Master Thesis

Cultural Diversity in Organizations

Diversity Strategy of an Austrian Subsidiary of a Multinational Corporation

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Declaration in Lieu of Oath

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The paper has not been submitted for evaluation to another examination authority or has been published in this form or another.

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Claudia Hoge
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I. Global Developments

In order to investigate the diversity management literature, this thesis is interested in evaluating a company’s diversity approach compared to theoretical suggestions. Therefore, hitherto existing findings concerning diversity and diversity management will be centralized and the theoretical models of Robin Ely, David Thomas as well as Taylor Cox will be illustrated in more detail.

Additionally, available arguments for and against a culturally heterogeneous workforce will be opposed in order to get a comprehensive idea of the subject matter. The scientists’ models will be evaluated according to their practicability and feasibility in the “real” economy, which is why the diversity strategy of Sandoz will be explored and compared to the theoretical assumptions. Proleptic, Sandoz implements various recommendations of literature and provides various different working models in order to attract the best talents.

“The true call for diversity in organizations rests in the ideas of justice, equity, and basic employee responsibilities and rights.”

(O’Leary/Weathington 2006: 290)

The current diversification of the social and economic world calls for an increasing attention of governments and companies. In former times, the relevance of diversity was only taken into account by American governments and companies, but in the course of time, also European countries realized the increasing significance of plurality that more and more organizations are confronted with. This is not only because of the internationalization of markets or globalization in general but also because of technological developments, better infrastructure as well as fast transportation, global demographic changes and urbanization (Haq 2006, Cox 2001, Gilbert/Ivancevich 2000, European Commission 2008, Council of Europe 2004, Judy/D’Amico 1997,…). Additionally, the EU enlargement and opened boarders due to the Schengen Agreement as well as migrant movements and flows of refugees lead to a culturally more diverse and heterogeneous demography and workforce (Blom/Meier 2002, Linehan/Hanappi-Egger 2006). Since technology connects the whole world, corporations increasingly operate globally and collaborate with customers and employees all over the world (Haq 2006, European Commission 2008). As already mentioned, demographic changes affect the market, because although the world’s population is growing, industrialized countries feature a stable decline in birth rates (Council of Europe 2004). This leads to obsolescence what con-
fronts labor markets but also governments and pension plans with new demands (Linehan/Hanappi-Egger 2006, Konrad 2006).

Migration does not only affect lower income workers, but also people who want to become internationally successful and settle down in different countries. Possible higher revenues may justify these decisions of Austrians or Germans for example, who go to Switzerland to receive higher remunerations (Blom/Meier 2002). Additionally, more and more women who want to balance family responsibilities and career enter the labor market and become part-time workers or work less than 30 hours per week (Haq 2006, Linehan/Hanappi-Egger 2006, Konrad 2006, Judy/D’Amico 1997). Sandner further points out that companies and public administrations will have to deal with a predicted scarcity of specialist workers and socio-economic changes. Therefore, special management initiatives need to be launched and changes in the corporate culture must be realized in order to value instead of just accepting cultural differences (Lorbiecki/Jack 2000, Linehan/Hanappi-Egger 2006, Cox 2008). Moreover, organizations have to adopt anti-discrimination legislations and react to ongoing mergers and fusions (Sandner 2007).

These drastic developments can only be moderated through ongoing migration which again multiplies the working environment. The first big migrant movement started already in the 1950s because of the increased need for guest workers from different countries like ex-Yugoslavia or IT-specialists from India or the United States and the following family reunions (Blom/Meier 2002, Schäfers et al. 2001). According to the expected demographic trends published for example in “Workforce 2020“ (for more details see Judy/D’Amico 1997) the future labor market will depend on immigration and cross-cultural relationships (Haq 2006, Konrad 2006). Immigrant workers are often highly motivated, ambitious to broaden their minds to learn and provide a pool of new ideas and ways of doing things (Konrad 2006, Blom/Meier 2002, Linehan-Hanapi-Egger 2006). Consequently, they can exhibit a positive and valuable resource for organizations. As all profit oriented organizations’ goal is to stay competitive and succeed in global businesses, products and services have to be developed that reach a broad and diverse clientele (Jackson 1996, Cox 2008,…). Therefore, intercultural knowledge and interested, efficient leadership is necessary in order to successfully deal with cultural heterogeneity and internationally operating companies (Gilbert et al. 1999, Kelly/Dobbin 1998).

Cultural plurality is often attended by discrimination and stereotypes, what again requires special attention of the upper and middle management of an organization. If not managed effectively, talented employees will be overlooked and human resources wasted. Therefore, a diversity-valuing environment must be created and organizational learning of all employees must be enabled. Additionally, diversity initiatives should be incorporated into the daily life of
the company and continuously improved as well as flexibly designed (Gilbert/Ivancevich 2000, Jackson 1996, Linehan/Hanappi-Egger 2006). Understanding how heterogeneity affects group characteristics such as satisfaction or creativity is unavoidable if the organization wants to use all employees’ knowledge and experiences (Milliken/Martins 1996). Also O’Leary and Weathington depict that formal and informal contacts are becoming increasingly diverse, thus, “organizations cannot simply eliminate demographic diversity in response to a negative ledger balance” (2006: 284).

A. Relevance

Showing ongoing organizational developments, makes it obvious that diversity management is not really a matter of decision but a matter of fact, thus, “no organization is free of the impact of demographic changes and globalization” (Agars/Kottke 2006: 55). Consequently, leadership has to be especially successful in combining different cultures, ages and sexes and they must do their best to organize multiplicity. Even though the majority of organizations reacts to changing needs and becomes varied, old corporate structures and traditions prevail in most organizations (Chrobot-Mason/Rudermann 2006, Agars/Kottke 2006). Therefore, organizations have to accept altering global trends and work with the increasing plurality in enterprises.

Diversity management got introduced in Europe through various US American subsidiaries, such as Apple, Hewlet Packard, IBM or others, but every country needs specific adaptations to adjust the initiatives to the local culture. Although the majority of multinational companies possesses diversity strategies, their implementation in European organizations has not been observed comprehensively (Linehan/Hanappi-Egger 2006, Vedder 2006). Studies of the European Commission depict that many European companies are aware of the importance of diversity management, but most of them have not yet installed special programs (European Commission 2008). Therefore, organizations often use their diversity approach in order to improve their image or reputation but sometimes no factual steps were taken to improve working conditions for all employees through more flexible structures or the inclusion of new cultures.

B. Research Question

To enlarge the scientific research of diversity management in Europe and further investigate this topic, this master thesis will concentrate on cultural diversity and present factual processes taken by Sandoz, an Austrian subsidiary of an international pharmaceutical enterprise.
Therefore, the leading question behind my study will be: “How does an Austrian division of a multinational organization implement diversity management?” Since diversity has several meanings, I will figure out how they see diversity and what they put their focus on. Further, this study will find out which actions they already carried out and how they deal with growing cultural heterogeneity. Since it is a special situation with a multinational subsidiary, I will try to find out, whether the division’s actions depend on the parent company or if they plan their actions individually. Therefore, it is not my intention to change their diversity approach but to use the company exemplary for evaluating taken actions and introduced programs compared to propositions and advice found in the literature.

C. Methodological Design

Taking into account the before mentioned developments and demands, it becomes clear that the problems this thesis is dealing with arise mainly out of the economic practice. Therefore, the basic intention is to detect the diversity approach of a concrete organization by also considering theoretical principles. The general aim of this study is to include a broad range of different opinions and theoretical explanations to receive a pool of knowledge and to get a theoretical framework in order to be able to evaluate a concrete organization’s practice.

The theoretical assumptions that will characterize this thesis are going to be post-positivistic, interpretive and exploratory, whereas after an extensive literature review, where positive and negative effects of diversity are being examined, this study centralizes the work of two authors. Therefore, Taylor Cox, a pioneer in diversity research, and Robin Ely jointly with David Thomas, who focus on the learning perspective of organizations, will be discussed in more detail. These three authors have been selected as they contributed outstandingly to the diversity research and drove forward the organization and diversity literature. Many authors base their work on Cox’s, Ely and Thomas’ preceding assumptions and further develop their models (e.g., Jackson 1996, Milliken/Martins 1996, …).

Basing on their important works, a general frame will be constructed which allows the assessment of the following qualitative survey about the implementation of diversity into corporate structures. As this thesis wants to explore Sandoz’s diversity perspective and strategy, only participants of the Diversity and Inclusion (D&I) Council got included and surveyed. It would also be interesting to extrapolate the object or field of research and to explore even more perspectives or different companies but for the content and aim of this study, a comprehensive survey with one forth of all D&I Council members was functional and appropriate.

To get to know more about the actual situation in an organization, qualitative expert interviews are chosen, because this method provides deeper insights into the corporate structure.
Accordingly, “qualitative research claims to describe life-worlds from the insight out; from the point of view of the people who participate” (Flick et al. 2004: 3); which means learning to understand social realities and drawing attention to “processes, meaning patterns and structural features” (ibid). Hence, the mission of this kind of research is to “to discover meaning and understanding, rather than to verify truth or predict outcomes” (Myers 2002).

Additionally, qualitative research possesses a greater flexibility and requires increased personal contribution in order to receive more differentiated understandings and insights in societal fields, organizations or institutions (Lamnek 1995, Flick et al. 2004). Therefore, qualitative methods need openness of interviewer, interviewee, the interview situation and the chosen methods in order to successfully gain deep knowledge, explorations and descriptions (ibid, Myers 2002).

Although some opponents of qualitative research criticize the usually smaller amount of research objects, a lack of random sampling or no metric or statistical analysis, qualitative research provides extraordinary and deep insights into organizations or human beings (Lamnek 1995). Rather, the named critiques are advantages of quantitative research but not really valid for qualitative surveys as their aim is not to measure frequencies or superficial properties. Instead qualitative research enables detecting and learning about individual’s and group’s experiences; hence, they provide deeper knowledge than quantitative methods who do not sufficiently consider the context of social settings (Lamnek 1995, Walker 1985).

Additionally, qualitative research bases on different indicators of good research compared to quantitative methods; hence objectivity, reliability, validity and generalizability are not as important for qualitative research as for quantitative. Accordingly, qualitative methods rely on being authentic, subjective, neutral and transferable in order to receive valuable data (O’Leary 2007). Consequently, this survey takes assures to stay neutral when asking questions or interpreting data without prejudicing and jumping to a conclusion.

Additionally, all methodological processes have been logically and systematically developed, whereas also authenticity is considered, thus I am aware that the findings may provide more than one valid truth which “assured that conclusions are justified, credible, and trustworthy” (ibid: 61).

“Although some qualitative researchers have argued that the term validity is not applicable to qualitative research, […] they have realised the need for some kind of qualifying check or measure for their research” (Golafshani 2003: 602); which is why the data received from the conducted interviews will be accompanied by Sandoz’s and Novartis’ written mission statements as well as by documents about their corporate aims concerning “Diversity and Inclusion”, internal employee newspapers or staff memos. The extracted data will then be ana-
alyzed by structured content analyses (Mayring 2007) which help to funnel theoretical and empirical results.

Summing up, qualitative interviews were advantageous, because in simple written scale questionnaires many additional information would get lost and important details would not be generated. Additionally, interview partners would not get the opportunity to think critically about their assumptions and would therefore more frequently write about their “espoused theory”, thus, the theory that an individual purports to follow instead of their actual “theory-in-use” (Argyris/Schön 1974). Therefore, qualitative research poses the right instrument to dwell on multi-dimensional perspectives and recognize different views of individuals.

D. Structure

This master thesis is principally divided into a theoretical examination of diversity and diversity management and an empirical survey that further investigates this topic. Therefore, part one clarifies the theoretical framework of the whole study and describes the carried out actions and steps.

The second chapter concentrates on cultural diversity and explores different meanings and definitions in order to deliver an insight into the matter, wherefore several dimensions including “Surface Level” and “Deep Level Diversity” will be illustrated. Additionally, diversity management will be discussed and criticized as not only proponents exist. As this study will focus on the Austrian division of a multinational organization, it is necessary to explicate Austria’s state of the art; hence, Austria’s situation concerning diversity will be explored, which further justifies the empirical survey.

Throughout the thesis not only positive effects of diversity shall be elucidated, which is why chapter three will discuss advantages like enhanced creativity or an increased ability to meet the customers’ needs but also critical aspects and negative effects such as conflicts, lacking group cohesiveness or additional costs. The theoretical part will be completed with a detailed examination of Cox’s as well as Ely and Thomas’ models whereof some aspects are summarized and combined to make possible an evaluation of actions and steps.

The empirical part will focus on Sandoz a multinational corporation with locations in Austria and explore their diversity approach. Therefore, chapter V presents the object of research and the whole Novartis concern by explicating their diversity conception. In order to gain a better insight in the organization, qualitative expert interviews were conducted that base the further empirical investigation. To increase the correctness and validity of the received data, company documents such as the code of conduct, annual reports, corporate citizenship
guidelines and information of homepages as well as emails got analyzed by means of a qualitative content analysis.

In the end, both data sources will be examined and the organization’s strategies and actions will be discovered and evaluated according to the theoretical assumptions we could get from the theoretical analysis. Therefore, an illustration of congruence in the data sources was conducted, where both content analyses were examined.

Additionally, the received information got compared with the proposed tools and methods and evaluated accordingly.

The purpose of this thesis is to investigate the diversity management literature and to centralize hitherto existing arguments pro and contra a heterogeneous workforce. Therefore, literature will be researched and diversity relating models will be examined. In order to learn more about diversity management strategies, the quintessence of two different theoretical models will be generated and compared with the experiences of a pharmaceutical enterprise. Hence, qualitative methods will be applied in order to gain deeper knowledge about an organization’s diversity strategy.
II. Cultural Diversity

“To capitalize on the benefits diversity can bring and to deal with the challenges it presents, it is critical for all employees to understand its many dimensions and participate in sharing perceptions about their impact in the workplace.”

Gardenswartz/Rowe 1998: 24)

A. Diversity

Although the term diversity is frequently used in economy and became part of nearly all businesses and governments, various meanings exist in scientific research (Cox 2001). Therefore, nearly every author defines “diversity” individually and includes various aspects and groups of people. To ease a further investigation, this chapter unites various meanings and examines their significance whereas in the end, a self-contained definition that shapes the whole study will be educed.

1st Dimensions of Diversity

Organizational diversity can emerge on various different dimensions wherefore no organization is realistically able to avoid heterogeneity (Cox 2008). Human culture consists of multiple aspects such as ethnicity, age, religion, educational background and others, whereof some characteristics have far-reaching implications and others affect the individual and its environment only superficially (Gardenswartz/Rowe 1998, Cox/Smolinski 1994, Harrison et al. 1998).

Several authors depict that diversity consists of two levels, whereby visible and invisible characteristics shape individuals and organizations. Milliken and Martins therefore distinguish between observable, readily detectable attributes such as race, ethnicity, sex or age and less visible, underlying attributes such as personal attitudes, education, technical skills, socioeconomic background and values (1996).

Extending Milliken and Martins distinction, Harrison et al. introduced “Surface-Level Diversity” and “Deep-Level Diversity”. Surface level differences are most of the time “reflected in physical features” and include race, age, sex and ethnicity (1998: 97). These characteristics are easily observable and comparable and consensus about their attributes can be reached (1998). Deeper level disparities are harder to observe and can only be recognized through verbal and nonverbal communication or through monitoring behavior, wherefore an intensive examination of the other’s values, beliefs and attitudes is necessary (1998).
Basing on Edgar Schein’s approach, which engages in visible and unconscious, taken for granted manifestations of culture and depicts that an organization’s culture is difficult and only hard to observe (Schein 2003), Rollins and Stetson developed an “Iceberg Model of Differences”. This model similarly divides seen and unseen attributes into two levels, whereof the first includes easily detectable characteristics and the second more personal, inner and unobservable traits.

Figure 1: The Iceberg of Differences (Rollins/Stetson: 3)

Accordingly, cultural diversity is a highly complex field with multiple distinctions and the majority of attributes cannot be discovered immediately. Additionally, Rollins and Stetson point out the importance to focus on unseen differences instead of just integrating people into corporations because of their physical distinctions.

Konrad highlights another aspect of deep-level diversity as he says that people can contribute to the organization’s success through introducing different abilities, skills and qualifications whereas "they can choose to contribute to the organization fully or less so" (2006: 164).

Also studies of the European Commission pinpoint that businesses should go beyond the “surface definition” and concentrate on “learnt aspects of difference” which include different types of knowledge acquisition, skills and abilities as well as communication styles and leadership know-how (2008: 12). Clegg, Kornberger and Pitis similarly categorize diversity in dif-
ferences in geography, culture, gender, spirituality, language, disability, sexuality and age (2008).

Gardenswartz chooses another subcategorization and classifies three different dimensions that are represented in the following chart (2). Accordingly, diversity is demonstrated as concentric circle that surround the individual’s personality. The internal dimensions are usually not changeable and engrained and demonstrate attributes such as race, sex or physical ability, whereas societal, external influences such as marital status or income as well as religion are modifiable and self-determined. Job-related factors also influence the image and assumptions other people hold (Gardenswartz/Rowe 1998).

![Four Layers of Diversity](image)

**Figure 2: Four Layers of Diversity (Gardenswartz/Rowe 1998: 25)**

Summing up, various authors agree on the necessity to separate between visible and invisible attributes. Lower level diversity is more frequently confronted with conflict, stereotypes or discrimination because individuals do not have to get to know the person to recognize differences. Because of this, earlier research focused on these aspects to counteract discrimination. Since the amount of women and aged persons as well as ethnically diverse people increased, more and more attention has to be put also on deeper levels of diversity.

**2nd Diversity Definitions**
As many different distinctions of diversity exist, as many definitions can be found in the diversity literature. In general, two streams shape the scientists’ perspectives whereas some focus on more visible aspects of diversity and others on the whole human variety.
Taylor Cox, who is a remarkable scientist, specialized in diversity theory, focuses on visible aspects, more precisely on not changeable attributes such as age and race (1993). Even though he emphasizes on racioethnicity and nationality, he defines diversity in his most distinguished book “Cultural Diversity in Organizations” as the “representation, in one social system, of people with distinctly different group affiliations of cultural significance” (ibid: 6). Later, he enlarges this definition and states that “diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting”, (Cox 2001: 3) whereas he includes people of different gender, race, origin, religion, age or work specialization. Again it becomes apparent that Cox focuses more on easily detectable differences and not on deeper levels such as communication styles, beliefs and education. Cox is not alone in focusing on low-level diversity, because also Richard (2000) or Ely and Thomas (2001) center their work on racial diversity or “racioethnicity”.

This is justified by a study, undertaken by Cox and Smolinski, which shows that race affects work experiences the most. Further, they detected that organizational level or departmental differences as well as gender affect the working atmosphere for employees (1994).

The European Commission picks a broader definition and interprets diversity from a legal perspective which includes “gender, age, race and ethnic origin, sexual orientation, religion and belief and disability” (European Commission 2008: 12). Also Robinson and Dechant affirm that the majority of globally acting companies favors a very broad definition of diversity which includes “differences in gender, racioethnicity, age, physical abilities, quantities, and sexual orientation as well as differences in attitudes, perspectives and background” (1997: 22).

According to Gardenswartz diversity “encompasses all of the ways that human beings are both similar and different. It involves variations in factors we control as well as those over which we have no choice” (Gardenswartz/Rowe 1998: 24). This depicts that individuals share certain similarities which help to connect with other people but also differences through which they can learn.

For this study, diversity will be defined as variance in visible and invisible characteristics whereas every difference may be good and essential. Additionally, it will be presumed that all individuals share certain similarities that ease their connection.

Generally, we can say that diversity always entails challenges but also opportunities that would not be present in homogeneous groups, since an entire uniformity is not realistic and feasible organizations have to deal with it and try to benefit most from differences.
B. Managing Diversity

Diversity management is very often described as being a necessary strategy or tool that “uses people’s diversity as the means of achieving economic end goals” (Lorbiecki/Jack 2000: S23) and for staying competitive. In practice, diversity management can be defined as voluntarily implemented programs that include all individuals into corporate processes and strengthen their membership in informal networks (Gilbert et al. 1999, Eddy 2008). This also implies understanding the effects of diversity management and responding to them (Cox 2001). Therefore, a positive organizational climate has to be established wherefore very often a change in the corporate culture is unavoidable. This is necessary to arrange fairness, openness and empowerment and equal support for all employees (Gilbert/Ivancevich 2000).

For a successful modification of the organizational culture towards diversity, long term efforts as well as management and employee support are indispensable (Linehan/Hanappi-Egger 2006, Gordon 1995, Cox 1993). This long term commitments is often hard to realize, as “the payback is often not as tangible or predictable as, say, investing in new product development” (Robinson/Dechant 1997: 21, Eddy 2008, Konrad 2006).

Cox and Smolinski define diversity management therefore as proactive efforts of leadership and employees to react to problems of a heterogeneous workforce, whereas “a climate in which all members can realize their full potential of organizational contribution and personal achievement” should be created (1994: 6). Additionally, possible benefits should be increased and barriers smoothed while different values, ideologies and opinions coexist (Cox/Smolinski 1994, Cox Beale 1997). Hays-Thomas (2006) has a similar view and focuses on overcoming potential risks and costs for creating advantages through systematic and planned programs for the corporation. These should ameliorate the intercultural interaction and enhance creativity and effectiveness instead of provoking conflict or tensions.

Another important aspect of diversity management is to strengthen organizational learning of all employees by providing a cooperative and supportive organizational culture and proactive management (Kochan et al. 2003, Jackson 1996, Ely/Thomas 2001, Lorbiecki 2001). Many scientists recognize the important role of CEOs and upper management because they argue that these heads of organizations are crucial in determining policies and diversity processes (Eddy 2008, Cox 1993, Cox 2001, Kochan et al. 2003, Linehan/Hanappi-Egger 2006, Vedder 2006, Konrad 2006, Luijters et al. 2008). Additionally, their demographic characteristics shape the organization’s goals and mission, thus, younger, female, racial minorities who are better educated will implement more diversity practices than others (Eddy 2008).

Hollowell (2007) and Eddy (2008) emphasize the importance of recruiting, training, developing and promoting minorities, whereas other employee groups or majority members do not need special attention. This approach should be reconsidered as some studies have de-
tected that majority employees are even more affected by diversity and need more time and help to achieve comfortable environments than minority employees (Cox/Smolinski 1994).

Gordon takes a very critical perspective when looking at diversity management and argues that it is not about providing comfortable environments for employees but only about managing individuals and satisfying the organizations’ goals, which are making profit and “manipulating” the personnel so that they are bringing their full knowledge and skills to bear in the organization (Gordon 1995).

Combining different interpretations, this work will treat diversity management as proactive managerial processes that create effective and open environments where all employees can maximize their skills and abilities and get equal support. Therefore, not only minority employees but also the majority group will be considered.

Every definition of diversity and diversity management is meaningful and significant because they show how diversity is seen by different scientists and which groups are meant when talking about people that are affected by diversity. Considering that already the interpretations of this single term are that broad among authors, it is imaginable how many opinions and views may exist in economy.

C. Diversity Management in Austria

Since diversity management got introduced in Europe by American subsidiaries of multinational corporations (Vedder 2006, Linehan/Hanapi-Egger 2006, Sandner 2007) it will be interesting to elucidate its present situation in European countries. This thesis will concentrate on Sandoz, a subsidiary of Novartis that is installed in Austria at a later point, wherefore the Austrian situation concerning diversity management will be briefly presented.

Europe is not as far in diversity belongings as America and has not yet developed the same legal framework for diversity, thus the two continents face different end goals. America concentrates more on equal employment and anti-discriminatory actions, whereas Europe focuses more on economic advantages through diversity management due to historic developments (Linehan/Hanappi-Egger 2006).

Historically, Austria has a long tradition of being an immigrant country because in times of economic growth in the 1960s, the fall of the Iron Curtain or the war in Ex-Yugoslavia in the
1990s, many immigrants and guest workers came to bring in their knowledge and skills. Additionally, because of the ongoing enlargements of the European Union, Austria moved from a peripheral position in the East of Europe to a central one and gets even more affected by diversity and free movement of labor (ibid). Thus, the Austrian labor market is increasingly concerned by diversity not only because of demographic developments or globalization, but especially because of opening boarders or the Schengen Agreement, which allows free movement of goods.

Having a concrete look at Austrian companies shows that an increasing number of companies is interested in diversity management, though, only little implementation took place (Sandner 2007). This got also validated by a recent discussion of the “Österreichisches Produktivitäts- und Wirtschaftlichkeitszentrum” (ÖPWZ) which took place in Vienna in the end of March 2010. Accordingly, managing diversity is very often too little incorporated and only a “lip service” or PR gag instead of being part of the daily life of Austrian organizations (Madlener 2010, Kriwan 2009). Additionally, employees with minority status are often found in lower level jobs at the end of the corporate hierarchy (Linehan/Hanappi-Egger 2006) and their knowledge and skills are not sufficiently used by the organization. On the other hand, a new equal treatment act which affects corporate actions, avoids discrimination and saves money from discriminatory lawsuits, was installed in 2004 (Sandner 2007), but this act gets frequently criticized, as companies can decide to pay extra fees instead of hiring people with disabilities (Madlener 2010).

Austria’s vice-chancellor Pröll accentuates that “diversity is the future” and should not be seen as threat especially in times of globalization (Koller 2010). According to “Statistik Austria”, the share of foreign nationalities increased by nearly 10% from the 1960s to 2009, thus, the percentage of immigrants working and living in Austria is on 10.4% of the total population (Statistik Austria 2009) and will keep increasing constantly. Therefore, employers cannot afford to waste human resources, wherefore diversity has to be taken seriously and as many diverse groups as possible should be recruited. Only when fully integrated, the organization can benefit from their heterogeneity (Koller 2010).

Most of the time, diversity initiatives are linked to gender and age in Austria, wherefore some family-friendly policies got introduced to promote women and especially mothers in organizations. To increase the number of companies investing in diversity management, annual competitions, looking for the best employer nationwide, take place whereas the winners get huge image benefits as well as complementary advertising and propaganda (Linehan/Hanappi-Egger 2006). Additionally, organizations that extraordinarily consider and respect people with different sex, age, ethnicity, religion, disability or sexual orientation may be awarded the newly created “DiversCity prize” (Madlener 2010).
According to a recent survey realized by “Secretary Search Personalberatung”, Austria drags behind most European countries, even though 89% of all questioned organizations believe that diversity is becoming more and more important in Austrian economies. Additionally, 58% would prefer a higher examination of diversity related issues but nearly 68% did not implement work groups or diversity councils in their organizations. This can be interpreted as the majority of organizations not yet having recognized the value of diversity management.

Although only organizations that are already interested in diversity got included into this survey, nearly two thirds of all participants specified that they have not established or integrated a written concept that deals with multiculturality. Again, this can be reasoned in the fact that diversity is not effectively implemented in Austrian organizations and “diversity” itself is more used as buzzword. Additionally, leaders of Austrian organizations are insecure and scared of implementing new strategies and moving to a new organizational era (Secretary Search Personalberatung 2009). Another astonishing result of this survey is that 75% do not and will not provide education programs or employee trainings that enlarge the openness of staff members to other cultures or groups in the next year (Secretary Search Personalberatung 2009).

Even though many organizations do not have implemented diversity initiatives, good practice examples exist in the Austrian economy as well, such as Vienna’s adult education center or chamber of trade, Bawag PSK, Hill international, Hofer AG, Henkel, Ford or OMV (Hill ONLINE, Hofer ONLINE, Henkel ONLINE, Bawag ONLINE, Ford ONLINE, OMV ONLINE).

Summing up we can say that Austria has not yet developed a very strong focus on diversity management but due to its central position in the middle of the European Union, more and more companies will implement diversity initiatives in order to stay competitive and successful. Additionally, also good practice examples exist in the Austrian economy such as Bawag PSK, Henkel, Ford or OMV, which are all internationally successful corporations and frequently affected by cultural diversity due to their global orientation.

As already mentioned, diversity can have positive and negative effects whereas various scientists argue that negative effects can be limited through effective leadership. To become aware of possible drawbacks but also chances, the next section will concentrate on these issues.
III. Effects of Diversity

“Diversity appears to be a double-edged sword, increasing the opportunity for creativity as well as the likelihood that group members will be dissatisfied and fail to identify with the group”

(Milliken/Martins 1996: 403).

Since the heterogeneity of the group composition is increasing, the working environment and working conditions for their members are changing and organizations face new possibilities and risks. These can be favorable as well as unfavorable and their influence depends on the strategic marketing and the organizational climate (Cox 1991, Cox 1993, Cox 2001, Cox/Blake 1991, Thomas et al. 2006, Jackson 1996, Linehan/Hanappi-Egger 2006, Eddy 2008, Richard 2000, Robinson/Dechant 1997, …). Not properly managed, the diversity of the employees can have a negative impact on the whole organization and it can result in a devaluation of minorities. Additionally, “reverse discrimination against members of the majority group, demoralization and reinforcement of stereotypes”, can easily happen (Von Bergen et al. 2002: 248), but can be avoided through effective management initiatives.

Jackson points out that diversity entails not only direct or short-term effects, such as task-related communication networks or cohesiveness, but also consequences that arise “over longer periods of time or may even persist after the team has disbanded” (1996: 58). These can be for example the “acquisition of knowledge and skills” as well as the “establishment of external relationships” (ibid: 59).

Therefore, the literature about diversity consists of two different streams, whereof one favors heterogeneity and the other refers to disadvantages and problems that come along with a diversified workforce. Usually, laboratory studies hold the value-in-diversity perspective (Richard et al. 2004), whose advocates are important scientists such as Cox, Blake, Ely, Thomas, Gilbert, Ivancevich, Watson and others, and focus on the positive aspects and consequences for organizations, for example through increased performance and effectiveness. This can be enabled through the “development of strategic alternatives” as well as through the promotion of “creative and effective competitive strategies” (Richard et al. 2004: 257).

Field studies, on the contrary, are characterized by a social identity theory, which refers to negative performance results and focuses on communication difficulties, negative impacts on the organizational effectiveness, lower commitment of women and other minorities as well as higher production costs (Thomas et al 2006). Therefore, cultural plurality is not seen as opportunity but rather as a threat for organizational performance. In literature, both directions are promoted and imaginable, whereas the outcome, positive or negative, depends on the
leadership style and management efforts as well as on the diversity level and context. Because of this, “neither the value-in-diversity perspective nor [the] social identity theory is necessarily incorrect” (Richard et al. 2004: 263). To explain those two streams, the next section will concentrate on positive and negative effects of increased multiculturality in personnel and customer base whereas the value-in-diversity perspective is included in chapter III.A. “Positive Effects of Diversity” and the social identity theory is represented in chapter III.B. “Negative Effects of Diversity”.

A. Positive Effects of Diversity

Since diversity exists on many different levels, realistically no company can avoid to become heterogeneous in some aspect (Agars/Kottke 2006). Additionally, all organizations are under increasing pressure for staying competitive, wherefore more and more firms promote a multicultural labor force to enhance their productivity, business prosperity and outward reputation (Cox 2008, Richard 2000, Robinson/Dechant 1997,…). Kelly and Dobbin also pinpoint the changing consumer markets and the necessity to reach “new immigrants and newly wealthy minority groups”, which is why the best way is attracting minority employees (1998: 973). These employees can help to identify the needs and wishes of a new, broader clientele and collaboratively develop new marketing strategies and products (ibid).

Other scientists, such as Gilbert and Ivancevich, emphasize the importance of diversity, because “it is good in itself and because it enhances organizational performance and increases the quality of organizational life” (2000: 94). To justify their statement, they interviewed managers from multicultural organizations, who successfully use cultural heterogeneity and came to the conclusion that plurality in personnel is beneficial for teamwork and increases productivity and commitment (ibid). Cox and Blake (1991) identified six areas that profit from proper diversity management, whereas cost saving, marketing reasons and performance heightening are the most frequently identified areas by most scientists. To further pinpoint the motivation of organizations, Robinson and Dechant demonstrate a survey of fortune 100 firms that engage in diversity management and figured out that the major reason for integrating a diverse labor force is a “better utilization of talent”, followed by an “increased marketplace understanding”, “enhanced breadth of understanding in leadership positions” as well as “enhanced creativity” and “increased quality of team problem-solving” (1997: 22).

1st Cost Savings and Resource Acquisition

As already mentioned, cultural heterogeneity in organizations is not really a management decision but rather an incontrovertible fact that needs reactive leadership. Richard shows that human resource managers can heighten the organization’s value, on the one hand
through specific management instruments and practices, and on the other hand through re-
taining and hiring culturally diverse people (2000). Since data shows that women and other
minorities are often unsatisfied with their jobs and consequently have higher turnover rates
and absenteeism, a malfunctioning diversity management, especially with the current demo-
graphic developments, will lead to an explosion of recruitment and personnel costs. Beside
these expenses, “litigation costs associated with discrimination claims” will constitute major
expenses for organizations (Thomas et al. 2006: 36).

Accordingly, companies have to improve their management of non-majority group members
and augment general working conditions to motivate their employees and satisfy their needs
and requirements. Otherwise, the expenses of acquainting new staff, because of permanent
employee turnover would boom and the organizations would not be able to attract the best
available experts from different cultural backgrounds (Cox/Blake 1991, Cox 2008, Robin-
son/Dechant 1997). More and more companies react to the increasing variance of personnel,
and higher qualified people will choose their prospective employers according to who best
supports their employees. Thus, such organizations will attract the best available experts of
the market and motivate other employers to copy their strategy, stay equally competitive and
flourish their businesses (Cox/Blake 1991, Cox 2001). According to the European Commis-
sion, “the most important benefits arising from the implementation of diversity policies arise
from strengthening organizational and human capital” (2003: 4). The organization itself and
its employees advance and learn through intercultural communication and interaction and
increase the organization’s human capital. Cox and Smolinski recently detected that organi-
zations that successfully integrate culturally diverse people have lower employee turnover
rates as well as less frustration in their jobs (1994). Additionally, another study realized by
the European Commission, depicts that the most prevalent argument for integrating culturally
diverse people is a broader “pool of talents from which to employ staff” and thus, the chance
to retain the best staff available (2008: 14).

Another alternative solution of high turnover is elucidated by Susan Jackson who highlights
the advantages of employee fluctuation. Thus, low labor turnover “gradually results in the
homogenization of their attitudes, perspectives and cognitive schemas” and reduces creative
thinking as well as the broad base of alternatives to choose from over time (Jackson 1996:
68). Consequently, a high employee turnover in heterogeneous teams can likewise be “a
cloud with a silver lining” that enables continuous information flux as well as new and fresh
ideas (ibid: 68).

Not only economic reasons warrant diversity management, wherefore Linehan and Hanappi-
Egger pinpoint the importance of ethical positions, which favor the reputation of organizations
and the possibility to attract a broader customer base as well as employees. Consequently,
organizations that are open for all cultural groups can attract, select, train and retain the most talented people and reach all customers with diversified services and goods (2006). Additionally, for some external and internal stakeholders, the organization’s team composition is important and has a “symbolic significance”, thus they support heterogeneous teams more than simple homogeneous groups (Milliken/Martins 1996: 417). Even if diversity management is mainly an economic issue, also the morale rationale behind cultural multiplicity such as interaction and communication of culturally varying people or the reduction of stereotypes and discrimination is important and has to be recognized (e.g. Lorbiecki/Jack 2000, Vedder 2006). Hence, organizations can create the image of being a fair, non-discriminating employer by becoming and staying diverse (Vedder 2006).

Moreover, Thomas et al. point out that especially workers with physical or mental disabilities are both more loyal and supportive than “traditional” workers, what saves turnover costs on the one hand and creates positive corporate-images on the other hand (2006).

Summing up, Cox and Blake purport that successful diversity management can reduce the frequency of absenteeism, the costs of miscommunication, higher interpersonal conflicts as well as employee turnover costs and broaden the patronage, which should motivate all entrepreneurs to install a proactive diversity leadership (Cox/Blake 1991, Cox 1993, Cox 2008). Jackson, on the contrary, asserts that a high employee turnover in plural organizations can be beneficial for an ongoing flow of information and creative ideas (1996).

2nd Marketing, Creativity and Problem Solving
Several authors pinpoint that not only the personnel is becoming more and more diverse, but also the customer base, thus, companies that favor diversity and have good reputations for well functioning integration will control and rule the market (Ely/Thomas 2001, Cox/Blake 1991, Cox 1993, European Commission 2003 + 2008, Robinson/Dechant 1997, ...). Cox and Blake comment on this as following: “Just as people, especially women and racioethnic minorities, may prefer to work for an employer who values diversity, they also may prefer to buy from such organizations” (1991: 49). Companies with good public reputation will be favored to sell goods to a diverse clientele and can easily react to different consumer needs and behaviors (Robinson/Dechant 1997). Also other authors such as Gilbert, Stead and Ivancevich (1991) or Milliken and Martins (1996) discovered that cultural heterogeneous groups can better react to their customer's wishes and identify the appropriate services, products and strategies. Additionally, they highlight that especially racial diversity or multiplicity in skills and knowledge can augment the quality of ideas and decisions and display a greater amount of different viewpoints, thus, innovations increase and also a more creative way of problem-solving is possible (Milliken/Martins 1996, Cox et al. 1991, ...). The European Commission identified the possibility to stop unilateral thinking of groups through a diversification of per-
sonnel, hence, they also confirm that a varied staff allows to “discover new products, markets and ways of doing or leading business” (European Commission 2008: 8). A good example for this is presented by the Avon Corporation, which could increase its market share and revenues solely because of the promotion of minorities to leading positions. The president of the Avon Corporation comments that, “members of a given cultural group are uniquely qualified to understand certain aspects of the world view of persons from that group” (Cox/Blake 1991: 49). This means that a heterogeneous workforce can create competitive advantages through individual insights into the customer’s culture and a general understanding of their buying habits and decisions (Kochan et al. 2003). Also the development of new products can be accelerated and pushed, as for instance a group of minorities at the Maybelline Company, who introduced shades for darker skin colors (Cox 1993). Accordingly, diversity management can be used as marketing tool and can promote the company and its products.

Proponents of the value-in-diversity perspective endorse that groups and organizations with a diverse composition benefit from higher creativity and more innovations through different experiences, beliefs and perceptions (Gilbert et al 1999, Cox/Blake 1991, Cox 2001, European Commission 2003 + 2008, Robinson/Dechant 1997, Kochan et al. 2003, …). Thus, human plurality in organizations can increase the amount and quality of ideas and innovations and will consequently improve nearly all corporate processes such as “advertising, product design, and quality improvement” (Cox 2001: 7), hence the general financial performance of an organization (Cox 2008). Since heterogeneous groups possess a broader variety of experience, skills and ideas, also problem solving reaches a better quality than in homogeneous groups, because more alternatives can be taken into account. Additionally, more critical and convergent thinking prevails in heterogeneous groups, and it prevents the exclusion of individuals (Gilbert et al 1999, Cox/Blake 1991, Cox 1993, Cox 2008, Lorbiecki/Jack 2000, Knouse et al. 2008, …). Jackson on the other hand points out that “diversity may slow down the processes of decision-making”, whereas the quality of decisions and results is higher, thus, she concludes, by arguing that especially for “high-risk decisions” with irreversible consequences, such as in hospitals or the military, heterogeneous teams are more successful and functional (1996: 63). Taylor Cox likewise pinpoints that multicultural work teams are more advantageous for difficult and complex tasks and result in better performances (2008).

A survey realized by Watson, Kumar and Michaelsen (1993) demonstrates that heterogeneous teams, compared to homogeneous ones, have problems to agree on the core issues of a conflict situation, they are often faced with hierarchical friction and there is a risk that too dominant and controlling participants may initially prevail. Thus, in the beginning the heterogeneous team had lower task performances than the homogeneous group, but in the course of time the diverse team became more effective on issues such as the identification of prob-
lems and the amount of provided alternatives. Consequently, their creativity and problem solving capacity increased and surpassed the other group's results.

Having a look at the cooperation ability, Cox, Lobel and McLeod discovered in a survey of 140 graduate and undergraduate students that heterogeneous groups, in their example they included Asians, Blacks, Hispanics and Anglos, “acted more cooperatively than all-Anglo groups”, thus, organizations could benefit from a better working climate and more cooperative acting of multicultural employees (1991: 839).

Many scientists support the above mentioned arguments and assert that not only the amount of ideas or solutions is higher, but also the quality of answers and proposals as well as the general working atmosphere (Cox/Blake 1991, Cox 1993, Jackson 1996, Watson et al 1993, Milliken/Martins 1996,…).

3rd System Flexibility
There is evidence that organizational flexibility in heterogeneous groups is secured, as research depicts that bilinguals, what makes up the majority of immigrant workers and workers from different nationalities, possess greater cognitive flexibility and more reflexive and diverse thinking than monolinguals (Knouse et al. 2008, Cox/Blake 1991). Additionally, the organization becomes more flexible because of the introduction of adaptable structures and methods that react to changing needs. These flexible structures are necessary to be able to attract a diverse workforce and to warrant employee and customer satisfaction as well as fluidity of corporate processes. In general, a superior degree of tolerance and openness of pluralistic personnel ensures a relatively high flexibility (Cox/Blake 1991).

Since employees with minority status have to deal with their personal norms and values and the majority’s culture, these participants are most of the time bicultural, which enables a better understanding and empathy to put themselves in the majority’s and customer’s position (Cox et al. 1991). Additionally, organizations that successfully diversify their employees are usually characterized by “integrity on stated core values such as fair and respectful treatment of all members and/or [the] promotion of equal employment opportunities in a broader society”(Cox 2008: 4).

Dominik Sandner and co-authors summarize the most common areas that are positively affected by diversity management and include personnel marketing, customer satisfaction, enhanced organizational image and cost saving. Additionally, successfully managed organizations record lower turnover and acquire new markets which again increases competitiveness (2007: 9).
Concluding, various scientists argue that cultural diversity influences the organization’s performance in several ways, whereas effective organizational climates, a growth strategy and proactive management are indispensable in order to benefit and not suffer from heterogeneity. If the “type of diversity, the type of industry, and the nature of the tasks to be performed are properly taken into account”, organizational effectiveness, creativity and flexibility will increase (Cox 2008: 11).

B. Negative Effects of Diversity

If we have a look at diversity management in general, the majority of scientists focuses on the chances that plurality can bring into organizations. This is because arguments against diversity are very often regarded as being racist and discriminating, which leads to a quite marginal number of anti-diversity researchers. The majority solely focuses on the positive effects and outcomes a heterogeneous workforce can have and argue that negative impacts of diversity only occur because of ineffective management and wrong approaches (Thomas et al. 2006, Cox 2001).

Avery Gordon takes a more critical perspective on diversity management than most other scientists and argues that diversity management is only another form of capitalist management and a “force” on employees to insert their personal private culture to the organization. Additionally, he asserts that the individual’s decisions are guided or “manipulated” by managerial laws “toward successful global competition” (1995: 18). He is not alone with his critique on diversity management, because also Lorbiecki and Jack focus on negative aspects and problems when creating a distinction between “those who manage” and “those who are diverse” (2000: S23). They criticize the identification and classification of the whole workforce and argue that only historically affected minority groups, such as women and ethnic minorities should deserve attention. Therefore, they draw on Zigmund Baumann’s critique on classification who argues that diversity management is just a way “to replace diversity with uniformity, ambivalence with a transparent order – and while doing so this turns out unstoppably more divisions, diversity and ambivalence than it has managed to get rid of” (Baumann 1993: 5 in Lorbiecki/Jack 2000: S25). Moreover, Lorbiecki states that diversity management is not do-able because historical events have an effect on the management’s decisions (2001).

Summing up, Lorbiecki and Jack focus on the complexity of classifying people into dimensions to make their organization easier while using their diversity as a tool to achieve economic goals. Furthermore, they raise the question if human beings that are once classified,
have to keep living up to this classification by showing the example of being rationed as women but in the course of time becoming aged women (2000). Other criticism that can emerge through a classification is strengthened or raised stereotypes of majority employees.

Another critique that appears in the diversity literature accuses diversity management of being only the “politically correct rehash” of Affirmative Action initiatives (Knouse et al. 2008: 12), consequently, only implemented because of statutory provisions to “redress past discrimination” (Kelly/Dobbin 1998: 971) and fails to promote minorities (Gordon 1995). Originally, Affirmative Action programs were introduced to help discriminated and disadvantaged minorities, whereas the main aim of diversity management is to include and integrate people of different backgrounds and nationalities to achieve a mutual corporate goal (Gordon 1995, Cox/Beale 1997). Since diversity initiatives are voluntary, the implementation of such measures is a “strategic managerial choice” of the upper management level and most of the time consequence of corporate and societal pressures (Eddy 2008: 61). Nonetheless, their adoption is not compulsory and the organizations individually decide if cultural plurality should be incorporated or not. Diversity management especially receives critique because authors such as Vedder are criticizing that not the plurality is being managed, but the attitudes and behavior of diverse people get biased by a dominant group (Vedder 2006).

Concentrating more on the effects of heterogeneous teams shows that despite the numerous advantages and benefits of diversity, also some problems with and within them can arise. Reasons for that are very often group cohesiveness, malfunctioning diversity strategies and communication difficulties (Cox 1993, Cox 2001, Cox/Beale 1997). The most frequently mentioned dangers coming along with diversity are interpersonal conflict, different group dynamics and a decline in productivity and effectiveness due to increased intercultural communication and low proficiency (Thomas et al. 2006, O'Leary/Weatherington 2006). Gilbert and Ivancevich (2000) point out further consequences, such as expenses due to lawsuits or drops of the organization’s stock price. Additionally, boycotts of customers and employees, bad corporate reputation as well as an inability to attract the desired clientele and personnel can be consequences of (wrong) diversity management. If organizations stay homogeneous or lack successful management, they will be unable to sell their products to a multicultural customer base and will in the long run become insolvent (Gilbert et al. 1999). More direct effects of ineffective or non-functioning diversity management are a backlash of male majorities, a demarcation of whites or general frustration and disappointment of all parties involved (Lorbiecki/Jack 2000). A research by the European Commission additionally points out that innovation due to diversity is mostly inhibited by “negative stereotyping, poor communication and poor team integration” (2008: 32).
Linehan and Hanappi-Egger also highlight that problems do not only occur “because of the real differences that exist between people but because of those that people believe exist” (2000: 218). Accordingly, not only existing problems need to be worked on, but also imagined or envisaged difficulties. These consequences of diversity can both develop immediately, when the group is working, but it may also last until the termination of a project or longer (Jackson 1996).

1st Group Cohesiveness and Identification

Experiences depict that “highly cohesive groups have higher member morale and better communications than less cohesive groups” (Cox 1993: 37). Group cohesiveness generally “refers to the degree of interpersonal attraction and linking among team members” and demonstrates a variable that increases confidence and satisfaction of employees (Jackson 1996: 63). Human beings like to compare and benchmark themselves with other, similar people, which is especially harder in diverse workforces (Cox 1993, Jackson 1996, Garden-swartz/Rowe 1998, …), thus, low group cohesiveness easily originates. Consequently, trust and confidence, which are important for effective collaboration, develop harder than in culturally similar teams (Cox/Smolinski 1994, Knouse et al. 2008, O’Leary/Weathington 2006, Cox/Beale 1997). Because of this, newly formed homogeneous teams are more effective and successful in the beginning than heterogeneous ones (Watson et al. 1993). Additionally, research shows that minorities often receive less positive emotional support as well as inferior personnel reviews and feedback by supervisors, which again leads to higher turnover rates of minor represented groups. Thus, greater diversification entails lower social integration and less group cohesion (Milliken/Martins 1996, Konrad 2006, O’Leary/Weathington 2006, Tsui et al. 1992, Cox/Beale 1997, Hayes James 2000). If, in the course of time, no cohesion or solidarity generates, members may decide to leave the team voluntarily or forced, because they cannot develop themselves or put in their full potential (Jackson 1996, Gilbert/Ivancevich 2000, Tsui et al. 1992).

Employee identification is important so that every staffer feels committed to the organization and puts his efforts towards the company’s goals. Very often, minorities lack this feeling, because they do not feel like being part of the team or equally accepted and valued in their organizations. Consequently, minority member employees have a “lower similarity in cultural values than majority member employees” (Luijters et al. 2008: 157) as well as lower psychological attachment towards their majority colleagues who “perceive out-group members as less trustworthy, honest, and cooperative than members of their own (arbitrary) group” (Tsui et al. 1992: 552). Human beings generally are likely to team up with related people and hold similar values, thus categorizations such as “I am an IBM employee” (ibid: 553), or “I am a women, I am an accountant, I am a Chinese American” are generated (Konrad 2006: 167).
To avoid low identification, organizations should increase the diversity climate and discuss differences openly, but in reality, most of the organizations cannot put their efforts into practice and tend to hire people with similarities instead of valuing cultural differences (Luijters et al. 2008).

2nd Communication, Conflict and Decision Making
Heterogeneous teams feature a huge number of different perspectives, ideas and experiences, which can increase the quality and number of solutions. On the other hand, this variety can lead to miscommunication, because of the use of different languages such as specialist languages or vocabularies of occupational groups, but also vernacular language. This can further lead to problems in mutual consent and enhance dissent and dispute, combined with negative emotions and conflict (Jackson 1996, O’Leary/Weathington 2006, Kochan et al. 2003, Knouse et al. 2008, Cox/Smolinski 1994). Konrad argues that people prefer to communicate and interact with similar people or with persons that incorporate similar values, because they do not like to get criticized or be told to have wrong perspectives or notions (2006). This is much more common in culturally diverse groups, since their members possess many different points of view.

Conflict that occurs in heterogeneous groups can be beneficial or impeding because on the one hand, the group’s performance can increase and on the other hand, emotional conflict can harm it (Agars/Kottke 2006). If organizations are not properly managed and dominant groups get reeducated and trained, they will develop resistance against new minority employees, because their hiring often implies a loss of power for the majority (Linehan/Hanappi-Egger 2006). Additionally, perceived inequality may enhance exasperation, slow down work or change cognitive perceptions, which again leads to conflict and harassment against their colleagues and makes diversity programs even harder to be successful (O’Leary/Weathington 2006). O’Leary and his colleague point out, that hiring minority employees without introducing them also in higher corporate levels, leads to the “appearance that minorities are being hired simply to comply with legal requirements or as tokens to demonstrate the organization’s ‘commitment’” (2006: 288).

As mentioned earlier, decision making and problem solving in teams can be more creative and qualitatively higher in heterogeneous teams, but a possible drawback is a necessity to collectively agree on the solution. Jackson (1996) further points out that a group is more favorable to accept a proposed solution if more than only one person agree on its utility. This is especially true, if the employee who suggests the answer is a member of a minority group or of “relatively low status” (Jackson 1996: 61). Hence, if single employees propose answers and have no federates or colleagues that support their ideas, decision making can become a long process and intensively time consuming. Further, it should be mentioned that heteroge-
neous groups as well need at least a basis of similarities or overlapping expertise, because
too diverse teams can enhance communication barriers what makes decision making even
harder (Cox/Blake 1991, Cox 1993, ...). A consequence related to this fact is a lower partici-
pation in discussions and brainstorming of minorities and other low status employees (Jack-
son 1996). Additionally, the variety of opinions can hinder fast or consensus decisions, be-
cause it is hard for very diverse people to develop mutual consensus and find compromise
without generating intergroup conflicts or prejudices (Vedder 2006, Cox/Smolinski 1994,
Knight et al 1999). Accordingly, human resource managers should pay attention to recruit a
balanced plurality that has some overlapping characteristics and areas of specialized knowl-
edge or competence.

Summing up, we can conclude that a heterogeneous personnel “potentially lowers member
morale and makes communication more difficult” (Cox 1993: 37). On the other hand, Cox
argues against the accuracy of these arguments, because he remarks that there does not
exist a valid survey that approves a positive correlation of group cohesiveness and group
productivity (Cox 1993).

3rd Absenteeism, Performance, and Costs
Several authors emphasize that women and other minority groups have higher turnover rates
and are more frequently away sick, which leads to higher financial organizational expenses.
Additionally, physically disabled persons are accused of causing an explosion of healthcare
and production costs of enterprises, due to poorer work quality. Further, women quit jobs,
especially after marriage or childbirth, more often than men (Cox/Blake 1991, Thomas et al.
al. argue that higher absenteeism increases with the amount of differences a person has,
compared to other colleagues (1992). Most of the time, women and other minority groups
find themselves in middle or lower corporate levels, what is justified by some people through
lower education levels or skills of this group. Even if this is very often not the case and such
arguments are not valid, the myth of meritocracy is “often used as a bludgeon against minori-
ties and women because their lower positions in organizations are assumed to be logical
extensions of their abilities and/or efforts” (Thomas et al. 2006: 48). A problem with this as-
sumption is that historical interference, such as exclusion and exploitation of minorities still
prevails in the minds of some people (Thomas et al. 2006).

Orlando Richard also investigated in the diversity research and checked, if racial diversity is
correlated to increased firm performance, but his results stayed without significance. Only
when the organization had a diversity-growth strategy, interaction and performance was
added. Hence, they experienced “higher return on equity than firms with the same diversity
and a no growth or downsizing strategy” (2000: 171). A survey done by the European Com-
mission further examined the link between diversity and innovation and they came to the conclusion that even if 63% of all interrogated enterprises suggested a connection of diversity and innovation, only one third recorded and evaluated the factual interrelation (European Commission 2008). On the other hand, O’Leary and Weathington bespeak that culturally heterogeneous groups serve fewer innovations because of conflict, miscommunication and low cohesion (2006). Also Cox and Smolinski point out that multiplicity in organizations can implicate higher turnover, a lack of communication and intercultural conflict and lead – if not properly managed – to “lower performance on profit, market share or other strategic goals” (1994:14).

Several costs associated with a culturally diverse workforce arise due to fighting lawsuits on diversity or programs that change the organizational culture (European Commission 2003, Cox/Smolinski 1994, ...). In detail, “Costs of Legal Compliance” occur due to the implementation of the development of new policies and new record-keeping systems. Other costs are “Cash Costs of Diversity”, which develop through hiring specialist staff, education and training programs as well as through the amelioration of working conditions and benefits. Monitoring and reporting processes will cost extra, whereas some costs are non-recurring and others long-term expenses. Additional expenses, such as “Opportunity Costs”, which accrue through a diversion of management time and productivity deficit as well as “Business Risks” which develop through wrong time scheduling, shall be incurred (European Commission 2003: 10f).

4th Racism and Discrimination
Nowadays, the ideal that color and race do not matter in the organizational context is prevalent and cultural background is seen as irrelevant, but this “does not recognize the authentic differences that are defining features of identity and power differentials that can hamper minority achievement” (Thomas et al. 2006: 49). Ignoring and suppressing differences in race or culture can lead to several problems, for instance to tabooing of not even mentioning race, color or intergroup tensions and hindering the organization to benefit from cultural differences what leads to a non-utilization of resources and a waste of proficiency (Thomas et al. 2006, Ely/Thomas 2001, ...). Besides, people of color are discriminated in several ways, because they are prevalent victims of stereotypes and often the only representatives of a culture group, thus, even more harassed (Konrad 2006). Moreover, “non-Whites” are perceived of being less- or not qualified and just hired because of legal requirements (Sagrestano 2006, Linehan/Hanappi-Egger 2006). This leads very often to an exclusion of minorities in social and corporate networks and lowers the group's team spirit and solidarity (Knouse et al. 2008).
Milliken and Martins (1996) further argue that, because of deep-seated prejudices and stereotypes, racially as well as sexually diverse people suffer more from negative effects than employees of different age. They also depict that racial minorities get especially discriminated against because of historical experiences and events such as slavery or the persecution of the Jews.

After examining some anti-diversity arguments, such as organizational ineffectiveness because of corporate pluralism or the hiring of unqualified employees Thomas et al. come to the conclusion that most of them are “by and large, without much merit” (2006: 32). Additionally, important findings by Watson et al. (1993) or Harrison et al. (1998) pinpoint that negative effects and outcomes of cultural heterogeneity decrease in the course of time working together. Not only minority employees are concerned with problems that come along with corporate diversity, but also members of the majority group (Cox/Smolinski 1994). Therefore, organizational leaders must develop new competences and provide space, to give their employees the opportunity to collaborate and acculturate when managing diversity successfully (Linehan/Hanappi-Egger 2006). These may vary from becoming bicultural to resisting ethnocentrism or becoming aware of ethnic identities (Thomas et al. 2006).

Many authors are aware of possible drawbacks and problems that can arise when implementing diversity initiatives, such as low group cohesiveness and identification with the organization, conflicts as well as additional costs, but the majority emphasizes the opportunity to reduce negative aspects of plurality through successful, adequate management and training.

As already mentioned before, organizational heterogeneity is not really a matter of choice but a matter of fact. Consequently, organizations have to deal with possible problems and barriers and minimize negative effects wherefore proactive, effective and comprehensive leadership as well as management efforts are necessary. The next section will therefore concentrate on the diversity theory and its literature and focus on two management theories by Robin Ely and David Thomas as well as Taylor Cox that try to explain different perspectives of multiculturality and propose a model how to implement cultural plurality in an organization.
IV. Models for Managing Diversity

A. Taylor Cox’s Approach

“Diversity dynamics are an integral part of everyday life and need to be considered in all activities involving people in organizations.”

(Cox 1993: 234)

Taylor Cox, professor at the University of Michigan, is involved in creating education programs, doing research and organizing change processes for heterogeneous groups for companies such as Ford Motor, Exxon, Phillips and others (Berret Koehler Publishers) and he is one of the most influential scientists in the diversity sector. Since the majority of global research concerning multiculturality and diversity bases on the approach of Taylor Cox Jr. (for example Jackson 1996, Gilbert et al. 1999, Aretz/Hansen 2002, Milliken/Martins 1996, Chrobot-Mason/Ruderman 2006, Konrad 2006,...), this thesis will concentrate on and present his model in more detail. His archetype is not only used in America or English speaking countries, but it is also very influential in Europe, wherefore an exemplification is especially expedient and useful.

1st Organizational Types

According to Cox, organizations can be divided into different types, depending on their attitudes, organizational culture and traditions. When insisting on monolithic structures, companies will not be able to benefit from a diverse workforce and a widespread knowledge; thus, organizations, where assimilationist approaches prevail, will lack competitive advantages and will not be able to react to changing environments and the needs of customers, which is why organizational effectiveness and consequently, efficiency will be wasted. Subsequently, very briefly all three modes will be presented with advantages and disadvantages each.
Figure 3: Organizational Types (Cox 1991: 37)

(a) Monolithic Organizations

In monolithic organizations, diversity is not integrated in the company structure and leaders of these kinds of organizations recruit only very limited numbers of people with diverse backgrounds and nationalities, in order to retain a relatively homogeneous workforce. If minority members got recruited, they are primarily found in low-level jobs like maintenance and secretary and are only accepted in the organization if they adapt and assimilate to traditional existing norms and behaviors. Monolithic organizations have numerous disadvantages, because they cannot react to changing demographic developments and thus, cannot efficiently use human resources. One of the few advantages compared to the high number of disadvantages is a low level of intergroup conflict and relatively high group cohesion (Cox 1991, 1993).

Many organizations reacted to human rights developments and feminism of the 1960s and developed "plural" organizations which have a more diverse workforce than monolithic ones.

(b) Plural Organizations

Companies with plural structures are the dominant organization form from the 1990s until today and try to include people with different backgrounds and experiences. They offer special management trainings on equal opportunity issues such as civil rights laws, ADA (Americans with Disabilities Act) or sexual harassment as well as audits to prevent discrimination against minor groups, but nonetheless these groups still do not have the same possibilities as multicultural ones (Cox 1993). Even if these organizations include people with different
gender, race and experiences, only few of these minority groups can be found in management and higher positions which can be interpreted as "partial structural integration" (Cox 1991: 38). Nevertheless, plural companies integrate minorities also in informal networks and raise awareness of discriminating and prejudicing attitudes which leads to stronger identification with the company. A problem that marks this style is extended intergroup conflict, because dominant groups are afraid of being discriminated against minorities and they fear to lose powerful positions as a result of a workforce with different qualifications. A reason for that is a lack of diversity and mentoring trainings, literature research and Affirmative Action programs, thus the assimilation approach to cultural acculturation still predominates (Cox 1991, 1993).

(c) Multicultural Organizations

Pluralism develops when all groups (majority and minority) approximate and partially adapt, and minority members carry out behaviors of both cultures, thus, the difference between plural and multicultural companies can be defined in valuing and not only “accepting” cultural heterogeneity. Without a both-way adaptation, nobody can profit from the other group’s knowledge and ideas, wherefore pluralism is obligatory for multicultural companies (Cox 1993). According to Cox, multicultural organizations should be the model for enterprises of the 1990s and today but until 1991, he named only a few organizations that successfully integrated heterogeneous members. More and more companies have started a diversity approach throughout the past years, thus, including minorities to successfully utilize human resources is getting increasingly important. Several characteristics like pluralism and full structural integration or full integration of informal networks and the absence of prejudice and discrimination shape these organizations. Additionally, members of multicultural organizations strongly identify with the company and intergroup conflicts are relatively rare (Cox 1991, 1993).

Cox offered a good first approach with his model and highlighted the importance of managing and especially valuing cultural diversity. But a major disadvantage of this model is the low structural classification as well as a lack of practical examples. With this model he only gives a rough idea about the benefits and explains which sectors are needed to be addressed but even with the tools he names, organizational change is hard to accomplish.

2nd Spheres of Activity

Previously mentioned difficulties and problems point out that effective management of culturally diverse groups is an important factor for successfully using human resources. Cox and Blake (1991) were part of the pioneers in arranging diversity management according to rele-
vant issues and they identified seven different fields of activity which will be summarized in the following figure (4).

Accordingly, organizations have to become heterogeneous and open their businesses for a diverse workforce, which means recruiting and training people with different nationalities and qualifications. As more and more women are entering the labor market, sexual harassment has to be limited and part time work opportunities promoted. To ensure effective heterogeneity, education programs on valuing differences as well as trainings against prejudicing and intergroup conflict are necessary.

Taylor Cox and Stacy Blake satisfyingly identified different fields of action in diversity management but a rather negative remark concerning the above model is the neglect of an interrelation of the specific areas. They do not consider correlations or interdependencies and lack classifying different organizational levels. Additionally, no examples are named and the variety of issues that are influenced by heterogeneity seems rather low. Nevertheless, their listing helps to specify areas that need to be addressed by cultural diversity management and shows that only if all sections are managed properly, organizations can benefit from their heterogeneity. Taylor Cox improved on some of the mentioned points of critique and specified interrelations and different levels wherefore the next sections will deal with this model in more detail.
3rd Impacts of Cultural Diversity

To check whether organizations value or simply “accept” culturally diverse groups, Taylor Cox developed a model that shows which values prevail in an organization and how multicul-
turality is seen by the leaders of the company, who are responsible for the employee struc-
ture. Moreover, this model deals with the previous lack of interrelation of individuals and the
company’s environment and also considers interdependencies.

The diversity climate may influence the organization’s working conditions through an interre-
lation of different parameters, such as individual and organizational level as well as inter-
group factors. Individual level factors indirectly influence the organizational performance and
comprise identity structures like gender, race or cultural background as well as prejudices and
stereotypes (Cox 1993). Intergroup factors are characterized by cultural differences,
conflicts as well as ethnocentrism and can arise in heterogeneous groups due to competing
goals, competition for resources, cultural differences and power disparities (Cox 1991, 1993).
This can be seen in some European cities for example where immigrants, from Eastern
Europe especially, are increasingly teased and harassed by natives, who are afraid of losing
workplaces because of “non-welcome” outsiders. Additionally, acculturation processes, struc-
tural and informal integration as well as bias in human resource systems can influence the
working atmosphere whereas some aspects of the diversity climate like structural and inform-
al integration as well as cultural differences directly affect the organizational effectiveness
and aspects like creativity, problem solving, work group cohesiveness and communication
(Cox 1993).
Conflicts are very often unavoidable even in homogeneous groups, but since culturally heterogeneous groups are even more concerned with conflict through “language barriers, culture clashes, and resentment by majority group members” (ibid: 258), it is essential to minimize intergroup conflict. In this context Cox states that “in assimilationist organizations, the burden of change falls completely on the entering member, whereas in more pluralistic climates, more of a two way influence process may be expected” (ibid: 175).

With his plan, Cox does not only provide a model that shows various aspects of interdependency and economic consequences due to cultural diversity, but he also highlights solutions and prevention advice of possible conflict. Furthermore, he mentions the significance of diversity management as well as possible negative outcomes, if not properly designed.

4th Creating the Multicultural Organization

To complete his “Interaction Model of the Impact of Diversity” Taylor Cox proposes a concrete plan how to benefit most from a diverse workforce. Accordingly, it is indispensable to create a vision that defines the goal of the change and enables all members, no matter which sociocultural group, to “contribute and achieve their full potential” (Cox 1993: 225). Therefore, five key components that transform traditional monolithic and plural organizations into multicultural ones got implemented. He introduced the sections “Leadership”, “Research / Measurement”, “Education”, “Changes in Culture and Management Systems” and “Follow up” to provide a comprehensive survey including tools and measurements of how to change organizational processes.

The next section will briefly examine core elements of the latest delineation of the year 2001 whereas chart 6 shows that all stages can be combined in a cycle which should be repeated, revised and “refined over time in a process of continuous loop learning” (Cox 2001: 18) to receive long lasting profits and advantages.

Accordingly, the company has to include diversity into the corporate vision and mission to create a “climate in which members of all identity groups excel” (Cox 1993: 243). Moreover, research has to be done on existing good practice examples in order to facilitate benchmarking with other companies. Additionally, the leaders of the company need to be aware of the importance of training and education programs, in order to limit conflict and improve intercultural communication. To attract a more diverse workforce, also structural changes are to be made and flexible working models need to be introduced. All four stages must be controlled and supervised after implementation and employee attitude surveys as well as regular meetings should take place (Cox 2001).
A leadership which is willing to change is indispensable for shifting an organization towards valuing cultural diversity. Besides, anyone who has power and influence on other people, like CEOs, Heads of Units and Human Resource staff, is in charge to work on the change without delegating this responsibility to other people (ibid). Therefore, also “full-time directors of diversity” or “diversity coordinators” may get installed and nominated (Cox 1993: 232). But it is not his sole responsibility to implement heterogeneity in the organization because leaders at all stages need to motivate employees, support the company and transmit the goals and importance of the vision. To spread the responsibility, more and more companies are implementing “steering committees and advisory groups”, where more people come together and plan the new vision of a multicultural organization (ibid: 233). If the change endeavor should succeed, leaders have to be the first to demonstrate modified norms and behaviors, in order to set a good example. Thus, valuing diversity needs to be established as core company value, included in the business strategy, and treated as basic quotidian phenomenon. Accordingly, minorities should be included in all companywide programs such as mentoring plans, social activities or informal networks and discrimination or exclusion have to be limited. Additionally, company sponsored social events, where employees can interact and meet, will be profitable for integrating different employees into the company culture.
(b) Research and Measurement

Organizational change requires valid information and data about existing experiences, relationships and consequences from which to start. For this, a collection about diversity issues, like the organizational culture, equal opportunity projects and the values, beliefs and attitudes of employees are necessary. By doing that, sectors that need special attention can be identified and discussions, seminars, trainings or special education projects can get started to counteract possible malfunctioning. In general, research and measurement is an important field to include employees and to learn about their opinions and experiences. Additionally, more about the organizational culture and in-plant relationships can be figured out and intra-company data can be used to increase the commitment to change by developing business cases on diversity. Here, already available training material can minimize costs and motivate employees by showing research data from companies or departments that have already successfully implemented diversity projects (Cox 2001). Trainings and orientation programs are most commonly used to inform and to build awareness and skills, in order to understand cultural heterogeneity. It is important to select diverse groups and to keep an eye on diverse trainer teams, including a significant representation of the dominant majority. Moreover, new member programs are used when recruiting employees as well as language trainings or the acceptance of second languages at work. As a result, multilingual work rules and important employee information can be introduced to promote pluralism.

(c) Education

Increasing the employees’ understanding and acceptance for change is indispensable for becoming multicultural, but unfortunately, very often education or diversity trainings do not have long lasting effects, wherefore it is even more important to put awareness on this issue. Education processes as well as the accommodation to objectives and settings need time and they cannot be fixed within a few weeks or months. Therefore, trainings should have an applicable extend and include diversity-related issues from the very beginning, which means defining key terms and linking diversity to organizational performance. Additionally, issues of Affirmative Action as well as examples of cultural differences and behavioral manifestations of stereotyping and prejudices need to be addressed. Other tools that help to minimize conflict or problems are conflict resolution and conflict management trainings as well as the integration of regular group meetings to improve on intergroup relations. Moreover, focus groups can be formed to develop ideas how to strip away stereotypes and to “examine underlying assumptions about out-groups” (Cox 1993: 260). Survey feedback can additionally help to diffuse backlash by majority group members and facilitate change planning. To avoid resis-
tance, training and education should be seen as continuous and enduring processes and not as an exhausting unique seminar (Cox 1993).

(d) Alignment of Management Systems

The aims for assessing management systems are to detect sources of management bias that could cause performance barriers and to discover examples where organizational culture is inconsistent with the needs of a diverse workforce (ibid). Creating full structural integration to avoid a correlation between personal background, identity and job status, is indispensable, although in many Fortune 500 companies "white-male bastions" prevailed at least until 1991 (Cox 1991). Therefore, a balanced representation of all cultural groups at all levels and in all functions should be ensured (Cox 1993). Furthermore, several climate factors such as time, space and people need to be correlated to heterogeneous groups, what connotes also changing traditional and long-established norms. More precisely, this includes the installation of flexible working hours, time-off policies, because of an increasing number of dual-career couples and mothers, and policies that impede the existence of status hierarchies. To ensure a heterogeneous workforce, recruiting teams should consist of people from different backgrounds and sexes whereas also external trainers or consultants can be helpful when implementing new changes and actions or deleting and excluding monolithic attitudes. Hence, education programs that ensure evenly distributed knowledge as well as career development plans are useful, in order to be able to implement full structural integration of all employees.

(e) Follow-Up

The aim of follow-up is to create mechanisms for evaluating the effectiveness, whereas the ultimate goal is a "zero correlation of sociocultural identity with opportunity, motivation, and achievement as well as full capitalization on the potential benefits of a diverse workforce" (Cox 1993: 239). Additionally, accountability for the preservation of changes must be developed and managers must be motivated through various incentives to fulfill goals related to diversity. Since many different factors influence the external impact and profitability of a company and results often accrue after a certain period of time, not being directly measurable, therefore, a stage model, consisting of four different levels should be introduced. With its help, impacts like career satisfaction, job involvement and the commitment to the company can be measured throughout the first phase. After evaluating the emotional, individual level results, the effective achievement factors such as intergroup differences in performance ratings as well as promotion rates can be evaluated. The third stage analyzes "organizational performance indicators" like turnover, productivity and work quality (ibid: 241) and only at the
end, after assessing all other parameters, the long-term effectiveness of the organization, its market share and profitability can be measured (Cox 1993).

5th Evaluation of Cox’s Model
The work of Taylor Cox was and still is very important in the diversity management sector because he was one of the first to introduce diversity in business, scientifically as well as practically in consulting meetings. With his approach he provides a more sophisticated way of dealing with group identities than former researchers did. For this purpose he did not only identify issues that affect the diversity climate, but he is also one of the first who expands his approach by showing explicit tools and measures on how to implement cultural diversity management and how to keep it successful by measuring its implementation success.

Cox’s model is based on the assumption that various aspects of diversity complexly interrelate and diversity climate has a direct and indirect impact on the organization’s effectiveness. For this purpose, he combines data and findings from different fields such as psychology, sociology, anthropology and organizational behavior (Cox 1997). Consequently, he includes and expands previous research on human and environmental interaction as well as concepts on embedded groups and amplifies them by applying their results to effects of cultural diversity on company outcomes. Therefore, he suggests a relationship between an organization’s environment and intergroup factors such as relations of dominant and minority groups. Thus, a widespread evaluation of individual level, group level and organizational level factors is necessary in order to provide a balanced and comprehensive picture of effects of heterogeneity (Cox 1993). Additionally, he points out that the potential increase of the organization’s performance can only be reached and used if the diversity climate is good and cultural differences are valued by all members, wherefore especially good management and leadership are indispensable. Cox focuses mainly on the benefits of heterogeneous groups and the interrelations of environmental circumstances, but other authors such as Thomas and Ely (2001) question whether really the impact that diversity has, is important. Instead, they argue, we should focus on the work and benefits specific persons or newcomers create as well as on their points of view. Many scholars only look at the general consequences of diversity, especially at more diverse solutions, their effectiveness and at a higher quality of decisions in place of who holds and introduces this diversity.

Nevertheless, Cox is one of the leading scientists and provides a good starting point for other researchers such as Susan Jackson, who also tried to explain the complexity of cultural plurality and made a resembling list of relevant concepts (1996).

Cox’s as well as Jackson’s models try to structure hitherto existing findings and connect them with special circumstances and properties, but on the other hand a lot of congruence
about the implications of cultural heterogeneity exists. Cox did good work on cultural diversity and expedited the research in this matter profoundly, nevertheless, a lack of theoretical profundity can be seen, which makes a further empirical and theoretical examination of cultural characteristics, related to its effects, necessary (Aretz/Hansen 2002). Up to now, there is only little empirical evidence about the real potential of heterogeneous teams, because most of the time findings were hypothetical or just reached in “laboratory conditions” (ibid). Cox includes examples of Alcoa especially, where he works as a consultant, but a more widespread theoretical investigation and the inclusion of previous diversity related work lacks. Since many different interpretations and hypotheses about the consequences of heterogeneity exist, it is essential to continue evaluating diverse groups and elucidating examples of how organizations that react to changing demographic and social needs in their employee structure and strategy, deal with cultural variety. Additionally, identifying concrete points of views of heterogeneous groups and individuals would provide a further insight in diverse organizations and their implications (Ely/Thomas 2001).

Nonetheless, Cox provides tangible tools which pave the way for organizations to implement diversity management practices, though more on a general level, thus concrete implications and consequences are neglected. Further concrete explanations or justification, why to choose which method or tool, fail. Additionally, a lot of efforts have to be made and especially small and medium scale companies will not have the necessary resources such as time, money, skills and employees to implement all tools. Therefore, a method and solutions for all companies, not only high profitable or multinationals, including reasoning and explanatory statements, would be desirable in order to be able to provide a full inclusion of all individuals and organizations.

Taylor Cox presents several tools and measurements that are necessary when changing from a monolithic or plural organization to a multicultural one. Therefore, he highlights the importance of proactive leadership, education, research, management flexibility and follow-up.
B. Ely and Thomas’ Diversity Perspectives

“Diversity should be understood as the varied perspectives and approaches to work that members of different identity groups bring.”

(Thomas/Ely 1996: 2)

The work of these two authors is important and especially valued in American and European sociology and refers to the degree of respect and appreciation of traditionally minor represented employees in a company. Thus, it is important to find out “[…] whether those who had been traditionally underrepresented in the organization felt respected and valued by their colleagues, and how people interpreted the meaning of their racial identity at work” (Ely/Thomas 2001: 229). Their first model was constructed in 1996, just a few years after Taylor Cox’s important work “Diversity in Organizations” (Cox 1993), and got expanded and refined until 2001, due to the increasing need to include all people into business and the advices of numerous American scientists to increase the company’s effectiveness through diversification (Ely/Thomas 2001, Thomas/Ely 1996, Cox/Blake 1991, Gilbert/Ivancevich 2000, Watson et al. 1993, …). Ely and Thomas therefore highlight the influence of how well groups function by means of different diversity perspectives, which are “group members’ normative beliefs and expectations about cultural diversity and its role in their work group” (Ely/Thomas 2001: 232). These perspectives can be explicitly formulated in codes of conduct or the company’s mission statement but also implicitly as basic assumptions on how an organization and its employees are managed, goals are structured and how group members interact and collaborate in diverse teams. Since it is difficult to evaluate the impact of diversity on the performance of a company (Cox 1993), they include group processes and individual experiences, such as race relations and conflicts in the employee’s immediate environment, their feeling of being valued and respected by colleagues as well as their personal racial identity at work (Ely/Thomas 2001). Therefore, they surveyed employees of three different companies about their beliefs, behaviors and conducts as well as possible impacts such as opportunities and challenges of cultural diversity. Additionally, they examined the influence of the employees’ cultural identity group to organizational performance and effectiveness as well as the possible effects of intergroup relations. Since there may exist different levels of integration, they developed three different perspectives that motivate managers to expand their staff and include also minorities such as women, people of color or aged persons (ibid). These perspectives are categorized as “integration and learning, access and legitimacy, and discrimination and fairness” (ibid: 234) and are going to be presented subsequently.
1st Discrimination and Fairness Perspective
Organizations that hold the discrimination and fairness perspective introduce culturally diverse people in their organization, because they want to act according to legal obligations or gain public incentives. Hence, they want to guarantee equal opportunities as well as just and fair treatment for members of all societal groups. CEO’s and human resource managers center their efforts in diversifying their staff “on providing equal opportunities in hiring and promotion, suppressing prejudicial attitudes, and eliminating discrimination” (Ely/Thomas 2001: 245), but most of the time diversity is especially seen at lower ranked and unqualified positions. Additionally, this perspective assumes that race, religion, gender and others do not have an important impact on everyday life in the organization. Individuals from different backgrounds are not really integrated because their individuality is simply neglected and ignored, thus cultural diversity is seen as irrelevant and negative and people with backgrounds that differ to those of the majority, need to assimilate. Consequently, the organization cannot benefit and learn from other cultures and backgrounds and blocks itself from new ways of thinking and handling situations (Ely/Thomas 2001, Thomas/Ely 1996, Aretz/Hansen 2002, Foldy 2003). Cultural diversity should therefore not influence the organization’s fundamental work, and traditional values, beliefs and attitudes should predominate. Employees of organizations with a discrimination and fairness perspective see themselves as being colorblind and are thus not making any difference between women or men of color and white people. One employee stated “I don’t see people in color, I treat them all the same” (Ely/Thomas 2001: 247). Their aim was to make all company decisions race and gender blind, but on the other hand, an employee of the same company cites “the expectation is still that people will speak in normal English and write the way white people write” (ibid: 247). Additionally, a lot of conflict exists due to “tense, cynical, hostile and distrustful” (ibid: 251) relationships and members of the minority group are often disappointed and feel powerless, undermined, devalued, as well as disrespected. In the consulting firm observed by Ely and Thomas, majority group members also mentioned that they are afraid of supervising or criticizing people with different nationalities, because they easily get accused of being racists, what again leads to conflict and feelings of misunderstanding on both sides. This frequency of conflict is due to the discrimination and fairness perspective providing only “a fairness- unfairness lens for viewing differences in point of view […]” (ibid: 253). Employees are not taught to value cultural differences and still think that their “old” and “traditional” values lead to the highest possible effectiveness.

All in all, this perspective does not value the importance and power of diverse teams and minorities are only installed at lower levels of the organization in order to ensure equal opportunities and fair treatment by using “a color-blind strategy for managing employees and employee relations” (ibid: 266).
2nd Access and Legitimacy Perspective

Organizations, which hold an access and legitimacy perspective get the diversity of their markets and constituencies straight and see their employee’s diverse workforce as a possibility to gain access to diverse market segments. An example would be hiring Turkish or African people to broaden the customer clientele. On the one hand, all employees generally feel respected and accepted, but on the other hand, problems occurring with this perspective could be stereotyping, increased prejudices and pigeonholing of other groups because of insufficient appreciation of the other’s knowledge and skills. Additionally, managers and organizations that hold this perspective cannot use the full potential of their employees, because they only employ members of different nationalities and gender to expand into a broader societal field, without really valuing their employees’ experiences and knowledge. This means that they do not embed diversity into the core function of the organization, thus do not “live” cultural heterogeneity and are not able to form sustainable competitive advantages. In the organization Ely and Thomas observed for their analysis, they came across “two racially segregated, parallel entities”, (2001: 251) which were installed to meet the different needs of their customers. The two departments did not have enough training to recognize the others’ skills and were therefore not able to learn from each other. Hence, they could not really collaborate but instead competed and tensions due to racial and hierarchical differences were the result. Employees always assert that “race is not a problem”, (ibid: 258) but on the other hand, they also would not notice that cultural heterogeneity may lead to positive consequences for their work. Thus, this perspective tries to “minimize people’s experience of diversity while seeking to gain its most immediate and instrumental benefits” (ibid: 259). This approach definitely opens new markets and helps gaining new customers, but since there is not a full integration and a low openness to other cultures, several limiting and problematic characteristics shape the daily work and cultural barriers create competition between the employees. Often, this leads to alienation and “ghettoization” (Thomas et al. 2006) which in turn provokes higher employee fluctuation.

If we compare Taylor Cox’s and Ely and Thomas’ approach we can find connections between the access and legitimacy perspective and plural organizations. Both organizations partially include diverse people, but are not open enough to fully benefit from their heterogeneous workforce and consequently, cannot create long-lasting competitive advantages. As Cox indicates, this is the organizational form that most businesses prevail, because the majority of organizations is too narrow-minded to adapt to new developments and its traditional values are not compatible with new, culturally open perspectives (Cox 1991, Ely/Thomas 2001, Thomas/Ely 1996).
3rd Integration and Learning Perspective
The aim of this perspective is to form a heterogeneous workforce and to learn from each other how to best accomplish the organization’s mission, even if this leads to discussions full of tension due to different experiences and world views. There is a respectful climate where everybody listens to other people’s opinions, and human beings, no matter which race, are valued and respected by their colleagues. As a result, work groups are especially successful and efficient and members of all groups can contribute their full potential. Through such a diverse pool of the employees’ knowledge, both the minority and majority group can benefit, learn and amplify their skills. Employees with an integration and learning perspective are therefore “able to see the relevance of race and the importance of hearing a specifically nonwhite perspective”(Ely/Thomas 2001: 249).

This perspective appreciates culturally developed skills and experiences as valuable resources and cultural identity is considered as means to shape the employees’ character and personality as well as their knowledge and ability to solve problems or design work. This diverse understanding can help to “rethink its primary task and redefine its markets, products, strategies, and business practices in ways that will advance its mission” (ibid: 240). Therefore, diversity and heterogeneous knowledge is seen as a way of learning, a source of insight and skill for the organization and an opportunity to question underlying basic assumptions about race, gender, age and the company’s aim in general. Hence, the learning perspective enables members of the majority group to broaden their image as well as to question their personal stereotypes or world-view.

Ely and Thomas show the example of a law firm they surveyed, whereas they changed the whole character of the organization and its priorities as their main aim altered through learning from diverse personalities, experiences and backgrounds. One employee describes their change to an integration and learning perspective as follows:

“Our mission is still the same -the economic empowerment of women. But our strategies or how we define them have radically changed from a fairly straight feminist approach [...]But our diversity made us look at the organization’s program and how we had to change the work that we do -the substantive legal stuff that we do. So now we’re looking at minimum wage, manufacturers’ liability [...]” (ibid: 241).

This example clearly shows that the members of the organization learn from each others’ diversity and create a competitive advantage through forming a pool of different cultural competencies that everybody can apply and benefit from. Also Harrison et al. (1998) point out that organizations only benefit holistically from diversity if they look out for “deep-level factors” of diversity such as underlying assumptions, beliefs and attitudes instead of concentrating on visible characteristics.
Compared with Taylor Cox’s organizational types, organizations that hold an integration and learning perspective are generally multicultural and benefit from all positive aspects of cultural multiplicity, such as elimination of prejudice and discrimination as well as low intergroup conflict or minimized tension in cross-race interactions (Cox 1991, Ely/Thomas 2001, Thomas/Ely 1996).

4th Evaluation of Ely and Thomas’ Diversity Perspectives
Ely and Thomas provide a good overview of how diversity can be seen by group members, thus how diversity management can influence the effectiveness and work quality of an organization. They focus on the employees’ feelings and beliefs when working in diverse teams as well as if and to what extent racial differentiation is welcomed or not. They give important and interesting insights in the daily life of companies and provide a social theory of how work groups make sense of cultural diversity. Additionally, they show that heterogeneous work groups benefit from several advantages for their intergroup relations and interactions, for example, they are more prepared to take risks, they have a high degree of psychological safety and trust and one of the most important things is that they can learn from each others’ experiences and cultures (Ely/Thomas 2001). Ely and Thomas take a social view for looking at human beings in organizations and attach great importance to self-perception as well as how individuals perceive others’ attitudes, values and knowledge. All in all, they give a good theoretical frame, but some important issues to provide a comprehensive image of diversity perspectives are missing.

One point is that the authors lack to propose instruments how to achieve different perspectives and how to change the traditional norms and beliefs about cultural heterogeneity. It would be easier to follow, if they would pinpoint tools, how to achieve a new diversity perspective and a justification of why to use which instrument.

For allowing a generalization for a broader field of organizations, a more detailed survey with more participating companies would be necessary, because by showing only three different companies, which coincidentally represent three different perspectives, no explicit conclusion can be enunciated for the entirety of companies.

Additionally, companies, which have narrow horizons, are not taken into consideration. Thus, only organizations that see the necessity to open their work force for a diverse clientele are incorporated into their study. A large number of traditional, family-owned enterprises cannot benefit from their study because Ely and Thomas highlight the advantages and risks for organizations that hold a diversity perspective indeed, but there is no further examination of how to achieve the integration and learning perspective or at least any diversity perspective for homogeneous companies.
Nevertheless, the two authors illustrate how members of firms see themselves and how they deal with different cultures within the organization. They highlight that all employees have to question their personal underlying assumptions about race, stereotyping and discrimination and consequently come to a positive outcome, where all personnel can collaborate, learn and benefit from different cultural backgrounds, even if this includes working tensely sometimes. The most important point is that these tensions are reviewed and all workers get the opportunity to bring in their knowledge and skills, without being afraid of losing face.

Ely and Thomas provide a good model, with some limitations, that can easily be linked to Cox’s model of monolithic, plural and multicultural organization types. All three authors concentrate on racial heterogeneity and elucidate the advantages of good intercultural relationships and work groups, providing a guideline for many other scientists to concentrate on the field of cultural diversity management.

Summing up, the two authors provide good insights into diversity perspectives that can predominate in organizations. The only form that is suitable to allow heterogeneous teams to develop their full potential is the integration and learning perspective which highlights the importance of learning, openness and mutual respect.

To extract the best approaches of both theories, the next section will combine them, on the one hand the multicultural organization and on the other hand the learning and integration perspective.
C. Combining the two Theories

This section will deal with the two previously explained theories and will combine parts of them, in order to propose a new frame of looking at organizations and its diversity perspective. Based on this framework, the most prominent tools and mechanisms will be elucidated, in order to facilitate a comparison of scientifically researched information and empirical data, gained through interviews and a document analysis.

Since both papers focus on the importance of good leadership and management as indicator for evaluating the effectiveness of heterogeneous groups, they can easily be linked and interrelated. Both theories, the diversity perspective concept of Robin Ely and David Thomas as well as Taylor Cox’s idea of multicultural organizations have very favorable characteristics but also points of critique, which can be minimized by extracting solely the positive aspects of each theory. The ultimate goal is for both theories to create a culturally heterogeneous workforce where all employees are open-minded and learn from different backgrounds and experiences.

1st Diversity-Valuing Organizations

As previously mentioned, multicultural organizations have several benefits and can create vast competitive advantages compared to other companies, that are closed to environmental changes and needs and do not react to new circumstances and developments. Again we can say that multicultural organizations have several advantages:

1. They are valuing cultural heterogeneity;
2. A both-way acculturation of all employees replaces one-way assimilation;
3. Minorities get integrated in all levels of the company, including leadership and management;
4. All employees, no matter which cultural background, get included in organizational programs and events;
5. Discrimination and prejudices as well as institutional bias are being avoided

Since we know that a heterogeneous workforce implies various interrelations of individual, group and organizational level factors (Cox 1993), it is obvious that their relationships and the diversity climate shape the organization and consequently its outcomes. Therefore, good communication as well as positive feelings and beliefs about cultural heterogeneity are nec-
essary. Consequently, Cox’s diversity climate and Ely and Thomas’ integration and learning perspective reflect the human and emotional situation of all employees best.

Accordingly, identity structures such as age, sex and nationality as well as individual personalities and stereotypes shape the individual’s perception of good group work. In order to achieve the most possible effectiveness, mutual respect of all employees is necessary and all colleagues need to get the opportunity to give their opinion, even if they advance different views. Everybody has to listen to others and also give them the right to talk and to have different attitudes and points of view. Therefore, cultural differences have to be seen as a valuable resource and possibility to learn from different races.

Different cultural backgrounds and cultures are always indicators for differing experiences and knowledge, thus a broader variety of ideas and approaches provide a greater view about problems and the situation in general. This provided pool of information can be used to solve problems more creatively and to rethink the organization’s primary task as well as to broaden the organizational environment. All the contemplated attitudes and influencing variables can only be successful, if the most important parameter, the management of the organization, operates correspondingly and proactively. The leadership pulls the strings of the whole diversity “machine” and is responsible for good communication, effective training and a respectful intercourse.

2nd Tools and Preconditions

In the preceding chapters already some tools were mentioned which can help to create a multicultural organization. Since this section combines Cox’s and Ely/Thomas’ models, the most important ways to become a successful corporate diversity climate will be pinpointed succinctly.

The first factor that has to be changed is the general mission of the company, because only if the head of the organization and the leadership are willing to introduce culturally diverse people in the corporate structures, the company can take advantage of them. The easiest way to reach this is through recruiting employees that are open to change and embody a diversity approach. But it is not necessary to employ new personnel; even existing staff members can make a contribution to the implementation of a liberal, open and respectful heterogeneous climate. Also trainings and education programs can help to open the minds of already hired people whereas also a concrete integration of the diversity approach in the mission statement or the code of conduct of the company should take place. Therefore, all employees and not only employees of minority groups should acculturate and create a new, plural organizational culture. Since more and more mothers and double working couples enter the labor market, structural changes in job types as well as in duties and modes of em-
ployment need to take place. Hence, an opportunity of flex-time and part time jobs can be conducive to attract also qualified people with families or divergent cultural habits.

Especially for employees that have recently arrived in a new country, buddy programs or mentoring programs with open-minded local employees help to get used to the new culture, allow to meet new and different people and facilitate to construct new relationships. This can be beneficial for all participants and not only for “newcomers”, because also the long-established staff gets to know new cultures and learns from their differences. Therefore, also company sponsored family days can help to become acquainted with families, cultures and food of different cultures.

In order to increase the employees’ respect, seminars and special team meetings help to elucidate every individual’s skills and knowledge. Through intergroup communication at such sessions everybody will become aware of the other’s values and all participants can learn from the other’s experiences and contributions for the company.
Moreover, periodical newsletters that inform all members from top to down about changes, goals and new events can foster the communication and strengthen the flow of knowledge within the organization. Through such a regular communication, a high flow of information can be granted and all employees get the opportunity to inform also others about new developments and progress. Additionally, rules can be integrated into the daily life of the organization which requires and anchors mutual respect.

Summing up, we can say that successful diversity management is always combined with and accompanied by learning. Only with the willingness and openness to get to know new cultures and to deal with cultural differences, organizations can holistically benefit from their variance. Therefore, some basic conditions need to be addressed whereby mentioned tools may help. Nonetheless, all tools should be positively implemented in the organization and their members should never see the introduction of a multicultural business environment as short term operation, but more as a perpetual, mutual effort, which should be part of the daily working process.
V. Methodology

The preceding chapters were concentrating on different definitions of cultural diversity and diversity management and were discussing two different diversity theories. We already know that in culturally diverse teams a wide range of differences can be combined and negative effects can be the consequence if not properly managed, whereas it is now interesting to take a closer look at the praxis. Cox, Ely and Thomas provided a good overview of how to transform monolithic companies into multicultural ones, or into companies that value cultural differences. Therefore, this chapter deals with a concrete practical example, to see, whether the organization follows their recommendations or if they take a completely different or opposite approach for managing diversity.

A. Object of Investigation

To decide which company would be suitable for this survey, homepages of several organizations that hold a diversity perspective, such as Hofer AG, OMV, Ford, Henkel or Bawag PSK, were observed. Since most of them have already completely implemented or do not really improve their diversity perspective, this study focuses on Sandoz Austria, a division of Novartis. Generally, Novartis consists of the divisions Novartis Pharmaceuticals (Pharma), Vaccines and Diagnostics, Sandoz and Consumer Health, whereas Sandoz is especially responsible for the production and development of generic molecules and biosimilars, which are successor products of biopharmaceuticals (Sandoz 2009, Novartis 2010). Globally, Sandoz has his headquarters in Holzkirchen near to Munich and employs about 23,000 people in more than 130 different countries, whereof approximately 3,000 staff members are working in Austria (Sandoz 2009). Austria combines three different locations that is to say in Kundl, Schafttenau and Vienna whereas the biggest section is located in Kundl.

This thesis will concentrate especially on Sandoz, because it is a multinational organization with locations in Austria and therefore has to deal with many different cultures, nationally but also globally. Novartis founded the Diversity and Inclusion Initiative in 2006 and implemented basic standards based on human and fundamental rights, ethical and legal behavior as well as loyalty to the company (Novartis A, Novartis D, Novartis M). Hence, the parental organization is very committed to the diversity but also to the ethical sectors, which is why a further
examination of the division “Sandoz” is interesting. Sandoz is still in the starting phase at implementing Diversity and Inclusion issues which allows the monitoring of their implementation phase. Therefore, this chapter will deal with the question: “How does Sandoz implement diversity?” and detect their focus in the field of plurality.

The following chart shall elucidate the concern’s composition and point out how the D&I initiative of Novartis, in particular of the division Sandoz, is organized and structured.

**Figure 8: Corporate Structure and Strategy to Implement a D&I Vision (Own Illustration)**

**B. Research Method**

In order to find out more about the company, its diversity perspective and its appraisement of diversity, three interviews were conducted. This thesis concentrates on qualitative interviews, because they can provide more detailed answers and demonstrate the organization’s perspective in a more comprehensive way than simple scale questionnaires. Additionally, not the amount of data but the quality of information is relevant, in order to address the research question of this study. Qualitative interviews resemble the style of everyday conversations, which is why interviewees feel more comfortable, than when answering questionnaires,
which appear to be similar to test procedures (Atteslander 2003). Furthermore, body language and personal reactions or feelings can be integrated in the study, what would not be possible or would be lost in written interviews.

Since mainly human resource managers or diversity “chairmen” are in the position to provide the relevant information (Atteslander 2003), the interviews got conducted in the style of expert interviews. Therefore, people who have to deal with personnel matters and participate in the Diversity and Inclusion Council of Sandoz got selected; hence, the following interviewees were chosen:

- Peter Gasteiger, who is Sandoz’ Head of Human Resources,
- Günter Stempfer, who is the Head of Biopharmaceutical Operations in Kundl and Diversity and Inclusion (D&I) Champion in Austria
- Lydia Sedlmayr, who is Austria’s representative in the global D&I Council.

I decided to carry out individual, partly guided interviews instead of group discussions because this method leads to more honest answers that can be better compared (Atteslander 2003). Additionally, everybody talked about diversity at Sandoz for a certain period of time whereas each interview lasted for thirty minutes and took place in a specially provided seminar room at the Austrian headquarters in Kundl. All three participants were highly motivated, supportive and very open to answer all questions I asked, what led to a comfortable and pleasant interview climate.

The questions asked were partly structured but they also emerged out of the conversation what is the reason for different shifts of emphasis; hence, the interviews were not standardized (ibid). Also Atteslander accentuates that the main aim of every questioning is to reach high common ground, because they prevent imbalance in motivation and enhance the validity of statements of opinion (ibid). Therefore, the interview questions were formulated openly, which means, no categorization of answers took place (ibid).

When asking the questions, attention was paid to raise the questions without influencing the interviewees’ reactions and answers. Therefore, the questions got split up into topics and subtopics which will be demonstrated subsequently:

- Company Structure
  - How is the company’s employee structure built up?
  - How are you confronted with diversity in your position?
  - How does the relationship between Sandoz and Novartis look like?
• Implementation of Diversity Management
  o When did the organization start their diversity approach?
  o Why was the diversity approach founded?
  o Which actions do you take to implement diversity initiatives?

• Diversity and Inclusion Council
  o Who had the idea of implementing the Diversity and Inclusion Council?
  o How is the council structured?
  o What are the council’s focal subjects?

• Carrying through of initiatives
  o Which projects did you set up?
  o What was hard to implement?
  o What was easier to implement?

In the beginning of the interviews, a general introduction to improve the communication climate took place, where interviewer and interviewee related to their profession and explained where they met diversity so far. This was profitable in order to overcome one’s inhibitions and therefore advantageous for the whole interview situation (Atteslander 2003). The main part of the interview, approximately from minute five to twenty-five was used to explore Sandoz’s diversity perspective and implemented initiatives. This was the most important section, where the main results and necessary data emerged. The end of the interviews was characterized by concluding statements and a short summary of the discussed issues.

Conducting the interviews, it was very interesting to see the interviewees’ different points of view, whereas one person was especially optimistic or idealistic and the other two held more realistic opinions about the D&I approach; hence they also named difficulties or points that could be improved.

All interviewed people gave their agreement to be named in this thesis whereas in the analysis a personal classification will be avoided. Their names will be included only if especially outstanding or extraordinary statements were made.

To improve the fluency of speech, the interviews were held in German and got tape-recorded whereas the interviewees were asked for their approval.

As the detailed interpretation of language is not the prime intention of this study, the interviews had to be translated into English and Sandoz required summaries of each interview, the transcriptions of which were conducted by giving the general sense of the context instead
of transcribing every word. By doing so, only the construction of a sentence as well as grammar mistakes were corrected without missing out or deleting aspects of the interview.

To further increase the validity of the data, the interview transcriptions got extended by additional company-related documents which got generated from the Sandoz and Novartis homepage as well as in-house documents and employee newspapers. Therefore, Sandoz was very supportive and put their documents and information at my disposal. To use the documents for the content analysis, all articles, brochures, newspapers and the code of conduct were read and diversity relating paragraphs and sections were emphasized. Afterwards, the paragraphs were collected, whereas a separate content analysis of documents and interview transcripts took place in order to allow further comparison.

A general limitation of qualitative interviews is the possibility to consciously but also unconsciously distort answers through personal interaction or the process of interviewing (Atteslander 2003). This was reduced, since questions were asked with the utmost care of staying neutral. Furthermore, the “Diversity and Inclusion Council” is composed of only ten to twelve people, which is why three persons of this group was an acceptable amount. Moreover, the results may have a bias towards Austria but this was tried to be limited through the inclusion of internationally written documents of Novartis which operates globally. Additionally, a quantitative or qualitative survey with other groups of employees of Sandoz would have provided further information, but unfortunately this was not feasible due to a lack of time as well as the fact that the diversity initiative is still in its infancy and employees are not sufficiently informed about the program so far.

This study focuses on Sandoz Austria and demonstrates its diversity perspective and appraisement, wherefore three partly structured expert-interviews were conducted. The received data will be combined with an additional document analysis of Sandoz’s and Novartis’ reports, the code of conduct, newsletters, emails and other diversity relating documents, in order to gain a better insight into the corporation.
VI. Structured Content Analysis

Content analyses mainly derive from quantitative research, wherefore Philipp Mayring transformed their usefulness and advantages also for qualitative data. A qualitative content analysis is “an approach of empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step by step models, without rash quantification” whereas it may be used for all kinds of recorded communication (Mayring 2000: 2). Therefore, Philipp Mayring offers three different forms of qualitative content analyses, which are summarizing, explicating or structuring (Mayring 2007).

This thesis will be analyzed by means of the structuring content analysis whereas the technique of structuring with regard to the content will be applied (ibid). This method will be used, because its application appears to be appropriate considering the data received from the interviews and documents. Furthermore, the structured content analysis with regards to content extracts and summarizes a certain content which is essential in interpreting the transcribed interviews. A full, comprehensive qualitative content analysis would go beyond the scope of this paper, which is why a simplified analysis was used. Hence, special coding rules (Mayring 2000) were not implemented in this work, as it did not seem appropriate for the quantity of three interviews and a document analysis.

Since no predefined categories can be made in this survey, an inductive method will be most suitable for analyzing the documents (Mayring 2007). Therefore, the object of research will be defined and a first draft will be formed, where main and subcategories will be created. According to this categorization, documents and interview transcripts will get worked through for the first time, whereas the categories will be examined and if necessary revised newly formulated or combined. (Mayring 2000, Mayring 2007)

To illustrate these steps, the next figure (9) will summarize and simplify the main conducted measures (Mayring 1988, Mayring 2007, Hugl 1995):

1. Define the object of analysis
2. Determine main in regard of the context
3. Classify the molding and create categories
4. Find examples for each category
5. Work through the material and mark your findings
6. Work through the material and extract your findings
7. Revise your categories
8. Paraphrase the extracted material
9. Summarize each subcategory
10. Summarize each main category

Figure 9: Steps of a Structured Qualitative Content Analysis (Own Illustration)
Qualitative content analyses are very useful in extracting the relevant issues of qualitative data, but nonetheless also limitations or problems may be caused through their application. One possible point of critique is the generalization of data due to the process of data reduction, whereby massive amounts of texts may be classified into categories. Additionally, the consistency and reliability of classifications are not given, because some categories but also words may have various meanings what adulterates and distorts the quality of the analysis. Another obstacle of qualitative content analyses is to keep the framework flexible and adapted to the object of research. Hence, the appropriateness of our object has to be more important than taxonomy, in order to avoid typical problems of unilateral quantitative research (Mayring 2007).

In order to see possible disparities between Novartis and Sandoz, the interview context analysis will be made separately from the document analysis. Hence, two individual content analyses will be included in this thesis, whereas in the end a comparison of the extracted material will be drawn.

A. Interviews

1st Define the Object of Analysis
According to Mayring’s structured content analysis, the first step in analyzing a text is defining the object of analysis (Mayring 2007). In our case these are various paragraphs of the transcribed interviews, whereas all three interviews were included.

2nd Determine Main Categories
Afterwards, categories with regard of the context have to be formed in order to analyze the determined data. Since the research question addresses the introduction of diversity management and wants to examine, whether the initiatives are planned by Novartis or Sandoz itself, two main categories arise out of the transcribed interviews:

- Diversity and Inclusion
- Relationship Novartis and Sandoz

3rd Create Categories, find Definitions and Exemplifications
Fitting to the main categories, subcategories have to be found in accordance to the context. Since this thesis is interested in uncovering the diversity management strategy of Sandoz, the main focus is put on the D&I Council. The subcategories are created when reading through the texts and interviews and merging compatible text segments. Additionally, examples for each group have to be found whereas the following subgroups can be generated:
• Diversity and Inclusion

  o **Causation**: This section will include all relevant paragraphs that are necessary in explaining the reason for implementing diversity management. An example for this subcategory may be demands of the parental organization to integrate specific structures.

  o **Structure**: This subgroup will elucidate the composition of the D&I Council whereas the headcount as well as the cultural constitution will be included.

  o **Actions**: The third division will comprise important questions such as how do they create their strategy?, what is their diversity focus? and which actions do they take in order to implement diversity initiatives? Examples for these may be starting workshops or group discussions to inform staff and management.

  o **Attainment**: This itemization will deal with realized actions and problems or difficulties that arise with their implementation. An example for that would be administrative barriers or government regulations.

• Relationship Novartis and Sandoz

  o **Structure**: As already mentioned, Sandoz is a branch of Novartis, whereas they consist of four different divisions. To amend the notion of the company structure, this subgroup will contain information about their constitution.

  o **Intercultural Focus**: Novartis has a varying focal point from Sandoz because they operate more globally and cultural diversity issues affect the company in several ways. Therefore, this subcategory will elucidate the intercultural context and illustrate differences between the parental organization and its division.

4th Revision of Categories

As the defined categories need to be adapted in order to fit properly to the required sections of the text, the next step is going to be refining previously defined subcategories. Therefore, the listed subgroups will be used as main groups and will be divided into new subcategories in order to facilitate a better outline of all interviews.

  o **Causation**: The content of this section did not change, thus, it will elucidate the relevance of diversity initiatives and explain why Sandoz chose to implement the D&I approach in the company.
- Appraisal: The first subgroup will deal with different definitions and valuations that emerged from the interviews. Therefore, also some citations will be illustrated that give an impression how Sandoz managers evaluate diversity.

- Targets: The subcategory “Targets” will contain reasons why diversity has to be implemented and depicts who was responsible for starting diversity initiatives.

- **D&I Council:** This category resembles the previous subgroup “Structure” and will illustrate the council’s composition as well as the global D&I Council situation.

- **Configuration:** This subgroup will elucidate the council’s structural constitution and the number of employees participating. Additionally, the degree of priority will be included; hence, this category will illustrate the amount of time the employees are spending on diversity related issues.

- **Function:** The D&I Council is confronted with several challenges and difficulties, which is why this section will illustrate some of them.

- **Modus Operandi:** This category will include executed and planned initiatives and modes of action as well as instruments of revisal after successfully implemented projects.

- **Proceedings:** This subgroup will illustrate the company’s diversity strategy and describe how the company wants to examine their conducted initiatives concerning effectiveness and success.

- **Initiatives:** Sandoz started several projects and created a list of priorities that need to be considered when developing a diversity approach, wherefore this category will depict different initiatives that will be realized.

- **Challenges:** Since all gathered material seems to fit into one category this section does not need subdivisions. Hence, it will depict problems and difficulties that arose and may develop in the future due to diversity.

- **Relationship Novartis and Sandoz:** This study is concentrating on Sandoz, the Austrian diversity strategy especially, but since it is a division of the globally operating concern Novartis it will be interesting to discover their relationship. Therefore, this category will detect whether the division’s strategy depends on the parental organization’s decisions or not. The subcategories for this classification ap-
pear to be appropriate also after reworking the data, hence, no emendation was necessary and the subcategories “Structure” and “International Focus” will persist.

To provide a better overview which categories are being defined, the following table (10) will elucidate the main and subgroups.

![Figure 10: Categorization for Structured Content Analysis (Own Illustration)](image)

**B. Documents**

1st **Define the Object of Analysis**
For this structured documents analysis, data from written statements of homepages, the code of conduct, annual reports, the corporate citizenship review as well as corporate citizenship guidelines and employee magazines will be included. Therefore, material and relevant articles of twenty different sources are read through and all paragraphs concerning diversity, human rights or work flexibility are highlighted and collected on a separate document, which will base the following context analysis.

By means of frequency, also a quantitative element can be found in this document analysis, hence, the amount of resembling paragraphs in the twenty sources will further increase the significance.

2nd **Determine Main Categories**
In order to facilitate a better comparison of interview transcripts and written documents, the structured content analysis of documents will be adopted to deductive methods. Hence, the previously defined categories will be used for the document analysis as well (Mayring 2000) and the texts will be evaluated according to predetermined classifications. Elo and Kyngäs point out that deductive content analyses are especially used when researchers want to retest previously tested materials (2008). Consequently, retesting the interviews with the help...
of a deductive document analysis will increase the validity and correctness of the results. As not all categories could be identified in the numerous texts, solely the categories “Causation”, “Modus Operandi”, “Challenges” and “Relationship Novartis and Sandoz” are applied to the analysis.

3rd **Create Categories, find Definitions and Exemplifications**
According to deductive methods, predefined categories will be applied to the content analysis of the written documents, whereas also the subcategories will be similar to the interview analysis. Consequently, the subgroups “Targets”, “Appraisements”, “Proceedings” and “Initiatives” will be applied.

To allow the extraction of interview and document data, this thesis applies the method of a structured qualitative content analysis with regard to the context. In order to conduct this analysis, this chapter describes which categories were chosen in order to classify interview transcripts and written documents. More precisely, the categories “Causation”, “D&I Council”, “Modus Operandi”, “Challenges” and “Relationship” were formed in order to facilitate a better insight into all interviews.
VII. Results

A. Interviews

“Diversity implies, among other things, also accepting career changers and employees outside the sector of industry and promoting not only linear processes.”

(Gasteiger, own translation)

Sandoz started its Diversity and Inclusion (D&I) initiative in 2008 in order to meet the parental organization’s requirements. As Novartis started its D&I focus already in 2006, this was more due to a symbolic meaning, because they always valued human rights and equal treatment. Daniel Vasella, preceding chairmen, demanded a focus on diversity, because the division “Novartis Pharma” had been including diversity issues for several years, which is why these ideas should be expanded also to Sandoz. Accordingly, Novartis set thought-provoking impulses and every division individually decided how to implement the idea of D&I. In the course of the interviews, Peter Gasteiger cites that “diversity should not only be implemented because it is fair or the right thing to do, but because it increases the productivity and enhances the company’s success” (own translation), wherefore he only sees advantages if diversity is lived and valued.

Originally, diversity at Sandoz started with a discussion about increasing the number of female employees in leading positions, but meanwhile diversity is far in excess of gender discussions. Günter Stempfer, national D&I Champion at Sandoz, affirms that diversity begins everyday with a different approach to solve problems and ends with standard topics such as women and career. Therefore, he defines diversity as “everything that supports employees and increases their motivation to do their work, which contains all actions, practices and assistances that serve employees in doing their jobs” (own translation). Lydia Sedlmayr takes an even broader perspective and asserts that “diversity means including multiplicity in many respects such as different human beings, experiences, personalities and more, whereas it also implies valuing, accepting and supporting diversity” (own translation).

To meet Novartis’ demands, Sandoz established a global D&I Council that meets four times a year and combines representatives of all locations; hence, they are coming from Shanghai, Brazil and other countries to work out main focuses and define topics and directions that should be considered. Therefore, all places of location established national D&I Councils that work on the globally defined goals and also meet four times a year. “The idea that shapes these councils is creating a place that provides the opportunity to discuss and exchange
ideas about what is to be changed” (Gasteiger, own translation). Therefore, D&I Councils shall become long-term initiatives and become part of the organization’s culture, since values and creativity have to be advanced. In Austria, this council consists of twelve people, including representatives of Vienna and Schaffenau, who want to expedite the D&I approach, whereas the majority of participants are executives together with one or two employees of other working positions and the staff association. Günter Stempfer directs the team and is responsible for their actions. As the council itself tries to represent diversity, “representatives of personnel- and communication departments as well as employees from line management participate” (Gasteiger, own translation). Although the location in Kundl does have a diversity champion, no full-time employee is recruited to deal with diversity; hence, all D&I Council members, including Günter Stempfer, work on diversity issues as part of their normal workload. For example, Lydia Sedlmayr confirmed that she works approximately for 10% on D&I issues, “whereas this may be global but also national, since I’m responsible for the global D&I Council as well” (own translation).

Sandoz globally decided to concentrate on work flexibility in order to become familiar with Diversity and Inclusion. The international D&I Council determined this topic because “diversity in general is too broad and many employees do not know what it is all about” (Sedlmayr, own translation). Therefore, they should have positive associations with it when recognizing that Diversity and Inclusion provide benefits for everybody. When asking why the global council concentrates on work flexibility, Lydia Sedlmayr argued: “Work flexibility fits in D&I topics because different people have various behaviors and preferences and some may be creative in the morning whereas others would have their creative peak in the night or at the weekend. This is also true for women who want to combine family and career, wherefore work flexibility can help to continue the carrier when the children are already in bed” (own translation).

The national D&I Council created a list of twelve points that “contain issues such as day care, working and holiday models, home office, laptop policy, women and career, sabbatical, compulsory attendance, clock-in and others” (Stempfer, own translation). As their first point on this list is family and career, the projects already conducted and planned relate especially to that issue. Accordingly, a workplace nursery will be put into operation in autumn this year to further increase the work flexibility and allow the compatibility of family and job. Besides, families will get the opportunity to send their children to holiday camps, where they will be looked after. Moreover, they plan to start a database which connects families of Sandoz’s employees around the world and gives them the opportunity to communicate with each other and accommodate children from different countries; hence, Sandoz will provide a platform, where families can independently interact and organize their exchanges.
Sandoz and Novartis want to react to changing global human needs of their employees as “we already recognized that young employees prefer to have flexible working hours instead of other additional bonuses or contributions. Therefore, we want to be an interesting employer for the next generation and satisfy their needs” (Sedlmayr, own translation). For this purpose, they summoned meetings that started with a brainstorming to define, which topics, concerning work flexibility, are relevant for the division in Austria. Consequently, they enacted priorities and named special actions for each to determine whether something can be changed and how it can be modified. When realizing concrete projects, council-external employees get included, who voluntarily work accessorially to their normal workload on diversity topics and produce new ideas. Depending on the project size, between five and six employees engage in one issue, whereas for very small jobs, such as partial evaluations of costs, smaller groups of one or two people can be set up.

Showing the concrete example of working models, the D&I Council observed, which models exist and how many people use them. They recognized that already a huge amount of different models existed, such as Sabbatical, job sharing or part time working, but only very few people use them. Hence, they want to enhance the awareness of managers and employees and reduce barriers, wherefore they arranged workshops with external trainers to increase the acceptance of new or different models. Therefore, proposals for solutions got collected, discussed and then transmitted to the management board that determined further proceedings and informed all employees. Accordingly, the managers’ task is to communicate with its staffer, “because if the people on top of the organization do not understand what it’s about, the others will never catch the point” (Sedlmayr, own translation). Additionally, employees get informed about D&I issues through employee information, employee newspapers and emails as well as meeting minutes. For staying globally connected, all international correspondence is conducted in English; hence, English is also the language of choice when communicating with Holzkirchen. Usually, meetings are conducted in German except if one person is not able to speak and understand German, whereas the meeting minutes are mostly written in English. To further warrant a heterogeneous workforce, the number of women is kept high already in the process of recruiting; hence, especially women get the opportunity to work in manufacturing plants. Therefore, the main goal of Sandoz is to assure a long-dated employment and enable all employees an easy re-entry after maternity leave.

All three interviewees repeatedly emphasized that they are still in the starting phase, which is why they do not have many experiences with the acceptance or use of diversity related initiatives. Therefore, Sandoz will conduct an examination of their success and usefulness after implementing all planned programs, wherefore reporting tools will be used and surveys will take place, such as the global employee survey about engagement at Novartis in 2009,
whereof one part was D&I. “Otherwise, there is a danger that the whole thing gets off people’s minds again” (Gasteiger, own translation). Novartis further installed the “Diversity and Inclusion Advisory Council”, wherefore they hired some experts such as scientists, journalists or professors who focus on D&I issues and foster as well as evaluate its progress. With the aid of their professional external position, all initiatives shall become successful, ameliorate the working climate and increase the business success.

When asking the human resource manager about problems that already arose or may be imaginable he answered that some initiatives are not that easy to realize because work models need to be coordinated and their administrative expenses minimized. Additionally, he argues that especially the compatibility of family and job has certain requirements, which are not always fulfilled by the state. Another problem that may arise out of a cultural context is to hire and keep a reasonable number of women in leading positions. “Hence, there are a number of challenges that need to be met, but all in all, diversity is an absolutely and unrestrainedly positive thing” (Gasteiger, own translation). Besides, Peter Gasteiger avers that many companies have aspects of D&I in their mission statement but “the acid test is, who really implements its ideas” (Gasteiger, own translation). Additionally, “it is not that easy to measure the effects of D&I, which complicates the practicability of such initiatives” (Gasteiger, own translation).

Globally seen, diversity depicts different focuses; hence, Sandoz Austria creates phase of life working models which include mothers, families, people of different age and people with diseases but they do not have an intercultural focus. Differences in race or ethnic groups as well as varying religious and sexual orientation are globally relevant but in Austria these issues seem to be of little importance. Accordingly, cultural diversity is important for Novartis, but only at locations where a lot of diversity exists; hence, cultural plurality is not at every location desirable as manufacturing bases need regularities and a continuous application flow which is easier to warrant with a homogeneous workforce. “The division Novartis Pharma is the more creative part and engages the most in diversity. Sandoz works with molecules of generic drugs and we also need diversity but depending on the profession of each location” (Stempfer, own translation). “Basel for example has 117 different nationalities which is why they focus on interculturality. In Kundl, 95% of all employed persons come from Tyrol. This is the reason why we would not succeed in organizing workshops on topics like multiculturality” (Sedlmayr, own translation). As already mentioned, the various Sandoz locations have different focuses, because for example “in Eastern Europe, the amount of women is generally higher than in Western Europe. Therefore, they do not need a gender focus, but this is different in India where most of the employees are males. The United States have to focus much
more on ethnic issues and non-discrimination against blacks or Hispanics which is not the case for Austria” (Gasteiger, own translation).

On the other hand, they admit that “migrants, who obtain Austrian citizenship, are seen as Austrians, more precisely, Tyrolean citizens” whereas they “did not survey if there would be a need for action. If there would be a certain percentage of employees with non-German mother language, it would not be bad to expand the D&I approach also on ethnic diversity” (Sedlmayr, own translation). Also Günter Stempfer argues: “I think it is not the case that we do not have diversity, but we need more acceptance. Potential employees have the problem that because of non-acceptance they have to work at places which are restrictive in accepting outside influences” (own translation). Furthermore he says: “We do have good approaches in working possibilities but not that much in cultural diversity, although we have about twenty different nationalities in Kundl” (Stempfer, own translation). Peter Gasteiger highlights even more that Kundl possesses a great variety with nearly forty different nationalities, whereas the majority still is German speaking.

Günter Stempfer further argues for an exclusion of cultural heterogeneity relating issues by pointing out that “it is going to be very hard to deal with topics like race, differentness or ethnic diversity because this is about changing the organizational culture. Changing working models is relatively easy and can be modified overnight if locally agreed, but changing behaviour and attitude in order to value cultural heterogeneity needs time” (Stempfer, own translation). He gives the example of their job security initiative where they recognized similar problems. “It was not enough to say ‘You have to pay attention’ because employees are confronted with two different situations. On the one hand, they live their private culture and on the other hand, they have to deal with the organization’s culture, thus, an inner conflict can arise which impedes adapting to new attitudes” (Stempfer, own translation).

Reflecting all three interviews, Sandoz was very supportive in providing information about their Diversity and Inclusion strategy and gave good insights in their hitherto experiences with D&I. Accordingly, they created a list of twelve priorities concerning work flexibility and named actions for each. At the moment they are working through their list of actions and conduct different projects such as a workplace nursery or the creation of a home-office guideline.
B. Documents

“If we don’t have a set of values – and live them – the company won’t be successful.”

(Daniel Vasella, Novartis N)

This document analysis was conducted to verify whether the answers received in the interviews match the written statements of Sandoz and Novartis and therefore increase the validity and reliability of this study. Novartis got involved in diversity issues as early as 2006, but they always based their core values on fundamental human rights, such as the protection of privacy, freedom of opinion and expression, freedom of association and the right to be heard. Besides, they were one of the first multinational organizations to sign the United Nations Global Compact in 2000, which says that all employees shall be protected against harassment in the workplace, including sexual harassment, discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status. To reflect these values company-wide, the board of directors and Daniel Vasella, preceding chairman, wanted to expand them to the whole corporation. The anti-discrimination as well as the human rights approach were commonly found in the researched sources, which is why eleven out of twenty documents included relating aspects (Novartis A, Novartis B, Novartis C, Novartis E, Novartis F, Novartis G, Novartis H, Novartis I, Novartis L, Novartis M, Novartis O). Besides, Novartis endeavors to provide a “stimulating and challenging working environment” with the possibility to develop personally and professionally (Novartis I). They also want to give their associates time for their families, social activities, and leisure (ibid) and provide comparative remuneration and employment conditions for employees doing the same work to the same standards of flexibility and productivity (Novartis O). Furthermore, the concern and its subdivisions included the D&I approach because they believe that “a diverse organization is more likely to be a creative one” (Novartis 2010) and the combination of diverse talents and points of view provide a chance for extraordinary solutions (Ager 2009, Sandoz 2009, Gasteiger 2007). Additionally, they argue: “To operate successfully as a global organization, it is essential that our people reflect the rich cultural, ethnic and gender diversity of our markets” (Novartis E, Novartis A, Novartis H, Novartis I). Therefore, they want to enhance customer insights and meet the needs of patients and other stakeholders. Hence, they assert: “As our customer base becomes increasingly diverse, a diverse talent pool becomes a critical bridge between the workplace and the marketplace” (Novartis E). Moreover, they see D&I as imperative to attract, promote, develop and retain the best talents of all cultures and stay competitive (European Commission 2009, Novartis I).
According to their welcoming brochure, Sandoz has a global orientation with a diverse cultural environment, which is why career opportunities not only focus on Austria, but on more than 140 different countries in the whole Novartis concern. Therefore, employees and executives consistently take the chance to work at different locations (Sandoz 2009). As already learned from the interviews, also the document analysis shows that more than 100 different working models help to balance work and private life through gliding time, different part time and job sharing models, home-office or modern shift working (Sandoz 2009).

Additionally, the documents elucidate the necessity of committed and engaged leadership to establish long-lasting effects and advantages (European Commission 2009, Novartis A, Novartis F, Novartis G, Novartis H, Novartis 2010). As they want to guarantee a certain diversity, “Novartis reserves the right to support affirmative action where permitted by law and if deemed necessary in specific circumstances” (Novartis O). In order to use the full potential of its employees, Novartis includes leadership and human rights awareness trainings as part of their Diversity and Inclusion efforts. They further point out that training is an important aspect of corporate and personal development, which is why “training is mandatory for everyone in Novartis” (Novartis C, Novartis D, Novartis N). Other documents also highlight the necessity to focus on communication styles and executive presence, which can be shown by the following citation: “Our learning programs provide a common language across the company when it comes to development and learning goals and allow associates to transfer their skills across geographic, organizational and functional boundaries” (Novartis A, Novartis F, Novartis G, Novartis H). Moreover, managers shall learn how to “balance ethical, economic and legal consideration to make responsible business decisions, and to lead by example” (Novartis N). Therefore, also e-learning training got introduced in order to ensure equal treatment and non-discrimination of any employee group (ibid), whereas “security forces receive additional training and instructions to ensure compliance with the human rights guidelines under difficult and stressful circumstances” (Novartis L).

To allow a later examination of these training methods and programs, human resource departments of global headquarters are obligated to keep records of training and other support programs (Novartis L). In written statements Sandoz pinpoints that “especially in economically challenging times it is necessary to examine the course of actions” whether they are efficient or not in order to be able to take proactive actions to address customers’ needs (Sandoz 2009, own translation). Therefore, the progress in corporate citizenship is examined every year in order to measure the compliance with business standards, whereas the results are published in Novartis’ Annual Report (Novartis D). As already learned from the interviews, also the document analysis shows that the Diversity and Inclusion Advisory Council further examines, supports and challenges the company’s success when implementing D&I

Novartis and Sandoz provide many services that enhance the working climate and the general wellbeing of their employees, such as programs for occupational health and safety, operating sport clubs, corporate sport days or corporate glee clubs as well as the “day of partnership” where hundreds of employees voluntarily take their time to support social or ecological projects in the company’s environment (Sandoz 2009). Globally seen, the division Novartis Pharma launched a “Pharma CEO Diversity and Inclusion Award”, which honors teams who significantly contributed to D&I initiatives (Novartis A). Furthermore, Novartis installed “Employee Resource Groups, which are internal support systems and networks linking people with shared interests” (ibid). These groups connect working parents, ethnic minorities, people with diseases and others to enable an information exchange and to facilitate the collaboration of heterogeneous teams, such as women in leadership connecting with the cardiovascular business franchise to develop new goods (ibid).

When looking for challenges that accrue due to the integration of the D&I approach, only one document entailed information about difficulties such as the need to form and communicate a global definition for all divisions and their subgroups; hence, a globally acceptable and understandable explication had to be found. Additionally, “different value systems needed to be taken into consideration in order to avoid where possible, pushing an approach that causes separation or resentment as the company defined, implemented and refined its approach to D&I” (European Commission 2009).

By having a look at the key arguments of all analyzed articles it becomes obvious that some statements and topics are of greater interest, which is why their relative frequencies of occurrence excel other subject matters. To give a better overview of these frequencies, the following table will depict their distribution (figure 11).

<table>
<thead>
<tr>
<th>Key Arguments</th>
<th>Frequencies:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protect employees from harassment and discrimination</td>
<td>11 Documents</td>
</tr>
<tr>
<td>Commitment to human rights</td>
<td>11 Documents</td>
</tr>
<tr>
<td>Training as an important part in D&amp;I efforts</td>
<td>8 Documents</td>
</tr>
<tr>
<td>Need leadership commitment</td>
<td>7 Documents</td>
</tr>
<tr>
<td>Keep records and examine the course of action</td>
<td>6 Documents</td>
</tr>
<tr>
<td>Reflect cultural diversity of markets</td>
<td>5 Documents</td>
</tr>
<tr>
<td>Diversity enhances creativity</td>
<td>4 Documents</td>
</tr>
<tr>
<td>Provide stimulating and challenging working environment</td>
<td>3 Documents</td>
</tr>
<tr>
<td>Establish projects that connect heterogeneous employees</td>
<td>2 Documents</td>
</tr>
</tbody>
</table>

Figure 11: Key Arguments and its Frequencies of Publication (Own Illustration)
The contents of the twenty different articles and documents used for the document analysis bear resemblance to each other, which is why a graphic account is useful to facilitate a better overview of frequencies. Accordingly, the topics anti-harassment, non-discrimination and human rights are most important for Novartis and Sandoz, as more than half of all sources dealt with these issues. Additionally, the training and learning focus as well as the examination of the course of actions are related to approximately one third of the documents, hence also these topics are of great interest for Sandoz and Novartis. To facilitate a better insight, the following chart (12) will demonstrate the frequency distribution of all statements:

![Frequency Distribution](image)

**Figure 12: Frequency Distribution (Own Illustration)**

Other issues, such as creating projects to connect heterogeneous people or providing a challenging working environment have not attached that much importance, as only two or three sources deal with them.

Some of the information received from the structured document analysis validated the interview material, hence, indicators of the transcripts could also be found in the written statements and reports. The concern implemented this D&I approach to adapt the company's policies to the fundamental human rights as well as anti-discrimination legislations in order to meet the United Nations' Global Compact requirements. Additionally, they want to provide a challenging and developing environment where all employees can contribute to the organization's success, wherefore especially strong, committed and proactive leadership is necessary in order to enlarge the diversity perspective.
VIII. Discussion

A. Congruence in Data Sources

Comparing the data received from the interviews and extracted through the document analysis reveals several correlations and congruences such as the reason for starting a D&I approach or the general appreciation of employee diversity. Accordingly, both sources point out that Sandoz integrated the diversity program to meet Novartis requirements and to expand the parental organization’s values to all divisions (Sandoz Home page, Interviewee: Gasteiger). Furthermore, aspects of Diversity and Inclusion are corporate-wide seen as productivity and creativity enhancing processes that lead to increased company success (Novartis 2010, Interviewee: Gasteiger). Additionally, these ideas must be included in order to “reflect the rich cultural, ethnic and gender diversity” of their increasingly multicultural markets (Novartis E) and to retain and promote the most talented people of all cultures (Novartis I, Interviewee: Gasteiger). Further, conformity could be found in the amount of diverse working models that are placed at the employee’s disposal. Hence, both data sources inform about more than one hundred different working models, such as gliding time, part time, job sharing models, home office or modern shift working, from which the organization’s members can choose (Sandoz 2009, Interviewee: Stempfer).

Moreover, the written documents as well as the interviews illustrate that training, teaching and learning are important aspects when including Diversity and Inclusion initiatives as both sources of data include information about how training is conducted and why it is important to integrate. Therefore, Sandoz in particular organized workshops with external trainers to enhance awareness and reduce barriers, whereas Novartis introduced mandatory communication, language and intercultural trainings for everybody (Novartis C, Novartis D, Novartis N, Novartis A, Novartis F, Novartis H, Interviewees: Gasteiger, Sedlmayr, Stempfer).

Austria’s human resource manager’s argument of examining the success of all initiatives after their implementation has been approved by written documents as Novartis’ global headquarters are obliged to keep records about initiatives because “especially in economically challenging times it is necessary to examine the course of actions” (Sandoz 2009), wherefore they evaluate their progress every year. This is completed with the introduction of external experts who further challenge and observe the D&I Councils’ progress. Hence, both sources of data assert the foundation of the DIAC (Diversity and Inclusion Advisory Council) as additional controlling and counseling body (Novartis A, Novartis F, Novartis G, Novartis H, Novartis 2010, European Commission 2009, Interviewee: Gasteiger).

By examining the relationship of Novartis and Sandoz, special interest was put on whether different or the same D&I strategy prevails. According to the researched interviews and
documents, the division implemented the approach in order to comply with the parental organizations’ policies, whereas every division can individually decide how to conduct and implement a diversity perspective (Sandoz Home page, Interviewees: Gasteiger, Sedlmayr). In general, principles, guidelines and standards that are determined for Novartis equally regard Sandoz; hence norms that are fixed for Novartis also apply to the subdivisions, whereas on the other hand, the subdivisions can individually determine additional or special procedures, regulations and norms in order to embrace their division’s focal point or guiding principle.

To illustrate the main points of congruence again, the following table (13) will briefly depict the most relevant correlations:

<table>
<thead>
<tr>
<th>Motives for implementing D&amp;I at Sandoz</th>
<th>Consistency of Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interviews</td>
</tr>
<tr>
<td></td>
<td>• Meet parental organization’s requirements</td>
</tr>
<tr>
<td></td>
<td>• Enhances productivity and company’s success</td>
</tr>
<tr>
<td></td>
<td>• Accepting career changers and employees outside the sector of industry</td>
</tr>
<tr>
<td></td>
<td>• Enhance creativity</td>
</tr>
<tr>
<td></td>
<td>• Different approaches to solve problems</td>
</tr>
<tr>
<td></td>
<td>• To attract young, motivated and talented employees</td>
</tr>
<tr>
<td>Working Models</td>
<td>• Huge amount of working models</td>
</tr>
<tr>
<td></td>
<td>• Sabbatical, job sharing, part time working, laptop policy,…</td>
</tr>
<tr>
<td>Learning and Training</td>
<td>• Important part of D&amp;I</td>
</tr>
<tr>
<td></td>
<td>• Workshops to enhance awareness and reduce barriers of using models</td>
</tr>
<tr>
<td>Examining conducted Programs</td>
<td>• Examine usefulness after implementation</td>
</tr>
<tr>
<td></td>
<td>• Reporting tools, surveys</td>
</tr>
<tr>
<td></td>
<td>• DIAC to evaluate and challenge initiatives</td>
</tr>
<tr>
<td></td>
<td>• Communication, language and intercultural trainings</td>
</tr>
<tr>
<td></td>
<td>• Provide e-learning</td>
</tr>
<tr>
<td></td>
<td>• Special training for security forces</td>
</tr>
<tr>
<td></td>
<td>• Keep records of trainings</td>
</tr>
<tr>
<td></td>
<td>• DIAC to challenge initiatives</td>
</tr>
</tbody>
</table>

Figure 13: Consistency of Data Sources (Own Illustration)

Altogether, both sources delivered reliable and valuable information that can be reduced to a common denominator. Furthermore, a lot of additional information, as for example the strong human rights focus of the concern or their comprehensive trainings in many respects got elucidated through the additional document analysis. Both analyses comprised supplemen-
tary material, such as difficulties that arose through the implementation of D&I initiatives, which could only be identified with the help of personal interviews. A pure document analysis would not have included the personal experiences and difficulties, wherefore two combining content analyses are justified in order to enhance the validity of the extracted materials.

B. Discussing Literature and Praxis

As the research question of this thesis was also interested in evaluating practical experiences and strategies of a company, this section will finally examine and challenge Sandoz’s course of action concerning Diversity and Inclusion by comparing their proceedings with recommendations of literature, which were generated in chapter IV.C.

When taking a look at the appraisement of Sandoz compared to the literature, it becomes apparent that the practical example of this study as well as the theory see advantages like enhanced creativity, a broader pool of opinions and ideas to solve problems and the ability to attract, hire and retain the best talents around the world when introducing human diversity combined with proactive diversity management. Additionally, a heterogeneous organization is more capable of satisfying the customer’s needs, which is why they are more competitive and able to expand their success.

Researched literature as well as our practical example highlight the importance of mutual respect and valuation when managing diversity. Accordingly, accepting different opinions, listening to each other and giving everybody the right to talk are major directives when communicating in heterogeneous groups (Sandoz 2009, Novartis A, Novartis C). Ely and Thomas found out that in organizations with discrimination and fairness perspectives, managers of majority groups had difficulties in supervising or providing fair, constructive feedback for minority group members (Ely/Thomas 2001). Novartis tries to impede this possible barrier by ensuring a “fair, courteous and respectful treatment by his or her supervisors, subordinates and peers” (Novartis M), hence they want to provide constructive feedback to all personnel without making any distinction.

Additionally, Ely/Thomas and Cox highlight the importance of providing a learning perspective what again seems to be recognized by Novartis and Sandoz as they have accredited the necessity to train, teach and learn in order to be able to “make responsible business decisions, and to lead by example” (Novartis N). Therefore, the parental organization as well as the Austrian division focus on committed, proactive leadership as key source of corporate success (Novartis I, Novartis N), which is also considered by the previously generated framework (chapter IV.C.). Hence, workshops and regular meetings are introduced to raise
awareness and acceptance of working models that deviate from traditional full time jobs or career progression.

As already mentioned, Sandoz established global and national D&I Councils with an alleged diverse composition, whereas Austria’s council exists of twelve people, although more than 3000 employees are working at these locations. Taking a closer look at the concern’s strategy illustrates that only one council member is not part of the management level which leads to a disproportionate spreading of management and personnel representatives. Even though a proactive, supportive leadership is necessary to modify the company’s mission (Ely/Thomas 2001, Cox 2001), also employees can contribute to the planning of D&I initiatives. Therefore, “normal” staff should not only be integrated when implementing certain actions but they should more intensively and to a greater extend be included in planning and development. Furthermore, Sandoz established diversity committees with a special diversity champion, but nationally as well as globally, no full time D&I guarantor is employed, what could be negatively interpreted as low valuation and appreciation of diversity issues, which is why a person in charge would be useful to further enlarge its importance. Additionally, all D&I members have to work on relevant issues in addition or as part of their normal workload, hence the focus at Sandoz is not put on diversity work tasks.

A major critique that arises due to the Diversity and Inclusion focus of Sandoz is the restrictive emphasis on work flexibility without considering the ethnic or racial differences as well as the influence of naturalized persons and their cultural backgrounds. Therefore, we could assume that Sandoz Austria does not look for a heterogeneous workforce but although they do not have an intercultural focus, they employ about forty different nationalities and state in one official paper: “We are constantly looking for employees who take an active role in our teams, whereas we equally hire people with different personalities and origins, no matter if geographically or culturally” (Sandoz 2009, own translation). Consequently, they want to include various ethnicities, but on the other hand, one interviewee stated: “Migrants, who obtain Austrian citizenship, are seen as Austrians, more precisely, Tyrolean citizens” (own translation); hence, they are not taking into account the different original nationalities and home cultures, which, according to literature, most of the immigrants still live, embody and represent. Therefore, they do not benefit from diverse backgrounds and cultures and are restricted in seeing their cultural values and differences. Hence, according to Ely and Thomas, they hold an “Access-and-Legitimacy Perspective” instead of a “Learning-and-Integration Perspective” which would be an important aspect in becoming a multicultural organization. Besides, one interviewee mentioned that they do not need so much diversity in producing departments but in research and development locations, what could be interpreted as additional element of an access and legitimacy perspective, as organizations introduce a heterogeneous work force to
gain access to diverse markets. Additionally, this perspective very often leads to a separation or division of homogeneous and heterogeneous groups, what could be partially identified at Sandoz Austria, as they have diversity especially in the development department.

Accordingly, a multicultural organization that benefits form all previously mentioned advantages (see chapter IV.C.1st) can only originate if all relevant parameters are considered; hence, racial, ethnical, sexual, age-based as well as differences in professional background and religion have to be featured, in order to become multicultural.

Nonetheless, Sandoz is very engaged and well on the way of becoming a diversity valuing and supporting organization, although still a lot of work has to be done, as they are only in the initial phase of their Diversity and Inclusion approach. By taking into account the recommended tools and methods and comparing them with Sandoz, it becomes apparent that they already did a good job at implementing their D&I strategy.

Therefore, the following chart (14) will again depict the main tools and methods and illustrate which issues are included and implemented by Sandoz.

Accordingly, they integrated Advisory Councils that examine their progress and success whereas they further provide trainings and workshops to enlarge awareness and reduce barriers for established staff. Additionally, Sandoz included diversity issues into the corporation’s code of conduct and established national and global D&I Councils who regularly meet in order to investigate the diversity approach and enlarge its application in the company’s practice.

<table>
<thead>
<tr>
<th>✓ Learn from other experiences</th>
<th>✓ Implement steering committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Anchor mutual respect</td>
<td>✓ Change the mission</td>
</tr>
<tr>
<td>✓ Implement diversity into code of conduct</td>
<td>✓ Prepare special team meetings</td>
</tr>
<tr>
<td>✓ Provide flexible working models</td>
<td>× Provide mentoring programs</td>
</tr>
<tr>
<td>✓ Provide different trainings</td>
<td>× Value cultural differences</td>
</tr>
<tr>
<td>✓ Install newsletters or employee newspapers</td>
<td>× Organize company sponsored family days</td>
</tr>
<tr>
<td>✓ Provide information in different languages</td>
<td>× Recruit diversity valuing employees</td>
</tr>
<tr>
<td>✓ Provide trainings for established staff</td>
<td>× Question underlying assumptions</td>
</tr>
</tbody>
</table>

Figure 14: Evaluation of Sandoz’s Strategy compared to Ely/Thomas and Cox (Own Illustration)
Furthermore, they provide a huge amount of different working models and time-off policies and promote corporate-wide initiatives such as glee clubs, sports teams and the day of partnership. In order to warrant a global orientation, the official concern language is English, which is why all international communication as well as meeting minutes are conducted in English. To further inform the personnel and increase the employees' awareness on Diversity and Inclusion, employee newspapers and emails deal with related issues. Consequently, nearly all recommended tools, methods and actions are at least rudimentary realized by Sandoz, which is why this study can infer that the concern is applying strategies that are similar or comparable to Taylor Cox's, Robin Ely's and David Thomas' theories.

The company's D&I strategy includes many aspects of Cox's, Ely and Thomas' theory, as they provide a "fair, courteous and respectful" environment that gives every employee the right to be heard. Additionally, they see training and learning as keys to gain sensitization and success in order to become multicultural.

Summing up, Sandoz is on the best way to become a multicultural organization although they have to improve on some aspects of their strategy, such as focusing on work flexibility only. Instead of providing more than hundred different working models, it would be better to work and concentrate also on manifest variables such as necessary immigration in order to balance the aging population and ongoing EU enlargement and thereby incoming population. Hence, Sandoz has to take ethnic, racial and cultural diversity into consideration in order to successfully react to ongoing demographic, economic, and global developments.
IX. Conclusion

"Cultural diversity widens the range of options open to everyone; it is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence."

UNESCO 2002: 13

The economic world is changing, which can be seen in an increasing internationalization, technological progress as well as EU enlargements and demographic changes, which is why companies have to react to changing demands (Haq 2006, Cox 2001, Gilbert/Ivancevich 2000, European Commission 2008, Council of Europe 2004, Judy/D’Amico 1997,…). Therefore, some companies introduced diversity management, whereas originally, it derives from the installation of US American organizations in Europe. Nonetheless, traditional, monolithic values prevail in the majority of corporations, which is why more and more companies need to react to the diversifying customer and employee base (European Commission, Chrobot-Mason/Rudermann 2006). If cultural diversity is not properly managed, organizations will suffer from discrimination, prejudices and increased employee turnover; hence, the upper management has to pay special attention to its diversity management strategy in order to stay competitive and successful in the long run.

Therefore, tools, perspectives and methods brought forward by Ely and Thomas as well as Cox will be illustrated in order to investigate the diversity literature. These authors belong to the most prominent diversity researchers and consultants and represent the foundation for later works. Additionally, the models’ practical feasibility will be examined by comparing it with the diversity strategy of Sandoz, the Austrian subsidiary of Novartis, a multinational pharmaceutical corporation. The focus is put on this company because they are currently integrating a “Diversity and Inclusion” approach, wherefore qualitative expert interviews took place, in order to gain deeper insight in the corporation’s situation.

When inspecting the diversity literature, various different definitions could be found, which is why a more detailed examination is necessary. Accordingly, “diversity” can imply several levels and dimensions such as “Surface-Level” and “Deep-Level Diversity” (Harrison et al. 1998) or “Seen” and “Unseen” factors (Rollins/Stetson). Superficial or visible differences including race, age, sex and ethnicity are easily detectable and comparable, whereas deeper level disparities depict personal values, beliefs and attitudes; hence, they need a more intensive engagement (Harrison et al. 1998, Konrad 2006, Rollins/Stetson). Another categoriza-
tion was made by Gardenswartz and Rowe, who distinguish between internal, external and organizational dimensions. Consequently, a human being’s personality can be influenced by physical features, work experience or educational background as well as work locations or management status (1998). Deducing from the number of different dimensions, various diverse definitions exist in literature, whereas most of the time a distinction is made between visible and human inner attitudes. Combining multiple interpretations, this thesis defines diversity as “variance in visible and invisible characteristics whereas every difference is good and essential” and diversity management as “proactive managerial processes that create effective and open environments where all employees can maximize their skills and abilities and get equal support, which is why minority as well as majority groups are considered”.

In literature as well as in praxis, opponents as well as proponents of diversity management exist; hence, heterogeneity in personnel may reside in advantageous but also negative effects which are discussed in chapter III. Accordingly, successful diversity management will enhance creativity, which is why problem solving becomes higher in quality (Cox et al. 1991, Milliken/Martins 1996). Moreover, companies save turnover costs by selecting, recruiting, retaining and developing the most talented people (Linehan/Hanappi-Egger 2006) who are able to identify the needs of a broad customer pool (Cox 1993). Additionally, the organization’s reputation will increase as they are integrating a diverse workforce, which leads to higher revenues and an even broader customer base (Robinson/Dechant 1977).

Arguments against diversity are likely to be regarded of being racist or discriminating, which is why only a marginal number of opponents can be found in the scientific literature (Thomas et al. 2006). Nonetheless, the introduction of a heterogeneous employee group entails, especially with malfunctioning diversity management, negative effects such as increased conflict, difficult intergroup communication, different group dynamics and a possible decline in effectiveness as well as additional expenses because of fighting lawsuits against discrimination (Thomas et al. 2006, O’Leary/Weathington 2006, Gilbert/Ivancevich 2000). Furthermore, lower group cohesiveness may exist because of a broad range of dissimilarities (Cox 1993, Jackson 1996, Gardenswartz/Rowe 1998), which may also lead to discrimination and racism because of stereotyping and harassment (Konrad 2006) and the assumption that culturally diverse or “non-whites” are less qualified and just hired to fulfill legal requirements (Sagrestano 2006, Linehan/Hanappi-Egger 2006).

Taking a closer look at theoretical models depicts that Cox proposes five points which need to be addressed in order to implement successful and efficient diversity strategies. Hence, a leadership that is willing to change and to spend time and money on diversity issues as well as research is important in order to identify sectors which need special attention. Additionally, education programs such as various trainings or workshops have to take place and full struc-
tural integration of all employees as well as flexible working models have to be implemented in order to represent and integrate a broad range of cultural differences. After the establishment of a diversity perspective and strategy, all models have to be examined in order to ensure their effectiveness, whereas a stepwise follow-up is recommended as results often accrue after a certain period of time (Cox 1993, 2001). Ely and Thomas take a slightly different approach and identify diversity perspectives whereas the “Integration and Learning Perspective” values cultural differences, integrates mutual respect and questions basic assumptions as well as the primary task of the organization. Hence, a peaceful working environment is established where everybody is able to learn from each other, no matter which cultural, professional or sexual background (Ely/Thomas 2001, Thomas/Ely 1996).

Basing on these theoretical assumptions, an empirical survey was conducted which evaluates and explores the diversity strategy of Sandoz Austria. Therefore, three partly structured expert-interviews, combined with document analyses took place. The data was analyzed by means of structured qualitative content analyses with regard to content (Mayring 1988, 2000, 2007) whereas the categories “Causation”, “D&I Council”, “Modus Operandi”, “Challenges” and “Relationship” were formed in order to facilitate a better insight into all interviews.

Sandoz globally decided to include a Diversity and Inclusion approach in order to meet the parental organization’s requirements as Novartis started its D&I focus already in 2006. Every division individually determines how they want to proceed, whereas Sandoz Austria decided to concentrate on work flexibility. Consequently, they established national D&I Councils who created a list of twelve priorities concerning work flexibility and named actions for each, such as a workplace nursery, a global electronic platform for intercultural exchange or the creation of a home-office guideline. Sandoz is planning and establishing various different projects and trainings, but they have not yet included cultural, ethnic or racial differences in their work; hence, they have not fully opened their mind to all-embracing diversity issues and disregard ongoing global developments such as immigration, demographic alterations as well as an increasingly diverse customer base. Nonetheless, interviews as well as documents depict the importance of learning, the necessity to follow-up realized initiatives as well as active, respectful, committed and open leadership. Therefore, various recommendations, identified in the theoretical framework, have been integrated by Sandoz.
References


Documents for the Qualitative Content Analysis


**Homepages**


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