

Globalisation - taking diversity seriously or fading away?

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Theme

Diversity has become a widely used concept both in society at large and in talk of business strategies. It can be perceived as a populist trend, used as a "slogan" to prove one's positive attitude towards women, blacks, the disabled, and other "minorities" and can also be taken seriously when one experiences difficulties in relations with "strangers" and decides to do something about it. Deeper exploration of the phenomena seems to imply opening up a host of new means of communications and also abandoning earlier notions of what is being related to.

The question of diversity in Sweden, as in many other countries, can be perceived as mirroring a more international or globalised labour market, and a more globalised way of life in general, as well as an effect of increasing demographic movements caused by wars and poverty. Swedish firms have expanded overseas and in the course of time have been transformed from national to international or multinational organisations. Marketing, production, R&D, HRM, and ownership thus reflect more of an international perspective. The labour market in Sweden and several other European countries mirrors the mosaic of the global society. A relevant question is, which nationalities are represented in the labour force of different organisations and which are not. In the west of Sweden, where we live, there are about two hundred nationalities in the population. Some of these, such as North Europeans and Americans are almost all represented in the active labour force, whereas others, Black Africans and Iranians, are very rarely found as employees in the workplace.

For the last two years, we have been working with projects emanating from this practical problem. Over the next four or five years our research group will be undertaking several empirical studies, ranging from investigations of strategic processes in large organisations with regard to diversity, to close long-term studies of homogenous/ heterogeneous work group processes of different kinds. We will also look at "foreign entrepreneurs", young people and immigrants, who manage their companies very differently from our "ordinary" entrepreneurs. We are thus in a process of having rather thoroughly problematised the question of diversity theoretically, and have just started our empirical studies.

The theme of this paper is thus the challenge of diversity. Can European management, and European management research, really deal with it seriously, and in this case, how? Or will it be avoided, i.e., accepted superficially as just another fad? We will discuss this and conclude with a question on organisational trends and where diversity may fit in.

Organisational adaptation to globalisation and diversity

Organisational adaptation to changing conditions is a common theme of management studies. A lot of research shows or anticipates inertia to change, which in many instances may prove a sound reaction, as the majority of emerging ideas on change are not very good. Many ideas, sometimes perceived as or called, fads, are not especially adequate and even rather bad, and usually the connection between them and material and relational conditions is rather weak. Ideas are often seductively packaged and interact with the human weakness (or strength?) of being seduced rather than being forced to change radically, which might explain the extensive market for bad ideas. What counts in the long run, is not adaptability per se, but rather the gift for testing and evaluating ideas, and gradually finding one's own way of doing things.

We cannot know for sure, but it might be a realistic judgement that some of the current process of global change are not just "more of the same", but rather resemble "ecological" changes. If this is so, the analogy of inertia to change is irrelevant. It is then a question of necessary change, but not of the kind where everybody must "follow my leader", i.e., do the same thing.

The changed conditions under discussion here, are firstly demographic changes, as people travel the world more than ever before, which results in meetings of different communicative kinds, and secondly, information technology, which also enhances more diverse communicative conditions than ever before. These conditions place us in a situation of more or less constant strain, i.e., alert our relational talents almost every waking minute, and rarely allow us the comfort of relaxing through well-known standard operating procedures for this behaviour.

Changes in communicative and relational behaviour always take place when people meet each other. Openings in communication cannot take place at an aggregated level. So our interest presumably must be directed locally.

One of the current organisational trends is that of professionalisation. More and more employees are required to be professionals at their specific tasks and are also held responsible for their own professional development. This means a high grade of responsibility for developing skills and providing/producing products or services. It also implies skills for overviewing and integrating other areas than the own professional specialisation. To achieve this development among employees, i.e., achieve a high degree of local freedom, implies demands on an overall organisational stability. Local freedom for change can only develop where the basic conditions or frames, are known. With top management constantly changing the overall strategy, or structure, the time/space for local development is minimised.

Diversity between people is a local phenomenon. There can be obstacles in the overall structure for diversity being fruitful for the organisation, but these possibilities must be explored and developed within each work group communicatively. Such local experimentation is a necessary prerequisite and this may demand local freedom, and organisational stability. How is this managed in a business world that demands flexibility?

Managing variety - a classic organisational challenge

To manage an organisation can be described axiomatically as dealing with variations. Shall we produce one standard product/service in standardised ways or more individual products/services in different ways? Shall we treat customers/clients, employees,

suppliers, etc, alike, or shall everyone be treated uniquely? Shall decisions be made according to standard procedures, or shall the different situations that occur shape different decision-making procedures?

From the stabilisation perspective, it seems rational to treat like situations alike, according to a pre-determined plan or strategy. From a dynamic perspective, one can argue for more spontaneously developed and more individually devised solutions, or, at least, some kind of flexibility. The logic of decisions is often grounded in the environmental enactment of the dominant coalition of the organisation, which stipulates that one sort of customers/clients, etc. is more valuable than the others and thus needs special treatment. Some businesses, or parts of the organisation, may seem to need protection, while others can be exposed to greater risks.

Organising means constant categorising, for the sake of practical rationality. All organising, all human life, contains typing and we cannot live through a single day without it. Work tasks are allocated, employees named in different categories and customers sorted into different target groups, all on rational grounds, but the rationality is bounded and the complexity too great for individual human beings.

The rational aspect of typing processes is closely related to convenience. In, for example, seeking a person with some kind of expertise for a new market, one often ends up with someone who understands the old conditions well, i.e., speaks the same language that one is used to. This is perceived as more convenient than choosing someone closer to the new expertise that was sought, as this might be too difficult to understand without taking some trouble to learn new ways of seeing the world. People with some kind of "hidden" expertise are not rendered visible in these convenient but plausible rational processes.

Unique treatment of unique processes/situations may be more adequate and satisfying in the long run, both emotionally and rationally, but is initially highly inconvenient, and cannot be practised within all the daily routines.

We will here argue for taking more seriously the challenge of managing differences, though this may demand images of organisational ideals other than those in which we currently believe. The argument in its favour is that it may be profitable, in both financial and human terms.

Utilising differences or stereotyped behaviour?

Our way into the phenomena of diversity was ethnicity, as seen in the aforementioned problems we discovered on the labour market. Our discussion here will thus start off with ethnic differences, but will widen to embrace all types of differences. Our focus is on organisational (stereo)typing, and our interest is in human relations.

Starting with ethnical differences between people, the "non-ethnic" should be a kind of opposite, also worthy of consideration. It is, however, hard to envisage and suggests that another approach to the problem might be more fruitful. Focusing on ethnicity could be culturally and temporally superior to typing, while one might also consider focusing on the more deeply developed relations between people that go on beneath the surface, i.e., the sense that people develop behind the words and gestures, through institutionalised actions. Formulation of categories is mainly done linguistically, but language also hides implicit sense making with the aim of protecting power relations.

One example of linguistic categorisation in industry today is the tendentious development of diversity strategies, which are institutionalised as thought structures in

which one is easily trapped (DiMaggio and Powel, 1991, term this “coercive isomorphism”), without developing deeper relations.

In this respect, speaking of “evaluating differences” (e.g., Thomas, 1990) perhaps implies precisely the opposite. On the surface one wishes to give the appearance that diversity enriches, while the implication of everyday practice develops into legitimised differences, where these very differences become a reason for stereotyping.

Equivalent processes have been charted in the divergent treatment of different sexes in workplaces. For example, Benschop and Doorwaard (1998) show how gender discrimination is subtly transformed into differences in gender-neutral factors such as expertise that make these appear as normal organisational routine. In this way, gender discrimination becomes “impossible”.

The view that companies are or have cultures implies a focusing on homogeneity in the way of relating to reality. (Alvesson and Billing, 1999). The pressure to conform that may develop in terms of style, comprehension and values, excludes people with other ways of relating. Outsides and insiders are rendered visible. “Cultural expertise” becomes a requirement for participation (ibid). Cox (1994) believes that stereotyping is commonplace in organisations and that this has negative effects on the career opportunities of members of the stereotyped groups. Due to an imbalance, members of minority culture groups are more prone to stereotyping than the majority group. The negative effects are shown in such things as a lower acceptance of out-group members as leaders and segregation of work duties based on identity group.

Augustsson (1996) shows that different types of production environment make different demands, which results in completely different career opportunities for the people working in them. He is of the opinion that ethnic discrimination, based on culturalism, i.e., stereotyped notions of cultures, assumes that the one who typifies or categorises individuals or groups of a different ethnic origin, commonly perceives himself and his own culture as a true normative and moral criterion by which other cultures are judged. Prejudices and cultural stereotypes function as powerful excluding mechanisms within modern group-organised operations, according to Augustsson, but within the framework of traditional organisation structures, immigrants are not threatened by such a high degree of exclusion. On the other hand, within traditional organisational forms, it is possible to speak of ethnic segmentation or job division (ibid).

In the discussions of how more diverse organisations can be developed, Cox (1994) and Bevelander et al (1997) among others, distinguish between monolithic, plural and multicultural or mosaic organisations. Monolithic organisations are characterised by demographic and cultural homogeneity, while plural organisations tolerate diversity, even if the majority group retains power. In plural organisation minority groups tend to resist and/or revolt in different ways. In a multicultural organisation, differences are valued both formally and informally, prejudices are absent from management and group conflicts are minimised. In Cox’s view, a multicultural organisation is thus characterised by the absence of an institutional favouritisation of HRM processes.

The monolithic organisations, which strive towards diversity, are often hobbled by an institutionalised sediment of processes, whose ideological background has long been forgotten or repressed. “A frozen ideology is encapsulated in the institution” (Liedman, 1999, p.51, our translation from Swedish). Here, ideology refers to a collection of interlinked ideas that have developed networks of controlling patterns of behaviour that appear meaningful and rational. Czarniawska and Wolff (1998) define an

institution identically, i.e., “as a pattern of social acts reinforced by a corresponding norm”.

One concrete example of how this frozen ideology in an organisation can work against an attempt to change a number of institutionalised processes is taken from Chrysler (Emerson, 1999). When their “diversity strategy” had been accepted a while, it was discovered that minority groups were still not among the candidates for high positions. It emerged that there were old criteria in place that effectively weeded them out. One such criterion was that a certain degree should have been gained at a certain university, since there was an awareness of its quality, as the top bosses had studied there. The problem was that minority groups rarely have degrees from these universities, which have a good reputation among white middle-class males. When the applicant criteria were changed, it was gradually discovered that there were in fact well-qualified individuals with degrees from other universities, which did not have such high fees (ibid). The social norms changed with new behaviour patterns and uncertainty about the unknown was replaced in time by a curiosity about the surprising.

Organisational strivings toward legitimacy require that uncertainty be reduced prior to a decision (Thompson, 1967), which in itself means one knows exactly what is being calculated. What is different is objectified as a kind of camouflage for those (stereo)types that have been established in the organisations’ institutionalised habits and routines. The institutions can be seen as a finite game with clear rules and one where it is a matter of winning (Carse, 1998).

To break these rules and switch to an infinite game, like life itself, full of uncertainty, implies touching. “Touching destroys all intentions. Neither the one who touches nor the one being touched can avoid becoming surprised” (ibid, p.75). This view contradicts a rationalistic instrumental approach to organising, but might be revealed by the institutional perspective. The question is whether we can break old thought patterns about acting and (stereo)typing, and embark on processes leading to habits of openness to touching, compassion and surprises. Only with these sensual prerequisites, can new relational discoveries be made.

Thus, treating diversity as a fad, i.e. applying it superficially in strategic formulations, will only add to the institutionalised formalities camouflaging the frozen ideologies of the power coalitions. To treat diversity seriously implies de-stereotyping organisational institutions, in order to allow openings. Possibly, this means organising a stabile frame, so that employees feel free locally to explore communicative patterns of development according to the divergent conditions that each group is experiencing. Our question here is about which organisations are likely to resist (stereo)typing, and which are conveniently relying on them for the sake of their survival or institutionalised idea.

So where are we going?

We have been arguing for dealing with diversity as a challenge in order to welcome all human beings to participate in organisational activity at all levels, in the belief that both human beings and organisations may thus benefit. Here, we will discuss the organisational effects of dealing with diversity.

At an objective level, and instrumentally, we can expect more homogeneity in our organisations to result in a risen efficiency in creative processes demanding knowledge about cultural characteristics at different markets. At this level, organisational strategies are formed, and here the decisions about seriousness about different activities are made. At a subjective and communicative level, we cannot

expect anything but uncertainty. When sense exchanging and sense making communicating commences, you cannot know where it will end. And, it might not end at all. At this level, the institutional organising, formulated as strategies and structures, breaks against the spontaneously human, where institutions just as well can be maintained as broken and changed (Ljungqvist, 1987). This is the strategy of surprises.

Instrumental strategical processes strive for consolidation of legitimacy, while curiosity and compassion rather guide interpersonal, subjective and communicative processes. The competence of people is as much a sensitive process as an analytical one, and real participation is per definition unpredictable.

To provoke ourselves, at least, and, hopefully, some of our colleagues, into reflecting upon the practice at different organisations, we will here discuss the issue of diversity according to different trends in current European organisational life. Of course, we will use the convenience of (stereo)typing in order to simplify our reasoning.

One type of organisation that is arising very trendily, are those using what is popularly called “the new economy”, and these are introduced rather as projects in search of capital. Usually, though, they have one product/service idea and obtain their capital from the overflow from older capitalists, even if they sometimes prove to go almost bankrupt. Their watchwords are preferably flexibility, speed and individuality and the employees are young people who work round the clock and are always accessible to each other. We do not know yet where these organisations will go after maturing, if they ever will. Maybe they will resist this, and stay “young” forever, with the same characteristics as now. We don’t believe that these organisations will deal seriously with diversity.

Another currently common type of organisation is the “professional bureaucracy” (Mintzberg, 1983), that sometimes grows out of the “machine bureaucracies” (ibid), or otherwise develops from governmental institutions. Here the frames and products are rather fixed, by management or political strategy, and the organisation is divided in two hierarchies, one administrative and the other, professional. The professionals are supposed to have the freedom to produce the products and/or services according to their professional standards but often feel restricted by standardisation rules produced by administrators, who are supposed to control production operations. The processual uniqueness anticipated in the idea of the structure is very often squeezed into well-prepared boxes, akin to “pigeon-holing”, for the sake of rationality and convenience. Here, the watchwords are quality, flexibility and experience. These structures seem too conservative to deal with diversity seriously.

The third type of organisation we see around us is the large “feudal society”, that is a long-term survivor, development oriented, transnational and rather conservative as an industrial type, even if the product/service spectrum is broad. It has some international coalitions within the management teams, who represent its respective capital interest and sometimes co-operates with governments, while deals on different social problems are not unusual. Of course, the feudal character of these organisations varies and their size makes them dependent upon each and every market on which they produce and sell. On the other hand, they can easily move production plants from one country to another, which is accompanied by problems for their local suppliers. It is here, for example, where negotiations with local and national governments come in. The advantages of these organisations are said to be size, stability and quality.

And then, of course, there are projects, which is also a type of organisation. They can be of different sizes, have many different tasks, and very different timetables. The main features of a project is that it is strictly delineated in time, has developmental goals such as the solution of a specific problem, and people participate because they represent different skills and/or intentions. All participants in a project must, ideally, be equal, in

order for all the expertise in the group to be fully utilised. The project is supposed to produce a unique product or a specific problem solution. Projects can live within or between organisations or just by themselves. Within culture and the construction industry, the project is the main organising structure. Projects can result in entrepreneurial organisations, or simple structures, or they can initiate changes within big structures. As competence, expertise, or postulated benefit for the result of the project is in focus for everyone's interest, diversity may simply not become a problem here. Or, if certain conditions are at stake, homogeneity will be sought unconsciously.

Big Responsible Experimenting?

The prerequisites for diversity to be practically developed in organisations we assumed, were a stable frame and local freedom. The frame should, as far as possible prevent opportunities for discrimination, and otherwise stimulate work groups to communicate broadly in order to discover and develop each other's traits and skills. Choosing between the above mentioned organisational models "projects within the feudal society" might be the best solution to the diversity challenge. We are aware that this is the evolutionary way, not the revolutionary way.

The challenge to the feudal society is to develop and maintain big organisational structures where complexity, multidimensionality, responsibility and willingness to radical experiments are important labels. They have to find the dynamic balance between conservatism and renewal, a kind of balance where individuals feel safe enough to explore their own talents and to ask about the feelings, experiences and wishes of others.

Are these "BRE:s" (Big, Responsible, Experimenting) a possible trend? We see an example in European Business Network for Social Cohesion, where some big companies are members, seeing their duty to focus on business social responsibility. Business could not just exploit the physical and social environment in the communities they serve. It is their long-term interest to take care of the community in a broader sense. Small entrepreneurial organisations, which work within a larger "feudal" situation, e.g. small project enterprises with one big company or a public organisation as their main customer, can also match this description. We can see examples of this within hospital development, local community and the electronic industry.

But the BRE:s could be hard to legitimate. It is easier to follow more stereotyped organisational models because their values are easier to see and describe. A good BRE is a hybrid that feels right, but very hard to describe in all relevant dimensions. It requires a kind of anarchy under an umbrella of more or less constitutional democracy. We assume that it will prove its efficiency over long periods of time, not in the short period.

Finally, a last word concerning our own ambivalence. Aware that big also can result in bad (see Morgan, 1986), other structures that are responsible, stable and experimenting are needed to take diversity seriously. As, for example, small and simple structures may prove just as efficient for handling diversity, and exploring new patterns of communicating and relating.

However, we have difficulties not to believe that some kind of overall regulations, to improve welfare and protect basic human needs, is needed. We don't believe that the multinational companies are the best solution, and they have to work in a broader political and economic system in order to balance their advantages related to

the risks of a too monopolistic system. But the constitutional aspects concerning business trends will be the focus of another paper.

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