



Managing cultural diversity in SMO

INTERIM REPORT

EUDiM Consortium

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1. Progress of the project

EUDiM is a project – co-funded by the European Commission-, in which research institutions from Austria, Germany, Italy and Spain aim at gathering information about the situation of immigrants from third countries and their integration in small and medium- sized organizations (SME).

The project includes five work-packages, which are planned to contribute to a deeper understanding of diversity management (DiM) in SMEs (cf. Figure 1). More detailed, the aim of the project is to identify chances and barriers as well as the use and effectiveness of instruments regarding the integration of highly qualified immigrants from third countries. Based on this information recommendations for the effective handling of cultural diversity in SME structures will be derived in order to support those who are involved in managing diverse staff and thereby improve the situation of employees born abroad.

Up to now, three steps have been taken that will provide a first detailed insight.

In a first step, scientific and practitioners literature was reviewed, to get an extensive insight into the recent situation of immigration, cultural diversity and its management. While diversity management itself has already obtained much attention in the past years, results still show a lack of knowledge and research on diversity management in small and medium sized organizations. The findings of literature review were summed up in country specific reports that point out particular statistics, benefits, barriers and activities related to cultural diversity in Austria, Germany, Italy and Spain. An additional report contains a general state of the art and merges information on diversity and its management on the international level.

Based on the results of the literature review, all project partners did semi-structured interviews with experts

from public and governmental institutions as well as representatives from companies, already dealing with cultural diversity. Overall, 33 interviews were conducted. An interview guideline has been developed collaboratively by all partners and basically allowed for comparability and aggregation of findings. The interview contained questions on benefits and problems/challenges regarding cultural diversity in organizations. Furthermore, interviewees have been asked for activities and instruments used for the management of cultural diversity on organizational, individual as well as societal level and its possible effects (positive and negative).

Not to forget the individual level and personal experiences, focus groups with qualified immigrants from third countries have been conducted in a third step. Similarly to expert interviews, an interview guideline has been developed to ensure consistency of interviews. Two focus groups have been planned in each country. The main problem has been to identify highly qualified immigrants from third countries in a first step and then in a second step find appointments, at which all interviewees are available. The interview guideline for immigrants contained questions on preparing steps of migrations, the recruiting process, their integration into another cultural environment, their integration at the workplace as well as obstacles and problems they experienced. Findings of expert interviews and focus groups are summed up in this report.

Upcoming, in a fourth step, a standardized survey with small and medium-sized organizations and immigrant employees will be conducted in each country to gain further detailed insight and representative data. Results from literature review, expert interviews and focus groups will be considered. All findings will be used to derive recommendations for managers in SME on the effective handling of cultural diversity and the improved integration of foreign staff. Outcomes and suggestions will be summed up in a final report/manual.

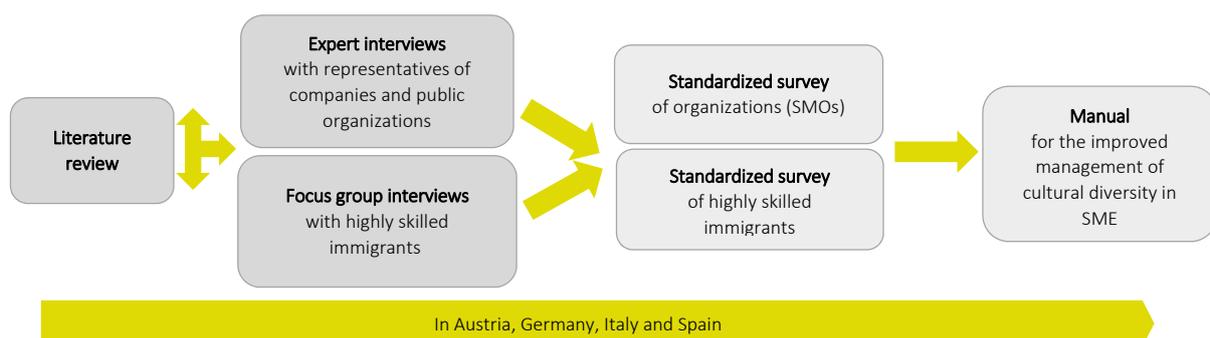


Figure 1: Progress of the project

2. Literature review

By reviewing the literature on cultural diversity management, one can recognize, that information on diversity management in small and medium-sized enterprises (SME) is quite rare. Most of the literature with specific focus on SME could be described as practitioners' literature without empirical basis. This lack of information clearly emphasizes the need for a deeper understanding of DiM besides large enterprises. Nevertheless, literature review provided some overview of current migration developments, existing advantages, barriers and also practices of diversity and its management in organizations. For a more detailed insight into findings of the literature review, please have a look at the country specific background papers, published at the project's homepage. Reviewing the existing literature also provided the basis for the development of interview guidelines used in expert interviews and focus groups.

3. Interview findings

3.1. Expert interviews

Expert interviews focused on questions about benefits and challenges of cultural diversity, goals of diversity management, instruments that foster integration at the organizational as well as the public level and the outcomes of diversity management.

Benefits / Goals of diversity(-management)

Regarding benefits and goals of cultural diversity (-management), statements largely confirm the results of the literature review and complement them in different aspects.

Interviewees can be grouped in two categories. Firstly, DiM is thought to be used as a tool to strengthen the positioning of an enterprise on the market. According to the experts, DiM is often motivated by a concern for the ability to compete or even survive on a global market under conditions of a skilled worker shortage. Furthermore, a culturally diverse workforce brings along diverse competencies like language skills but also insights into different consumer customs, which create a significant advantage when operating on international markets and interacting with culturally diverse stakeholders. Personal ties of immigrant employees are further seen as beneficial with respect to recruiting activities or the enlargement of the company's clientele. Thus, cultural diversity has advantages when an enterprise operates on an international level and for

maintaining contacts to a diverse population in the country where it has its headquarters.

The second category covers benefits related to the organization of the work processes. According to the experts, DiM helps to utilize the varying competences of a diverse workforce. DiM allows for recognizing the value of diverse experiences and increasing creativity in the design of work processes. The experts state that allowing employees with a migration background to bring in their identity also strengthens the motivation and commitment of each individual.

Experts stress that SMOs often develop innovative approaches of DiM that – once known - could be transferred to a more generalist level. Typical structures in SMOs like short lines of communication and flat hierarchies are seen as an advantage in the management of cultural diversity as it enables these organizations to keep pace with new developments. For this reason, positive outcomes of cultural diversity and its management can evolve faster in small and medium sized organizations.

Generally, experts stated, that cultural diversity should be understood as a value for the whole organization and its culture. It is no just a resource to be used in the production cycle.

Challenges/Problems of diversity(-management)

The challenges of cultural diversity and its management, as identified by the interviewed experts, apply to two different parts of labor organization. The first part refers to cooperation and team processes within the organization. The second part refers to increased workload and challenges of recruiting and employing foreign staff.

The most important challenge was seen to be communication problems based on language barriers. As the local language is generally the primary working language, proficiency is required in almost all positions. However, according to the experts, the level of language proficiency expected by the employers is often higher than what is really required for the particular job. Not being proficient in the national language impedes foreign staff from being promoted to high level positions or to positions in which intensive communication with domestic colleagues or business partners is part of the job. Another problem identified by the experts is that heterogeneity based on cultural differences is perceived to reduce the sense of community.

Next to these challenges within enterprises, immigrants were also seen to have difficulties in adapting to their new environment. For instance, they need to adjust to domestic norms, values and expectations. A last big challenge was the increased administrative effort the employment of immigrant employees - especially from non-EU countries - brings along. More generally, experts stated the challenge, that organizations often just do not see the chances of cultural diversity and an effective management of cultural differences.

According to the experts, almost all of these factors present greater challenges for SMOs than for large enterprises – and even more so when they are located in rural areas. SMOs have smaller resources in expertise, financial resources and personnel. Since they often don't have a HR department, staffing decisions were judged to often be formed by intuition, habit, or even prejudice. A lack of intercultural competencies may also lead to situations in which intercultural problems are misjudged as individual problems and therefore not treated appropriately. A problem, which emerged especially in Italy is the current situation on the labor market, which has a strong component of informality and illegality. The challenge is to overcome these structures and abolish a system in which illegal immigration is tolerated and functional.

Instruments of cultural diversity management in organizations

The interviewees identified a broad array of general **DiM instruments**, ranging from measures for team-building, such as joint presentations or cooking together, to intercultural trainings via language courses and seminars or preventive measures like installing an anti-discrimination representative or establishing a memorandum of understanding on how to deal with diversity in the company. Additionally, they mentioned organizational measures specifically directed to the needs of foreign employees like publishing information brochures and multi-language induction plans.

For some activities, experts identified needs for professionalization. These are for example recruiting of foreign staff, which has to be adapted to international standards and the development of intercultural competencies in the workforce. Furthermore, they demanded mentoring to be more widespread.

In addition, experts recommended the implementation of a constant dialogue between employees and HR or top management, assuring that complaints are taken seriously and that action against misconduct is taken.

Preliminary, an analysis of needs should be done in order to identify significant fields of action and to implement adequate measures. This could also include the analysis of the organization's climate regarding cultural diversity for example by surveys or focus groups. The commissioning of consulting companies or external professionals might help in identifying areas, where change is needed. More generally, the importance of the human resource management was emphasized, including the appointing of a diversity manager.

Regarding SMOs, the interviewees stated that they play a pioneering role in developing innovative measures for dealing with diversity. SMO need to find pragmatic ways of solving upcoming problems.

One expert summed up the process of cultural diversity management in organizations as the following: "There is a first level, which is to recognize that there is a difference, the second level is to integrate the diversity and the third level is to make diversity an innovation for the whole organization".

Instruments of cultural diversity management on the societal level

On the societal level, the experts identified the recognition of foreign qualifications, the provision of information for foreign workers, and the political support of the recruitment of foreign workers as fields of action. In addition, the promotion of laws against labor exploitation and discriminatory wages were seen as crucial on societal level. According to experts, it would be important to ease the requirements and procedures for gaining a residence permit and a work permit and to promote better conditions for home leave and family reunification. Also, the foreigners' registration offices should improve the way they deal with 'clients'. On the regional and local level, the experts identified various programs that support SMO. While these are often organized by chambers of commerce and trade, there are independent local networks as well, involving both enterprises and local authorities. A positive example was seen to exist in the "Charta of Diversity".

The educational sector was regarded as key to foster the intercultural openness of the society. Experts mentioned measures such as teaching cultural diversity matters at school and intercultural trainings in companies. In general, the interviewees called for a culture that welcomes foreigners.

Individual efforts

In order to facilitate integration, the interviewees suggested various strategies that migrants can use. First of all learning the local language, but also joining clubs and associations would both help immigrants to get to know the new environment and foster their integration. They should also inform themselves about how working processes function in their country of residence. Within the enterprise, they could organize or join employee get-together with co-workers and learn to adapt to native customs. Next to these possibilities, joining a trade union could help prevent discrimination. If foreign workers already feel discriminated, the experts advice that they should tell a contact person. This person could be a member of the workers' council or a personnel manager. In addition, they should get familiar with the rights they have. Other strategies include seeking contact to other migrants within the enterprise or joining an association formed by migrants. In general, however, the experts regarded it as quite difficult for an individual employee to change his/her situation. Such changes would have to be initiated from the side of the enterprise. However, in many enterprises talking about discrimination still seems to be a taboo.

Effects of cultural diversity management

According to the interviewed experts, the positive effects of diversity exceed the general expectations. On the societal level, the awareness of DiM has led to the establishment of a more comprehensive legal framework. On the organizational level, the increased turn towards DiM is seen to have led to a growing number of enterprises that include written agreements about diversity in their company culture. Another positive effect mentioned by the experts is that not only enterprises themselves but also business partners are changing their way of dealing with diversity and that the quality of work is improved by joint enhancement of DiM practices. Furthermore, individual competences are valued higher and the diverse language competences are being utilized to communicate with clients and business partners. Increased intercultural competence results in open-mindedness and staff members are more willing to help each other. As negative effect, the experts claimed that DiM brings along additional administrative requirements. Moreover, some solutions for immigrants could lead to resentment against the group they address, because they might be perceived as positive discrimination. In order to prevent negative effects, an evaluation or monitoring process can be helpful. However, experts say that this only takes place very rarely, especially among SMO.

3.2. Focus group interviews with migrants

The expert interviews were supplemented by focus groups with qualified immigrants from non-EU countries in order to get deeper insight into their individual experiences and perceptions.

Preparation for migration

For most highly qualified immigrants, migration was not an impetuous or spontaneous decision. Therefore, they were asked to report preparation activities they had done before migrating and other activities, which helped them with the migration process and integration into another country/workplace. In general, the intensity of the preparation depends on the individual situation of the immigrant, prior experiences and his or her reasons for migration. Factors that could influence preparation efforts are an existing employment contract in the host country as well as family members, friends or colleagues, who are already living there. Furthermore, prior experiences with migration and/or the host country for example in another job are clearly seen as advantage. These people already have an idea of living and integrating in another country, the challenges it might bring and how to prepare for them.

In many cases, specific activities of preparation were restricted to bureaucratic matters like applying for a visa and a work permit, translation and certification of documents, signing of an employment contract and travel planning.

Some interviewees also did house hunting while they were still living in their home country. Few of them reported that they received support from the employer with regards to this activity. Several times, the importance of local contacts like friends and family or even colleagues were stressed. They seem to be an important backup for a successful migration process.

Almost all interviewees confirmed the experts' point of view, as they emphasized that language proficiency is an important factor regarding successful integration and should not be neglected. But, few participants did language courses in their home country to prepare for migration.

Interestingly, just a minority of the participants reported that they looked for specific information about the host country and its cultural norms, values and mind-sets.

Recruiting and immigration process

Most participants in the focus groups were not recruited in their home country. The majority had already been living in their country of residence when looking for an employment opportunity. In most cases, recruiting was initiated by the employee. Usually, they were using online job platforms to find a workplace. In some cases, personal contacts were an important factor and starting point for migration and employment in another country. These persons were friends or colleagues, who drew the attention to job vacancies. Sometimes, acquaintances from former stays in the host country initiated the recruiting process. Just a minority of participants reported particular measures the employer took during the recruiting process, to consider the specific needs of immigrants (e.g., video conferences via skype to conduct a first interview or a short internship in the organization).

Participants reported various difficulties they experienced regarding the recruiting process. Application requirements and processes are a main barrier, which differ profoundly between countries and cultures. In Germany for example, certificates and reference letters from former employers are a typical component of the application documents. Unfortunately, employers are not aware or do not care that these papers do not exist in other countries. Moreover, documents often have to be translated into the local language. As mentioned earlier, language is a general problem, since migrants reported that English proficiency is often not enough. They stated, that one should master the local language. Therefore, applicants may often fail with the completion of required application documents.

Another major problem during the recruiting process is the official recognition of foreign qualifications. Country-specific education systems complicate the recognition of qualifications and make it more difficult to enter the job market. This applies especially to people, who search for a job fitting his or her qualification level. Because of that, immigrants often feel obliged to participate in further training or restart education so as to improve their prospects on the labour market, resulting in feelings of frustration and dissatisfaction. Several interviewees even reported that they had to work in unskilled positions not corresponding to their qualifications, since they did not see any other chance.

However, it is not just the recognition of qualifications, but also the application for a working permit that pose a challenge especially for immigrants from non-EU countries. Applying for a working permit is a long and complicated process, which is often not manageable without assistance e.g., by the future employer. Although the EU-Bluecard has been introduced to facilitate immigration for highly skilled non-EU immigrants, the approval procedure may take several months, causing uncertainty and pressure among immigrants and their families. That is why some immigrants reported that they actually thought about returning to their home country or moving to another one. Generally, interview participants agreed that immigrants often have wrong or naïve perceptions about job opportunities and the challenges of migration.

This is also true for other facets of immigration. Immigrants often admitted that they underestimated the bureaucratic challenges and the paperwork connected with translation and confirmation of documents - like a drivers licence. Furthermore, house hunting is crucial, as a tenancy agreement is sometimes required for the entry permit. Websites of governmental agencies that offer support or information regarding migration were mostly perceived to be hard to understand and complicated. Interviewees frequently stressed that necessary information was not available at all and contact persons or agencies were not known.

Another factor, perceived as complicating immigration, is the immigrants' family situation. Schooling and entry permits for children are only two examples for various obstacles that need to be overcome. As one immigrant from Argentina stated: "When you come with family, then it makes the process more complicated because then there is not only one person who needs to get support. There is the entire family with different needs."

Integration process

Once having arrived in the new country of residence / the new workplace, immigrants face further challenges of integration in their new cultural surrounding. As pointed out earlier, immigrants frequently mentioned the importance of language. Unfortunately, the workload normally does not allow for attending language courses. Therefore, language barriers are hard to overcome. This might also influence building relationships to locals – in private life and at the workplace. However, not only language but also cultural and religious differences hinder social integration. For instance, a common sense of humour or shared attitudes and values often build the basis for communication and relationship building.

Sometimes, immigrants also stressed missing cultural openness within the local community and workforce. This is especially the case in rural areas. Sometimes, immigrants tend to build up their own community of foreigners - also at the workplace - which impedes learning the language and local habits.

At the workplace, immigrants sometimes still face discrimination by colleagues but also by customers or clients. Jokes about cultural habits or wrong assumptions due to stereotypes are just some examples, how discrimination becomes apparent. One immigrant working as a clinical specialist reported that a patient even refused the treatment, as he/she was not a local. Immigrants further had the impression that their organization attributes them lower performance levels compared to their local colleagues. On the other hand, they also criticized that employers from the beginning expect the same performance levels from local and foreign employees without concerning the challenges, immigrant employees might face. Generally, immigrants pointed out, that organizations must be aware that the employment of foreign staff is an investment they have to make.

Perceived organizational support during immigration and integration

Organizations offer various types of support that help immigrants to cope with challenges during the immigration process and the first weeks or months of integration. The focus group participants named human resource managers, supervisors, colleagues as well as external consultants and welcome centres as helpful contacts. Some immigrants reported that those contacts helped them with paperwork and bureaucratic matters, assisted in finding accommodation and schooling for children. An immigrant from Brazil reported: "My boss was the first help. He arranged everything that was possible for him." Few immigrants were offered a temporary apartment. Immigrants further mentioned language courses and employee get-together offered by the organization in order to support integration. Additionally, participants perceived it to be useful for integration, if organizations clearly defined and communicated the organization's structure and processes. Some organizations also informed new employees about local activities and international events in their region in order to support their social integration. However, these were just the positive examples. In contrast, many migrants reported that they did not receive any support from their employer.

Desired organizational support during immigration and integration

Immigrants mentioned many measures they would desire for better integration. Having a mentor or a specific contact person in the organization was perceived as most important. This person should care about new employees and help with challenges and problems. Ideally, this person already had some intercultural experiences, so he or she is more able and willing to understand the immigrant's situation.

Regarding the recruiting and immigration process, participants would welcome more support in house hunting and bureaucratic paperwork. They would further appreciate, if application requirements were eased. For instance, fluent language skills should not be a criterion for exclusion before entering the organization. Instead, job descriptions should ask for the willingness to learn the language. At best, language courses should be possible during the working time. At least, organization should avoid work overload during the first time of integration and calculate some kind of settling-in period. According to immigrants, qualified assistance by the organization is a very important aspect, why some interviewees were even willing to invest parts of their own salary in the first months. Immigrants further argued that more information about social norms, rules, habits and cultural differences would be helpful to facilitate social integration at the workplace. This information could be an integral part of welcome packages, which might further include information about the organization and important contact persons. Checklists and additional information e.g., about social activities and clubs would provide an extra benefit.

Additionally, colleagues should be prepared for the arrival of a new employee, in order to better assist in problematic situations and brief the immigrant about informal rules and expectations. To foster the intercultural competence within the workforce, organizations should better communicate the importance and the value of cultural diversity. For instance, one option is to organize social events that improve communication outside the workplace.

More generally, immigrants suggested to organize the integration of foreign staff systematically and to train human resource management for the immigrants' specific situation.

Interviewees further suggested networking among small and medium sized organizations in order to exchange about experiences and instruments of integrating qualified staff from abroad.

In addition to the organizational support, immigrants would appreciate improved assistance from public institutions. First, this concerns more transparency regarding information on formal requirements and contact persons or agencies. Moreover, interviewees asked for improved support in finding jobs for qualified immigrants, with the intention to avoid overqualification and exploitation of foreign staff. Public institutions should also aim to improve intercultural openness within the local population to facilitate integration of immigrants and to promote the positive aspects of multicultural communities.

4. Next steps

Findings of the expert interviews and focus groups have been discussed in country specific round tables with experts from public institutions and private companies. They largely confirmed the interview findings and provided some first hints for overcoming the named challenges. In a next step, all project partners are going to develop a questionnaire and conduct a survey with small and medium-sized organizations but also immigrants. The questionnaires will seize on interview findings in order to get more detailed and representative insights.