

# 19

## Leveraging the Benefits of Diversity and Biculturalism through Organizational Design

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### 1 Possible answers

In this section, you will familiarize yourself with the three influencing factors organizational design, technological environment and HRM. These shape the organizational environment for utilizing the benefits of biculturalism. Please consider Tasks 1-3 to be preparatory tasks for the fourth question which focuses on synergistic interculturality through biculturalism.

#### 1.1 Task 1: Organizational design

The Relationship Company has given itself a network design. Please imagine you are the CEO of a company and need to make a decision on which organizational design to choose for your company. Now, look back on the case description and perform a general and a specific SWOT analysis on the organizational design of The Relationship Company with the help of the theory. A SWOT analysis links internal strengths (S) and weaknesses (W) with external, e.g. market, opportunities (O) and threats (T). By doing so, it lays the foundation for strategic decision making in organizations. The questions to be answered from your SWOT analysis of The Relationship Company's organizational design are:

1. Where do you see internal strengths and weaknesses of a network design (a) in general and (b) in the specific case of The Relationship Company?
2. Where do you perceive external opportunities and threats to a network design (a) in general and (b) to The Relationship Company specifically?

The Relationship Company has given itself a network design for higher innovation. A general and specific SWOT analysis of this strategy might deliver the following insights: The market success of The Relationship Company is based on its constant ability to provide innovative and customized CRM solutions to its various customers and partners. In order to finance innovative research and development, The Relationship Company is applying for funding, together with various partners. For doing so, it has to form long-term and long-lasting networks and relationships, both internally and externally. The communicative and social skills needed for this are high; the success of doing so depends on both soft and hard organizational features, mainly (1) having the right people on board to motivate for high performance and (2) being supported by technology.

In summary, these conditions make relationship management and supporting relationship management tools not only a corporate USP (unique selling proposition) but also an internal requirement for success. Through organizational design, i.e. an innovative network structure, The Relationship Company tries to link external market demands, overall corporate strategy and internal requirements for success. If structure matches strategy, then individual interpretations of the psychological contract, organizational demands and environmental conditions will be aligned. However, as this case shows, the company has achieved intercultural synergies with regard to bicultural individuals by accident and not through conscious strategy. This is the major weakness of its current organizational design.

## 1.2 Task 2: Technology

In order to be implemented successfully, network organizations need to be supported by the right kind of technological environment. Please look back on the case and the requirements of a suitable technological environment for a network organization. Now, identify the core elements of a suitable technological environment for an innovative network organization which also takes into account high workforce diversity on a cultural and a social level.

The Relationship Company can be considered an “organic” organizational environment (see Cunliffe 2008: 43 ff.). Such organizational environments need to constantly reinvent themselves in order to meet changing environmental demands. Often, they are innovative companies. A suitable technological environment should consider (see Cunliffe 2008: 44ff.):

- Core technology, i.e. those technologies which are used specifically in order to produce corporate output. In the case of The Relationship Company these are the soft- and hardware tools which help the company to deliver CRM tools.
- Non-core technology, i.e. those technologies which are not directly related to the final output. In the case of The Relationship Company, virtually all technological tools can be considered core technology, as even the research projects try to facilitate the development of innovative CRM tools.

Due to the technological imperative – i.e. the understanding that technology determines an organization’s structure design – The Relationship Company should therefore choose an organizational structure which places complex technology at its core. By choosing a network design, it does so. In this way, high technological complexity and the understanding of technology as a continuous process are linked to low centralization and formalization and to an organic organizational design. By even allowing individual employees to found new Relationship Companies, The Relationship Company has put the principle of organic organizational design as linked to continuous processes of technology into practice. Therefore, The Relationship Company provides a good example of how the complex and continuous flow of technology can be more than a gadget or a simple tool – it can epitomize organizational culture and the view of the organization as being shaped by each and every individual employee. If used in such a way, technology contributes to high-commitment human resource management (HRM) and a resource-based view (RBV) of the firm. This provides the boundary conditions for linking individual ability, motivation and the opportunity for high performance.

### **1.3 Task 3: HRM**

In addition to a supporting technological environment, successful network organizations need the right kind of people on board. Please consider the link between high-commitment HRM, the resource-based view of the firm and the need to constantly link individual motivation, ability and opportunity for high performance. Now, please look back upon the case and ask yourself: What kind of individuals does a company such as The Relationship Company need and how can it constantly ensure their performance? Please consider the constant need for innovation as a core aspect of The Relationship Company. Next, please link this analysis to a company which you might know from your own work experience. Did you have the feeling that your motivation and abilities were utilized in the best way possible and that you were given sufficient opportunities to perform at your best? If not, what would you have wished for?

In addition to a supporting technological environment, successful network organizations need the right kind of people on board. The Relationship Company values employee diversity as a source of innovation and understands it as a resource for “more ideas”. From an innovation theory perspective, diversity can indeed lead to higher innovation. However, for this to be so, obstacles to inclusion and imbalances between minority and majority individuals need to be removed (see Prasad et al. 2006). Furthermore, power differentials between different groups of individuals, e.g. through corporate hierarchy, need to be removed. For achieving this goal, not only explicit, but also implicit discrimination needs to be prevented (see Wilton 2010). Whereas most companies have explicit rules and procedures to prevent obvious discrimination, many still practise implicit discrimination through unconscious and tacit rules and habits. For example, a manager who needs to judge the competency of a potential employee will without reflection make this judgement against their own life experience. In such a process, minority individuals’ competencies might remain underestimated. Furthermore, a majority style of “doing things” might create great obstacles for minority individuals who might look different or display a different leadership style.

In the case of The Relationship Company, the dangers of implicit discrimination are mediated by the fact that a specific working style is not required: it is the output which matters. Furthermore, tasks are allocated based on interest and abilities, for example a project leader who happens to speak Greek might be allocated a project together with a Greek partner. As this is a joint decision, every individual is heard and can verbalize her or his perceived competencies which the others might not be aware of. In such a way, the company ensures awareness of potentially hidden competencies. As diversity and HRM research suggests (see Prasad et al. 2006; Wilton 2010), organizations are often not aware of the competencies which their employees might bring to the company and therefore do not include them into their strategic, organizational and HRM decision-making process. In the case of The Relationship Company, this danger is prevented through network design and with the help of technology. In contrast to organizational theory, however, the company is not aware of supporting increased diversity through these measures. Therefore, it might not utilize *all* potential benefits of diversity strategically.

#### **1.4 Task 4: Biculturalism**

In The Relationship Company, it remains a mystery why the Innovation Team performs as well as it does. In summary, team members are perceived and perceive themselves simply as capable and “clever” individuals. Due to their high diversity, they are not perceived as having something in common. However, if the theory of biculturalism is considered, most of them might be perceived as being potentially “bicultural”. Based on this observation:

1. Please look at the individual profile of each team member and identify influencing factors which might be considered as disposing them towards biculturalism. When doing so, please make sure to follow the broad definition of biculturalism in this chapter.
2. Now, please look back on your findings on organizational design, technology and HRM (tasks 1-3) and try to summarize those factors which enable potentially bicultural team leaders to achieve a high Bicultural Identity Integration (BII) at work. How does The Relationship Company make its design, technology and HRM fit the specific requirements of bicultural individuals?

However, as a profile analysis of the team members shows, all of them share personal facets which suggest that they are capable of a high Bicultural Identity Integration (BII). For example, project leaders 2, 4, and 6 were born outside Germany. Project leaders 1 and 4 travel constantly to another country and are committed to bicultural relationships. Even project leader 5 – who at first glance seems to be “very German” – turns out to be potentially bicultural. This is due to the fact that he comes from a border region of South Germany where a local language, also used in Switzerland, Liechtenstein and parts of France, is spoken. Therefore, High or Standard German can actually be considered his “second language”.

If the characteristics of bicultural individuals with a high BII are considered, it becomes clear that the strategic goal of The Relationship Company and its principles of organizational design match these characteristics. Furthermore, The Relationship Company enables these individuals to constantly develop their capabilities, for example by providing flexible working conditions, by allowing project leaders to work part time and to pursue university degrees and by simply not prescribing *how* the work should be carried out. In such an environment, all cultural styles are equally valued as long as they are innovative. Moreover, the ability to establish relationships and to manage and develop them is placed at the heart of corporate strategy. Complex technology supports this organic creation of an innovative environment.

### **Conclusion**

In practice, culture is often defined as a feeling of “the way we do things around here” (see Mole 1990: 160), and this might explain why no member of The Relationship Company is aware of being highly bicultural or of working in a company which utilizes the benefits of diversity and biculturalism. It just feels “normal”. Herein lies the danger of organic diversity management: it just comes so naturally to a company that it might not be aware of actually doing it.

Therefore, the most important implication of this case lies in making companies and employees aware of the fact that “not perceiving diversity issues” and “not perceiving bicultural individuals as a minority to be integrated” is an important resource for intercultural synergy which needs to be investigated and developed into a conscious strategy. The next step lies in utilizing the benefits of organizational design, especially innovative network design, for achieving a high BII, thereby gaining high performance.

As this case also shows, many aspects of organizations need to be aligned in order to utilize the benefits of diversity. These are: organizational design, technology, HRM and employees’ biculturalism. Only if all of these match an organization’s strategy and market purpose will the benefits of diversity be utilized in the best possible way. This case has pointed out avenues for doing so.

## 2 References

Cunliffe, A. (2008). *Organization Theory*. London: Sage.

Mole, J. (1990). *Mind Your Manners: Culture Clash in the European Single Market*. London: The Industrial Society.

Prasad, P., Pringle, J. K. & Konrad, A. M. (2006). "Examining the Contours of Workplace Diversity – Concepts, Contexts and Challenges". In: Prasad, P., Pringle, J. K. & Konrad, A. M. (Eds), *Handbook of Workplace Diversity*, 1–22. London: Sage.

Wilton, N. (2010). *Introduction to Human Resource Management*. London: Sage.

## 3 Further reading for lecturer

**Brannen, M. Y. & Thomas, D. C. (2010). "Bicultural individuals in organizations". In: *International Journal of Cross Cultural Management*, 10:1, 5–16.**

Introduction to biculturality.

**Heckmann, F. & Schnapper, D. (2003). *The Integration of Immigrants in European Societies: National Differences and Trends of Convergence*. Stuttgart: Lucius et Lucius.**

This work gives an overview on how immigrants have been integrated in various European societies. It identifies specific national differences, in the case of Germany: the previously held assumption that Germany is not characterized by immigration but rather is an ethnic nation state. If HRM does not reflect upon such wider societal assumptions, it cannot devise the best possible HRM strategy and action.

**Lawler, S. (2008). "Introduction: Identity as a Question". In: *Identity – Sociological Perspectives*, 1–9. Cambridge: Polity.**

Introduction to processes of identification which provide the basis for multiple identifications and biculturalism. Background text for interpretative and qualitative key concepts such as fluid identities, emic and etic perspectives, etc.

**Mahadevan, J. (2012). "Utilizing identity-based resistance for diversity change – a narrative approach". In: *International Journal of Change Management*, 25:6, 819–834.**

An example – based on interpretative and qualitative research – which uncovers processes of diversity change and identification, and micro-cultural assets and obstacles to inclusion. Background text for the organizational dimension of workplace diversity.

**Mahadevan, J., Weißert, S. & Müller, F. (2011). "From given cross-cultural difference to a new interculture: A Sino-German example". In: *Interculture Journal*, 14, 55–76.**

Background text and case example for theoretical concepts of micro-cultural creation and macro-cultural dimensions and standards (given culture), and for related ontological and epistemological approaches in cross-cultural management research and practice.

**Prasad, P., Pringle, J. K. & Konrad, A. M. (2006). "Examining the Contours of Workplace Diversity – Concepts, Contexts and Challenges". In: Prasad, P., Pringle, J. K. & Konrad, A. M. (Eds), *Handbook of Workplace Diversity*, 1–22. London: Sage.**

Overview on diversity research and diversity concepts. Background text for key diversity concepts such as equality, difference and inclusion and for key diversity dimensions.

**Urry, J. (2000). *Sociology beyond Societies*. London: Routledge.**

Background reading on globalization, mobility and migration.

**Wilton, N. (2010). *Introduction to Human Resource Management*. London: Sage.**

This book gives an extensive overview on HRM today. It is based on the assumption that HRM has a strategic component and needs to tackle key questions. It is structured into three parts: 1) HRM in context, which introduces the key concepts of HRM strategy such as the psychological contract, the nature of performance, the resource-based view, high commitment HRM; 2) HRM in practice, which deals with the key operative aspects of HRM, namely people resourcing, managing performance, managing reward, human resource development and employment relations; 3) Contemporary issues in HRM, such as equality and diversity, career management, workplace discord, work-life balance, and current trends and future challenges.