Managing the Diverse Organization: The Imperative for a New Multicultural Paradigm

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Abstract

The effects of cultural diversity on organizational behavior are complex and powerful. What is diversity and what are the goals in achieving a more diverse society? Are there organizations that operate more efficiently with a homogeneous workforce while other organizations are more efficient with a heterogenous workforce? This essay examines the shift in emphasis from assimilating minorities to acknowledging raciocultural and gender differences. The essay suggests strategies for managing multicultural organizations and argues that a new multicultural paradigm is necessary.

Introduction

In 1908 playwright Israel Zangwill described America as "God's crucible, the great melting pot where all the races of Europe are melting and reforming." Indeed, throughout its history the United States has been a haven for millions of the world's immigrants seeking refuge from famine, tyranny, religious oppression and civil strife. For male immigrants of white European ancestry, entering mainstream American society has been relatively easy and successful. For women and other ethnic immigrants, penetrating American society has been more difficult and in some cases near impossible.

There have been several national efforts to improve the lot of immigrants and bring them closer to mainstream America. The "Americanization" movement of World War I, for example, was an attempt to assimilate ethnic minorities (*Ramakrishnan & Balgopal, 1995, p.15*). The post-Civil War movement for racial freedom, women's suffrage during the Progressive Era, and the Civil Rights movement of the mid-twentieth century were major crusades to improve the rights of women and minorities

and move them into a society traditionally dominated by white, Anglo-Saxon Protestant males. Although the rights and standing of minorities have improved, efforts to assimilate them continue as well as the struggle to eliminate discrimination and prejudice.

Over the last decade a subtle but nonetheless significant change has taken place in efforts to improve the rights of minorities. Scholars and policy makers now question traditional efforts to assimilate minorities into the mainstream. Instead of highlighting the <u>similarities</u> among various racioethnic groups, a recent trend has been to acknowledge, accept, and value the <u>differences</u> among diverse groups. This changing accent on differences and diversity has led to a new and emerging school of thought on how to manage people and organizations as well as how to react to new challenges and opportunities posed by an increasingly diverse culture.

What is diversity and what are the goals in achieving a more diverse society? A purpose of this essay is to examine the current emphasis toward cultural diversity and identify the factors and events that have led to a shift away from assimilating minorities and toward acknowledging raciocultural and gender differences. What are the advantages and disadvantages of a multicultural and diverse organization? Are there types of organizations that operate more efficiently with a homogeneous workforce, while other organizations are more efficient with a heterogenous workforce? If so, what are the factors that account for such differences?

This essay searches for answers to these questions. In so doing, it examines a wide array of concepts, including diversity, multiculturism, prejudice, discrimination, stereotype, and ethnocentrism. The meaning and relationships of these concepts have changed in recent years. After surveying the relevant literature on the advantages and disadvantages of organizational diversity the essay suggests strategies for managing multicultural organizations. It argues that a new multicultural paradigm is necessary to manage the modern diverse organization.

The Dynamics of Diversity and Multiculturism

The effects of cultural diversity on organizational behavior are complex and very powerful. What exactly is cultural diversity? Cox (*1993*) defines cultural diversity as the "representation, in one social system, of people with distinctly different group affiliations of cultural significance." To identify and measure the effects of diversity, it is necessary to examine

an organization's culture. Traditionally, organizational culture encompasses the shared values, beliefs, behavior, and background of the organization's members. Members share a common sociocultural heritage. Culture once portrayed ethnic or nationality groups but in recent years cultural factors now include race, gender, sexual orientation, age, or disability (*Blank & Slipp, 1994*).

People of different ethnic backgrounds possess different attitudes, values, and norms. Increasing cultural diversity in both public and private sectors focuses attention on the distinctions between various ethnic groups in their attitudes and performance at work. For example, Rubaii-Barrett and Beck (*1993*) examine the similarities and differences in work climate perception and levels of job satisfaction among Anglo-American and Mexican-American local government employees. The authors find that the Mexican-American employees report higher levels of satisfaction with personnel procedures than do Anglo employees. Mexican-Americans comprise a majority of the workforce studied. Thus cultural differences rather than a numerical minority status determine the observed differences in work attitudes relative to the Anglo employees. This study provides insight into the challenges that face public managers as the workforce becomes more socially representative.

More often than not, differences in cultural norms and values among ethnic groups reveal themselves in different work-related behaviors (*Cox, Lobel, & McLeod, 1991*). One area of cultural differences researched extensively is the contrast between individualism and collectivism. Compared to individualist cultures, collectivist cultures emphasize the needs of the group, social norms, shared beliefs and cooperation with group members. The research indicates that individualism-collectivism is an important dimension of cultural difference in nations in which various ethnic groups of the United States have historical roots (*Triandis, McCusker, & Hui, 1990*). In general, Asians, Hispanics, and blacks have roots in nations with collectivist traditions (*Hsu, 1981; Abrahams, 1983; Hofstede, 1980*), while Anglos have roots in the European tradition of individualism (*Hofstede, 1980; Inkeles, 1983*). The extent of people's cultural beliefs of individualism or collectivism has been used to predict the effectiveness of many management practices. Earley (*1993*), for example, examines 165 managers from China, Israel, and the United States to determine the effects of individualistic/collectivistic cultural beliefs upon performance. Earley finds that the performance of individualists (those from

the US) is lower when working in a group than when working alone, while the performance of collectivists (those from China and Israel) is lower when working alone than when working in a group.

Perkins (*1993*) suggests similar cultural relationships. People from cultures that view relationships in terms of hierarchy have a preference for highly structured teams. People from cultures that see relationships in terms of groups want teamwork to be the norm, and people from cultures that emphasize the individual feel most comfortable with voluntary and informal teams. Mixing these culture types will have significant impact on an organization.

Cox, Lobel and McLeod (*1991*) examine the effects of ethnic group differences between Asians, Blacks, Hispanics, and Anglos in an assessment of cooperative and competitive behavior on a group task. They conclude that groups composed of people from collectivist cultural traditions exhibit more cooperative behavior than groups of people from individualistic cultural traditions. The implications of their research are significant in building a theoretical foundation for determining work group differences between culturally homogeneous and heterogenous groups.

Examining an organizational culture provides other important assumptions. Within today's complex cultures, various subgroups possess distinct identities. Identities include physical observable differences, or phenotypes, important factors regarding the acceptability of different groups within an organization. Persons of phenotypes different from the majority group tend to have less favorable work experiences and career outcomes (such as satisfaction, compensation and promotion) than persons from the majority phenotype. Within phenotypes there is an inverse correlation between the amount of physical distinctiveness from the majority group and career outcomes. For example, ceteris paribus, women with long hair and ultra feminine dress fair less well than women with shorter hairstyles and more masculine dress; non-Whites of light skin color fair better than non-Whites of darker skin color. Lincoln (*1967, p. 527*) is more blunt, arguing "skin color is probably the most important single index for uncritical human evaluation."

Research reveals that strong identification with the majority culture enhances one's career outcomes. Persons with monocultural minority-group identity experience more negative career outcomes than those with other identity structures. Biculturals experience disadvantages compared to

monomajority members but have better career outcomes than those with monominority members (*Bell, 1990*). Career outcomes tend to be more favorable when phenotype and culture are congruent than when they are incongruent (*Cox, 1993, p. 62*).

An organization's culture determines the ability of out-group members to perform within the organization. Individuals from minority subgroups face obstacles from prejudice, discrimination and stereotyping. Prejudice is a bias and prejudgment of someone on the basis of some characteristic. It may be a positive or negative inclination. Discrimination is behavioral bias toward a person based on the person's group identity. Reid (*1988*) lists three sources of prejudice and discrimination: (1) intrapersonal factors resulting from authoritarian personality, aggressiveness, low tolerance, (2) interpersonal factors such as perceived physical attractiveness, communications proficiency, and legacy effects from the history of intergroup relations, and (3) societal reinforcement factors such as laws, books, or media influences. Minority group size may determine the level of discrimination. Research suggests that majority group members tend to increase levels of discrimination against minorities when the percentage of representation increases beyond a certain, relatively low threshold. (*Blalock, 1967; Blau, 1977*).

Are the influences of prejudice and discrimination declining over time? Evidence supports both sides of the argument. Firebaugh and Davis (*1988*) conclude prejudice declined significantly in a study of African Americans from 1972 to 1984. An American Management Association study finds increases of minorities in management positions are due to the changing demography of the labor pool rather than government-mandated affirmative action and EEO programs (*Romano, 1995, p. 6*). On the other hand, a range of research and anecdotes suggest significant prejudice persists (*Blakeslee, 1989; Cockrel, 1989; Jaynes & Williams, 1989*). Morrison (*1992*), for example, finds prejudice in its many subtle forms pervades organizational decision making, and Jones (*1994*) finds widespread disappointment, frustration and anger among 200 black professionals struggling to advance in a resistant atmosphere.

Stereotyping presents an obstacle for minority group individuals. Stereotyping is a process by which we view individuals as members of groups and associate information we store in our minds about the group to the individual. Stereotyping is widely practiced as a means of simplifying the world and making perceptual and cognitive processes more efficient

(*Allport, 1954; Loden & Rosener, 1991*). Current research suggests several negative effects of stereotyping on both the individual and the organization. Stereotyping is prevalent in organizations and, where present, adversely impacts the careers of members of stereotyped groups. For example, researchers cite stereotyping as obstacles to hiring overweight people (*Everett, 1990*) and persons with disabilities (*Lester & Caudill, 1987; Schweltzer & Deely, 1982*). Due to power imbalances, stereotypes will affect members of culture minority groups more than majority groups. Stereotype is a factor in lower acceptance of out-group members as leaders, job segregation based on identity group, and differences in both hiring and performance ratings between majority and minority group members (*Buono & Kamm, 1983; Johnson, 1987; Cox, 1993*).

Individuals from minority subgroups also face obstacles from ethnocentrism within an organization's culture. Ethnocentricity is the inclination for majority-group members to view their own group as the center of the universe, to interpret minority out groups from the perspective of the majority group and to evaluate beliefs, behaviors and values of one's own majority group more positively than out groups (*Shimp & Sharma, 1987*). Ethnocentrism is widespread, universal and in many ways is a group-level version of individual prejudice.

The Origins of Cultural Diversity and Multiculturism

What factors have caused the subtle shift away from assimilation and towards diversity? Three types of organizational goals contribute to the growth of the diversity movement. First, traditional efforts towards assimilation center around a goal of social justice, a goal that continues with the modern diversity movement. Moral, ethical and social responsibility goals guide efforts to improve the conditions of racioethnic and gender minorities. Second, legal obligations require organizations to improve racioethnic and gender equality. Affirmative action, a key mechanism in meeting legal obligations, refers to positive efforts necessary to eliminate racial and gender discrimination in education and employment (*Ramakrishnan & Balgopal, 1995*). Scholars recognize the contributions of affirmative action toward racioethnic and gender equality, but also note more frequently its limitations. Some call for a new paradigm to replace affirmative action (*Gottfredson, 1992, p. 279; Thomas, 1990, p. 107*). Third, there is an increased focus, especially by American businesses, to maintain and increase competitiveness in the global marketplace. Corporations acknowledge cultural diversity is necessary to compete in the multinational

business environment. IBM, Exxon, Coca Cola, and Dow Chemical, for example, gain more than half their revenues from overseas markets (*Cox, p. 5*). For the first time, corporate American sees diversity having significant influence on performance and profitability.

A catalyst to this new awareness towards cultural diversity came in June, 1987, when the Hudson Institute published <u>Workforce 2000: Work and Workers for the 21st Century</u> (*Johnston, 1987*). The impact of <u>Workforce 2000</u> was significant. Funded by the U.S. Department of Labor and widely distributed, the study predicts that only 15% of new entrants to the labor force by the year 2000 will be native white males, compared to 47% at the time of the study (*Johnston, 1987; Geber, 1990*). This single statistic -- the decreasing presence of native white males -- is a wake-up call to American businesses that changes in workforce demographics soon would mandate changes in organizational culture. Other forecasts highlight the changing workforce. Within 20 years, one of four workers will be age 55 or older. Of the 43 million people with disabilities in this country, many will seek equal opportunity in employment, encouraged by the Americans with Disabilities Act of 1990 (*Blank & Slipp, 1994*). By the year 2000, most public-school age children in the US will be non-white (*Cox, 1993, p. 3*). Immigrants will represent the largest share of the increase in the population and the workforce since the first World War. Each year, officials expect 600,000 legal and illegal immigrants to enter the US (*Johnston, 1987*). The effects of changing demographics are already evident. In 1990 black mayors governed 26 cities with populations over 50,000 (*Morrison, 1992*). During that same year, women comprised more than 30% of the state legislatures of Arizona, Maine, New Hampshire, Vermont and Washington (*Foster, Siegel & Jacobs, 1990*) and filled nearly one-third of all managerial positions (*Fine, Johnson & Ryan, 1990, p. 305*).

The conclusions of <u>Workforce 2000</u> demonstrate the imperative for employers and policy makers to understand changing workforce demographics and the impact of increasing diversity on human behavior in the workplace (*Nkomo, 1992*). As the workforce grows more diverse, tensions over cultural issues rise. The values of nontraditional workers differ from those of the Anglo-male-dominated organization in which they work. Cultural clashes can be a significant drain on the energy of the people involved, especially minority workers who are more likely to feel oppressed by the differences. To employers, these changes in workforce demographics offer both opportunities and challenges. Leaders who ignore demographic

forces find themselves at a competitive disadvantage (*Copeland, 1988b; Nelton, 1988; Schmidt, 1988*).

At the least, the United States must pay increased attention to those nations with whom it competes and cooperates, especially in Europe, Latin America, and Asia, and policy makers must find ways to stimulate balanced world growth. Changing demographics challenge policy makers to improve productivity as well as to improve workers' education and skills to perform new jobs in service and high-tech industries. Organizations in the 1990s already emphasize the importance of cross-functional teams in integrating higher skill levels and creating a basis for competitive advantage (*Bassin, 1988; Levine, 1987; & Raudsepp, 1988*).

Policy makers and leaders also must acknowledge the dynamics of an aging workforce as well as reconcile the needs of women, work, and families. <u>Workforce 2000</u> forecasts three fifths women over the age of 16 will be employed by the end of the century. At the same time, there is an urgent priority to integrate blacks and Hispanics fully into the workforce. If the education gap continues to widen without substantial adjustments, blacks and Hispanics will have a smaller fraction of the jobs in the year 2000 than they have today, while their share of those seeking work will have risen (*Johnston, 1987*).

Advantages of Diversity and Multiculturism

What is the behavioral impact of an increasingly diverse culture? Recent multicultural literature argues diversity issues will impact individual career outcomes as well as organizational effectiveness. Among the determinants of behavioral impact are (1) individual factors, such as identity, prejudice and stereotype, (2) intergroup factors such as cultural differences, ethnocentrism and intergroup conflict, and (3) organizational factors such as organizational adjustment processes, structural integration, and institutional bias. When combined, these factors depict the diversity climate of an organization.

There is substantial literature arguing diverse groups and organizations have performance advantages over homogeneous groups (*Cox, Lobel & MacLeod, 1991; Mandell & Kohler-Gray, 1990; Marmer-Solomon, 1989; Esty, 1988; Copeland, 1988; Cox & Blake, 1991*). Several common themes emerge from the literature supporting diversity:

First, multicultural organizations have an advantage in attracting and retaining the best available human talent. The exceptional capabilities of women and minorities offer a rich labor pool for organizations to tap. When organizations attract, retain and promote maximum utilization of people from diverse cultural backgrounds, they gain competitive advantage and sustain the highest quality of human resources. The diverse organization, for example, has a better understanding of foreign employees (*Adler, 1991*).

Second, multicultural organizations can understand and penetrate wider and enhanced markets. Not only does the multicultural organization embrace a diverse workforce internally, it is better suited to serve a diverse external clientele. The diverse organization has an increased understanding of the political, social, legal, economic and cultural environment of foreign countries.

Third, a multicultural organization displays higher creativity and innovation. Especially in research-oriented and high technology organizations, the array of talents provided by a gender- and ethnic-diverse organization becomes invaluable. Quite simply, "creativity thrives on diversity" (*Morgan, 1989*). Adler (*1991*), for example, found multicultural organizations to possess a greater openness to new ideas.

Fourth, multicultural organizations display a better problem solving ability. Researchers show the culturally diverse organization to exhibit expanded meanings, multiple perspectives, and multiple interpretations (*Adler, 1991*). A multicultural organization is more capable of avoiding the consequences of "groupthink" (*Janis, 1982*). Disasters such as the Challenger explosion, the Bay of Pigs of Pigs fiasco, and the My Lai massacre are examples of extreme consequences of groupthink that primarily occur in highly cohesive, homogeneous groups.

Fifth, multicultural organizations are better able to adapt to change and exhibit more organizational flexibility. Women, for example, have a higher tolerance for ambiguity than men (*Rotter & O'Connell, 1982*) while bilinguals have a higher level of divergent thinking and cognitive flexibility than monolinguals (*Lamber, 1977*).

A recent study of the U.S. Forest Service suggests the advantages of a culturally diverse organization. The study concludes that gender diversification has a significant impact on the development and implementation of natural resource policies. The Forest Service underwent

a workforce diversification program whose objectives included the creation of a mix of employees that better reflects the diverse public it serves. The premise of the program is that workforce diversification eventually results in land management decisions that better respond to the desires of the American people. The combination of gender and professional diversification in the Forest Service creates an organizational culture very different from the past and these changes will dramatically improve future resource decisions (*Brown & Harris, 1993*).

Disadvantages of Diversity

Despite the powerful advantages possessed by the multicultural organization, diversity is nevertheless not a panacea and not without its drawbacks. With the benefits of diversity come organizational costs. Too much diversity in problem-solving groups can be dysfunctional (*Shephard, 1964*). Diversity increases ambiguity, complexity, and confusion. Diverse organizations may have difficulty converging meanings, may find it hard to reach a single agreement, and have difficulty agreeing on courses of action (*Adler, 1991*).

In many organizations, diversity can produce negative dynamics such as ethnocentrism, stereotyping and cultural clashes. These negative dynamics can in turn combine with imbalanced power structures to create work disadvantages for women and minorities. In traditional, assimilationist-oriented organizations, cultural differences between majority and minority group members create barriers to full participation of minority members. For example, Tsui, Egan & O'Reilly (*1992*) analyze 151 workgroups and find increasing work-unit diversity to be associated with lower levels of psychological attachment among group members. If leaders ignore or mishandle diversity, it may detract from performance. Poorer work outcome includes affective and achievement outcomes and these in turn adversely influence first-level organizational measures such as productivity, absenteeism, and turnover (*Adler, 1986*).

Homogeneous groups often outperform culturally diverse groups, especially where there is a serious communication problem. Heterogeneous work teams often under-perform homogeneous teams because they do not allow each member to make a special contribution to the work effort (*Sheridan, 1994*). Cross-cultural training is necessary to enable culturally diverse groups to live up to their potential and overcome communication difficulties (*Perkins, 1993*). For example, a study of the performance of

both culturally homogeneous and culturally diverse groups over a 17-week period initially finds homogeneous groups to score higher on both process and performance effectiveness. Over time, however, intragroup communications improve and the differences between the groups converge. By the 17th week, there is no difference in overall performance of the two groups, and the heterogenous group scores higher on two task measures (*Watson, Kumar & Michaelsen, 1993*).

The diversity movement has the potential to polarize different social groups and harm productivity while breeding cynicism and resentment, heightening intergroup frictions and tensions, and lowering productivity -- just the opposite of what managing diversity is intended to accomplish (*Gottfredson, 1992; Carnevale & Stone, 1994*). Ignorance of cultural differences is a source of ineffectiveness in the work performance of diverse work groups. Likewise, a knowledge of the cultural differences in diverse workgroups should enhance work relationships and work team effectiveness.

Higher turnover and absenteeism are problems faced by diverse organizations. Research reveals that turnover for blacks in the US workforce is 40% greater than for whites (*Bergmann & Krause, 1968*). Corning Glass reports that between 1980-1987 turnover among women in professional jobs is double that of men and the rate for blacks is 2.5 greater than whites (*Hymowitz, 1989*). Schwartz (*1989*) finds a two-to-one turnover rate of women in management, while Scott & McClellan (*1990*) find similar gender differences. Meisenheimer (*1990*) shows women have 58% higher absentee rates. Using 20 actual work units, O'Reilly, Caldwell, & Barnett (*1989*) explore the relationships among multiculturism, social integration, and individual turnover. Results suggest heterogeneity in group tenure is associated with lower levels of group social integration which, in turn, is negatively associated with individual turnover. Consequently, outgroup members are the individuals more likely to leave the organization.

Cox uses a hypothetical company of 10,000 employees to estimate absentee differences of the multicultural organization can cost a company $3 million annually. He finds child day care and flextime schedules to lower turnover and absenteeism (*Cox, 1993, p. 25*). Dalton and Mesch (*1990*), however, study a six-year flexible-scheduling program on absenteeism and turnover. They find gross short-term reductions in employee absenteeism but after two years absenteeism returns to base-rate levels. Flexible scheduling has no affect on the rate of employee turnover.

In the absence of effective diversity management, culturally diverse workgroups may have certain dysfunctional outcomes such as miscommunications, longer decision times, lower member morale and lower team cohesiveness than culturally homogeneous workgroups (*Steiner, 1972; Fiedler, 1966*). The negative consequences of diversity can reduce creativity and innovation, problem solving, and workgroup cohesiveness (*Ziller, 1973; Lott & Lott, 1965; Randolph & Blackburn, 1989; Jackson, 1991*). As a result, these negative consequences can reduce market share, profitability, and achievement of organizational goals (*Cox, 1993, p. 16*).

The potential for intergroup *conflict* is greater in culturally diverse workgroups than in culturally homogeneous workgroups. When there is tension between the goals or concerns of one party and those of another, intergroup conflict increases. For example, conflict results when majority group members see an incident of racioethnic injustice as "isolated," while minorities see the single event as part of a pattern of oppression that is imbedded in the social system.

If properly managed and controlled, conflict is not necessarily bad and can increase creativity and performance of diverse groups (*Tjosvold, 1989; 1993*). Research recognizes the value of some conflict in organizations and the importance of constructive conflict management (*Horowitz, & Boardman, 1994; Hall & Parker, 1993*). Managers can control conflict when they reconcile competing goals, distribute power in a representative manner, affirm the identity of minority group members, and act when resources are plentiful and cultural differences are lower or well understood (*Cox, 1993*).

Strategies to Value and Manage Diversity

The literature is both consistent and clear in demonstrating the power and potential of the culturally diverse organization. The key to tapping the advantages of multiculturism and avoiding its pitfalls is to create an organization in which members of all sociocultural backgrounds contribute and achieve their full potential. This strategy is difficult to achieve, as it entails maintaining a balance between meeting the objectives of the organization and retaining the individual cultures of employees. Leaders face a dichotomy. Gordon (*1978, p. 158*) describes the dichotomy facing future leaders when he writes:

> The presumed goal of the cultural pluralist is to maintain enough subsocietal separation to guarantee the continuance of the ethnic cultural tradition and the existence of the group, without at the same time interfering with the carrying out of standard responsibilities of the general American civil life . . within this context the sense of ethnic peoplehood will remain as one important layer of group identity while, hopefully, prejudice and discrimination will disappear or become so slight in scope as to be barely noticeable.

Gordon's description of the dilemma of cultural pluralism, however, is rather dated, for it does not possess the more active tone of recent diversity literature. Diversity implies differences in people based on their identifications with different groups. But it is more. Current literature defines diversity as a process of acknowledging differences through action (*Carnevale & Stone, 1994, p. 22*). Schaefer (*1990, p. 47*), for example, argues that cultural pluralism implies ". . . mutual respect between the various groups in a society for one another's culture, a respect that allows minorities to express their own culture without suffering prejudice or hostility." Geber (*1990*) agrees, writing that "sameness" is exactly what managing diversity is <u>not</u> supposed to be about. The goal of diversity is to treat people as individuals. Paying attention to differences is the antithesis of the melting pot philosophy. (Those who were different always had to do the melting). Organizations must value diversity before they can manage it.

Cox (*1993, p. 241*) also takes an active tone in advocating diversity management. To maximize multicultural opportunities, organizations must transform from monolithic/ plural models to multicultural. He proposes organizations exist in three stages of multicultural development. First, <u>monolithic</u> organizations are demographically and culturally homogenous. The homogeneous workforce minimizes intergroup conflict. Many Japanese firms, for example, are monolithic and employ only Japanese males.

Second, <u>plural</u> organizations display skew representation of its workforce. While the organization may be culturally diverse, its leadership remains homogeneous. The tendency of the pluralist organization is to absorb new members and encourage them to adopt the central culture of the leadership. The pluralist organization is typical of today's large American corporation.

Finally, the <u>multicultural</u> organization is culturally diverse throughout its hierarchy. The multicultural organization not only tolerates diversity but values it. It uses pluralism in an acculturation process that emphasizes two-way learning, adaptation, interdependence, and mutual appreciation of different cultures. Unlike monolithic and pluralist organizations, the multicultural organization avoids (1) integration of new members emphasizing a one-way adaptation and the elimination of cultural differences, (2) separation of members of different cultures through mergers and selective removals, and (3) the deculturation of weak cultures of both the parent organization and new members. The multicultural organization does not significant cultural identities to degenerate (*Cox, 1993*).

Several authors (*Fernandez, 1993; Copeland, 1988a; 1988b; Rice, 1994; McEnrue, 1993; McNerny, 1994; Jenner, 1994; Gummer, 1994; Carnevale & Stone, 1994*) research organizations successful in managing diversity. In general, these authors find several similarities held by successful, multicultural organizations:

First, top management plays a crucial and leading role in making diversity a success. The CEO must exhibit a strong commitment. Leaders must receive diversity training to address myths, stereotypes and real cultural differences as well as organizational barriers that interfere with the full contribution of all employees. Top executives need experience of what it is like to be a minority. Top management cannot delegate its leading role to Affirmative Action/ Equal Opportunity administrators.

Second, diversity must be part of an organization's strategic business objective. A diversity program cannot fully succeed if it is a separate strategy similar to traditional Affirmative Action/EEO programs. Diversity goals must be linked to business goals, not merely meeting Affirmative Action legal requirements. Diversity must be stressed not only internally but should be a significant part of external outreach programs that identify the organization as a multicultural leader and active in community and societal issues. Diversity should be a superordinate goal rather than a goal ascribed to individual groups.

Third, managers must be held accountable for meeting diversity goals. Performance evaluations and rewards should be tied to a manager's ability to develop and manage a diverse workforce. Top management must scrutinize compensation to insure fairness.

Fourth, a multiculturally successful organization must improve its supply of diverse workers through aggressive recruiting. It must break the "glass ceiling" and increase the number of women and minorities in the higher salary groups through career development, mentoring, and executive appointment. It must empower all of its employees to use their full capacity.

Fifth, a diverse workforce requires efficient communication. Leaders must insure that there are open avenues for employees to communicate new ideas, grievances, input and feedback. In many ways, the classic bureaucratic model is antithetical to the needs of culturally diverse workgroups and innovative, nonhierarchical organizational designs may be in order to insure effective communications.

Finally, a multiculturally successful organization must value diversity. A cultural climate must allow differences to be celebrated instead of merely tolerated. All employees must understand the competitive and moral advantages of diversity. They must respect and support cultural diversity through the recognition of distinctive cultural and religious holidays, diet restrictions, and the like. Often, organizations must undergo a "cultural transformation" (*Carnevale & Stone, 1994*) before they can successfully achieve the full benefits of diversity.

Managing diversity is a broad and complex issue. Leaders face formidable challenges in building a multicultural organization that truly values diversity. To be successful, managers need to "unlearn practices rooted in an old mind set, change the ways organizations operate, shift organizational culture, revamp policies, create new structures, and redesign human resource systems." (*Jamieson & O'Mara, 1991*). This is a tall order and indeed may be so difficult and complicated that it requires a new paradigm to guide organizational management. To manage diversity strategically may require a shift from an efficiency mind set to one with a higher emphasis on human relations goals (*DeLuca & McDowell, 1992*).

The Need for Research

Since the Hudson Institute published Workforce 2000 (*Johnston, 1987*) and revealed that the multicultural workforce was not only desired but inevitable, researchers have had a unique opportunity to begin studying the organizational dynamics of a workforce undergoing dramatic change. The decreasing presence of native white males in American businesses will mandate changes in organizational culture, and these changes can and

should be studied. As workforce demographics undergo change, researchers can perform both longitudinal studies of particular organizations undergoing diversification over time, as well as cross-sectional studies comparing organizations that are still relatively homogeneous and those that have already undergone cultural diversification. Rubaii-Barrett & Beck's (*1993*) examination of the similarities and differences in work climate perception among Anglo-American and Mexican-American local government employees is a good example of research that provides insight into a workforce becoming more socially representative.

The emerging field of organizational diversity is complex, yet relatively little is known about the most effective ways to adapt to the inevitable changes diversity causes. Consequently, diversity creates a wide range of research needs. First, current literature uses the term <u>diversity</u> too broadly. More parsimonious definitions need to be created, allowing research to examine and refine relationships between different cultural groups. There are almost unlimited combinations of different cultures that offer rich opportunities for factor and multivariate analyses. Is there a difference, for example, in work climate perceptions of the predominately Mexican-American local government employees studied by Rubaii-Barrett & Beck (*1993*), and the perceptions of a predominately black local government? And what are the organizational behavior changes if the predominately black local government also becomes predominately female?

Researchers have cited the need to study relationships between cultural diversity and recent management trends such as TQM, team building, reengineering, and employee empowerment. Is cultural diversity an opportunity or challenge when integrated with these new management tools? Research is needed on measuring the effectiveness of diversity programs.

Diversity is a racially contentious issue. Resistance and obstacles to diversity need to be better defined and a better description and analysis of diversity problems is needed. Backlash, for example, may be one of the biggest challenges facing diversity managers. Although difficult to operationalize, efforts to measure prejudice and discrimination are as important as ever in an environment undergoing cultural diversification.

Research is needed to better examine the relationship between diversity and organization design. Do the differences between homogeneous and diverse organizations also entail different organizational design needs?

Substantial research has been accomplished on the differences between individualistic and collectivist cultures. Research is needed, for example, to describe the effects of an increasingly collectivist workforce on traditional hierarchical organization designs. Increased use of semi-autonomous workgroups may be in order.

Communication is the weak link in diverse organizations and research needs to focus on facilitating both external and intra organizational communication. Whereas homogeneous groups communicate more freely through both formal and informal channels, the heterogeneous organization may need to have both vertical and horizontal paths of communication integrally designed into the structure.

Finally, the challenges posed by an increasingly diverse workforce may require the creation of new paradigms for management and organizational behavior. Current theory may need substantial revision to better explain and guide the increasingly diverse organization. Traditional paradigms focussing on efficiency, profitability and hierarchy may not be sufficient, either in theory or practice, to understand the dynamics of the future multicultural organization. New theories of multiculturism, combined with emphases in recent years for non-hierarchical, decentralized and "flat" organizational designs, will be a powerful force of organizational dynamics. Before new paradigms can be created, however, the cultural climate must undergo greater acceptance, indeed one of valuing, the inevitable change and challenge of an increasingly diverse workforce.

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