



# **Diversity Management – A New Paradigm –**

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Mareike Danullis

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## **Foreword**

*“Our most serious problems are social problems for which there are no technical solutions, only human solutions.”*

Rep. George E. Brown, Jr.  
Chairman of the House Committee  
*on Science, Space and Technology*

The authors of this dissertation believe that it would be appropriate to begin this paper with the small narrative, based on the experience of one of the authors of this paper. This story attempts to show the very nature of the Diversity Management as well as the essence and extend of the so called “cultural phenomenon”.

The anecdote occurred at a college in France, during the fall and spring semesters of 2000 and 2001 respectively when one of the team members studied there. The student studied together with young, French students who were between the age of 17 to 19. She went to France with only one year language-experiences. She endured herself in completely different surroundings. After the first week it became apparent that she could not understand much during the lectures or communicate with her fellow students. After some time she has mentioned that students were looking at her strangely and talked behind her back. However, with each week passing by, she understood French better and realised that the students rumoured that she was unintelligent. Nevertheless she had to be strong and fight against prejudice that occurred due to her language problem. After ten months, as her exchange year was over, and she passed her French diploma, only one of the French students came to her and apologised for the past behaviour.

You may ask yourself what has the above anecdote to do with Diversity Management? One can see through this story that cultural differences might influence the perception of the person as well as produce discrimination and misunderstanding. It can be seen that the entire organisation (French university in this case) lacked Diversity Management. Nor the students knew about other cultures, nor were they taught to tolerate other cultures. It can also be concluded that with the behaviour shown by the French students toward the person of the different culture they would not be able to perform on the international arena and that is another reason why cultural Diversity Management should be studied and applied as in educational organisations as well as in business institutions. The need of Diversity Management and understanding of cultural behaviour looks obvious through the anecdote

mentioned above, however in order to understand the problems and consequent solutions to cultural problems and its management this paper will be written and relevant, theoretical and cultural concepts will be reviewed and analysed.

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## **Abstract**

*“It is very helpful to suggest that diversity is not so much an end in itself as it is a condition of our society and a condition of the world in which we live.”*

Frank Wong  
Vice President for Academic Affairs  
University of Redlands

This paper explores and analyses the development of Diversity Management and workforce diversity (in terms of ethnic background) in Swedish large-sized enterprises. Primarily, this paper aims to make the concept of Diversity Management well-known and useful in the managerial practices. The theoretical framework discussion is based on a literature review about culture, diverse workforce and Diversity Management. It includes positive and negative influences of Diversity Management and the theoretical implementation process in general. The authors of this dissertation chose a survey via e-mail questionnaires addressed to 235 companies in Sweden. The results were analysed in details combined with the research questions and the literature as well as with propositions and conjectures of the authors of this paper. The paper concludes with the criticism and authors' reflections.

### ***Key concepts and issues***

*Diversity Management, workforce diversity, ethnic background, paradigm shift, implementation process, competence development, organisational learning, organisational flexibility.*

## Chapter 1 Introduction

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*The first chapter describes how the idea for this study was born. It mentions the demographical change in Sweden which is important regarding the research questions and purpose explained following after the background. Later briefly definitions of the authors of this study and limitations concerning the subject of this paper and the survey will be presented. The chapter ends with the overview of subsequent chapters.*

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### 1.1 Background

The idea to this topic of Diversity Management came up while reading an article in the newspaper “Welt am Sonntag” about an interview with the British management forecaster Julian Birkinshaw who is teaching at London Business School. He talked about Empowerment and Openness in enterprises and mentioned that the Swedish management model will dominate in the next decades. Furthermore, he explained that the Swedish economic model differs entirely from that in other countries. While Germany and England for instance are dominated by hitherto more or less a hierarchical economic model, the Swedish model is characterised by a delegation of responsibility to subordinates, trust and a culture of openness. The forecaster pointed out that Empowerment has been implemented in Swedish enterprises.

After reading this article a discussion began in the view of the increased multicultural and multi-ethnic society in Sweden and questions arose. For instance: How important is the concept of Diversity Management if there is a predominate open culture in Swedish companies? Is Diversity Management well-known? Have Swedish enterprises integrated Diversity Management and if so to what extent? The concept of Diversity Management fascinated the authors of this paper since they heard about it in a lecture. The interest in the impact of Diversity Management in general and in workforce diversity in particular is the immediate background of this study.

At the beginning of this dissertation, the main focus should be at the integration process of Diversity Management, but the authors of this paper could quickly realise that large-sized enterprises as Tetra Pak have not implemented Diversity Management yet. That is why this study intends to analyse the extent to which Swedish large-sized companies have an interest to integrate Diversity Management and how far they developed it.

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Apparently, there is a need for Diversity Management in Swedish enterprises in the view of the demographical development in Sweden, when compared with the USA where Diversity Management is an issue since the beginning of the 1990s (Aretz & Hansen, 2003).

Prior to 1968, Sweden had no explicit immigrant policy, but the general feeling was that all immigrants (*Definition immigrant: foreign citizen who leaves his/her home country and moves to Sweden and/or a person who is presently domiciled in Sweden but was born in another country and/or a person who is born in Sweden but has his/her roots in another country, at least through one of his/her parents, (Ministry of the Interior, 1997)*) should become Swedes as soon as possible. The obvious goal was assimilation. In a 1967-bill the Swedish government cautiously replaced assimilation by the concept of “social adjustment”. The goal of the 1975 immigrant policy bill was not only of equality but also the freedom of choice and co-operation, emphasised “ethnic distinctiveness, both linguistic and cultural”, stipulating that “ethnic, linguistic and religious minorities were to be encouraged to preserve and develop their cultural identities “ (Öberg, 1997).

The demographic changes will continue to make the marketplace, the labour market and the workforce of the future more diverse than they hitherto have been.

An organisation’s ability to effectively deal with such demographic changes, e.g. from a workforce composed primarily of say white (i.e. European-American, etc.) males to one including more non-traditional and diverse workers (woman and/or Asian, etc.), will directly impact on its performance (Cauldron, 1990). According to Triandis (1994) only companies that have cultures-support diversity will be able to retain the best talent necessary to remain competitive.

### **1.2 Problem**

There is no clear definition in the literature and contemporary research of Diversity Management that is why a lot of people cannot grasp this getting important subject. Moreover, some people underestimate the importance of the concept and cannot implement

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it in a most beneficial way (*further explanations see section 2.1*). In order to “open up” this problem and to find a possible solution following research questions should be answered.

1. How is the workforce structured in large-sized Swedish enterprises in different industries?
2. How well-known is the concept of Diversity Management in large-sized Swedish companies?
3. How far is the development of Diversity Management in Swedish enterprises?
4. Is there a need for Diversity Management in Swedish companies referring to the internal and external demographical changes? (*Definition internal: demographic change within the companies; external: the demographic development in Sweden*)

Within the frame of the first question above, it would be worth knowing whether or not the companies have diverse workforce in the internal structure (*Definition of internal structure: The diverse workforce within a company (e.g. Headquarter) without consideration of its diverse workforce in other business fields related to further company activities (e.g. Export, Subsidiaries, etc.)*). Assumed that the companies' workforce is diverse, what is the composition of the workforce diversity and to what extent are they involved in the higher level of management? Are there considerable differences concerning the industry?

Within the frame of the second question above, it would be worth knowing whether or not the large-sized companies hitherto heard about the Diversity Management concept. If so, to what extent is it well-known and how important is Diversity Management for the companies? Do the companies have knowledge about the benefits of this concept? Or, are the companies not convinced of this concept and think that the disadvantages (*see section 3.4.2.4 below*) exceed the benefits? Do the companies think that Diversity Management is nonsense and the scholars and consultants are only searching for way and means to earn money?

Within the frame of the third question above, it would be worth knowing whether or not the companies have implemented Diversity Management. If so, when did they start with the integration of Diversity Management and what was the main reason for the integration? What experiences have they made until now? Have they made any suggestions? What do

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they think about the concept after the integration? What benefits are observable? Do the companies use the Diversity Management efficiently?

Within the frame of the fourth question above, it would be worth knowing whether or not the companies have an imperative need hitherto and in the next decade for Diversity Management, due to the demographical development in Sweden which consequently and similarly influences the workforce diversity in enterprises. Are the companies prepared for the changes? What can companies do to prevent disadvantages due to the workforce diversity? Is Diversity Management a solution for Swedish companies?

### **1.3 Purpose**

This paper presents the results of a survey and analyses the recognition of Diversity Management in Swedish large-sized enterprises in different industries. The *first aim* is to study the development of Diversity Management in Swedish large-sized companies. Further, this paper focuses on the question if there is a need for Diversity Management, in that context the *second aim* is to analyse the composition of the Swedish workforce mainly in terms of ethnic diversity in connection with the demographical changes in enterprises and in Sweden in general. The *third aim* is to make the concept of Diversity Management well-known and useful for the managerial practices.

Furthermore, the study explains in the theoretical framework in detail what is Diversity Management as well as its benefits due to the novelty of this management concept including the implementation process which may be important for the analysis of the questionnaire.

Besides meeting the academic requirements, it is hoped that the paper's findings will provide opportunities for recommendations to the management in Swedish companies which are probably will be more and more confronted with heterogeneous workforce in the future.

*The theoretical foundation of the above assumptions is discussed in chapter three.*

## **1.4 Definitions**

The following sections present the definitions of diversity, heterogeneity, diversity of workforce and Diversity Management as well as definitions of internal and external Diversity Management and paradigm shift. Furthermore, briefly definitions have been directly explained behind the terms during the entire paper.

### **1.4.1 Diversity**

Diversity is the noticeable heterogeneity referring to identities among people existing in social surroundings.

### **1.4.2 Heterogeneity**

The quality of being diverse and not comparable in kind.

### **1.4.3 Diversity of workforce**

The differences relating to human beings such as ethnic heritage, race, sexual orientation, mental/physical abilities and characteristics, age and gender which are not changeable within a company's staff. (*Further explanations see section 3.2*)

### **1.4.4 Diversity Management**

Diversity Management is the strategic process to manage a diverse workforce - including the fight against stereotypes, prejudice and all kinds of discrimination due to the individuals' perceptions and assumptions – in the manner to maximise the benefits and minimise the barriers of different opinions, behaviours and attitudes of human beings within a company.

### **1.4.5 Internal and External Diversity Management**

You can divide the effects of Diversity Management into two categories. The internal effect has an influence on organisational structural changes within the company.

The external effect concerns the environment of a company e.g. customers, stakeholders, suppliers, etc.

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As an internal effect it can be defined following advantages: highly motivated employees, innovation and creativity, cost reduction, organisational flexibility, problem solving, knowledge transfer. Due to the two possibilities to recruit employees on the internal and/or external way, it belongs to both sides of the implementation effect. An external effect is primarily the marketing aspect.

### **1.4.6 Paradigm shift**

A definition for paradigm could be “the way of looking at things”. The paradigm shift is the change of the way of looking at things.

Referring to Thomas and Eli (1996, 85), “paradigm shift enhances work by rethinking primary tasks and redefining markets, products, strategies, missions, business practices and even cultures”.

## **1.5 Limitations**

The concept of Diversity Management is extensive. There are various components of diversity, as follows:

- Diversity of ethnicity, nationality and cultures
- Diversity of demography (gender, age and experiences)
- Diversity of competencies (educational and professional backgrounds)
- Diversity of organisational functions and processes
- Diversity of networks (i.e. relationships and communications channels and/or patterns, etc.)
- Miscellaneous diversity (sexual preferences, occupational disabilities, i.e. handicap or physical mobility, etc.)

There are also various dimensions of ethnographic diversity. The four main dimensions are:

- Geographic (national, e.g. ex-Yugoslavia, Iceland and regional, e.g. Arabic)
- Ethnic (e.g. Tutsi, Serbe, etc.)
- Racial (Negro, Caucasian, etc.) and/or Colour (black, white, etc.)
- Religious (Judeo-Christianity, Islam, Hinduism, etc.)

This paper only focuses on diversity of ethnicity and nationality, as well as ethnographic workforce diversity.

Furthermore, the selected companies are only medium and large-sized enterprises in different industries e.g. food industry, furniture industry, healthcare industry, electronics industry, etc. in all Sweden.

The survey, which has been conducted by the authors of this dissertation, includes the research on the internal structure of the companies. We have concentrated especially on the problems related to the diverse workforce within these entities.

### **1.6 Overview of subsequent chapters**

The following is the outline of the remaining chapters of this study.

After stating the problem discussion, the choice of methodology, the choice of theory and the scientific approach are presented in *Chapter two*.

This paper presents the theoretical underpinnings of the research problem in *Chapter three*. It includes the historical background of Diversity Management and important reasons for the development of Diversity Management in Sweden as well as general information as basis to understand this concept, for instance dimensions of diversity, the influence of companies, barriers and problems and more.

The *fourth chapter* discusses the survey including the used methods to accomplish the empirical evaluation, like the presentation of research strategy, the data collection, the questionnaire design, sample selection and more.

*Chapter five* presents the analysis and results from the empirical study. The results of the survey are analysed in connection to the research questions, the secondary questions, the theoretical framework as well as the propositions and conjectures of the authors of this study.

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The authors of this paper present their own reflections briefly in *chapter six*.

This paper ends with the conclusion, which involves suggestions for improvement, future research and practical implications for organisations considering Diversity Management, in *chapter seven*.

## Chapter 2 Methodology

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*In this chapter, the problem definition, domain and analysis, as well as the choice of methodology, theory and scientific approach are presented. The research methodology is comprised partly of a quantitative survey and analysis of the enterprises staff and partly of a qualitative analysis of perceptions of Diversity Management.*

---

### 2.1 Problem Definition, Domain and Analysis

The overriding theme of this study is to analyse to which extent Swedish companies have knowledge about Diversity Management and on what level of development Diversity Management is integrated in the enterprises. Additionally, this study focuses of the workforce diversity in connection with the demographical changes in the enterprises and in Sweden.

The need for effectively managing diversity is well-known from the USA (*see appropriate section 3.1*). Since waste of any kind can be costly, organisations must utilise all resources effectively. Unlike resources that are quantifiable, measurable and predictable, human resources are tougher to manage , because human behaviour is not entirely predictable (Hankins, G. G., 2000). The ability to effectively and productively function (in term of individual and organisational performance) in any given multicultural environment it is more likely to require some attitudinal changes and even probably fundamental paradigm shifts (David & Ely, 1996). The need for such a fundamental paradigm shift would probably be more paramount in an organisation, which evolves a heterogeneous workforce (as it was, from having a workforce predominantly homogeneous) (Hambrick et al., 1998) (*see appropriate section 3.4.1*).

Diversity Management would probably call for a paradigm of openness and constant, life-long learning, which would be enabled by personal and collective learning within the individual, the team/group and the entire organisation. Referring to the British management forecaster Julian Birkinshaw (*see 1.1 above*) the first steps in Swedish companies for managing diversity are done. This is referred to the paradigm of openness and empowerment.

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Regarding the development of Diversity Management in Swedish companies one of the fundamental issues is that of the management. However, the problem is that organisational managers behave in terms of organisational and personal cultural backgrounds. As Tayeb (1996, 179) pointed out, “while some managers treat their culturally diverse workforce as if it were a homogenous one, others merely acknowledge their workforce diversity, but do not take it sufficiently and seriously to deal with it effectively. Furthermore, others merely marginalise their efforts to involve only employees, lower- and middle-level to the exclusion of senior management, but the senior management is most likely to make and influence significant diversity management policies”.

One of the reasons for the need of a paradigm shift in the entire organisation is the development of another way of thinking concerning the managers. Moreover, the shift of paradigm is a long-term process (*see appropriate section 3.4.1*). A problem is to evaluate the level of the paradigm shift in the whole organisation. Without such an evaluation it is difficult to analyse to which extent the companies use Diversity Management effectively.

The paper focuses on the knowledge of Diversity Management and on what level of development the Diversity Management is integrated in enterprises. Actually, one of the main questions is, why many organisations are apparently reluctant to adopt it in their managerial practices. Today, it is well-known that Diversity Management may result in profits as well as competitive advantages for the organisations (*see appropriate section 3.4.2.1 and 3.4.2.2*). One reason why the organisations do not adapt Diversity Management might be that the literature which presents no empirical studies supporting the claim of workforce diversity’s value and importance to organisational profitability. As Cox & Blake (1991, 52) put it, “the management literature has suggested that organisations should value diversity to enhance organisational effectiveness. However, the specific link between managing diversity and organisational competitiveness is rarely made explicit and no article has reviewed actual research data supporting such a link”.

As long as workforce diversity is difficult to link to organisational profitability the enterprises hesitate to invest in Diversity Management, particularly when management appears complacent with the performance of the (current) homogeneous workforce. On the basis of this consideration it may be argued that if management is concerned with

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competitiveness and organisational survival, doubtlessly, the (current) homogeneous workforce may not sufficiently possess the necessary competencies.

As Tayeb (1996, 38) mentioned, “There seems to be a move from “assimilation” to “multiculturalism”, from a “morality issue” stance to a “business will benefit” stance”. Even Hambrick et al. (1998) agreed, who mentioned that organisations stand to benefit, at least, from the creativity of a nationally diverse workforce.

Forecasts of diversity experts imply that the extent to which demographic workforce shifts are effectively and efficiently managed will have an important impact on the competitive and economic outcomes of the organisations and that managers will increasingly face the challenge of dealing with large numbers of diverse groups in the workplace (see, for instance, Harvey & Allard, 2002).

### **2.2 Choice of Methodology**

It is the research goal and the subsequent questions of empirical investigation that directly influence the choice of methodology.

Choosing the right methodology is helpful for answering the research questions and achieving the research purpose. To get answers on the research questions a quantitative survey, based on a questionnaire has been made. The purpose of the questionnaire was to analyse the development of Diversity Management and evaluate the diversity of workforce in a number of enterprises. A qualitative study, based on open-ended questions in the questionnaire, has also been made to have a deeper view of how well-known the concept of Diversity Management is and what perceptions exist about it.

*Quality refers to the what, how, when and where – its essence and ambience. Qualitative research thus refers to the meanings, concept, definitions, characteristics, metaphors, symbols and descriptions of things. In contrast, quantitative research refers to counts and measures of things (Berg, 1998, 2-3).*

#### *Quantitative study*

The main research was to study the development of Diversity Management and the extension of diverse workforce in Swedish large-sized companies.

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“Have enterprises implemented Diversity Management? Do enterprises have diverse workforce? To what extent are these workforce diverse (in terms of ethnic background)?” Questions like these were answered by means of a quantitative study.

According to the research question number four the authors of this paper analysed the need for Diversity Management in Swedish companies based on internal and external demographical changes. Therefore it was also necessary to collect some data of the whole Swedish demographic development.

Additionally, the authors of this paper wanted to find out as by-product if there is a need for Diversity Management in medium-sized companies. The reason was that the focus in the beginning of this study was to implement the Diversity Management concept in a medium-sized company. But this aim could not be satisfied due to the complexity of the Diversity Management concept and the time limit of the survey (*see section 1.1*).

### *Qualitative study*

What are the perceptions of the concept of Diversity Management which are based on the managers' own comments and experiences?

To answer this question a qualitative study in form of open-ended questions in the questionnaire was made. This study was also made to see if the managers had any implications towards Diversity Management. Several enterprises were also contacted by phone and asked to agree on a personal meeting. Personal interviews were not made, because the interviewees had no time. Therefore phone interviews were considered, but when this decision was made it was too late to make the interviews, due to the lack of time of the managers before Christmas.

### **2.2.1 Choice of Theory**

Theoretical research is concerned with developing theories, which explain why things happen as they do.

According to Flood and Romm (1996), Diversity Management is about managing the increasing diversity of issues that confront humankind in contemporary organisational and society affairs. Preservation of diversity is assumed to enhance the opportunities people have to manage intelligently and responsibly the most existing issues that arise in

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organisational and social affairs. Therefore, by diversity at the workplace more choices are made available for people to manage organisational and social affairs.

How diversity is managed depends on the entire organisational structure and that is why in this context of leadership which is important. There are two primary theories on leadership. Some suggest that leadership is a given talent. Some people have it and others do not. This was the prevailing thought in the earlier part of the century. Today, it is realised that leadership embodies certain traits, characteristics and skills that can be easily taught and trained into potential leaders. According to Hollander & Offerman (1990) some innovative theories are centered on this concept. They felt that effective leaders could shape subordinates through modelling. In other words, they could practice the principles that they wished to install on their subordinates and accordingly the subordinates would act in the same manner as the leader. When placed in the context of creating greater diversity in the workforce, this theory has many ramifications. A leader cannot expect that the employees will be receptive and non-confrontational if the leader him-/herself does not act in this manner. Therefore, there is a need to train potential managers in how to manage diversity at the workplace.

Furthermore, this paper refers to the “multicultural organisational development model (MCOB)”, which explains that organisations go through six phases from a monoculture to multicultural organisation structure (Holvino, 1998) (*see 3.5.1.1*).

Another used approach to organisational change is the “organisation development” approach (OD) to diversity, which is an integrated, planned, system-wide and long-term process of change (Rapoport, 1970) (*see section 3.5.3.1*).

Finally there will be used a collaborative inquiry approach to organisational change, the “action research” that focuses on joint learning between internal and external change agents (Greenwood & Levin, 1998) (*see section 3.5.3.2*).

### **2.2.2 Scientific Approach**

The research philosophy is positivism, which refers to scientific knowledge consistent of theories that include terms referring to measurable phenomena and theses maintaining

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relations between them. Positivism is usually connected with a deductive approach (Saunders et. al., 2000).

A lot of literature in the subject of Diversity Management already exists, therefore the chosen methodology subscribes to a deductive approach. It is based on developing a theory and/or hypotheses and then forming a research strategy to test the theory. In this study there will be propositions stated in the later chapter.

According to Saunders (et. al., 2000) a quantitative study helps the researcher to interpret and analyse the data, which is necessary to answer the research questions. To analyse the companies' workforce (in terms of ethnic backgrounds) requires statistical analyses, based on a quantitative survey of the companies' employee population.

For a better understanding of the managers' own interest in Diversity Management a qualitative study is required. It enables the researcher to ask more open-ended questions, which is not possible when using quantitative data. The driving force behind the questionnaire guide was the need for analyses of the development of Diversity Management. Therefore, it was necessary for this research to analyse managers' own perceptions about employees of different nationalities or ethnicities.

### **2.3 Summary**

The problem definition is considering the extent to which Swedish companies have knowledge about Diversity Management and on what level of development it is integrated in enterprises. The choice of methodology is based on both quantitative and qualitative studies. Further, it subscribes to a deductive approach, which is based on developing hypotheses (*concerning this study propositions*) and then forming a research strategy to test them.

The choice of theory considers leadership and organisational change and how these factors play a major role in managing diversity. The scientific approach subscribes to positivism, which refers to scientific knowledge consistent of theories.

## Chapter 3 Theoretical Framework

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*This chapter will give an overview in form of a literature review about culture, diversity and Diversity Management. After a short introduction through history and development, it continues to show the development of discrimination policies in Sweden. Moreover, the principles of Diversity Management which a company should consider for an implementation are stated. Furthermore, the positive and negative influences of Diversity Management are disclosed in detail. The theoretical implementation process in general and the propositions are described at the end of this chapter.*

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*“Bridges the connection between people and Business goals and practices”*

Arredondo, Patricia, 1996, 18

### 3.1 Origin of the development of Diversity Management

Human diversity has existed throughout the world from the beginning of time. Ethnic, cultural and racial differences could be already found within tribes and other groups of people across the continents before recorded history (Arredondo, 1996).

Over all the centuries, all civilisations have included people who are different from one another by virtue of age, gender, race, sexual orientation, class and physical ability.

Especially the American society shows a good example of a “melting pot” of different cultures caused by history – expansion, colonisation, slavery.

Although their attempts to eradicate cultural and linguistic differences in the United States, the Americanization (*Definition Americanization: the assimilation into the American culture (hyperdictionary, 2003)*) has not been completely successful. However, persons who were and are visibly different from the early settlers of North America in ethnicity and race are considered as the country’s four major “minority” groups nowadays: Asian, African American, Latino/Hispanic and Native American. An interesting observation of the cultural development is that the Americans still celebrate cultural practices like Saint Patrick’s Day, Chinese New Year, the celebration of Columbus Day and Cinco de Mayo (Arredondo, 1996).

### **3.1.1 Reasons for the development of Diversity Management in general**

Why can we recognise this excitement about diversity in the workplace if it has always been a part of our culture?

That the origin of this “new” development is in the USA is obvious by the above mentioned history. The reason is the multicultural composition that was acknowledging its pluralism in the workforce.

Published surveys predict that in the future the white males would be a numerical minority in the USA, outnumbered by white women and persons of colour. The demographical trend will give the workplace a different look (Arredondo, 1996).

It is not new for business leaders to manage a diverse workforce, but recently they become aware of a potential benefit of this working change.

Workforce diversity is not a matter for debate – it is a fact. It presents one of the greatest challenges facing today’s organisations. One should be aware that only through hard work and committed leadership can the potential benefits could be realised within an organisation (Sonnenschein, 1997 ).

Furthermore, the increasing globalisation and rapidly changing organisational structures accelerate the development of managing a diverse workforce. More and more organisations are entering joint ventures with organisations in other countries, setting up branches and factories and even buying foreign companies. Managing such global companies necessitates knowing something about the character and values of the host or partner countries.

Additionally, the world changes as a result to policies of several countries, e.g. Swedish or German Immigration Policy in the beginning of the 1970s. The demand for a diverse workforce will come along with the increasing global business of the companies, which is supported by government negotiating trade agreement between different states (Harvard Business Review, 1996).

With the beginning of the “Common Market” of the European Union in the year 1993 a further step for the integration of the European states was made. Since this moment the free movement of employment was facilitated for the enterprises and the employees within the European Union. The result will be a more mixed European workforce within the companies.

A lot of factors show that Sweden did undergo a demographical change of the composition of its society which is reflected in the increasing diverse workforce (*see Appendix 4*). Referring to Öberg (1997, 44), prior to 1968 Sweden had no explicit immigration policy. The general opinion was that all immigrants should become Swedes as soon as possible. The government decided to replace this assimilation view to a “social adjustment” policy, called 1967-bill. In the year 1975 the immigration policy-bill with the aim not only of equality but also of freedom of choice and co-operation specified that ethnic, linguistic and religious minorities were to be encouraged to preserve and develop their cultural identities.

One reason for the diverse workforce in Swedish companies, nowadays, can be explained by the import of labour from other European countries in the past. In the recent time, mostly refugees contribute their part to the new development of a diverse society and workforce.

Already in the past and as an ongoing process, immigration will be combined with the continued growth in diversity of Sweden’s own population by reasons like mixed marriages. Minority groups will increase their share of the total population.

Consequently to the prediction of these demographical shifts in the Swedish society and workforce, it is an important impact on the competitive and economic outcome of companies and institutions to deal with it in the most effective and efficiency manner. Managers face the great challenge to manage diverse workforce in the coming years (Wendling and Palma-Rivas, 1998).

### **3.1.2 Current important reasons for the development of Diversity Management in Sweden**

In Sweden, the concept of workforce “diversity is first and foremost related to ethnicity and heterogeneity in terms of citizenship (*Definition citizenship: is the legal right of*

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*belonging to a particular country (or particular countries) or national origin (Definition national origin: the country where a person is originally born)"* (Reyes, 2000, 255). Over the last few decades Sweden has changed from being mainly monolingual and ethnically homogeneous to a multilingual society with a number of ethnic minorities. Nowadays, about one-fifth of Sweden's population is composed of immigrants or individuals who have at least one foreign-born parent. About 50 percent of all foreign nationals in Sweden are from Nordic countries, such as Denmark, Finland, Iceland and Norway (Swedish Institute, 1999) (*see Appendix 4*). These immigrants face an enormous imbalance of power resulting from ethnic segregation in Swedish workplaces (Reyes, 2000). In 1998 the government set up the National Integration Office to prevent xenophobia, racism and discrimination in the Swedish workplace.

Furthermore, Sweden is a diverse society with a history of international solidarity. A generous refugee policy has turned Sweden into a medley of different cultures, a process that has enriched its own culture along the way ([http://www.integrationsverket.se/templates/ivNormal\\_\\_\\_\\_3342.asp](http://www.integrationsverket.se/templates/ivNormal____3342.asp)).

Successive governments have worked hard to cement tolerance as a key value in Swedish society. The government has created the Office of the Ombudsman against Ethnic Discrimination whose task it is to actively oppose unfair or offensive treatment on the grounds of race, skin colour, national or ethnic origin or religious faith.

One of the major problems in Sweden is the broad denial of discrimination. The denial stops the work for equal rights and also the possibility for integration. The discrimination is structural. It is all about norms and rules and behaviour, which shuts out the integration. Both for the individual and the society the result is the same; discrimination. If the way towards integration is through the work life the employers in both private and public sector see the discrimination on the Swedish labour market and take responsibility for active measures for equal rights and possibilities. Discrimination Ombudsman's (DO's) experiences and a new research show that this has happen in a very low scale. According to the law about active measures against ethnic discrimination in the work life every employer shall according to plan, purposefully and actively prevent ethnic harassment and discrimination at the workplace. Under DO's supervision 400 private employers have had to show that they fallow the law. The result was depressing. More than half of the

companies do anything at all. And those employers that are dealing actively with diversity do not fulfil the demands of the law, but focus on quantitative diversity and profit (<http://www.do.se/o.o.i.s?id=618>).

The DO's work against ethnic discrimination in working life is based on the law (1999:130) on measures against ethnic discrimination in working life. In regard to incidents that occurred prior to 1 May 1999, the law (1994:134) against ethnic discrimination applies. The DO shall according to the law investigate and as a final measure take labour law cases to court when complaints have been submitted by individuals. The DO is to also see to it that employers in an active manner work to create ethnic diversity in the workplace (<http://www.do.se/o.o.i.s?id=618>).

The DO's tasks in other areas of society are regulated in the law (1999:131) on the Ombudsman against ethnic discrimination. (*see Appendix 5*) Discrimination is forbidden according to several UN human rights conventions, which have been ratified by Sweden (<http://www.do.se/o.o.i.s?id=618>).

These factors justify why Diversity Management came into Sweden and will continue to play an important role in Swedish enterprises.

### **3.2 Definitions**

The following sections present definitions concerning workforce diversity, diversity and Diversity Management as well as the definition of culture.

#### **3.2.1 Definitions of Workforce Diversity, Diversity and Diversity Management**

One of the fundamental barriers to Diversity Management is the language and terminology used by those who promote it. Terms like *diversity*, *cultural diversity*, *multiculturalism* (*Definition multiculturalism: appreciation of diversity while respecting the uniqueness of the individual* (Harvey & Allard, 2002, 6), *workforce diversity and ethnical diversity* are only a few examples used in dialogues about the workforce. (Arredondo, 1996)

The workforce diversity focuses on differences among employees (or potential employees) in terms of membership in particular demographic groups such as racial, ethnic or gender categories. When Cox (1994, 6) states, "cultural diversity means the representation, in one

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social system, of people with distinctly different group affiliations of cultural significance”, he focuses on racial ethnicity, gender and nationality (*Definition nationality: is meant by the country in which an individual spent the majority of his/her formative years, (Hambrick, et al, 1998, 183)*) as the basis for differences. He does so, because he believes these dimensions are particularly important in social interaction, because this bases of identity do not change and because there is substantial social science research on these dimensions.

*“It’s hard to define what diversity is because everyone has an opinion”*

From an advertisement for Goldman Sachs  
found in the now-defunct  
Working Woman magazine, Oktober 2000, 37

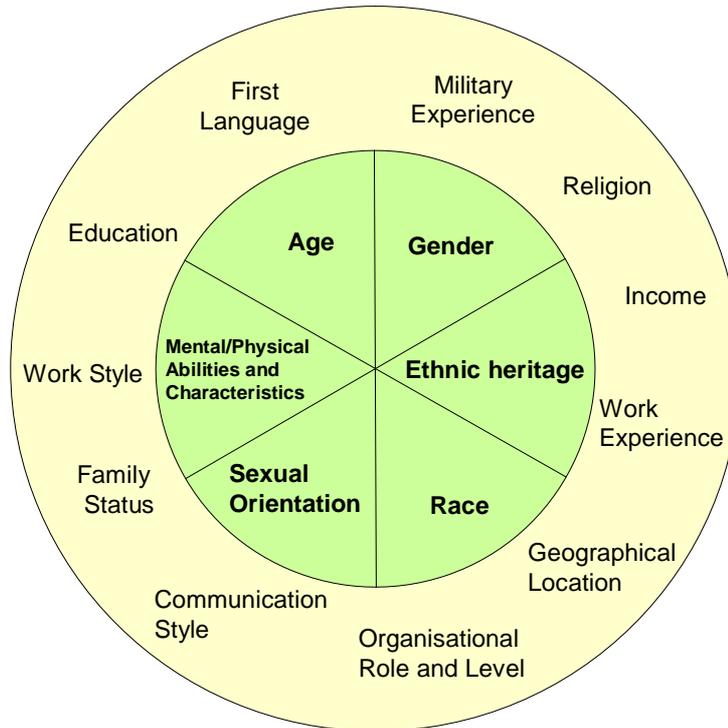
Therefore, there is no easy answer for the question “what diversity is?”, because there is no real consent. For some, diversity refers to racial, ethnic and gender differences and for others it includes a much broader scope of differences among people, for example religion, social class and age (Harvey & Allard, 2002). You can enlarge the definition to sexual orientation, physical abilities, communication and learning style and so on (Sonnenschein, 1997).

Cox (2001, 3) states the interpretation of Diversity as follows: *“Diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting.”*

*(Definition: Employment and market setting comprise churches, schools, factory work teams, industrial customers, end-use consumers and so on .)*

Following the dimensions of diversity are shown by the Loden’s model in which individuals are defined and distinguished from each other both in terms of primary dimensions such as age, race, gender (core characteristics that do not change) and in terms of secondary characteristics such as education, religion and communication style that can change (Loden, 1996).

**Figure 1: Dimensions of Diversity**



Source: Loden, M., *Implementing Diversity*, 1996, p 16, Business one Irwin

But what is meant by Diversity Management? An adequate definition about this terminology is given by Stoner and Russel-Chapin (1997, 12):

*“Diversity Management deals with the process of creating organisational culture in which workforce differences are understood and valued and each individual has the opportunity to be fully utilised. It is concerned with establishing a new framework and approach, in which a new set of core values governing the role of individual differences can be developed, i.e. a refocusing and reorientation of organisational culture. “*

Cox (1993, 11) used a different explanation for managing a diverse workforce: *“planning and implementing organisational systems and practices to manage people so that the potential advantages of diversity are maximised while the potential disadvantages are minimised.”*

Furthermore, Diversity Management refers to a strategic organisational approach to workforce diversity development, organisational culture change and empowerment of the workforce. It represents a shift away from activities and assumptions defined by affirmative action to management practices that are inclusive, reflecting the workforce diversity and its potential. It is a pragmatic approach, in which participants anticipate and plan for change, do not fear human differences or perceive them as a threat and view the workplace as a forum for individuals' growth and change skills and performance with direct cost benefits to the organisation (Arredondo, 1996).

### **3.2.2 Definition of Culture**

This paper refers to the ethnic and cultural diversity of workforce. You can define culture as a system of beliefs, values, customs and institutions that create a common identity and ways of behaviour for a given people. This includes different styles of communication and behaviour, misunderstandings concerning favouritism, uses of time and family matters (Sonnenschein, 1997).

Culture envelopes us so completely that we often do not recognise that there are different ways of dealing with the world, that others may have a different viewpoint on life, a different logic, a different way of responding to people and situations. The complexity of cultural background increases the difficulty of managing a diverse labour force. One should be aware that there are not only differences in values among cultures, but there are enormous differences within cultures, as well (Harvey & Allard, 2002). Furthermore, to be conscious is that even people from the same culture should be seen as individuals with their own thoughts and opinions.

Researches have shown that ethnic diversity exhibits far greater than dimensions like gender. One reason may occur, because women can more easily approximate men (and vice versa) than black Americans, Hispanics, Asia, etc. can approximate Caucasians. Moreover, ethnic groups, after work go home to their families and spent the most time with one's own kind. For example, men and women tend to go to each other (Trompenaars & Hampden-Turner, 1997).

### 3.3 Development of diversity approaches

According to several authors the development of Diversity Management started in the beginning of the 1990s in the USA.

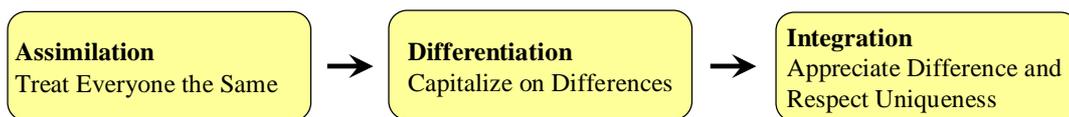
Traditional approaches to diversity are either based on the assimilation “discrimination-and-fairness” theme (“they” should adjust to our ways and be like us) or on a differentiation “access-and-legitimacy” theme which matches the demographic characteristics of people to those of the marketplace (Thomas, D., 1996).

A third theme of “learning-and-effectiveness” connects diversity to the *actual doing of work* which emerged in the mid 1990s and is premised on integration like “we are all on the same team with our differences – not despite them”.

The nowadays Diversity Management thought grow out of social and business pressures.

In essence, policy modelling began at the extreme “assimilation into the workforce”, continued to the opposite extreme “differentiation based on diversity” and returned to a more central position of integration incorporating elements of both extremes.

**Figure 2: Policy Evolution**



Sour

ce: Harvey & Allard, 2002, p 7

### 3.4 Diversity Management in a company

The following part takes a closer look on Diversity Management within a company. Firstly, the elements of Diversity Management are shown as important tools within a company. Later on the advantages, motivating factors and problems are discussed in details.

### 3.4.1 Which are the principles of Diversity Management for the implementation in a business organisation?

If you give Diversity Management a more comprehensive and operational definition, you should be aware that a diversity initiative requires new and different ways of thinking. This includes about planning and prioritising business goals. All areas within a company with their basic business concepts need to interface with the Diversity Management paradigm.

What are the basic principles of Diversity Management for the implementation in a company?

**Figure 3: Principles of Diversity Management**



Source: Created by the authors of this dissertation

Firstly, Diversity Management should be seen as a key to promote *dignity and respect* in the workplace and a framework for positioning *people as a necessary factor* for an organisational success. An organisational success supports holistic business goals of a company (Arredondo, 1996).

Two essential problems should be considered: First, to categorise people as demographic groups, e.g. women, people of colour, physically challenged people. It happens easily to subordinate individuals to a group identity that is often laden with stereotypes. These

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stereotypes are frequently negative and demeaning. A further problem which occurs during grouping is that it deprives people of their individuality and uniqueness. To assume that any individual would prefer to be defined based on gender, race, sexual orientation or any other criteria of their identity is a reductionist approach.

All employees should be realised as *individuals – not as numbers* in statistical company documentations about differences in the workforce (Arredondo, 1996).

Moreover, Diversity Management is a *strategic organisational goal*. It interacts with all aspects of business, e.g. leadership, human resources, management practices, product development, marketing, financial projections, communications facets internal and external of company's business.

The most fundamental factor for implementation of Diversity Management is the *shift in thinking*. It requires more than to observing and understanding the demographical change in the workforce in the upcoming years. The change in thinking presupposes re-education of comprehension the scope and potential of a Diversity Management approach. Additionally, re-evaluation of beliefs and assumptions are necessary (Arredondo, 1997). In this case leadership is the most essential element for change, without it, nothing will happen. An effective shift in thinking must start at the top and the managers have to exemplify what they aim to do and how they want employees to get involved (Cox, 2001).

The most essential tool for the implementation is a "*vision*". It is the basis from which everything can be led and what everybody should focus on. A *visionary leader* sees a future, sets goals and communicates a shared vision (Sonnenschein, 1997).

Another explanation could be argued like – an ability to decide what needs to be done and then get others involved in doing that, this is called a leadership (Cox, 2001). This include already a vision of the leader a picture of what needs to be accomplished with general guidelines about how to go about it. The next step is to share this vision with others. Following three steps are helpful to reach this target:

- Demonstrate some personal passion for the needed change in this area.
- Provide a powerful case for why it is the right vision.

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- Communicate in a profuse manner.

It is especially important for the company, that its managers use their interdisciplinary knowledge to focus on and take into consideration personal and organisational culture, cultural differences, culture change and cross-cultural relationships. It is unavoidable to create a strategic plan for the Diversity Management implementation.

This basic knowledge needs to be understood conceptually and practically by diversity initiative leaders, because it is the key to the success or failure of communication, planning and implementation strategies. An important point to be aware of is to provide and support the link between assumptions about *organisational culture and personal culture*.

Besides these basic elements companies should be aware that they reflect a *broad-based, relationship-focused thinking*. Theoretically, Diversity Management should represent concerns and involve levels of participation throughout the whole workforce. Initiators of Diversity Management ought to avoid creating new victims of exclusion, i.e. limiting Diversity Management to issues for other ethnic employees than the national ones, for white women and people of colour. All employees have needs to be valued and respected. And they also have goals to satisfy their personal and professional values.

A strategic approach to manage diversity that should be considered as a summarised guidance is (Ross and Schneider, 1992):

- Internally driven, not externally imposed initiatives.
- Focused on individuals rather than on different cultural groups.
- Focused on the total culture of the organisation (Corporate Identity) rather than just the systems which are used for the initiative.
- Responsibility of all in the organisation and not just the personnel function – an entire initiative.

### **3.4.2 Which kind of positive influences does the Diversity Management have on a company?**

Like many new developments Diversity Management has two faces. The challenge of managing a diverse workforce means on the one hand to create conditions that minimise its potential. The performance barrier on the other hand is maximising the potential to improve organisational performance. All employees have needs to be valued and respected. And they also have goals to satisfy their personal and professional values.

In the next part of this paper, Diversity Management will be presented as a value-added tool by improving the performance of organisations on a variety of factors (Cox, 2001).

One can divide the advantages of Diversity Management into two categories: one is the internal effect an organisational structural change caused by Diversity Management has for a company and another the external result on the environment of a company.

As an internal effect the following advantages can be defined: highly motivated employees, innovation and creativity, cost reduction, organisational flexibility, problem solving, knowledge transfer. Due to the two possibilities to recruit employees on the internal and/or external way, it belongs to both sides of the implementation effect. External effects are primarily the marketing aspect.

#### **3.4.2.1 Advantages of Diversity Management with an internal effect**

##### *Highly Motivated Employees*

Several studies have reported that the turnover of employees and absenteeism are often higher among women and ethnical minority groups than for white males in a company. A low level of job satisfaction and frustration over career growth are very often found in minorities groups (Harvard & Allard, 2002).

Companies that fail to make an appropriate change to have a more successful use of a diverse workforce and try to keep out employees from different cultural background, can expect to suffer a significant competitive disadvantage. In comparison to organisations that create an environment where all employees can thrive in their own cultural way, can benefit from the competitive advantage of very satisfied employees.

Satisfaction of employees leads to increased motivation. As a result positive effects can be achieved. A couple of examples can be stated here:

Firstly, the rate of turnover and the rate of absence (absenteeism) decrease which ends in a reduction of costs. Additionally, employees who are motivated perform their responsibilities in a better way and therefore objectives of a company can be achieved faster and more effectively. All these activities which lead to enhanced atmosphere will be recognised by the workforce. That can be seen as an ongoing, self driving process – as a spiral.

### *Creativity and Innovation*

It is advocated that workforce heterogeneity has the potential for higher creativity and innovation. Kanter (1983) as well Morgan (1989), stated the claim that “creativity is fostered by diversity”. Kanter’s study about innovation in organisations revealed that the most innovative enterprises establish a diverse workforce to create a marketplace of ideas - recognising that a variety of points of view can be helpful to bear problems. A further result of his study stated that high innovative companies tend to employ more women and employees of different cultural backgrounds (Harvard & Allard, 2002).

Both, creativity and innovation, can improve all organisational activities within a company. Process improvement, advertising, product design and quality improvement are only a few examples of organisational activities for which are creativity and innovation are enormously important (Nemeth, 1986).

The creativity in cases of problem solving is higher in heterogeneous work groups as long as the group members have similar ability levels. If people of distinguish gender or cultural groups hold different attitudes and perspectives on issues, then cultural diversity will support creativity and innovation (Nemeth, 1986).

### *Cost reduction*

Managers, who are responsible for Diversity Management should bare in mind that implementation of this process involves also some costs. Therefore all possible advantages and profits coming from Diversity Management should be compared to the costs of implementation of that strategy.

One of the possible ways of increasing company's performance is to reduce costs of absenteeism and costs of staff turnover. However, managing of a diverse workforce in the right manner is necessary in order to achieve that reduction (Harvey & Allard, 2002).

There have been a number of studies and researches on productivity of cultural heterogeneous versus cultural homogeneous workforce. The results show that diversity can become very precious asset of a company on the condition that it is managed in the right manner (Harvey & Allard, 2002).

To determine the exact cost savings from improving the management of diversity is very difficult and will be not discussed in this paper.

### *Knowledge Transfer*

In addition to the improved recruitment process (*see 3.4.2.2*) one should notice the internal knowledge transfer between the different educated employees. Knowledge, for all of its value, is an important asset. It is highly perishable, increases with sharing and is cumulative (i.e. new knowledge is built from existing knowledge).

Employees are able to learn from each other and operate in the best practice-manners provided that the relationships among the staff do not include any serious conflicts. As a result the workforce is more eager to share its knowledge and thus the whole company benefits from the learning process. That knowledge can also be used for problem solving activities and faster decision-making processes.

### *Problem Solving*

Firstly, diverse workforce can increase revenues through improved problem solving and decision-making. So that diverse groups have a broader and richer base of experience from which to approach a problem. Furthermore, within a diverse workforce critical analysis for decision-making processes is improved (Harvard & Allard, 2002).

In a series of research studies they found that members of minority identity groups often hold different worldviews from majority group members. The presence of minority views

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improved the quality of the decision-making process, so that one gets more and different alternatives how to solve and approach a problem (Cox, 2001).

As Sheppard (1964) summarised to the point:

*“Similarity is an aid to developing cohesion; cohesion in turn, is related to the success of a group. Homogeneity, however, can be detrimental if it results in the absence of stimulation. If all members are alike, they may have little to talk about, they may compete with each other or they may all commit the same mistake. Variety is the spice of life in a group, so long as there is a basic core similarity (Sheppard, 1964, 81).”*

A significant fact which should be considered is that the quality of problem solving greatly depends on how a diverse group is proactively managed. According to research studies have diverse groups which are trained compared to diverse groups without training produced scores that averaged six times higher (Harvard & Allard, 2002).

In sum, cultural diverse workforce create a competitive advantage through better decisions by higher levels of critical analysis of alternatives (Harvard & Allard, 2002).

### *Organisational Flexibility*

Greater flexibility can be achieved through the adaptations of Diversity Management. The adaptations are necessary in the sense, that they facilitate the accommodation of diversity.

One of the ways to make organisations' structure more flexible would be to change the patterns of employees' cognitive structures. This means that they have typical ways of organising and responding to information (Cox, 2001).

Even if this paper focuses mainly on cultural and not gender diversity, the authors of this paper would like to mention following: researches have shown that women tend to have higher tolerance of ambiguity than men. Tolerance of ambiguity, in turn, has been linked to a number of factors related to flexibility such as cognitive complexity and the ability to excel in performing ambiguous task.

Furthermore, managing a diverse workforce lead to more organisational flexibility through less standardised operating methods and more broaden policies and procedures within the

company. The organisation becomes more fluid and adaptable. An important effect is that tolerance for different cultural viewpoints should support a greater openness to new ideas (Harvard & Allard, 2002).

### *Continuous improvement*

Derivatively from the more fluently knowledge transfer and the faster and more effective problem solving process, the company can realise a continuous improvement in all activities within the organisation. The employees will learn the whole time to perform their tasks in a better manner and contribute to the improving process.

### **3.4.2.2 Advantages of Diversity Management with an external effect**

#### *Recruitment of Human Talent*

Foremost the recruitment of human resources, with the aim of attracting and retaining the best available human talent, can be seen as one of the major competitive factors for organisations. Nowadays, in the increasing diverse labour market, the companies get the opportunity to employ a workforce with international impropriated skills and global knowledge backgrounds (Cox, 1993).

Companies with international operating subsidiaries have the opportunity to fill a vacancy with employees from their own corporate group. This could have different advantages such as that the employee already knows the company and its structure and business.

#### *Marketing Aspect*

Researches on consumer behaviour have consistently shown that socio-cultural identities affect buying behaviour, marketing will depend, to some degree, on the ability of companies to understand and respond effectively to the cultural nuances of the diverse marketplace (Cox, 2001). The companies benefit from the distinguish tastes, experiences and point of view of the diverse cultural groups and can see them as different market segments.

The culture has predictable effects on decision-making behaviour. Cox (1993) suggests that continued high rates of immigrations make this factor relevant in both, national and export markets.

Furthermore, companies may gain competitive advantages from the insights of employees from various cultural background who can assist organisations in understanding cultural effects on buying decisions and in mapping strategies to respond to them. Thus, the Diversity Management realises the potential value of market segmentation based on culture identity group. For example, companies like the newspaper *USA Today* are using the presence of people from a wide variety of cultural background in their daily news meetings and gain as a result a great marketing success (Harvard & Allard, 2002). A well-used diverse workforce can support selling goods and services in the increasingly diverse marketplace in several ways.

**3.4.2.3 Which are the further motivating factors?**

Beside all these advantages a company may gain by implementation and use of Diversity Management, there are further external and internal factors to support the motivation for this decision. What else causes companies to start with the implementation process of Diversity Management?

**Table 1: External and Internal Factors / Motivators**

<i>External Factors / Motivators</i>	<i>Internal Factors / Motivators</i>
Competition	Growth and expansion goals
Economic downturn / upturn	Organisational mission / values
Demographic changes	Organisational climate
Emerging markets	Employer / customer satisfaction
Image	Employee / management development
Investor / donor satisfaction	Continuous improvement
Government regulation	Progressive thinking
Political correctness	Profitability
Production	Performance
Profitability	Complaints
Lawsuit	

Source: Arredondo, 1996, p 53

Some of these motivators are more manageable than others and few may require immediate attention and others could be addressed over time. All of them are further reasons for implementing Diversity Management.

In the majority of cases multiple motivators come together like internal organisational goal of profitability and employees and customer satisfaction and mission, along with external factors including competition, demographic shifts, donor satisfaction, government regulations and image. These reasons are all the first step of potential organisational viability.

Diversity Management - with its emphasis on each individual as a cultural entity and contributor - completes the core value of individualism. One of its basic statement is that each employee has potential that can be exercised to benefit the organisation. On the other hand, Diversity Management is and will be always a pragmatic business approach, which enables business leaders to view employees as assets that contribute to the overall success of the company, financial and otherwise.

### **3.4.2.4 What are the barriers and problems, which may come up with a cultural heterogeneous workforce?**

As mentioned above, Diversity Management has two sides, the advantages have been already stated. What kind of barriers will the company be faced in cases of implementation?

Firstly, it is a fact that people are supposed to be more highly attracted to feel more comfortable and satisfied with group members who are like themselves, i.e. from the same “culture”. Therefore, it is often argued that group cohesiveness is minimised by a cultural mixed workforce (Cox, 1993).

A further impediment for an implementation is based on communication difficulties. Less effective communication caused by language barriers are said to experience less pleasant working atmosphere in homogenous than in heterogeneous groups. This may become the source of misunderstanding and conflicts within the workforce (Cox, 1993). These effects could result in greater difficulties for decision-making process. Not even every culture but also every single person has a different, unique communication style – firstly created by our cultural upbringing and additionally by our socialisation. To communicate with people of different cultures from ours can be awkward. The key to good communication in a

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diverse workforce is a basic and central tool for leaders within the implementation process (Sonnenschein, 1997).

Due to these facts it can be argued that cultural diverse workforce are more difficult to manage effectively than cultural homogenous ones (Cox, 1993). Summarised, it can be said that the initiative “Diversity Management” requires a time and energy-consuming process.

One more important requirement which may become a barrier for the implementation of Diversity Management is the involvement of the leadership. Leadership is the most essential element for change and can be explained as behaviour that establishes a direction or goal for change (a vision), provides a sense of urgency and importance for the vision. Furthermore, it facilitates the motivation of others and additionally, cultivates necessary conditions for achievement of the vision (Cox, 2001).

Six elements define the leadership involvement referred to an organisational change:

- (1) Creating a vision
- (2) Being personally involved
- (3) Establishing the organisation design
- (4) Integrating Diversity work with the company’s business
- (5) Creating a management philosophy
- (6) Creating a communication strategy

To get Diversity Management into the Corporate Mission involved, it is required to start from the top of an organisation (Cox, 2001). Learning to manage a diverse workforce is a change process – primarily in thinking and secondly, of the organisation. The managers involved in this process are “change agents”. While the top management should articulate the new company strategy and their commitment to it, middle manager should handle the practical manner of implementation (Harvard Review, 1996). As Richard Rosenberg already stated exactly “*Diversity has to be managed. It just doesn’t manage itself*” (Sonnenschein, 1997, 24).

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For a successful implementation of Diversity Management it is necessary to manage a workforce with an open “world-view”. Even if the management is well prepared, it will not work out with a closed-minded and intolerant workforce.

In general it is difficult to directly associate profitability to only one indicator, be it investments in homogenous or heterogeneous workforce, information and communication technology, etc.

### **3.5 Theoretical Integration Process**

The following section is a broad discussion of some of the assumed issues, methods, models and paradigms for the management of diversity.

Diversity is widely regarded as vital for organisations to reach their valued goals. More and more emphasis is placed on the need to leverage multiculturalism and to foster inclusion as a basis for organisational success. For most organisations, the road to multiculturalism is long and hard (Dass & Parker, 1999).

**3.5.1 Model of Organisational Evolution**

The following shows a model for increasing multiculturalism within organisations – the vision.

**Table 2: The Multicultural organisational development model (MCOB)**

<i>Monocultural</i>		<i>Transitional</i>		<i>Multicultural</i>	
<i>Exclusionary</i>	<i>Passive Club</i>	<i>Compliance</i>	<i>Positive action</i>	<i>Redefining</i>	<i>Multicultural</i>
Actively excludes in its mission and practices those who are not members of the dominant group.	Actively or passively excludes those who are not members of the dominant group. Includes other members only if they “fit”.	Passively committed to including others without making major changes. Includes only a few members of other groups.	Committed to making a special effort to include others, especially those in designated target groups. Tolerates the differences that those others bring.	Actively works to expand its definition of inclusion and diversity. Tries to examine and change practices that may act as barriers to members of non-dominant groups.	Actively includes a diversity of groups, styles and perspectives. Continuously learns and acts to make the systematic changes required to value and include all kinds of people.
Values the dominant perspective of one group, culture or style		Seeks to integrate others, into systems created under dominant norms.		Values and integrates the perspectives of diverse identities, cultures, styles and groups into the organisation’s work and systems.	

Source: Holvino, 1998, p 35.

The Model of Multicultural Organisational Development (MCOB) proposes that organisations go through six phases as they move from being *monocultural* (exclusionary organisations in which the values of one group, culture or style are dominant) to *multicultural* (inclusive organisations in which the perspectives and styles of diverse peoples are valued and contribute to organisational goals and excellence).

In the first *exclusionary* stage, organisations explicitly and actively base themselves on the norms and values of one cultural group and advocate openly for the privileges and dominance of that group.

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In the *passive club* stage, organisations are based on one group's informal rules systems and ways of doing things and only admit those who are similar to or closely fit the dominant group.

Organisations at the *compliance* stage are passively committed to including members of non-dominant groups, but do not make any substantive changes in their management approaches so as to include those who are different.

Organisations become actively committed to including members of non-dominant groups, making special efforts to attract non-dominant group members and tolerating the differences they bring, in the *positive action* stage. At this stage there may be a critical mass of non-dominant group members who help to question and change the existing practices.

In the *redefining* stage, organisations actively try to include all differences and to remove the subtle and not so subtle barriers to inclusion in norms, practices, relationships, structure and systems. At this stage they may be acceptance of differences, but not full utilisation, as members of dominant and non-dominant groups are still learning to deal with differences and diversity.

In the *multicultural* stage or inclusive and diverse stage organisations seek and value all differences and develop the systems and work practices that support members of every group to succeed and fully contribute. Inclusion in multicultural organisations means that there is equality, justice and full participation at both the group and individuals levels, so that members of different groups not only have equal access to opportunities, decision-making and positions of power, but also are actively sought out because of their differences. In a multicultural, inclusive organisation, differences of all types become integrated into the fabric of the business, such that they become a necessary part of doing its everyday work (Holvino, 1998).

### 3.5.1.1 Visions of multicultural organisations

The vision of a diverse and fully multicultural organisation embedded in Holvino's multicultural organisational development model is similar to other visions describes in the literature. For instance, Foster at al. (1988, 40) define a multicultural organisation as

*[one] that (1) reflects the contributions and interests of the diverse cultural and social groups in the organisation's mission, operations, products or services; (2) commits to eradicate all forms of social discrimination in the organisations; (3) shares power and influence so that no one group is put at an exploitative advantage; (4) follows through on its broader social responsibility to fight social discrimination and advocate social diversity.*

Referring to Miller & Katz (1995, 278), in multicultural, inclusive organisations, diversity is seen as “a fundamental enhancement” and a “wide range of values and norms are...connected to...[organisation's] values, mission and goals”.

The most visions of multicultural organisations focus on inclusion as a key aspect of leveraging diversity (Davidson & Ferdman, 2001; Ferdman & Davidson, 2002).

Inclusion is seen as a feature of good management in any organisation, but unfortunately, it has typically been less evident in the context of most diverse organisations, particularly for those who are also members of historically subordinated groups. Inclusion is fundamental for incorporating equality and truly sharing power across a range of groups and their members. Thomas and Eli (1996) describe a learning and effectiveness paradigm what predominates in multicultural organisations and are able to connect members' contributions and perspectives to the principal work of the organisation, allowing them to “enhance work by rethinking primary tasks and redefining markets, products, strategies, missions, business practices and even cultures”(85). In this type of organisation there is an equal opportunity for all, differences and their value are recognised and most importantly, the organisation is able to “internalise differences among employees so that it learns and grows because of them. Indeed, members of the organisation can say, We are all on the same team, with our differences – not despite them” (86).

Working with diversity connects directly to the work of the organisation and the people within it. It implies that diversity is the work and responsibility of everyone, not just

managers and leaders. It suggests that diversity is an asset to be used and developed, rather than a problem to be managed. Finally it projects a sense of dynamism and continuity.

### 3.5.2 Levels of Change

A main issue in the integration process of Diversity Management is the paradigm shift in the entire organisation. Diversity Management and competence development seem to presuppose the prevalence of and the need for changes within the organisation. This section will therefore attempt to highlight some of the necessary organisational changes. Changes can be conceptualised as occurring on three different levels of organisation. According to Ragins (1995), the three different levels of organisational change are structural change, cultural change and behavioural change.

Structural, cultural and behavioural changes are synergistic. They interact and build on each other. Each level of change becomes a key leverage point for intervening in a planned diversity initiative. One of the key challenges of a diversity initiative is to have the right mix of synergistic interventions that will maximise change.

*Structural* interventions focus on the formal systems that guide and control the work of the organisation. These interventions target policies, practices and structures that support or hinder the goals of diversity, such as recruitment practice, equal pay and benefits policies on work-family balance and the achievement of proportional heterogeneity in positions across rank, departments and specialisation.

*Cultural* change concerns the basic assumptions, values, beliefs and ideologies that define an organisation's view of itself, its effectiveness and its environment. The best way to change organisational culture is to identify the informal practices and beliefs that make up that culture, to analyse their consequences and then to introduce small experiments designed to change everyday practices (Kolb & Merrill-Sands, 1999).

*Behavioural* change interventions seek changes in behaviours, attitudes and perceptions within and between individuals and between work groups, that support or hinder the goals of diversity. A common intervention to address individual and interpersonal behaviour is education and training (Cole & Singer, 1991).

Like mentioned above, effective diversity efforts require a multi-level approach that includes structural, cultural and behaviour change and a variety of specific interventions that reinforce and augment each other. The ten most important diversity interventions summarised Morrison (1996) as follows:

- personal involvement of the top management and organisational leaders;
- recruitment of diverse staff in managerial and non-managerial positions;
- internal advocacy and change agent groups;
- emphasis on collection and utilisation of statistics and diversity organisational profiles;
- inclusion of diversity in performance appraisal and advancement decisions;
- inclusion of diversity in leadership development and succession planning;
- diversity training programs;
- support networks and internal affiliation groups;
- work-family policies;
- career development and advancement.

### **3.5.3 Approaches to Change**

This section describes briefly the two major approaches “organisational development approach” and an example of a “collaborative inquiry approach” to organisational change.

#### **3.5.3.1 Organisational development approach**

The organisation development approach (OD) to diversity is an integrated, planned, system-wide and long-term process of change. An example of an OD approach to diversity is Holvino’s multicultural organisational development model (*see above*) (Chesler, 1994; Jackson & Holvino, 1988). OD approaches are characteristically managed from the top, cascade down the organisation to other organisational levels and make use of external consultants as experts who support the organisation throughout the process of change. The OD approach requires an initial assessment of where the organisation is in relation to diversity and its vision of where it wants to be in the future. From an analysis of the gap between where the organisation is and where it wants to be, specific interventions are then

designed to accomplish the identified change goals. Holvino's MCO model (*see table 3.5.1*) provides a useful way for an organisation to frame an initial diagnosis and vision of diversity. Five steps are representative of common practices in the OD approach (Arredondo, 1996; Cross, 2000):

1. Preparing for the initiative.
2. Assessing needs related to diversity.
3. Developing a vision, goals and strategic plan.
4. Implementing the interventions selected.
5. Monitoring and evaluating progress and results.

### **3.5.3.2 Collaborative inquiry approaches**

In the literature there are a lot of examples for collaborative approaches, which are usually more fluid than traditional OD approaches. The authors of this paper introduce only the "action research" as basis for the analysis in the empirical study below.

Action research is a collaborative inquiry approach to organisational change that focuses on joint learning between internal and external change agents (Greenwood & Levin, 1998). According to Rapoport (1970, 499) "Action research aims to contribute to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethnical framework." Action research usually proceeds with the following seven phases (Greenwood & Levin, 1998; Merrill-Sands, Fletcher & Acosta, 1999; Merrill-Sands, Fletcher, Acosta, Andrews & Harvey, 1999; Whyte, Greenwood & Lazes, 1991):

1. *Entry and set-up*: the inquiry and change goals are agreed upon and internal and external research collaborators develop an initial design and "contract" to collect information.
2. *Data collection and inquiry*: information is collected through interviews, focus groups, surveys and other mechanisms.
3. *Analysis*: the data are assembled, summarised and organised according to identifiable patterns.

4. *Feedback and action planning*: the analysis of the data is shared with members of the organisation to develop a joint interpretation, identify change goals and develop action plans.
5. *Implementation and experimentation*: actions agreed upon are implemented and organisational experiments to support the change goals are conducted.
6. *Monitoring and evaluation*: data are collected to assess the impact of the change initiatives and experiments.
7. *Learning, adoption and further experimentation*: the process is repeated, as needed. Eventually, it becomes a normal part of the organisation's processes.

### **3.5.4 Tactical Considerations in Diversity Initiatives**

This section introduces essential factors related to taps in the integration process of Diversity Management. Further, it presents helpful conditions and indicators of progress in efficiently managing diversity. The section supports the interviews made for collecting data and the subsequent analysis of this paper.

#### **3.5.4.1 Common diversity traps**

Thomas and Woodruff (1999) have identified common mistakes to avoid in trying to bring about diversity change, from experience and from practice. Some of these traps are:

- assuming that short-term training will be enough;
- failing to relate diversity to the organisational mission and key products;
- waiting to collect all possible data and ignoring employee perceptions as data for taking action;
- waiting for everyone important to be thoroughly behind the effort;
- not paying attention to the impact of resistant people in important positions;
- isolating the effort in one department (such as human resource) or under one person;
- not differentiating between good intentions, usually contained in verbal expressions of support of diversity and the impact of specific institutional actions that go against diversity;

- not building coalitions and support with different stakeholders who may fear that the effort will not include them;
- assuming that managing diversity is just “good common sense and people skills”;
- measuring success by the quantity and magnitude of diversity activities and events, rather than the impact on work and people.

### **3.5.4.2 Helpful conditions**

For diversity initiatives to accomplish the goals of maximising both inclusion and performance, it is important to have a number of conditions. The literature (see for example, Ferdmann & Brody, 1996 or Hayles & Russell, 1997) identifies 13 tactics that promote successful diversity initiatives:

1. Work from an inclusive definition of diversity that goes beyond race and gender issues to include other dimensions of difference.
2. Develop a strategic vision and plan with clear objectives, focus and appropriate financial and human resources to support it. Communicate the plan widely.
3. Align the initiative to the core work of the organisation and its strategic goals; connect it to clear statement of needs that conveys the urgency and benefits the organisation will derive from embracing change.
4. Engage many forces and people to create a broad sense of ownership, for example by supporting the development of a cadre of internal change agents and building alliances and coalitions among diverse internal constituencies and networks to support change. Engage respected and credible people to help guide and champion the change.
5. Have clear leadership and involvement of senior management in the change process beyond verbal and symbolic support. Identify internal champions with defined responsibilities for implementing the initiative.
6. Pay attention to internal and external factors that may support or hinder the initiative, such as budget constraints, changes in the internal and external political climate and potential alliances with external pressure groups, such as clients, donors or partners.
7. Build the change strategy from a solid analysis of diversity issues in the organisation. Develop the analysis from multiple perspectives throughout the organisation.
8. Provide freedom to pilot and experiment. Encourage an environment of learning from experience where flawless implementation is not expected.

9. Convey the importance of engaging in a dynamic and systemic process, not a static program or a single “quick-fix” solution.
10. Encourage an open climate that allows for the expression of passion, compassion and forgiveness throughout the change and learning process.
11. Assign accountability across all levels and types of employees, including senior management.
12. Ensure the competence of consultants and other resources in designing and facilitating relevant initiatives aligned to the organisational culture and strategic imperatives.
13. Recognise, celebrate and connect “small wins” so as to aggregate small changes into larger change process with more impact (Meyerson & Fletcher, 2000; Weick, 1984).

#### **3.5.4.3 Indicators of progress**

To guide and instil momentum into the change effort, it is important to identify success indicators and develop realistic measures of progress. This is essential for working with diversity in a way that responds to the organisational vision and to the social and cultural realities of the specific organisational context. An example of indicators of diversity progress that can be adapted to specific organisational and national realities follows.

An organisation is working creatively with diversity when:

- Diversity strategies are integral to organisational strategies and objectives.
- Diversity is viewed as contributing to organisational effectiveness.
- Diversity is recognised as a long-term organisational investment that naturally involves complexity and constructive conflict.
- Managers take ownership for the strategy by setting visible goals and by serving a positive role models.
- People of diverse backgrounds work at all levels and departments of the organisation.
- Diversity is an explicit goal in recruitment strategies.
- There is equity in employment actions and systems.
- Diversity is integral to the organisation’s operating principles and values and these are recognised as driving organisational behaviour.
- Diversity objectives are set and met, from the top to the bottom of the organisation.

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- Organisational issues and personnel grievances are resolved effectively, with is active and appropriate input/participation from all levels.
- Employee issues are raised and heard with respect and honesty and are resolved in an effective, timely manner.
- Information flows unencumbered to those who need it to work effectively.
- Expertise is tapped in strategic decision-making no matter where it resides in the organisation.
- Individuals hold themselves accountable for their actions.
- Managers are trained, assessed, held accountable and rewarded for managing people of diverse backgrounds effectively.
- Managers are rewarded for integrating diversity objectives and practices within their work initiatives and programs.
- The organisation is viewed by its employees, clients and other stakeholders as an ethical player in its professional area and in the community where it is located.
- The organisation is viewed as a benchmark for best practices in diversity, by employees and by the public.
- The organisation's products and outputs reflect a broad and diverse client base and partner network.
- The organisation continually assesses and learns about the dynamics of diversity and their impact on the people and the work of organisations (Stockdale & Crosby, 2003).

### **3.6 Propositions**

The theoretical framework is summarised with propositions developed by the authors of this paper. The propositions will be proved within the analysis of the conducted research work via questionnaires.

#### **3.6.1 Ethnographical changes**

When a country has a big population of foreigners then these people need to be employed somewhere. Because of this fact the assumption is that diversity of people is constantly growing in Swedish companies. Another assumption is that enterprises, which have operations in many different countries, are in need of diverse workforce. This is because of

language skills, cultural backgrounds, experiences etc. It is easier for a foreigner working in a Swedish company to go abroad, maybe to his/hers home country and e.g. introduce a new product on the market. Diversity Management elevates an organisation's performance to the demands of its consumers. A multinational company needs to know as much as possible about the consumer changes, shifts and trends so that business decisions could be better made.

*The first proposition:*

A lot of companies have diverse workforce when the Swedish society is going through demographical changes.

The first proposition is referred to the authors' of this study own assumptions.

### **3.6.2 Diverse workforce**

The assumption is that if the workforce in a company is diverse it is necessary to learn how to manage it, because people are an important resource for a company. Before starting to implement the process managers need to have a lot of knowledge about Diversity Management and the change of organisational thinking. As mentioned before Diversity Management is based on a paradigm of openness and collective learning. Instead of waiting for external information to come to them, they should actively search for it. Everyone employed in the company must be a part of the implementation process, but the initiative must come from the top-management. The implementation process is costly but it pays off in the long run. The reason of implementing Diversity Management arises , because of a diverse workforce.

*The second proposition:*

If a company has a diverse workforce it may have a reason to implement Diversity Management.

The second proposition is referred to chapter one and three of this paper and the sources used are following: The interview with the British management forecaster, Julian Birkinshaw (2003); Arredondo (1997); Cox (2001).

### **3.6.3 Benefits**

Organisational changes based on Diversity Management lead to innovation and development in the company. The great benefit for the company is firstly human talent, which brings international skills and global knowledge. When different cultures are brought together for the same purpose in a company they learn from each other's experiences and develop a learning process. The assumption is that performance increases as the development of Diversity Management increases. It is assumed that enterprises should invest in workforce diversity in order to be more effective and competitive. And by competence development, which is an outcome from the learning process competitiveness will increase. Some other benefits of Diversity Management are the increased motivation among employees, cost reduction, better marketing, creativity, easier problem solving and organisational flexibility.

*The third proposition:*

Diversity Management is creating benefits for the company if it is implemented.

The third proposition is referred to chapter three of this paper and the following sources are used: Cox (1991, 2001); Harvey and Allard (2002); Kanter (1983); Morgan (1989); Nemeth (1986).

### **3.6.4 New but a right concept**

The Swedish economic model is characterised by a delegation of responsibility to subordinates, trust and a culture of openness. Because of this fact the assumption is that Swedish companies are open to organisational changes and improvement. Even though most companies are not familiar with the concept of Diversity Management some of them use it, without knowing. It may exist within a company, which does not use the concept officially. But Diversity Management will be a well-known concept in the future because of the constant demographical change in the society.

*The fourth proposition:*

Diversity Management is a new concept for Swedish enterprises, but the development is going towards this direction.

The fourth proposition is referred to chapter three of this paper and the following sources are used: British management forecaster, Julian Birkinshaw (2003) (*see section 1.1*).

### **3.7 Summary**

In this chapter the authors of this dissertation presented the theoretical framework and background for the concept of Diversity Management. Additionally, the advantages and disadvantages of diverse workforce and different cultures within a company are described. Furthermore, the chapter showed, that due to a number of reasons, such as globalisation, creation of networks of companies around the world, political, economic and demographical changes, the Diversity Management theory should be implemented in every company around the globe.

Certain elements such as the vision creation, the shift in thinking and a strategic organisational goal are necessary to implement the Diversity Management in a company. After successful implementation of this concept, companies can gain a great range of advantages e.g. improvement of employees' creativity, enhancement of innovation and the process of problem solving, more fluent knowledge transfer, increased motivation of employees. These benefits lead to a better performance of all tasks. However, one cannot forget that the advantages of Diversity Management are inseparably bound up with the disadvantages of this process. Usually the problems may occur during the starting phase of the implementation process. Additionally, some problems may arise later on, since it may be difficult to lead a diverse workforce, which consists of different ethnic backgrounds. Managers need a well-developed trainee-program to implement and deal with this concept in the company. These programs should especially focus on the different cultural characteristics and their interdependencies and correlations to each other.

Furthermore, the different steps of the implementation process should also be considered i.e. structural, cultural and behavioural changes within the organisation. The most important dimensions of the implementation process are presented in this chapter. At the end of the chapter, the propositions developed by the authors of this paper are presented. These propositions are related to the literature review and the conducted research.

## Chapter 4 Empirical Method

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*In this chapter the methods used to complete the empirical method are presented. The research evaluations from chapter two will be continued and completed. The research process will include the research strategy, the data collection, the questionnaire design and the sample selection. Both quantitative and qualitative results will be discussed at the end of this chapter.*

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### 4.1 The choice of empirical method

The table below shows the choice of empirical method:

**Table 3: The summarised choice of empirical method**

<b>Research philosophy</b>	<b>Research approach</b>	<b>Research strategy</b>	<b>Time horizon</b>	<b>Data collection methods</b>
<b>Positivism</b>	<b>Deductive</b>	<b>Survey</b>	<b>Longitudinal</b>	<b>Questionnaires</b>

### 4.2 The research strategy

The research strategy used for this dissertation was based on a survey. According to Saunders (et al., 2000) the survey strategy is usually associated with a deductive approach and it is a common strategy in business and management research. Further, the survey strategy gives more control over the research process. But it takes a lot of time to design and pilot the questionnaire and also the analysis of the results are time consuming. Considering the aim of this paper, which is the development of Diversity Management and the workforce diversity based on ethnical background, a survey was chosen to evaluate the results. The decision to use a survey strategy was thought to be the most proper for this type of dissertation.

### 4.3 Time horizon

Because this paper is about development of Diversity Management the research is based on longitudinal research. This kind of research considers change and development. Every type of management involves a change over a period of time and that was the reason why the research chosen is longitudinal.

#### **4.4 Type of inquiry**

Three types of studies have been used for this research, exploratory, descriptive and explanatory studies. The exploratory study has been used to find out what has happened, to seek new insights, to ask questions and to assess phenomena of Diversity Management into a new light. A descriptive research is commonly used to portray an accurate profile of persons, events or situations and it is said to be an extension of an exploratory research (Saunders et. al., 2000).

In this dissertation the descriptive research has been used to have a view of the current situation and personnel perceptions of Diversity Management.

The explanatory study has been used to study Diversity Management and the workforce diversity and to explain the relationship between these two variables (Saunders et. al., 2000).

#### **4.5 Data collection method**

For this paper two types of data collection methods are used, primary and secondary data. Using self-administered questionnaires the primary data was collected. The questionnaires were delivered and returned electronically via e-mail.

Several enterprises were also contacted by phone and asked to agree on a personal meeting, but because of the winter holidays none of them had time for this.

Secondary data was collected by using different types of literature; books, articles and Internet. This was done to give the reader of this paper a background view of the subject and to present the existing theories of Diversity Management.

#### **4.6 The sample selection**

The sample was consisted of 235 large and medium-sized Swedish enterprises operating in different industries. The homepage used to find the enterprises was “The top 500 list of the most important companies” (<http://www.top500.de/g0039500.htm>, 2003). It was rather

difficult to find the homepage and when it well was found, there was no direct link to the companies. Because of this fact there was a lot of time spent on the search for enterprises.

The probability sampling technique chosen was the simple random sampling. This means that the sample was collected at the random from the sampling frame using random number tables (Saunders et. al., 2000). The criteria for the sample selection were that the companies selected had to have at least 50 employees, but most of them had much more than that. This was the decision , because the research involves large and –medium sized companies. The reason for this choice was that most of the large-sized enterprises are acting internationally and often have diverse workforce. Although the authors of this paper supplementary wanted to find out as by-product, if there also might be any need for Diversity Management in medium-sized enterprises.

The target population of the research was personnel managers of a number of enterprises among others e.g. economy, marketing and administration managers. By giving the managers a choice to be a part of the research a self-selection sampling method was used. When the choice of participants was made some managers were contacted via e-mail and asked to be a part of the research. This method was a good way of getting response rather than just sending out the questionnaires without asking for permission. In the mails we even offered the managers our final results in return for their participation. The companies were also asked if they could be named in this dissertation and the answers varied. Because some companies wanted to be anonymous the authors of this paper decided to have all of them anonymous. To name all companies would be unnecessary and ineffective for the analysis.

### **4.7 The questionnaire**

Enterprises were contacted mainly in the region of Skåne and additionally the questionnaires were sent out to large and medium-sized enterprises all over Sweden.

The questionnaire was intended to be as short as possible considering the interviewees' work and large responsibilities within the companies.

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It was designed both in English (*see Appendix 1*) and Swedish (*see Appendix 2*), because most of the interviewees were Swedes. Still it was sent out in English to some of the managers because of their good language-knowledge and due to the English answers. In the questionnaire there were two definitions stated, one on Diversity Management and the other on employees with another ethnic background than Swedish. The questionnaire was divided into three parts and contained both closed and opened questions.

Questionnaires were mailed out directly to personnel managers of different Swedish large and medium-sized enterprises. It was done to study the level of development in Diversity Management and to determine the diversity of workforce. Not all of these managers gave us their response, which is understandable when considering their work. They may have been absent or busy with something else. There could also have been a lack of time and interest in the subject. To increase the response rate the questionnaires were sent out a second time to those who did not respond. A very nice e-mail was submitted to win the non-respondents sympathy.

### **4.8 The pilot-test of the questionnaire**

The questionnaire was based on practical experiences of the authors of this paper as well as by the scientific logic employed in this research. It was pilot-tested by being shown to the tutor and a few other neutral persons. The questionnaire has also been sent to three enterprises as a pilot-test. All of them were sent back mostly, because some questions were not clearly modified.

### **4.9 Response rate**

From 235 out sent emails only 59 were answered and 39 had filled out the questionnaire, which gives a response rate of 16,6 per cent. Twenty companies did not want to participate in the research and there were different reasons for this. Either they did not have time or came up with different explanations such as that they could not find the right person to answer the questionnaire. Those who did not respond to the questionnaire were contacted again to increase the response rate.

#### **4.10 Operationalisation**

As mentioned earlier in this paper a deductive approach involves the development of propositions that are later subjected to a test. According to Saunders (et. al., 2000), an important characteristic of deduction is that concepts need to be operationalised in a way that enables facts to be measured quantitatively. Further, to be able to generalise regularities in social human behaviour it is necessary to select samples of sufficient numerical size.

To operationalise the concepts the questionnaire has been divided into three parts. The first part was for obtaining information on the manager him/herself. It was very simply designed and easy to answer.

The second part included general questions about the employees and their ethnic background. It involved mostly questions with yes and no answers, although there were questions with alternatives, too. One of the scales used on question number seven of the alternative questions was a percentage scale. This scale was used to determine the percentage rate of employees with foreign ethnic background. On other alternative questions the interviewees could mark the different alternatives, like in question number six.

The third part of the questionnaire contained questions on Diversity Management. In this part the questions were mainly open and the interviewees were free to answer with their own opinions. Although there were closed questions, too e.g. question eight and nine, question ten was partly open (*see Appendix 1 and 2*).

According to Saunders (et. al., 2000), there are three types of data variable that can be collected through questionnaires. He distinguishes between opinion, behaviour and attribute. Opinion is the way respondents feel about something or what they think is true or false. In contrast of this statement, data on behaviours and attributes record what respondents do and who they are. Behavioural variables contain data on what people do or did in the past and attribute variables contain data about the respondents' characteristics. Because the questionnaire used includes questions with yes and no answers it is a matter of respondent's opinions. The first part of the questionnaire then includes attributes, because the respondents state what they are by presenting themselves. The second part of the

questionnaire includes both attributes and behaviours. And the third part is about opinions and behaviours.

### **4.11 Analysis of the data**

To get a conclusion on the research questions, propositions and conjectures of the authors stated and to make an analysis, the results from the questionnaire played a major role. All responses from the questionnaire will be analysed together, because this research is concerning a large number of enterprises and the development in general. Furthermore, some responses were analysed separately due to the different statements of the respondents.

There will be no statistical analysis made even though some questions were of a quantitative nature. This was not done, because Diversity Management cannot be measured statistically.

In order to analyse the data, both qualitative and quantitative approaches were made. However, it should be mentioned here that quantitative questions as well as qualitative ones were analysed through the prism of the qualitative approach. By stating this it is meant that analysis was mainly performed with the help of common reasoning and personal interpretations of the questionnaires received. The business knowledge acquired by the authors of this paper as well as personal experiences have influenced the way analysis was performed. The quantitative data was used only in order to calculate the various percentages, however the purely statistical evaluation was omitted due to the qualitative nature of Diversity Management. The open-ended questions, which represented the most important part of the analysis, were also evaluated qualitatively with the combined mental effort from all three members of the group; analytical skills and different interpretations were employed in order to come up with the analytical results.

### **4.12 Validity**

An important criterion for the suitability of any data set is measurement validity. Another important criterion is coverage, there have to be security that secondary data cover the population about which the data is needed. According to Saunders (et. al., 2000), secondary data that fail to provide the necessary information to answer the research questions or meet the objectives, will result in invalid answers.

The questions in the questionnaire were formulated in order to give answers to research questions and meet the necessary objectives. Therefore there is probably a connection between the theory and the empirical study, but this may not mean that all the right theories were used. Even though the questionnaire was designed in Swedish it cannot be assured that the respondents understood the questions equally. Also considering the concept of Diversity Management being new some of the respondents did not understand the meaning of it. Furthermore, some of the questions were formulated in an inaccurate way, but this was the intention of the authors of this study to give more space for interpretation.

Threats to validity in this research could be that some of the managers did not answer the questionnaire themselves. The percentage scale used to determine the share of foreign employees may have given deviant answers.

This research may not represent all Swedish companies, because of the low response rate and because this kind of research needs longer time to be fully completed.

### **4.13 Reliability**

If the same research has been made on different occasions it should give roughly the same results (Trost, 1994). A research containing good reliability is characterised by the fact that the person performing the research or the existing circumstances does not affect the measurement (Lundahl & Skärvad, 1992).

To avoid misunderstandings, there were two definitions presented in the questionnaire on Diversity Management and ethnic employees. However, it cannot be assured that the respondents understood the definitions in the same way. Each respondent have probably made his/her own interpretation of the definitions. The questionnaire included a question if the respondent had heard about the concept of Diversity Management before the questionnaire. This could have been embarrassing for some respondents that they answered yes even if they did not know something about the concept.

#### **4.14 Summary**

The research strategy chosen was a survey and the time horizon was based on a longitudinal research. Three types of studies have been used for the research, which are exploratory, descriptive and explanatory studies. The data was collected through a questionnaire, which was designed for managers of large and medium-sized enterprises. The sample collected was a simple random sample, which means that the sample was collected at the random from the sampling frame using random number tables (Saunders et. al., 2000). The response rate from the questionnaires was 16,6 %.

## Chapter 5 Presentation and Analysis of Empirical Results

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*This chapter starts with an overview concerning the survey via e-mail questionnaires. The received data from the responded questionnaires are presented related to different criteria such as management, workforce and knowledge and development concerning the Diversity Management concept in the Swedish organisations. The questions are first presented in general and then they are analysed as well as criticised. Furthermore, the results are directly discussed, connected to the research questions (see section 1.2), to the conjectures of the authors of this study, the theoretical framework (see chapter 3) and the propositions (see section 3.6), partially during the analysis and partially at the end of the sections. Finally, the chapter concludes with the reflections on the analysis performed.*

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### 5.1 The Questionnaire via e-mail

The following section presents, analyses and evaluates the results of the survey concerning the questionnaires via e-mail. The part is divided into three paragraphs, including the management, the workforce and the concept of Diversity Management. Additionally, the questions are classified in quantitative and qualitative questions. The findings are discussed in view of the four research questions mentioned in Chapter 1, Section 2 (*see section 1.2*) and the theoretical framework. The total number of responded questionnaires is thirty-nine of 235 overall, which were sent out via e-mail.

#### 5.1.1 The Management

Part one of the questionnaire was related to the quantitative data of the general profile of the managers who responded to the questionnaire.

The purpose of this part was to get an overview of the composition to the dimensions such as gender, age and nationality/citizenship of the managers. Furthermore, the results of the questions two and seven (*part 2 of the questionnaire*) is connected to the analysis and discussion of the composition of the managers.

### 5.1.1.1 Presentation, analysis, criticism and results of points four to six and questions two and seven of the questionnaire

On points 4 to 6, thirty-nine enterprises answered. Table 4 summarises the results as follows:

**Table 4: Nationality of the responding managers**

		Result	%
Nationality	Swedish	38	97,44
	Finnish	1	2,56

The results summarised in Table 4 and in context with question 7 of the questionnaire give an answer to a first part of the first research question (“*What is the composition of the workforce diversity and to what extent are they involved in the higher level of management?*”). The percentage of managers with a non-Swedish background is rather low. The result shows a figure of 2,56 per cent (one respondent) while the percentage of managers with a Swedish nationality is about 97,44 per cent. Additionally, it should be mentioned that the manager with a non-Swedish background is a citizen of a Nordic country (Finland).

One should be aware that these results show only the nationality of the managers who have replied the questionnaire. It does not reflect the composition of the whole management within the companies. Thirty-eight companies answered the question 7 as followed:

**Table 5: Composition of management with a non-Swedish background in the entire organisation**

Percentage of managers with non-Swedish background	0% - 10%	11% - 20%	21% - 50%	> 50 %
Companies	31	2	4	1

Table 5 shows the percentage of middle and top managers with a non-Swedish background in the entire company. Thirty-one companies declare the share of managers with non-Swedish background is between 0 % and 10 %. It would be appropriate here to criticise the

inaccurate chosen classification (0 % to 10 %) of the first category. As mentioned above the managers who replied to the questionnaires had almost all a Swedish background. The classification of 0 % to 10 % cannot give a sufficient answer about the percentage of managers with a non-Swedish background in the entire company. One may assume that there is a similarly percentage of managers with non-Swedish background in the whole organisation compared with managers who answered the questionnaire. Furthermore, it was found that two companies have a share of managers with non-Swedish background between 11 % to 20 %, four companies between 21 % and 50 % and one company has more than 50 %. A critical point here, is the inaccurate formulation of the question, but on the other hand it is assumed that there is more space for interpretation. It is not clear whether the large-sized companies considered the share of managers with non-Swedish background only in the headquarter in Sweden or including the subsidiaries abroad.

On the basis of the above evaluated tables one may assume that there are approximately similar managers employed with a Swedish background (97,44 % *see Table 4 above*) in the entire organisations in Sweden. Referring the background question “*are there considerable differences concerning the industry?*”. Hitherto there are no essential differences to observe concerning the industries. However, the companies with business activities in Sweden estimate that the share of managers with non-Swedish background is between 0 % and 10 %, while the companies with business activities in Sweden and abroad estimate that the share of managers with non-Swedish background is between 11 % and more than 50 %.

Referring to the fourth research question, “*Is there a need for Diversity Management due to the internal and external demographical changes?*”, one may derive that at the management level the demographical changes do not influence the organisations. If there is a need for Diversity Management depends on the demographical development, i.e. the increased number of foreigner in Sweden in the future. All predictions state the changing compositions towards a more diverse workforce. In contrast to previous statement it seems that hitherto there are enough opportunities to recruit managers with a Swedish background from the labour market or on the internal way within the corporate groups.

The following table 6 (*Part 2 question 2; 39 managers responded*) shows another evidence for the above mentioned facts in view of recruitment of the managers with a Swedish background directly from the labour market or via the internal way within the enterprises.

**Table 6: Managers' affiliation to the companies in years**

<b>Years employed in the company</b>	<b>0 – 10</b>	<b>11 – 15</b>	<b>16- 30</b>
<b>Number of managers</b>	27	6	6
<b>Percentage</b>	69,24 %	15,38 %	15,38 %

Twenty-seven of the managers who answered the questionnaire did not work longer than ten years in the company. It should be mentioned that 24 of the managers in the category 0 to 10 years did not work longer than five years in the companies (*details see Appendix 3*). Six managers have been employed in the companies 11 to 15 years and another six managers have been employed 16 to 30 years.

Since US-American companies started to implement Diversity Management at the beginning of the 1990s, Swedish organisations which participated at the survey have not been employing diverse workforce at the management level in the last ten years.

Another explanation for the above mentioned facts may be the lack of knowledge about the Diversity Management concept in general and especially the opportunities for organisations to gain from the advantages of this concept (*see theoretical framework section 3.4.2.1*). Further explanations in details will be discussed in section 5.1.3 of this chapter.

### **5.1.2 The workforce**

Part two of the questionnaire was related to the information of the general profile of the workforce. Questions used are both of quantitative and qualitative nature. The purpose of this part was to get an overview about the total number of employees in the companies, the recruitment process in different countries, composition of different cultures and percentile share of foreign employees and the demographical change within the companies since the latest twenty years.

### 5.1.2.1 Presentation, analysis, criticism and results questions three to seven of the questionnaire

The results summarised in Tables 7 and 8 and Figures 4 to 6; part 2, questions 3, 6, 7, 4 of the questionnaire give the answers to complete the analysis for the first and fourth research questions (*“How is the workforce structured in large-sized enterprises? What is the composition of the workforce diversity and to what extent are they involved in the whole company? Is there a need for Diversity Management in Swedish companies referring to the internal and external demographical changes?”*).

#### 5.1.2.1.1 Presentation and analysis question three of the questionnaire

Table 7 (*Part 2 question 3*) below shows the share of medium and large-sized companies in the survey.

**Table 7: Share of medium and large sized companies**

	<b>Medium-sized</b>	<b>Large-sized</b>
	<b>51 – 250</b>	<b>&gt; 251</b>
<b>Share of companies</b>	6	33
<b>Percentage %</b>	15,38 %	84,62 %

Table 7 presents that out of the 39 companies, which answered the questionnaire, only six companies (15,38 per cent) are medium-sized in contrast to 33 large-sized companies. The number of employees in the single enterprises illustrates the following diagram.

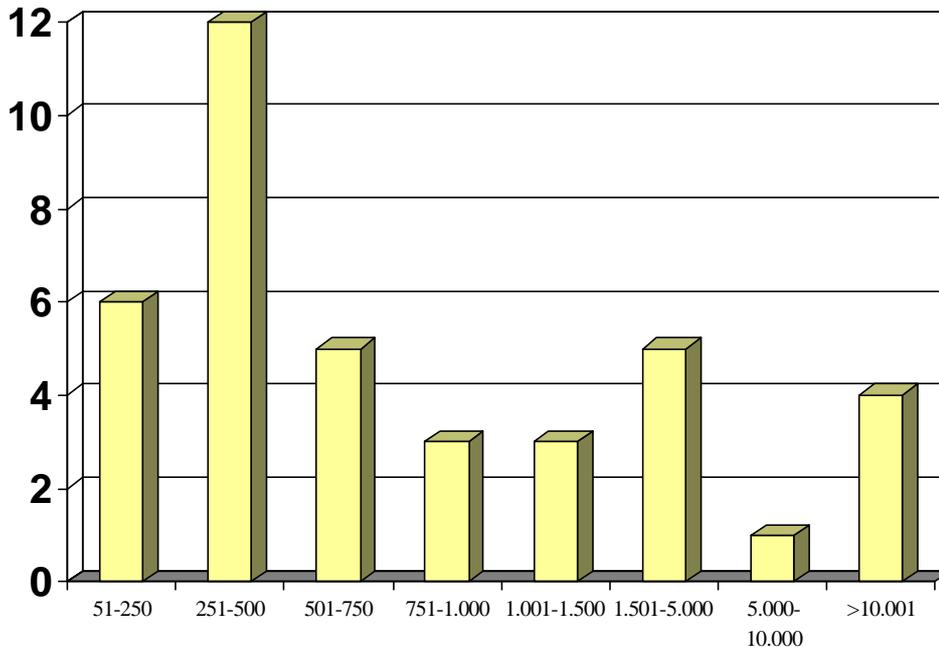
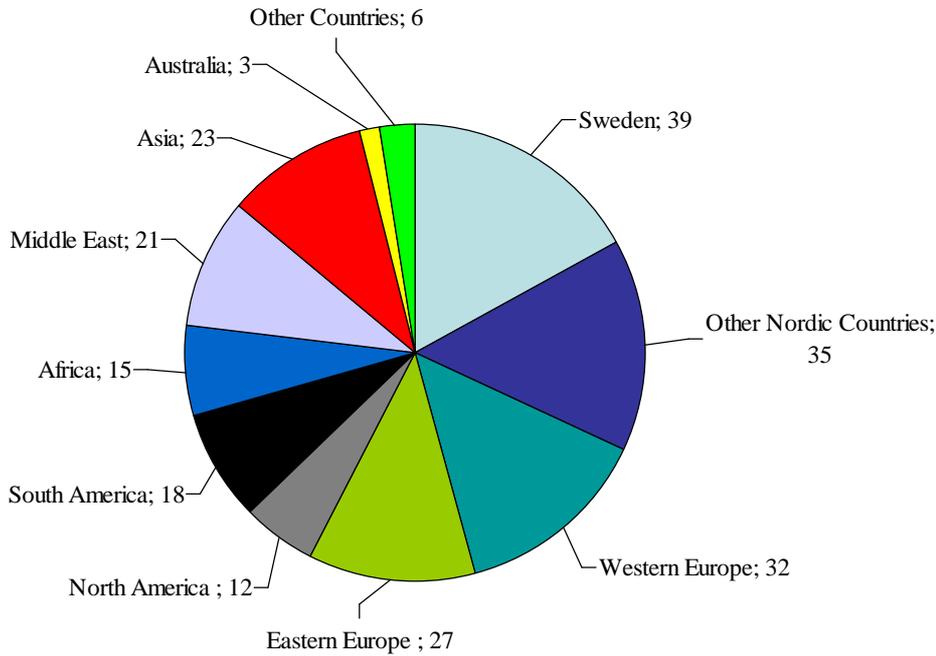
**Figure 4: Number of employees in single enterprises**

Figure 4 (*Part 2 question 3*) presents the number of employees in the companies. These figures are also important in connection to the first and fourth research question (*see above*). It is obvious that six companies have a number of employees between 51 and 250. Note that the evaluation of the workforce structure in view of medium-sized companies is not in the foreground of the first research question, but of the research question number four. The authors of this paper wanted supplementary to find out as by-product, if there might be any need as well for Diversity Management in medium-sized companies. Furthermore, the diagram shows twelve companies with 251 to 500 employees, five companies with 501 to 750 employees and three companies with 751 to 1000 employees. Three other companies have a number of 1.001 to 1.500 employees, five companies have a number of 1.501 to 5.000 employees, one company has 8.200 employees and falls under the category of 5.001 to 10.000 employees and four companies have more than 10.001 employees. This categorisation of the number of workforce in the large-sized companies is important for the further evaluation of the fourth research question and the first proposition (*see section 5.1.2.1.5*).

**5.1.2.1.2 Presentation and analysis questions six and seven of the questionnaire**

Figure 5 below (*Part 2 question 6; 39 managers responded*) shows what ethnic background the workforce have in the companies which is also a significant factor regarding the first and the fourth research question (*see below*)

**Figure 5: Ethnic background of the workforce in the companies**



*The numbers show how many companies have employees from these countries.*

It is obvious that all companies responded have Swedish employees, but it should be noted that two Swedish companies have only Swedish employees (*detailed information see Appendix 3*). Thirty-five companies have a diverse workforce with other Nordic nationals, while thirty-two companies employ nationals from Western European countries. Twenty-seven companies satisfy the demand of employees originally coming from Eastern Europe countries. Furthermore, twenty-three companies employ nationals from Asia, twenty-one companies from Middle-East countries, eighteen companies from South America, fifteen companies from Africa, twelve companies from North America, six companies from other countries and finally three companies from Australia.

The following Table 8 (*Part 2 question 7*) illustrates the share of the workforce with a non-Swedish background in the entire organisation.

**Table 8: Composition of employees in the whole organisation with a non-Swedish background**

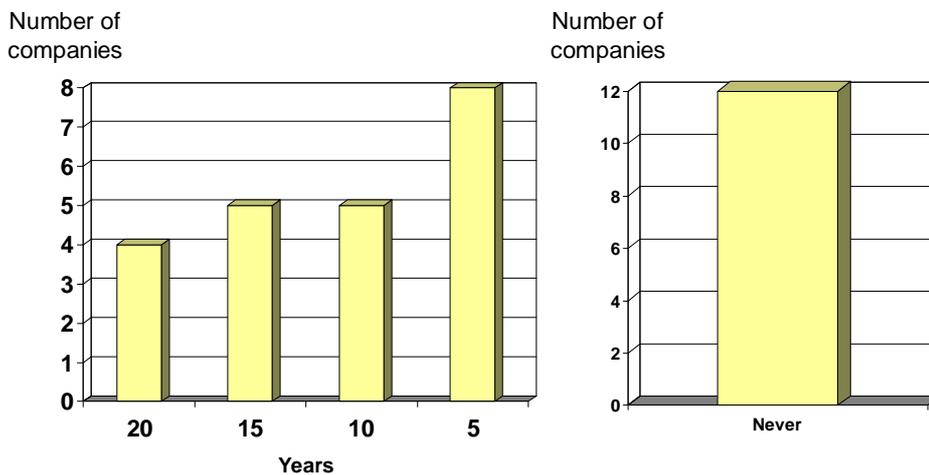
<b>Percentage of workforce with non-Swedish background</b>	<b>0 % - 10 %</b>	<b>11 % - 20 %</b>	<b>21 % - 50 %</b>	<b>more than 50 %</b>
<b>Companies</b>	21	9	3	2

It is noticeable that twenty-one companies evaluate the share of employees with a non-Swedish background between 0 % and 10 % in the entire organisation, while nine companies state the workforce with a non-Swedish background between 11 % and 20 %. Further, three companies declared the share of employees with a non-Swedish background between 21 % and 50 % and two companies assert to have a percentile share of more than 50 % employees with a non-Swedish background.

**5.1.2.1.3 Presentation, analysis and criticism of questions four and five of the questionnaire**

Figure 6 (*Part 2 question 4*) evaluates the companies' experiences referring the internal demographical change of ethnic employees.

**Figure 6: Time period of company experience due to demographical change of ethnic employees**



The results include a self-assessment on how the companies appraise their internal demographical change. Thirty-four companies in total answered the question. Four companies estimate the experience of a demographical change of ethnic employees in the latest twenty years. Five companies in the latest fifteen years, while the same number of companies recognised an internal demographical change in the latest ten years. The change in the latest five years is interesting, because during this time eight companies had observed a change in the internal demographical development of the ethnic employees. This should not obscure the fact that twelve companies have not realised a demographical change at all.

Note that the qualitative question (*Part 2 question 5*) referring to the recruitment of employees from different countries has an imprecise formulation. One may assume that the companies maybe use recruited employees from different countries in particular areas, for instance in the production as technical support and/or knowledge transfer in general. It is also possible that the companies understood the question referring to Swedes with foreign

origin, but in both cases the result of the question was not useful for the survey. Thirty-nine companies answered this question. The majority, i.e. thirty-two companies stated that they recruit employees from different countries, meanwhile only seven declared they do not recruit employees from abroad. This question lacks the share of all recruited employees and the fields of activities which the employees are involved within the companies.

#### **5.1.2.1.4 Results of the first research question concerning the whole workforce**

*“How is the workforce structured in large-sized Swedish enterprises in different industries?”*

It may be determined that all large-sized companies responded have diverse workforce in the internal structure. The composition includes employees mainly from other Nordic countries than Sweden, Western Europe, Eastern Europe and Asia. At the second position of “popularity” are the employees from Middle-East, South America, Africa and North America. Two-thirds of the companies stated the share of employees with non-Swedish background between 0 % and 10 %. The companies with activities in the production and manufacturing industry have a higher rate of employees with a non-Swedish background (>21 %).

Referring to the above mentioned facts and the results in section 5.1.1.1 the employees with non-Swedish background are not involved in the higher level of management and there are no considerable differences concerning the industry.

#### ***Second proposition:***

*On the basis of everything mentioned above (section 5.1.2), one can say that the second proposition, if a company has a diverse workforce it may have a reason to implement Diversity Management, was supported.*

#### **5.1.2.1.5 Results of the fourth research question concerning the workforce**

*“Is there a need for Diversity Management in Swedish companies referring to the internal and external demographical changes?”*

Considering the self-assessment of the companies in view of the demographical change within the company, it is interesting to observe that more than one-third of the companies ascertain a demographical change within the company in the latest twenty to ten years and

one-third of the companies in the latest 5 years. It is doubtless that this development will increase in the next decades. The literature also proves this assumption due to the research result and regarding the external demographical change declaring an increased multilingual society.

According to Reyes (2000), Sweden has changed from being mainly monolingual and ethnically homogeneous to a multilingual society with a number of ethnic minorities over the last few decades. Nowadays, about one-fifth of Sweden's population is composed of immigrants or individuals who have at least one foreign-born parent. About 50 percent of all foreign nationals in Sweden are from Nordic countries, such as Denmark, Finland, Iceland and Norway (Swedish Institute, 1999). These immigrants face an enormous imbalance of power resulting from ethnic segregation in Swedish workplaces (Reyes, 2000).

On the basis of the above mentioned results one may say there is a need for Diversity Management in Swedish companies referring to the internal and external demographical changes.

*Note that the secondary questions referring to the fourth research question, "Are the companies prepared for the changes? What can companies do to prevent disadvantages due to the workforce diversity? Is Diversity Management a solution for Swedish companies?", will be discussed in the following third part of this section, -"Knowledge and Development about the Diversity Management concept"- in connection with the second and third research question.*

***First proposition:***

*On the basis of everything mentioned above one can say that the first proposition, a lot of companies have diverse workforce if the Swedish society is going through demographical changes, was supported.*

### **5.1.3 Knowledge and Development of the Diversity Management concept in the companies**

Part three of the questionnaire was related to the general knowledge of the concept of Diversity Management in the companies. The used questions are qualitative. The purpose of this part was to get an overview about the knowledge of the Diversity Management concept in the Swedish companies and to evaluate how far the development of Diversity Management has come for worth in the organisations. The results of the closed questions are summarised through the following tables (*Part 3 questions 8, 9, 10 (partly open) and 11*) and the results of the open questions are combined in writing paragraphs (*Part 3 questions 12, 13, 14*).

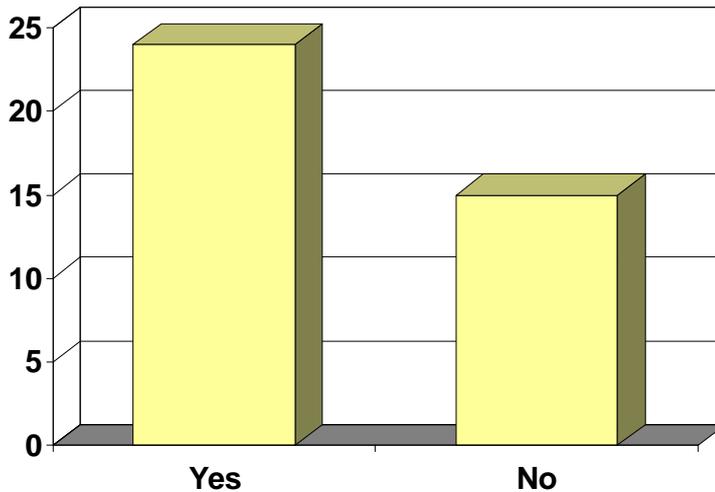
#### **5.1.3.1 Presentation, analysis and criticism questions eight to fourteen of the questionnaire**

The questions 8 to 14 give the answers to complete the analysis for the second and third research question (*“How well-known is the concept of Diversity Management in large-sized Swedish companies? How far is the development of Diversity Management in Swedish enterprises?”*) as well as the secondary questions regarding the fourth research question (*“Are the companies prepared for the changes? What can companies do to prevent disadvantages due to the workforce diversity? Is Diversity Management a solution for Swedish companies?”*). The questions will be analysed referring to conjectures of the authors of this paper and the literature discussed in the theoretical framework. The secondary questions referring to the research questions will be answered at the end of this section.

##### **5.1.3.1.1 Presentation, analysis and criticism questions eight to ten of the questionnaire**

Figure 7 (*Part 3 question 8*) below summarised how many of the responded enterprises have heard or have not heard about the concept of Diversity Management before this questionnaire.

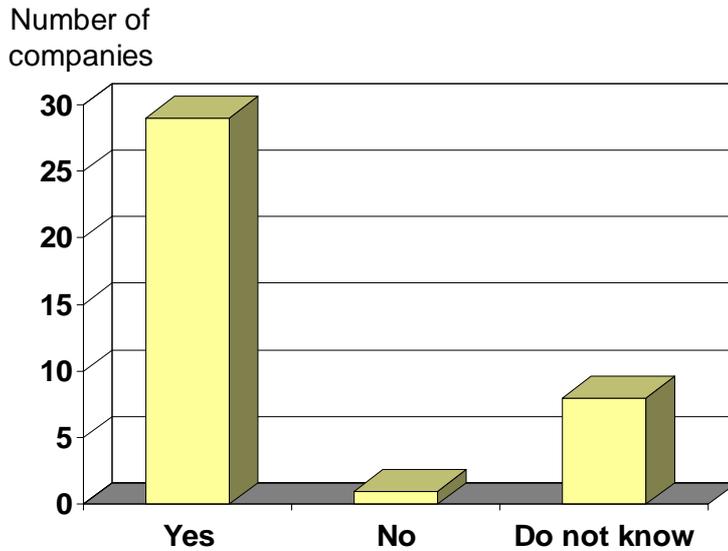
**Figure 7: The number of companies, which have heard or have not heard about the Diversity Management concept**



Thirty-nine enterprises responded to the question. It was stated that twenty-four companies have heard about the Diversity Management concept and fifteen companies had not heard about the concept.

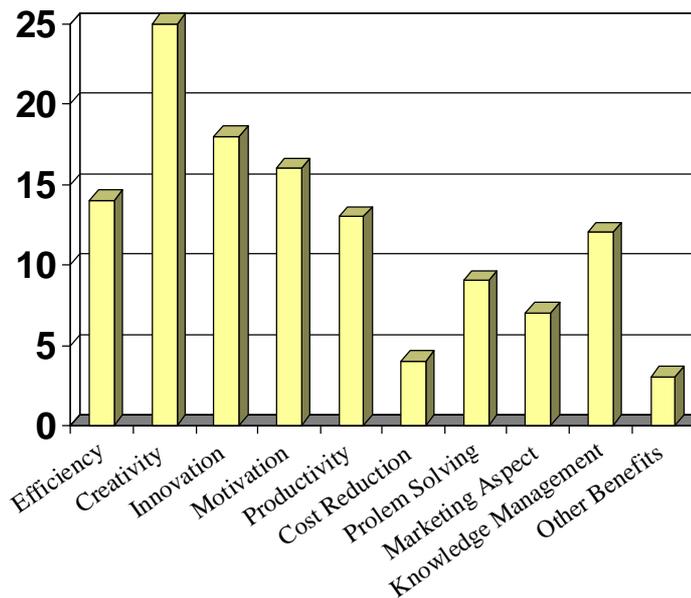
The next question (*Part 3 question 9; 38 companies responded*) refers to how important the Diversity Management concept is for the companies. As the following Table shows twenty-nine organisations answered that the concept is important, only one company declared that it is not important, while eight stated that they do not exactly know (*see Figure 8 below*).

**Figure 8: Importance of the Diversity Management concept in the companies**



The companies, which answered question nine (*see below*) with yes, might continue with the closed and open question ten (*part 3 question 10*) concerning the knowledge of the benefits of the Diversity Management concept. The companies might feel free to mark several given benefits and might add supplementary benefits in the view of the companies own experiences.

**Figure 9: Companies knowledge about the benefits of the Diversity Management concept**



The majority of the enterprises showed increased creativity (twenty-five companies), innovation (eighteen companies), employees' motivation (sixteen companies), efficiency

(fourteen companies), productivity (thirteen companies), improved knowledge-management (twelve companies) and easier problem solving (nine companies) as their favourite benefits of the Diversity Management concept. It is interesting that the improved marketing effect (seven companies) and reduced costs are less declared as benefits of the concept.

Referring to the literature (*see section 3.4.2.1*), the reason could be that both, creativity and innovation, can improve all organisational activities within a company. Process improvement, advertising, product design and quality improvement are only a few examples of organisational activities for which creativity and innovation are enormously important. Furthermore, organisations that create an environment where all employees can thrive in their own cultural way, can benefit from the competitive advantage of very satisfied employees.

Satisfaction of employees leads to increased motivation. As a result positive effects can be achieved. A couple of examples can be stated here:

Firstly, the rate of turnover and the rate of absence (absenteeism) decreases, which ends in a reduction of costs. Additionally, employees that are motivated perform their responsibilities in a better way and therefore objectives of a company can be achieved faster and more effectively. In other words the productivity and efficiency of the employees increases.

Regarding the improved knowledge-management, employees are able to learn from each other and operate in the best practice-manners provided that the relationships among the staff do not include any serious conflicts. As a result the workforce is more eager to share its knowledge and thus the whole company benefits from the learning process. The knowledge can also be used for problem solving activities, which moreover explains why nine companies marked the benefit “easier problem solving” (*see section 3.4.2.1*).

Furthermore, one may assume that the companies marked less the improved marketing effect, because this is an advantage for the companies with external effects (*see section 3.4.2.2*) and particularly visible in the marketing departments. The managers who filled out the questionnaire were mainly employed in the human resource departments and one may assume that they wrote down their thoughts mainly referring to own experiences in the

work-surrounding, which involves the personnel. Only four companies marked cost reduction as a benefit. The reason might be that the implementation of Diversity Management process also involves some costs. Therefore all possible advantages and profits coming from Diversity Management should be compared to the costs of implementation of that strategy.

At the last point in question ten the companies had the opportunity to add supplementary benefits in the view of the companies own experiences. Three companies briefly described their own opinions about the benefits as follows:

- Increased understanding for similarities and differences in different cultures and how this plays an important role in the work life.
- It is a clear advantage for every work group to have diversity of experiences, competences, etc.
- To be internationally operative one has to think internationally. This is easily done with co-workers of different backgrounds.

The statements above confirm the explanations of the scholars and consultants in the literature regarding the Diversity Management concept. (*see section 3.4.2.1 and 3.4.2.2*). Therefore, it should be mentioned that due to the fact that there are no new findings concerning the companies own experiences of the Diversity Management benefits, here no further explanations follow in the view of the analysis.

### ***Third proposition:***

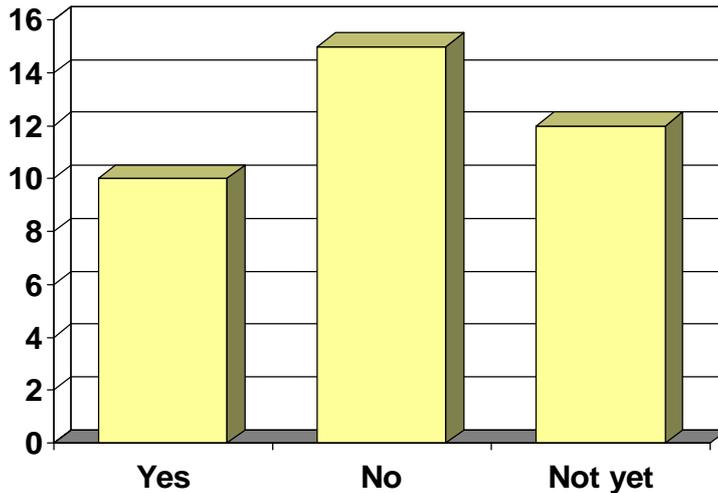
*Concerning everything mentioned above, one may say that the third proposition, Diversity Management is creating benefits for the company if it is implemented, was supported.*

#### **5.1.3.1.2 Presentation, analysis and criticism questions eleven to thirteen of the questionnaire**

The questions eleven to fourteen are concerned with the integration of the Diversity Management concept, which is important regarding the third research question. The following Table 9 (*part 3 question 11*) shows that ten companies responded have integrated the concept of Diversity Management, fifteen companies have not integrated it

and twelve companies have not yet integrated diversity management (*27 enterprises responded*).

**Figure 10: Number of companies in the view of the integration of the Diversity Management concept in the companies**



*Question twelve* asked for the time period when the companies started with the implementation process of Diversity Management. Nine companies answered this question, but there were rather different answers, because some companies have not been answering exactly due to the time period of the integration. One may assume that some companies have no real knowledge about the whole Diversity Management concept, because they explained only some parts of this concept what they declare as integration of the concept. But, if you give Diversity Management a more comprehensive and operational definition, you should be aware that a diversity initiative requires new and different ways of thinking about planning and prioritising business goals. All areas within a company with their basic business concepts need to interface with the Diversity Management paradigm e.g.. leadership, human resources, management practices, product development, marketing, financial projections, internal and external communications facets of the company's business (*see section 3.4.1*).

The outcome of the analysis is the following. One company did not know the time period of the integration process, two companies had integrated Diversity in 2001, three companies had it integrated in 2002, while one company stated that they had a program, which included the most important values. This program contained ethics, moral and equal

work. As mentioned above these are only some components of the Diversity Management concept. Furthermore, three companies take the view that Diversity Management is always a part of the daily activities in the company and have not been integrating particular Diversity Management strategies. It is clear, these are all signs that these companies do not use sufficient Diversity Management. As mentioned in chapter three Diversity Management has to be managed top-down and the entire organisational paradigm has to be changed in each department and activity field of the company. It is not possible to use Diversity Management sufficiently as well as efficiently if the companies think this concept can be used beside.

The *question thirteen* asked for the main reason for the implementation of Diversity Management in the companies. Even these main reasons vary from competence development (1 company), recruitment of the best talent (1 company), a common company philosophy which includes fundamental and common values, e.g. equity (2 companies), diversity (3 companies) and cost reduction and employees motivation (2 companies). It is interesting that two companies implement this concept due to the facts that it is a matter of a corporate group and that the other company selected a new board.

### **5.1.3.1.3 Presentation, analysis and criticism question fourteen of the questionnaire**

The last open *question fourteen* gave the companies a lot of space for own interpretations about the Diversity Management concept. The purpose of this question was profound to scrutinise what the companies really knew and thought about the concept of Diversity Management. After reading the reflections, comments and thoughts of the companies about Diversity Management the authors are able to state clear results concerning the research questions as well as to prove that the above mentioned conjectures of the authors of this study are true. It is not possible to summarise the answers of the companies due to their differences. The results will be presented in details.

The *first manager* stated that the company did not use Diversity Management as a concept or a method and that he did not have any reflections. However, after having filled out the questionnaire, his curiosity concerning the Diversity Management concept arose. A

purpose of this study was to make the concept of Diversity Management well-known. The authors of this paper are pleased that the study fulfilled its purpose and fall of fruitful soil.

The *second manager* declared that Diversity Management did not seem to be an important question, because in Sweden it would be important to handle different ethnic backgrounds. Further, he stated that in cultures where this would not be of any importance, such a program could be of value, for instance in Rwanda and Burundi. Furthermore, he explained that diversity should not be just limited to ethnic background, but for instance also to sex, education and age. He thought it is important to know if discrimination or introvert problems exist in organisations and that these problems should be solved. He declared additional that the human beings did not see this problems and therefore did not handle the issue with help of a structured action program. Referring to the second research question (“*How well-known is the concept of Diversity Management in large-sized Swedish companies?*”) one may assume that the concept of Diversity Management is not well-known in this company and that the manager has no knowledge about it. However, it is very interesting to recognise that this manager connected unconscious important dimensions of the Diversity Management concept in his opinion. Additionally, it should be mentioned that this manager recognised the multicultural development of Sweden’s population, which is interesting referring to the fourth research question (*see section 5.1.1 and 5.1.2*).

The *third manager* stated that Diversity Management would be educational for all involved with different ethnic backgrounds. One may assume that this company has also no knowledge about Diversity Management, because it concerned not only co-workers with different ethnic backgrounds. The entire organisation has to be involved due to the paradigm shift and the concept should be managed top-down. Another critical point is that this concept includes even supplementary other important dimensions, i.e. all forms of discrimination groups and the fight against stereotypes (*see section 1.4 and 3.4.1*).

The *fourth manager* declared that Diversity would be a risk for subgroups in ones own culture. Referring to the literature it should be mentioned that this statement is right. It is a fact that people are supposed to be more highly attracted to feel more comfortable and satisfied with group members who are like themselves, i.e. from the same “culture”. Therefore, it is often argued that group cohesiveness is minimised by a cultural mixed

workforce (*see section 3.4.2*). One may assume that this manager refers to his experiences, i.e. he has no really knowledge about the Diversity Management concept.

The *fifth manager* explained that the company did not have any special guidelines concerning Diversity Management in their company due to the fact that they were a global company, which operated on a global level with international co-workers. Furthermore, he stated that it would be only natural that the personnel is a reflection of the company in general. In the view of this statement one may assume, that the company has no knowledge about the Diversity Management concept. It is obvious that the Diversity Management concept is fulfilled even more as the reflection of the personnel (*see chapter 3*).

The *sixth manager* declared that while reading the definition of the Diversity Management concept it would be no different from other investments in personnel or organisation, e.g. different types of empowerment investment. Therefore it would be difficult to say that the concept like Diversity Management would have any advantages. Indeed, this manger stated it would be nonsense and unnecessary to integrate such a concept. It is also obvious that this company has no experiences with Diversity Management. It is a fact that companies can gain from this concept (*see section 3.4.3*)

The *seventh manager* stated that the company had hardly driven the Diversity Management concept like a program. It would be a natural consequence that they were operative in about thirty countries and sometimes recruited between their different subsidiaries. That environment had affected the will to hire people with different backgrounds. One may derive that this company has also no knowledge concerning the Diversity Management concept.

The *eighth manager* stated directly that he did not know the term of Diversity Management and that he needed further definitions before he could comment on it.

The *ninth manager* expound that the employees in the production were working close and were getting a new insight for other cultures. On the basis of this statement one may likewise assume that this company has not enough knowledge referring to the Diversity Management concept.

The *tenth manager* declared that the company was working actively with equity issues and that they will handle the diversity issues due to the international operations of the company. Furthermore he explained that the company had a lot of co-workers with a foreign background referring to business activities of the company in Africa, Asia, Central America and Europe. Additionally the company operated in Oslo, Copenhagen and Stockholm. Also in this case one may assume that the company has no real knowledge about the concept of Diversity Management.

*The following five manager statements show that the companies have experiences regarding the Diversity Management concept. It is obvious that the managers have much knowledge and that they press ahead with the development of the integration of the Diversity Management concept.*

The *eleventh manager* stated that they had to be on the places where their present and future customers would be. Therefore, it would be important to have had a workforce, which would be the key to these markets. In this case he only stated the external effect in a view of the customer orientation and the marketing aspect. Whether or not the company uses the whole concept of Diversity Management sufficient is not obvious. However, the manager answered concerning question twelve and thirteen (*see above*), that the company had implemented Diversity Management in 2001 and that competence development would be of importance. On the basis of these facts one may assume that this company has much knowledge concerning the Diversity Management concept.

The *twelfth manager* stated that the enterprise had worked with the Diversity Management question for many years, but a more clear policy have been brought to light in the year 2002. They have had many employees with other backgrounds for a long time. The companies' values have been meaning that diversity was an issue that had to be a priority. Indeed, this statement gives no basis to evaluate whether or not the company uses the concept sufficiently, but the fact is that it has knowledge and that the company attempts to integrate the Diversity Management concept since the year 2002. Furthermore, it is likewise not possible to evaluate the level of development in the integration process.

The *thirteenth manager* declared that Diversity Management had been integrated in the year 2002 and that diversity had to be driven from a business perspective, i.e. from the

leaders down to the workforce. This comment is similar to the statement of the twelfth manager and therefore no further explanations follow referring to the analysis of this statement (*see section above*).

The *fourteenth manager* remarked that there was a greater involvement, better working climate, tolerance and less violent treatment. The company believed that it would lead to better profitability in the long run and that people through engagement probably would participate more. Furthermore, it would be difficult to get everyone to understand and to accept that changes were happening for everyone's advantage in the company. These people were trying to interpret everything in their own way, which would lead to misunderstandings. They were thinking like, "How is this going to affect us, what do the leaders want to gain now", etc.. It is obvious that this company has much experiences with Diversity Management. The comments in the view of the co-workers resistances show a high progress of the development level in the integration process of the Diversity Management concept. Unfortunately, one may not evaluate how sufficiently the company uses the concept, but there is every indication that this company tries to use this concept sufficiently.

The *fifteenth* who was the last *manager* declared that the company had become more attentive for the meaning of different cultures in the work life, humble , because it would take time to be a part of the Swedish society. They had got a better understanding, because the language is not so easy to learn. The companies' leadership was different from other countries and they had even primarily female leaders. Further, he stated that it could never be negative, just more or less difficult to work with the integration. This statement shows also that the company has knowledge about the concept and that they work on the integration process of Diversity Management. Similar like the managers' statement above one may not evaluate how sufficient the company uses the concept, but there is also every indication that this company tries to use this concept sufficiently.

### **5.1.3.2 Results of the second research question concerning the knowledge and development of Diversity Management**

*“How well-known is the concept of Diversity Management in large-sized Swedish companies?”*

After the analysis of the third part of the questionnaire it is obvious that the companies, which have participated at the survey, do not have much knowledge about the Diversity Management concept.

Referring to the secondary questions, to what extent the concept is well known and how important it is for the companies, it was stated by almost two-thirds of the respondents that they have heard about the concept and two-thirds of the respondents thought that it was important. However, the evaluation referring to the personal comments of the managers shows that there is no sufficient knowledge about the Diversity Management concept within the companies. Even several statements of managers who affirmed that they have integrated Diversity Management suggest that they confuse Diversity Management with a program, which can be used beside. However, it is significant to recognise that Diversity Management includes pure psychology and to use it efficiently results in positive changes of habits and the way of life of individuals. It is plainly that only five of thirty-nine enterprises, which have participated in this survey, have real knowledge about this extensive Diversity Management concept.

In the view of the question if companies have knowledge about the benefits of this concept one may assume that due to the closed-list question the respondents have answered sufficiently. Additionally, one may suggest that this question could be the reason why several respondents had the opinion that the Diversity Management concept would be similar to particular programs, which are only some components of the concept.

Concerning the question whether companies are convinced of this concept and think that disadvantages exceed the benefits the answer can only be purely hypothetical. Indeed, only four respondents marked cost reduction as a benefit. One may assume that they compared the benefit cost reduction with implementation costs for Diversity Management in regard to a disadvantage. However, one respondent declared that it is doubtless that the concept gives any advantages and stated it would be nonsense to use this concept. Furthermore, this

statement is the simultaneous answer of the final secondary question and one may assume that this respondent also could have thought that the scholars and consultants are only searching for ways and means to earn money using the Diversity Management concept.

### **5.1.3.3 Results of the third research question concerning the knowledge and development of Diversity Management**

*“How far is the development of Diversity Management in Swedish enterprises?”*

One may assume that the development of Diversity Management is not highly in progress. It is manifestly that thirty of thirty-nine participated companies at the survey had not implemented Diversity Management.

Referring to Holvino's multicultural organisational development model (MCOD) (*see section 3.5.1*) and considering the statement of the British management forecaster Julian Birkinshaw, in the view of the strategies of empowerment and a culture of openness (*see section 1.1*) in Swedish enterprises it could be that these are transitional enterprises. These enterprises could be at the compliance stage. Organisations at the compliance stage are passively committed to including members of non-dominant groups, but do not make any substantive changes in their management approaches so as to include those who are different. Additionally, the result of the analysis of question seven in the questionnaire support the above mentioned. The questions' result is that there are no employees with a non-Swedish background at the middle and top management level involved in Swedish enterprises. However, if or if not these companies are at the compliance stage may not been proved due to the lack of information.

Furthermore, one may derive due to the comments of the respondents that two of the enterprises, which declared that Diversity Management was, integrated use only components of the concept of Diversity Management. The respondents had confused the affinity with other programs concerning the investments in personnel and/or organisation, with the implementation of Diversity Management. Moreover, some respondents had taken the view that it would be sufficient to operate internationally and to have diverse workforce, in that way Diversity Management would have been automatically integrated. Concerning Holvino's multicultural organisational development model (MCOD) (*see section 3.5.1*) it could be that these are also transitional enterprises and at the positive action stage. Organisations become actively committed to including members of non-

dominant groups, making special efforts to attract non-dominant group members and tolerating the differences they would bring, in the positive action stage. At this stage there may be a critical mass of non-dominant group members who help to question and change the existing practices.

***Fourth proposition:***

*In view of the above mentioned facts one may say that the fourth proposition, Diversity Management is a new concept for Swedish enterprises, but the development is going towards this direction, was supported.*

Only five of the enterprises had actually integrated the Diversity Management concept and one may assume that they try to use this concept efficiently. Referring to Holvino's multicultural organisational development model (MCOB) (*see section 3.5.1*) one may assume that these are multicultural enterprises. The enterprises are probably either on the redefining stage or on the multicultural stage. In the redefining stage, organisations actively try to include all differences and to remove the subtle and not so subtle barriers to inclusion in norms, practices, relationships, structure and systems. At this stage there might exist acceptance of differences, but not complete utilisation, as members of dominant and non-dominant groups are still learning to deal with differences and diversity. In the multicultural stage or inclusive and diverse stage organisations seek and value all differences and develop the systems and work practices that support members of every group to succeed and fully contribute. Inclusion in multicultural organisations means that there is equality, justice and full participation at both the group and individuals levels, so that members of different groups not only have equal access to opportunities, decision-making and positions of power, but also are actively sought out because of their differences. In a multicultural, inclusive organisation, differences of all types become integrated into the fabric of the business, that they become a necessary part of doing its everyday work (Holvino, 1998).

Concerning the organisational development approach (OD) (*see section 3.5.3.1*), the companies that have integrated the Diversity Management concept would probably be in the fourth and fifth steps of common practices. The fourth step means that the companies implement the interventions selected and the fifth means that the companies monitor and evaluate progress and results (Arredondo, 1996; Cross, 2000).

Referring to the collaborative inquiry approach “action research” the above mentioned companies are probably in one of the final phases five to seven (*see section 3.5.3.2*). Due to the lack of further fundamental information in the view of the integration process of Diversity Management within the companies it is not possible to determine the phase exactly. But, due to the information about the time period of the integration of Diversity Management one may assume, that the companies are either in the fifth phase “implementation and experimentation”, i.e. actions agreed upon are implemented and organisational experiments to support the change goals are conducted or in the sixth phase “monitoring and evaluation”, i.e. data are collected to assess the impact of the change initiatives and experiments. It is doubtless that the companies are at the seventh phase “learning, adoption and further experimentation“, i.e. the process is repeated, as needed. Eventually, it becomes a normal part of the organisations’ processes, due to the above mentioned time period (Greenwood & Levin, 1998; Merrill-Sands, Fletcher & Acosta, 1999; Merrill-Sands, Fletcher, Acosta, Andrews & Harvey, 1999; Whyte, Greenwood & Lazes, 1991).

*Note that the secondary questions concerning the third research question have been discussed during the analysis of the questionnaire, questions twelve to fourteen (see section 5.1.3.3)*

### **5.1.3.4 Results of the secondary questions referring to the fourth research question**

*“Is there a need for Diversity Management in Swedish companies referring to the internal and external demographical changes?”*

That there is a need for Diversity Management in Swedish companies referring to the internal and external demographical changes is discussed and supported in section 5.1.2. However, the secondary questions, “*Are the companies prepared for the changes? What can companies do to prevent disadvantages due to the workforce diversity? Is Diversity Management a solution for Swedish companies?*”, have to be supplementary analysed regarding part three, questions eight to fourteen (*see section 5.1.3.1*).

One may say that the companies are not prepared for the changes due to the lack of knowledge about the Diversity Management concept and the fact that only five companies had integrated the concept.

Concerning the prevention of disadvantages due to the workforce diversity and because of it, the loss of benefits for the organisations concerning the Diversity Management concept, the organisations should be informed about the concept as well as implement it within the company.

After the presentation of the Diversity Management concept in the theoretical framework (*see chapter 3*) and the analysis of the questionnaire one may say that Diversity Management is the solution for organisations.

### **5.2 Summary and conclusions**

Through the analysis performed above the authors of this paper derived several important outcomes that had to be presented in this chapter. One and the foremost conclusion of the analysis is that Cultural Diversity Management is a very complex phenomenon that cannot be fully analysed. However, the analysis performed opened up the foggy curtain of this concept. It was found out that Swedish labour force is getting diversified in terms of its cultural characteristics and that Diversity Management is needed in order to reach the desired performance. Secondly, Sweden is going through a stage of tremendous demographic change and more and more enterprises are in need of cultural Diversity Management. Thirdly, the benefits of Diversity Management are realised by the Swedish enterprises and its implementation is the question of the nearest future. Finally, one can see that managers who decided to respond are interested in the Diversity Management concept and are willing to explore in this area of management. It should also be mentioned here that some of the results of the analysis did not relate to the propositions made, however, they were included into the analysis in order to answer the research questions. Only through the integration of propositions related questions and other questions included into the questionnaire, the Diversity Management phenomenon could be derived and consequently analysed. Moreover, the analysis chapter gives references to the literature sources, in order to make the results of the analysis more weigh and reasoning. It is believed that only through integration of the proposition related questions, other questions and the literature,

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the analysis could be performed in a better way, in order to satisfy the aims of this dissertation.

## Chapter 6 Reflections

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*The following pages summarise own experiences of the authors of this study.*

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Diversity Management refers to the interplay between human beings. Diversity means that every individual is different, not only in terms of colour, race and ethnicity but also in terms of appearance and personality.

The meaning of Diversity Management could be recognised by the authors of this paper due to the fact that the group has consisted of three female students of two different cultures, German and Swedish. Cultural differences and similarities within the group could be combined in to the English language and great team-work.

The concept of Diversity Management grew bigger in the minds of the group members when considering the literature overview.

After several weeks of working together the concept could be applied on themselves, particularly the psychological aspects of components of Diversity Management implementation process. It should be mentioned that the exchange of important experiences between Swedish and German cultures took place during this common study. When working together the team members learned to accept and tolerate each other concerning attitudes, behaviours and opinions. The learning process is a significant aspect when Diversity Management is involved. Like the literature in the view of Diversity Management states, working together in different cultures leads to particular advantages. This could be also recognised in the group as advantages of creativity, motivation, flexibility, problem solving, knowledge transfer and continuous improvement. In general the group members have learned to work together as a team, to solve problems, find compromises and come up with new ideas. Everybody had ideas and the authors of this dissertation selected the best creation, which was developed to the best practice. Referring to Thomas & Eli (1996), indeed, members of this group can say, “We are all on the same team, with our differences – not despite them”.

## REFLECTIONS

After knowing the concept of Diversity Management, all authors of this study are fascinated of it and like to work with it in the future. It is obvious that this concept has real future potential.

## Chapter 7 Conclusions

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*The following chapter presents the final conclusion of this paper. After presenting the aim of this study, the criticism of the survey will be discussed. The results combined with the proposition will be concluded as well as future recommendations.*

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### 7.1 The Purpose of the study

Every individual is different, not only in terms of colour, race and ethnicity but also in terms of appearance and personality. Human beings have tried to explain these human differences since the beginning of time. When a child is born into a specific culture, he or she is taught the norms of that culture, which includes appropriate ways to behave and adaptations to the environment. The study of culture attempts to describe some underlying dynamics that make all cultures unique, which could lead to a better understanding of the behaviour of individual members.

The purpose of this paper was to explore and analyse the development of Diversity Management and workforce diversity (in terms of ethnic background) in Swedish large-sized enterprises. An additional aim was to make the concept of Diversity Management well-known and useful in the managerial practices.

### 7.2 Suggestions for Improvement

In the beginning of the study a lot of operative work has been done. Due to the fact that the authors of this paper changed the topic, they could not use this operative knowledge anymore. There were also a lot of managers that responded to the questionnaire without having any knowledge about Diversity Management. It cannot be stated that the result were inaccurate but it should be taken with care.

The study was based on a questionnaire, because it was difficult to arrange personal interviews, considering the major responsibilities of Human Resource managers, working with Diversity Management.

This topic was limited to ethnic background of diverse workforce, because Diversity Management is an complex area, which includes gender, education, sexual orientation and other types of diversity. The research would need much more time and a long-term study to be fully completed, even considering only ethnic background. The authors of this paper

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were deeply interested in working on such a study, but unfortunately the given time frame was too short to conduct the deeper research within the cultural diversity area.

### **7.3 Future Research**

During the process of writing of this research it was mentioned that some of the important issues of the Diversity Management were left out firstly, because they were beyond the scope of this dissertation and secondly, because of the certain time frame of the project. However, it is believed that deeper study of the Diversity Management should be performed in order to grasp the topic fully. Moreover, it is believed that in-depth questionnaires should be developed as well as interviews could be conducted in order to understand the very nature of the concept. Future researchers should try to research the same theme in the future in order to see the development of the Diversity Management over time.

### **7.4 Practical Implications**

Due to the demographical change of the composition of diverse workforce in companies there will be a need for Diversity Management in the future. The companies should already be aware of the importance of this concept.

Diversity Management increases the trust and alignment of the clients and other stakeholders of the external environment through the implementation of social oriented policies. Therefore, Diversity Management is assumed to be good for business, because it reaches the primary goal, which is profitability for every organisation.

Enterprises must be willing to accept Diversity Management as a new concept, which is needed considering demographical changes in the Swedish society. Not many enterprises seem to be familiar with this new concept. Therefore, the authors of this paper would recommend that they get knowledge about it. It is proven by both, practise and theory that the concept is already an important strategy in business. Due to this fact the authors of this study assume that there is a need for Diversity Management in the future. Nevertheless, this need is not recognised by many companies, which have diverse workforce. The reason for this is that they do not yet have the knowledge about the concept. However, human beings are believed to be the most valuable assets of the firm who are influencing the firms performance, therefore the concept of the cultural Diversity Management should be

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realised by those companies who have not done so until now. Despite the apparent advantages one should be aware that there are difficulties in implementing Diversity Management.

The authors of this paper think that the companies should be aware of that Diversity Management is not only a “program”, but it is a kind of “work life-style”. Everyone within the organisation has to live and accept it.

With the world going through the tremendous cultural changes and globalisation processes accelerating, one should be aware of the fact that one day no firm would be able to perform without thoughtfully implemented cultural Diversity Management.

### **7.5 Final Conclusions**

Finally, it should be stated here that the research conducted was proven to be very challenging and interesting. The authors of this paper believe there is a great potential within the area researched and it is up to the future researchers to explore and explain the concept of the Diversity Management in a greater detail.

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## Appendix 1: Questionnaire Diversity Management (english)

*Part 1: Your own company profile:*

**Date:**

1. **Company name**
2. **Your name**
3. **Your Department/Position**
4. **Your Gender**
5. **Your Age**
6. **Your National origin and/or Citizenship**

Male  Female

*Part 2: General Questions*

*Our definition of Ethnic Employees:* Employees born in other countries than Sweden who could have Swedish citizenship!

**Please write in the following 3 questions.**

1. What are you in charge of?
2. How many years have you worked in your company?
3. How many employees does your company have?

**Please mark the following 8 questions.**

4. When did your company experience a demographical change of ethnic employees ?  
 In the latest 20 years     In the latest 15 years     In the latest 10 years  
 In the latest 5 years     Never
5. Do you recruit employees from different countries?  
 Yes                       No

6. Which ethnic background does your workforce have?

**Please mark the countries:**

- Sweden
- Other Nordic countries
- Western Europe
- Eastern Europe
- North America
- South America
- Africa
- Middle-East
- Asia
- Australia
- Other countries

7. How big is the share of your staff which has a non-Swedish background ?

in the Middle and Top Management:

- 0% - 10%       11% - 20%       21% - 50%       or more

in the whole workforce:

- 0% - 10%       11% - 20%       21% - 50%       or more

### ***Part 3: Questions about Diversity Management***

*The definition of Diversity Management: "...deals with the process of creating organisational culture in which workforce differences are understood and valued, and each individual has the opportunity to be fully utilised." Stoner and Russel-Chapin, 1997*

8. Have you heard about the concept of Diversity Management before this questionnaire?

- Yes       No

9. Do you think it is important for a company to have Diversity Management?

- Yes       No       Do not know

**10. If yes, which are the benefits? Feel free to mark several answers:**

- increased efficiency
- increased creativity
- increased innovation
- increased employees' motivation
- increased productivity
- reduced costs
- easier problem-solving
- improved marketing effect
- improved knowledge-management
- if other benefits, which?:

11. Have you integrated Diversity Management in your company?

- Yes                       No                       Not yet

**Please write in the following 3 questions.**

12. If yes, when did you start with the integration of Diversity Management?

13. What was the main reason for the integration?

14. Please write your own reflections, comments and thoughts about Diversity Management in your company (e.g. suggestions, positive and negative experiences, etc.)

*Thank you for taking the time to complete this questionnaire. If you have any queries please do not hesitate to contact us!*  
*Simone Dehling, Suzana Pralica and Mareike Danullis*

## Appendix 2: Questionnaire Diversity Management (Swedish)

*Del 1: Din egen anställningsprofil:*

**Datum:**

1. Företagets namn
2. Ditt namn
3. Din avdelning/affärsområde
4. Ditt kön
5. Din ålder
6. Din nationalitet/medborgarskap  
(om olika, var vänlig och skriv bägge)

Man  Kvinna   
år

*Del 2: Allmänna frågor*

*Vår definition av anställda med etnisk bakgrund: Anställda som för närvarande bor i Sverige, men som är födda i ett annat land och kan ha (inte nödvändigtvis) svenskt medborgarskap.*

**Var vänlig och svara på följande frågor.**

1. Vad ansvarar du för i ditt företag?
2. Hur många år har du arbetat på företaget?
3. Hur många anställda har ditt företag?

**Var vänlig och markera alternativen i följande frågor.**

4. Har ditt företag gått igenom en demografisk förändring av anställda med utländsk bakgrund?  
 De senaste 20 åren     De senaste 15 åren     De senaste 10 åren  
 De senaste 5 åren     Aldrig
5. Rekryterar ni anställda från andra länder?  
 Ja     Nej

6. Vilka etniska bakgrunder har era anställda?

**Var vänlig markera alternativen:**

- Sverige
- Övriga Nordiska länder
- Västeuropa
- Östeuropa
- Nordamerika
- Sydamerika
- Afrika
- Mellanöstern
- Asien
- Australien
- Övriga länder

7. Hur stor del av personalen på ditt företag har en utländsk bakgrund?

På ledarpositioner och i styrelsen

- 0% - 10%       11% - 20%       21% - 50%       eller fler

Inom hela arbetsstyrkan:

- 0% - 10%       11% - 20%       21% - 50%       eller fler

### ***Del 3: Frågor om "Diversity Management" (Mångfald på arbetsplatsen)***

***Definitionen av "Diversity Management": "...är en process som skapar en organisationskultur i vilken skillnader på arbetsplatsen förstås och värderas, och där varje enskild individ har en möjlighet att känna sig fullständig och användbar." Stoner och Russel-Chapin, 1997***

8. Har du hört talas om begreppet "Diversity Management" innan den här enkätundersökningen?

- Ja       Nej

9. Tycker du att det är viktigt för ett företag att ha "Diversity Management"?

- Ja       Nej       Vet ej

10. Om Ja, vilka är fördelarna? **Det är tillåtet att markera flera utav alternativen:**

- ökad effektivitet
- ökad kreativitet
- ökad innovation
- ökad motivation av anställda
- ökad produktivitet
- lägre kostnader
- enklare problemlösningar
- förbättrad effekt inom marknadsföring
- förbättrad kunskapshantering
- övriga fördelar?:

11. Har ni redan integrerat "Diversity Management" i ert företag?

- Ja  Nej  Inte än

**Var vänlig och svara på följande frågor.**

12. Om Ja, När började ni med integrationen av "Diversity Management"?

13. Vad var anledningen till integrationen?

14. Var vänlig och skriv Dina egna reflektioner, kommentarer och tankar om "Diversity Management" i ditt företag (t.ex. förslag, positiva och negativa erfarenheter, etc.)

***Tack för din medverkan. Tveka inte att kontakta oss om oklarheter uppstår!!  
Simone Dehling, Suzana Pralica and Mareike Danullis***

## Appendix 3: Evaluated Questionnaire

*Del 1: Din egen anställningsprofil:*

**Datum:**

1. Företagets namn
2. Ditt namn
3. Din avdelning/affärsområde
4. Ditt kön **Male 25 Female 14**
5. Din ålder **average: 43,5 years**
6. Din nationalitet/medborgarskap **38x Swedish / 1x Finnish**  
(om olika, var vänlig och skriv bägge)

*Del 2: Allmänna frågor*

*Vår definition av anställda med etnisk bakgrund: Anställda som för närvarande bor i Sverige, men som är födda i ett annat land och kan ha (inte nödvändigtvis) svenskt medborgarskap.*

**Var vänlig och svara på följande frågor.**

1. Vad ansvarar du för i ditt företag?
2. Hur många år har du arbetat på företaget? **Average: 7,4 years**
3. Hur många anställda har ditt företag? **Lowest amount 50 / highest amount 30.000 employees**

**Var vänlig och markera alternativen i följande frågor.**

4. Har ditt företag gått igenom en demografisk förändring av anställda med utländsk bakgrund?  
**4x** De senaste 20 åren  
**5x** De senaste 15 åren  
**5x** De senaste 10 åren  
**8x** De senaste 5 åren  
**12x** Aldrig
5. Rekryterar ni anställda från andra länder?  
**32x Ja 7x Nej**

6. Vilka etniska bakgrunder har era anställda?

**Var vänlig markera alternativen:**

- 39x** Sverige
- 35x** Övriga Nordiska länder
- 32x** Västeuropa
- 27x** Östeuropa
- 12x** Nordamerika
- 18x** Sydamerika
- 15x** Afrika
- 21x** Mellanöstern
- 23x** Asien
- 3x** Australien
- 6x** Övriga länder

7. Hur stor del av personalen på ditt företag har en utländsk bakgrund?

På ledarpositioner och i styrelsen

- 31x** 0% - 10%
- 2x** 11% - 20%
- 4x** 21% - 50%
- 1x** eller fler

Inom hela arbetsstyrkan:

- 21x** 0% - 10%
- 9x** 11% - 20%
- 3x** 21% - 50%
- 2x** eller fler

### ***Del 3: Frågor om "Diversity Management" (Mångfald på arbetsplatsen)***

***Definitionen av "Diversity Management": "...är en process som skapar en organisationskultur i vilken skillnader på arbetsplatsen förstås och värderas, och där varje enskild individ har en möjlighet att känna sig fullständig och användbar." Stoner och Russel-Chapin, 1997***

8. Har du hört talas om begreppet "Diversity Management" innan den här enkätundersökningen?

- 24x** Ja      **15x** Nej

9. Tycker du att det är viktigt för ett företag att ha "Diversity Management"?

- 29x** Ja      **1x** Nej      **8x** Vet ej

10. Om Ja, vilka är fördelarna? **Det är tillåtet att markera flera utav alternativen:**

<b>14x</b>	ökad effektivitet
<b>25x</b>	ökad kreativitet
<b>18x</b>	ökad innovation
<b>16x</b>	ökad motivation av anställda
<b>13x</b>	ökad produktivitet
<b>4x</b>	lägre kostnader
<b>9x</b>	enklare problemlösningar
<b>7x</b>	förbättrad effekt inom marknadsföring
<b>12x</b>	förbättrad kunskapshantering
<b>3x</b>	övriga fördelar?: <b>see Questionnaires for answers!!!</b>

11. Har ni redan integrerat "Diversity Management" i ert företag?

**10x Ja 15x Nej 12x Inte än**

**Var vänlig och svara på följande frågor.**

12. Om Ja, När började ni med integrationen av "Diversity Management"?

**Answered by 9 companies**

13. Vad var anledningen till integrationen?

**Answered by 12 companies**

14. Var vänlig och skriv Dina egna reflektioner, kommentarer och tankar om "Diversity Management" i ditt företag (t.ex. förslag, positiva och negativa erfarenheter, etc.)

**Answered by 15 companies**

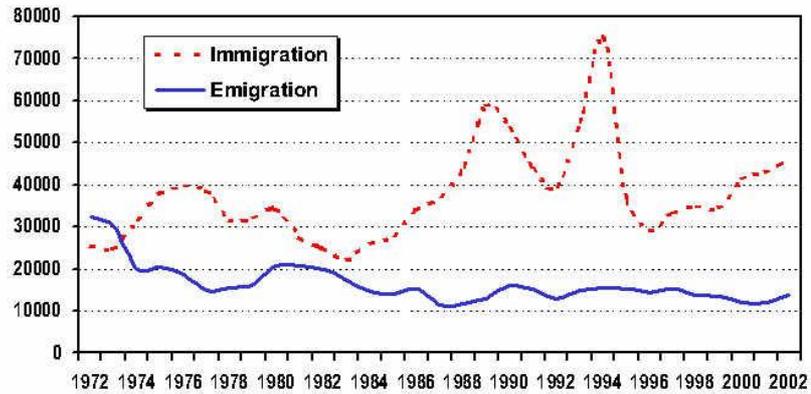
***Tack för din medverkan. Tveka inte att kontakta oss om oklarheter uppstår!!  
Simone Dehling, Suzana Pralica and Mareike Danullis***

## Appendix 4: Facts and figures about demographical development in Sweden



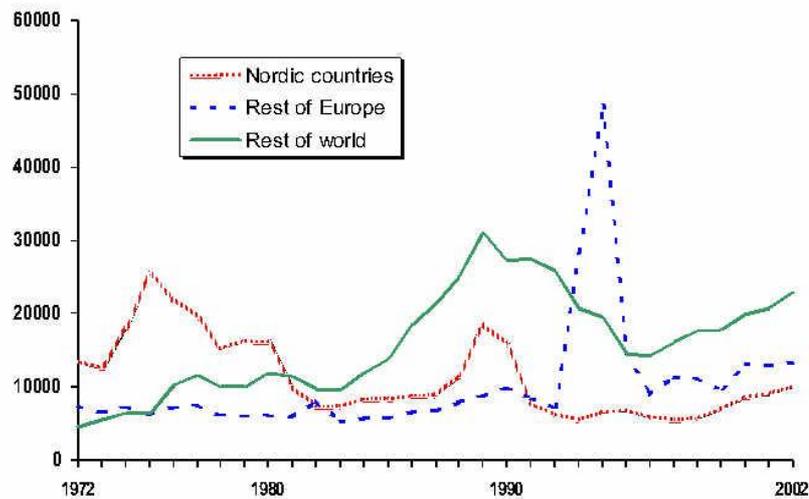
- a) Foreign nationals: Immigration and emigration 1972-2002
- b) Immigration 1972-2002
- c) Immigration 2002
- d) Permits granted on labour market grounds 2002

## Foreign nationals: Immigration and emigration, 1972-2002



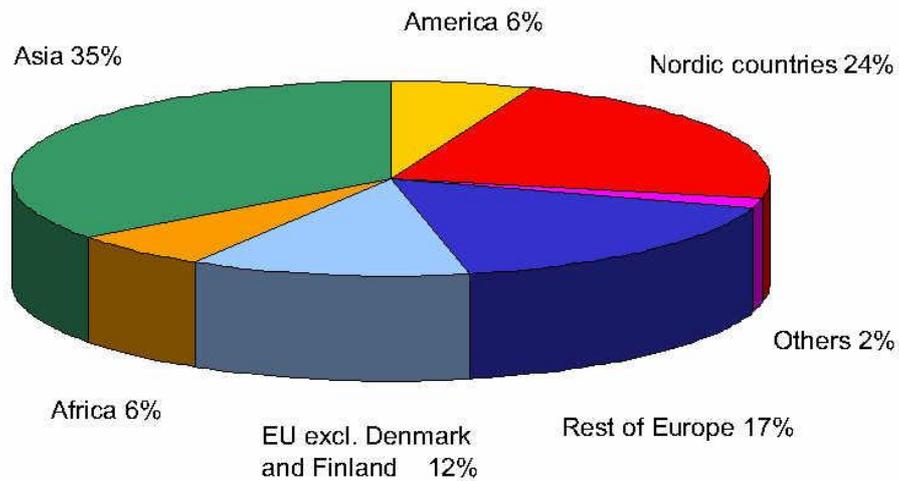
## Immigration 1972-2002

(Registered residents of Sweden)



## Immigration 2002 (Registered residents of Sweden)

Total: 46 523



## Permits granted on labour market grounds 2002

	Total (approx)
Permanent residence permits	400
EEA-cases	3 100
First time permits	11 000*
Work permits for seasonal employment	7 000

\* Many professions are represented here, from au-pair to doctors.



## **Appendix 5: The law (1999:131) on the Ombudsman against ethnic discrimination**

Issued: 1999-03-11

1 § The purpose of this law is to counteract ethnic discrimination. The term ethnic discrimination means a situation where a person or a group of persons is treated less favourably in relation to others or is in some other way subjected to unfair or offensive treatment due to their race, skin colour, national or ethnic origin or religious faith.

2 § The Government appoints an Ombudsman who is to work to ensure that ethnic discrimination does not occur in working life or in other areas of society.

3 § The Ombudsman shall through the provision of advice and in other ways assist those subjected to ethnic discrimination to realize their rights. The Ombudsman shall furthermore, through meetings with government authorities, companies and organisations, as well as through the influencing of public opinion, the provision of information and in other similar ways take the initiative in regard to various measures against ethnic discrimination.

4 § The Ombudsman shall in particular work against the subjection of job applicants to ethnic discrimination. The Ombudsman shall also in contacts with employers and affected unions promote good relations between different ethnic groups in working life.