



**The Importance of Cultural Diversity and its Effect on Organisational
Performance**

by

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Abstract

Cultural diversity reflects today's marketplace and it should not be disregarded. Various studies investigating this phenomenon have highlighted both positive and negative effects of diversity (McLeod, Lobel, & Cox, 1996; Kirkman, Tesluk & Rosen, 2004). To identify the real benefits and challenges that cultural diversity can bring, this study focuses on understanding different views constructed by social actors within the field. This research aims to identify the way cultural diversity affects organisational performance. Therefore, to gain a better understanding of the relationship between cultural diversity and organisational performance, this paper examines the organisational working climate through which diversity is accepted. In addition, this study aims to identify the way organisations implement diversity initiatives to efficiently manage workforce differences. This paper also examines the implications of workforce diversity on aspects such as commitment, job satisfaction and workplace coherence as these eventually influence group performance. In order to grasp an interrelationship of cultural diversity and performance in the workplace, this research takes the view of interpretivism as its philosophical stance. Two multinational organisations were selected to obtain empirical evidence interpreting the beliefs of social actors on workplace diversity. The findings revealed, there are more positive views towards cultural diversity and, organisations believe it can add value to their business. However, poor diversity management poses one of the main challenges within organisations. Thus, adopting the right diversity initiatives and in particular implementing diversity training programs is deemed to be of high importance. This type of training is recommended in order to achieve positive outcomes by enhancing team productivity and at the same time minimize the negative ones.

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Chapter 1: Introduction

1.1 Background

Considering that our society faces constant demographical change, causing both a continual and significant shift in the labour force, organisations have started to see an increase in cultural diversity, with the majority embracing these differences as part of their organisational culture (Essays UK, 2018). Therefore, there is more interaction between people that come from different countries and have different values, cultures and beliefs. In the wake of a globalized world, diversity in organisations becomes a significant factor. For this reason, workplace diversity enables companies to be more open to change, compete in the global marketplace, maintaining business growth. People from different backgrounds bring their experiences, skills and ideas into the organisation. Firms can combine those various experiences together and gather inspiration, learn, create new ideas and develop. However, in order to get the best results, organisations must understand the importance of diversity within their business environment and the impact it may have on their performance (ibid).

Due to the fact that people leave their countries to experience the outside world, seek new career paths and new experiences, it is very common to find multicultural teams working in organisations all over the world. These businesspeople have managed to integrate into multinational corporations and become real global managers and partners, creating new strategies, launching products and leading teams. Because people who come from all around the world manage to adapt and understand different cultures and different views, it makes them become successful leaders in the future. Consulting Mazibuko & Govender (2017), these culturally diverse individuals have different ways of doing things and can bring a set of unique characteristics. However, researchers have different opinions on the way cultural diversity affects performance in the workplace. Some suggest that there is a positive relationship as performance is enhanced through a wide range of ideas and perspectives, allowing the organisation to integrate new approaches (McLeod, Lobel, & Cox, 1996; Harold & Vincent, 2012). Therefore, findings show that many organisations believe that diversity within the workplace is a distinctive resource helping them to enhance strategic capabilities. Other researchers found a negative correlation between organisational performance and a culturally diverse workforce (Kirkman, Tesluk & Rosen, 2004; Misoc, 2017). They specifically focus on group cohesion which is influenced by dissimilarity and social categorization.

It has been highlighted that dissimilarity within workgroups can bring its challenges as individuals who do not share similar values and beliefs find it hard to integrate into a multicultural team (Misoc, 2017). Therefore, they tend to self-categorize into groups where they feel more comfortable. These can be considered as consequences of poor diversity management and negative working climate. Consequently, relationships suffer and it can lead to weak productivity. However, if organisations manage to create a workplace where diversity is accepted and embraced, it can help them to mitigate dissimilarity issues. In addition, recognizing the uniqueness of cultural differences can lead to better work outcomes where team members will feel more included and will find easier to integrate into a new environment from the very early stage (Mazibuko & Govender, 2017).

1.2 Research Aims

The core aim of this research is to identify the significance of diversity in the workplace and how it can affect organisational performance. A diverse workforce can bring value to the organisation as well as an increased work productivity which includes organisational commitment, effectiveness, workplace coherence, job satisfaction, turnover and many other aspects (Essays UK, 2018). While providing insights into different conceptualizations of diversity, the purpose of this research is to focus on 'cultural diversity' within the workplace. Examining alternative perspectives, this study aims to understand the relationship between a diverse workforce and organisational performance. Building on the perspective of Lorino (1997), this research argues that the performance of an organisation is a significant aspect that represents the workforce contribution towards the achievement of established goals and objectives. Furthermore, the study aims to identify various interpretations of cultural diversity and the way it is promoted. This will allow the researcher to examine if there is a tendency to create an open work environment for diversity through which organisations can generate a wide range of benefits.

Interpretive in nature, this study utilizes semi-structured interviews as the dominant method of data collection. Two multinational organisations have been selected and a number of employees who have experienced cultural diversity within their workplace have been interviewed. The interview findings have greatly contributed toward a better understanding of both the positive and negative effects generated from a culturally diverse workforce.

1.3 Research Question

The focus of this study is driven by the overarching question: 'How cultural diversity affects organisational performance?'. The question incorporates an understanding of the term 'diversity' and 'cultural diversity'. These terms must be defined before analysing their effects on organisational performance. Diversity initiatives that can have an impact on the functioning of a diverse workforce must be taken into consideration as these will play an important role within the overall organisational performance (Kifordu, 2014). Even though organisations use different methods to harmonize similarities and differences, the initially established work atmosphere can greatly influence the way multicultural teams interact. Moreover, there is a strong correlation between improvements within a firm's performance and successful diversity management (Harold & Vincent, 2012). Therefore, it is important to identify the way a diverse working climate and diversity management practices can in turn influence the level of organisational performance.

1.4 Research Hypothesis

This research argues that a culturally diverse workforce can add value to the organisation, which is characterized by organisational performance aspects including increased productivity, creativity, effectiveness, employee engagement and group cohesion (Clarke, 2019). Organisations who encourage diversity and bring a greater range of talents can also improve cultural insights (ibid). However, in order to bring value into the workplace, organisations should not ignore cultural differences but rather encourage, accept and properly manage it (Podsiadlowski, Gröschke, Kogler, Springer & Zee, 2013). Multinational firms will consider diversity as a fundamental part that is assumed to bring benefits. However, there are organisations who would reinforce homogeneity, meaning that they would reject cultural differences as they believe local employees have more knowledge, experience and access to networks. The reinforcement of homogeneity would otherwise reduce the chance of gaining advantages that a diverse workforce may bring (ibid).

Chapter 2: Literature Review

2.1 Conceptual Framework

2.1.1 Concept of Diversity

The importance of diversity and its impact on performance within a workplace has been highlighted by various sources (Cox, 1994; Singh, 2014; Groggins & Ryan, 2013; Kifordu, 2014). Cox (1994) conceptualized diversity as a representation of individuals who possess different cultural significance, come from different cultural backgrounds and bring their values and perspectives along with them. However, there is a more comprehensive definition of diversity gathered from the University of California, which states that diversity is “the variety of experiences and perspectives which arise from differences in race, culture, religion, mental or physical abilities, heritage, age, gender, sexual orientation, gender identity and other characteristics” (Bertelsen, 2011, p. 10). According to Singh (2014), diversity embraces respect and acceptance, meaning that individual differences are often considered to be unique, and respecting, recognizing and accepting differences plays an important role in a diverse workplace.

2.1.2 Cultural Diversity Defined

By focusing mainly on cultural diversity for the purpose of this research, the narrowed definition proposed by Dabbah (2019) states that ‘cultural diversity’ comprises various beliefs, norms, customs, nationalities, backgrounds and life experiences. The word ‘culture’ comes from the word ‘cultura’ and it means to cultivate (Khurana, 2015). Hofstede stated that culture is “the collective programming of the mind that distinguishes the member of one category of people from another” (Hofstede, 1991, p. 5). The concept also incorporates a combination of knowledge used by individuals to generate some sort of social behavior and interpret life experience (Singh, 2014). Some people find it difficult to adjust to a culture that comprises different beliefs and values to their own. For instance, people coming from other countries will see the world differently and have their own understanding of what is right and what is wrong. Although, culture is also seen as a representation of collective values and shared meanings (ibid).

The culture inherent to each member of society comprises a variety of values, attitudes, behaviours and beliefs that can often be used to compete within the competitive outer environment (Atiyah, 2016). People can identify themselves with one particular culture and this can vary among members of society depending on factors present in their lives and their habitual environment (ibid). Hence, as every human being has a culture which differs from one another, the concept of cultural diversity becomes quite complex. Individuals will often identify themselves with an organisation by internalizing and adapting to the firms' philosophy, visions and values and this process is known as organisational identification (Park, 2005). The reason employees identify with their workplace is to take corrective actions that can drive positive outcomes and eventually feel satisfied with their achievements and their job (Lee, Park, & Koo, 2015). Job satisfaction and commitment driven by organisational identification brings benefits in form of increased productivity and enhanced motivation. The notion of organisational identification has a strong correlation with the belief that once the employee contributes positively to their company, it will eventually benefit them as well, for instance through rewards and promotion (ibid). Ultimately, when employees define themselves in terms of their organisation, they can develop common goals and most importantly become an exemplar that would represent the organisation in the best possible light (Park, 2005).

Additionally, in our society cultural identities are often associated as having a certain power and status position, so that some groups are more powerful than others. These aspects must be taken into consideration in order to have a better understanding of diversity in organisations (Ely & Thomas, 2001). Alderfer's (1987) in his article stated that the power distributed between culturally diverse groups within a firm plays a key role to how individuals behave, think and feel in the workplace. Similarly, status differences among employees are reinforced by high-status groups and some individuals may be unreasonable allocated to higher roles (ibid). As a result, there are perceptions developed of a persons' status and power in the workplace influencing one's expectations (Ely & Thomas, 2001).

2.1.3 Organisational Performance Defined

The understanding of workforce diversity and how it may enhance performance has constructed an entire body of research. Organisational performance is identified as a process through which work groups engage in collaborative efforts in order to achieve organisational goals and objectives (Kifordu, 2014). Bartoli & Blatrix believe that organisational performance can be achieved through employee “productivity, efficiency, effectiveness and quality of work” (Bartoli & Blatrix, 2015, p. 25). The concept of organisational performance is considered to be ambiguous as it consists of a number of critical assumptions and reflections (Ion & Criveanu, 2016). It has multiple definitions but generally this concept relates to notions such as efficiency, effectiveness, productivity, competitiveness, profitability and others. However, this notion becomes volatile due to constant changes of organisational objectives. The achievement of an entity’s objectives is strongly linked to the achievement of organisational performance. Since objectives can often change, it is very difficult to measure the level of performance at a point in time (ibid). According to Didier Noyé (2002), performance in a workplace is not purely the result of a generated outcome but rather the difference between the outcome and the initial objective. Michel Lebas (1995) stated that performance is a future-oriented aspect of an organisation and that a business can be successful only when its goals are achieved. Hence, he believes that performance is very much depended on capabilities of a firm and its future. The author also points out that there is a difference between the terms ‘a performance’ and ‘performance’. He believes that ‘a performance’ is a measured result that represents a positive association whereas ‘performance’ is a result that can be both positive or negative (ibid).

If the organisation is aware of the level of performance that has to be reached, it can be helpful in discovering the abilities and resources to overcome any potential change in the environment (Truggle, 1998). Daft (2001) mentioned that performance can be seen as the total amount of processes undertaken to reach goals as well as the errors that can occur. Brumbach (1988) provides a more comprehensive conceptualization of performance by linking it to behaviours and results (Ion & Criveanu, 2016). The author considers behaviors as being the actual outcomes and not the tools of generating results. He emphasizes the importance of the level of performance within teams, as the amount of input or the effort these individuals put in will contribute to the output or result generated. Brumbach’s definition is quite vague since there is no specification as to what kind of behaviours individuals should possess to exercise a better result and hence an increased level of performance (ibid).

2.1.4 Attitudinal & Non-attitudinal Measures of Performance

Since organisational performance is reliant on the level of performance within teams, it is crucial to take into consideration attitudinal and non-attitudinal measures of performance. Companies that are able to attract, recruit and retain diverse talents are generally considered to enhance employee job satisfaction, hence employees would personally identify themselves with the organisation's goals (Ng & Tung, 1998). Therefore, a culturally diverse workforce should enjoy similar or even greater levels of job involvement, satisfaction, commitment and coherence as compared to a homogeneous one. These factors are considered as attitudinal measures of performance and effectiveness in a work environment (ibid). According to Lincoln and Kalleberg (1990), job satisfaction is the extent to which employees enjoy and feel satisfied with their job/employer, whereas job involvement refers to the actual engagement and the level of importance a person assigns to perform his/her work. Organisational commitment would generally measure the level at which employees align with organisational core goals and objectives. The authors also mentioned that job involvement can indicate the level of commitment which eventually shows how loyal employees are to the organisation. The final attitudinal measure, which is the workplace coherence, demonstrates how well people work together and engage in collaborative activities to reach common goals. When employees feel happy and satisfied with their jobs and there are high levels of job involvement, commitment and coherence, the organisation will tend to have lower rates of absenteeism and employee turnover. Absenteeism and turnover are considered as non-attitudinal measures used to measure performance. Lower absenteeism and greater attendance will in turn lead to increased productivity and performance (ibid).

2.2 Diversity Climate

Cox (1994) mentioned that diversity in the workplace can have both a positive or negative impact on employee's satisfaction, commitment and coherence which, as a result, will impact the organisational effectiveness. Studies also show that diversity climate is directly related to productivity aspects such as increase in sales, profits, customer satisfaction, etc., and these outcomes are interconnected with the overall organisational performance (McKay, Avery, Liao and Morris, 2011). A diverse climate is distinguished by appreciation and openness towards employee differences which, as a result, can enhance the productivity of a culturally diverse workforce (Hofhuis, Pernill and Vlug, 2016). A definition proposed by Gonzalez & DeNisi (2009) states that diversity climate relates to how employees perceive formal characteristics of diversity in an organisation and all the informal values considered as reflections of an organisations' daily life.

The diversity climate inherent to each firm can have an impact on career experiences in two ways (Cox, 1994). First, the affective outcomes in organisations represent the feelings of individuals towards their workplace and their employer. These outcomes involve organisational identification, job satisfaction and involvement. Therefore, in many cases employee satisfaction and morale is strongly correlated to their feelings as well as the degree to which they are involved in the organisation. Most often, individual behaviours are influenced by reality awareness. Therefore, people's perceptions of being valued in their workplace can affect the level of job involvement and satisfaction. Second, the achievement outcomes refer to career performance aspects such as promotion, performance ratings, rewards and compensations that would impact employees' contribution. Both affective and achievement outcomes can influence a range of factors, such as productivity, quality, absenteeism and turnover. These factors are considered as measures of organisational effectiveness that can ultimately affect the level of profitability of any business. An established diversity climate can allow firms to predict the impact of affective and achievement outcomes and, as a result, predict how these can affect organisational effectiveness. Ultimately, to enhance performance in the workplace and enjoy greater levels of productivity, the firm would need to encourage a positive diversity climate (ibid).

2.2.1 Positive Diversity Climate

Groggins & Ryan (2013) examined an organisation that had established a positive climate for diversity exploring employee attitudes towards it. The research included a number of statements provided by 350 staff members across 8 different organisations. The individuals who participated were from multicultural backgrounds. The main purpose of this research was to understand how individuals view diversity within their workplace considering that these organisations promote a positive climate for diversity. They believe that by approaching individuals with these experiences they could discover the real effects of a diverse workforce. They focused on diversity as a “central, enduring, and distinctive organisational attribute” (Groggins & Ryan, 2013, p. 270). Most participants agreed to this statement attesting that diversity was the main reason as to why they joined the firm. The study found that diversity is seen as the central organisational attribute contributing to greater productivity for the majority of participants. It is seen as a positive aspect that unites people and identifies the organisation rather than a characteristic that would show no identity as a result of heterogeneity. However, the literature shows no clarity as to how diversity can define the identity of the organisation (ibid).

Furthermore, the article suggests that a diverse workplace is characterized as a positive aspect that makes the organisation distinctive and unique (Groggins & Ryan, 2013). It was evident from their study that employees share similar beliefs and respect differences. The firms provide any necessary accommodations for new entrants so that the needs of each client and staff member are met. The main philosophy of one of the organisations is to understand the uniqueness of each individual in order to be able to provide assistance in overcoming any potential barriers, for example language, basic skills, transportation needs and others. An example of accommodation to individual needs is how they allocate time off to their staff members as there are various holidays that people celebrate. As accommodation became a core factor in the workplace, it changed the way employees view the tactics of accomplishing work. They are more willing to engage in various ways to achieve goals and try alternative methods to reach solutions (ibid).

Considering the initial aim of the research, the article clearly demonstrates how an established positive diversity climate can lead to a unique culture where the workforce is opened to change and thus performs better (Groggins & Ryan, 2013). If an organisation has a positive diversity climate, it also tends to experience lower absenteeism. The organisations being examined are very much open to diversity and every person appreciates it and accepts new ideas, approaches and solutions. Diversity is seen as an advantage that can foster a positive workplace atmosphere as it is considered the central attribute of the organisation. Therefore, as workforce demographics constantly change, the author believes that if organisations ignore heterogeneity or in other words differences between people, there is less chance to increase team productivity and gain organisational effectiveness (ibid).

2.3 Homogenous and Heterogeneous Groups

Triguero-Sánchez, Peña-Vinces, and Guillen, (2018) have presented a study that implemented two main aspects, homogeneity and heterogeneity that can influence team productivity. They approached it with an aim to identify the relationship between a diverse workforce and its performance within a workplace. However, after analysing this article it has been noticed that their findings contradict that of Groggins' and Ryan's (2013). By constructing a theoretical framework based on the similarity-attraction paradigm, the study found that homogenous groups are more productive than heterogeneous due to similarities and mutual attractions of members (Triguero-Sánchez et al., 2018). The similarity-attraction paradigm refers to individuals who are more likely to be attracted to each other when they share similar attitudes and beliefs (Berscheid & Walster, 1969).

A homogenous team would consist of people who share similar beliefs, points of view, experiences and other characteristics, whereas a heterogeneous team or a diverse team would include a mixture of backgrounds, cultures, life experiences, values etc. (Jones, 2017). The idea behind this study is linked to how similarities within a group of people can play a big role in avoiding misunderstandings and to some extent speed up the completion of tasks and processes (Triguero-Sánchez et al., 2018). Since homogeneity relates to attraction and closeness of groups, it can also enhance cohesiveness (Cox, 1994). Although, research has not proven that higher level of cohesiveness results in better group productivity and effectiveness (ibid). The similarity-attraction paradigm is not a true representation of a productive team as a lack of diversification within an organisation stifles innovation and creativity which could enhance organisational

performance (Schultz, Bagraim, Potgieter, Viegde & Werner, 2003). Cox (1994) also considers that if diversity is properly leveraged, it can lead to value maximization in problem solving and work group creativity. Triguero-Sánchez et al., (2018) in their article, did not take into consideration factors such as innovative ideas and creative thinking that can be implemented through a diverse group productiveness, but instead focused on the positive aspects of group similarities. On the other hand, Groggins' & Ryan's (2013) article clearly demonstrates what people believe to have unified employees and have enhanced productivity is directly linked to a positive diversity climate within their organisation.

Cox & Blake (1991) emphasized the importance of heterogeneous groups in the workplace by considering the benefits they generate compared to homogeneous groups. Knippenberg & Schippers (2007) also identified some benefits that can foster group participation in a diverse workplace, including a range of opinions and viewpoints as well as immediate actions taken and positive results generated which can eventually increase organisational performance. When considering homogeneous groups, the members here often tend to fall into the trap where everyone shares similar experiences, expresses the same ideas and thus can commit the same mistakes. The benefits of heterogeneity noticed in the Cox & Blake (1991) article with which the researcher personally agrees include creativity & innovation, better problem-solving and greater flexibility. The article suggests that heterogeneous teams promote and encourage creativity & innovation within the workplace. Organisations that want to become successful and innovative consider that workforce heterogeneity can bring a vast amount of ideas, different perspectives and approaches to problem solving into the firm. Heterogeneous members possess a wide range of experiences and thus they can have various solutions to a problem. However, the article mentions that for a group to successfully achieve organisational goals, despite the variety of values and attitudes within the group, all members must share a common vision consistent with the business purpose. Hence, while heterogeneity promotes innovation and problem-solving, it also has to be balanced with the required unity of action. Flexibility can also be enhanced within culturally heterogeneous groups, as taking into account the amount of knowledge and perspective the group generates, it allows them become more fluid and open to change (ibid).

2.3.1 Heterogeneity & Innovation

Heterogeneity has become an important aspect within today's changing world (Startup, 2018). It is not only a matter of becoming culturally diverse as a result of demographical change, but understanding that heterogeneity is a vital aspect that can drive innovation and foster creativity within an organisation. Innovation has become an important characteristic in our disruptive world. When a company is innovative it means it can think and act differently. By implementing innovating ideas, the business can make changes so to deliver better products or improve its services (ibid).

Studies have shown that organisational cultural diversity presence has a 33% chance to outperform those organisations that are less diverse (Flood, 2019). A heterogeneous workforce allows the firm to generate new ideas that are driven by a range of different perspectives and thus elaborate and transform them into real business strategies that can lead to successful outcomes (Cultureplus, 2018). In order to do so, organisations must foster a group decision-making approach, where each staff member will have the right to present ideas and thoughts. This is also referred to as cooperative approach that incorporates a win-win emphasis through which members share ideas, integrate new perspective, solutions to problems and follow similar goals. The range of experiences and skills can contribute towards a product or service development process. Therefore, organisations must encourage the use of diverse ideas and visions that are generated through a diverse workforce collaboration. Subsequently, firms that ignore or resist cultural diversity are prone to integrate poor ideas that could have been used before and can lack creativity as well as flexibility towards potential future changes (ibid).

2.4 Diversity Initiatives

In order to allow companies to obtain and utilize all the benefits generated from a culturally heterogeneous workforce, it is crucial that the right diversity initiatives and systems are formed and implemented. The perspectives that are implemented on diversity initiatives can also determine the way it would impact the organisation (Podsiadlowski et al., 2013). Therefore, it is important that each organisation should differ in their diversity management approaches. Diversity management has been conceptualized as the combination of practices used to manage diverse talents in order to maximize benefits of a heterogeneous workplace as well as a number of policies used for selecting and recruiting culturally diverse candidates. Organisations can approach diversity management by implementing measures within existing training and development, selection and recruitment, mentoring and coaching tools. Initiating reliable and stable diversity measures and initiatives will help the organisation to identify a more efficient strategy to better monitor diversity effects. Initiatives that an organisation can implement within their business structure are complex and there is no standardized measurement that could be used to measure diversity perspectives. Therefore, the effects of diversity perspectives can be represented only at the conceptual level (ibid).

The discrimination-and-fairness perspective proposed by Ely & Thomas (2001) focuses on 2 approaches, including 'Color-Blind' and 'Fairness'. Both approaches state that individuals must be equally and fairly treated, even if they are culturally diverse (Podsiadlowski et al., 2013). This ensures equal employee opportunities, reduction of social inequality as well as the elimination of all forms of discrimination. The other two diversity perspectives are 'Access' and 'Integration & Learning'. The article states that the 'Access' perspective is mainly based on a strategy that reflects advantages gained by accessing diverse markets and customers. The 'Integration and Learning' approach is focused on creating an environment driven by diversity where everyone can have an opportunity to integrate and learn something new. Access, Integration & Learning perspectives bring various benefits generated from diversifying the workplace, such as openness to new ideas and approaches. It happens not only through awareness, acceptance and appreciation of diversity but also by making the workplace engaging and productive (Fish, 1999). All these diversity perspectives are considered to be significant for an efficient work environment. However, an empirical evidence that can demonstrate the use of such perspectives in a business environment is rare (Podsiadlowski et al., 2013).

Studies have shown that diversity can indirectly influence performance in an organisation which is generally affected through Human Resource Management (HRM) practices (Triguero-Sánchez et al., 2018). HRM practices have been defined as a system that includes employee attraction, development, motivation and retention (Tan & Nasurdin, 2011). These practices are implemented to ensure effective employee contribution that would lead to the achievement of organisational objectives (ibid). Triguero-Sánchez et al. (2018) suggest that approaches concerning HRM policies must place an emphasis on the composition of work groups as well as strategies that would motivate and integrate a diverse workforce so that work can be done productively. HRM systems can be structured to improve attitudes and behaviours by fostering a positive work atmosphere. The author mentioned that the effect of such practices on behaviour and employee development can affect organisational performance. Groggins & Ryan (2013) have also mentioned that by implementing the right policies and structuring employee interactions, the organisation can benefit from an increased employee commitment which would maximize the underlying performance of a company.

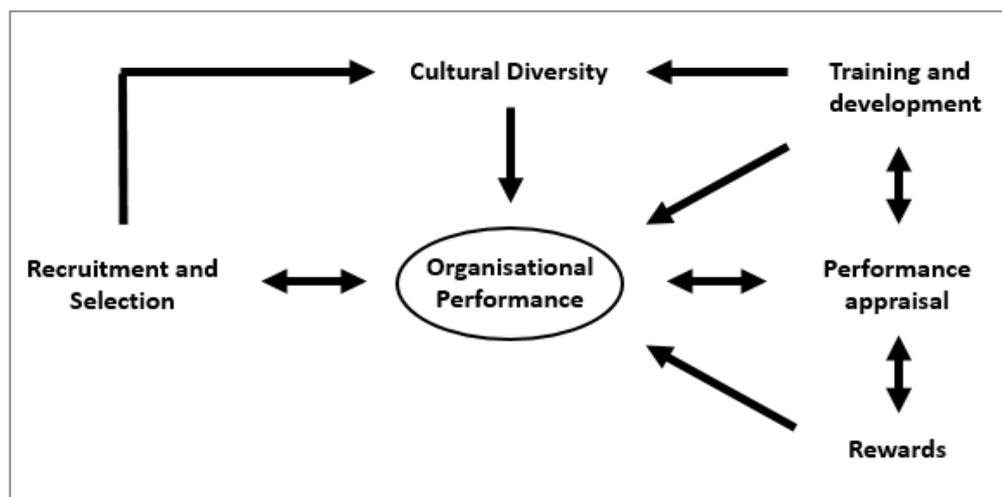


Figure 1. Human Resource Management Domains. Source: Romanenko A. (2012, p.21).

The HR department has the ability to correctly allocate the workforce and create an environment that combines all the skills and experiences together, which in turn will bring a lot of advantages and successful outcomes into the firm (Romanenko A. 2012). Many heterogeneous organisations incorporate diversity management into their core strategy. Figure 1 above illustrates the core HRM domains that enhance organisational performance, which are the recruitment and selection of the right personnel, training and development based on cultural diversity and performance appraisal with a rewarding system (Romanenko A. 2012).

Holmes (2016) identified that not all of the organisational initiatives in relation to diversity, including diversity recruitment, training and career development have had a significant impact on organisational performance and productivity. One of the reason being the failure to link diversity programs to performance systems, such as performance management and strategic planning. The article therefore suggests 5 steps that would enable organisations to identify the right diversity initiatives in order to enhance organisational performance and productivity (ibid).

The first step states that the benefits of a diversity program must be clarified before it can be implemented (Holmes, 2016). For instance, organisations must ask how this initiative will help them achieve goals and objective, what they can gain from a diverse workforce and what value it will provide. After identifying all the benefits, the next two steps are to implement SMART goals and develop action plans. The researcher believes that planning is the most important step within a performance management process, especially when implementing a diversity program. SMART goals means that goals must be specific, measurable, achievable, relevant and timed. By creating a plan and identifying SMART goals, the organisation ensures that objectives of a diversity program are clear and concise which when successfully implemented would enhance performance. The last two steps are to define performance expectations and determine the impact on performance. Performance expectations must be defined so that the organisation can identify individuals and conduct the right composition of diverse work groups who are able to work well together and achieve organisational goals. The final step in determining the impact on performance will allow organisations to examine if SMART goals have been achieved and if this achievement has had a positive or negative impact on performance. On top of that, the company can also enhance productivity when goals are clearly identified and followed (ibid).

2.5 Summary

Cultural diversity can be seen as having more positive than negative connotations. However, it can be quite difficult to measure the effects it may have on organisational performance. There are multiple factors that must be taken into consideration when talking about performance within a workplace, including employee productiveness, cooperation, job satisfaction, commitment and coherence. When companies enhance a positive climate for diversity by making sure employees are satisfied and happy, it can benefit in many ways. Diverse groups would contribute various values, experiences and skills towards effective goal achievement. They can promote innovative ideas and new approaches to problem solving. Creativity is also enhanced through the combination of different cultures, backgrounds and experiences. Moreover, a culturally diverse workforce can promote a united work culture where individuals efficiently participate and combine various perspectives to achieve common goals. In order for organisations to benefit from a diverse workforce, the right initiatives must be implemented. For this reason, organisations would require to establish a diversity management approach which ensures that there is an “effective utilization of personnel from different cultural backgrounds” (Romanenko, 2012, p. 9).

Chapter 3: Methodology

3.1 Introduction

This chapter will discuss the research methodology that will best suit the purpose of this study. Considering the aims of the study, the philosophical assumptions will be discussed by exploring approaches undertaken by previous researchers. The method of data collection will be identified and used to answer the research question and hence to understand the influences of cultural diversity from an organisational perspective. In addition, the chosen sampling method and the sample size will be discussed taking into consideration the study's objectives. This section will also explore the data analysis method that will allow to evaluate data collected. Lastly, the research limitations and ethical considerations will be identified in order to acknowledge weaknesses affecting study results.

3.2 Research Question

The literature review triggered a research question that has to be further analysed: 'How cultural diversity affects organisational performance?'. Cultural diversity has the potential to benefit the organisation by enhancing group productivity and by accessing multiple ideas and approaches that would help to effectively achieve established goals. Hence, the degree to which differences can impact factors of performance such as productivity, efficiency, effectiveness and quality are directly related to both the management of diversity and the diversity climate of firms. As a result, this research explores diversity inclusion and effective diversity management to understand the benefits and value maximization within an organisation. Nevertheless, the study aims to analyse how employees perceive cultural diversity and what impact it may have on the overall organisational effectiveness. It is also important to identify what kind of diversity initiatives organisations implement in order to get a better understanding of different approaches present in a heterogeneous workplace.

3.3 Philosophical Assumptions

To examine the relationship between the main elements of organisational performance and influences of heterogeneity, this research has been carried out with an interpretive paradigm, meaning that it is subjective in nature. The study embraces the respondent's subjective interpretation of heterogeneity in an organisational context, allowing for critical observation on the research topic. Moreover, "instead of culture being seen as an external reality that acts on and constraints people, it can be taken to be an emergent reality in a continuous state of constructions and reconstruction" (Bryman & Bell, 2011, p. 21). This statement signifies that culture itself is created and interpreted by people on a continuous basis. In the same way, the constantly evolving interpretations of different cultures can influence the emergent reality of heterogeneity, making the relationship with aspects such as performance and productivity more complicated. Thus, this research aims to generate a holistic view of the topic by examining this relationship through interpreting the meaning that social actors construct.

Atiyah (2016) considers that the moral relationship between diversity and organisational performance can be better identified through a qualitative approach. Atiyah believes this approach allowed him to get closer to the respondents and better understand human interactions in his area of study. Similarly, Groggins & Ryan (2013) approached their study by analysing qualitative data to examine the implications of a positive climate for diversity on the overall organisational effectiveness. Therefore, considering the nature of this research and its purpose, a qualitative approach is more appropriate for this study. It will allow for the collection of individual opinions on cultural diversity and a view of how it can be managed in organisations to enhance performance. Moreover, by following previous research, this approach was considered more suitable as more attention can be put on the words to identify different feelings and interpretations on cultural diversity, whereas a quantitative approach is more focused on numerical data and statistics (Bryman & Bell, 2003, p. 591). Mazibuko & Govender (2017) used qualitative inferential techniques to identify the amount of changes resultant from diversity which in turn provided statistical results that quantified the level of transformation in the firm. Therefore, quantitative methods are appropriate when statistical data is required and this would not suite a study where participant's opinions must be observed to identify attitudes and gain a better understanding of diversity effects. Conducting this study while exploring other literatures on how heterogeneity brings positive or negative outcomes to an organisation will generate deductive elements allowing to identify the true representation of reality (ibid).

3.4 Data Collection

The common method of data collection identified across various literatures is semi-structured interviews (Groggins & Ryan, 2013; Podsiadlowski et al. 2013; Ely & Thomas, 2001). Groggins & Ryan (2013) and Podsiadlowski et al. (2013) approached their research by conducting semi-structured interviews as this method allowed them to collect and examine a number of different perspectives and points of view on the topic. The interviews enabled them to gather detailed information on real effects of cultural diversity in an organisational environment (ibid). In order to determine the value of diversity and its impact on performance, Ely & Thomas (2001) interviewed 80 employees across three different organisations. The authors believe that this type of data collection suits the study's interpretive paradigm and provides the necessary information on the subjective interpretation of cultural diversity in the actual field work (ibid). After analysing past research papers and methodologies that best suit the area of study, this research is going to build upon their method of study. Therefore, the best way to understand how cultural diversity is managed and what is its impact on the overall organisational effectiveness is to conduct semi-structured interviews. This method of data collection allows an in-depth understanding of the research topic by approaching participants with a set of questions as well as follow-up questions to generate individual opinions and views.

The information collected from interviews may vary or there may be similarities in answers. Since the purpose of this research is to identify a range of various views on the effects of cultural diversity in the workplace, the study does not intend to focus on a specific organisation but examine a number of different companies to build a broader view on the topic. Hence, convenience random sampling is best suited for this study. "Convenience random sample is one that is simply available to the researcher by virtue of its accessibility (Bryman and Bell, 2011, p.190) and has a chance of being selected through the use of a random selection procedure" (Lavrakas, 2008, p.149). Thus, the organisations will be selected taking into consideration the level of accessibility as well as the restricted timeframe.

When choosing the organisations while consulting previous literatures it was noted that bigger organisations that employ a larger pool of employees are more exposed to operate within a culturally diverse environment (Holmgren and Jonsson, 2013). Therefore, for the purpose of this research, large multinational organisations have been selected, which are PwC and Takeda. These are two different organisations within different industries, accounting and healthcare. After consulting their diversity policies, it was evident that both companies are committed and

highly opened to diversity. The managing partner of PwC has quoted that “diversity and inclusion are key to our people strategy” (PwC, 2020, p.1). The policy established in Takeda is also focused on fostering workplace diversity and an inclusive work environment (Takeda, 2019).

To gather information on patterns of diversity management, this study aims to approach human resource managers considering that they work within a diverse environment and play a big role in the decision making. HR managers would be more knowledgeable about the level of performance within the organisation as well as practices that are in place or that are required for a culturally diverse environment. It is also important to gather independent opinions from staff members that have worked within the organisation for a couple of years. It will demonstrate how employees perceive diversity and wherever diversity is identified as an aspect that can maximize productivity and add value to the organisation.

Following Bryman and Bell (2005), a pilot study will be conducted to test the interview questions, analyse answers, identify any questions that might emerge and make changes where required. The pilot study will allow the researcher to identify ambiguousness and imprecision that can be mitigated within the following interviews by revising and clarifying the questions. Moreover, it can provide an understanding of how participants will construct the answers so that the questions must be created in a way to generate as much information as possible.

Due to unforeseen circumstances it was decided to conduct email interviews. An email invitation was first send to potential participants and upon agreement to take part in the interview a follow up email was send with a consent form and the 8 interview questions (see Appendix 1,2,3). A number of HR managers and employees have been contacted, but considering the circumstances the organisations were exposed to during this difficult time, only 3 interview responses were received. A PwC worker from learning and development department and a senior auditor expressed their opinions based on their experience working in this company. Another interview participant was a HR business partner in Takeda Pharmaceuticals but no personal opinions was provided as the participant mainly followed the company’s guidelines on diversity. The digitally typed interview answers have greatly contributed toward the formulation of the empirical findings without encountering loss of data.

3.5 Interpretive Data Analysis

The qualitative analysis of email interviews implies the same steps as a face-to-face interview, even if this method of data collection is not considered to provide the same level of detail. The conducted email interviews are restrictive as there is no interaction with interviewees and the nonverbal cues are missed. This method hinders the ability to ask emerging questions that could have provided more in-depth information. Considering all the constraints, a number of analytical techniques become inappropriate. For instance, it is not possible to conduct visual analysis in order to observe and measure behaviours of participants. However, the use of email interviews as a method of collecting qualitative data was considered to be the best available alternative. Therefore, certain narrative approaches are required to analyse the collected text-based data.

The most effective and theoretically flexible method to analyse data is the thematic content analysis (Braun and Clarke, 2006). It is used to look for sequences and patterns, organise the data set and discover the most important themes that emerge from the interview answers. Analysing interview responses received via email is saving a lot of time as transcription of data is not required. The email itself is a form of transcription and familiarization with the information is the first step of the thematic analysis. Repeated reading of data is important in order to search for meaning, take notes and label relevant sentences. While familiarizing with each transcript a list of ideas can be generated. The next step is to annotate the transcripts by applying codes to data collected. These codes are used to organise information in a meaningful way by providing a brief description of the extracted data under the relevant conceptual categories. The interpretation of developed codes and data extracts is the next step where themes are identified. Patterns within data can be found and a number of themes and sub-themes can be developed by combining certain codes. Data within themes can be similar or vary so it is important to identify a connection between what has been previously discussed in the literature review and any contradictions in the findings. Therefore, the following step involves the refinement of themes by considering the validity and accuracy of the meanings found in the data set in relation to the themes identified. Moreover, the coding is an ongoing process and by constantly reviewing codes new themes may arise. It is also important to construct a meaningful coherence between each individual theme so that there is no overlap in data and organising data in themes must be accompanied by appropriate narrative (ibid).

3.6 Limitations

Access is one of the limitations of the research process and it refers to the ability to access information (Holmgren and Jonsson, 2013). Therefore, the contacted organisations may not be able to conduct a face to face interview and it, as a result, may hinder the accessibility of data. However, they may prefer to conduct email interviews instead, which will be the best alternative in this regard. The notion of 'transferability' refers to the results generated from a qualitative study that can be transferred to other settings or contexts (ibid). Hence, transferability cannot be reached as the study involves a small sample size and a limited number of organisations which can be interviewed taking into consideration that there are time and cost constraints. The small sample size, time restrictions and funding are the main limitations that can potentially affect the research findings. Other limitations identified are the accuracy and quality of information generated from respondents. This study involves opinion based answers and people may hold unconscious biases that can affect the quality of responses. In this regard, the interviewees will be the only ones who can reasonably judge the accuracy and credibility of the information.

3.7 Ethical Considerations

The essential aspects of an ethical consideration that are established in the research process include respecting and protecting the interest and autonomy of individuals as well as obtaining informed consent. All respondents will be informed of the background, the purpose and the nature of the study. A consent form (see Appendix 2) will be used to document the voluntary decision to participate, meaning that this research will be conducted with no deception. Therefore, individuals will not be involved against their will and there will be no manipulation of respondent's answers. Participants will be given the choice to terminate the interview, refuse to answer questions and ask for clarification at any time during the interview process. In addition, the right to confidentiality and anonymity will be offered. The answers will be stored in a safe folder and will be safely deleted from it as well as from the recycling bin after the completion of the report. The participant's names will not be disclosed in order to protect their privacy and pseudonyms will be used instead. Moreover, participants will be informed prior to the interview of the use of direct quotes in this study and permission will be sought in advance.

Chapter 4: Analysis and Findings

4.1 Introduction

This chapter analyses the results generated from semi-structured interviews with the aim to answer the research question of ‘How cultural diversity affects organisational performance?’. The empirical evidence obtained contributes towards developing an understanding of approaches established in multinational organisations towards a culturally diverse workforce. By analysing respondent’s answers, a number of themes have emerged and these are discussed in this section. The findings present a common positive interpretation of heterogeneity and are supported by the research hypothesis which states that cultural diversity in the workplace is characterised by its value and the potential to bring a wide range of benefits.

4.2 Openness to Cultural Diversity

Considering the concept of cultural diversity, it is evident that the interpretation of workplace diversity of both PwC and Takeda adheres to the conceptualization provided by Cox (1994), Bertelsen (2011) and Dabbah (2019) illustrated in the literature review. Literatures have different interpretations of this concept and it is the same when it comes to individual organisations. The interviewee from Takeda shared their diversity policy which states that *“diversity brings together many different elements — experiences, backgrounds, nationalities, cultures — that together create a stronger whole”* (Participant 3). This reflects Takeda’s interpretation of the concept of diversity and shows how opened they are towards cultural differences. In the same way, a key element that is considered to be the heart of PwC is diversity and inclusion. This company provides a similar conceptualization to Cox (1994), as their policy states that diversity consists of *“different thinking of people from different backgrounds and places”* (PwC, 2020).

An important part identified in the research findings is the organisational climate towards diversity. This signifies the openness and acceptance of cultural diversity and shows how a positive diversity climate results in a number of benefits such as employee retention, job satisfaction and increased morale. All participants stated that their organisation is highly diverse and opened to diversity, meaning that they are not ignorant and are actively promoting a diversified work environment. As discussed in the literature review, organisations who promote a positive climate for diversity can benefit from adapting easily to changes, fostering team engagement, increasing productivity and thus performing better (Groggins & Ryan, 2013).

It is clear that PwC is fostering a positive diverse workplace as one participant mentioned that there are *“56 nationalities working across all departments in Dublin office”* (Participant 2). Being highly diverse, the organisation is proud of its openness towards differences and believes that it can add value to their business. They have established four pillars through which they are promoting workplace diversity and inclusion and these are *“gender diversity, cultural diversity, generational diversity and glee”* (Participant 1). This signifies their level of openness and acceptance not only towards cultural differences but also to other types of diversity present in the organisation, meaning that the organisational culture is highly diverse. The empirical findings have shown that Takeda have also developed a culture open to diversity. The interviewee believes that *“workplace diversity is integral to how we operate”* (Participant 3). As a pharmaceutical leading company their operations are embraced by diverse perspectives through which they can better deal with clients from all over the world. This underlines the fact that encouraging and promoting a positive climate for diversity is vital as the business can operate effectively and thus increase the level of performance.

The inclusive climate established in both organisations falls in line with Cox’s (1994) model of diversity climate. The findings signify the ideas that are communicated by the majority of researchers and in particular show how diversity influences particular outcomes highlighted in the literature review (Cox, 1994). The affective outcomes are evident as participants for the most part provided only positive opinions and this demonstrated that they are satisfied, committed and can identify themselves with the organisation’s culture. Participants stated that *“cultural diversity can lead to successful outcomes”* (Participant 1) and that *“diversity contributes to the efficiency and synergy of the team”* (Participant 2). By expressing their opinions, it is evident that the positive climate has initiated a cultural atmosphere that is appreciated by workers.

Employees behaviours and their feelings towards their employer in turn can impact a number of measures of performance, such as productivity and work quality. Participant 1 believes that *“productivity is enhanced by employee differences”*. Participant 2 holds a similar opinion that *“diversity in the workplace can lead to better productivity level and improved quality of work”*. As a result, these affective outcomes are considered to have a direct effect on organisational effectiveness (ibid). This is also highlighted in Takeda’s policy which mentions that a *“culture of inclusivity is essential to bring our people together and only through this pledge we can deliver the best possible results for our patients”* (Participant 3).

The workers’ predisposition and attitude towards cultural diversity are also influenced by the embedded positive climate. This is apparent when the PwC worker stated that *“it allows teams to work well together and increase the interconnectivity of the firm”* (Participant 1). Therefore, by maintaining their inclusive climate the organisation benefits from a higher productivity level that can add value to their business. It is also evident that Takeda’s openness towards diversity is strengthening their position and ensures that the experience workers generate is positive and enhances job satisfaction and commitment. The favourable outcomes that both organisations enjoy are attributable to their positive diversity climate through which they promote, embrace and even celebrate heterogeneity.

4.3 Diversity and Group Functioning

The findings allow the researcher to explore different views on how heterogenous groups function. It is particularly important to highlight how the positive climate to diversity has influenced the way groups interact. According to Hofhuis et al. (2016), the organisations who establish and promote a strong diversity climate can enhance workgroup involvement and interaction. This idea falls in line with PwC participants’ opinion that groups work well together due to the fact that everyone accepts new perspectives. The diversity policy of Takeda presents the same idea by stating that *“diverse teams can bring a multitude of different experiences together and this can drive the business forward”* (Participant 3). As discussed within the literature review, the benefits generated from a diverse workforce include flexibility, knowledge sharing, creative thinking, better problem-solving, enhanced productivity and thus better team performance (ibid).

From the empirical findings it is evident that group effectiveness is shaped by cultural diversity. Individuals who come from different cultural backgrounds can bring their skills and experience into the firm through which workgroups can exchange ideas and learn more (Atiyah, 2016). PwC believes that a diverse workforce can bring *“different points of view which helps to create value for the business, clients and society”* (Participant 1). The PwC worker also mentioned that *“teams are able to view the project from multiple angles and deliver unique, efficient and creative solutions to problems”* (Participant 1). The same tendency can be observed in Takeda as their policy suggests that *“diverse perspectives lead to insightful and creative solutions”* (Participant 3). It is apparent that group productivity and effectiveness is enhanced in both organisations and they, as a result, benefit from increased creativity and better quality solutions. This falls directly in line with Cox & Blake’s (1991) research on factors of performance affected by cultural diversity and in particular the creativity & innovation, problem solving and flexibility. Their research signifies the idea that by accepting cultural diversity the organisation is opened to different viewpoints which, as a result, can enhance creativity and innovation. In addition, the organisation becomes more flexible and adaptable, meaning that it can easily handle changes in the business environment through broadening its operating methods. Furthermore, the broader base of cultural backgrounds, experiences and skills that heterogeneous groups possess can result in better problem solving. Therefore, groups can generate a wider range of approaches to a problem and make better decisions (ibid).

The findings of this study support Cox & Blake’s (1991) arguments and show that team’s awareness and openness towards cultural differences plays a big part in obtaining performance benefits. Therefore, since the combination of multiple perspectives can lead to innovative ideas, teams can also implement creative approaches when accomplishing tasks. The PwC worker shared the same opinion that the *“diverse workforce greatly contributes to the efficient completion of tasks”* (Participant 2). However, in order to benefit from greater flexibility, better problem solving and increased innovation, the organisation must promote coherent actions. This relates back to Groggins & Ryan (2013) article that discussed the unity of group members. Therefore, the team performance that is characterised by creative and innovative approaches, better solutions and adaptability can only be achieved if everyone will share common values and will undertake coherent actions to achieve organisational goals (ibid).

The study findings have shown a positive correlation between cultural diversity and workgroup functioning. However, one participant pointed out the challenges linked to social interaction within diverse groups. The interviewee considered that group productivity can be enhanced by diverse perspectives but there are moments when conflict occurs due to misunderstandings and miscommunication. Moreover, the empirical evidence shows that through categorization groups often feel divided and the productivity decreases as a consequence. The categorization is referred to the way employees decide to work in particular cultural subgroups and do not share their work with others (Hofhuis et al., 2016). As a result, this can lead to negative workplace relationships, reduced team cohesion, conflicts and poor communication.

“I believe that sometimes productivity is enhanced in the workplace by employee differences but to a point. I have also experienced conflict due to employee differences and in particular due to a lack of understanding and communication issues. The team who experienced issues felt divided and won't share work which resulted in delays and ultimately the project was handed to a different team to solve this issue” (Participant 1).

A similar rationale can be seen in Triguero-Sánchez et al. (2018) article that stressed the negative effects of diversity, including reduced group cohesiveness and misunderstandings. The authors argued that heterogeneous groups can often face communication problems due to dissimilarity. Therefore, it is evident that social interaction is negatively impacted when teams experience self-categorization and communication breakdown.

According to Stahl, Günter K., et al. (2007), the relationship between cultural diversity and overall team performance is influenced by several variables, including communication, cohesion, satisfaction and conflict. Communication is a significant criterion within an organisational structure. Poor communication is considered to be one of the reasons why organisational performance may suffer (ibid). Therefore, the findings show how vital it is to understand that ineffective communication may lead to conflicts within a team and thus to poor team performance. For this reason, communication skills become essential in a diverse workplace. In addition to that, past research suggests that organisations must manage diversity and implement the right initiatives that would allow them to improve team cohesion, achieve productive relationships and enhance performance (Podsiadlowski et al., 2013).

4.4 Diversity Management

If properly managed, diversity can be used as a source of power in order to achieve a high level of performance and thus accomplish organisational goals. However, the findings demonstrate that managing diversity is not an easy task, but organisations still have to implement the right diversity practices and initiatives to obtain performance benefits. By implementing diversity management practices, the findings show that both organisations aim to create a work environment where heterogeneity is appreciated. Therefore, all employees can feel valuable and can equally contribute to the organisation's goals and objectives. This ensures that there is an opportunity for everyone to reach their potential, grow personally and professionally. In addition, one participant believes this way the organisation can achieve synergy among workgroups and thus improve the productivity level. The same idea was outlined by Seymen (2006) who identified that successful diversity management can lead to synergetic relationships.

A PwC worker stated that management policies *“work towards building awareness of unconscious bias within teams and how to work together to build an equal workforce”* (Participant 1). Another PwC participant stated that *“HRM policies are constructed in a way to encourage an inclusive and diverse work environment so that everyone can feel satisfied in the workplace”* (Participant 2). In addition, Takeda's policy highlights that they *“aim to create a purposeful, inclusive, and positive workplace for every Takeda employee”* and their *“people are empowered to shine and are given the tools to achieve their personal and professional goals”* (Participant 3). These findings are consistent with the purpose of diversity management reflected in Harold & Vincent's (2012) article. This article presented a similar idea that through diversity management the organisation can create an inclusive work environment where differences are valued and team contribution is enhanced. As the literature suggests, maintaining a positive work environment for diversity through successful management will help the organisation to enhance creativity, commitment and productivity, thus achieving a higher level of performance (ibid).

The study findings indicate that both organisations can be assigned to a number of diversity perspectives identified in the literature review. PwC and Takeda support the 'Colour-Blind' and 'Fairness' approaches towards workplace diversity by ensuring that everyone is treated fairly and has equal opportunities. By embracing this perspective, organisations believe that employees must be able to easily interact with others, develop and grow regardless of their cultural background. These organisations exhibit the 'Access' perspective by implementing diversity practices to match the diversity of their clients. In addition, they are also following the

'Integration & Learning' perspective which is apparent as both organisations are encouraging an environment that is opened to new ideas and new perspectives. This means that they can generate different knowledge, learn, develop new skills and approaches which, as a result, improves work outcomes.

Diversity perspectives are directly related to the way diversity initiatives and practices are established by the HRM department (Podsiadlowski et al., 2013). Following the research findings, it was noticed that the implementation of diversity management is particularly important at the initial stage of the recruitment process. The PwC worker stated that *"the human resources department works with the entire firm to ensure that our policies are embedded into the entire recruitment process"* (Participant 1). According to Powers A. (2018), it is very easy to make mistakes when organisations hire culturally diverse individuals. Therefore, she argued that in order to hire the right person for the right job, there must be an understanding of how the candidate will adapt to the new environment and to the firm's diversified culture. Moreover, managing workplace diversity is an integral part of employee attraction and retention with the purpose to enhance organisational effectiveness and productivity (Mazibuko & Govender, 2017).

Furthermore, the study findings identified a number of diversity practices that allow the organisations to achieve the best possible results and take advantage of cultural differences by combining experiences together. Among the most common initiatives between the two firms are diversity training, workshops, online lessons and group quizzes that help to bring the workers together where everyone can contribute and share ideas. It was noticed that organisations may not provide training sessions to every worker as one participant stated that *"I haven't been part of or haven't seen any diversity training"* (Participant 1). However, the participant believes that *"diversity training would benefit all employees"* (Participant 1). As discussed in the literature review, a number of initiatives including training and development can be implemented to ensure effective contribution (Tan & Nasurdin, 2011). These trainings must highlight common goals, mitigate possible biases and encourage a flow of different ideas. Online lessons, workshops and quizzes are also considered useful and flexible methods of sharing knowledge and learning new skills. These initiatives help workers in diverse groups to feel more included and interact with each other in order to achieve a common goal (Bleich, 2019). Therefore, by implementing diversity initiatives, both organisations can better manage employee interaction and enhance the positive effects derived from cultural diversity.

Chapter 5: Conclusion & Recommendations

5.1 Conclusion

This research was conducted with the aim to achieve an in-depth understanding of the way cultural diversity affects organisational performance. Investigating the empirical findings, the research hypothesis has been confirmed which states that cultural diversity leads to value maximization and thus increased performance. The results show that multinational organisations have a positive attitude towards cultural diversity. However, it has been noticed that organisations can benefit from workforce diversity only if they promote a positive work environment where workers accept and support diverse perspectives. Therefore, everyone must be treated with respect and dignity regardless of their culture, nationality, values and beliefs. In addition, organisations who manage diversity and implement the right diversity initiatives rather than ignoring it, can benefit from increased creativity and innovation, better decision-making and various approaches to problems. These benefits are also generated when firms understand that each employee is unique by ensuring their qualities and experiences are respected.

The literature and the study findings indicate a number of factors that must be considered when embracing cultural diversity into the work environment. The most important factors are the diversity climate, diversity perspectives and correct utilization of diversity initiatives. Based on this research, these factors are essential in a heterogeneous environment and can have an effect over diversified groups and organisational performance. In particular, by creating a positive diversity climate, organisations can achieve awareness, acceptance and appreciation towards employee differences. Participation is also enhanced through practices such as training and development, group quizzes, online tutorials and many others. Thus, group productivity can be enhanced and this can eventually lead to an increase in the overall organisational effectiveness.

As discussed, cultural diversity has allowed organisations to become flexible and adapt easily to changes. In addition, results show that workgroups can combine ideas, experiences and new approaches which can help in delivering better results. Firms emphasize the idea that differences must be accommodated in a way that everyone must avail of equal opportunities and be treated fairly. For this reason, establishing corrective diversity practices becomes hugely important. At the same time, findings highlighted some challenges that must be mitigated in a culturally diverse workplace. The organisation that faced communication issues due to lack of group coherence and self-categorization has failed to implement practices aptly. As discussed, this was mainly due

to the fact that diversity training was not offered to everyone in the organisation. Eventually, the relationship between individuals and productivity suffered. Therefore, it becomes vital to pay attention to how organisations use diversity initiatives as it can affect the way work groups integrate into a diverse workplace.

5.2 Recommendations

Managing diverse people who come from different cultural backgrounds may be difficult. As discussed, the organisation can often face poor workforce relationships and this results in decreased productivity among members. This research suggests that to manage diversity, get inspired from others and incorporate changes that come along with diverse ideas and thoughts, employees have to develop cultural quotient and work together as a whole. The issue identified with workgroup interaction can be mitigated by facilitating cultural acknowledgement. This can be done by offering diversity training programs to all employees in the firm. In particular, organisations can use cultural awareness training to reduce bias and achieve a greater understanding of cultural differences. This way communication breakdown can be mitigated and relationships can be improved while further creating stronger group cohesiveness. Therefore, groups will perform better and this can maximize the underlying performance of a company. However, it is important to mention that knowledge acquired about ones' culture is not limited to language and behaviors but it rather incorporates many other aspects such as values, attitudes, norms, perceptions, lifestyles, etc. (Singh, 2014). Allowing everyone in the company to acquire knowledge of other cultures will in turn create a positive climate where everyone can share experiences and work together to achieve common goals.

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APPENDICIES

1. Interview Request Email

Dear (Interviewee Name),

My name is Veronica Gojinetchi and I am a final year undergraduate student at the National College of Ireland. I am currently researching for my college dissertation, specifically investigating cultural diversity in the workplace and its effects on the overall organisational performance.

As part of my dissertation, I am conducting email interviews with the purpose of gathering empirical evidence on the topic. I am looking to identify key individuals who will greatly contribute to my research. As a key person in this area of expertise, views and thoughts on this subject would be invaluable in providing a broader context to this dissertation.

All interviews will be conducted ensuring that participant anonymity can be protected. There are 8 interview questions and the interview can be conducted via email.

On agreement to engage within this process, I will forward a consent form for you to complete prior commencement of the interview.

Many thanks in advance for your time on this matter.

I look forward to hearing back from you.

Kind Regards,

Veronica Gojinetchi

National College of Ireland

2. Interview Consent Form

A study into the importance of cultural diversity and its effect on organisational performance.

This study aims to identify the effects of cultural diversity in the workplace and in particular the impact on the overall organisational performance. Consulting a number of literatures, diversity can bring a lot of benefits when the organisation is opened to it and it can also result in negative outcomes in an ignorant and poorly managed working environment. The main question this study aims to answer is: How cultural diversity affects organisational performance? Conducting interviews with key individuals will greatly contribute towards generating empirical evidence and an in-depth understanding of a range of views on the topic.

Consent to take part in research

I voluntarily agree to participate in this research study.

I have had the above purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.

I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

I understand that participation involves providing personal thoughts and opinions regarding cultural diversity from an organisational perspective.

I understand that I will not benefit directly from participating in this research.

I understand that all information I provide for this study will be treated confidentially.

I understand that in any report on the results of this research my identity will remain anonymous. This will be done by referring to me as a numbered participant and disguising any details of my interview which may reveal my identity or the identity of any parties or people I speak about.

I understand that anonymised disguised extracts from my interview may be quoted in the undergraduate dissertation carried out by Veronica Gojinetchi.

I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.

I understand that signed consent forms will be kept on file in a secure storage space, and original audio recordings will be retained on a secure, password protected (encrypted) digital storage device owned and accessed solely by Veronica Gojinetchi for five years from the completion of the dissertation in accordance with National College of Ireland ethics policy.

I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.

I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Primary researcher for undergraduate dissertation: **Veronica Gojinetchi**

School of Business

National College of Ireland

Email: **x17380361@student.ncirl.ie**

Signature of research participant

Signature of participant

Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

Signature of researcher

Date

3. Interview Questions

1. In your opinion, would you describe this organisation as being highly diverse? Could you expand on that, please?
2. Do you think the organisation is opened to diversity?
3. Are you aware of how HRM policies encourage diversity and if there are any diversity management policies in place?
4. In your experience, does diversity in the workplace influence group functioning? (Group functioning indicates how groups interact and work together); Can you give a few examples?
5. In your opinion, is the productivity in the workplace enhanced due to employee differences?
6. Have you observed any particular challenges or opportunities derived from a culturally diverse workforce?
7. Can you provide examples of the indicators of progress/increased performance driven by workplace diversity?
8. From your memory, has the organisation ever implemented diversity training programs? Do you think these initiate/ could initiate a positive outcome?