



Managing cultural diversity in SMOs

BACKGROUND PAPER - AUSTRIA

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Backgroundpaper Austria



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Introduction

In times of ever increasing global interconnectedness and migration, it has become crucial for companies to pay attention to the diversity of cultures they encounter. Whether their customers, their employees or their suppliers – even smaller businesses are confronted with cultural diversity that may lead to misunderstandings and inhibit development, if not taken into account and managed adequately. This article examines the situation of highly qualified immigrants in the EU, particularly Austria. In addition to cultural adjustment difficulties and integration problems, qualified immigrants also experience dequalification on the labor market due to a lack of recognition of their education, training or professional experience. They therefore struggle to find employment adequate to their skills. At the same time, small- and medium-sized companies (SMEs) find it more and more important to reach out to and integrate individuals with a different cultural background. However, many SMEs lack the resources and experience for managing diversity. The aim of this article is to analyze the current situation, both from the perspective of the immigrants and of the companies. In particular, emphasis will be placed on current diversity management practices and on the obstacles encountered. Little literature examines diversity management in SMEs. In a first exploratory step, focus groups including individuals in charge of human resources at SMEs as well as highly qualified immigrants and experts on the topic will be held. The results will be investigated in more depth during individual semi-structured interviews with the same groups of individuals. Finally, a survey will be sent to Austrian SMEs to confirm the tentative conclusions and to probe the prevalence of certain diversity management practices in Austrian companies. Based on these results, recommendations will be given on how to improve diversity management practices in SMEs.

Austria

1. Actual statistics

1.1. Migration in Austria

Recent history of migration in Austria

Austria's migration history from the 1960s until the 1980s was dominated by labor and related family migration (Perchinig, 2010). Austria further received a considerable number of refugees, the largest recent group of applications from 1997 to 2006 coming from Russian citizens from Chechnya. Following the EU-enlargement in 2004, immigration from the new member states increased.

Recent data

In 2012, 1.167 million individuals born abroad were registered as residents in Austria, which is 14% of Austria's total population of 8.351 million. 32.4% of them were from the states of former Yugoslavia (excluding Slovenia), 17.4% from Turkey, and 16% from other European countries (excluding EU member states) and the rest of the world. This means that a substantial part, namely around two quarters, were from non-EU countries (Expertenrat für Integration, 2013). An additional layer of diversity as to be taken into account, as ethnic or cultural identity is often linked religion and beliefs. In Austria, 13 ethnic minorities and 14 religious communities are officially acknowledged (Bendl, Hanappi-Egger, & Hofmann, 2010). Furthermore, there are 6 recognized minority ethnic communities (Volksgruppen), whose members are Austrian nationals but have a different or additional cultural background. They are granted special rights, such as support for the preservation of their language and culture (Horniak & Cimzar, 2012).

	Origin of the population with migration background (2012) ¹	Origin of first generation immigrants (2012) ²	Immigration to Austria according to nationality (2012)
EU + CH	35.1%	39.4%	91,931

¹ Statistik Austria. Mikrozensus – Arbeitskräfteerhebung 2012; Statistisches Jahrbuch 2013 - http://www.integrationsfonds.at/zahlen_und_fakten/statistisches_jahrbuch_2013/bevoelkerung/herkunftsregionen_und_herkunftslaender/

² Statistik Austria. Mikrozensus – Arbeitskräfteerhebung 2012

Former Yugoslavia (excl. Slovenia)	32.4%	30.4%	15,480
Turkey	17.4%	13.8%	4,088
Others	16.5%	16.5%	28,859
TOTAL	100% ³	100% ⁴	140,358

Legal framework for skilled individuals

In EU member states such as Austria, the legislation regulating immigration is mostly the competency of the European Union. Countries therefore have little scope to restrict migration, but can attempt to attract specific types of immigrants, such as young, highly skilled individuals (Bendl, Egger, & Hofmann, 2004). For this reason, Austria in 2011 introduced the “Red-White-Red Card” (Rot-Weiß-Rot – Karte), a new immigration model for qualified third-country workers and their families. It entitles the holder to fixed-term settlement and employment by a specified employer for a period of twelve months. Based on personal and labor market-related criteria (e.g. qualification, work experience, language skills, and age), it targets five types of job-seekers:

- very highly qualified workers,
- skilled workers in shortage occupations,
- other key workers,
- graduates of Austrian universities and colleges of higher education, and
- self-employed key workers (migration.gv.at).

1.2. SMEs in Austria

The European Commission categorizes SMEs as follows:

	Employees	Revenue in € million	Total assets in € million
Micro companies	9	2	2
Small companies	49	10	10
Medium companies	249	50	43

³ Deviations might be due to roundings.

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According to this definition, 99.6% of Austrian companies, in absolute terms 257,000 companies, are SMEs. They employ around 1.8 million individuals, which is 67% of all employees. Their share of revenue is 63% of the total revenue in Austria. A specific category of SMEs is the one-person business, where the only employee is the owner him- or herself. In 2012, 56% of Austrian companies were EPU's (KMU Forschung, 2014; Wirtschaftskammern Österreichs & KMU Forschung Austria, 2013, p. 10).

In 2010, 68,400 immigrants in Austria were entrepreneurs. Horniak & Cimzar (2012: 126) however notice that immigrant entrepreneurs rarely employ individuals from their own cultural or ethnic community.

Austrian SMEs are most represented in commerce and crafts, and trade (KMU Forschung Austria, 2014).

Sector	Share in % (in 2011)
Commerce and crafts	28.8
Industrial production	2.2
Trade	25.8
Banking and insurance	0.3
Transportation	6.1
Tourism	17.4
Information and consulting	19.4

1.3. Cultural diversity at the workplace (foreign employees, EU-Nationals / Non-EU-Nationals, qualification levels, industrial sectors, diversity in SME)

Immigrants' qualification levels and "brain waste"

Regarding the **qualifications** of the immigrants, compared to Austrian nationals immigrants are overrepresented among the lower educated, the majority of non-EU origin, and the higher educated, mostly migrants from EU member states (Münz, Straubhaar, Vadean, & Vadean, 2006). However, highly skilled immigrants with a university degree are mainly from other EU member states (26%) or from third countries (35%) other than former Yugoslavia and Turkey (Statistik Austria & Kommission für Migrations- und Integrationsforschung der Österreichischen Akademie der Wissenschaften, 2013).

Despite a higher **unemployment** rate of immigrants compared to Austrians (respectively 9.7% and 6.8%) unemployment among qualified immigrants was lower than for equally qualified Austrians (Statistik Austria 2012). The overall unemployment rates of Turkish nationals and nationals of third countries (respectively 13.8% and 15.8%) were twice as high in 2012 as the rate for Austrians. In the same year, 13% of the population employed was of foreign nationality. The main sectors of employment for migrants are construction, cleaning services, tourism and health care (Arbeitsgruppe "Migration und Gender" (2005-2007)).

Among those employed, 28% of the individuals born abroad **felt overqualified** for their current position in 2008, compared to 10% of those born in Austria. According to Biffl (2007), factors that explain the differences in labor market outcome between Austrian nationals and different groups of migrants include the mismatch between supply and demand, the difficult transferability of skills, education and experience acquired in the country of origin, language difficulties, discrimination and the lack of social networks in Austria (Statistik Austria & Kommission für Migrations- und Integrationsforschung der Österreichischen Akademie der Wissenschaften, 2013).

A major problem is the **official recognition of qualifications** obtained in third countries. There is no uniform procedure or responsibility in Austria concerning the recognition (Latcheva & Herzog-Punzenberger, 2011), which is why the process is lengthy, complicated and often not compatible with the immigrants' situation (Arbeitsgruppe "Migration und Gender" (2005-2007); Mioara Girlasu, 2013). The Public Employment Service Austria (AMS) however lists immigrants as unqualified workers without the official recognition of qualifications (Arbeitsgruppe "Migration und Gender" (2005-2007); Thurn, 2011). As a result, immigrants in Austria often have difficulties to find a job corresponding to their skills. The lost potential is substantial, not only for qualified immigrants but also for the Austrian economy.

Gächter (2006: 50) defines **dequalification** as professional or educational activity, which requires less education that had previously been obtained. Dequalification, also called „brain waste“ devaluation of immigrant labor, or overeducation, has been well documented in academic articles (Gächter 2006, Biffl 2008, Bock-Schappelwein et al. 2009) and by the Austrian media. Referring to migration expert Gächter, the newspaper *Kurier* for instance acknowledges that immigrants' dequalification worsened since the economic crisis in

2008. The Red-White-Red Card introduced in 2011 (see legal framework above) does not improve the situation (Thurn, 2011). Other newspapers, such as Die Presse (2012), Der Standard (2009 and 2012), and Wiener Zeitung (2012) also lament the situation for highly skilled migrants, making Austria an unattractive potential host country, and the simultaneous shortage of skilled workers. In 2008 for example, an Ernst & Young study found that 83% of medium-sized companies in Austria have difficulties of recruiting well qualified individuals (Industriellenvereinigung, International Organisation for Migration, & Österreich, p. 5).

Immigrants in Austrian SMEs

The European Commission in its Recommendation of 6 May 2003 defines SMEs as having less than 250 persons employed, having an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million (European Commission, 2005).

According to a study by the European Commission, many of the SMEs examined had a diversity approach, but did not recognize it as such. Instead they named it “being flexible, accommodating, understanding, working with and around people, getting the best out of people” (European Commission, 2008, p. 17). This has to be taken into account in the research on DiM in SMEs.

The prevailing of SMEs in the Austrian economy aggravates immigrants’ dequalification and impedes their subsequent social upward mobility, as SMEs often cannot offer significant promotion prospects. Nevertheless, some interviewees viewed their migration project as successful, as the lack of social and professional mobility may be compensated for by a generally better quality of life (Latcheva & Herzog-Punzenberger, 2011). This theory is confirmed by Nowotny’s (2012) analysis of the link between migrants’ dequalification and their reservation wage.

Besides being employed in SMEs, immigrants also act as entrepreneurs and establish their own company or one-person business. For instance in Vienna, 18% of entrepreneurs do not have the Austrian nationality and additionally 11% have a migration background. Since around 2005, the number of one-person businesses increased considerably (Wirtschaftskammer Wien. Diversity Management).

5. The example of qualified immigrants in the Austrian health sector

Due to the increased immigration to Austria, migrants and cultural diversity become increasingly relevant to the health sector, both as employee diversity and employees and patient diversity.

The EU estimated the lack of skilled labor in the year 2020 at one million staff in the health sector, in particular nursing staff, and doctors. This is also visible in Austria, as Buchan (2008) points out. He observes a lack of acknowledgement of the need for DiM and intercultural integration on the part of the managerial staff of the hospital operators and the administration of hospitals. Furthermore, no data relating to cultural or ethnic diversity is collected.

Based on the results from the interviews conducted by Karl-Trummer et al. (2010) in the framework of the “Migrant Nurses Study”, the author concludes that Human Resource staff considers three issues as central **challenges** regarding diversity in the health sector:

- Mutual appreciation und sensitization for “the other” through improved knowledge of each other
- Structural establishment and resource allocation
- Establishment of a community of patients with migration background as stakeholders in the health sector

To overcome these challenges, the most important **measures** are considered convincing decision-makers, coaching employees, and coaching and training managerial staff.

In addition, nursing staff was interviewed on their perception of what impedes cultural diversity/integration in the organization. They came up with several **barriers** to the utilization of internal, i.e. employee diversity, which mostly reflect structural and communication deficiencies:

- No systematic use of language skills, e.g. when communicating with patients
- Lack of support and orientation, particularly in the beginning: results in dequalification and the need to learn work routines from scratch (among others due to communication problems – learning by watching)
- Discrimination

- Different work routines, dequalification: in some cases, nursing staff from foreign countries has more experience and knowledge than they are allowed to use during work, among others because of national differences in definition or scope of certain jobs
- Cultural dissonances

The case of the health sector in Austria shows that cultural diversity and its management do not receive enough attention, which results in highly qualified immigrants' dequalification. Potential benefits of employee diversity, such as language skills and the knowledge and experience of a broader range of job-related tasks, are not used.

2. Challenges and advantages associated with diversity at the workplace

2.1. Organizational perspective

„Gains and Pains“– The business case for diversity and Diversity Management

Academic disciplines often have a very different take on diversity, which might affect whether the challenges of diversity or its potential benefits are at the fore. Whereas economics and political science might focus on the lower trust levels and the poorer economic performance of more diverse communities, social psychology, organizational behavior and computer science emphasize the increase in creativity and problem-solving skills associated with higher diversity (Laitin & Jeon, 2013).

However, diversity scholars are **not in agreement on the overall result of diversity**. A **meta-analysis** on cultural diversity in teams by **(Günter K Stahl, Maznevski, Voigt, & Jonsen, 2010)** reveals that diversity results in both process gains, through increased satisfaction and creativity, and process losses, due to conflict and a negative effect on social integration. No direct effect of cultural diversity on team performance was found.

Further **potential competitive advantages from diversity** include better decisions, improved marketing, a more flexible organization, and a better reputation improving the access to resources, including personnel (Cox & Blake 1991). Mensi-Klarbach (Mallich & Gutiérrez-Lobos 2011) distinguishes between short- and medium-term and the long-term potentials or “value drivers” of diversity.

Short- and medium-term	Long-term	
	Human capital	Organizational capital
Reduction of costs, e.g. by reducing employee fluctuations, avoiding legal battles in court etc.	Attracting higher skilled employees	Reputation
Counteracting the shortage of employees/labor	Increased competence in global management	Cultural values and a strong organization culture, which can be a competitive advantage
Access to new markets	Innovation and creativity	Marketing image
Improved performance in existing markets		

The situation in Austria

In Austria, the Diversity Charter was established in 2010 by the Austrian Chamber of Commerce and the Vienna Chamber of Commerce and based on the idea of factor-D Diversity Consulting. It also emphasizes the business case for diversity and lists the following benefits (Wirtschaftskammer Österreich & Wirtschaftskammer Wien, 2010):

- Fostering of innovation and creativity
- Increase in employee loyalty and efficiency
- Support of talent acquisition
- Facilitation of the entry into international markets and the contact to new customers
- Improvement of the company's reputation.

However, in 2006 only 15% of the companies surveyed by Brunner (2006) had a comprehensive diversity management program. Furthermore, large companies saw more benefits arising from diversity management than did SMEs. The dimensions given priority were gender and age (Bendl et al., 2010; Brunner, 2006; Häuslschmid, 2006). Similarly, a 2007 study on migrants' situation on the Austrian labor market found that employers hardly appreciate multilingualism and diversity skills as an asset to the company (Arbeitsgruppe "Migration und Gender" (2005-2007)). The lack of awareness of diversity and the slow, insufficient development of diversity management in Austria, particularly the

time lag of SMEs, is also acknowledged by (Bendl et al., 2010). They describe the Austrian way of dealing with cultural diversity as “waiting to see what will happen and hoping that solutions will emerge without strong efforts” (Bendl et al., 2010, p. 42). Three years later, in 2013, the results look somewhat more promising. Pramböck (2013) examined the current situation of diversity management in Austrian companies and received 439 responses from individuals with migration backgrounds and 112 responses from HR managers to his online survey. The results indicate that companies do value the skills that migrant employees bring to the company. However, their focus is on language knowledge (67% of companies), particularly in order to connect to customers or business partners. 44% of the companies analyzed valued the migrants’ cultural knowledge and 33% their social network (Pramböck, 2013). Nevertheless, DiM is mostly practiced by international corporations. A look at the 122 current signatories of the Austrian Diversity Charter (Wirtschaftskammer Österreich & Wirtschaftskammer Wien) professes the overrepresentation of economically big companies, even though some Austrian SMEs have also signed. One factor is certainly the effort and complexity that SMEs typically associate with DiM (Horniak & Cimzar, 2012).

2.2. Immigrants’ perspective

Latcheva & Herzog-Punzenberger’s (2011) article looks at the immigrants’ perspective, which has received little attention in academic studies so far. On the basis of 30 qualitative, problem-centered interviews with migrants, individual coping strategies depending on the immigrant’s positioning on the labor- and the housing market were analyzed. Five areas have emerged as particularly important for immigrants: financial issues, legal and political framework, social mobility, identity and emotional bonds.

They argue that current theories on integration often mean assimilation, namely to progressively approximate the culture of the majority population.

3. Management of diversity

3.1. Definitions

Diversity

The term “diversity” was coined in the United States in the 1980s, where it referred to the differences of employees regarding gender, age, and ethnicity. Despite different definitions and connotations, diversity is often associated with potential financial benefits, the business case of diversity (Bendl, Hanappi-Egger, & Hofmann, 2012).

In the academic literature, diversity is defined in many distinct ways, ranging from broad to narrow definitions, or focusing on specific aspects of diversity, using a conceptual definition. Taking a very broad and inclusive approach, Thomas (1995) and Vedder (2003) (in Schwarz-Wölzl & Maad, 2003-2004) define diversity as „any mixture of items characterized by differences and similarities.“ and Thomas and Ely (1996, p. 2) as “the varied perspectives and approaches to work that members of different identity groups bring.”

Cultural diversity is defined as the “representation, in one social system, of people with distinctly different group affiliations of cultural significance” (Cox, 1994).

Diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting.(Cox Jr, 2001, p. 3)

Haupt and Bouncken (2013) consider the cultural background as one of the three dimensions of ethnic diversity. The other two dimensions are the migration background and the nationality. As those three dimensions interact, they all have to be considered in order to comprehensively manage cultural or ethnic diversity. They define ethnic diversity as “Unterschiede ethnischer Herkunft und Kultur, die sich in verschiedenen Verhaltensweisen, Wertevorstellungen und kognitiven Modelle der einzelnen Individuen widerspiegeln“ (2010: 349).

In terms of the importance of cultural diversity, the 2001 UNESCO Universal Declaration on Cultural Diversity states that “cultural diversity is as necessary for humankind as biodiversity is for nature” (Bellini et al. 2008).

The Austrian Standards Institute (ÖNORM) defines DiM as strategic management approach for the targeted awareness and utilization of the diversity of individuals and relevant organizational environments or stakeholders, in order to create structural and social conditions in which all employees can develop their potential and their commitment to the benefit of all parties and to increase the organization's success ("Diversity Management – Allgemeiner Leitfaden über Grundsätze, Systeme und Hilfsinstrumente," 2008, p. 5)ⁱ. Wolter & Blank (2013: 316) define DiM as "concept for dealing with personnel, demographic and organizational diversity at the different levels of the individual, the group and the organization."⁵

Diversity Management

Diversity Management has its roots in the 1960s' civil rights movement in the US, when discrimination on the basis of gender and race was prohibited for the first time in the Anti-Discrimination Act. Since then, the legislation against discrimination has expanded into other areas, characteristics and countries. Based on those legal requirements, the concept of Diversity Management, which goes beyond mere legal compliance, has developed. Since 2000, the expansion of diversity management could be observed in the German-speaking countries, among others Austria (Wirtschaftskammer Wien, ??). In academia, diversity management started to be acknowledged in the mid-1990s (Bendl et al., 2010). One step towards its standardization was the 2008 diversity management directive by the Austrian Standards Institute (ÖNORM S 2501).

Diversity concepts

Loden and Rosener (1991) distinguish **primary and secondary dimensions** of diversity. Whereas the primary dimensions – age, ethnicity, gender, physical abilities, race, and sexual orientation – are immutable and represent the core of individuals' identity, secondary dimensions can be changed. The latter include education, geographic location, income, marital status, religious beliefs etc. In addition, personality and organizational dimensions – e.g. functional level, seniority, work content – also constitute substantial parts of an individual's diversity dimensions.

⁵ "Konzept zum Umgang mit personeller, demografischer und organisationaler Vielfalt auf den verschiedenen Ebenen des Individuums, der Gruppe und der Organisation"

Gardenswartz and Rowe (2008) complement Loden and Rosener's (1991) model by organizational dimensions by adding the personality, as the core of identity, and organizational dimensions, which include factors such as management status, work content and functional level. Their model of "Four layers of diversity" depicts the complex diversity potentially found in companies and organizations (see figure 1).

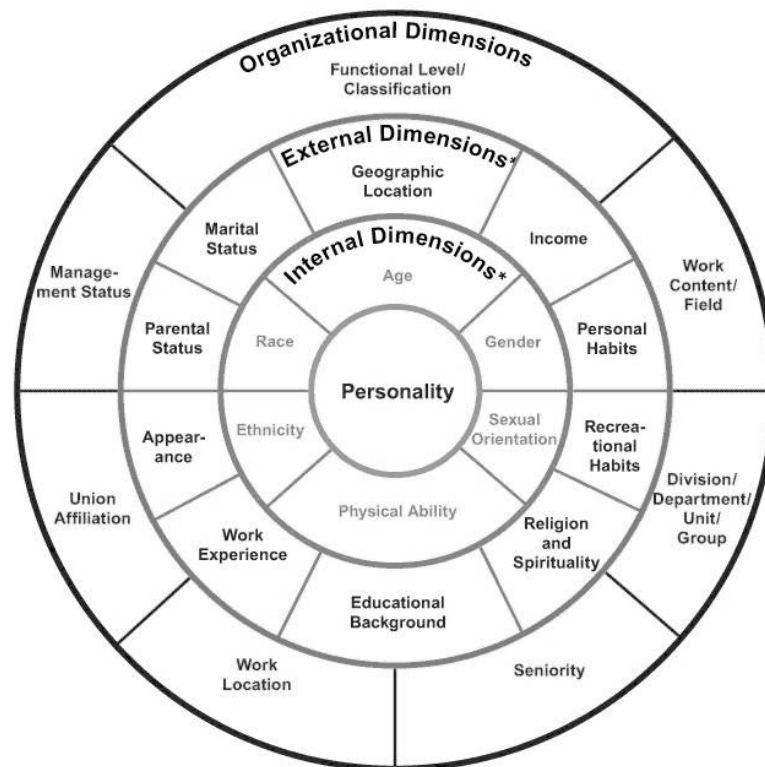


Figure 1: Four layers of diversity (Gardenswartz & Rowe, 2008)

3.2. Goals / Strategies (cf. Paradigmas by Thomas & Ely)

Diversity Management (Thomas & Ely 1996)

Thomas & Ely (1996) discern **three perspectives on managing diversity** in a corporation's workforce. The discrimination and fairness paradigm is based on legal decisions on equal access and fair treatment. It is assumed that legal compliance is sufficient to ensure that all employees are treated equally. The competitive business climate in the 1980s and 1990s led to a paradigm shift. The access and legitimacy paradigm celebrates differences with a view on their potential for competitive advantage. However, members of minority groups are mostly employed to serve niche markets and to promote the company to other members of the minority group. Finally, the learning and

effectiveness paradigm originated in the late 1990s. This perspective recognizes the learning and growth potential of diversity and differences are integrated throughout the entire organization.

Strategies for Diversity Management (Dass and Parker 1999)

Dass and Parker (1999) present **four strategic responses** for managing human resource diversity: defensive, reactive, accommodative, and proactive. Which strategy an organization employs depends on **external and internal pressures** for and/or against diversity, as well as the **management's perspectives and priorities**, which are based on Thomas and Ely's (1996) three paradigms (see figure 2).

The reactive strategy, which resists diversity, was the dominant response to discrimination claims in the U.S. in the 1960s and might still be for diversity characteristics not accepted in a society. The defensive strategic response is linked to the discrimination and fairness perspective and moderate pressure for diversity. It seeks to balance and pacify different interest groups. By contrast, the accommodative strategy associated with the access and legitimacy perspective aims at reaping the benefits from the opportunities diversity presents. It has a strong focus on the company's bottom-line.

The strategies' **implementation** may be episodic, freestanding (programmatic) and systemic implementation. In the first case, diversity is promoted through few, isolated activities, whereas a freestanding approach and even more so a systemic approach formalize diversity initiatives and increasingly integrate them with the organization's core activities.

		Implementation				
		Episodic	Freestanding	Systemic		
Strategic responses for managing diversity	Reactive	1 – Denying a European assignment to an African-American	2 – Legal department to fight equal employment opportunity programs	3 – Hiring and firing based on stereotypes	High <-----> Low	Pressures for diversity
	Defensive	4 – Training workshops for minorities: Learn the ropes and succeed	5 – Affirmative action for women and minorities	6 – Socialization of minorities to assimilate in the dominant culture		
	Accommodative	7 – Diversity awareness for managers: Be sensitive to your new employees	8 – Diversity caucus and communication committee to improve interpersonal relationships	9 – Appraisal systems that establish diversity as a managerial goal at every level		
	Proactive	10 – Unity-in-diversity workshop for all	11 – Director of multicultural affairs to coordinate relevant functions	12 – Structural and cultural transformation to integrate diversity with other activities of the organization		
		Marginal <-----> Strategic				
		Priorities for managing diversity				

Figure 2: Strategic responses for Managing Diversity and their Implementation (adapted from Dass and Parker (1999))

Driving cultural and organizational change

Cox and Blake (1991) identify **five key components for organization change** towards a multicultural organization, which is not only geared towards the dominant employee group, but utilizes the potential benefits of diversity and attempts to minimize its challenges. The components are:

1. leadership,
2. training,
3. research, analysis and
4. change of culture and HRM systems, and
5. follow-up. Leadership designates top management's support and commitment to cultural diversity.

3.3. Barriers

Pramböck (2013) identifies as one of the major barriers in integrating migrant employees into companies and the society in Austria the lack of fluency in German, particularly the spoken language. Other issue areas are bureaucratic hindrances, and the development of social networks. On the company side, using diversity mainly for marketing purposes without fully living up to its values further creates barriers for migrant employees. In addition, in Austria diversity management is strongly bound to the individuals responsible for it in the company. When they leave, the system establishment often breaks down.

SMEs in particular have some characteristics, which might complicate or appear to hinder them in their diversity efforts. These encompass inherent structural characteristics, such as a small workforce and therefore often also the lack of an HR department, and resulting factors, such as their difficulties in obtaining credit/funding and their competition with big corporations.

The independent Panel of Experts (“unabhängiger Expertenrat für Integration”) therefore recommends improving the awareness of diversity issues in Austrian companies, particularly SMEs (Expertenrat für Integration, 2013).

3.4. Diversity management activities

3.4.1. *Organizational instruments / practices*

The Austrian Chamber of Commerce Vienna (Wirtschaftskammer Wien) published a manual for Diversity Management for practitioners intended to help companies with their first steps towards Diversity Management (Wirtschaftskammer Wien - Diversity Management). Referring to Pauser and Wondrak (2011) and Wondrak (2011b), it identifies five basic processes, which are not necessarily sequential and support the introduction of Diversity Management in an organization (see figure 3):

1. Business context, including the setting of strategic diversity goals and the analysis within the organization
2. Analysis of the current state. The manual includes a checklist to examine the organization's state in the areas strategy and structure; organization culture; the

handling of discrimination; human resources; communication, PR and networks; and best practice examples within the own organization.

3. Business case and strategy, encompassing the setting of operational goals and an implementation strategy, as well as an assessment of the profitability
4. Implementation of Diversity Management, based on implementation measures and action fields
5. Diversity Change Management, i.e. the establishment of a culture of diversity in the organization. This continuous process supports the other four processes and includes risk analysis; coaching, supervision and other psychosocial interventions; information processes; and trainings and learning processes.

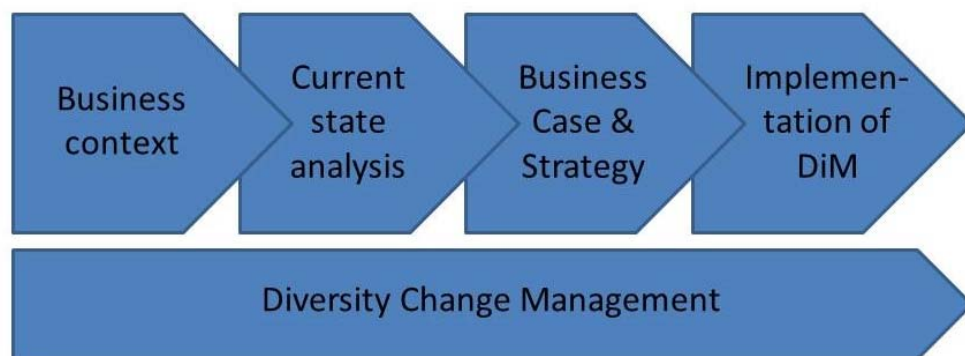


Figure 3: Processes for the introduction of Diversity Management in an organization
(adapted from Wirtschaftskammer Wien (??))

DiM measures relate to Human Resource Management (recruiting, HR development, leadership and remuneration, staff retention), communication, marketing, supply chain management (procurement) and Controlling & Reporting.

Another Austrian publication targeted at practitioners is Horniak and Cimzar's book (Horniak & Cimzar, 2012). They list the following suggestions, which are particularly relevant in SMEs:

- Consider employing individuals from the same cultural community as your target customers
- Adapt your marketing and make use of migrant media, in Austria e.g. biber, KOSMO, BUM, M-MEDIA etc.
- Develop your language skills in the language of your target customers. A certain basic and/or relevant vocabulary is already advantageous.

- Consider translating your website, brochures and catalogues into the language of your target customers
- Adapt your opening hours to the holidays of your customers
- Celebrate your customer's public holidays and adapt your products and services to the structure of your customer base
- Recruiting: use media consumer by your target group, special job fairs for migrants
- foster the cultural exchange between your employees: celebrate public holidays und special events together, encourage your employees to present their culture, cook traditional dishes for lunch and teach each other the different languages spoken in the company

Pramböck (2013) describes several measures that companies use in the framework of diversity management. One measure that proved successful is the appointment of an "International Officer", who is the contact person for individuals with migration background in the company. He or she helps migrants with daily life and bureaucratic issues in the host country. A critical issue according to the company representatives interviewed is the value system established and developed within the company. A more diverse workforce requires shared values, which need to be clearly communicated. Other measures relate to "cultural topics", such as the menu offered in the canteen, which should suit individuals with different religious affiliations or beliefs. Prayer rooms and events involving both the employees with migration background and those without (Pramböck, 2013).

3.4.2. Immigrants' options / coping strategies

Acculturation theory provides a good understanding of the ways that migrants deal with and adapt to a new culture. According to Nguyen and Benet-Martínez (2007, p. 102), acculturation is the "process of learning or adapting to a new culture." Berry's (1989) bidimensional model of acculturation distinguishes four acculturation positions, that vary to the extent that the individual maintains his/her involvement and identification with his/her culture of origin, also called ethnic culture and to the extent that he/she integrates into the dominant (mainstream) culture:

- **Assimilation:** the individual is only involved and identifies with the dominant culture
- **Integration:** the individual identifies with both cultures, i.e. is bicultural
- **Separation:** the individual is only involved and identifies with his/her ethnic culture

- **Marginalization:** the individual is involved and identifies with neither his/her ethnic culture nor the dominant culture

Berry's model makes clear that acculturation is a complex and multidimensional process that separately takes into account the orientation toward the ethnic culture and toward the dominant culture (Phinney 1996 In: Benet-Martínez and Haritatos 2005). Besides, it has to be noted that only integration leads to biculturalism and only one type of bicultural individual is presented. But even though Berry's model often serves as source or comparison for many concepts regarding biculturalism, it has to be noted that his model takes a societal point of view, focusing on dominant and minority (ethnic) cultures as opposed to the individual level of analysis.

Focusing on the individual level, the stress and coping literature reveals how individual migrants respond to the problems encountered when moving to a foreign country. (G. K. Stahl & Caligiuri, 2005)

3.4.3. Societal activities

Diversity Management and integration

In 2010, an expert committee on integration was established to serve as advisors to the government in relation to the **National Action Plan on Integration (NAP)**. In the same year, 25 integration indicators were defined to represent integration dynamics. The data is collected and compiled by Statistics Austria and assess seven areas: education and language, employment and occupation, health and social affairs, security, housing and the regional dimension of integration, social and identity dimension, and subjective views on integration (ÖIF⁶). In 2011, the first state secretary of integration was appointed (Kraler & Reichel).

The **Charter of Diversity**, established in 2010 by the Austrian Chamber of Commerce, enables Austrian companies, institutions and organizations, to commit themselves to “appreciate(e) ... all those that we are associated with – regardless of sex, skin colour, nationality, ethnical origin, religion or world-view, disabilities, age, sexual orientation and identity” (Charter of Diversity).

⁶

http://www.integrationsfonds.at/zahlen_und_fakten/statistisches_jahrbuch_2013/glossar/uebersicht_ueber_die_integrationsindikatoren/

A number of organizations in Austria offer support for immigrants and asylum seekers, including services ranging from legal advice over language courses and grants to mentoring programs (e.g. AST Vienna).

The organization **Researchers without Borders** aims at supporting highly qualified asylum seekers - academics - to obtain a position corresponding to their skills. Services encompass mentoring programs, placements in trainings and further education, events, German classes and the access to infrastructure (Researchers without Borders).

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ⁱ „Diversity Management (DiM) ist ein strategischer Managementansatz zur gezielten Wahrnehmung und Nutzung der Vielfalt von Personen und relevanten Organisationsumwelten bzw. Stakeholdern, um strukturelle und soziale Bedingungen zu schaffen, unter denen alle Beschäftigten ihre Leistungsfähigkeit und –bereitschaft zum Vorteil aller Beteiligten und zur Steigerung des Organisationserfolges entwickeln und entfalten können.“ (ÖNORM S2501/Ausgabe 2008-01-01).⁴