our way and their way may be the best approach to manage and organize. Managers do not ignore the potential advantages of diversity; moreover, they are trying to minimize potential disadvantages of it.

These approaches are summarized in the figure below.



The best way, in my opinion, is creation of synergy. According to Adler there are four steps to create cultural synergy in organization:

- 1) Firstly, it is important to understand and describe the current situation in organization and identify key cultural assumptions;
- 2) Evaluate cultural coincidences;
- 3) Establish culturally synergistic alternatives;
- 4) Choose one of alternatives and execute the culturally synergistic solution.

Tools, which can be used by each company that would like to implement diversity, are:

1. First of all, the idea of diversity must come from the head of organization, and their desire to introduce diversity (diverse workforce) in the corporate structure;
2. Training and education programs on diversity can change opinions of existing employees and prepare them to work in new heterogeneous environment;
3. Introduce part-time and flexible time hours of work, this novelty can attract people, who has temporary difficulties in families like small children, or ill family-member, and in other companies there is no such possibility of flexible time;
4. Create seminars, where employees can know each other better and understand different cultures and values of each other, this will teach them to respect each other;
5. The necessary information that must be submitted to each employee, in order to avoid misunderstanding, can be translated in different languages;
6. Diversity programs have to be implemented into code of conduct as well;
7. And maybe, learn from other experiences, even from competitors, who implemented diversity and feel how it works positively can be a good tool.

## Chapter 2: Examining specific groups and categories.

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As was mentioned in first chapter, diversity has many different characteristics and dimensions. This part of my work will be devoted to discussion of such category as race. Race is a system that used to classify individuals into groups or populations according to their culture, history, language, ethnic, geography and other unique and essential characteristics (like colour of skin, shape of eyes), that describe as better as possible each group. In my work I will discuss such races as:

- Blacks/Africans
- Latinos/Hispanics
- Asians
- Whites/Europeans

Race always was a core of interest for many scholars in order to understand better the diversity. The most often used theories are represented by:

- Social identity theory (Tajfel, 1974)<sup>13</sup>;
- Racial identity theory developed by Phinney in 1992;
- Similarity- attraction paradigm (Byrne, 1971);

The social identity theory, introduced by Tajfel, was his prominent contribution to the psychology.

Social identity represents a person's identification and based on person's group membership. According to Tajfel, the group, to which belong individuals, represents an important source of pride and self-esteem. Groups provide people with a sense of social identity, and social identity gives attachment to the social world. To increase the self-image of some group, individuals always try to rise up the status of the group to which they belong. Consequently, individuals divide the world into "them" and "us" using the process of social categorization. Such division creates two well-known groups: in-group that refers to us, and out-group, which refers to them. Social identity theory affirms, that the in-group members will discriminate contrary the out-group individuals, in order to gain their self-image. And at the same time, members of an in-group will try to find negative sides of an out-group ones, which will also increase the in-group's self-image. Such situation creates

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<sup>13</sup> McLeod, S. A. (2008). Social Identity Theory. Retrieved from <http://www.simplypsychology.org/social-identity-theory.html>

prejudice and may result in racism; the extreme form of the former is genocide. The examples of such actions are Germany against Jews during the period of the Second World War, opposition between Catholics and Protestants and more recent example in the former Yugoslavia between the Bosnians and Serbs.

In 1979 Tajfel and Turner<sup>14</sup> presented the idea of existence of three mental processes in evaluation individuals as “us” and “them” and these processes have a particular order:

Social categorization → Social identification → Social comparison

The process of social categorization organises objects in order to understand what they are and identify them. In this way people classify others and themselves in order to understand the social environment (classification of people according to the colour of their skin, religion, profession). After such classification, individual can identify the corresponding behaviour of each group. Each individual can be linked to many different groups.

At the next stage of social identification, individuals adopt the identity of the group, to which they have categorized themselves. The self-esteem of group member will be connected with group membership.

At the last stage, as soon as individuals have categorized themselves as a part of a group and identified with that group, they show the tendency to compare their group with other groups. This last stage is critical in understanding prejudice, when two groups identified themselves as competitors, and members of such groups are forced to compete in order to maintain their self-esteem.

Phinney proposed a model that characterizes an ethnic identity process and this process according to Phinney suits to all ethnic groups<sup>15</sup>. It is a three-stage model and consists of:

- Unexamined Ethnic Identity;
- Ethnic Identity Search;
- Ethnic Identity Achievement

At the first stage, individuals have not discovered feeling and attitudes regarding their own ethnicity. These feelings and ethnicity attitudes can be acquired through parents, family, and other

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<sup>14</sup> Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. *The social psychology of intergroup relations*.

<sup>15</sup> Phinney, J. S. (1993). A three-stage model of ethnic identity development in adolescence.

adults. Mainly this stage characterised by the lack of interest in own ethnicity.

During second stage, individuals start to discover and develop their ethnicity. At this stage, individuals are searching knowledge, reading about their own ethnicity, visiting ethnic museums and taking an active part in cultural events. In the course of the second stage it is possible that some individuals will reject the significance of the dominant culture.

At the final stage, people start to understand deeper their ethnicity and appreciate it. Individuals solve identity conflicts, obtain a sense of ethnic identification and at the same time they become more open to other cultures.

Similarity- attraction theory<sup>16</sup> seeks to interpret and forecast interpersonal liking by affirming that people are attracted to others who are similar to them. People prefer to join with those who share similar attitudes, demonstrate similar behaviour, personality. The main reasons why individuals like the company of others, who are similar to them are:

- Similarity in attitudes guarantee confirmation that a person is not alone in his or her own belief;
- Knowing an individual with similar attitudes may help to forecast his or her future behaviour;
- Likeness generates liking, in a sense that one individual will be attracted by another similar individual.

Research has showed that individuals demonstrate bigger liking and attraction for people who illustrate similarities in the following areas as: socioeconomic status, religious beliefs, bad habits, ethnicity and intelligence. But at the same time this theory does not always accurate, as sometimes people try to avoid similar to them and searching dissimilar social environment in order to get new experience.

The major part of these theories came from social psychology. Basic assumptions made about people included in many of these theories are:

- Individuals judge each other using mainly such characteristics as race or gender, in the lack of additional information;
- Such characteristics create group- membership with its similarities and differences between

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<sup>16</sup> Byrne, Donn. 1971. *The Attraction Paradigm*. New York: Academic Press.

individuals, and at the end formulate in-group and out-group differences;

- Creation of distinct groups may have negative effects and outcomes for minority or out-group members.

And of course, these theories bring also positive effects, as increased understanding of different ethnicities and cultures, constructive conflict and debate, increased information.

## 2.1 Blacks/African group.

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The first type of race, about which I want to talk, is Blacks/Africans. During the history, Blacks and immigrants of colour always faced and continue to face more significant barriers in adaptation, assimilation and full participation in the given society. Main characteristic of minority groups is its visibility, which further creates categorization and stereotyping. Blacks got an inferior role in the society and became the target of discrimination, exasperation and continuous exclusion from society groups. During the history, Blacks were mainly property rather than owners of property. Therefore, it is enough easy to imagine the consequences of such difficult life and restrictions that accompanied individuals: difficulties in obtaining education, as during slavery period in different parts of the world it was prohibited teaching slaves to read and grant them with education, low-skilled professions, low salary and as a result pensions. Even after different acts, that prohibited race-based discrimination in employment, there is still a huge gap between White and Black employees' salaries. So, still wages of people of colour suffer effects of discrimination. Difference in wealth of there two categories of races (Blacks/White) has also been partly assigned to discrimination in access to credits, Blacks were less likely to be come homeowners, did not have possibility to start own business, in short, they could not contribute to storage of wealth. According to research done by Ando, Blacks are less likely to obtain credits than Whites, Latinos or Asians<sup>17</sup>. Certainly, the level of education, employment and level of wealth for these people increased, but being employed, they start to suffer the treatment discrimination. Treatment discrimination takes place, when individuals are already employed, but treated differently once employed. Such treatment can be observed through fewer job-related rewards, opportunities and resources<sup>18</sup>. There

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<sup>17</sup> Ando, F. (1998). *An Analysis of Access to Bank Credit*. Los Angeles: UCLA Center for Afro-American Studies.

<sup>18</sup> Greenhaus, J.H., Parasuraman, S., & Wormley, W. M. (1990). "Effects of Race on Organizational Experiences, Job Performance, and Career Outcomes. *Academy of management Journal*, 33"

are a lot of examples of unfair treatment in different organizations; one occurred, for instance, in Coca-Cola Company. Coca-Cola resolved a lawsuit that mentioned systematic discrimination against Black employees and company agreed to record 192,5 million of dollars settlement. Black employees claimed that in the organization they were at the bottom of pay scale, with earnings of 26,000 of dollars less per year than White employees in comparable jobs, and, moreover, prevented from promotions that they deserved<sup>19</sup>.

African Americans, for instance, often suffer from stereotypes, prejudice, skin tone (individuals with more dark skin colour suffer more than those with lighter skins), and even because of their names as they “sound Black”. Interesting experiment was done by Bertrand and Mullainathan<sup>20</sup>: candidate with “sound White” name had to send out ten résumés in order to get one call-back, while those with “sound Black” name needed to send out fifteen résumés and he or she will have 50% of possibility to get a call-back. Even if Black applicant has a higher-quality résumé, it does not improve the likelihood of being called, like in case of White applicant. The conclusion made by this research states: if candidate has a “White-sounding” name, it will result in many additional callbacks, as having nine more years of work experience in résumé.

The research made by Holzer<sup>21</sup>, in my opinion, is also very attractive in order to understand the employment politics of organizations and problems in having the different skin colour. Holzer took different companies and divided them into groups according to the number of employees. So he got categories of companies with 1-14, 15-49, 50-99 and 100-499, and 500 or more people employed. And an interesting feature that he found was that: companies of small size tend to hire smaller percentage of Black employees, while larger companies do conversely. Holzer proposed that larger companies have more formal hiring practices and structured interviews, which let less room for subjective and discriminatory employment decisions.

Recall to similarity-attraction theory (Byrne, Donn) that individuals tend to demonstrate higher liking and attraction to those, who are similar to them, unfortunately works not so fair in reality, when supervisor provides rating for employees for example. Being the same race with supervisor will produce significantly higher ratings for such employee. In this case similarity effects will give

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<sup>19</sup> Winter, G. (2000, November 17). “Coke Bias Settlement Sets Record,” The Dallas Morning News, New York Times News Service.

<sup>20</sup> Bertrand, M., & Mullainathan, S. (2004). “Are Emily and Greg More Employable than LaKisha and Jamal? A Field Experiment on Labor Market Discrimination.” *American Economic Review*, 94.

<sup>21</sup> Holzer, H. (1998). “Why Do Small Establishments Hire Fewer Blacks than Larger Ones?” *Journal of Human Resources*, 33 (4).



advantageous for White employees and disadvantageous for Black ones. Kraiger and Ford have found, that providing of trainings for supervisors in reduction of same-race bias will not have an effect, instead, increasing the percentage of Black employees in the workgroups will help to decrease the race effect<sup>22</sup>.

Taking all these negative effects of Blacks' discrimination occurred two effects: the glass ceiling and glass walls. The glass ceiling represents an invisible barrier, which prevents women, people of colour, people with disabilities to progress beyond a certain level in organization. Empirical evidence shows that ceiling effect begins at the first-line management and supervisory levels and continues further to the top<sup>23</sup>. Glass wall is invisible barrier that limits minorities and women to certain position within organization. People of colour often occupied in human resource positions, communications, community relations, rather than being working in marketing, finance and operation, which are more likely, will lead to higher-level executive positions. Blacks are not involved usually in decision-making, so this limits their possibility to obtain certain knowledge and skills, which are needed to achieve certain managerial- executive levels<sup>24</sup>

Glass ceilings and walls can be strengthened through uncovered and clearly discriminatory practices. Such practices include:

- Attributing less challenging work for employee can lead to decrease in development of skills and, therefore, influence qualifications in the future;
- Insufficiency in providing constructive performance feedback will hurt the ability of employee to identify and achieve necessary improvement;
- Appointment of certain clients to employee, when he or she is unwilling to work with, can negatively affect employee's earnings and career advancement.

Each type of race that will be discussed, I will conclude with managerial recommendation for both employees and organizations and with recommendations for customer service.

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<sup>22</sup> Kraiger, K., & Ford, J. K. (1985). "A meta-Analysis of Ratee Race Effects in Performance Ratings." *Journal of Applied Psychology*, 70.

<sup>23</sup> Hurley, A. J., Fagenson-Eland, E. A., & Sonnenfield, J.A. (1997). "Does Cream Always Rise to the Top? An Investigation of Career Attainment Determinants." *Organizational Dynamics*, 26 (2) Maume, D. Jr. (1999, November). "Glass Ceiling and Glass Escalators: Occupational Segregation and Race and Sex Differences in Managerial Promotions." *Work and Occupation*, 26 (4)."

Maume, D. Jr. (2004). "Is the Glass Ceiling a Unique Form of Inequality?" *Work and Occupations*, 31 (2)

<sup>24</sup> Collins, S. M. (1997). "Race Up the Corporate Ladder: The Dilemmas and Contradictions of First-Wave Black Executives." In C. Herring (Ed.), *African Americans and the Public Agenda*. Thousand Oaks, CA.

## Recommendations for Blacks/Africans:

- This type of race is famous about being slaves over the long period of the history, without acquiring certain important knowledge and skills. Therefore, my first recommendation is to obtain as much higher education as possible, it will eliminate at the first stage of selection/hiring process the stereotype that people of colour are not intelligent. Undoubtedly, education increases possibility to be hired, increases earnings and welfare and of course decreases the likelihood of unemployment;
- Looking at the research made by Holzer, one strategy for people of colour can be to search jobs in the larger companies. Companies that promotes diversity and avoid race discrimination, for Black employees are more possibilities to get a position;
- If our given employee already got a job, he must be aware that sex and race discrimination is illegal, and each individual is protected under the law;
- Entrepreneurship can be also a possible way to build a career for many women and men of colour, due to the limited opportunities and discrimination. Entrepreneurship gives flexibility, autonomy, and leadership and procures a diversity-friendly workplace environment for others.

## Recommendations for organizations:

- Each company that wants to achieve the benefits of diversity, must be aware of personal stereotypes and biases and over time try make changes that help to avoid them;
- Being a manager or supervisor that is involved in a hiring or performance management process, must be attentive to important and relevant information and avoid irrelevant one, avoid race-biased stereotypes;
- At the initial stage of selection process, remove the information about sex and name of applicants, stay fair with each candidate;
- Dispute unfair behaviour of others, if you feel that it brings discrimination and stereotyping;
- Being supervisor or executive, it is important to monitor fairness in hiring process, implement some necessary changes to human resource and recruiting policies and provide staff with trainings;
- Internal audit of hiring, promotion, compensation and termination processes must be conducted on a regular basis;
- I think it is necessary to involve people from various backgrounds in the hiring process. As

was mentioned before, heterogeneous teams can provide with better solutions, the same results can be achieved also during the selection of candidates; at the same time, heterogeneous staff could be less likely to discriminate, but resist and also reject stereotypes.

### Customer service recommendations:

- Organizations must be sure that all customers are treated in a fair way, it can be achieved through continuous training of sales/services people of the company to avoid discrimination against consumers and stereotyping;
- To monitor customer's satisfaction is possible through surveys and after analyse gathered data;
- Consider and investigate customer complaints;
- Adopt within organization a diversity friendly environment, where each customer will be heard and treated in a fair way;

Building over time friendly relationship with customers, hiring diverse people, will help to build loyalty, both with consumers and employees, generate future business and maintain balance of positive working environment.

## 2.2 Hispanics/Latinos group.

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Talking about next type of race, Hispanics, it includes people from other various races, which include Blacks, Whites, Asians, Native Americans and others. Hispanics, for instance, is a fast-growing minority group in the United States. Among different races, Hispanics stay behind others in educational level. Some of them speak only Spanish; some families are also bilingual, meaning that they speak also English. Low level of obtained education brings low earnings and employment experience, which also affected by English knowledge fluency, sex, nativity and skin colour. Research made by the Lewis Mumford Center for Comparative Urban and Regional Research<sup>25</sup> reported that Hispanics who are White have higher income levels and lower unemployment and poverty rates than Black and other-race Hispanics. Also White Hispanics have more education on average than other-race Hispanics.

As with Blacks, many researches have found demonstration of access and treatment discrimination against Hispanics. One of the researches was conducted in Washington, D. C., where White and Hispanics applicants were called to send résumés to apply for approximately 500 proposed jobs<sup>26</sup>. All candidates were well matched, and Hispanic candidates had a bit higher qualification level. It was possible to determine who is Hispanic according to the name in CV. After the experiment had been started, Hispanic applicants were communicated that there was no job available, while the White candidates were called fifteen minutes later and got an appointment for an interview. Moreover, Hispanics were even not asked about their work experience and qualifications. All in all, in more than 22% of the cases, Hispanic candidates were less likely to be promoted in the stage of selection process.

T. K. Hernandez, Rutgers law professor, has examined Latino inter-ethnic employment discrimination, which was defined as discrimination among non-White racial and ethnic groups<sup>27</sup>. According to her research, the presence of a diverse workforce does not mean that in this organization all employees are equal in their rights, and there is no discrimination. Such type of inter-ethnic discrimination brings negative occupational, health-related and psychological impacts to people involved.

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<sup>25</sup> Logan, J. R. (2003). "How Race Counts for Hispanic Americans". Lewis Mumford Center

<sup>26</sup> Bendick, M., Jr., Jackson, C., Reinoso, V., & Hodges, L. (1991). "Discrimination against Latino Job Applicants: A Controlled Experiment." *Human Resource Management*, 30 (4).

<sup>27</sup> Hernandez, T. K. (2007). "Latino Inter-Ethnic Employment Discrimination and the Diversity Defense." *Harvard Civil Rights-Civil Liberties Law Review*, 42 (2).

Among United States immigrants' very big percentage is devoted to Hispanics (nearly 47%). Being immigrant is often associated having low education, low-wages and as result accomplish often a dangerous work. Immigrants are mainly preferred by organizations, because they are ready to work for a low salary and will less likely to complain about mistreatment, than native citizens. Therefore, immigrants often experience different types of discrimination and exploitation. Discrimination for such individuals usually based on their skin colour, problems with documents, additional working hours without paying, and aggression. So, immigrants are more easily to exploit than native-born workers, due to immigrants' fears of deportation and as not citizens of the country- little government attention to the real situation. One of the brightest cases of immigrants' cases is Walmart Stores, Inc.<sup>28</sup> United States government affirmed that Walmart hired undocumented immigrants from Mexico, Eastern Europe and other countries and knew about this, even if the hiring process was done by contractors, rather than by Walmart directly. In 2005 Walmart agreed to settle 11 millions of dollars, even if the settlement was so big, it accounted just for less than one hour sales at Walmart. Moreover, civil suit registered that former undocumented workers were not paid for overtime, and they used to work seven days in a week.

Such preferences for low-paid immigrants is often disadvantages for native-born Black employees, this creates enmity among two groups, which are both considered as "minority" even across both experience discrimination and both non-dominant groups.

Another problem that faces Hispanics/Latinos is the language problem, because to obtain a managerial position in any company it is important to speak fluently English and at the same time know other 2-3 languages. Therefore, communication proficiency and level of education are the strongest enemies for the Latinos in managerial positions.

Often bilingual employees are called to assist monolingual English speakers with their tasks. This additional objective can cause problems for bilingual employee in performing his or her own tasks. Mary Romero noted that very frequently bilingual employees are asked to translate conversations between monolingual, for example, English-speaking employees and non-English speaking clients. This creates problems in performance of bilingual employees, as they have to perform an additional work of translators, without being paid and at the same moment be ready to accomplish their own work-related tasks. As a result, ratings of such bilingual employees often suffer. And the need of assistant for English-speaking employees does not lead to the questions about their own ability to

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<sup>28</sup> Solis, D., & Mittelstadt, M. (2005). "Walmart to Settle Immigrant Case." Dallas Morning News, March 19. Section D, p. 1.

perform their jobs; the bilingual abilities of ethnic employees do not seem as considerable criteria to increase salary or provide with promotion<sup>29</sup>. Bilingualism among employees must be seen as a valuable asset for organizations.

### Recommendations for Hispanics/Latinos:

- Of course, the main advice as for Blacks, is to obtain as much education as possible, as it will provide return on investment by increasing the likelihood of being employed and increase in earnings;
- In my opinion, Hispanics have to study carefully supposed employers; such as what is the ethnic composition of current staff, are Latinos and other minority groups represented in managerial positions at this organization, does organization promotes diversity and equal opportunities for each employee. This will give an idea for applicant about to what kind of working environment he or she wants to enter;
- For discriminated Hispanic women in my opinion it is important consider to work for such organizations, which have unions for women. This will protect their rights in case of harassment;
- The importance of speaking English is crucial. At the same time it is necessary for potential bilingual candidate (in our case Hispanics/Latinos) to obtain positions, where his or her languages knowledge is valued and compensated. People of all ethnic backgrounds have to recognise the importance of knowing another foreign language, as it will increase the market value of employee.

### Recommendations for organizations:

- Proactive policies for supporting fairness and equality will help to eliminate or reduce discrimination and increase tolerance with respect to Latinos;
- Organizational leaders can increase a number of Hispanic employees by recruiting, for instance, at high school and universities with a large number of Latino populations;
- Organizations should provide, if it is possible second-language classes for non-English speaking workers; for example, if company hired very qualified Hispanic engineer, but he does not speak English well, but represents an important source of knowledge for the firm, the wise management will investment money in such employee, in order to develop him, and

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<sup>29</sup> Romero, M. (1997). "Epilogue." In E. Higginbotham & M. Romero, *Women and Work: Exploring Race, Ethnicity, and Class*. Thousand Oaks, CA: Sage Publications.

in the future get return on investment and also gain a competitive advantage. Second-language courses can decrease turnover in organization and improve customer satisfaction, while also improving employees' skills and self-esteem;

- Company should encourage English-speaking managers to learn second language as well, like Spanish. It will improve understanding between management and Hispanic employees, increase communication and boost productivity;
- From the legal point of view, employers have to provide each employee with a minimum wages, appropriate payment for overtime and social security. Fair treatment of all workers is a good investment for companies, as for instance an efforts to help employees to learn second language may be transformed into resource acquisition and cost advantages in the future;
- Management and hiring personnel have to avoid making assumptions about individuals based on the group membership of such individuals, rather than on their individual qualifications.

### Customer service recommendations:

- Latino market is the one of the very fast growing markets, which can bring a lot of opportunities for businesses;
- To compete in such market it is necessary to understand and consider preferences of Hispanic consumers and create a right advertising campaign, first of all it must be bilingual;
- Rather than looking at Latinos as at a market to be exploited, it is important to see in them valuable and valued customers.

## 2.3 Asian group.

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Next and very interesting type of race is Asians. The category of Asians contains individuals from the Far East, Southeast Asia, or Indian continent, including Cambodia, India, China, Japan, Korea, Malaysia, Pakistan, Thailand, Vietnam and many other areas. Asian people (especially Asian Americans) who live not in their country of origin, but in other countries often represented as the model minority group. Why does exist such stereotype about Asian people? The answer is enough simple: Asians are well-known as hard working people, determined, with very strong cultural values; all this helped them to achieve education, financial success and build welfare, in contrast to other minority groups, who are perceived as having done little to improve their life-work balance.

Some Asians are well educated, but at the same time many of others are poorly educated, which creates a bimodal distribution of educational achievement. Asian immigrants, for instance, are grouped into two educational categories: highly and poorly educated, and relatively small part has a moderate level of education<sup>30</sup>. Many Asians with high degree of education leave their countries, and create brain drain effect. Brain drain effect occurs, when highly educated individuals leave one country and search better life, job and income opportunities in other countries. This effect was very strong during the period of Soviet Union and nowadays China known as one of the leading countries in brain drain. Therefore, being well educated increases possibilities of individuals to enter into new country and find job.

One author in a Newsweek magazine article argued that Asians were “outwhiting the whites”, meaning that Asian people outperformed Whites in education and income<sup>31</sup>. Such situation often creates a conflict between Asians and other minority groups and Whites, ignoring differences in education, income, employment and the barriers and discrimination that Asian people face.

Wages and earnings are significantly different between Asians and Whites; this puts into doubt the idea, that Asians earn more. It is important take into account that Asian families tend to be bigger, in terms of members, than White’s families. The reality is that, Asians have more family members, who make contributions to family incomes; this creates confusion about earnings of Asian families, as earnings emerge higher than they actually are.

Yen Espiritu said the idea of Asians being model minorities is one that tells “only half-truths, masking the plight of disadvantaged subgroups and glossing over the problem of underemployment,

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<sup>30</sup> Mosisa (2002)

<sup>31</sup> “Success Story: Outwhiting the Whites”. (1971, June 21).



misemployment, and unemployment” that Asians face<sup>32</sup>. So, according to Espiritu, the model minority is not else as model minority myth. Covert sense of model is that, Asians are hardworking race, and this brought them to success and partial freedom from discrimination, and other minority groups should do as Asians do.

An important feature to identify, how well people have avoided discrimination and level of their success is to measure the return on their investment in education. So, if Asians, in America for instance, one of the most educated minority groups, it means that they invest a lot in their education? This is not always the case. Other important elements of success are unemployment rate and type of occupation. Generally, unemployment of White people is the smallest one in a contrast to other races, where unemployment of Blacks tends to be the biggest one. Asian unemployment is more similar to Blacks and Latinos unemployment.

Even if Asians have a higher education than Whites, they are underrepresented in executive and management positions. For example, in United States, Asians hold only 0,5 % of senior management positions<sup>33</sup>. Asian people are often seen as good at mathematics and technically smart, which creates a positive stereotype, but these characteristics do not help to achieve managerial positions. Moreover, they are viewed as passive, not confident and with lack of communicational and language skills- which creates a negative stereotype about this race. These stereotypes work to inhibit Asians from achievements in organization and often limit them to positions where little communication, leadership and decision-making skills are required. Such stereotypes put Asian employees in positions with limited future opportunities and create a glass ceiling effect<sup>34</sup>. For instance, there are a lot of Asian employees in technical fields, but even in such field they are less likely to be present in managerial positions.

Asian immigrants often are more likely to start their own business than other minority groups. Some researches proposed that a higher level of entrepreneurship among Asian people is due to the glass ceiling effect. Other scientists suggested that Asians problem is hidden in their limited skills and informal networks that is why they prefer to start their own business, and suffer expensive

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<sup>32</sup> Espiritu, Y. L. (1999). “The Refugees and the Refuge: Southeast Asians in the United States.” In A. G. Dworkin & R. J. Dworkin (Eds.), *The Minority Report*, 3rd ed. Fort Worth, TX: Hacourt Brace Publishers.

<sup>33</sup> Minami, D. (1995). *Untitled*. In *Perspectives on Affirmative Action*. Los Angeles: Asian Pacific American Public Policy Institute.

Korn/Ferry International, New York. (1990). *Executive Profile: A Decade of Change in Corporate Leadership*.

<sup>34</sup> Woo, D. (2000). *Glass Ceiling and Asian Americans: New Face of Workforce Barriers*. Walnut Creek, CA: Alta Mira Press.

social costs. I think both ideas can explain the choice of Asians in professional fields. Both types of Asians: highly skilled one, who is suffering job-related discrimination and low-skilled one can start their own business.

Research has documented that one of the reasons why Asian businesses survive is long hours of unpaid work or extremely low-wage labour among family members of Asian business owners<sup>35</sup>. Many Asian-owned firms fight for survival and often fail within first few years.

A study done in New Zealand, investigated the effect of Chinese, Indians or Anglo-Saxon names similar to the effects of Black-sounding names in United States.<sup>36</sup> The study participants were mainly practicing managers, who have been chosen to the short list of candidates and rated according to their suitability for the position. All candidates were highly qualified for opened positions. Chinese candidates were less likely to be included on the short list and got the lowest suitability ratings, even lower than Indian applicants. While candidates with Anglo-Saxon names got a higher and more favourable ratings than applicants with ethnic names. Chinese candidates with anglicised names, such as Polly Wong, got lower ratings from European raters, than they got from Asian estimators. At the end of research, Asian candidates were underrepresented in the final short list and got significantly lower ratings, even if all candidates had equal qualifications.

Regarding such Asians as Chinese, the immigrants from China are present in many countries; in United States for instance they make up the largest subgroup of people. And china has the largest population in the world. Chinese immigrants differ in income, level of education and success. On one hand, Chinese livings abroad are very successful and well educated, but from other hand, they have low incomes, suffering from discrimination and stereotypes. Many Chinese immigrants work in restaurants, often own them as well; those with strong English language skills work in clerical positions. A respondent of one study said: “Asians are very good workers,” especially in comparison with Blacks and Whites, who “would not do the type of job” offered, due to the lack of “stamina” or “humility to do that type of job.”<sup>37</sup>

According to United States Census, Asian Indians were categorized also as “Whites”, because they have a wide variety of skin tones. As well as Chinese, among them there are a lot of highly

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<sup>35</sup> Espiritu (1999).

<sup>36</sup> Wilson, M., Gahlout, P., & Mouly, S. (2005). “A Rose by Any Other Name...: The Effect of Ethnicity and Name on Access to Employment.” *The University of Auckland Business Review*, 7 (2).

<sup>37</sup> Moss, P., & Tilly, C. (2001). *Stories Employers Tell: Race, Skill, and Hiring in America*. New York: Russell Sage Foundation.

educated and qualified people, as well as uneducated. But even with high education Indians often face discrimination and exclusion. This contributes to the lower return on education in comparison to the return of highly educated Whites. Their tone of skin, religion and ethnicity creates wrong stereotypes, often creating the image of terrorists.

Southeast Asians, like Vietnamese, Cambodians, and others from this area usually have very limited knowledge of English language than other Asians and non-Asians, as well as they are likely less to complete college degrees. Therefore, Southeast Asians are mainly open small businesses, due to the lack of education and other opportunities. These businesses are not profitable; they survive only due to high personal and social costs that pay Asians.

### Recommendations for individuals:

- Obtain as much education as possible, in the field where individual prefers to work, in order to avoid the stereotype that Asians are only good at mathematics and technical fields;
- Do not be passive, make know employer the desire to be considered for managerial positions and other promotional opportunities;
- Asians have to learn to exhibit behaviours that do not come naturally, or were not learned earlier in life, as a result of their culture, religion and ethnicity. Asian immigrants have to adapt more to the norms of country, where they tend to live and work. It will help them to specialize themselves in the new working environment.

### Recommendations for organizations:

- Organizational staff, management and human resource personnel have to accept that not all Asians are well-educated and many of them can be subject of unfair treatment and discrimination;
- Asians have to be included, as well as other minority groups, in non-discrimination policies;
- When Asian employees do not express their desire in advancement and managerial positions, company should recognize that this can be influenced by cultural differences in self-promotion;
- Asians should be asked about their interest in promotions and positions, and therefore recognized as other high-performing employees;
- Organization should provide Asian minority groups with English language courses, as for other minorities presented in the personnel of the company;

- Asian employees should be recognized as an important contributors to the future of diversity in companies all around the world;
- More tolerance and fair treatment will benefit two sides, company and Asian employees.

### Customer service recommendations:

- Asian market is one of the fast-growing markets; only China has the largest population in the world and member of the BRIC's countries. At the same time, these Asian markets, are not similar to American or European markets, due to geographical, cultural, religion and political distance, therefore any company that wants to compete in such markets and catch significant portion of Chinese consumers, has to understand the tastes, habits and behaviours of Asians;

## 2.4 Whites/European group.

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Whites are the largest and the most dominant racial group. As very powerful group, they might not suffer from discrimination and stereotypes, but nevertheless White women still suffer from glass ceiling and walls effects, and get a lower return on their investment in education in comparison with White men.

Nowadays this race occupies the highest-status positions and earns the highest salaries, and is less likely to be dismissed as employees from minority groups.<sup>38</sup> “White privilege” and other not deserved possibilities and invisible advantages are often based on race.<sup>39</sup> Why some employees receive such advantages and others no? The answer is based on similarity to key decision makers, which creates a beneficial stereotype of candidate similar to employer. The same effect will get similar customers and clients; they may receive lower prices and discounts. While very often Black customers, when enter to the supermarket, bank or some office, are seen as thieves. This is one example of negative stereotypes about Blacks. And of course, talking about Whites as employees, they will get better treatment from employer compare to Blacks or Latinos. Therefore, when one group of individuals is disadvantaged and not included due to race or ethnicity, another group is advantaged.

White ethnic group includes Irish, Italians, Poles, Greeks, French, Jews and other European nationalities. Historically, white ethnic groups were separated from one another, as specific jobs were reserved for individuals of one ethnic group and other jobs for another group. As Italians were seen as likely to be engaged in some criminal activity, and this stereotype remains still to some extent nowadays (Italian gangster, Italian mafia)<sup>40</sup>. Talking about Irish Catholics, many of them left Ireland due to the religious persecutions, faced in other countries open enmity and exclusion. In response to such discriminations, they formed social, political and labour organizations to resist such unfair actions and also they played a key role in creation of the American Federation of Labour<sup>41</sup>. The discrimination, which faced Irish people, helped them to shape “ethnic politics” and

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<sup>38</sup> Elvira, M. M., & Zatzick, C. D. (2002). “Who’s Displaced First? The Role of Race in Layoff Decisions.” *Industrial Relations*, 41 (2).

<sup>39</sup> McIntosh, P. (2004). “White Privilege and Male Privilege: A Personal Account of Coming to See Correspondences Through Work in Women’s Studies (1998).”

<sup>40</sup> Schaefer, R. T. (2002). *Racial and Ethnic Groups: Census 2000 Update*, 8th ed. Upper Saddle River, NJ: Pearson Education.

<sup>41</sup> Kennedy, R. E., Jr. (1999). “Irish Catholic Americans: A Successful Case of Pluralism.” In A. G. Dworkin & R. J. Dworkin (Eds.), *The Minority Report*, 3rd ed. Fort Worth, TX: Harcourt Brace Publishers.

protect themselves. Jews, experiencing discrimination elsewhere, they are excluded from many jobs and not demanded by some organizations. For instance, Albert Einstein opinions about race and also racism in United States were influenced by his experiences as a Jewish person in Germany. For many people Einstein is a symbol of the smartest person in the world, and his surname is often used as a synonym for genius. He was a winner of Nobel Prize in physics in 1921. Time magazine in 2000 called Einstein the person of the century for his intellectual contributions that he made in science. But not so many people know about his strong ideas and resistance to racism and his civil rights activism. Taylor and Jerome cite his letter “to American Negroes” in The Crisis magazine. In this letter scientist expressed all his views about what he called “worst disease” in America, a “disease of White people”, which he did not “intend to be quiet about”<sup>42</sup>. The main idea of this letter indicated that Einstein saw that minorities, especially when these groups are recognized due to some physical differences, treated unfairly by majority groups and live as an inferior class. According to Einstein “all men are created equal” and it is obvious some emancipation, people have to engage their forces and struggle for their rights.

Talking about average level of education of Whites, it is higher than those of Blacks and Latians, but generally lower than those of Asians. One very interesting research was conducted to identify why Blacks are absent in corporate law firms<sup>43</sup>. Blacks with the same average grade as Whites were less likely to get job than White candidates. To be employed and segregate at elite firms was easier for Whites for attended the average school, than for Blacks who attended the same level schools. The authors suggested that firms with such kind of stereotypes unfairly advantaged Whites over equally qualified and educated Blacks. But, even if Black employee got a job, during his working period can occur performance-reward discrimination. This discrimination related to the actions of employer, when he or she knowingly or even unconsciously underestimates the work, done by minorities, in reward situations. To avoid and stop this kind of discrimination it is necessary to implement internal monitoring system to identify such practices.

Researches have indicated differences between Whites and minorities in terms of:

- Income;
- Performance evaluations;
- Promotions;

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<sup>42</sup> Jerome, F., & Taylor, R. (2005). Einstein on Race and Racism. Piscataway, NJ: Rutgers University Press.

<sup>43</sup> Wilkins, D. B., & Gulati, G. M. (1996). “Why Are There So Few Blacks Lawyers in Corporate Law Firms? An Institutional Analysis.” California Law Review, 84.

- Training;
- Opportunities for mentoring;
- Job-related attitudes such as job satisfaction, commitment.

As I have mention at the beginning of this paragraph about Whites, women of this race experience glass ceiling and walls effects, but not in the relation to other women, but they are disadvantaged relative to White men. White women usually occupy lower-level, lower-status and lower-paid positions and therefore gain lower return on their educational investments. Women are more likely to report work-related discrimination, nearly 22% in comparison to 3% of men<sup>44</sup>.

Research on ethnic identity development communicates that individuals with high ethnic identity usually have positive attitudes toward their own ethnicity and others. One study indicated that Whites have high racial identity development, meaning that they easily accept, appreciate and respect racial differences and can be actively involved in cross-racial interactions. And this study showed that Whites felt themselves more comfortable with Blacks<sup>45</sup>.

Donna Chrobot-mason has identified the relationship between White ethnic identity and their ability to work and manage other dissimilar individuals<sup>46</sup>. As Whites perceive themselves as members of White ethnic group, so according to scientist they will be better managers of diverse groups of employees, due to their high ethnic identity. In her study, 20% of White managers indicated their ethnicity as something other than just Whites/Americans, but Italian Americans or German Americans. Chrobot-Mason reported, when both White managers and dissimilar employees develop high ethnic identity, managers of the company are seen as more supportive, listening problems of employees, and supervisors who encourage a relationship of mutual trust. Individuals, who do not try to achieve high ethnic identity, are less likely to achieve the diversity –related benefits.

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<sup>44</sup> Yen, H. (2005, December 8). “Poll: Nearly 1 Out of 6 Workers Claim Bias.” The Associated Press.

<sup>45</sup> Claney, D., & Parker, W. M. (1989). “Assessing White Racial Consciousness and Perceived Comfort with Black Individuals: A Preliminary Study.” *Journal of Counseling and Development*, 67

<sup>46</sup> Chrobot-Mason, D. (2004). “Managing Racial Differences: The Role of Majority Managers’ Ethnic Identity Development on Minority Employee Perceptions of Support.” *Group and Organization Management*, 29 (1).

## Recommendations for individuals:

- Diversity is beneficial for everyone, and only Whites have more power to make changes, than do people of colour for instance. Therefore, Whites should see diversity as a source of competitive advantage for organization and for the society in general.
- White managers should understand the potential advantages of diversity for survival of the firm, such as: increase competitiveness through cost saving and necessary resource acquisition, creativity, problem-solving and many other benefits that were described during first chapter of my work;
- Whites should work to disperse myths and stereotypes about non-dominant group members;
- Whites can experience the same discrimination while belonging to non-dominant group, like being disable, overweight, Jewish. So, it is better to learn and understand diversity, because any human being can suffer from it during his/her life;
- As Whites are more likely to become managers and executives, they are first who can create the right and favourable climate for diversity and in this way they can create the diversity-supportive behaviours, that will generate a positive diversity climate;
- Mentoring can be used as a tool in facilitating the entry of non-dominant group members into positions of power.



## Recommendations for organizations:

- One of the task of organizational leaders is to recognize if some Whites may resist diversity and create an idea within working groups that diversity is a waste of resources or that that organization is already diverse enough, when it is not so;
- Continuous education about benefits of diversity must be done, the existence of glass ceiling and walls effects as well;
- Whites should know that diversity is not “us or them”, but it is valuable for everyone;
- Give equivalent rating and provide with salary increase for each employee, even when the main difference between them is just the colour of skin, and other professional, educational and performance characteristics are the same;
- Introduce anti race and discrimination practices and monitor them as much as possible.

## 2.5 Hofstede's cultural dimensions theory

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To understand better how different races react on environment (working, social) I propose to use Hofstede's cultural dimensions theory<sup>47</sup>. He collected data from 1967 to 1973 about 100000 employees of IBM. His research was dedicated to analysis of cultural differences of employees of different nationalities at working place. This model, perhaps, is the best for understanding international business. Nowadays, model consists of six dimensions:

- Power Distance Index (PDI);
- Individualism vs. Collectivism (IDV);
- Masculinity vs. Femininity (MAS);
- Uncertainty Avoidance Index (UAI);
- Pragmatic vs. Normative (PRA);
- Indulgence vs. Restraint (IND).

The main characteristic of PDI is distribution and concentration of power (physical and intellectual capabilities, power and wealth) among individuals and problem of equality and inequality in the society. Equality and opportunity for everyone are stressed when society has a low Power Distance Index.

IDV represents importance of the individual versus group, in other words "I" versus "We" orientation. Usually high level of individualism forms a large number of looser relationships.

MAS is concentrated on the degree to which society reinforces or does not reinforces traditional masculine work role model of male achievement, control and power. Feminine cultures care more about quality of life and environment, while masculine feels the need for achievements, money. For masculine cultures the need for relationships and modesty is not on the first place as for feminine cultures.

Uncertainty Avoidance shows the ability of society to live with uncertainty about the future without stress. High degree of UAI represents a low tolerance for uncertainty. Low index means that society is ready to take a risk, consider variety of opinions and show greater tolerance.

Next dimension divides societies in normative and pragmatic. Normative society tries to explain everything as much as possible. Such desire creates stability in normative society. In pragmatic

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<sup>47</sup> The Hofstede Centre, [geert-hofstede.com](http://geert-hofstede.com)

society there is no need to explain everything, as individuals do not see the necessity due to the huge complexity of life.

Indulgence supports the life with less restriction and more satisfaction from it, where society is always positive, enjoys life and always has fun. In restraint society, there are more norms and regulations that limit pleasure from life.

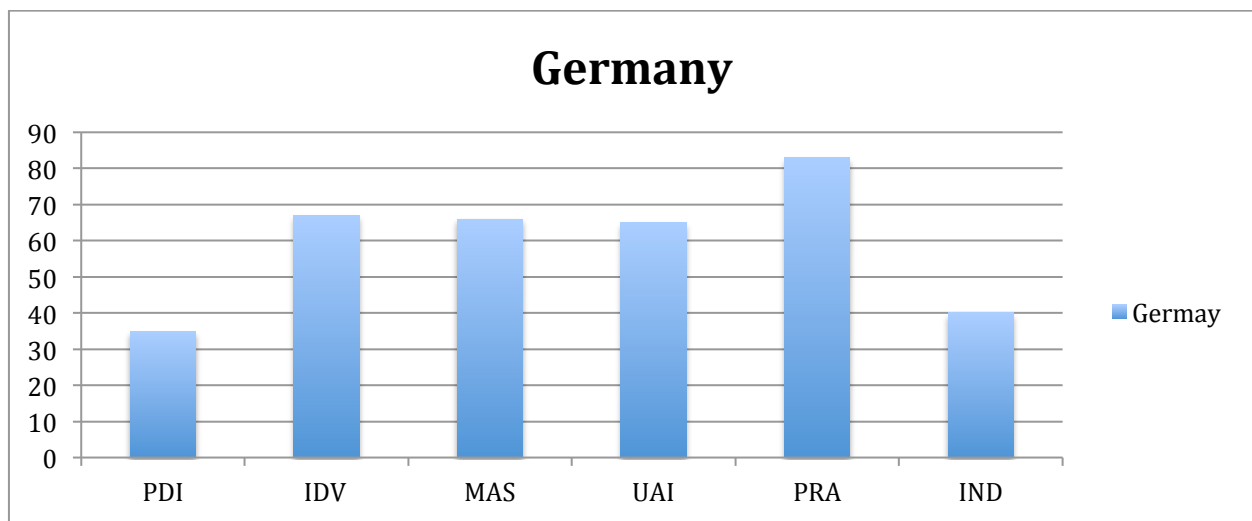
Of course, as any model, Hofstede's cultural dimension theory has its limitations. The main limitations of the model are:

- IBM was used as a sole source of information;
- According to the made assumption there is a one-to-one relationship between culture and the nation-state;
- Culture is not static, it has continuous modifications;

At the same time the main achievement of this model is better understanding of cultural differences and sometimes similarities for company managers.

To look the differences between individuals, I propose to take from each race discussed earlier, nationality connected with this race. So, for Black/Africans I will take individuals from Mozambique, Latinos/Hispanics- Chile, for Asian race the example will be China and European race- Germany.

Using Hofstede's model German culture got such results:



First cultural indicator (Power Distance) explains an equality of individuals in societies. This Index shows how less powerful members of society expect and accept that power has an unequal distribution. Germany is a country with a low power distance index (score 35). It means that Germans have enough equal opportunities for each member of society or organization, not depending on his/her belongingness to majority or minority. In such German-style organizations control is disliked and communication is direct and participative<sup>48</sup>.

Individualism in German society got a score of 67, meaning that it is indeed individualistic one. It means that "I" orientation exceeds "We" orientation. In such individualistic type of society people use to look only after themselves and their families. Collectivist's societies use to work in groups and are more loyal. Again communication is the most direct and sometimes too "honest, even if it hurts", but it helps to learn from mistakes.

Masculinity indicates that German society is driven by achievement, competition, and success. These values are inculcated to individuals starting from school years and continue to grow throughout organizational behaviour. The level of Masculinity in Germany is 66. Feminine score is low, meaning that women do not obtain dominant role over men. Managers usually are known as decisive and self-assertive; cars, watches and technical devices often demonstrate the status of individual.

In Uncertainty Avoidance is stressed the fact how much people are able to deal with future that can never be known, do they use to react and try to control it, or just let it be and happen without acting

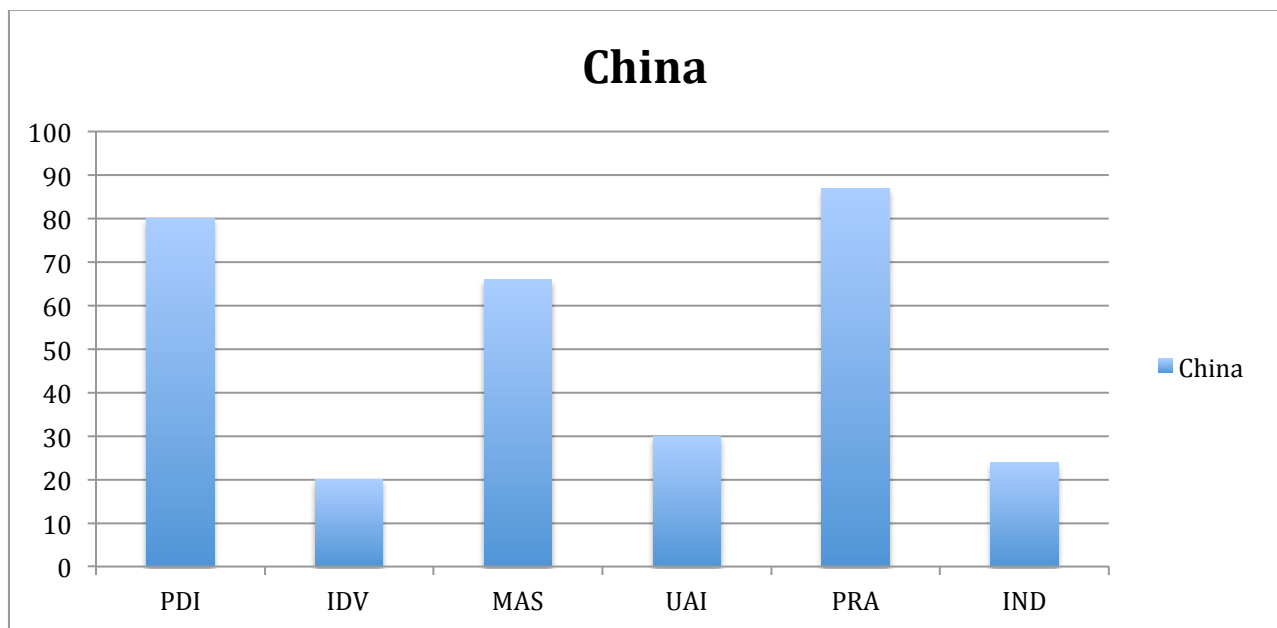
<sup>48</sup> [geert-hofstede.com/germany](http://geert-hofstede.com/germany)

in order to change it. Germany is among uncertainty avoidant countries with the score of 65. It is more than 50, so individual of this nationality prefer to avoid uncertainty. German managers always give systematic overview in order to proceed. Details are very significant here.

Germans are characterized as a pragmatic nation, as the score is very high- 83. The high score indicates that this nationality does not have a need to explain everything, due to the idea that it is impossible to explain everything and understand the complexity of life. For societies with high pragmatic orientation the explanation and verity depends on situation, context and even time. Germans show huge ability to adapt traditions to changed conditions.

According to the analysis of Hofstede Germans have a relatively low score in the last dimension Indulgence- 40. This dimension shows the ability of individuals to control their desires and impulses. Relatively weak control is referred to indulgence and strong is called restraint. Such score indicates that individuals from such society tend to be pessimists. So German culture is enough restrained. People from such society do not devote much time for fun and do not control and care about the satisfaction of their desires. Very often they feel that their actions are restrained by social norms and what they do is not correct. So, German nationality is more closed in emotional characteristics.

Next culture to analyse is Chinese one. According to Hofstede's analysis China got the following results:



China has a very high power distance index (80). Such high score indicates that Chinese people believe that inequalities in life are normal and they accept them. In organizations there is no defence or protection against power abuse and mistreatment by supervisor. At the same time there is a huge influence from formal authorities and numerous sanctions that do not give possibility of aspiration for individuals to move beyond their rank.

In individualism China got score 20. Therefore China has a highly collectivist culture, where people use to act in the interest of the group and not for personal interest. Usually employee commitment to the organization is low, but not necessary low to the people who work there. In-group considerations are very important in decision-making, hiring and promotional processes. Group of workers often use to have close relationships like in family. Employees are very cooperative for in-group tasks and cold to out-group members.

In Chinese society prevail masculinity, as it has a score 66. It means that there is a huge importance of competition and success. To achieve the goal and become successful many Chinese employees will sacrifice family and time of leisure and fun. Service people will work until the late night in order to achieve and earn more. Times for relax and family is not so important for this nationality. Chinese student care very much about their achievements at university, therefore they will try to obtain as much high grade and ranking as possible.

The score of China in uncertainty avoidance is enough low, only 30. It means that Chinese nation feels comfortable in unknown situations and do not afraid very much ambiguity. Moreover Chinese people are very adaptable and entrepreneurial. That is why often in other countries where they relocate, they often find what business to do and how to maintain family.

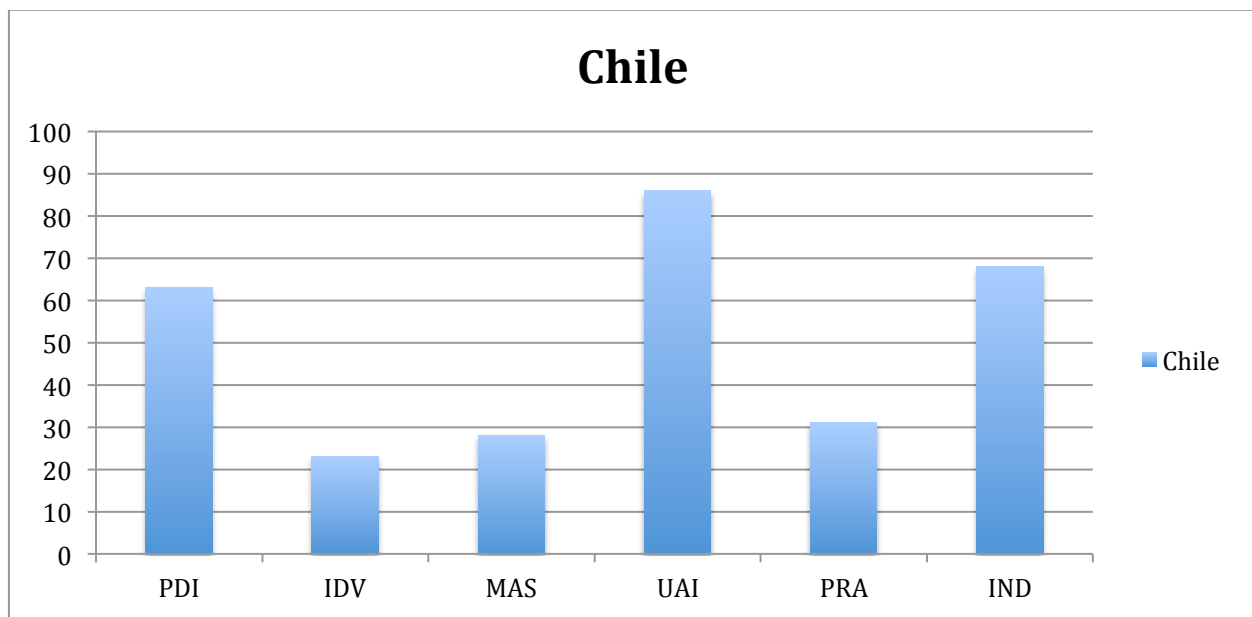
Chinese culture is very pragmatic one, according to Hofstede's analysis, as the score is 87. The previous UAI and pragmatism of Chinese people help to adapt very fast traditions to changed conditions. Adaptation plays a key success of this nation.

China is very restrained society, as the score in the last dimension is low- 24. This nation has a tendency to pessimism as Germans. They afraid to do some actions, as such actions can be seen not desirable in existing society and are restrained by social norms. Moreover such way of life is control by the government in order to maintain the system of Chinese values and its unique culture<sup>49</sup>.

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<sup>49</sup> [geert-hofstede.com/china](http://geert-hofstede.com/china).

Looking at representatives of Latinos/Hispanics (I took Chile as an nationality example) Hofstede got a next result:



In power distance Chile occupies an intermediate to high position with the score of 63. Organizational structure shows taller pyramids and at the same time low degree of delegation. There is a presence of hierarchical social structure and rather stiff social classes. It is difficult to find common cafeterias, but privileges for the power holders are common.

Individualism in Chile got the score of 23, which is in line with most other Latin American countries. Due to the growing GDP in Chile it is possible that economic development stimulates individualism, however many people still work collectively.

Masculinity index is also low, with score of 28, meaning that role of women in the society is higher than those of men. Nevertheless Chilean men and women demonstrate a modest behaviour. In such feminine societies individuals tend to support each other and managers always search for consensus in business problems. If a conflict arises- it is resolved usually by compromise and negotiation. Stimulus for performs better work, such as free time and flexibility are favoured and highly accepted. Status and demonstration of well-being are not shown.

Uncertainty avoidance index is very high in Chile- 86. This Latin American country shows a strong need for rules and legal system, because without them individuals cannot structure their lives. In Chile there is a significant need and dependence on experts, authorities.

Low score in pragmatism (31) indicates that Chile has a normative culture. People of such society



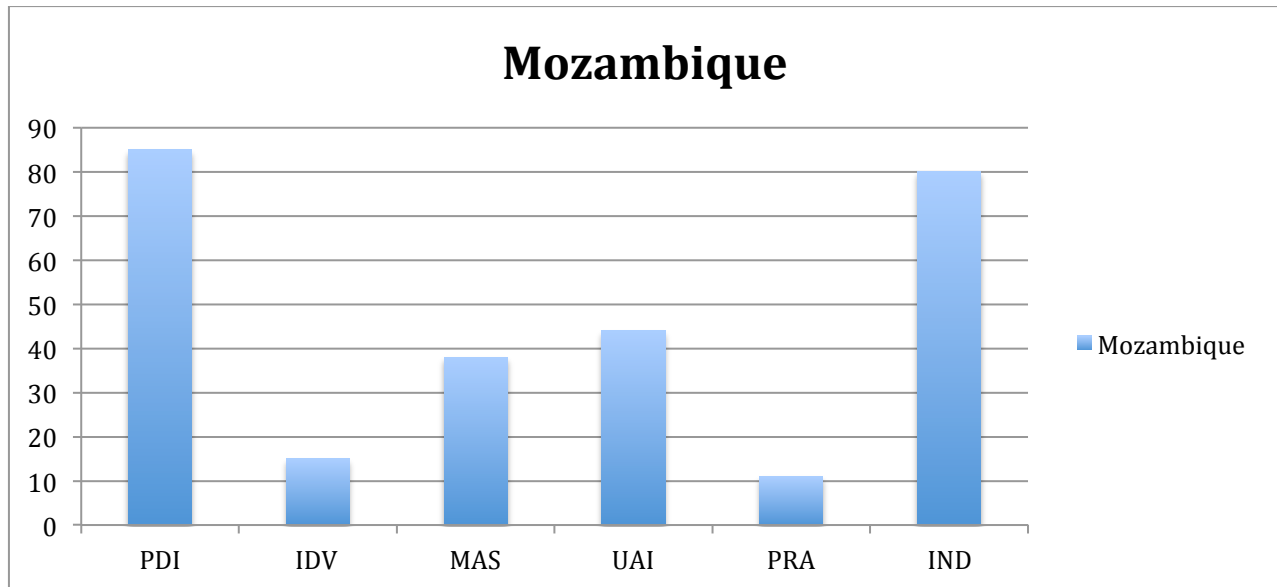
live in absolute truth. Individuals show great respect for traditions and focus on achieving quick results.

In the last dimension, Chile showed a relatively medium to high score- 68. And this dimension exhibits the willingness of people to realise their desires and enjoy life. Individuals in Chile tend to be optimists and look positively on life. Moreover, they care much about their free time and use to spend money as they wish<sup>50</sup>.

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<sup>50</sup> [geert-hofstede.com/chile](http://geert-hofstede.com/chile)

Very interesting results are obtained by Hofstede in such country as Mozambique, which I will use as a country with mainly Blacks/Africans:



Mozambique has a strongly hierarchical society with score of 85. It means that individuals accept very easily a hierarchical order where everyone has a place and there is no need for further justifications. In organizations each employee expects to be told what to do, and the ideal supervisor is a “benevolent autocrat”. Centralization is popular and strong hierarchy creates inequalities in society.

This country demonstrated a very low score in individualism- 15. Therefore it is considered as a collectivistic society. Loyalty is fundamental in a collectivistic culture. In Mozambique the society fosters strong relationships where each individual takes responsibility for confrere of that group. Relationships among employees tend to be very warm, like in family. All decision are taken by the group members, collectively.

Mozambique considered as feminine society as it has a score of 38. Employees demonstrate solidarity, equality and quality in their working lives. If conflict exists- it will be resolved peacefully, searching consensus and favourable outcomes for each part of a conflict.

In UAI Mozambique got a score of 44. It means that individuals can take a risk, but at the same time do not want to lose everything and prefer to be ready for the future. So, in organizations is used planning and control; at the same time new ideas, innovative products and willingness to try something or different is present in such society.

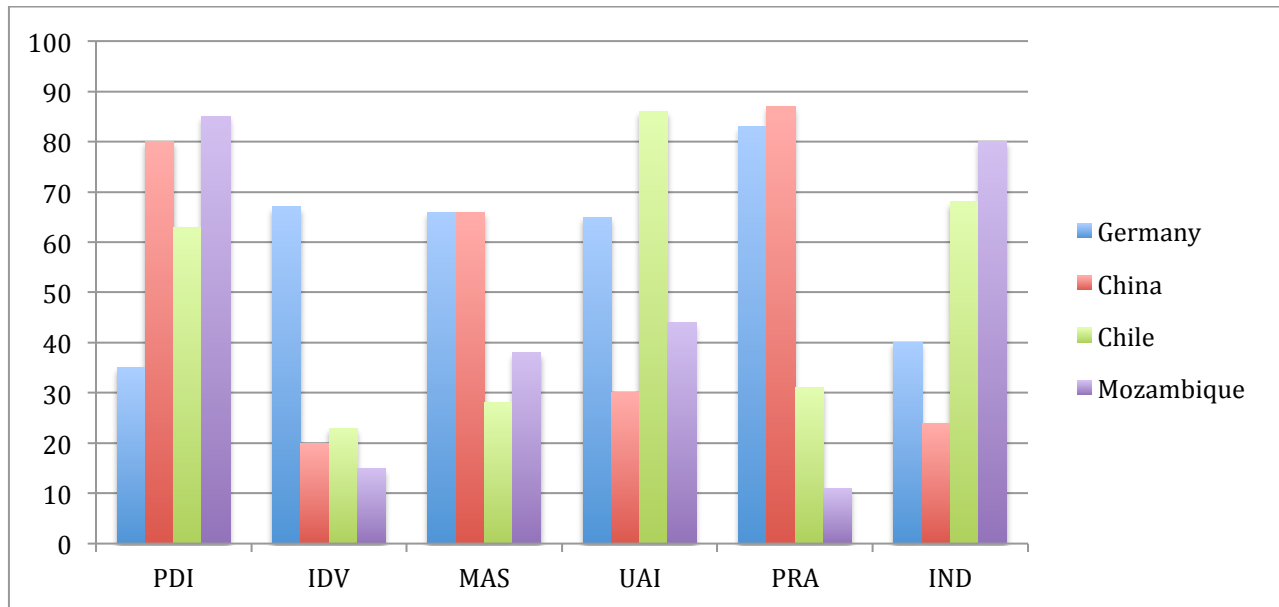
With a low score in pragmatism (11), Mozambique has a strongly normative culture. People comply with rules and norm, and understand very well what is good and what is bad. Individuals demonstrate great honour for traditions.

Mozambique is an indulgent country due to the high score in this dimension- 80. This nationality exhibits great desire to fulfil desires and impulses. Individuals try to live their lives with a lot of fun and enjoyable moments. They demonstrate positive attitudes and tend to be very optimistic. Free time and leisure are two important parts of everyday lives for people of Mozambique<sup>51</sup>.

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<sup>51</sup> [geert-hofstede.com/mozambique](http://geert-hofstede.com/mozambique)

The made analysis of different nationalities, which belong to different races, showed how much individuals are different and how it is important to understand their culture, way of doing work and the manner of life style. Analysing nationalities' habits, behaviours and attitudes it is possible for managers and supervisors to understand how it is better and in what way to manage and control different employees and how better benefit and use their knowledge.



This table summarises four nationalities analysed before. All representatives from four different nationalities are the same IBM employees, but in different dimensions and further life and work situations exhibit different behaviours and therefore show different outcomes.

## Chapter 3: Research part

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The world workforce is changing, and it will change even more in the near future. This change will be represented by a movement towards an increased diverse and segmented population (Bolick & Nestleroth, 1988; Carnevale & Stone, 1995; Johnston & Packer, 1987). According to demographers the new workforce will contain an increased number of women, will give more power to minorities, companies will be more open to hire people with different lifestyles and varieties of ethnic backgrounds, the percentage of aging workers will also increase in some countries, due to low birth rates. While the structure and content of workforce will change, workplaces will start to face a problem of utilization of diverse human resource potential. Individuals from numerous diverse groups will be working together to keep businesses running competitively<sup>52</sup>. If company managers will use this shift in workforce effectively, they will gain an important impact on the competitive and economic outcomes for companies. According to Triandis and Bhawuk (1994), only companies that support different cultures, diversity and inclusiveness will be able to retain the best talents in order to stay competitive.

Notwithstanding the rapid growth and huge interest in diversity, Armitage (1993) stated: “organizations are scrambling to develop diversity programs but find little concrete guidance”<sup>53</sup>, the same like Noe and Ford (1992) reported “while training for diversity has increased in popularity, no systematic empirical research regarding the effectiveness of diversity programs has been published”<sup>54</sup>.

As was mentioned in the first chapter of my work, one of the reasons of growing need of diverse workforce in organization is globalization that leads to workforce mobility. Workforce mobility becomes more and more easier as the countries change their political and economical regulations and start to be more open and more international. Therefore, the movement of tourists, students, and employees across countries is simpler than in a past years. Such mobility opens new countries with

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<sup>52</sup> American Demographics. (1997). American diversity. *American Demographics Magazine*, 19(9).

<sup>53</sup> Armitage, M. A. (1993, May). *Managing cultural diversity globally and domestically: A federal model for examining programs and competencies for leader effectiveness*. Paper presented at the Eighth Annual Conference of the Society of Industrial and Organizational Psychology, San Francisco.

<sup>54</sup> Noe, R. A., & Ford, J. K. (1992). Emerging issues and new directions for training research. In G. Ferris & K. Rowland (Eds.), *Research in personnel and human resources management* (pp. 32-69). Greenwich, CT: JAI Press.

their unique culture, habits, and opportunities for new comers and at the same time mixes people, increasing their scope and diversity.

Globalization opened up new avenues for business opportunities. Nowadays multinational enterprises (MNE) tend to be present as much as possible in various countries and nations, and at the same time to hire a diverse workforce. Such tendency leads to important changes in human resources (HR) departments. HR department needs to care about the development of organization's work culture, since it is essential to integrate the views, and culture of diverse employees. Of course, the comfort and productivity of employees depend a lot on supervisor and his/her right management. Therefore, if company hired employee from different country, from various backgrounds, the contribution of this employee will be highly influenced by:

- Human resources management policies, that support employees;
- Work of manager, that must be a good facilitator and coordinator between employees and government of the company;
- Employee's personal work-life balance<sup>55</sup>.

In addition, Fishbein model<sup>56</sup>, that is used mainly to explain and understand customer attitudes toward some product or service, can also be applicable in our case. If an individual (in our case employee) holds a more than one positive belief about an object (in our case can be human resource policies, supervisor, working place, etc.), the final overall attitude will be influenced by a sum of the product of each belief and will be evaluated regarding the beliefs.

Notwithstanding the issue for organization to hire as much as possible diverse workforce, implement better HR policies and suitable manager, but also to focus the attention on employee's sense of discrimination. Employee's opinion is very important, only by hearing their opinions and by responding to them- the organizational development can be achieved. Nationality is one of the important factors that influences the behaviour and perception of employees.

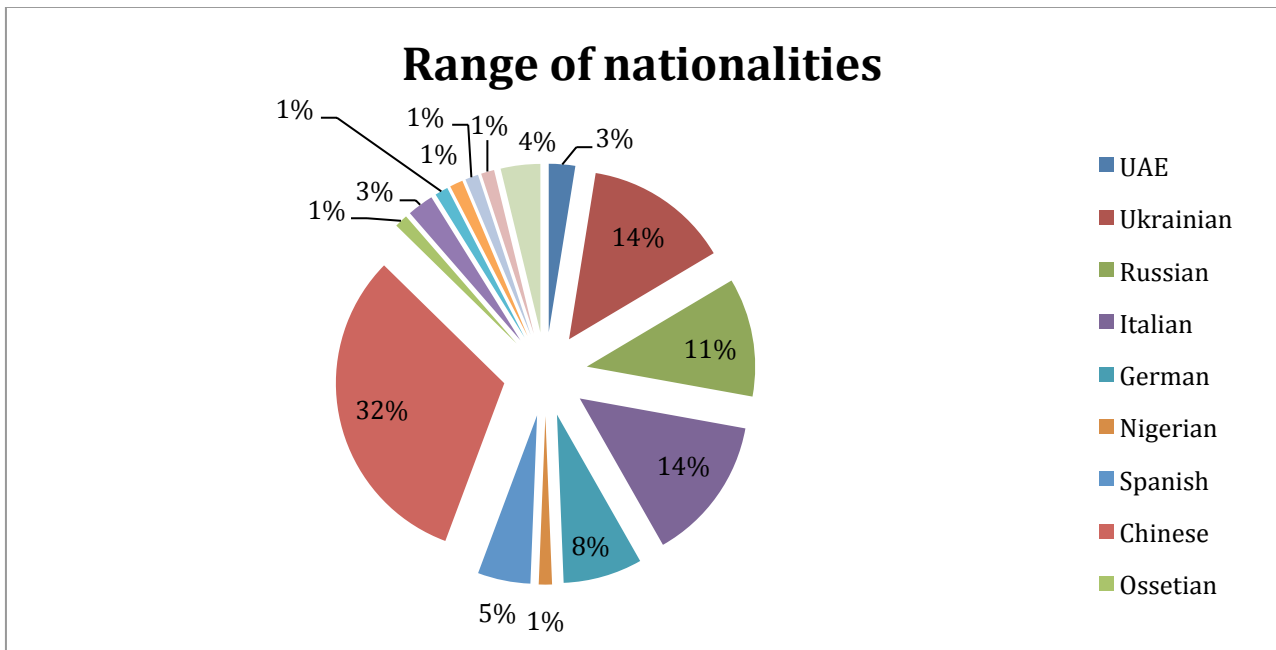
The survey was adopted for my study. Several questions have been asked to employees, from different nationalities and races, about their country and place of work and their feelings of work environment created by the company and supervisor. These employees work in different parts of the world as Europe, Asia, Australia and United States of America. The survey contains open-ended

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<sup>55</sup> Work-life balance- the right split of time and energy between work and other important aspects of individual's life.

<sup>56</sup> Fishbein, M. (1963). An investigation of the relationships between beliefs about an object and the attitude toward that object. *Human Relations*, 16, 233-240.

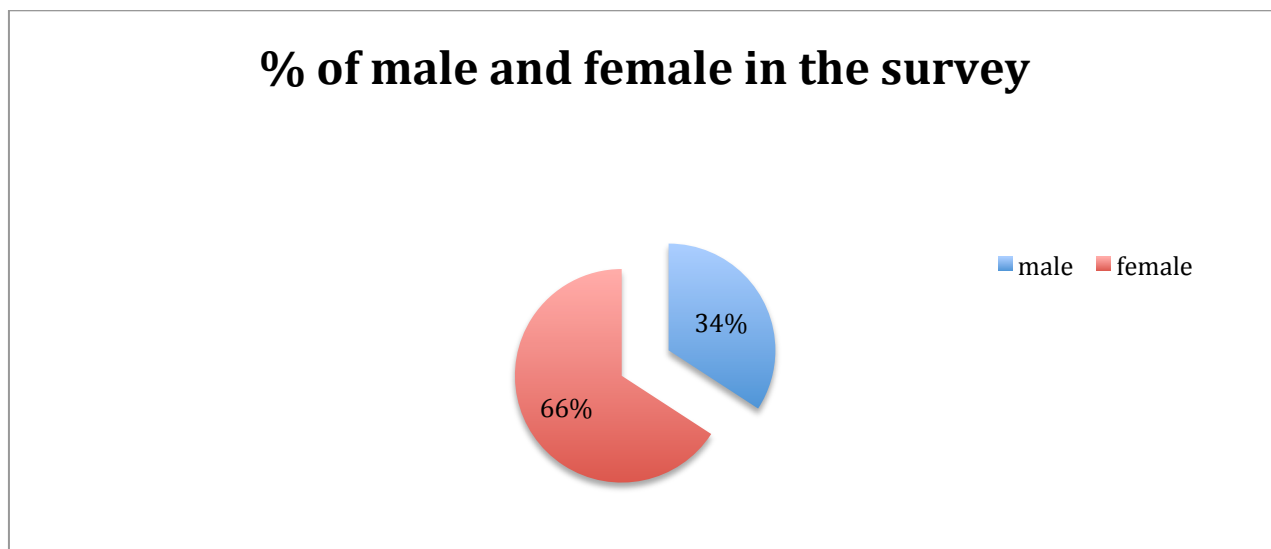
and multiple-choice questions. Among observed employees there are no part-time employees, as they have completely different working conditions instead of regular employees. In total 200 surveys were presented to the different employees, 79 were collected; the response rate is 36%. The response rate is directly associated with willingness of the employees to participate and take part in the study. The selected population was distinguished from different size organizations. The participants were made up of a large number of workers from different counties and nationalities. The nationalities are represented in the graph below:



The age is another very influencing factor that distinguishes individuals from one another. Sometimes young people feel themselves more discriminated at the workplace, due to less professional experience, not enough attention and control from supervisor. The dominant group of employees according to age in my analysis is the group of people from 25-33 years; the medium age of respondents is 29 years old. And this age group of employees, according to survey conducted, feels mostly discriminated at the working place. In accordance with got answers, employees of this group feel themselves discriminated in small, medium and big size companies.

The first conclusion that I can make is: no matter in what kind of company employee works, the problem of workplace discrimination he or she always faces.

Another factor that is essential in employee's attitudes is gender. Male and female behave differently in any type of situation, and also performs the tasks and see solutions of a problem in a different way. In my analysis participated both gender groups.



Groups, males and females (within and outside the group) represented different levels of satisfaction to work related matters. In the group of females almost 33% feel themselves discriminated at work and approximately 32% of total amount of males as well feel discrimination and not equal treatment to them at work. And approximately 32% of all respondents feel themselves discriminated at work.

Regarding minorities employed into supervisory positions: the correlation between size of the company and minorities employed into supervisory positions is positive, with R Square equals approximately to 3%, which is not strong. The main tendency observed is: on average there is greater percentage of minorities hired into supervisory positions in companies with size 50 to 249 and 250 to 2000 employees, meaning that bigger companies value diversity and protect and respect minority groups of employees, but at the same time there are observations, where 90% of minorities hired into supervisory positions with company size from 0 to 9 employees in such countries as Russia, Ukraine, where the role of women is growing. The medium percentage of minorities hired into managerial positions according answers got is 18%. Individuals, who work in Arabic and Asian showed very low percentage of minorities employed into managerial positions, it can be explained by the prevailing masculine culture.



Firstly, I would like to test if my numerical data from the survey is normally distributed. It is important to conduct this test, as the normal data is an underlying assumption in parametric testing.

I will perform this analysis using SPSS software. The numerical data of my research is represented by the age of the employees and the duration of the working contracts.

### Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Age	.133	79	.001	.957	79	.010

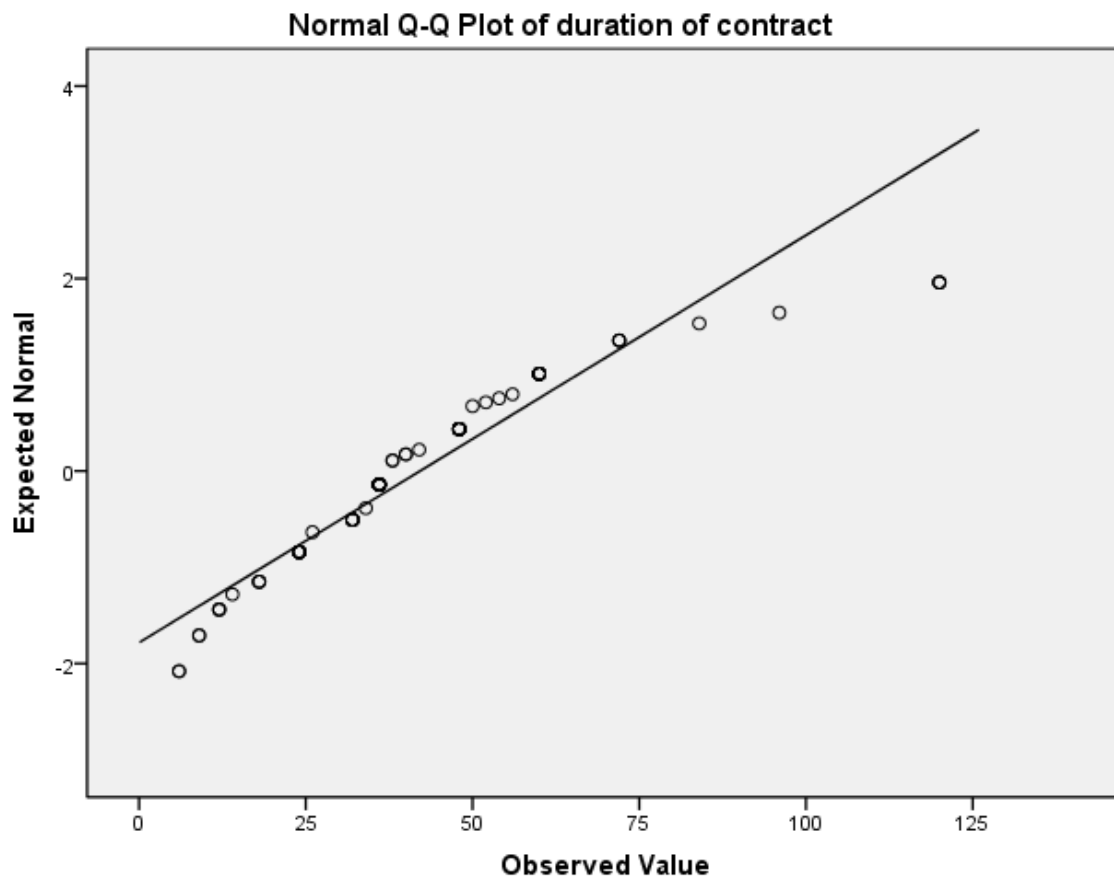
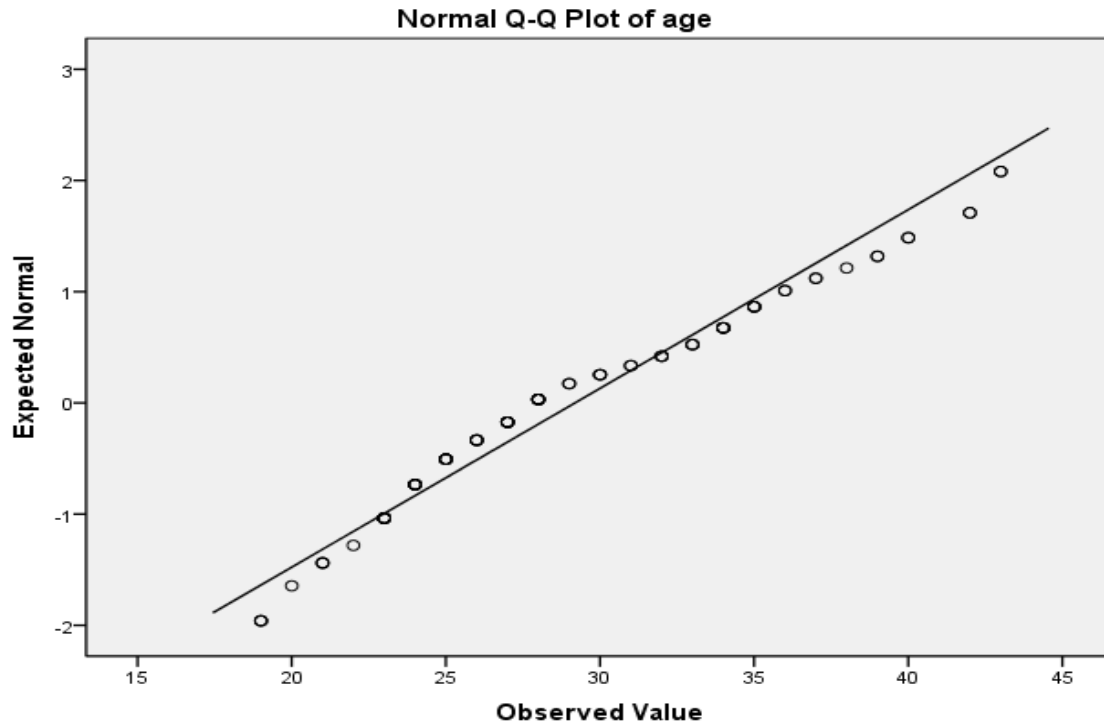
a. Lilliefors Significance Correction

### Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Duration of contract	.151	79	.000	.888	79	.000

a. Lilliefors Significance Correction

Two variables are not normally distributed. This can be clearly seen from the graphs.



Such not normal distribution of the data can be explained by several imperfections as:

- Not enough data;
- A different distributions describes the data;
- Data has been affected by more than one process.

That is why I will apply mainly nonparametric tests to the data.

I would like to analyse factors that can influence duration of the contract for an employee. In my analysis the influencing factors will be:

- Age;
- Gender;
- Degree level: high school, bachelor, master, PHD;
- Size of the company.

Lets start from age. As independent variable I will use the age and dependent variable will be the duration of the contract. The SPSS software was used in performing the analysis.

### Correlations

		Age	Duration of contract
Age	Pearson Correlation	1	.493 **
	Sig. (2-tailed)		.000
	N	79	79
Duration of contract	Pearson Correlation	.493 **	1
	Sig. (2-tailed)	.000	
	N	79	79

\*\* . Correlation is significant at the 0,01 level (2-tailed).

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493 <sup>a</sup>	.243	.234	16.956

a. Predictors: (Constant), age

Value R represents the simple correlation between the age and duration of the contract. The R Square is equal to 0,243, which means that age can account for 24,3% of the variation in duration of a contract. In other words, if we are trying to explain why some employee has a longer contract than another one, we can look at the variation in age of different employees. There might be many variables that explain this variation in the contract duration, but according to my model, which includes only age variation, can be explained approximately 24,3% of it. This means that 75,7 % of the variation in contract's duration cannot be explained by the age alone. Therefore, there are other existing variables that explain such variation.

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7119.640	1	7119.640	24.764	.000 <sup>a</sup>
	Residual	22137.221	77	287.496		
	Total	29256.861	78			

a. Predictors: (Constant), age

b. Dependent Variable: duration of contract

The most important part of the ANOVA table is F-ratio and the associated significant value of that F-ratio. For got data, the F is 24,764, which is significant at p less than .001. (My p-value is less than 0,001). This result explains that there is less that a 0,1% chance that an F-ratio this large would

happen if the null hypothesis were true. All in all, the regression model predicts the duration of the contract significantly well.

Now, using the regression equation, I will predict the duration of the contract for the first 30 employees from my survey and will compare it with actual duration indicated by employees<sup>57</sup>.

Number of employee	Age	Predicted duration of the contract	Actual duration of the contract
1	34	3,9	2,00
2	39	4,5	4,00
3	22	2,3	1,00
4	28	3,1	2,00
5	34	3,9	2,33
6	30	3,4	2,17
7	35	4,0	4,00
8	23	2,5	1,25
9	34	3,9	4,00
10	29	3,2	3,00
11	34	3,9	2,33
12	43	5,0	8,00
13	27	3,0	4,00

<sup>57</sup> The data used for calculation of predicted duration of the contract was taken from this table, where linear regression equation is equal to  $-5,668+1,536*\text{age}$ .

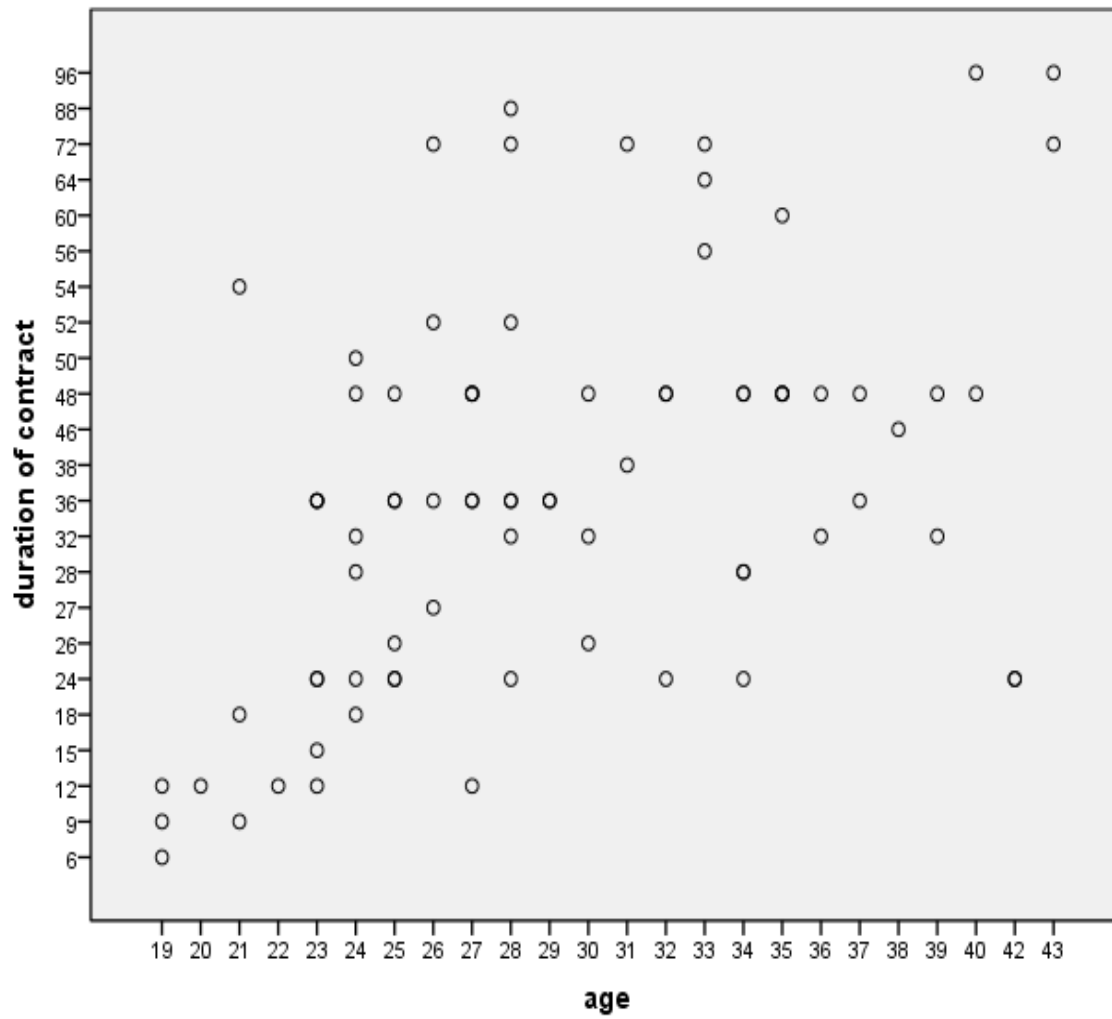
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-5.668	9.209		-.615	.540
Age	1.536	.309	.493	4.976	.000

a. Dependent Variable: duration of contract

Number of employee	Age	Predicted duration of the contract	Actual duration of the contract
14	29	3,2	3,00
15	25	2,7	2,00
16	32	3,6	4,00
17	27	3,0	3,00
18	24	2,6	2,00
19	28	3,1	2,67
20	25	2,7	2,00
21	26	2,9	2,25
22	23	2,5	1,00
23	27	3,0	4,00
24	25	2,7	3,00
25	28	3,1	4,33
26	24	2,6	2,33
27	26	2,9	3,00
28	21	2,2	0,75
29	30	3,4	4,00
30	37	4,3	3,00

As we can observe, the predicted duration of the contract is higher, in some cases, than the actual one and the older an employee is- the longer contract he or she obtains. It can be influenced by more professional experience, more diverse background and higher level of education obtained.



The scatter plot also clearly represents the positive direction and significant correlation between two variables.

The next variable that I would like to analyse is gender, and its influence of the decision of duration of the contract. Are females are more discriminated and their working contracts are less long than males or actually gender does not influence that much the duration.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.049 <sup>a</sup>	.002	-.011	19.469

a. Predictors: (Constant), gender

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.139	1	71.139	.188	.666 <sup>a</sup>
	Residual	29185.722	77	379.035		
	Total	29256.861	78			

a. Predictors: (Constant), gender

b. Dependent Variable: duration of contract

This two tables shows the positive but very weak correlation between two variables, with F-ratio equals to 0,188 and p bigger than 0,001. R Square explains only 0,2 % of variation in the duration of the contract, the major part of the variation is explained by another factors.



**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	38.481	2.700		14.253	.000
Gender	2.001	4.618	.049	.433	.666

a. Dependent Variable: duration of contract

Applying the linear regression equation, the average duration of the contract for males will be 3 years and 4 months and for females- 3 years and 2 months. From this weak correlation we can make also weak conclusion, that on average females have a less long duration of the contract than males, it can be explained by the gender discrimination, vision and masculine culture of the company, better leader skills of males.

The next variable that influences the duration of the contract is the degree obtained. For this analysis I will use Spearman correlation model.

### Correlations

			Duration of contract	Degree
Spearman's rho	Duration of contract	Correlation Coefficient	1.000	.345**
		Sig. (2-tailed)	.	.002
		N	79	79
	Degree	Correlation Coefficient	.345**	1.000
		Sig. (2-tailed)	.002	.
		N	79	79

\*\* . Correlation is significant at the 0,01 level (2-tailed).

According to Spearman's nonparametric correlation analysis, the significance value for this correlation coefficient is less than .05; therefore, it can be concluded that there is the significant relationship between gender and duration of the contract. The relationship is positive: as degree increased, duration of the contract increased also. And it can be seen easily from the answers gathered. The higher degree has been obtained by the employee- the higher the possibility that he or she will sign the working contract for a long term. This proves my suggestion in chapter 2 for racial/ethnic group of employees like Asian, African, Hispanic that they have to obtain as much education as it is possible. This will result in longer working contracts, increasing wealth of employees and of course will lower the unemployment rate.

Next factor to consider in duration of the contract is the size of the company. Do big companies offer to their employees more long contracts, or the size does not make sense?

For this test I will use as well the Spearman correlation.

### Correlations

			Size of the company	Duration of contract
Spearman's rho	Size of the company	Correlation Coefficient	1.000	.101
		Sig. (2-tailed)	.	.374
		N	79	79
	Duration of contract	Correlation Coefficient	.101	1.000
		Sig. (2-tailed)	.374	.
		N	79	79

According to the results got, we can observe the positive, but very non-significant correlation between the size of the company and the duration of the contract. Therefore, we cannot explain if on average big companies employ individuals for a longer period or not. The clear example in this case and the confirmation of my conclusion can be Wal-Mart Company. As from my chapter 2 I illustrated the example of this MNE, that hired workers very fast, but at the same has a very big turnover rate (approximately 70% of employees leave the company within first year)<sup>58</sup>. So, this affirms, that even big multinational enterprises can hire and fire people very fast and sign with them short-term contracts. Size of the company does not actually accounts according to answers obtained from the survey.

<sup>58</sup> <http://www.pbs.org/itvs/storewars/stores3.html>

Therefore, according to analysis done before, the main factors that influence the duration of the contract for employees of different nationalities, who work in different countries, from survey are the age and the educational degree obtained, instead gender and size of the company do not affect significantly the duration of the contract.

In the second part of my research, I will analyse if there is a correlation between the size of the company and employees satisfaction in different aspects, such as:

- Satisfaction with professional development provided by the company;
- Organizational actions in term of dedication to diversity and inclusion practices;
- Employees satisfaction with trainings provided by the company;
- Employees satisfaction with the workplace environment created by the company;

The first variable that I would like to analyse is the employees satisfaction with the professional development provided by the company. By professional development I mean: promotions, new work experiences, attendance of conferences, obtaining of new qualification certificates.

Do small and big companies provide in the same amount such kind of benefits for employees, do employees in big companies are more satisfied with such professional development programs that employees in small or middle-size companies.

To analyse this two variables I will use the Spearman correlation.

### Correlations

			Size of the company	Do you think your organization dedicates enough for your professional development?
Spearman's rho	Size of the company	Correlation Coefficient	1.000	.093
		Sig. (2-tailed)	.	.417
		N	79	79
	Do you think your organization dedicates enough for your professional development?	Correlation Coefficient	.093	1.000
		Sig. (2-tailed)	.417	.
		N	79	79

From this table it is clear that correlation between two variables is positive, but not significant. This means that we cannot say with accuracy that big companies care and satisfy more their employees than small or medium-size companies. This aspect depends mostly on the objects and goal of the company, if it wants to invest in their employees and after gain even more than have been invested.

Now, let's analyze, if the size of company actually explains the company's desire to invest and dedicate in diversity and inclusion programs. Does big company invest and care more about diverse workforce and take into consideration the ideas of employees? Or maybe there is no significant difference among organizations, when we talk about such initiatives.

### Correlations

		Size of the company	Does your organization dedicate to diversity and inclusion?
Spearman's rho	Size of the company	1.000	.291**
	Correlation Coefficient		
	Sig. (2-tailed)	.	.009
	N	79	79
Does your organization dedicate to diversity and inclusion?	Size of the company	.291**	1.000
	Correlation Coefficient		
	Sig. (2-tailed)	.009	.
	N	79	79

\*\* . Correlation is significant at the 0,01 level (2-tailed).

From Spearman correlation table we can see that there is a positive correlation between two variables with the p-value less than .05. Therefore, it can be concluded, that there is a significant correlation between the size of the company and its diversity and inclusion initiatives. When the size of the company increases, the dedication to diversity and inclusion policies and initiatives also increase.

Another interesting hypothesis to test is: does big company provide more training for employees? Or other types of companies do it in the same amount? In terms of trainings here I mean: language courses, collective brainstorming with employees from other company's departments etc.

### Correlations

		Size of the company	Are you satisfied with trainings provided by organization?
Spearman's rho	Size of the company	Correlation Coefficient	1.000
		Sig. (2-tailed)	.049
		N	79
Are you satisfied with trainings provided by organization?		Correlation Coefficient	.049
		Sig. (2-tailed)	1.000
		N	79

\*. Correlation is significant at the 0,01 level (2-tailed).

This test does not demonstrate enough high level of correlation; it is positive, but very weak. Therefore, the size of the company does not decide on employees' satisfaction with trainings, again it is just the company objective to invest more and gain more from employee. This table shows, that employees in any size type of company can be satisfied or not satisfied with trainings provided and a small company can provide equal amount of trainings to its employees as medium-size company. Such satisfaction depends mainly on the company's departments that occupied with training programs for employees.



The last variable in my list to test on correlation with company's size is: employees' satisfaction with workplace environment created by the company. Talking about workplace environment, we mean not only comfortable and safety work conditions, but also friendly atmosphere, good work relationship with supervisor, free expression of employee's opinion, no feeling of discrimination at workplace.

### Correlations

		Size of the company	How would you evaluate your workplace environment in this organization?
Spearman's rho	Size of the company	1.000	.236*
	Correlation Coefficient		
	Sig. (2-tailed)	.	.036
	N	79	79
How would you evaluate your workplace environment in this organization?	Correlation Coefficient	.236*	1.000
	Sig. (2-tailed)	.036	.
	N	79	79

\*. Correlation is significant at the 0,01 level (2-tailed).

A matrix is displayed giving the correlation coefficient between the two variables, (.036) and (.236) and finally sample size is (79). The correlation between two variables is positive with p-value less than .05. Therefore, it can be concluded, that there is a significant correlation between the size of the company and evaluation of the workplace environment. In bigger companies employees feel themselves more comfortable, in my opinion, this is due to the fact that such companies hire more diverse workforce in terms of nationality, education, age, background and other characteristics. This creates a nice and always driving atmosphere of cooperation, exploration and of course heterogeneous conclusions.

Looking back at the second set of analysis, I can conclude that big companies creates on average more comfortable workplace environment and care more about diversity within organization, than small and medium size organizations. How much each company wants to invest in its employee- is the personal desire of each organization and idea how company will move into the future and develop. Nowadays, the trends are very clear, numerous organizations caught the idea of diverse workforce, and its benefits and costs. But how showed different studies and real examples of companies who implemented diversity into organizational structure as one of the main components, the initial costs on diversity will be paid back in the future and will bring high revenues as well.

Summarizing table.

<b>Correlation between the duration of the contract and such factors as age, gender, education, size of the company</b>	
Duration of the contract and age	p-value < 0.01 R Square 24,3%
Duration of the contract and gender	p-value>0.01 R Square 0,2%
Duration of the contract and education	p-value<0.05
Duration of the contract and size of the company	p-value>0.05
<b>Correlation between the size of the company and work –related satisfactions of employees</b>	
Satisfaction toward professional development provided by the company	p-value>0.05
Satisfaction toward organizational actions in term of dedication to diversity and inclusion	p-value<0.05

practices	
Satisfaction toward trainings provided by the company	p-value>0.05
Satisfaction toward workplace environment created by the company	p-value<0.05

This table provides the overall results that were carried out on the data gathered from the various employees of different nationalities. This table indicates that there is a significant relationship when we talk about influence of age and education on duration of the contract and influence of the size of the company on workplace environment and organizational actions in term of diversity and inclusion practices.

## 4. Conclusions

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We live in a changeable world, where all its components are subjects to change. Demographic picture of the world is changing, just looking at Europe Union, and countries who joined it in a last years and countries who became partners and signed a number of documents for economical, political and industrial development, partnership and in future will also join and enlarge the EU. Technological progress and internationalization of the business are also contributed to the world changes.

These processes push companies to adapt and follow such changes. Therefore, companies start to recognize the significant value that diversity brings into organization. Well-managed cultural diversity yields different benefits for the company and society, which can be divided into two groups: internal and external benefits.

Among internal benefits of diversity implementation there are:

- Plenty of good ideas that can be used by organization;
- Less limited problem-solving capacity than in organization with heterogeneous workforce;
- Working environment, where more employees are satisfied;
- Growing organizational productivity, creativity and effectiveness;
- With increasing creativity the innovativeness will also increase;
- Increase in profits;
- Human resource managers that are responsible for recruiting individuals will improve its ability to attract and retain employees with necessary and valuable skills and knowledge.

External benefits are follows:

- With diverse workforce it will be easier to understand the foreign markets and its customer needs;
- Customer service will improve;
- Increase in customer satisfaction;
- It will be easier to build stronger relationships with customers;
- With diverse workforce it will be easier to adapt for new market changes and increase organizational flexibility;
- By acquiring diverse workforce, company will gain a competitive advantage.

If cultural diversity managed poorly, organization and mainly employees will suffer from prejudice, discrimination, stereotyping. The level of turnover will increase and of course will be difficult to meet in such kind organizations highly motivated employees, who are satisfied with work they do.

The diversity strategy has to arise from the upper management of the company and become one of the main company's priorities in order to stay competitive and successful in the long run.

Literature gives a lot of various explanations about what is diversity. I would like to use one, that I have found without actually strong intention to search it: "...This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind. As a source of exchange, innovation and creativity, cultural diversity is as necessary for humankind as biodiversity is for nature... Cultural diversity widens the range of options open to everyone; it is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence..."<sup>59</sup>.

I think explanation, provided by UNESCO opens very well the meaning and the nature of cultural diversity.

According to the literature, diversity has several dimensions:

- Primary, where is identified the race, ethnicity, age, gender of the individual;
- Secondary, where is identified education, language, nationality, economical status, etc. of individual;
- A tertiary dimension contains beliefs, values, and perception of person.

Combining all the interpretations of diversity and its dimensions we can say that diversity is the all visible and invisible characteristics of the individual, where each difference is essential and good; and diversity management is a process, in which all skills and knowledge of employees can be used in order to create an effective and proactive environment, where all employees participate and use their skills and abilities, getting during and at the end of their work equal recognition and support.

It is impossible to give arguments against diversity, as they will be seen as racism or discrimination.

Writing my work I have understood that one of the main problems faced by organizations, who would like to implement diversity and employees, who due to their ethnicity or other personal

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<sup>59</sup> [http://portal.unesco.org/en/ev.php-URL\\_ID=13179&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/en/ev.php-URL_ID=13179&URL_DO=DO_TOPIC&URL_SECTION=201.html)

characteristics, cannot find the job, is first of all:

- Unpreparedness among organizations, even if they recognise the significance and value of diversity;
- Unpreparedness of people to accept diversity;
- Biases that exist in companies and among individual or potential employees, which transform in the future into stereotypes, discrimination and prejudice;
- Racial and ethnic minority groups that not ready to defend themselves and try to change their unemployment situation;
- From the previous problem, I can conclude that there is also not enough attention from the government, who has to support and protect minorities;

The main advices in this case for individuals and companies are:

- Organizational leaders have to update the organizational objectives and future plans for company development;
- If company decided to implement diversity it must be not only on words, but it must be accompanied with the real actions, like trainings, regular communications, support of diverse workforce in the company;
- Individuals of minority groups have to gain as much education as possible, and show that stereotypes do not work on their case;

In my analysis I created a survey and sent it to employees of different nationalities, where I have asked them several questions. My main goals were to understand if employees feel discriminated at work, which variables influence the duration of the contract and how different size companies care about their employees and diversity in general.

Regarding the survey used in my study the main factors that influence the duration of the contract are age and degree obtained by the individual. Gender and size of the company did not show very big significance level, but positive correlation. It means, that if individuals want to get the job, they have to obtain as much education as possible. Age influence the duration, because it is clear that possibility for 19-years employee to get the place of CEO of a big company has a small probability. Gender has not significant influence on duration, but on average women get less long work contracts than men. This is another problem that I have observed during my analysis. In future women can become mothers, and for companies is not convenient to invest much in them, and when she has to leave organization because of such situation, managers have to search for another

person and teach him/her again, lose time and money. Therefore, this is one example of discrimination faced by women in organizations. But it is not the problem of women. It is a defect of the company and also not enough protection from the government. Therefore, it is necessary to make changes that will secure each side. According to my survey answers, approximately 32% of all respondents feel themselves discriminated at work, both gender.

The size of the company does not explain the duration of the contract. Any size company can make long or short duration contract. Moreover, with the size of the company I have tried to explain employees satisfaction about trainings and professional development, satisfaction with the workplace environment and also I have analysed if how different size companies care about diversity programs. According to the results obtained satisfaction with trainings and professional development cannot be explained only by the size of the company, any type of the company can care more or less about this issue. And when I have asked to evaluate the workplace environment, employees from big companies indicated that it is mainly “extremely or quite positive” and also according to statistical analysis that I have got, bigger size companies care more about employees’ satisfaction with workplace environment. The similar result has been obtained analysing the size and the dedication to diversity and inclusion programs. Employees of big companies indicated that their companies dedicate a lot to such programs.

The chosen solution and got answers doesn’t actually solve the specified problem, but they give an idea about the existing problems and guideline for future trends.

During working on my thesis, I have some interesting topics within diversity area that can be analysed in the future. Such as:

- Conduct the same study, but on a large sample of companies, where more employees can participate;
- Perform similar research on privately-owned and public companies and at the end make a comparison between two types of companies;
- Investigate how companies understand and perceive diversity. If for them it is threat or opportunity and competitive advantage;
- Moreover, it would be interesting to analyse how management of culturally diverse organizations distinguishes between different nations and cultures, just taking European company and Asian for instance.

Limitations of my study are:

- Quality of the data, due to the low number of respondents and also time restrained of the study. Unfortunately, only 36% of individuals answered on the survey;
- Accuracy of the responses is difficult to determine, as we cannot know if the responses actually reflected the reality the real situation at working place;
- With answers got it was difficult to determine if organization has really an effective diversity programs or not. Employee cannot judge.



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## Appendix

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### Survey questions.

#### **1. What is your gender?**

- Female
- Male

#### **2. What is your age?**

- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 to 74

#### **3. What is your nationality?**

- Open-question

#### **4. Please, indicate the level of education obtained (degree):**

- High school
- Bachelor
- Master
- PhD

**5. In what country do you currently work?**

- Open-question

**6. What is the size of your company in term of employees?**

- 0 to 9 employees
- 10 to 49 employees
- 50 to 249 employees
- 250 to 2000 employees

**7. Do you feel discriminated at work?**

Yes

No

**8. Please, specify duration of your employment according to your working contract**

Open-question

**9. My organization is dedicated to my professional development.**

- Strongly Disagree
- Disagree
- Neutral/Neither agree nor disagree
- Agree
- Strongly Agree

**10. I am satisfied with the job-related training my organization offers.**

- Strongly Disagree
- Disagree
- Neutral/Neither agree nor disagree
- Agree
- Strongly Agree

**11. How would you evaluate your workplace environment?**

- Extremely positively
- Quite positively
- Somewhat positively
- Neither positively nor negatively
- Somewhat negatively
- Quite negatively
- Extremely negatively

**12. My organization dedicates to diversity and inclusion**

- Strongly disagree
- Disagree
- Neutral/neither agree nor disagree
- Agree
- Strongly agree

**13. Based on your perception of your company, what percentage of hiring into supervisory positions has been given to:**

- % Minorities