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# DIVERSITY MANAGEMENT

– Overcoming challenges and achieving inclusion



BACHELOR'S THESIS | ABSTRACT

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## DIVERSITY MANAGEMENT

- Overcoming challenges and achieving inclusion

Diversity management should be implemented in today's organizations. Due to emerging markets, globalization, multinational cooperation and merging of organizations, enterprises become increasingly international. Moreover, the organizations become more diverse as the employees consist of different backgrounds.

The aim of this study is to deepen the knowledge of diversity and diversity management. Furthermore the research discusses the importance, opportunities and challenges regarding diversity management. In addition to already mentioned, the aim was to prove that the impact of nurturing diversity and inclusion improves the performance of enterprise/organization in various different levels.

In addition to studying previous researches and theories, a qualitative research was carried out through in-depth face-to-face interviews with six managers. Each manager possesses master's degree and over five years of international management experience in their own field. In addition the aim was to interview managers on different field of activities but also include interviews with managers who are specified on the management of diversity and inclusion.

Results from the research revealed that diversity and inclusion are considered to be crucial part of today's organizations. Furthermore to maximize the opportunities from human resource perspective, today's organizations should put their focus on workforce's heterogeneity. By doing this the organization is able to successfully use each individual's abilities, talent and knowledge towards common goal. Sustainable success and improved competitiveness are the highlights enterprises gain by recognizing diversity and inclusion.

### KEYWORDS:

Diversity, inclusion, management, intercultural environment

Joonas Ollonqvist

## MONIMUOTOISUUDEN JOHTAMINEN

- Haasteiden ylittäminen ja inklusion saavuttaminen

Nykyäänä organisaatioiden monimuotoisuus on huomioitava, sillä työympäristö muuttuu haasteellisemmaksi. Kehittyvien markkinoiden, globalisaation, monikansallisen yhteistyön ja organisaatioiden yhdistämisen myötä organisaatiot muuttuvat kansainvälisemmiksi. Lisäksi organisaatiot muuttuvat monimuotoisemmiksi, kun työntekijöiden taustat ovat erilaisia mm. työperäisen- ja pakolaisuudesta johtuvan maahanmuuton seurauksena.

Tutkimuksen tavoitteena oli syventää monimuotoisuuden ja sen hallinnan osaamista. Tutkimuksessa käsitellään monimuotoisuuden mahdollisuuksia ja haasteita. Lisäksi tavoitteena oli todistaa, että monimuotoisuudella ja inklusiolla voidaan parantaa yrityksen ja organisaatioiden tehokkuutta monilla eri tasoilla.

Kirjallisuuskatsauksen lisäksi tutkimus sisältää laadullisen tutkimuksen, joka tehtiin henkilökohtaisten haastattelujen perusteella kuuden esimiehen kanssa. Jokaisella esimiehellä on maisterin tutkinto ja yli viiden vuoden kansainvälinen esimieskokemus omalla alallaan. Tavoitteena oli haastatella esimiehiä eri toiminta-alueilta, sekä lisäksi esimiehiä jotka toimivat monimuotoisuuden ja inklusion johdossa.

Tutkimustulokset osoittivat, että monimuotoisuutta ja inklusiota pidetään nykypäivän organisaatioiden keskeisenä osana. Henkilöstöhallinnon näkökulmasta ja tehokkuuden maksimoimiseksi, organisaatioiden tulisi keskittyä työvoiman heterogeenisyyteen. Tällä tavoin organisaatio pystyy menestyksekkäästi käyttämään kunkin yksilön kykyjä ja taitoja kohti yhteistä tavoitetta. Organisaatiot parantavat tehokkuuttaan ja kilpailukykyään, kun monimuotoisuuden hallinnan hyödyllisyys on tunnistettu ja implementoitu.

### ASIASANAT:

Monimuotoisuus, inklusio, esimiestoiminta, monikulttuurinen ympäristö

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# 1 INTRODUCTION

According to Sagini (2015, pp. 202-212) during the last few decades, there has been a significant change regarding the workforce; borders between countries are becoming looser, globalization has started to play its part, thus societies become more and more multicultural. McFarlin (2019) argues that as globalization is becoming more prevalent, organizations face increased cultural diversity. According to MKoji (2012, pp. 184-191) as a result of technology, digitalization and globalization, more and more companies are going multinational and therefore individuals are forced to communicate across the borders. Furthermore, in addition to language skills, some basic information regarding cultures and different ways of working should and must to be studied in order to avoid obvious conflicts. Consequently, the importance of managing diversity becomes increasingly important.

Statistics provided by Eurostat (2019) show that there are still significant differences at workplaces regarding equal treatment, recruitment, and pay. CFI (2019) explains diversity management as organizational action which aims to promote inclusion between workforce without any form of favoring / dis-favoring of employees. Gonzalez (2012, pp. 385-405) discusses that organizational cultures can change fast while national cultures are hard to change. Consequently if national culture fails to promote organization's aims and goals such as diversity management, the organizational culture becomes increasing important.

According to Thomas (1996) diversity can be defined as any kind of mixture of items characterized by differences and similarities. Loden & Rosener (1991) argue that diversity is anything that makes an individual different such as past experiences. Therefore it's hard to argue against statement that diversity exists more or less in every organization. According to Gaudiano (2019) diversity alone is not enough to have positive outcomes. Gaudiano argues that it's the management of diversity that provides beneficial outcomes.

Diversity can be beneficial for organization's environment and KPI's. According to extensive quantitative research by Herring (2009, pp. 208-224) diversity can improve organization's creativity and productivity while reducing the level of burnouts. However on the contrary, Edewor (2007, pp. 189-195) argues that while diversity increases

creativity, it slows down the decision process because of increased ideas. According to Wang (2016) this happens due to lack of knowledge and leadership of diverse teams.

The aim of the study was to analyze challenges as well as possibilities regarding diversity and diversity management. Possibilities are linked to increased key performance indicators within the organization while challenges are linked to communication, bias, lack of knowledge, poor level of equality and team's slow start-up process. Consequently the study's focus was to acknowledge the benefits of diversity management for an organization with an aim to overcome the challenges.

The author is passionate about diversity management because he has studied globalization and thinks that as organizations are working cross the borders, it's crucial to know how to manage diverse workforce. In addition, the author believes that organizations are able to boost their performance once workforce's heterogeneity is being acknowledged. Equality is also important topic for the author and he thinks that diversity management is a great way to promote equality for all employees through diversity management.

The purpose of this thesis is to validate diversity management as an important part of an organization. To meet the purpose, the objectives are to find answers to following questions:

1. What is diversity and diversity management?
2. Is diversity and diversity management beneficial for an organization?
3. What are the main challenges and possibilities regarding diversity management?
4. How can an organization overcome the challenges?
5. How can an organization implement diversity management?

This thesis was done with qualitative research with phenomenological and inductive approach with six in-depth semi-structured interviews. Phenomenological approach was used to connect emerging themes and to validate data while inductive approach allowed the researcher to create new theories. In order to analyze collected data from the interviews, the researcher used thematic content analysis form.

## 2 MULTICULTURAL ORGANIZATION

According to Duncan (2018) culture is something intangible, it's a word made to understand and / or predict phenomena in the real world. Hofstede (2019) argues that culture is representing of other ethnic groups, having different traditions and languages or simply doing things in a contrast way. Furthermore culture appears to be in what way personal approach to act or think about surroundings.

Culture as a word is often used simply to avoid the long conversations explaining why certain groups of people do certain things. However on the other hand due to globalization these groups nowadays crash and merge into one creating new, for instance organizational or corporate cultures (Hofstede, 2019). However, this is just one theory of how to think about culture. According to Olie (1995, p. 127) culture as a word is open for interpretation and it has over hundred ways to define it. Moreover, according to Olie, Hofstede's theory is largely criticized for its assumption of thinking nation's culture as homegeneous.

### 2.1 National culture

Hofstede (2019) conducted one of the world's most comprehensive theories of how culture affects within the workplace. Hofstede defines culture as "the collective programming of the mind distinguishing the members of one group or category of people from others". Hofstede doesn't see culture on individual level thus calls it national culture which is split into six different dimensions. These national culture dimensions are as follows: (Hofstede, 2019.)

1. Power Distance index PDI
2. Individualism Versus Collectivism IDV
3. Masculinity Versus Femininity MAS
4. Uncertainty Avoidance index UAI
5. Long Term Orientation Versus Short Term Normative Orientation LTO
6. Indulgence Versus Restraint IND

According to Hofstede's (2019) study each country gets ranked for the dimensions mentioned above in order to explain the general behavior and values of that specific national culture.

## 2.2 Organizational culture

Culture as a term was introduced to organizational context in a book "The Changing Culture of a Factory" by Dr Jaques (1951). According to the Business Dictionary (2019) organizational culture includes aspects as follows: organization's expectations, philosophy, expectations as well as aspects that guide the employees towards certain behavior. Needle (2014) argues that organizational culture also includes the organization's norms, values, vision, systems, language, symbols, assumptions, habits and beliefs

According to Gonzalez (2012, pp. 385-405) organizational cultures mostly differ on so called "superficial" levels. These levels are called Symbols, Heroes and Rituals.

1. Symbols can be considered as the most superficial level. Moreover, symbols can be easily developed whilst old ones are easily forgotten. Examples of symbols are such as words, pictures and objects.
2. Heroes in this case, mean all individuals that are highly prized within certain culture.
3. Rituals are the collective activities such as greeting or a way of paying respect to each other.

(Gonzalez, 2012, pp. 385-405.)

Gonzalez (2012, pp. 385-405) argues that organizational cultures are based on the learnings on the job while national culture is learned already during early childhood. Consequently organizational cultures can change much faster than national cultures. Because of this, it's crucial for an organization to understand that when national culture fails to support company's aims for example implementation of diversity management, the organizational culture becomes increasingly important.

According to Hofstede (2019) culture holds different aspects within itself. National and organizational cultures are quite a different phenomenon, however it doesn't mean that they wouldn't affect each other. Gonzalez (2012, p. 390) argues that national culture belongs to anthropology while on the contrast organizational cultures belong to

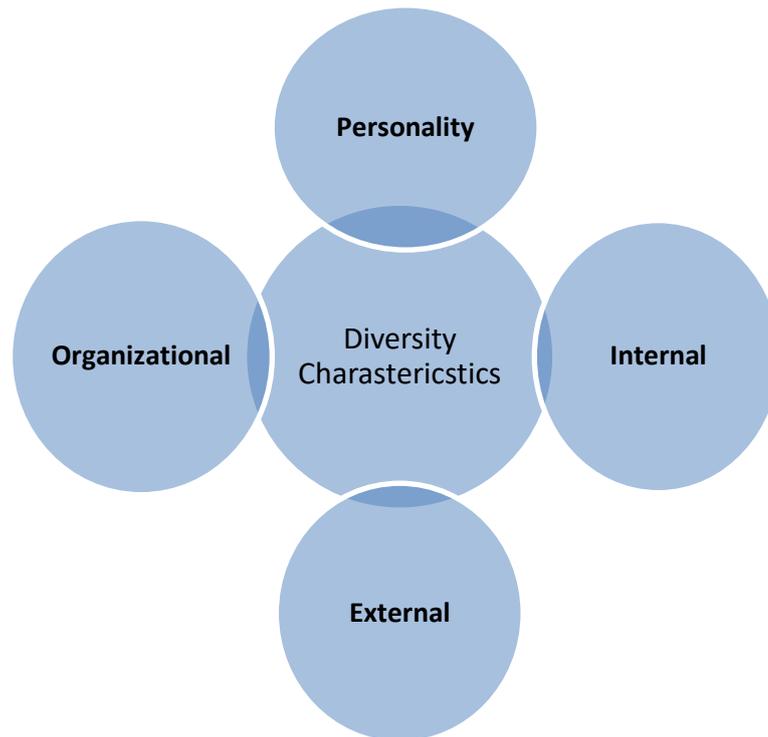
sociology. Furthermore management is able to create and / or change organizational culture but is unable to modify national culture. Therefore the understanding of both national as well as organizational culture is important.

According to Hofstede (2019) culture does not play a role on individual level as individuals have personal traits such as personality, which are only partly being affected by culture. Therefore culture can be considered as part of diversity.

### 2.3 Diversity

Diversity as a concept is about acceptance and respect. Furthermore diversity means that every individual has a vast range of capabilities, characteristics, hidden characteristics and qualities (Queensborough Community College, 2019). According to Thomas (1996) diversity in business context has been associated with multiethnic, multiracial and multicultural aspects of the workforce for too long. Instead, Thomas defines diversity as any kind of mixture of items characterized by differences and similarities.

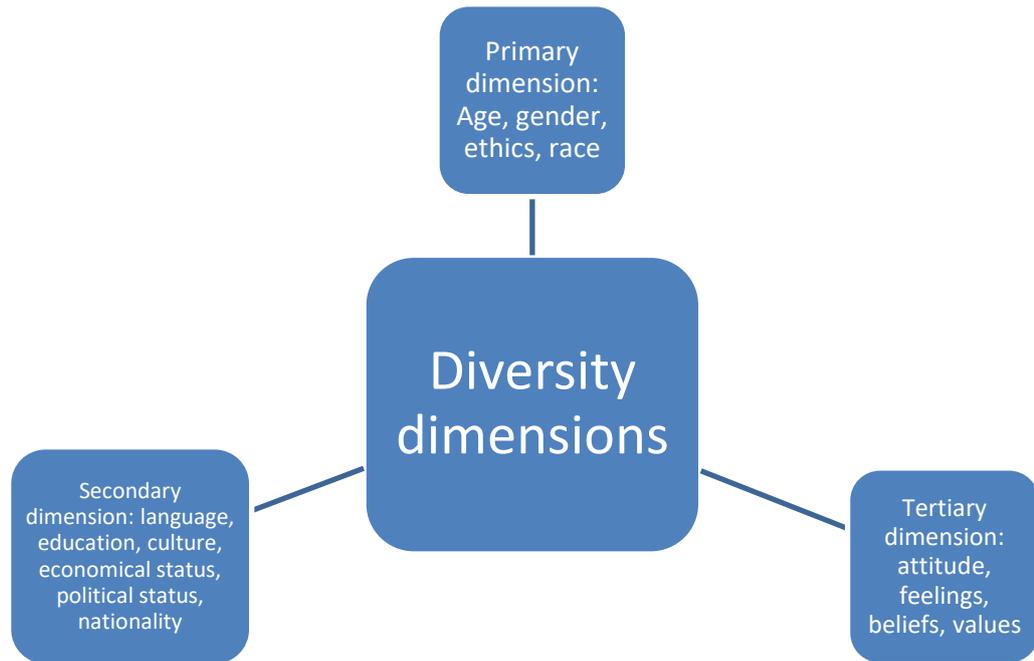
MKoji (2012, pp. 184-191) discusses that when looking at the characteristics of diversity, these can be split into four separated groups. These four groups are as follows: personality, internal, external and organizational as can be seen in the graph below. First group is "personality" which means individual's specific abilities, traits and skills. Second group "internal" refers to gender, race, intelligence and age. As a contrast of internal group, external group is used to explain individual's culture, religion and nationality. Last group "organizational" refers to individual's position in an organization.



**Figure 1: Diversity characteristics can be split into four different groups (MKoji, 2012, pp. 184-191).**

Loden & Rosener (1991) split diversity into three different dimensions as done on the graph below. Primary dimensions handle individuals age, gender, ethnicity and race. Secondary dimension discusses individual's language, education, culture, economical status, political status and nationality. Lastly, the tertiary dimensions are about individual's attitude, feelings, beliefs and values.

Dividing diversity into three different dimensions helps to visualize diversity on visible and nonvisible levels. Think diversity as an iceberg, primary dimension is above the surface, secondary dimension is touching the surface of water while tertiary dimension is hidden under the water. As tertiary dimension is something that manager is unable to see, more personal approach towards workforce is crucial in case the organization wants to benefit from workforce's heterogeneity.



**Figure 2: Diversity can be split into three different dimensions (Loden & Rosener, 1991).**

According to Loden & Rosener (1991) diversity is a large concept that involves not only things that can be seen with bare eye but also things that are harder to notice. For example secondary and tertiary dimensions of diversity are hard to notice just by seeing a picture on a job application. Mazur (2010) discusses that the tertiary dimensions can be seen as the core of individual's identity that lies beneath the surface. As an example, individual can have unique characteristic of being extremely analytical. This characteristic is hidden, and consequently organization is unable to benefit from individual's heterogeneity before it has been discovered.

As tertiary dimension of diversity includes as specific concept as feelings, it's hard to argue against statement that diversity can be seen at every workplace. Consequently as diversity exists more or less in every organization, it's valuable for every organization to understand the challenges and possibilities regarding diversity and its management.

#### 2.4 Globalization effect

According to Sagini (2015, pp. 202-212) international communication, moving across the globe, changing customer behavior and changing business strategies are all

affected by globalization phenomenon. Globalization acts against the old ways of keeping culture and economy as nation's own matter. In contrast globalization disregards the barriers set by human and tries to connect the world as one. Globalization can be described as a worldwide process of interaction and / or integration amongst people, companies and governments. Globalization is primarily described as economic phenomenon that is associated with social as well as cultural aspects.

According to McFarlin (2019) as globalization is becoming more prevalent, organizations face increased cultural diversity. McFarlin also argues that due to globalization, the importance of diversity training develops through increased cultural, religious and ethnic workforce diversity. In other words globalization increases diversity within organizations and consequently increases the importance of providing diversity training to employees.

#### 2.4.1 Equality

Equality is an important topic of nowadays enterprises. According to Equality and Human Rights (2019) equality is about protecting similar opportunities no matter of differences such as age, sex, religion or disability. Furthermore in many countries there's a law to protect against unfair discrimination within the workplaces.

Even though equality is mostly being acknowledged as an important factor, according to Eurostat (2019) for example sex discrimination is still an issue. Sex discrimination is about inequality between genders. Employment rate for men within EU is 78% while for women it's 67%. Furthermore men earn 16% more than women in EU. On the contrary, 45% of women have completed tertiary education while the number for men is smaller, 35%. (Eurostat, 2019.) Companies should reflect these statistics to their recruitment process and think whether their recruitment process is bias free.

Great Britain enforced equality with Equality act 2010. This act is including equal pay legislation which strives to have same pay rates between genders. Moreover according to the act, pregnancy should not affect how the company treats women. The Equality act 2010 was also made to protect the rights of different ages. Furthermore the law takes into consideration not only the hiring process but also training, promotion, rewards and the company's pension. In addition, the same Equality act 2010 covers

rights for disabled people. Disability covers in this case also long term illnesses such as cancer or mental health. The law addresses that the company needs to make the needed adjustments for the employee to be able to work. (Equality and Human Rights, 2019.)

Race, religion and equality laws are very broad. According to International Labour Organization (2019) enterprises should treat employees equally no matter of their religion, non-spiritual and philosophical beliefs. In practice this could for example mean the dress code or working practices. According to Equality and Human right (2019) equality can be reinforced by country's law regulations. Countries have differing law legislations regarding equality and consequently enterprise's own responsibility managing diversity differs. In other words, if company x is not affected by any law regarding equality, company x's responsibility to manage diversity in a fair and equal way becomes increased.

*"It turns out that improving equal opportunities and economic empowerment is both good economics and morally right, because discrimination, ignorance and poverty restrict growth" – Bill Clinton, former US president*

According to research conducted by Schwartz (2014) 66% of Gen Z workers perceive equal opportunity for promotion and pay as very important aspects that affect their trust in their employer. According to quantitative research by Heining (2018) with 540 respondents, the most important organizational values for full-time employees are fair treatment and fair pay. Furthermore nearly all employees who participated in the research agreed that fair compensation, fair treatment and high ethical standards are important.

According to Schiebinger's (2018) research workforce's diversity, especially in gender equality aspect the organization is able to increase its competitiveness through better customer understanding. Moreover, through improved customer understanding, the enterprise is able to expand to new markets with using more diverse knowledge. Schiebinger also argues that as a result of promoting equality, the enterprise can see an enhancement on the corporate's reputation. This is because equality is seen on increasing scale as an indicator for company's social responsibility.

The results of above mentioned researches are all linked how enterprises manage equality. Equality is about protecting similar opportunities for everyone no matter of

one's background (Equality and Human Rights, 2019). Therefore equality is an integral part of managing diversity. As Schiebinger's (2018) research results point-out that promoting equality creates positive things for the enterprise, it also reinforces the idea that diversity management should be implemented.

#### 2.4.2 Conflicts and communication

According to Dirven (1993, pp. 144-156) intercultural communication doesn't always act as a factor of raised creativity within the workplace. On the contrary diversity can create issues and conflicts when it comes to communication. Moreover these conflicts within the communication happen due to mix of different interests. According to Dirven, depending on the environment person has grown into, he/she will have different cultural, psychological and ethnological interests.

According to Johnson (2019) conflicts happen due to many different reasons such as prejudice, bias, cultural gaps, language and religion. Unfortunately having prejudice is very common, whether it's conscious or unconscious. This is valuable to acknowledge on personal level that prejudice exists even if it's not conscious and chosen mindset. Because of prejudice, it's important that companies have diversity training to address such behaviors and situations. Furthermore Dirven (1993, pp. 144-156) discusses that it's important to remember that prejudice and bias run in all different direction. This means that even minority groups have their own stereotypes and biases, which are towards other groups no matter of the size.

Cultural gaps happen when the workplace has employees with different backgrounds. According to Dirven (1993, pp. 144-156) this can be due to different perspectives, approaches, communication, social styles etcetera. Moreover, conflicts may occur when employees notice that cultural differences disrupt the communication. Furthermore the conflict evolves deeper when the parties have no understanding of why the communication is disrupted, which in this situation is caused by cultural gap.

### 3 INTERACTIVE MANAGEMENT

Juneja (2019) argues that management plays essential and crucial role in managing organizational diversity. Consequently understanding the basics regarding management is important in order to be able to manage diversity.

Management in practice has one simple goal; lead others towards common goal and success. Management as a word is often used in order to refer to all who are in power to take different decisions within the company such as controlling, assessment and project execution. Workplace has changed dramatically from what is used to be and therefore also theories regarding management have developed (Murugan, 2004, pp. 2-3). Modern management theories are not “one-size fits all” –concepts which explains why enterprises should be ready to change their ways of managing instead of using the old strict ways.

All the management theories revolve around the same basic concepts and ideas. A manager is expected to do a lot of things such as handle people, processes, information and everything else that is happening on the side. Moreover, a manager is someone who is able to motivate their subordinates or determine the best possible ways to contribute on operational processes (Murugan, 2004, pp. 2-3). According to Juneja (2019) management should ensure that each individual within the organization is allowed to contribute towards the common goal.

#### 3.1 Forming a creative team

Major question nowadays is about how to form a creative team. Many managers and recruiters have initial thought of what kind of type they are after for. However, according to Premuzic (2017) when it comes to forming a creative team the managers should focus on diversity's tertiary dimension rather than secondary or primary dimensions. Premuzic argues that focusing on individual's tertiary diversity dimensions allow the manager to build a team where everyone contributes with their unique strength while minimizing their weaknesses. This reinforces the idea of management knowing the workforce on more personal level thus recognizing the heterogeneity of employees.

According to Satell (2018) one of the biggest misconceptions regarding innovation is about ideas. Innovation nowadays is not only about ideas but rather about solving issues and problems. The first step to form a creative team is to find employees who are committed and interested to solve the company's problems.

On a road to form a creative team, it is best to start with empowering the employees already within the organization. In order for management to do that, they need to create an environment in which employees can thrive (Satell, 2018). According to research conducted by Harvey (2013), tertiary dimension diversity does increase team's creativity in a sense that the team has increased amount of ideas. However when it comes to choosing valid idea and executing it, homogeneous team performs better. However according to research by Wang (2016), good leadership allows the deep diverse team to pick the right idea and execute it just as well as more homogeneous team. These researches reinforce the idea that diversity is important factor when it comes to forming creative team. Furthermore, for the diverse team to function, the organization needs to have good management regarding diversity.

Researches have established the major components of what makes employees creative. According to Amabile's (2012) research, one big factor to make employee creative is linked to intrinsic motivation. Intrinsic motivation refers that the employee completes the task because of willingness and personal rewards. Amabile argues that intrinsic motivation is crucial when it comes to evaluating whether the person is doing what she/he wants career wise. In other words, even the best employee on wrong industry is not as creative as she/he would be on correct industry.

According to Duhigg (2016, pp. 20-25) on 2012 Google embarked on a gigantic research project called "Project Aristotle". Aim was to find what is it exactly that makes teams tick. Instead of finding any predictable patterns within the data, Google found out that it is psychological safety that matters the most. In other words this means ability of each individual within the team to be able to express their ideas and opinions without having to fear of rebuke.

Study conducted by Woolley (2010, pp. 686-688) endorses Google's research. The study states that in teams where individuals speak almost equal amount, are far better performing than teams which are dominated by one or two people. In order for the individuals to talk almost equal amount, the organization needs to be able to create safe environment.

It's a common phenomenon when managers hire with "specific" type on their mind. Moreover this specific type usually tends to be somewhat like themselves. This as conceptual level might be good for creating comfortability; however it is not the ideal situation for solving problems. (Hunt, 2015.)

The issue arises when management starts to hire with mindset of narrowing the background, experiences and the outlooks because they are looking for specific type in their mind. According to Satell (2018) by doing this the management limits the number of solution spaces that can be explored within the team. With non-diversified team, the lack of innovations usually occur whilst on more extreme case the team becomes an echoing chamber where inherent biases are being seen as normal and even reinforced. In other words, by creating a homogenous team, the innovativeness starts lacking due to the fact that the team is missing different perspectives.

According to Atomico (2018, pp. 11) the challenge for the management is combining a team that at the same time diverse yet possesses psychologically safe environment Portes (2011, pp. 461-479) argues that diversity helps building creative teams meanwhile it also reduces cohesion and leads to discomfort. Any team that is not challenged can be psychologically safe. Consequently by adding more diversity to the team, the environment becomes less psychologically safe.

## 4 DIVERSITY MANAGEMENT

Diversity management is referring to organizational actions which are aimed to promote better inclusion between diverse employees. Moreover this should be done without any form of favoring / dis-favoring between the employees. The aim is to make inclusion towards organization's own structure through different specific policies and programs. As diversity of workforce keeps growing, companies all over the world as a response are adopting diversity management strategies (CFI, 2019). According to Groutsis (2014, pp. 23-46) diversity management is about aligning strategically workforce's heterogeneity in order to include and value every employees equally. This is done on the basis of employee's diverse characteristics and by leveraging organizational diversity which Groutsis says to end up with enhanced organizational justice and better business outcomes.

During mid-1980s the concept of diversity started in North America. During those times, the United States President, Ronald Reagan vowed to dismantle the affirmative action and equality laws as he saw them as legal constraints. However as a response to equality and affirmative action, employees gave various arguments to support the idea that diversity management should be seen as positive and competitive advantage to enterprises. Later on due to globalization of world's economy, multinational corporations brought a completely new twist to diversity management: it doesn't solely mean heterogeneity of one workforce in one country but rather refers to the heterogeneity of workforce composition across countries. (CFI, 2019.) In other words not only does globalization increase cultural diversity within one specific location but it allows the diversity to happen cross-borders.

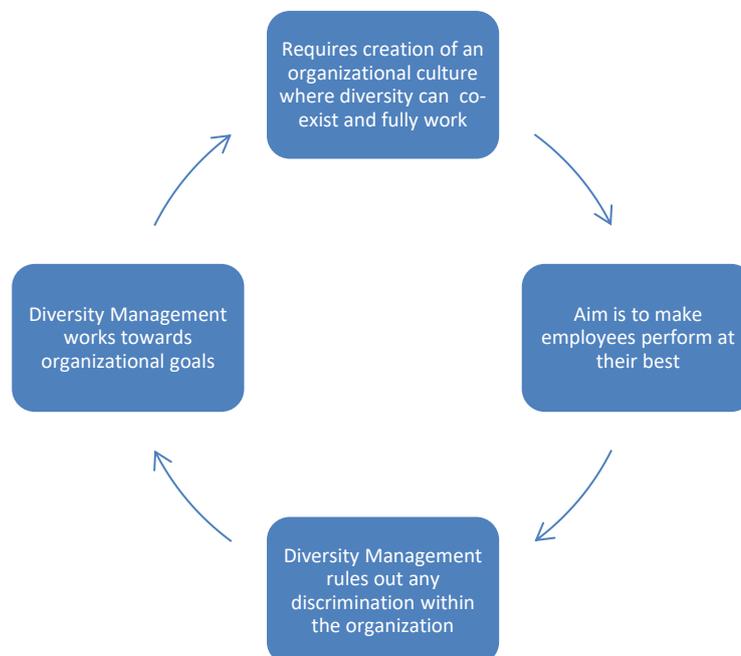
While diversity exists in every organization more or less, it can still be split into two different groups on a large scale. These two groups are intranational and cross-national management. Intranational diversity focuses to improve diversity management environment within single nation. (CFI, 2019.) For example a Finnish company could apply new policies in order to better the environment and employment for minorities within Finland. However, in cross-national diversity management the focus is put into managing workforce where the employees are multi-national. For example multinational corporations have head office in one country and the employees are coming from all over the world. The main challenge when it comes to cross-national

diversity management is the fact that the host countries and the countries where the employees live in have different legislative laws and cultures.

#### 4.1 Characteristics of diversity management

Unlike laws and legislations, diversity management is completely voluntary organizational action. Currently there is neither real legislation nor governmental incentives which would encourage the organization to implement diversity management (CFI, 2019). Therefore diversity management is self-initiated by the company together with diversified workforce by different nationalities, demographics, religions etcetera. In addition, in these kinds of situations the organization's own culture becomes increasingly important.

According to Atomico (2018, pp. 10-29) diversity management has extremely vast definition while affirmative action and legislation focus more on specifically targeted groups. Furthermore as diversity management focuses on such large group of differences, it is less likely to be rejected by the majority of members within a group or by the privileged sections of society. The thought process of creating and implementing diversity management is shown on the graph below.



**Figure 3: Thought process for diversity management implementation in organization (Atomico, 2018, pp. 10-29).**

## 4.2 Possibilities and challenges within diversity and diversity management

This part of the study will focus on explaining the possibilities as well as the challenges regarding diversity and its management. The study discusses possibilities such as individual's unique characteristics, importance of recognizing diversity within an organization and how diversity can increase organization's key performance indicators. On the contrary, study discusses phenomena that are linked to diversity's challenges such as lack of psychological safety, bias, lack of knowledge and communication issues.

### 4.2.1 Unique characteristics

Ozgen (2015, pp. 29-49) argues that diversity management allows organizations to focus on employees unique strengths. Moreover when the team consists of diversity, each individual skillset will complement each other. Consequently, according to Reynold (2017) handing out tasks by management becomes easier as the tasks can be shared to fit and complement each individual's unique skillset. In larger picture this means that diversity allows workplace to minimize its employee's weaknesses while maximizing the strengths. Diversity management refers to actions which promote inclusion between employees (CFI, 2019). However when there is no inclusion between employees, the organization is unable to benefit from individual's unique characteristics as they don't have equal opportunities. Therefore, in order to take maximize the benefits from workforce, diversity management is important.

There is also secondary benefit related to the employee possessing unique set of skills. Individuals can easily specialize within their career which also means that they can pass on their skills to their peers (Reynold, 2017). This way everyone within the team gets the opportunity to constantly learn and grow.

According to Jabbour (2011, pp. 58-74) being surrounded by different cultures, individuals become increasingly aware of the complexities regarding other perspectives, ethnicities, etcetera. Whilst this happens, employees learn that finding common ground becomes less difficult. Consequently, this process leads to higher levels of innovation and fewer echo chambers and silos. However according to research conducted by Atomico (2018, pp. 18-22) before the team is used to having

different working methods and ways of communicating the work process slows down. In other words, it takes time for increased diversity to be beneficial for the team. This explains why companies should look at the long-term benefits rather than short-term wins regarding diversity management.

Diversity management can allow and increase the opportunities within workplaces for both minorities as well as for non-minority personnel (Marquis, 2008, pp. 3). According to research conducted by Hunt (2015, pp. 1-19) as diversity looks vastly different set of individuals, employers are able to find the best possible person to fit the job as they are not limited to look on certain specific group of individuals. Hunt also argues that this applies on all levels of employment including the smallest and biggest firms. In addition to improved opportunities on individual level, the secondary benefit is the diversification of wages and productivity within economy and people. However these research results are not possible in practice if the organization does not value diversity and execute diversity management.

#### 4.2.2 Recognition of diversity

When diversity is being acknowledged and given the recognition within an organization, the management is able to expand their applicant screening process to include more individuals. Due to diversity there are far less restrictions such as geographical location, previous work history, appearance or educational accomplishments (Ideal, 2019). Instead of trying to find the best possible candidate in the world, diversity encourages the management to find the most suitable person for the specific job.

According to extensive quantitative research conducted by Herring (2009, pp. 208-224), almost 70% of hiring management within the United States said that implementing diversity and diversity management was largely contributing factor when it comes to the growth of company's organization. Furthermore Herring's results argue that the implementation gives advantages such as: creation of new opportunities for existing employees, creation of new positions and raise of wages. This was due to rise in creativity and productivity.

To get to this point the hiring managers need the right tools, education and help to find the right candidates. According to Herring's (2009, pp. 208-224) research 90% of hiring managers think that cross-border communication is what allows the company to grow

faster. Furthermore nearly half of the interviewees focused on the recruiting as a way for the organization to improve diversity.

#### 4.2.3 Increase within KPIs

There is a link between workplace diversity and increase of revenue-earning opportunities. According to research by Herring (2009, pp. 208-224) the opportunities rise when team speaks multiple languages fluently where as if the team only had one and same language. Furthermore gender diversity is linked to increase revenue all the way up to 40% during the first year of the effort. However according to Florentine (2019) having diversity is simply not enough. For example gender diversity alone is not able to strive revenue if the organization doesn't know how to manage that diversity.

Diversity and creativity are greatly linked together. According to Herring's (2009, p. 210) research diversity is perceived as one of the biggest environmental factors to boost creativity due to numerous perspectives between the employees. Different perspectives are able to enhance the brainstorming sessions between the teams. In addition, according to the Herring's research employees working with diverse environment are more likely to work longer without losing their passion for the work. Diversity lowers the levels of burnouts, improves the level of community and raises the quality of projects within the organization.

Creativity is not the only measure that improves due to diversity. According to Herring's (2009, pp. 208-224) research productivity levels are also positively affected by diversity. According to Neeley (2015) when team consists of differences between the team members, it increases so called sensitivity levels within the team. As a result the team starts to look for ways to find common ground. In other words this leads to each member receiving more time to share ideas and a higher emphasis on higher diversified.

#### 4.2.4 Psychological safety

It's common human nature that individuals too often want to stay within their comfort zones creating routines over time. According to Jabbour (2011, pp. 58-74) when individuals feel safe, they feel that being innovative and productive is easier. This same

process happens within personal as well as professional life. Meanwhile diversity takes some people out of their comfort zones and when this happens, the employee will focus more on survival rather than productivity. Therefore in the beginning of creating diverse team, the employees may perform worse as the focus is put on survival rather than productivity.

#### 4.2.5 Bias

Bias is something that most people have whether they admit it or not. According to Goldin (1997, pp. 23-24) bias harms diversity within the workplace before it is even established. Furthermore bias attitudes can surface on any characteristics that diversity includes. Goldin argue that one of the most spoken biases nowadays is about the equality between men and women. As bias can harm diversity, diversity management should strive to acknowledge and educate what bias is.

Bias affects the recruitment process and therefore diversity management should already start during the recruitment process. A study conducted by Goldin (1997, pp. 23-24) which was funded by Princeton and Harvard was made to research bias and gender equality within the recruitment process. In the research, various managers were given applications with set of qualifications. Moreover, on the research the managers were not given any further information about the application for example the gender. As a result women were blindly picked over 50% for the. However according to employment statistics in Eurostat (2019), this doesn't apply during real life situations as men are employed far more than women. The radicalism of the diversity affecting the recruitment depends on many things such as geographical location (Goldin, 1997, pp. 23-24). In other words, as some geographical locations are more prone towards bias than others, the organizational culture becomes increasingly important.

#### 4.2.6 Lack of experience to create correct diversity

On the hiring process, the management too often focuses on the leadership qualities. According to Mazur (2010, p. 6) the aim is to create a series of different qualities/strengths which allow everyone within the team to grow over time. These qualities usually are found in diversity's tertiary dimension. However according to research conducted by Ideal (2019) this idea disrupts when management focuses too

much on leadership qualities and the team becomes less of a team and more of individual performers who all want to take the lead.

Individual competition within the team can be healthy but when it spirals out of control it can cause a lot of issues. According to Ideal's (2019) study, in order to aim towards well-functioning team, the manager should set a goal to promote the team rather than individuals. Furthermore the study addresses that teams need diversity of thinking and attitude. For example team with diverse attitudes include passionate people with the current position, leaders and emotionally diversified employees.

Herring (2009, p. 210) stated in his research that diversity regarding education / work experience background can increase creativity and productivity due to different opinions, skills and mindsets. However these differences can also cause issues within the employee relations due to employees being under or over qualified for their position. For example during the great recession years, people with PH.D. lost their jobs and were struggling to fill in cashier positions (Ideal, 2019). As a result the team's environment within the workplace didn't get better and this kind of diversity was seen negative.

#### 4.2.7 Workplace challenges

Diversity provides broad set of opinions which can increase for example creativity (Herring 2009, p. 210). However there are times when vast number of differing opinions bring more trouble than help. Edewor (2007, pp. 189-195) argues that while everyone can express their differing opinions, the speed of a project or a simple decision might actually slow down just as quickly as it could increase. Furthermore secondary issues arise if the team can't come to a solution together. In a bad situation, the issue is solved by superior voice of the manager. By not finding solution as a team but leaning on superior voice, there's a negative influence on the willingness of employees sharing their opinions. At a worst stage, the employee stops sharing opinions which greatly reduces the benefits of diversity in the first place.

Due to globalization and the high expenses of domestic diversity, offshoring or cross-domestic approach is quite common nowadays. Companies have started increasingly to use cross-domestic ways to diversify their workforce. While Herring's (2009) research results reinforce the idea of increasing diversity by any means, on the

contrary Geishecker (2008) argues that creating diversity by offshoring and using cross domestic approach leads to insecurity for the existing employees Moreover, Jabbour (2011, pp. 58-74) states that insecurity at the workplace leads to reduced focus and productivity.

Diversity can affect the amount of trust within the workplace. When organization decides to take diversity as their priority and focus, according to Edewor's (2007, pp. 189-195) research, an immediate decrease within the trust between employees can be seen. This drop in trust is noted to happen to every demographic including the ones who own rather same characteristics and background. While this phenomenon doesn't create silos nor team isolation it can still surge issues regarding collaboration within the team or organization.

#### 4.2.8 Communication barrier

First challenge regarding communication involves individual's background and the way the employee separates different elements such as personal, professional and spiritual life. In diverse environment it is common for employees to have their unique opinions and approaches. Moreover, Edewor (2007, pp. 185-195) argues that in most of the cases, individuals believe that their personal perspective or opinion is correct. This explains why open communication is such a crucial factor when it comes to managing diversity.

During disagreements, challenges might arise depending how the employees answer to the disagreement. According to Edewor (2007, pp. 189-195) some individuals take the disagreement as a personal attack against their integrity, character or even spirituality. For example when Pete Buttigieg (Mayor of South Bend) was criticizing the political views and actions of Vice President Mike Pence during the start of 2020 election season, Pence responded that it was personal attack against his Christian faith even though the aim was to raise professional conversation (The Washington Times, 2019). Because of these kinds of situations, it is more than crucial to understand that different people react and act differently. From the aspect of an organization, above research and example reinforces the idea of providing diversity training for its employees. By doing this the employees are aware of why someone acts and reacts differently.

Related to communication, language may cause some difficulties within the organization. Employees who come from different geographic areas, rarely share the same native language, they are forced to use their secondary language. According to Gilbert (1999, pp. 61-76) two individuals speaking language that is not their native language causes often confusion due to different meaning of certain words and phrases. In these kind of situations, the probability of misunderstanding increases.

According to Gilbert (1999, pp. 61-76) when diversity initiative is taken, the complaint levels often rise. Gilbert argues that there is a difference in complaint level between diverse and non-diverse team. Exaggerated version of this is employee who needs to be in extreme silence to work whereas the other employee in the same team needs to constantly click his/her pen in order to focus. Ultimately in most of the cases these differences create a conflict on some level.

#### 4.3 Inclusion and diversity

While diversity can create various challenges for the company, instead of avoiding diversity, the management should focus on overcoming these challenges by implementing diversity management. By doing this the company is making organizational actions to promote and improve the inclusion between employees (CFI, 2019). Furthermore according to Herring's (2009, pp. 210-220) results, by implementing diversity management the company is able to reach better results on organizational, team and individual level. Diversity management should be implemented in a way, where employees are not being favored nor disfavored (CFI, 2019).

Research by Booth (2012) found out that in Australia, using different names on the CV has a great influence whether the person is invited for an interview. All the applicants had same qualifications but they used different types of names linked to nationality on the application. The results pointed out that ethnic minority applicants must apply more times to receive invitation to an interview. Moreover the results vary systematically on different ethnic groups. In order to receive as many interviews as Anglo applicant or Anglo-sounding name applicant, Chinese person needs to apply 68per cent more, Middle Eastern person 64per cent more, Indigenous 35per cent more and Italian 12per cent more. Leaning on the results of Booth's research, bias does still exist in the

recruitment process which is why diversity management deserves its spot as important topic to implement into organization.

On the contrast, in Germany the Federal Anti-discrimination Agency (2012) carried out a research regarding anonymous recruitment. The idea was to see if recruitment with no photograph, no name, no gender nor ethnicity would affect the chosen applicants. The results of using anonymous recruitment process were associated to greater equal chances for minorities. Therefore in order to minimize bias from recruitment process, organization should consider implementing completely anonymous recruiting.

Due to bias, enterprises should take a look at their recruitment practices. Knight (2017) argues that in order to ensure the best and wide range of applicants the job description on the advertisement should be bias free and neutral. Moreover during the recruitment process the candidate should be assessed by more than one or two people. This is to decrease the bias effect on the recruitment process. However according to Bogen (2019) using multiple recruiters on the screening process doesn't still remove the bias completely. Because of that, anonymous recruiting has been introduced to companies to improve and promote diversity in the recruitment process.

Communication issues have been noted as one of the biggest challenges that diverse team might suffer from. There are different ways to approach communication issues within the organization. According to Clutterbuck (2012, pp. 1-16) in order to improve communication skills within diversified organization/team the key is to acknowledge and understand what and why there are differences in the first place. Clutterbuck argues that organizations should provide its employees the possibility to be mentored by other individuals who are diverse in multiple ways. This is to foster and improve one on one relationships within the organization. The idea behind this is to expose the individual to differing groups and individuals.

Knowledge is one factor when it comes to improving communication in a diverse team. According to Clutterbuck (2012, pp. 1-16) organization should provide training at least on some level about diversity, inclusion and sensitivity. Moreover it is important that the organization promotes respectfulness, tolerance and acceptance of differing employees and opinions. In addition, the organization should guide the employees to avoid judgement and not to focus on so called outward characteristics such as appearance and accent. To improve the environment and communication at diverse workplace, the organization needs to emphasize understanding and civility.

According to CFI (2019) organizations should promote cross-functional teams in order to maximize the co-operation of individuals with differing backgrounds. Moreover the heterogeneity of employees should be cherished in order to maximize individual's competencies within the organization. Furthermore while having heterogenic view on employees, the organization should also support and encourage leadership and participation on different levels of an organization. By doing this the employee feels like he/she is being listened and valued.

By creating diverse organization, the company is on the way towards improved environment and efficiency (Herring, 2009, p. 220). However according to Gaudiano (2019) it's crucial to go beyond the idea of diversity and start creating inclusive environment. With successful inclusion, each individual feels like they have been integrated to the organization. Moreover the individual experiences that differences are valued and cherished. According to Florentine (2019, p. 2) in an organization with diversity and inclusion, the employees work towards common goal, all contributing on equal level with their unique strengths.

According to Gaudiano (2019) organizations are able to support inclusion by for example providing accommodations for employees with different backgrounds if the justified need exists. There are different accommodations that the organization should provide and support in order the employees to: do religious practices, work with the gender the employee identifies as regardless of employee's sex at birth, take care of children and to perform different functions no matter if the employee has a disability.

## 5 METHODOLOGY

In order to accomplish this study and support its main objective, qualitative research with phenomenological and inductive approach was chosen. The method is focusing to deepen the knowledge of diversity management through narrative reporting, context and interpretation. Phenomenological approach allows to connect with emerging themes and to use the participants to validate data. Inductive approach was chosen to be able to create new theories from the data.

Qualitative research method permits collecting information in a free form instead of focusing on statistical measurement (Doz, 2011, pp. 582-590). To understand the interviews, this research includes vast theoretical foundation with many different quantitative researches that support the idea of implementing diversity management into an organization. The key behind this research is not to use numbers but rather words. The questions will be with words as followed: “what”, “why”, “how” and “how much”.

Normally, qualitative method is used as an exploratory character. Furthermore qualitative research is applied during orientation and understating the problem phase. The information gained from the research allows the analysis to feel more reasonable as well as it justifies the hypothesis characteristics, in this study – management within diverse workforce. (Shapiro, 2018.)

The actual range of subjects that can be solved through qualitative research is rather vast. However, the feature that distinguishes qualitative research is the ability to analyze the team and management regarding its behavior and motivation. Moreover qualitative method can surface both conscious and unconscious responds. (Shapiro, 2018.)

The research which has been carried-out for this study is focusing on an in-depth interview method. As the interviews made are semi-structured and personal with the interviewee, this simplifies the determining of his and her conscious and unconscious attitudes, feelings, motives and beliefs regarding diversity management and its challenges. Personal in-depth interviews allow much deeper analysis regarding the respondent's identity, personal life and values when compared to focus groups. In addition environmental and ethnographical impact features can be seen on individual level by carrying-out this method. (Shapiro, 2018.)

In order for the interviews to hold credit for current and future use, few criteria's were set for the respondents. First, the interviewee needs to have at least five years of experience managing diverse international workforce. This proves that the person has received enough practical experience to base his/her opinions regarding the subject. Second criteria for the interviewees was about education. All the respondents need to have Master's or higher degree. This condition ensures the theoretical knowledge that is needed to work as a manager. Together these two criteria's make sure that the interviewee is qualified enough to respond the questions as they have theoretical as well as practical knowledge about management. A last criterion is that no interviewee can represent exactly the same background.

## 5.1 Interviews

The research was carried out with six semi-structured face-to-face interviews. After the sixth interview, the researcher had interviewed people with various backgrounds and the researcher was able to connect emerging themes as well as validate the data using the participants. Therefore, for this research six interviews were enough. Fastest interview lasted around half an hour while the longest interview lasted for two hours.

Semi-structured interviews consist of key questions which help to define the subjects that are to be explored. Semi-structured interview allows the researcher and the interviewee to diverge in order to pursue response or an idea in more detail (Britten 1999, pp. 11-19). Prior to the interviews used for this research, several pilot interviews were done to test the interview guideline regarding its clarity and whether the questions answer the research questions.

The interviews are considered as in-depth interview methods and all of the interviews were held in Stockholm during September 2019. Interviews were held in closed meeting rooms to secure that the interview is free from distractions and that the respondents feel safe to answer as they wish. The interviewees were all informed regarding the subject of the interview before the actual interview date. Moreover, they were all provided with an option to receive the questions before-hand; two interviewees received the questions before-hand while four of the interviewees did not.

All of the interviews were held face-to-face. In order to avoid bias when analyzing the data, four interviews were recorded while two interviews were written down due to company's restrictions. Strategically during the interviews the researcher used emotionally neutral body language while showing interest and making encouraging noises such as "Mmm". Rather than guiding the interviewees towards answers, the researcher used silence as a strategic approach in order to get the interviewees talk more as well as to clarify and elaborate their answer. Researcher also reflected on remarks which were made by the interviewee. Example of this was that in case the interviewee did not elaborate regarding the answers, the researcher repeated the interviewee's words and asked what he/she meant with this.

The data from the interviews was analyzed using thematic content analysis form. The researcher started with the transcription of all the interviews while getting familiar with the data. After the transcription the researcher used coding to find the basic themes that are found in the analysis part. The researcher used different words during the coding such diversity, heterogeneity, possibility, challenge, education and implementation. Categorization of themes acted as third part during the analysis. By using the categorization the researcher was able to categorize those themes that were pre-defined by the research questions. These themes are also present in the interview guide: "Diversity is beneficial for an organization", "Overcoming challenges regarding diversity" and "Implementing diversity management". The themes are presented in the analysis in a narrative form. The research analysis presents the interview guideline's main questions. However each interview included many unique questions which lead the conversation.

The research carried out in this study has some limitations. Firstly the sample size is rather small which is typical for qualitative research. Furthermore as all the interviews

were conducted with people working within Sweden, it might influence on how generalizable the data is to other countries. In addition as two of the interviews were written down during the interview, the researcher might have written the things he wanted to due to for example unconscious bias regarding the subject. Lastly, second language might have disrupted the results. All of the interviews were done in English and four of the participants did not speak English as their first language.

## 6 ANALYSIS

Interviewee	Field of activity	Current position	Gender
Person A	HR	Head of diversity and inclusion	F
Person B	Purchasing	Division Head	F
Person C	HR	Project manager	F
Person D	Designing	Division designer	M
Person E	Sales	Business controller	M
Person F	HR	Global head of diversity and inclusion	F

**Figure 4: Interviewee profiles**

### 6.1 What is diversity and how can it be seen at workplace?

***“If we want to live in a global world, the understanding of diversity is crucial” – Head of diversity and inclusion***

As a significant part of this study was first to find out what is diversity and how do managers understand it. The interviewees all had similar red thread within the subject. However all of them also reflected diversity into their own job position.

The global head of diversity and inclusion thought that from the perspective of organization, diversity should not be categorized or pin pointed to be certain concepts such as age. This is because the interviewees argued that while diversity can mean a lot of different things, each individual understand it differently.

*“At workplace diversity is shown with many different ways. I think the easiest and obvious way to see diversity is looking at colleagues but **it’s not only the visible diversity**. It’s also about coming from different backgrounds, experiences and cultures.” Said division manager with many years of experience working with various different diversified teams.*

*“From discrimination point of view, diversity is taking all kind of discrimination point of views into consideration, such as gender, sexual orientation, religion, ethnicity, disabilities and age.” Said the head of diversity and inclusion at a multinational company.*

*“Diversity means having a good mix at workplace, people with different backgrounds. Diversity is also about how to treat people; everyone should be treated equally regardless of who they are or what position they have. Assistant should be treated exactly the same way as a manager.” Said the division designer who has approx. twenty subordinates.*

The simplest answer from the interviews seemed to be linked to a word- *difference*. All of the interviewees seemed to reflect diversity into differences, which literature from Queensborough Community College (2019) and Thomas (1996) in this report supports. Moreover diversity is something that is not only visible but also invisible. According to Loden & Rosener (1991) diversity can be split into three different dimensions, where tertiary dimension is invisible. Therefore to get a full understanding of how much and what kind of diversity there is at workplace, communication and information between management and employees is needed (Clutterbuck, 2012, pp. 1-16). The reason why invisible diversity traits require knowledge and communication is simply because those kinds of traits are not visible just by looking at someone.

From cities all the way to the country side, from single child to a big amount of siblings, from extroverted to introverted, there are endless amount of factors which in a sum make people to choose the lifestyles, attitudes and values that they own. These all factors together create unique cultures for individuals. This all summed up explains why there is diversity in every workplace, visible or invisible.

## 6.2 What is diversity management? / How does organization execute diversity management?

*“To start with, it’s about recruiting in a way to make your team diverse which is not always easy if the team base is almost free from diversity to begin with. From there, the company needs to see effort in order to make the team more diverse”* said the head of diversity and inclusion.

According to the Germany Federal Anti-discrimination Agency (2012) anonymous recruiting is one of the best ways to decrease bias during the recruitment process. Anonymous interview means that the interview is only taking into consideration qualifications rather than letting looks, gender, age or background affect the decision. Naturally on the recruitment process there is a positive bias towards the people that are relatable in some way such as looks or background where as in contrast there’s a negative bias towards applicant with differing background. By doing anonymous recruiting, the natural bias is being eliminated. If organization doesn’t have anonymous recruiting practices, it should aim towards bias free job applications and use of many recruiters during the recruitment process (Knight, 2017).

*“To make a good team you want to have a good mix of ingredients, however it requires extra attention when working to be able to understand that everyone is different with different ways of understanding and opinions”* said the project manager. *“You need to be able to look things not with your own angle, but from other people’s angles as well as create safe environment”* added the business controller.

Once the enterprise acknowledges diversity and puts focus on the recruitment process, the company needs to make certain adjustments within their organization in order for everyone to feel safe no matter of the differences they bring. According to Duhigg (2016, pp. 20-25) psychological safety is what matters the most when it comes to making a creative team. The interviewees agreed unanimously that diversity management is about taking the differences into consideration. Interviews are in line with Groutsis (2014) and CFI (2019). Therefore having diversity is not enough. It’s also about how to treat that diversity within the organization.

The interviewees felt that diversity management is becoming more and more crucial due to globalization. A common thought in the interviews was that implementing diversity management improves the workplace environment, thus it makes the

workplace more attractive. This idea circles back to the recruitment process. More attractive workplace attracts more employees to apply for the job. Diversity management in successful case can also improve the quality of talents being employed through increased number of applicants.

*“Most obvious and natural thing to do is to have common language” said the project manager.* If the company is multinational, it is only natural to tell already on the recruitment process that for example English is the company language. However according to Gilbert (1999, pp. 61-76), same language isn't always enough as use of secondary language can cause confusion due to different meanings and phrases. It is true that very diverse workforce can be challenging in terms of human resource management. This is because each individual should be treated equally, yet on the other hand issues like responsibility disparity and/or hierarchical placement in organization need to be taken into consideration.

According to the interviews wide range of employees with differing expertise and responsibility levels can lead to non-important competition which is reinforced by Ideal's (2019) research. On the other hand there are also challenges which tackle the constant finding of sufficiently even tasks for the team in relation to the team's overall layout and know-how.

When people come from different countries with different background the interviewees thought that it's crucial to keep in mind that managing a team should also apply on personal level. Not all the employees are used to being lead with the same type of managing, neither are they used to same working methods. According to Loden & Rosener (1991) diversity's tertiary dimensions are not possible to be seen without more individual knowledge. Mazur (2010) argues that these invisible characteristics are the core of an individual. Therefore acknowledgement of workforce's heterogeneity becomes increasingly important.

*“Company symbolic, working methods and values matter. Even though the company has very clear ideas it can still be perceived differently depending on what kind of background, culture etcetera one has.” Said the head of diversity and inclusion.*

It is hard to manage a team with high diversity in a traditional way. This is mainly due to different reasons such as, other people are productive during other hours of the day

while others require multiple breaks and some don't require at all. Traditional way of managing and following strict company rules disregards the employee's personality. According to Murugan (2004, pp. 2-3) as the workplace keeps changing the management needs to be able to adjust according the changes as management theories or organizational structures are not "one-size fits all" models. Unfortunately, too often the big volume of work and decreasing amount of time pushes the managers to forget what personality is and what the benefits of it are.

### 6.3 Is diversity and its management beneficial for an organization? What are the challenges regarding diversity?

According to interviews, Goldin (1997) and Booth (2012) one major challenge regarding diversity and its management is related to recruitment process. According to interviewees that can be solved by acknowledging diversity, setting goals and trying to use different recruitment methods such as anonymous recruiting.

*"It's a shorter start-up process for a team who thinks the same or knows each other before hand. However the end result might not be what we're looking for. In this kind of situation you have to aim for the long-term win even though the start might be quite challenging at times. You need to get everyone on board, educate and make sure that everyone gets along." Said the division head who has been there to see many teams forming.*

All of the interviewees mentioned team's start-up process as one of the biggest challenges regarding diversity. As the team is diverse, the start regarding the use of working methods and communication can be differing a lot. Furthermore the differences can slow the work and make diverse team in a short run look like it's not performing. According to Atomico (2018, pp. 18-22) before team has created common working methods, the work-process slows down. The interviewees argued that in order for the team to establish common working methods, open communication where everyone needs to be humble and open minded is a must.

According to Edwor (2017) and Gilbert (1999) communication is one of the challenges regarding diversity and its management. However according to the interviewees not only is the communication a challenge but also lack of empathy. *"Sometimes it is hard to understand in detail why people are sensitive for different things and mainly it's*

*ignorance, as we know, one can't know everything. You need to be able to ask questions with no judgement" said the head of diversity and inclusion.*

The interviewees thought that diversity is a challenge also because companies lack the knowledge to actually start implementing it to the workplace. According to Goldin (1997, pp. 23-24) as bias harms the benefits of diversity, consequently organizations need to receive education and training regarding bias. According to interviewee same things applies to diversity management. Without proper knowledge about diversity through-out all organization levels, the company isn't really executing diversity management thus diversity itself becomes a challenge.

***"Challenges caused by diversity are a lot case to case situations." – Division designer***

*"Dare to bring it up, dare to try different ways of communication, act immediately and be honest. Diversity challenges have no clear frame and therefore it's always a learning process for the whole team." said business controller.*

*"We as a company have made mistakes and learnt from them" said the global head of diversity and inclusion. The interviewees also noticed that the importance of understanding diversity become more crucial after incidents happen which involve diversity as a factor. According to McFarlin (2019) new companies cross the national borders everyday with the management placed in other side of the world. Consequently it is only fair to say that mistakes regarding diversity management happen all the time. The interviewees said that this is mainly due to the fact that there is no clear frame work of what is wrong and what is right. It's rather about moral, ethnics and the will of trying to understand.*

According to Harvey (2013), Wang (2016) and Herring (2009, pp. 208-224) diverse team is able to increase team's creativity levels. The interviewees all agreed that diversity is not only about how the workplace functions. It's also about how the company works towards its customers. Diverse customer can be a challenge where as diverse team at work can improve creating the offer towards diverse customer. In other words it's beneficial to have diverse team with increased creativity in order to create better product/service towards diverse customer.

Diverse team creates diverse opinions. The interviewees all agreed that diverse opinions are crucial for companies that aim to focus on their customer offer. According

to Schiebinger (2018) workforce's diversity is able to increase competitiveness through better customer understanding. Furthermore diversity should play even bigger part for companies that operate cross-border. According to the interviewees, the knowledge of customers can be broadened with a team of different nationalities, cultures and backgrounds. Moreover it's also about the qualifications within the team; one can be great when it comes to analyzing figures, while the other person is better at looking future trends. According to Premuzic (2017) focusing on diversity's tertiary dimensions while building team, is beneficial when it comes to having better end results.

*"In all cases that we've implemented diversity into the team, the end result has improved. Just to mention few factors improving: understanding of customer, team work, decision making towards better end result and commercial thinking."* said the project manager. According to the interviews diversity and diverse teams have multiple benefits. All the interviewees agreed that there are far more opportunities than what the challenges are. This idea is reinforced by Herring's (2009) research.

***"Decision making can be smoother when people are more alike, but smoother decision making doesn't mean better results." – Division head***

According to research conducted by Herring (2009), diversity and diversity management allows organizations to increase their key performance indicators through for example increased productivity and creativity. According to the interviews measuring the success of diversity can be quite difficult. Even though all of the interviewees said that they can feel diversity creating positive environment, improving results and all their research show that 30% diversity is able to make a change, no real KPIs have been set on a company level to follow up diversity. More-over the interviews revealed that the companies didn't have set goal for a level of diversity to be in.

The company could approach the KPIs for diversity with different kinds of perspectives. First of all, there should be a KPI of whether the company is diverse enough and how to drive it. Companies should always respect countries' law system as not every country lets the company to store data regarding them. However, KPIs that could and should already be used for organizations are gender and age.

According to Schinger's (2018) research, gender diversity improves the company competitiveness. Following gender and age as a KPI is one way to increase diversity

no matter if the company is international or domestic. Furthermore physical results of diversity are easily measured using these two metrics. For example company can measure the performance of a team of only men who are similar in age versus a team with equality in gender and differing ages. There's already a lot of research made of this which is included in the literature review. Yet many companies have neither applied diversity nor diversity management into their organizations.

#### 6.4 How does organization overcome challenges regarding diversity and its management?

According to McFarlin (2019) due to globalization, the importance of diversity training develops through increased cultural, religious and ethnic workforce diversity. The combined thought from the interviews of overcoming diversity challenges is about cherishing curiosity and open mindness. The idea of trying to understand what makes the other person react the way they do helps to overcome the challenges. The moderating person in the situation should understand the reaction in order to solve the issue.

To understand the reactions, the moderating person needs to have some kind of ground knowledge of diversity. According to interviews, Goldin (1997, pp. 23-24) and Glutterbuck (2012, pp. 1-16) knowledge seems to play big part in overcoming the challenges simply through the process of understanding. The interviewees had all received education from their organizations regarding diversity and cultures to some extent.

One of the interviewee shared an example from her working life as a manager. This time she was the only one from different country with different ethnicity while the subordinates were quite similar on visible level to each other including age and gender. *"It took few weeks to understand that there seemed to be quite a big gap between the working methods as well as the communication."* The interviewee told that in these kind of situations it's a must to start talking about it. It's about understanding why things aren't working and where the differences are.

To overcome this kind of issue the manager needs to be able to create the environment where everyone feels safe enough to be open and honest. Listening to the experience from the interviewees the issue is often that employees and manager don't

know how to talk about diversity. Therefore open communication between management and subordinates is a must. Open communication between different organizational levels can be created with organizational culture that cherishes for example flat hierarchy.

Four interviewees out of six argued that the manager has the responsibility of starting the process to solve the challenge but he/she doesn't necessarily have to be the person to give the answer. Take into consideration whether the matter is sensitive. Moreover ask from the team how they would like to solve it. According to CFI (2019), the actions that the interviewees suggest to do in order to overcome communication challenges are all linked to implementing diversity management.

According to the interviewee, feeling is important as key performance indicator to measure diversity. Instead of only looking at the sales figures, a feeling/environment within the workplace should be better, which then indicates that the diversity has actually done something good and the challenges have been tackled.

*“Diversity can affect towards positive decision making. How does the team discuss and decide? Is it only done by one person or can the whole team contribute with diverse opinions?” said the division designer.*

The interviewees argued that just by having diverse teams, there's no success guaranteed. According to Harvey (2013) when it comes to choosing valid idea, homogeneous team performs better. However Wang (2016) argues that this is due to lack of knowledge and leadership within the diverse team. According to the interviews the whole team needs to contribute towards the common goal. If the environment is not perceived as safe, some opinions might not be heard. Moreover one could say that diversity implementation has failed if after creating diverse teams with unique individuals, only one person is in voice doing all the decisions. Therefore in order to have a functioning diverse team the organization needs to have, safe environment, great leadership and an organizational culture that promotes individuals to speak up no matter of their title.

***“Understanding diversity is important in order to be comfortable in your role” – Project Manager***

The interviewees all thought that having knowledge and understanding diversity is important for them personally and for their roles. They had all received basic training

about diversity from the company that they worked in. By listening to the interviewees, companies that don't provide any training for managers regarding diversity should really implement it in order for the managers to feel more secure with their role. *"Management should have more forums where different kind of examples regarding diversity challenges are used. Together we could solve and learn the best ways to work through it."* Said the division head as she felt like diversity plays more or less part in her everyday life as manager.

*"We have much more open world in that sense that it's easy to work in a different country and therefore it's important that the company is on top of mind as a place where people want to be and work. That feeling must be strengthened"* Said the project manager.

6.5 How do organizations implement diversity management? What practical examples can you describe regarding diversity management?

This study has established the knowledge that diversity indeed can sound very attractive when it comes to improving organization's work processes and methods. However before gaining advantage of employee's diversity on different levels such as educational and/or personal traits, through-out knowledge regarding diversity is required from the manager. In a successful case the manager is able to bring the best traits of each individual, creating a lot of new opportunities for the whole organization.

Rather than only thinking about diversity as a factor in organization, the global head of diversity and inclusion pin pointed that it's the inclusion part where the organization should really put their focus on. This is because every workplace has diversity more or less; inclusion will then focus on the way how to treat that diversity.

Craig (2018) argues that even though nowadays there's usually one specialist on each organizational level, it should not diminish the innovations/ideas coming from others as it is more important to get a working unit rather than one person's highlight. According to the interviews rather than having obstacles between the communication of different functions in the company, these obstacles should instead be treated as transfer areas for the communication.

According to Reynolds (2017), in a diverse workplace where the management acknowledges the employees uniqueness, it is easier to find a person for a position

with specific objectives. The other end of the spectrum where it's hard to match a new person for the job is environment where everyone has the same culture, set of skill, background etcetera. According to the interviews there are multiple situations where employees get the same training course but end up doing something completely different. Because of this, there's no need to have a back-up person for each individual working, but rather embrace the differences. Nevertheless, above mentioned is a possibility to take advantage when it comes to spreading the overall knowledge broader within the team and therefore providing more competencies for everyone.

Five interviewees out of six mentioned that easy and quick result looking leader might end up facing quite a lot of issues while working with diverse workforce. This is because the start-up process and the decision making suffer when the team members differ from each other which is reinforced by Jabbour (2011, pp. 58-74). However according to the interviewees, an experienced leader with genuine interest can find success in diversity by getting to know his/her subordinates on more personal level. To support the interviews Premuzic (2017) highlights the importance of acknowledging workforce's heterogeneity within organizations.

Firstly, if the project involves vast professional bases combined with general knowledge, the project jobs can be given according to employee's skills. By forcing the team to go through with one very specific and strict path, while monitoring every detail including the individual's working methods, the leader will most likely annoy the employees ending up with increased stress and decreased efficiency.

In a diverse workplace there might be great personalities, vast knowledge and huge intelligence; however it is still crucial that all of the mentioned have some purpose and strategy to serve towards the company's goals.

## 7 CONCLUSIONS

Before judging the importance of diversity and inclusion for organization, it's crucial to understand what diversity really is. According to the interviews, Thomas (1996) and Loden & Rosener (1991) diversity is about understanding that each person is unique individual in one way or another, visible or nonvisible. MKoji (2012, pp. 184-191) describes diversity as differences regarding such factors as age, gender, ethnicity, race, language, education, culture, economical status, political status, nationality, attitude, feelings, beliefs and values. However according to the interviews when defining diversity from the point of view of organization, it should not be pin pointed too specifically as everyone understand diversity differently. As diversity contains invisible tertiary dimensions such as experiences, it's hard to argue that diversity wouldn't exist more or less in every organization.

According to the interviews, Groutsis (2014) and CFI (2019) diversity management put into words is about managing human resources in an accurate, fair and objective way. There are many arguments why diversity management should be a priority for the organization. While globalization effects on workforce's diversity through organizational alliances and merges, it's valuable that the organization understand how to treat it with beneficial results.

To start off, first conclusion of this research is that organizations must communicate the importance of diversity and inclusion through all levels of an organization. Awareness, acknowledgement and knowledge are all linked to creating positive diversity and inclusion. The enterprise can choose its own perspective which it uses to let the whole organization know that diversity and inclusion is important and the aim is to be inclusive. Practical ways for organizations to approach "communication" is to provide diversity & inclusion training, workshops and mentoring opportunities. By doing this the organization will learn why each individual is unique and has different ways of thinking, reacting and working while avoiding negative bias.

In order to create diversity and promote inclusion, the organizations need to put focus on their recruitment process with diversity on top of their mind. Job advertisements should avoid bias and be neutral. Furthermore the recruitment process should include many people from the organization to minimize bias. In addition, to decrease bias from the recruitment process even further, the organization can implement anonymity to the

recruitment process. It's crucial for an organization to acknowledge that recruitment process is valuable part of diversity management.

During the interview process, focus should be put on diversity of thinking and qualifications in order to match the perfect person for the job without looking at outward characteristics. This idea reflects that when creating ideal teams with diversity, focus should rather be put into tertiary dimensions than looking at outward characteristics.

In order to be competitive in a sustainable matter, organizations need to be able to treat the workforce's heterogeneity. This is done by avoiding strict organizational structures and traditional ways of managing workforce. Any team within the organization is diverse in some ways and each difference should be noted as unique characteristic. In order to successfully manage a team, each individual should not gain personalized privileges; on the contrary the management should notice, respect and implement these differences into practice in order to maximize each individual's strengths. In practice this can mean for example working times; person A is highly productive during early morning while person B is highly productive during the afternoon. By having strict working times, the organization does not maximize employee's unique strengths and therefore doesn't execute diversity management.

In order to maximize the best sides of each individual, the manager should get to know each employee more or less on a personal level which is also linked to the thought of treating workforce as heterogenic. By knowing workforce on more personal level, when for example new project surfaces the manager already knows who of the workforce own the capabilities to do the project. If the manager fails to know the employee on a personal level, it leads to a way of managing that thinks workforce as homegeneous. The idea of treating organization as homogeneous is against the results of this research and therefore doesn't support diversity or inclusion.

Between the manager and employee, communication should be a two-way street. Communication and knowledge is the foundation of successful diversity management. The manager should explore individual's competencies, limits and know-hows on each project while the employee should be open about the experiences regarding the job. For this to happen, the diverse team needs to get over the slow startup process and create safe, honest and open environment. If the national culture doesn't promote open communication through different levels of organization, organizational culture becomes increasingly important. Moreover, for enterprises that work on multinational level,

organizational values and culture becomes crucial. Because communication between manager and workforce is so important when it comes to managing diversity, creating flat hierarchy using organizational culture can be considered as very beneficial.

Based on this research diversity and inclusion are integral and crucial part of today's work society. Organizations should be aware of the possibilities created by diversity such as broaden ways of thinking, creativity, innovativeness, cross-learning and diverse expertise. With diversity management taking the advantage of these possibilities the organization is able to improve the company image for its employees as well as for the customers. Sustainable success and improved competitiveness are the highlights enterprises gain by recognizing diversity and inclusion.

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## 9 APPENDIX

### Interview guideline – semi-structured

Demographic questions

What does diversity mean at workplace?

- How do you think you can see diversity in your workplace?

How would you explain diversity management?

- How do you feel about managing diverse workforce?

Can you list some challenges that diversity and diversity management creates for organizations.

Have you ever had management -challenges where diversity played part of the issue?

- If so, are you willing to share the story?
- How did you find a way to work through it?

Can you list opportunities that diversity and diversity management creates for organizations.

- Do you have a concrete example of this
- 

Manager who is unable to solve issues regarding workforce's diversity, what would you suggest him/her to do?

Have you received education for diversity management?

- Do you have any tips you would like to share regarding “how to overcome issues while managing diverse workforce”
- The reason why we're doing this interview is to find ways for transforming diversity into synergy within organizations. Is there anything more you would like to share about the topic or on the contrary ask from me?