Ethnic Diversity Management
In Theory And Practice
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ABSTRACT

Diversity Management (DM) has often been criticised as a “double-edged sword”, leading to competitive advantage such as acceleration of productivity or the retention of highly talented staff (Basset-Jones, 2005; Hanappi-Egger et al., 2007) but, in turn, fostering disadvantages such as inequality and discrimination (Lorbiecki & Jack, 2000; Wrench, 2007). DM can create misunderstandings, conflicts in work groups, poor communication, absenteeism, and loss of competitiveness, specifically in regard to ethnic minority management (Brock & Sanchez, 1996; Pitts et al., 2010; Ingram, 2011).

This article will identify theories of diversity management practices with a focus on ethnic diversity management, using examples from Austria as a framework for this analysis. The article aims to provide answers towards an important research question – “how are theoretically conceived models of ethnic DM implemented in practice within organisations, and how are such practices, measures and their results seen and rated by those involved and affected?” HRM managers – as the employer’s agents of DM – and their employees – as concerned recipients of DM practices – are analysed together in this study. The empirical findings are based on an explorative case study in Austria, comparing employer and employee experiences and analysing experiences of majority and minority members of the workforce. The article concludes with specific recommendations for the improvement of ethnic diversity management.

Keywords: Ethnic Diversity Management; Migration; Austria

INTRODUCTION

Diversity Management should be understood as a holistic approach to Human Resource Management (HRM). While Bridgstock et al. (2010) advocate DM as an HRM tool with the aim of improving organisational performance, Pitts et al. (2010) see DM as a tool for responding to strengths, weaknesses, opportunities and threats in the internal and external organisational environment. However, many theorists argue that DM is generally a ‘double-edged sword’ and that it comes with both advantages and disadvantages.

Ethnic Diversity Management

In Ethnic Diversity Management (EDM) in particular, the “unique form of work input by people of differing cultural backgrounds, the increase of productivity, personal growth and improved customer relations, and communication improvement” (Ingram, 2011) are emphasised. It is often argued that the disadvantages of DM, in general, and EDM, in particular, include costs generated as a result of implementing specific managerial practices. Training courses for staff, providing language courses to ethnic minority group members, and changing corporate culture under the remit of (E)DM in a holistic manner can take time, which is seen as a short- to medium-term disadvantage (Becker & Seidel, 2006). Specific disadvantages with EDM are also found and, in this respect, Lorbiecki and Jack (2000, p. 17) argue that “[it] perpetuates [ethnic] inequalities rather than combating or decreasing them”. Ingram (2011) adds to this, positing that a downside of EDM is the:
formation of cliques and exclusive social groups is a natural process [...]. Companies can experience [...] divisions in their staff, creating a situation where cultural diversity employees avoid exposure to each other during break times and after work [...]. It can hinder the effectiveness of sharing knowledge and experiences.

Additionally, Brock and Sanchez (1996, p. 704) argue that EDM could be understood as a “luxury and not a necessity, as the desired effects of DM on minority groups are not necessarily visible when DM is implemented in practice.” Wrench (2007) suggests that EDM can also be seen as discriminatory toward migrants, and Ingram (2011) and Pitts et al. (2010) add that diversity in the workforce and EDM appear to cause culture clashes. Foster and Harris (2005) further argue that the manner in which EDM is implemented is crucial to its success. Van der Zee (2008) also found that communication within multiethnic work groups can create misunderstandings between members of differing ethnic groups.

Ethnic Diversity And Its Distribution In The Austrian Workforce

According to Statistik Austria (2011b), all persons whose father or mother was born outside Austria have a ‘migratory background’, regardless of their own place of birth or citizenship. Persons of a ‘first-generation migrant’ (born outside of Austria themselves) and a ‘second-generation migrant’ (at least the mother was born outside Austria) are statistically significant. In 2010, 18.6 percent of Austria’s population had an ethnic minority background (Statistik Austria, 2011a), of which 11.0 percent were born outside Austria and were legally residing there without Austrian citizenship. The majority of first-generation migrants are labourers (49 percent), followed by 36 percent employees and ten percent self-employed (see also Aigner, 2012b). The majority of second-generation migrants, with or without Austrian citizenship, are employees (53 percent), followed by 30 percent labourers, and eight percent self-employed. Of those with an ethnic minority background who are employed in companies, 22 percent are in real asset production, 15 percent in the building and construction industry, and 63 percent are in the service sector (Schmid, 2010). Of those in the service sector, 30 percent are employed in the tourism and catering sector, 22 percent in building and construction, and 38 percent in other services (ibid.). The majority of ethnic minority employees (48 percent) are employed in companies with over 250 employees, 38 percent in small to very small enterprises (1-49 employees) and the rest (14 percent) in medium-sized companies (50-249 employees; ibid.).

Ethnic Diversity And EDM In The Austrian Workforce: Research And Facts

In Austria, DM and its implementation in organisations is a relatively recent phenomenon. Debates about the efficiency of DM in Austrian companies began in the early 2000s, initially focussing mainly on the inclusion of women (gender) and only recently on the successful management of ethnic minority employees within the workforce (EDM). In 2007, a study of Austrian companies using DM practices found that the main focus of DM was gender, followed by age, disability and ethnicity (Sandner, 2007). The subject of DM and gender in Austria has been explored in the literature (Hanappi-Egger, 2006; Hanappi-Egger et al., 2007), while studies focussing on ethnic minority employees in the context of DM have appeared as recently as 2010 (e. g. Kogler, 2010) and any other research on the matter remains scarce, as argued by Schmid (2010). In terms of EDM, it has recently been stated that the potential of ethnic minority employees is not utilised effectively by companies, and that they are consistently employed in lower-rank positions than their qualifications would allow for (see Biffl et al., 2011a/b; Aigner et al., 2011; Schmid, 2010). Further empirical findings argue that conflicts arise from misunderstandings due to cultural, religious or linguistic differences between minorities and the majority workforce (ibid.).

Schmid (2010) conducted a study of 1,200 Austrian companies employing migrant workers and identified the following difficulties and challenges of EDM management: Around 80 percent of the HRM managers surveyed found that communication problems with migrants occurred as a result of a lack of German language abilities; around 40 percent identified cultural differences as a problem when managing ethnic minorities; around 30 percent found it difficult to offer continuing education programmes to the migrant workforce due to a generally low skill level; 15 percent found it generally difficult to motivate ethnic minority group members to participate in continuing education programmes; 12 percent thought that Austrians in the workforce found it hard to accept having a “migrant” as a superior, and 11 percent found that Austrians found it hard to accept situations where migrants were able to have faster career advancements.
Nevertheless, little theoretical, and even less empirical, data about EDM in Austria exists. Specifically, no empirical study in Austria can be found which takes into account how the addressees of EDM; in other words, the ethnic minority group members themselves, feel about their own experiences with EDM. This gap is addressed in the following empirical study.

METHODOLOGY OF THE REPORTED CASE STUDY

The empirical findings of the case study, which was conducted between March 2010 and August 2011, and further expanded in 2012-2013, in Upper Austria, were generated using a mixed methods approach of quantitative and qualitative analysis, thus ‘triangulating’ the research (Denscombe, 2010) from at least two angles. In the research process, ‘grounded theory’ (Glaser & Strauss, 2010) was applied to generate relevant step-by-step categories. There were two ‘research layers’:

Research Layer One

Expert interviews in companies that implemented EDM practices formed ‘Layer One’ and were conducted with HRM experts and managers in five selected Upper Austrian companies (C1-5). These companies were known for their implementation of EDM and operate in the sectors of facility management and cleaning (C1, C3), production (C2: spectacles, C4: fresh and canned vegetables), and in the care and health sector (C5). The companies varied in size from Austrian large-scale companies (more than 250 employees: C3, C2) to multinationals (more than 1,000 employees: C1), to medium-sized companies (50-249 employees: C4, C5) (Aigner, 2012a).

Research Layer Two

This part of the empirical study consisted of semi-structured interviews enhanced with a basic quantitative survey, conducted with 20 employees of an ethnic minority background who reported experience with EDM measures. The sampling also attempted to create a balance of socio-demographic backgrounds (age, gender, ethnic group/nationality) amongst participants. Participants’ perceptions of EDM implementation and company integration were investigated in both empirical dimensions: open interviews and a closed explorative survey (ibid.).

EMPIRICAL FINDINGS

Layer 1: Companies And EDM Managers

Viewpoints of the HR managers of all companies studied confirm the theoretical advantages of EDM that were identified (see Ingram, 2011; Hanappi-Egger et al., 2007) but also point out most of the disadvantages which were discussed. The following aspects were highlighted: 1) general EDM satisfaction, 2) aspects of product innovation, 3) cost of EDM, 4) problems with communication and workforce relations, 5) cliquishness in the workforce, 6) problems with minority cultures and religions, 7) working relations within groups, and 8) used and unused EDM-tools.

1. The observed advantages of EDM resulted in a stronger and more satisfying work input among companies, including a low staff turnover rate, retention of skilled personnel, and long-term employment as a result. Arguments concerning DM as a holistic approach, as identified by Cox (1991) and Torrington et al. (2011), were restated by two companies (C2 and C4).
2. Diversity and its principle of ‘valuing diversity’ were highlighted as a benefit. C2 argued that individual differences and diversities accelerate the possibility of achieving the best possible product innovation, which is also argued from a theoretical perspective by Torrington et al. (2011), as well as Ingram (2011) and Hanappi-Egger et al. (2007).
3. In turn, high training costs and high costs of implementing EDM were mentioned as a disadvantage. Two companies (C1 and C4) complained that the training courses provided by the company were often not being attended to a sufficient degree by ethnic minority employees.
4. Poor working relations, conflicts, culture clashes and poor communication (d) between ethnic minority employees in work groups were identified, as also highlighted by Basset-Jones (2005), Ingram (2011), Pitts
According to HRM managers, conflict situations resulted in hostility between different ethnic groups, especially between Austrians and ethnic minority employees.

5. **Cliquishness** was considered to be a disadvantage of EDM by all company managers interviewed (as also identified by Ingram, 2011; Van der Zee, 2008; Pitts et al., 2010; Schmid, 2010). Examples of such cliquishness include groups of employees from the same ethnic minority background communicating mostly in their mother tongues, bringing about the failure of group cohesion between them and members of different ethnic groups. Generally, all companies argued that cliquishness and communication in the native language of ethnic minority groups led to difficulties in productivity amongst teams. This aspect of EDM also created feelings of exclusion, marginalisation and in/out group formations (akin to Van der Zee, 2008). C5 stated that:

The cliquishness of work groups cannot become standardised. With groups and [...] cliques, we had [...] negative experiences in the past, when co-workers of a different ethnic background were excluded, or felt marginalised.

6. All companies identified specific cultural practices of minorities as a distinct disadvantage, or at least as a problem. It was mentioned that some difficulties occurred among members of the Muslim faith group, for example, due to the month of Ramadan and gender relations in Muslim families. Several examples were given, from the difficulty of praying during work time, which was not permitted by certain companies (e.g. C4), or to physical weaknesses experienced among workers during Ramadan. C1 states in this respect:

Yes, Ramadan [...]. Well, one observes that strength and productivity drops and sick leaves rise. That is not positive at all. However, [...] one respects it [Ramadan], of course.

7. Generally, working relations between groups were considered on two levels. On the one hand, EDM appeared to improve working relations between minority and majority employees, but on the other hand, it appeared to create difficulties in the working relations between minority group employees within a minority group, or minority group employees and Austrians. All of the companies interviewed found that the solution to such conflicts in working relations was to mix up the work groups. These mixed groups were then forced to communicate in German rather than in their own mother tongues, thus improving working relations and solving communication issues between majority and minority work groups.

The companies sought to improve opportunities for ethnic minority group members and several **programmes** were implemented to foster talents and to improve company integration. In this sense, many of the key EDM practices recommended by; for example, Becker and Seidel (2006) and Cox (1991) were implemented. Those included:

1. **Language programmes** for non-native speakers (run by all Austrian companies surveyed)
2. **Courses and education programmes** (offered by three companies)
3. **Databases** highlighting individual’s qualifications in order to make most use of their potential and foster their individual talents (used by four of the companies surveyed)
4. **Multicultural festivals/multicultural cooking** (provided by three of the companies surveyed)
5. **Satisfaction surveys** (designed by two of the companies so that ethnic minority group members were able to give feedback)
6. **Multilingual company newspapers** (published regularly by two companies)
7. **Multilingual mentoring and conflict management and/or intercultural seminars** (provided by two companies)

In this respect, C3 stated:

We have [ethnic minority] employees who we trained as mentors and ‘conflict pilots’ to help our ethnic minority [...] employees. They do mentoring and conflict management [with them].
Layer 2: Employees In EDM Companies

These findings are analysed and described within the following categories: 1) satisfaction with EDM, 2) perceived benefits of EDM, 3) recommendations for improvements of EDM, 4) perceived deficiencies of EDM, and 5) specific problems in working relationships between minority and majority workforces.

1. The majority (11 persons) of interviewees were satisfied with their integration in the workforce and the EDM tools and practices used. They indicated that they saw the practice of EDM as beneficial to their personal well-being, growth, working relationships, and to their own potential. They mostly felt valued by their colleagues. Five interviewees remarked that they had previously been employed in companies without DM practices and felt that being employed in a company that implemented EDM was of great benefit to them both personally and professionally. Interviewee A2, for example, stated that her relationship with other colleagues was excellent and that the language courses provided by the company she worked in as part of EDM practices were hugely beneficial for well-functioning work relationships with her colleagues:

I get on with my colleagues. Knowledge of the German language is an important factor for effective integration in a company.

However, nine interviewees indicated that overall they had a critical view of how EDM practices were implemented and remarked that improvements should be undertaken.

2. It appears that the majority of employees felt that language courses offered an opportunity for continuing education, as well as the chance to further their qualifications, while intercultural seminar provisions were also thought to be beneficial. Mentoring, satisfaction surveys, and the valuing of diversity in themselves were also seen as EDM tools. Other tools, such as flexitime, work/life balance and conflict training, were not seen as important by the majority of interviewees in terms of EDM practices.

3. Recommendations were given as to which EDM tools ethnic minority group members themselves would like to have implemented. Seven respondents were in favour of intercultural training programmes or seminars, with a view to “getting to know co-workers better and understand their cultural background.” (A8). They recommended that companies hold regular intercultural circles and meetings. A18 argued:

I am thinking of something [like] breakfasts, maybe fortnightly, so that Austrians and ethnic minority workers can get to know each other [...]. Intercultural dialogue and teamwork will be enforced by such practices.

The interviewees hoped that through such intercultural meetings, fears and prejudices of co-workers based on their different ethnic and cultural backgrounds would be eliminated, or at least decreased. Specifically, they hoped they would give Austrian co-workers a chance to learn about ethnic and cultural diversities and act in a less discriminatory manner towards ethnic minorities.

4. A majority of 12 persons felt that their potential was not being used to the fullest extent. They explained this issue with the following justifications: 1) bilingual abilities not used efficiently but are instead seen as a disadvantage (four persons) and 2) previously acquired qualifications not considered or utilised by the companies, leading to de-qualification (four persons), as argued also by Schmid (2010). Such de-qualification was perceived as very harmful to the individuals’ growth and motivation in the workplace. Here, one Hungarian nurse’s long struggle for credit and recognition (including the requirement of additional exams) can be cited by way of an example (A10):

I am a qualified nurse, but it was a very long and complex process for my qualification, which I acquired in Hungary, to finally be accepted and acknowledged after 8 years.

5. The majority of ethnic minority employees interviewed (16 persons) were satisfied with their working relationships and perceived their working relations with ethnic minority co-workers as good, contrary to internationally accredited theory, as discussed by Ingram (2011). In total, only four of the interviewees felt that their work relationships with ethnic minority co-workers were just acceptable or not on good terms.
However, work relationships with Austrian co-workers were perceived to be somewhat dysfunctional by 11 persons. Reasons stated for dysfunctional and conflicted working relations with both Austrians and ethnic minority co-workers were reported, in most cases, to be cultural differences and communication problems, but four interviewees reported a problem of perceived discrimination exercised by Austrians (an issue indicated by Wrench, 2007, and Lorbiecki & Jack, 2000).

Employees felt that they were, in some cases, marginalised or that co-workers (mainly of Austrian origin) were prejudiced against them. The insider-outsider dynamic could be applied here, as theorised by Van der Zee (2008). A7 argued:

*Prejudices against ‘foreigners’, or ‘non-Austrians’, exist in companies and work teams, mainly on the part of Austrians. This leads to discrimination, which is used subtly and covertly rather than directly. I think that this is a result of prejudices against ‘foreigners’ that exist in society at large and in consequence become part of prejudices in company work-teams.*

**DISCUSSION**

This study found that both gaps and links appear to exist between the theory and practice of EDM. Specifically, the findings from the expert interviews with HRM managers of the companies in the study (research Layer One) seemed to correspond strongly with existing theoretical arguments. Findings from research Layer Two (employees), on the other hand, appeared to correspond only partly with the theoretical arguments. The subjective perceptions of ethnic employees about the practical utilisation of EDM revealed gaps which are yet to be bridged.

Companies identified definite benefits of EDM, such as low staff turnover, satisfied employees, reduced absenteeism, and retention of staff and as a result, increased productivity, resulting in an increased competitive advantage, which corresponds strongly with the theoretical literature discussed. However, HRM experts stated that the high costs involved in the implementation of training or continuing education courses were often not worthwhile. Other downsides included the observation of poor working relationships amongst groups of employees, communication breakdowns due to linguistic barriers and misunderstandings between members of differing ethnic groups, marginalisation of some employees, and conflicts between workers of different ethnic groups, resulting in decreased performance. These downsides thus resembled the disadvantages outlined in the reported theory.

The findings at company level also suggest that EDM practises seen in this study were mainly put into place using tools which are recommended internationally for best practice implementation, such as language courses, continuing education programmes, satisfaction surveys, mentoring programmes, etc. (as discussed by Becker & Seidel, 2006, and Cox, 1991). Tools that were not included were a focus on work-life balance, communicating ‘valuing diversity’ to all parties involved (public, all levels of the organisation, clients) and putting ethnic minority members in key roles. The integration of migrants/ethnic minority group employees into the companies was advanced by initiatives such as the publication of multilingual company newspapers, arranging multicultural festivals and multicultural cooking. Multilingual mentoring and conflict management, or intercultural working group, were also organised, all of which fall under the best practice initiatives of EDM, as discussed in the literature.

Findings from the interviews and the explorative survey with ethnic minority employees suggest that EDM theory and practice correspond only in part, and some differences and gaps can be identified. Overall, the majority were pleased with the implementation of EDM practices, but they also found that the implementation of these practices needed to be improved in many areas. In their perception and experience of practical EDM, they found their companies to be lacking in the provision of cultural exchange seminar programmes, the promotion of intercultural understanding, and tolerance in particular. They felt that their work relationships with Austrians were characterised by cultural misunderstandings and marginalisation and, in some cases, by discrimination and unfair treatment, thus reflecting insider-outsider dynamics between Austrians and ethnic minority employees. On the other hand, the majority were of the opinion that work relationships with co-ethnic minority members or members of other ethnic minority groups were good. In this sense, theoretical arguments by Ingram (2001) and Pitts et al. (2010) positing that ‘group conflicts between ethnic minority employees in work teams are induced or aggravated by EDM’ were not confirmed.
RECOMMENDATIONS AND CONCLUDING REMARKS

Finally, some recommendations based on the findings of this study can be given, emphasising the main point mentioned above of improving the work relationships between ethnic minority members and the majority workforce:

1. Implementing and intensifying intercultural training and mentoring

Seminars and training sessions should be implemented or strongly intensified in order to counteract intercultural misunderstandings and conflicts between members of the majority and ethnic minority members in work teams. Additionally, education in ethnic conflict mentoring should be offered, with the goal of including ethnic conflict mentors in at least every organisation utilising EDM.

2. Special EDM training sessions for managers focussing on intercultural relations in the workforce

It is also recommended that specific training courses for intercultural dialogue and understanding be provided to managerial personnel at a trans-company level.

3. Strengthening the opportunities for ethnic minority employees to reach higher levels

At least two best practice models should be mentioned here - “Mentoring Up” and “Career Advancement”. Successful careers of ethnic minority employees can help to strengthen EDM sensitivity in companies, in general, and intercultural understanding, in particular.

4. Implementing and using special EDM evaluation techniques

In general, evaluations of DM appeared not to be conducted very frequently in Austria (and in Europe more widely). Companies should use tools, such as the ‘Diversity Scorecard’, in order to measure the success and efficiency of DM in practice. ‘Satisfaction surveys’ should be adapted for use with EDM, especially considering the issue of ‘intercultural understanding’. Furthermore, companies should not be left alone in implementing this tool. If a standard EDM multilingual satisfaction survey has been developed once, it should be designed and subsidised for multiple and cross-company use.

5. Public acknowledgment of existing migrant qualifications and certifications

Here the general dequalification/deskilling problem is evident once more, which can, in part, be dealt with (but not solved) on a ‘single company level’. This therefore demands political measures at large, such as uncomplicated public acknowledgments of migrants’ formal educational or professional certifications, or publicly-funded educational programmes to meet the missing requirements for such an acknowledgement.

6. Including EDM in trade union efforts: a

As shown in recent research on migrant workers and the challenges they face in industrial relations and trade unions (Biffl et al., 2011b), the majority of respondents from Austrian ‘work council representatives’ were in favour of the overall inclusion for ethnic minority members of the workforce. While gender and disability DM has become more or less an integral part of Austrian labour law and wage/work condition agreements, EDM is not yet a focus of trade unions’ efforts at a general level (beyond the micro-level within different companies) due to an anti-migrant tradition of Austrian trade unions (ibid.).

Finally, it can be stated that EDM is a topic that should be analysed and discussed with close interaction between general, theoretical contexts and empirical findings, including the perspective of concerned employees. The general research question of this paper can be answered as follows: “The visible theoretical euphoria, which can be seen to regard EDM as the perfect tool to benefit all parties concerned, should be replaced by a more realistic and pragmatic approach. It is without doubt that EDM provides benefits for employers and employees alike, but all
measures and practices have to be considered in terms of their cost-benefit ratio and with regard to their effectiveness for ethnic minority members concerned.

**AUTHOR INFORMATION**

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