Organizational Change: Coping Strategies In Cultural Minority And Majority Groups In New Zealand And Germany

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Abstract:

This study sought to examine the influence of cultural identity on employees' adjustment to organizational mergers and acquisitions in New Zealand and Germany. To explore the role of employees' cultural identity in relation to their coping strategies to accommodate the changes at their working places, an exploratory, qualitative research methodology was used. Interviews were conducted with male and female employees aged from 20 to 60 years in two organizations in each country. The findings indicated that cultural identity did not play the most important role in these employees' adjustment to the changes at work. However, compared with their coworkers who expressed less interest in cultural exploration and traveling, individuals from all four organizations who expressed a great interest in traveling, exploring other cultures, and maintaining contact to members of other cultures also reported a larger variety of coping skills and perceived fewer difficulties generated by the organizational changes. The outcomes of this study were discussed with regard to theories derived from previous research.

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1. WHAT NECESSITATES RESEARCH ON DIVERSITY IN ORGANIZATIONS?

Globalization has existed for many centuries as a process by which cultures influence one another and become more alike through trade, immigration, and the exchange of information, ideas, and talents (Jensen Arnett, 2002). Nowadays, increasing diversity is a worldwide trend, creating inter-dependency across different cultures, and there are hardly any work-places made up of homogenous teams left (Jackson & Joshi, 2001). For these reasons, to achieve an understanding and accepting of cultural differences and to make inter-cultural relationships work, people in organization need to be geared towards an *integration* of expertise, values, and norms from diverse cultures (Moghaddam, 1997).

Such intentions put 'cultural diversity' at the top of many researchers' agendas. Researchers and people in organizations acknowledge that an understanding of diversity is no longer limited to cross-cultural sojourning-, but, since diversity can be found within most organizations, needs to be expanded to *all* employees (Jackson & Joshi, 2001). However, while researchers continue to show that diversity influences the outcome of change in organizations, it is less well understood *why* diversity has an influence on organizational processes amongst employees (Sessa & Jackson, 1995). Making obvious the ways in which cultural differences work can foster not only an understanding, but also lead to utilization and sharing of the different skills and practices unique to members of differing cultures (Hermans & Kempen, 1998).

People's understanding of the dynamics of cultural diversity in organizations seems crucial when looking at current demographic projections indicating that within 30 to 40 years, persons of differing cultures as a collective group will constitute a country's numerical majority – in fact, will constitute over 50% of the population (Sue & Sue, 1999). Cartwright and Cooper (1990) suggested that, over the next years, an increasing number of mergers and acquisitions between organizations of differing national cultures will further add to cultural diversity. However, researchers found that such amalgamation processes between organizations generated a number of problems for employees and managers. Even

though mergers and acquisitions are human activities, and researchers consider resulting employee problems as responsible for the failure of 30-50% of all organizational fusions, management often focused on viability *without* considering employees' coping capacities (Cartwright & Cooper, 1990).

Considering the global expansion in cultural diversity and organizational alliances, it is not surprising that, increasingly, in most countries, efforts to understand workforce diversity are the topics of discussions in both psychological and organizational arenas. Also, as cross-cultural awareness increases worldwide, psychologists increasingly integrate culturally different perspectives on people's behavior and well-being into their work (Ritchie & Ritchie, 1999).

In New Zealand for example, mainstream psychology perceives the integration of cultural minorities' perspectives not only as an ethical obligation, but also increasingly values minorities' unique ways of 'doing things' as a contribution to society and organizations (Ritchie & Ritchie, 1999; Waldegrave, 1990). Such contributions, for example, are the Indigenous People's own approaches to understanding human behavior and approaches to solving problems (Tremaine, 1990).

However, in most societies - including New Zealand - the topics of cultural diversity in organizations and cultural embeddedness of problem-solving skills are still in need of further exploration (Strohschneider, 1999). Recent findings indicate that cultural diversity can be beneficial to organizations only when it is *understood* and managed effectively. For example, Levi (2001), Cox (1993), and Triandis (1995) stressed that for cultural diversity amongst employees to show benefits, organizations' understanding should encompass a pluralist approach to integrate - and not homogenize - the *differing* cultural approaches, for example, to decision making. In support of this notion, researchers observed that the promotion of cultural homogeneity by favoring one culture over another was - in contrast to diversity - counterproductive to teamwork (e.g., Gaertner & Dovido, 2000). They found that culturally homogeneous teams did not make efficient use of minority group members' innovative skills, for example, in conflict resolution (e.g., Moghaddam, 1997). One reason for organizations ignoring minorities' *positive* features might be that a large number of

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studies emphasized the problems in conjunction with cultural diversity in teams (Ofori-Dankwa & Tierman, 2002).

A *problem* focus - versus a focus on the benefits - in research highlights the disadvantages of cultural diversity, such as stereotyping, ethnocentrism, racism and the like (Ofori-Dankwa & Tierman, 2002). On the other hand, there are fewer studies on the advantages of cultural diversity, such as increased creativity and richness in generating problem solutions in organizations (Sessa & Jackson, 1995). Such problem-focused approach in research on cultural diversity may not be encouraging to managers expected to promote the benefits of cultural diversity in their organization. One of the better-known early studies with a positive approach to diversity, for example, is Tajfel's (1982) research on minority members' contributions to group interaction. Tajfel's research on minority influence on groups is also widely applied to teamwork in organizations. Tajfel proposed - as did a number of other researchers later - that as minority members often feel that in order to be regarded positively they have to be different and deviate from the group, they create an abundance of alternative problem solutions.

Thus, as Fukujama (1990) suggested, for cultural diversity to be of benefit for people in organizations, minority members' problem-solving skills would need to be noticed and understood first so that they can be *integrated* into teams operating in a cultural majority environment. The need for further exploration of the skills and knowledge of culturally diverse people, in conjunction with organizational changes, has served as an inspiration for the present research project. Following Fukuyama's suggestion, this research project will not only emphasize the cultural differences, but also acknowledge the similarities in persons' attitudes and strategies in problem-solving and decision-making in organizations.

The need for the preservation of employees' *individual* cultural identity on one side and the need for them to adjust to a new, *shared* organizational culture on the other side - for example, after an acquisition or merger - makes the integration of the dualities of cultural differences *and* similarities an important objective in this research (Phinney & Kohatsu, 1997).

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2. DEFINING CULTURAL IDENTITY

The terms 'culturally diverse', 'ethnicity', or 'cultural identity' are mostly used to refer to groups of people who have a distinct culture or a shared historical identity (Yancey, Aneshensel, & Driscoll, 2001). Sociologists and psychologists use the term 'cultural identity', in the sense of 'ethnicity' to *distinguish* members of a specific culture from members of other cultures (Carter, 1995; Smith, 1991). Cultural identity as a social construction serves as a perspective for living, '...for it tells [people] who they are and what they must do at certain times' (Ross, 1985, p. 43). In the context of distinguishing individuals based on their membership of a group representing a distinct culture, the use of the term 'cultural identity' can be considered as interchangeable with 'ethnicity' since both terms refer to groups that share the same social and historical heritage (Fischer & Moradi, 2001; Phinney, 1992).

However, while people inherit their 'ethnicity', the development of 'cultural identity' - in the sense of shared group membership - is a social construction underlying a developmental process (Phinney, 1990; 1993). In an effort to provide a coherent system for conceptualizing 'cultural identity development', Phinney (1993) developed a three-stage model of identity formation. The first phase is characterized by the absence of exploration of one's cultural background and an unquestioned acceptance of the values and beliefs of the majority culture. The next phase - cultural identity search - takes place when there is a personal event that removes individuals from their worldview, making them open to a new interpretation of cultural identity resulting in a deeper understanding about their cultural heritage (Phinney, 1993). The final phase results in a constitution of the person's cultural identity with a sense of belonging (Phinney, 1990). It is the second phase - a person's openness for a new interpretation of identity in a new, *changed,* setting of shared identity - I intend to explore.

Cultural group identity is not necessarily static and can change. Once people develop their cultural identity and perceive a sense of belonging to a cultural group, and once these groups share a social setting, they create diversity. Such environments of diversity can also generate identification with a wide variety of values and beliefs in one person. Using this premise, Nkomo and Cox (1996) proposed that approaches in research on cultural diversity should conceptualize 'identity' as *multifaceted, dynamic,* and *transferable* to other groups.

3. CULTURAL DIVERSITY IN ORGANIZATIONS

Nkomo and Cox (1996) summarized 'diversity' as, '…a mixture of people with different group identities within the same social system' (p. 339). Researchers in the field of business psychology traditionally differentiate between a) demographic diversity - for instance, relating to culture or ethnicity, b) organizational diversity like status and occupation, and c) psychological diversity such as cognitive style and behavior (Levi, 2001). I am in agreement with those authors who maintain that the three types of diversity are interrelated and influence each other (e.g., Cox, 1995; Levi, 2001). For example, people's ethnicity may influence their thought processes and choices of action, and possibly affect their status in an organization. Following the idea that types of diversity are interrelated, in this study, I will focus on 'cultural diversity' inclusive of ethnicity and psychological diversity in conjunction with variations in problem solving in organizations.

Cultural diversity can be found in most organizations today, since all contemporary societies are now culturally plural and no longer homogenous with respect to objective markers, such as *noticeable* ethnic origin, and subjective markers like the *expression* of one's cultural identity (Berry; 1997). However, as Thomas and Ely (1996) remarked, the promotion of diversity in organizations involves more than just increasing the *number* of different identity groups. Today, more than ever, people of different culture, tenure, and educational background are required to work effectively side by side, cooperate, and engage in mutual learning processes. For example, in Europe, 375 million people of numerous nationalities, languages and cultures have joined in one remarkably diverse entity - the European Union (Mayo, 1999). In culturally diverse environments like this, teamwork brings about a number of opportunities for people in organizations.

While cultural diversity has become top priority for business leaders trying to compete successfully in a global business environment (Peters & Waterman, 1982), cultural diversity also bears a number of benefits for *employees*. For instance, some experts claimed that teams made up of members of differing cultures coould generate divergent thinking and a wide variety of perspectives useful in problem-solving processes (Nemeth, 1986; Triandis, 2000).[1] Conversely, when diversity is not managed effectively, challenges - like conflicting

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[1] Further information will be provided in chapter 10: *How does cultural diversity produce its benefits?*

values brought into teams by people of differing culture - might arise (Mayo, 1999). To maintain organizational diversity and its benefits, a main objective for organizational members would be to handle diversity's challenges resourcefully while at the same time creating an environment which permits people to *preserve* their cultural identity (Mayo, 1999).

Triandis (1995; 2000), for example, warned managers that when dealing with diversity's challenges, they should beware of the 'melting pot' approach where cultural differences are homogenized and the 'under our skin, we are all the same' attitude is put in place. Some of the past literature on cultural diversity - which portrayed cultural minority members as unwilling to contribute to group cohesion and as counter-productive to problem-solving processes - recommended overcoming these challenges by dismantling the signs of diversity and aiming to achieve conformity and sameness (e.g., Landy & Trumbo, 1980; Wallace & Szilagyi, 1982). While such approaches might reduce some of the challenges of cultural diversity - such as numerous different viewpoints slowing down decision-making processes - at the same time, these approaches would reduce benefits like the abundance of *different* conflict resolution skills (Nemeth & Owens, 1996).

From a perspective different to theorists like Kanter (1977) or Cope and Kalantzis (1997) - who regarded cultural minorities as interfering with harmonious group decision-making and, in comparison, homogenous groups as facilitating smoother problem-solving processes - Nemeth (1979) and Moscovici (1985) shifted their focus towards the *positive* attributes of cultural minorities. They observed that minority members had persuasive decision-making power at their disposal, which grew out of consistency, perseverance, and loyalty towards their culture. However, over the last two decades, researchers exploring the influences of cultural diversity in organizations observed that members of cultural minorities had a lot more to offer to teams apart from 'perseverance' (e.g., De Dreu & De Vries, 1997; Peterson & Nemeth, 1996).

A number of researchers stated in more recent research that, in addition to perseverance and consistency, cultural minority members contributed 'inspiration' for teams to consider problems from *multiple* perspectives and also prevented 'group think' – a condition where group members agree on the first proposed decision rather than bringing up

opposing ideas (Peterson & Nemeth, 1996). It is now believed that minority views in teams can a) generate vitality and creative challenges (De Dreu & De Vries, 1997), b) induce more cognitive efforts and divergent thinking than uniform majority views (Nemeth, 1995), c) generate a number of alternative problem solutions, and d) contribute to improving group decision-making. Homogenous groups, on the contrary, can restrict opportunities for debate, personal learning, and the quality of judgments (Nemeth & Owens, 1996).

Agreeing with the above-mentioned experts, a number of other authors argue that the idea of achieving 'sameness' – for instance, 'people in organizations doing the same things in the same ways' - would *not* allow for successfully combining similarities *and* diversity among team members and *not* produce the most advantageous decision-making processes (e.g., Berry, 1997; Terry, 2001; Triandis, 1995; Ward, 1996). One way of understanding the relationship between similarity and diversity is to define 'diversity' as a *part* of similarity. As Hallowell (1960) put it, people can experience a sense of *sameness* through being different from each other: their perceptions might vary widely, but since everybody experiences this variation, it constitutes *sameness* across people.

Having arrived at the understanding that differences and sameness are not exclusive of each other, organizations are increasingly in favor of diversity in groups (Moghaddam, 1997; Terry, 2001). For example, in New Zealand, Tremaine (1990) observed that some Māori employees prefer a supportive leadership style where the leaders remain in the background, while, in contrast, employees of European descent are likely to feel more comfortable with managers who are highly visible. While these cultural groups show different preferences for leadership styles, the 'sameness' is constituted by their need to feel *comfortable* with leadership and have their cultural needs met while working jointly towards shared organizational objectives (Peters & Waterman, 1982).

In the same vein, Triandis (1995; 2000) also understood differences and sameness as two sides of the same coin. He explained that each cultural group should maintain as much of its original identity as possible and, at the same time, join forces and identify with uniting organizational objectives. Contrary to the belief of many people, holding multiple identities is not necessarily confusing for the concerned person. It is an everyday experience for many individuals to identify with various groups - for example, their cultural group *and*

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their work team (Markus & Kitayama, 1991). Considering the switching of these environments and identities, one could argue that people's membership of *various* small groups would turn almost everybody into a minority member (Tajfel, 1981). Yet, not all people perceive themselves this way and there are multiple forces - apart from multiple group membership - that form a person's identity as a minority member (Alderfer, 1987).

4. IDENTIFICATION PROCESSES IN CULTURALLY DIVERSE ORGANIZATIONS

While in some ways, most societies '...consist of nothing but minorities', (Tajfel, 1981, p. 312) - for example, people choose to become members of religious groups, sports clubs, or regional groupings - *cultural* minority members do not join their group by choice. In contrast to minority members who joined groups of interest by choice, cultural minority members can only leave their group identity behind under difficulties. Researchers, like Tajfel (1981) for example, differentiate between minority members who have been *allocated* a common identity, and those who self-categorize and wish to *preserve* their minority identity.

In the present study, the definition of cultural diversity refers more to the second of Tajfel's (1981) identity conditions - 'self-categorization'. Self-perception of 'cultural minority membership' would include individuals' perception of belonging to minority groups based on similar biological traits, historical experience, or vulnerability to social forces (Alderfer, 1987). Commonly, when individuals categorize themselves as a cultural minority member – as opposed to being categorized by others - and distinguish themselves from other groups, this process creates feelings of belonging and influences their social behavior towards their own and other cultural groups (Tajfel & Turner, 1979). However, minorities' sense of belonging and identification with their culture does not necessarily exclude their identification with other groups such as work teams (Macrae, Bodenhausen, Milne, & Jetten, 1994).

Because cultural minority members are members of their socio-cultural group *and* their work group, they are potentially holders of multiple identities (Markus & Kitayama, 1991). So are cultural majority members, and many groups inside and outside the organization consist of members of both cultural majorities and minorities. However, in addition, members of cultural minorities – more than members of cultural majorities – are

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commonly prompted to integrate a variety of other identities - for example, their host country's cultural identity and their organization's identity. Some authors suggest that - given the proper supporting conditions - multiplicity of identities often enables minority members to generate a variety of perspectives in problem-solving (e.g., Nemeth & Owens, 1996; Terry, 2001). This suggestion is one of the factors I attempt to explore in this study.

Berry (1990), for example, is one of the authors who suggest that the multiplicity of perspectives of cultural minority members is linked to bi- or multicultural identity and explain that members of cultural minorities could develop identities that *combine* their native culture, the local culture to which they have immigrated, and the global culture. Similarly, Hermans and Kempen (1998) and Jensen Arnett (2002) defined persons with a 'bicultural identity' as individuals retaining their local identity *alongside* a global identity - *combining* local culture and elements of the global culture. Also, many cultural minority members - New Zealand's Māori people for example - are already bicultural due to their upbringing in a bicultural society where they are prompted to combine differing cultural norms and values (Jonson, Su'a, & Crichton-Hill, 1997). In both cases, having grown up in a bicultural environment or having moved to an environment different from one's own culture, cultural minority members commonly needed to integrate a number of values from different cultures, thus potentially increasing the number of perspectives in challenging situations (Berry, 1990).

Variety - or pluralism - of cultural identity not only has the potential to increase the number of perspectives in conflict situations, but can also reduce acculturation stress and assist individuals to make transitions to new environments (e.g., Berry, 1990; 1997). Berry (1990), for example, found in his research that acculturative stress and the resulting adaptational problems can be reduced not only by a person's multitude of cultural identities, but also by the degree of cultural pluralism in the person's *environment*. Similarly, Ward and Rana-Deuba (1999) found that expatriates adopting a multi-cultural identification experienced fewer psychological adjustment problems in getting used to new environments than those who were encouraged to assume an assimilationist perspective. These findings imply that an organizational environment, where societal and organizational cultural pluralism prevails, may make transitions to post-merger conditions easier for employees and may reduce resulting stress experiences (Berry, 1990).

Similar to Ward and Rana-Deuba's (1999) suggestion that a person's multi-cultural identity could reduce adaptational problems in transitional processes - for example, to new cultural environments - Triandis (1995) advocated that people adjusting to new environments should preserve as much of their original culture as possible, while at the same time including the norms and values of the main-stream culture. However, to strengthen *cooperation* among culturally differing people, for example in groups in organizations, the focus must also lie on *commonalities* across differing individuals (Mayo, 1999; van de Vliert & de Dreu, 1994).

Although cultural diversity in itself has the potential to enhance team efforts (e.g., Nemeth, 1995: Tajfel. 1981), organizations would not be likely to benefit from diversity unless *commonalities* - such as mutual trust, openness, and team spirit - enabled minority members to feel comfortable in making their contributions (Thomas & Ely, 1996; Wanguri, 1996). To encourage minority members to express their ideas in teams - especially when these deviate from standard perspectives - minority members should not feel viewed solely in terms of their cultural group membership, but also sense a *common* team membership and conceive their organization as accepting of diversity (Fiske, 1998). Thus, while members of cultural minorities are thought to have the potential to generate a wide variety of ideas in problem solving, they ought, at the same time, perceive themselves as group members in order to feel comfortable in contributing their ideas .

If, on the other hand, acceptance and trust levels are low and minority members do not feel comfortable contributing divergent ideas, they might instead – wanting to be good co-workers – feel motivated to comply with the majority group's decisions (Fiske, 1998). They might withhold any opposing ideas on problem solutions (Eigel & Kuhnert, 1996). Obviously, while cultural minority members' unique perspectives can influence majority members' thought processes, negative attitudes of majority group members towards their minority counterparts, in return, can reduce their contribution of ideas in teams (Fiske, 1998). Therefore, when minority members perceive that others accept them for who they are and when they feel valued in *themselves* - not contingent on their ability to comply with majority views – this may enhance their comfort in teams and encourage them to present

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innovative and unique perspectives in decision-making processes (Brickson, 2000); Fiske, 1998).

It is apparent, so far, that cultural minority members – compared to majority members – in organizations have to juggle with a number of identities. Some researchers took an interest in exploring *which* identity minority members would fall back on during organizational changes when their organizational identity becomes challenged (e.g., Fiske, 1998; Larkey, 1996). They assumed that cultural minority members would focus more strongly on their cultural identity and emphasize less their organizational identity when the context in organizations changed, as in cases of mergers and acquisitions. However, Larkey (1996) observed that a number of cultural minority members in organizational change situations still felt the need to prove their loyalty and commitment to organizational norms. Apparently, cultural identity did not always come first and organizational identity ranked high for a number of minority members who felt committed to the organization (Baron & Bielby, 1985).

Minorities' identification with the organization can vary, though, and is context-dependent. First, cultural distinctions among employees might be less emphasized in some organizational environments than in others (Baron & Bielby, 1985). Second, as cultural and social identities are not static mechanisms, individuals' perceptions of their identity as cultural minority members may vary (Ofori-Dankwa & Tierman, 2002). An example of this is when changes in people's lives, such as cross-cultural transitions, may alter their identity orientation (Alderfer, 1987). Together with the growing number of researchers (e.g., Brickson, 2000; McLeod & Lobel, 1992; Watson, Kumar, & Michaelsen, 1993), I take an interest in exploring employees' cross-cultural transitions in conjunction with cultural and organizational identities in relation to problem-solving skills.

However, while information on cross-cultural transitions and adjustment skills is growing and available, some authors consider the *integration* and synthesis of the expanding literature on cross-cultural transition and managing adjustment to change still largely neglected (e.g., Ward & Rana-Deuba, 1999). However, in the age of globalization, more and more managers take an interest in incorporating cultural diversity into organizations (Nemeth & Owens, 1996).

5. IMPLICATIONS OF CULTURAL DIVERSITY FOR MANAGERS

As workplaces become more diverse and team-oriented, managing cultural diversity in organizations becomes a matter of building cooperation among members of minority *and* majority groups (Nemeth & Owens, 1996). If managed properly, cultural diversity can be of advantage to people in teams and can form the basis of a globally competitive organization; but if mismanaged, diversity can be counterproductive and costly (Mayo, 1999). Thus, to draw on the opportunities of cultural diversity in organizations, managers in leading positions today need to develop skills that help them manage culturally different individuals while, at the same time, promoting a unifying organizational identity (Edelson & Berg, 1999).

Teams reflecting cultural diversity are becoming a favorite way of organizing work for managers in many organizations. For example, a recent survey in the USA by *Purchasing Magazine* found that 57 % of companies prefer using multicultural teams to make strategic decisions (Mayo, 1999). This survey showed that, instead of relying on individuals and their narrowly defined functions, organizations prefer working with teams that encompass members from differing cultural backgrounds. As mentioned before, a number of authors suggested that opportunities might arise from the *multiple* perspectives on problem-solving and the *variety* of skills that cultural diversity provides to the group (Moghaddam, 1997; Nemeth 1995, Nemeth & Owens, 1996; Thompson & Gooler, 1996) [2].

Thus, to utilize the multiplicity of skills present in multi-cultural teams, it seems vital that organizations prepare their managers and supervisors adequately to effectively lead in a culturally diverse work environment[3]. Traditional diversity programs - such as sensitivity training for executives - have contributed to integrating more cultural minorities into the workplace. Unfortunately, these programs often did not make the most of the opportunities that diversity presents, because they mainly focused on potential difficulties generated by diversity, for example, in decision-making (Edelson & Berg, 1999). The number of studies with a positive approach to diversity in organizations has increased over the last two

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[2] See chapter 3: *Cultural diversity in organizations*, paragraph 4-6.
[3] See also the chapter 12: *Has diversity in organizations been utilized effectively?*

decades, though, and so has the number of managers who draw on those research findings (Mayo, 1999).

While many superiors regarded cultural minorities' ideas and cognitive styles, diverging from those of cultural majority members, as 'time wasters' in the past, nowadays, an increasing number of managers pay attention to the innovative ideas of minority members (Johnston, 1998; Moghaddam, 1997). These managers believe - and experience - that teams made up of culturally diverse people can more easily reach creative solutions and decisions and that teams become truly effective when they represent the full spectrum of diversity. Employees, in return, find their work-place much more entertaining, engaging, and fascinating when their team includes people from other cultures with a variety of perspectives and varying experiences (Johnston, 1998).

In her research, Mayo (1999) found that business leaders experienced that groups consisting of culturally diverse people influenced not only the quality of work outcomes, but also the quality of interpersonal relations. For example, persons who were strongly task-oriented and focused on performance learned pro-social attitudes towards other team members from cultural minority members and increased their level of assistance towards coworkers. Other researchers acknowledged that cultural diversity exerted an influence on task efficacy since interpersonal relations and task behavior appeared to be closely *linked* (e.g., Brass, 1984; Hofman, 1985). Similarly, Sessa and Jackson (1995) found that personal relationships and performance could not be separated and both seemed affected by cultural diversity.

Nemeth's (1995) theories on minority influences[4] substantiated that cultural diversity generated positive work outcomes largely by the *exchange* of information among team members with *dissimilar* perspectives and a discussion of different viewpoints. She concluded that one advantage of diversity is that it increases the knowledge pool available for problem-solving and decision-making. In multi-cultural teams, there is a greater chance that the team will have the resources it needs to generate effective problem solutions, since the group members have a wide variety of skills, abilities and opinions at their disposal. Consequently, in management coaching, more and more psychologists emphasize the

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[4] These theories are further discussed in chapter 10: '*How does cultural diversity produce its benefits?*

importance of *understanding* cultural diversity and its influences and practices in teams, and how those are generated, disseminated, and applied (Jensen Arnett, 2002).

So far, a number of studies, which confirmed those theories postulating that cultural diversity in teams produces diverse perspectives in problem-solving, have been reviewed. These studies claimed that multi-culturalism in teams assists to the viewing of a wide variety of alternative solutions, and that it can improve teams' abilities to implement creative solutions (e.g., Hambrick, Cho, & Chen, 1996; Jackson & Joshi, 2001; Mc Leod, Lobel, & Cox, 1996). In short, one could say that different people in organizations approach similar problems in different ways. The idea of the benefits of cultural diversity in organizations also inspired me to conduct my research in this field.

The concept of the benefits of cultural diversity - since it is thought to offer a wider variety of creative conflict resolutions than homogenous teams - might be of interest to employees and managers particularly when forming alliances and operating in new work teams. While a number of researchers have investigated the approaches to problem-solving of employees of different cultures (e.g., Strohschneider, 1999), the effects of cultural diversity specifically on processes of identity reassessment during organizational mergers and acquisitions have not yet been sufficiently explored (Lindner, 2002). Even less has been written about the resulting feelings of loss and grief among employees who had to give up their status quo and renew their organizational identity (Cartwright & Cooper, 1990).

6. THE CHALLENGES OF ORGANIZATIONAL MERGERS AND ACQUISITIONS FOR EMPLOYEES

Even though mergers and acquisitions can be frequently observed in organizations today, often such amalgamations are not successful because many employees have problems in adjusting to the post-amalgamation environment (Terry, 2001).

While in an acquisition there are clear winners - the buyers - and losers - the acquired - partners in a merger may be more evenly matched. In both situations, however, employees commonly feel challenged by sudden change and disruption of organizational 'life as it used to be' (Cartwright & Cooper, 1990). The same employees of the formerly separate organizations often remain with the organization when organizations unite.

However, organizations usually introduce new procedures and values after a unification, which require the employees to behave differently from the old ways - a process, which is linked with uncertainty or insecurity and often perceived as threatening (Cartwright & Cooper, 1990; Marks & Mirvis, 1998).

Even though mergers and acquisitions involve the well-being of human beings, human aspects have often been neglected by organizations in change situations (Cartwright & Cooper, 1990). Employees typically consider change processes - such as having to adjust to a new organizational culture - as a *loss* of familiar conditions. People's reactions to losses linked to organizational life are similar to loss experiences in family life and can include stages of disbelief, anger, depression, and acceptance (Kuebler-Ross, 1996).

If individual and organizational differences in adapting to a new organizational culture are ignored, rejected, and not met with empathy, initially, the employees' well-being will be compromised; next, the teamwork will suffer and performance decline; and in the end, mergers might not be as successful as hoped (Goleman, Boyatzis, & McKee, 2002; Moghaddam, 1997).

Taking theories – postulating that minority members show more flexibility in adjusting to new environments because they had ample of *practice* throughout their life (e.g., Gaertner & Dovido, 2000; Gruenfeld, Martorana, & Fan, 2000) – into account, I would assume that members of cultural minorities have it easier to adjust to organizational mergers and acquisitions.

To illustrate a positive process in adjusting to an organizational symbiosis, Cooper and Cartwright (1993a) used the metaphor of marriage: in an alliance of two people, the partners ideally should accept each other's differences, maintain their independence, and at the same time cooperate. Similarly – but more complexly - rather than imposing change on the other partner, an alliance of organizations should show flexibility and be supportive of differences among employees not only as members from *two* organizational cultures, but also as members from a variety of ethnic cultures (Marks & Mirvis, 1998).

Marginalization of individuals who are not members of the dominant culture, be it organizational or ethnic culture, cannot be the aim of mergers or acquisitions once the potential benefits of cultural diversity in organizations are understood. Thus, organizational members perceiving cultural diversity as an asset would, in all likelihood, promote pluralism and multicultural organizational identity - rather than expecting minorities to adopt the ways of the dominant group (Berry, 1997; Martin, 1993). However, in merger or acquisition situations, a balanced emphasis of both diversity *and* similarities among cultures seems essential, since an overemphasis of only the differences could minimize opportunities for synergy with the new partner (Thomas, 1995). On the other hand, the rigorous minimizing of differences would threaten the viability of the other business partner, since they would have to give up their identity and be assimilated by the partner in power (Triandis, 1995; 2000).

These dynamics of balancing the emphasis between differences *and* similarities apply similarly to individuals in teams (Berry, 1997). Negative consequences of mergers and acquisitions, including stress and conflict, should decline when employees maintain their cultural identity, accommodate diversity, and, at the same, time integrate the mainstream identity (Berry, 1997). However, such a process would not be as simplistic as it may sound. Thomas (1996) warned, using the analogy of a tree, that superficial approaches to integrating multiple cultures during alliances would be short-lived. He compared the branches of a tree with the visible activities of accommodating diversity, and the roots with the fundamental beliefs about the values of diversity. Evidently, cultural diversity only generates benefits in teams when team members *believe* in these benefits, rather than taking insincere approaches to welcoming cultural minorities in groups. At times, though, employees might perceive intrapersonal conflict when their need to preserve their *individual* cultural values conflicts with the promotion of cultural diversity at their work place (Marks & Mirvis, 1998).

Balancing one's socio-cultural identity with cultural diversity in teams might constitute a challenge to some employees (Marks & Mirvis, 1998). On an individual basis, self-categorization as a member of a specific ethnic culture can lead to competitive behavior towards other ethnic groups. On an organizational level, strong identification with one's own socio-cultural group can lead to rejection and hostility towards groups of people of

differing culture. Similarly, employees' continuing pre-merger organizational identity can lead to rejection of organizational members of the new branch. Groups of employees with strong organizational identity might hold on to their pre-merger identity, especially when they perceive themselves as superior to the new group (Haslam, 2001). Facing such challenges, escalation of tension among groups of employees joined by organizational mergers and acquisitions are not unusual (Marks & Mirvis, 1998).

All in all, the potency of challenges born out of mergers and acquisitions, like being faced with new coworkers with differing cultural values, will - besides effective leadership - depend largely on the employees' *flexibility* and *adaptability* to changes (Moghaddam, 1997). However, opening up to integrating new cultural components of other groups requires a degree of permeability of people's *and* organizations' cultural boundaries (Gruenfeld, Martorana, & Fan, 2000; Terry, 2001).

As discussed before, researchers developed the theory that cultural minorities, who showed flexibility and adaptability in assuming different perspectives in problem situations, together with their perseverance and consistency, facilitated effective solutions (Nemeth, 1995; Nemeth & Kwan, 1987; Nemeth & Owens, 1996).[5] If these minority theories were applicable across different situations, then my study should show that, compared to persons of cultural majorities, members of cultural minorities also generate more effective strategies and problem solutions in change situations, such as organizational mergers and acquisitions (Thompson & Gooler, 1996).

MERGERS, ACQUISITIONS, AND CHANGE
7. PERMEABILITY OF BOUNDARIES
A number of researchers point out that - as globalization increases - new approaches to dealing effectively with socio-cultural and organizational diversity must extend beyond traditional intra-group theories and must strongly focus on the relationships *across* differing groups and organizations (e.g., Gruenfeld, Martorana, & Fan, 2000; Terry, 2001).[6] The rapid increase in organizational mergers and acquisitions also highlights the need for research across differing cultural environments. Reports, showing that *more than half* of

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[5] See chapter 3: *Cultural diversity in organizations*, paragraph 6, Nemeth's minority theories.

such amalgamations are unsuccessful and fail to achieve their objectives, give further emphasis to the need for research on inter-organizational interaction (e.g., Cartwright & Cooper, 1993; Terry, 2001). An often-cited explanation for such failure is the lack of attention in organizations – as well as in research - on assisting employees to integrate into the new, merged organization. It is still not well understood *how* merger partners and their teams can develop openness towards the new organizational culture and there is need for further research in this field (Gruenfeld, Martorana, & Fan, 2000; Terry, 2001).

Part of the problem of unsuccessful organizational alliances is that organizations *expect* their teams to make it their priority to fit into a new organizational culture and attain a new identity (Goleman, Boyatzis, & McKee, 2002). This process is often bound to lead to conflict, since the teams of the amalgamated organizations may primarily seek to establish most optimal positions for *themselves* first. Case studies showed that because of competitive attitudes, like the 'us versus them' way of thinking, inter-group relations became antagonistic and led to the failure of mergers (Cartwright & Cooper, 1993; Gruenfeld, Martorana, & Fan, 2000; Terry, 2001). Such rivalry responses of teams, preventing a joint organizational identity, make it crucial for managers and change agents to understand the underlying mechanisms and to counterbalance them.

Researchers, concerned with the mechanisms of perceived group identity, found that individuals socially categorize themselves because their *sense of belonging* motivates them to belong to a group (e.g., Gruenfeld, Martorana, & Fan, 2000; Stroebe & Diehl, 1995; Tajfel, 1981; Terry, 2001). Researchers also found that individuals varied in their mobility in social categorization and their flexibility in defining themselves as members of a self-inclusive category, such as a work team. Their findings were in support of Tajfel and Turner's (1979) theory of group processes postulating that the degree of a group's mobility and flexibility in re-categorizing and renewing their group membership depended on the *permeability* of group boundaries.

In the case of relatively impermeable boundaries of two organizations entering a merger, members of one organization would differentiate themselves from the members of

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[6]Since in mergers and acquisitions, organizations could be regarded as groups, the terms 'group' and 'organizations' will be used interchangeably in the application of group theories in this chapter.

the other by focusing on each other's differences - rather than on similarities - and by an unwillingness to tolerate these differences. Buchner (2002) compared this process to the immune system fighting off intruding organisms identified as foreign to one's system. Such a process would be counter-productive to successful merger and acquisitions processes.

Inter-group permeability thus plays a vital role in the success of mergers and acquisitions, where renewal of group membership and re-establishing of identity are important issues for employees. Terry, Carey, and Callan (2001), for example, found in their study on an airline merger that employees, who belonged to groups with highly permeable boundaries, would adjust better to mergers on person- and job-related outcome measures. These employees were more likely to identify with the new organization as compared to members of other teams whose boundaries were relatively impermeable (Terry, 2001). Terry and Callan (1998) arrived at a similar conclusion in their research on a hospital merger where permeability of group boundaries positively influenced the group members' responses to the merger and, in the end, their well-being. Most interestingly, research showed that those groups with permeable boundaries commonly included a number of cultural minority members who showed a high level of flexibility and openness towards new groups (Haslam, 2001; Stroebe & Diehl, 1995; West, 2000).

While the research findings on permeability of group boundaries showed that there were individual differences in flexibility (Terry, 2001), it would be of interest to individuals in change situations to know *what* prerequisites in a person determine the degree of mobility across boundaries. Haslam, (2001) and Terry (2001), two experts in the field of employees' adjustment to organizational changes, concluded that the extent of permeability of group boundaries – as opposed to rivalry between groups – may be predicted by assessing the level of the employees' a) adaptability to new environments, b) openness to new situations, and c) flexibility to transfer knowledge across situations. In short, the more flexible, mobile, open, and adaptable team members are, the higher the chances might be for a successful merger between organizations. A number of researchers found that flexibility, openness, and adaptability were most often held by cultural minority group members (e.g., Gruenfeld, Martorana, & Fan, 2000; Stroebe & Diehl, 1995; West, 2000).

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Since a number of research outcomes showed more adaptability and flexibility in minority members crossing their group boundaries - compared to members of mainstream cultures - it could be expected then, that in the present study, I would find similar outcomes: cultural minority members should be more accepting of mergers, due to their flexibility and permeable boundaries.

To make minorities' skills – such as flexibility and adaptability to new situations – transferable to other team members, it is of interest to me – as it is to a number of researchers - to explore under which conditions cultural minority members acquired these skills. Gaertner and Dovido (2000), for example, explained that most members of cultural minorities were challenged throughout their lives by having to re-categorize, to cross-categorize, and to sub-categorize themselves as members belonging to a number of different or successive groups. These adjustment processes have required minorities' group boundaries to remain permeable and, thus, allowed them to be more flexible in adjusting to new groups (Gruenfeld, Martorana, & Fan, 2000).

Considering minorities' practice in adjustment to change on one side, I could expect that my study would show that cultural minority members respond more favorably to organizational change compared to cultural mainstream members.

It needs to be acknowledged though, that mergers and acquisitions of organizations are an unprecedented event for most employees – regardless of their cultural group membership - so, most employees would be unlikely to have developed specific coping skills for such changes in advance (Schweiger & Ivancevich, 1985). Therefore, individual differences in responding to organizational change could also play a role in my research (Gaertner & Dovido, 2000; Terry & Callan, 1998). Explaining differing employee responses, such as stress in challenging problem situations, Cartwright and Cooper (1990) pointed out that researchers would need to differentiate between the *actual change event* and employees' differing *perceptions* of the event. Thus, it may not be the actual change, but employees' perceptions of the change that generate psychological and physical stress responses. Terry, Callan, and Satori's (1996) research, for example, showed that the contingencies of employee adjustment to organizational changes were inclusive of *how* the event was appraised.

The above research examples illustrated individuals' differing degrees of flexibility when adjusting to organizational change as well as differences in levels of resilience to stress (Gaertner & Dovido, 2000). Suggestions included permeability of cultural boundaries and personal evaluation of the change. A number of theorists pointed out that, in addition, group identification processes have the potential to play a central role in the dynamics that unfold in organizational change situations (Terry, Callan & Satori, 1996).

Altogether, adjustment processes to organizational change seem multi-faceted and may deserve further exploration (Nkomo & Cox, 1996; Terry, 2001). However, the knowledge that already *is* available about the benefits of cultural diversity in organizations might not always be utilized effectively in organizations (e.g., Ilgen & Youtz, 1986; Morrison & von Glinow, 1990).

8. HAS DIVERSITY IN ORGANIZATIONS BEEN UTILIZED EFFECTIVELY?

While cultural diversity and its benefits to organizations seem to be topics of interest to organizational psychologists and to management, and while knowledge in this field is available from a variety of sources, this may not mean that the knowledge is readily *appreciated* and *applied* in organizations. For example, members of cultural minorities in organizations in the Western world are still found in lower level jobs – which typically do not lead to top management posts - in disproportionate numbers (Jones, 1986; Powell & Butterfield, 1989). Thus, there seems room for further research on how to assist organizations to appreciate and optimally utilize knowledge about cultural diversity and its benefits to teams.

It also becomes apparent in organizations that cultural diversity is not optimally utilized when minority members in groups can be noticed as 'tokens'. In such situations, cultural minorities are very visibly represented as a *category* whether they want to be or not (Morrison & von Glinow, 1990). Because of the perceived pressure to perform well, to which their visibility subjects them, and because of overstressing minorities' distinction, minority members' effective performance is often hindered. In fact, in Ilgen and Youtz's (1986) surveys, employees of cultural minority status reported that they have turned down important problem-solving tasks out of fear that they might not meet the expectations.

Thus, whether intended or not, stereotyping and overemphasizing cultural minorities' status - in expectation of quality performance - can disadvantage them (Ilgen & Youtz, 1986). Considering these findings, one might conclude that cultural diversity in organizations is often *not* used effectively to produce the benefits of quality decisions and problem solutions (Senge, 1999).

Yet, other research on cultural minorities' competencies suggested that *because* minorities face special situations as tokens, they might feel the strong need to perfect certain abilities (e.g., Dipboye, 1987; Lee, 1986;) and thus, may have better problem-solving skills compared to majority members. This conclusion is in contrast to the above outlined suggestion that token positions disadvantage minority members (Ilgen & Youtz, 1986; Morrison & von Glinow, 1990), but supports Nemeth's (1995) theory that cultural minority members in organizations may have superior skills to majority members, for example, in non-routine conflict resolution.

It needs to be looked at, though, whether these contrasting examples of the effects of minority status are the rule or the exception in organizations. When exploring the general attitude in organizations towards diversity in the 70s in the United States, Merenivitch and Reigle (1979) suggested that many multicultural organizations appreciated diversity and power was distributed without regard to a person's cultural status. Merenivitch and Reigle found that a variety of techniques were used to reduce differential treatment and to promote diversity's benefits in organizations - by means of education and training for all staff, for example. If there was a general trend, as pointed out by Merenivitch and Reigle, in utilizing cultural minority members' competencies, such as the facilitation of a wide variety of problem-solving skills (Nemeth, 1995), this should also positively show in those organizations explored in the present study.

To utilize minorities' special skills, experts like Berry (1997), Cox (1993), and Triandis (1995) recommend an *additive, complementary* approach to multiculturalism in organizations in the sense of encouraging equal significance of differing cultural approaches, for example, to decision-making and problem solving. Organizations, taking such approach to multiculturalism, would promote employees' organizational identification regardless of cultural affiliation, would reward their acceptance of diversity, and would

make cross-cultural training available to all organizational members (Brislin, 1981; Bhawuk & Brislin, 2000).

A variety of training programs is now geared to help organizational members work together within a diverse workforce and to reduce discrimination. One of the values of such diversity management programs is that issues are brought out into the open, allowing people to discuss their beliefs (Lee, 1986). Studies on diversity in organizations showed that, when issues like discrimination and token roles of cultural minority members are no longer repressed, the level of trust and effective communication among organizational members increases and fosters quality of relationship between cultural minority and majority groups. Organizations, which value cultural diversity and show an interest in integration of diversity - rather than allowing majority views to dominate decision-making processes - regard an investment in training on communication and conflict resolution between culturally differing groups as essential (Brickson, 2000).

Parker Follett (1973) suggested that organizations struggling to integrate diversity should not count the number of conflicts but, instead, should focus on *how* these conflicts are handled. Altogether, a variety of studies indicate that many organizations today make an effort to integrate minorities' needs and cultural perspectives into staff training with the results of not only an increased acceptance of diversity, but also utilization of their skills (Dipboye, 1987; Lee, 1986; Senge, 1999).

In summary, while some organizations did not utilize cultural diversity effectively, a number of organizations have been working towards replacing monoculture with multiculturalism by an integration of cultural diversity as an *addition* to the prevailing mainstream perspectives (Berry, 1997; Brickson, 2000). However, such change to an integration of diversity is not always a smooth process for organizations and may require time, since perceiving their cultural perspectives challenged and having to adjust to new conditions can foster feelings of resistance in employees (Phinney & Kohatsu, 1997). Parker Follett (1973) suggested that the emphasis in multicultural organizations should not solely lie on the fact that there *are* problems, but on how these are handled. I hope that this study will contribute to the knowledge on how employees cope best with changes and

challenged perspectives and look forward to making this knowledge available to employees and organizations.

9. CULTURAL MINORITIES, ORGANIZATIONAL CHANGE, AND STRESS EXPERIENCES

While cultural majority members in organizations may personally experience some discomfort around giving up mono-cultural perspectives, cultural minority members might experience stress during their adjustment process when making an effort to gain the mainstream members' recognition (Phinney & Kohatsu, 1997). Comparable processes – similarly stressful - have been observed on an organizational level in post-acquisition situations, in the context that the partner in *power* expected the acquiesced party to adjust. It has been less often observed that the dominant partner has been challenged to incorporate the acquiesced partner's ways of doing things (Cartwright & Cooper, 1993a).

Such stressful adjustment experiences often exceed people's coping ability and result in feelings of helplessness-hopelessness, frustration, resentment, and fear (Harrell, 2000; Outlaw, 1993). In addition, physiological stress responses resulting from unsuccessful coping with change, for example, a reduced immune system functioning, can be observed quite frequently in employees during acculturation processes (Utsey, Chae, Brown, & Kelly, 2002). Research in organizations on collective stress experiences during organizational change processes showed differences in stress perception between cultural groups: minority group members - especially, when they felt rejected by individuals of majority groups – perceived higher emotional stress levels (Utsey, Chae, Brown, & Kelly, 2002).

These findings on minorities' collective stress experiences during organizational identification processes, in contrast to theories on minorities' superior conflict resolution skills (Nemeth, 1995), indicate that cultural minority members might *not* cope well with challenging changes in organizations. Obviously, there seems to be a conflict between social identity theory and minority theories here. While the first theory postulates that individuals strongly identify with their social group and adjust their behavior and cognitive processes to the principles of their group (Tajfel, 1981), the latter holds that cultural minority members would facilitate innovative, unique ways of dealing with problems, such

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as adjusting to change (Nemeth, 1986). Then again, other researchers found that minorities balanced their stress experiences, resulting from rejection by majority members, by strong affiliation to their cultural groups (Brehm, Kassin, & Fein, 1999).

Brehm, Kassin, and Fein (1999) found, when individuals from one cultural group experienced *rejection* from members of another group, that these individuals increased the focus on their affiliation to their own cultural group. As minority members' cultural network helped them to maintain a sense of belonging and enhanced their self-esteem, it also improved their overall well-being and reduced physical and emotional stress symptoms (Luhtanen & Crocker, 1990). Other research results supported the idea that the level of stress experiences during change and reconstitution of identity was linked to satisfaction with one's social networks at *work* - not necessarily linked to 'likeness' of culture. For example, Utsey, Chae, Brown, and Kelly (2002) found that when employees maintained satisfying relationships with others - regardless of their culture – this was the strongest predictor of overall coping with psychological and environmental changes.

In short, cultural minority members, who also have to cope with discrimination, usually experience more stress than cultural majority members in change situations. However, minorities' strong focus on their ties with their cultural group can counter-balance stress effects resulting from rejection by majority members. Cultural support networks in general can assist individuals to cope better in challenging change situations (Luhtanen & Crocker, 1990; Knippenberg & van Leeuwen, 2001).

The above-mentioned findings, indicating that people's affiliation with their cultural groups helps them to cope with adjustment stress, suggest that the maintenance of their cultural identity helps minorities to cope better with change. For these reasons, and also since they have the social responsibility to ensure their employees' well-being, many organizations support minorities in maintaining their socio-cultural identities (Luhtanen & Crocker, 1990). The employees' well-being might considerably contribute to organizations' successful transitions in mergers and acquisitions. The role of socio-cultural identity and networks might play an important role in coping with organizational alliances and will also be one of my major foci in this study.

In this chapter, the importance of cultural support networks for minorities in counter-balancing stress experiences at work, resulting from adjustment to changes and enhanced by rejection, have been considered. While, so far, the present study has mainly focused on interpersonal relationships, it will next explore ways intra-personal factors play a role in assisting individuals of differing cultural background in coping with changes in organizations (Ward & Leong, 2000).

10. INTRAPERSONAL PERSPECTIVE ON COPING WITH CHANGE

When individuals perceive difficulties in reconciling the long-established components of identity with *new* ones, they often experience identity conflict. Employees in the role of sojourners commonly experienced such intra-personal conflict when they made cross-cultural transitions to take on work assignments in another country. Generally, they were expected to conform to the customary values, attitudes, and behaviors of their new cultural environment – different to their own (Ward & Leong, 2000). However, living with diverse cultures can be as often complementary as conflicting (Carr; 2003b).

Ward and Leong (2000) used an intrapersonal perspective on identity and acculturation to explore the prediction of identity conflict in guest workers in Singapore. Their analysis revealed that, among other variables, greater tolerance of ambiguity and contact with host nationals predicted lower levels of identity conflict. The principle of contact with culturally differing values and practices facilitating successful adaptation to changes could also be applied to the context of organizational mergers (Ward, 1996). *Tolerance* of ambiguity has frequently been identified as one of the key characteristics of a successful adaptation to new environments (Berry, 1984; Brislin, Cushner, Cherrie, & Yong, 1986). Tolerance of and experience with other social *and* organizational cultures can add to an understanding of the *others'* values and norms and can help to make the acculturation process a pleasant experience (Berry, 1990; Berry, & Kim, 1988).

The idea of complementarities of cultures is reflected in a number of Berry's writings (e.g., 1984; 1990; 1997; Berry & Kim, 1988) and has been introduced at various points in the present study as *additional approaches* to integrating minority cultures.[7] Berry's (1984) writings on successful transitions to new cultures stressed the importance of the transient's

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[7] Effective approaches to combine differing cultures have been introduced in chapter 4 and chapter 6.

maintenance of original cultural identity *plus* maintenance of relations with members of the new environment. Maintenance of original culture is primarily concerned with the continuity of individuals' ethnic and cultural identity, whereas the second component is related to the establishment of meaningful relationships within the members, i.e., of the host country. Experts regard such 'multiple repertoires' of identity as crucial for individuals to operate adequately in an environment made up of global and local, or traditional, components (e.g., Berry, 1997; Carr, 2003b).

To experience conflicting cultural values and norms, employees do not necessarily have to make a transition to other countries these days – often enough, the conflicting values present themselves to employees, while they remain in their home countries (Ward, 1996). As Carr (2003a, p.1) described it, 'Work becomes travel without moving'. As globalization is 'speeding up', and as in most societies and nations' boundaries became more elastic, individuals cannot avoid contact with other cultures. On an individual level, they can experience conflict between their traditional beliefs and the values of other ethnic cultures, without ever leaving their place of origin (Ward, 1996).

On an organizational level, difficulties in reconciling old and new components of organizational culture and identity can be experienced - similar to the presence of ethnic cultures different to one's own (Ward, 1996). In organizational change situations, when pre-merger and post-merger identities collide and seem incompatible to each other, employees are then confronted with a number of different behavioral prescriptions. They may feel torn apart and seek to find a guideline for self-orientation and identity reconsideration (Baumeister, 1986). Such questioning of identity could result in challenges to self-definition and an imminent breakdown of identity (Ward, 1996).

There seem to be cross-cultural differences in flexibility in adopting new identities, though. Berry's (1984), and Ward and Leong's (2000) findings showed socio-cultural minorities in work teams, compared to members of mainstream cultures, to be more adaptive in integrating new repertoires into their existing value system. Ward and Leong also found that *tolerance* of ambiguity and differences between existing and new values were associated with a decrease in identity conflict. Individuals, scoring high in tolerance, also seemed able to appreciate different perspectives, withstand uncertainty, and manage

apparent inconsistencies (Ward & Leong, 2000). In a number of studies on identity formation processes, cultural minority members scored higher than majority members in tolerating ambiguity and uncertainty (Berry, 1984; Ward, 1996; Ward & Leong, 2000).

If the theories developed out of these findings - postulating that cultural minority members were more accommodating of uncertainty than majority members - were cross-culturally applicable to persons undergoing identity reconsideration processes, I would expect the findings to be reflected in the outcome of the present study on people's adjustment to organizational changes as well.

Altogether, it appears that a person's identification with the new *and* old environment - not only referring to national or societal, but also to organizational settings - decreases the likelihood of identity problems during cultural transitions. It also appears that minorities may be more flexible than cultural majority members in integrating multiple cultural identities (Ward & Leong, 2000).

Two theories, frequently used by psychologists and managers in organizations to explain how a sense of identity in conjunction with diversity can work in favor for people in organizations, are the 'contact hypothesis theory' and 'social identity theory' (e.g., Allport, 1954, Tajfel & Turner, 1979; Triandis, 1995).

THEORIES
11.   CONTACT HYPOTHESIS THEORY: EXPLAINING THE DYNAMICS OF DIVERSITY

To enhance a shared sense of identity in and across culturally diverse work teams, the development of a *common* vision of the task to be performed and the uniting of all organizational members around common values are considered as essential in organizational psychology (e.g., Moghaddam, 1997; Muchinsky, 2000; Triandis, 1995; Watson, Kumar, & Michaelsen, 1993). One major 'group relations' theory - more or less successfully used in organizational psychology to explain the interactions of team members and their sense of identity - is 'contact hypothesis theory' (Brickson, 2000).

Allport (1954) and Williams (1947, cited in Brickson, 2000), two contact hypothesis theorists, suggested that inter-group interactions can be enhanced by means of *contact* between members from different groups. Similarly, Triandis, Kurowski, and Gelfand (1993) proposed that the primary ingredient in handling cultural diversity and improving interpersonal relationships would be contact between individuals of different cultures. Contact hypothesis theorists explained that positive effects of contact between individuals of differing cultural background depended greatly on *perceived similarity* (Brewer & Brown, 1998; Goto, 1997). Although a number of researchers, applying contact hypothesis principles - for example, in educational environments - attested positive outcomes in improving relations (e.g., Miller & Davidson-Podgorny, 1987; Slavin, 1983), the applicability of these principles in organizational settings may be limited.

Limitations of the applicability of contact hypothesis theory are, for instance, the required conditions for this theory to work. Deemed essential to improving relations via communication across groups are: first, equal status and cooperation between the differing groups, including the absence of past history of conflict between the groups, second, small cultural distance, and third, knowledge of the other group's culture (Brewer & Brown, 1998; Goto, 1997; Triandis 1995). These preconditions are not always a given when working with culturally diverse groups in organizations.

Also, even when contact and communication between members from different cultural groups improve their interactions with each other, these contacts generally do not improve group relations as a *whole*, but are often limited to interactions concerning accomplishing a *specific* task. One of the reasons may be that the interacting team members assume that the individuals of the culturally differing group they have contact with are an exception to the rule (Brickson, 2000).

On the whole, although some interventions based on contact hypothesis yielded positive results, some experts considered its application as limited due to the required prerequisites for the theory to work (e.g., Brewer & Brown, 1998; Brickson, 2000; Goto, 1997). However, instead of dismissing contact hypothesis altogether, it might pay for people in organizations to focus on its preconditions - considered as necessary for effective group interaction – for example, to work at emphasizing similarities across groups and

individuals, working at resolution of past conflict, generating knowledge of each other's culture, and setting the standards for an equal-status contact (Ofori-Dankwa & Tierman, 2002).

12. SOCIAL IDENTITY THEORY EXPLAINING IDENTITY PROCESSES

Another major group relations theory used to explain the dynamics of cultural diversity in organizations - the social identity theory - postulates that individuals need a *system of orientation*, which enables them to find their place in society and develop a sense of belonging to a group (Tajfel, 1969; 1981; Tajfel & Turner, 1979). On the positive side, social identity can help cultural minority groups to preserve important cultural symbols such as their language, culture-specific rituals and customs, and cultural group contacts (Scromme Granrose, 1997). *Groups* are primarily the places where people derive their social identity, including both personal and collective identity components, and 'group membership' represents a system of orientation to individuals (Tajfel, 1981; Tajfel, 1969).

Commonly, people like to view themselves favorably and seek to identify with a *favored* group, which they perceive as positively distinct from other groups, because it helps them to establish a positive perception of their social identity (Tajfel, 1981). Another way to develop a positive social identity is to remain in their less favored group, while the whole group tries to switch to the standards of the favored group. Berry (1984) calls the latter strategy 'assimilation' and refers to cultural minorities abandoning their cultural heritage to convert to mainstream culture identity. In such cases, minority members would discontinue to use their unique problem-solving skills in organizations, convert to mainstream strategies, and the benefits of their skills would be lost to teams. In view of Berry's (1984) account, there is a chance that in the present study, that cultural minority members might have assimilated cultural majorities' ways of dealing with organizational changes. If this was the case, cultural minorities' problem-solving skills would be less different from those of cultural majority members.

On the less constructive side, social identity promotes people's ambitions - since they like to view their group favorably - to upgrade their group's status as equal or *better* than that of other groups (Tajfel & Turner, 1979). Such ambitions often foster competitive, rather than cooperative, attitudes in groups and generate cognitive mechanisms that precede

prejudice and discrimination (Tajfel, 1982). One way to minimize such undesirable collective attitudes hindering cooperation among groups is to promote a process of recategorization. Recategorization would permit another - superordinate - collective identity, i.e., organizational identity, to take pre-eminence over group identity (Brewer & Brown, 1998).

The applicability of the principle of recategorization is limited, though. A *new* principal identity resulting through recategorization is often difficult to maintain, since it is context-dependent and requires strong, shared goals (Brewer & Brown, 1998; Brickson, 2000). For example, coping with changes in an organization, such as coping with a merger between companies, might constitute a shared, superordinate goal fostering cooperation, and possibly a superordinate collective sense of identity in employees[8]. Although, once the shared goal is accomplished – in this example, coping with the aftermath of a merger - this may render the focus of employees' shared identity redundant. Therefore, shared identity achieved by recategorization is often temporary and does not survive (Brewer & Brown, 1998).

There are other conditions in organizations where social identity theory may be limited in its applicability. First, the cultural background of a person may have more weight than the identification with the shared group goal and its positive outcome (Brewer & Brown, 1998). Enhanced reference to one's cultural background can especially be the case when the group interaction is not voluntary and not rewarding, when interaction is not of equal status, and when there is a lack of social support within the organization (Berry & Kim, 1988). Under such conditions, the advantages of one's personal, or cultural, identity may outweigh the interest in enhancing group performance.

Second, strong emphasis of *group* objectives in organizations can actually decrease collective feelings of *organizational* identity and foster the generation of many disjointed, fragmented group sub-identities. The generation of a strong group identity in organizations would mean that individuals consider themselves as insiders of their group and others as

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[8] The 'recategorization' of identity around superordinate, shared goals relates to the principle of shared identity via meta-contrast, where different individuals join forces against a third person who is perceived as an intruder or an outsider by the other two individuals/ insiders (Tajfel, 1981).

outsiders – a process which may disassemble feelings of collective, organizational identity (Haslam, 2001).

In summary, since the formation of 'identity' is multifaceted and influenced by multiple forces, social identity theory by itself can only generate limited understanding of group relations in teams reflecting culturally diverse identities. On the other hand, social identity theory is - similar to contact hypothesis theory - a valuable source for learning about the prerequisites, which would *make* diversity in groups work, such as voluntary and rewarding group interaction, interaction on an equal status basis, and availability of social support in organizations (Berry & Kim, 1988). Social identity theory can also help us to become aware of and discourage 'assimilation' of cultural minority views by cultural majority groups – which cannot be in the interest of organizations appreciating the benefits of working with minority members (Moghaddam, 1997).

While focusing on the advantages of cultural diversity and explaining *how* diversity can work effectively in change situations should be the objective for business psychologists working in organizations, they also need to be prepared for the challenges - not only for reasons of organizational economic viability, but primarily in view of the well-being of the organizational members (Cartwright & Cooper, 1990).

DIVERSITY
13. THE CHALLENGES OF CULTURAL DIVERSITY

So far, a number of studies introducing the potential benefits of cultural diversity, such as the increase of perspectives in group decision-making and problem-solving processes, have been reviewed (e.g., Brickson, 2000; Nemeth, 1995; Watson, Kumar, & Michaelsen, 1993). Next, some of the challenges of diversity to organizational functioning will be viewed. Studies portraying the challenges suggest, for example, a potential association between cultural diversity and *unsupportive* organizational processes, like high turnover rates or decreased integration of employees into the mainstream organizational culture (e.g., O'Reilly, Caldwell, & Barnett, 1989; Tsui, Egan, & O'Reilly, 1992; Milliken & Martins, 1996). Obviously, cultural diversity does not only have the potential to increase effectiveness in teamwork, but can also generate obstacles to organizational functioning (Brickson, 2000).

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While cultural diversity can increase a team's potential for high performance, for example, in problem-solving and decision-making, it can also decrease teams' stability (O'Reilly, Caldwell, & Barnett, 1989). Some studies showed that work teams high in cultural diversity had higher turnover rates; for example, cultural minorities, such as Afro-Americans or Hispanics, were more likely to leave organizations compared to majority members, such as white Americans (e.g., Brickson, 2000; O'Reilly, Caldwell, & Barnett, 1989). There may, however, be a number of underlying reasons and explanations - in association with cultural diversity - for these high turnover rates.

One explanation may be that employees of differing cultures, who have different work values, also have different work habits and behavioral styles. When tolerance for differences in behavior and values is low among team members, such differences can generate emotional conflict when employees are required to work together as a team (de Dreu & de Vries, 1997). As van de Vliert and de Dreu (1994) observed, disagreements commonly arise not only about what needs to be done but also about *how* to get it done. Such differences in work habits and behavioral styles can be the source of feelings of dissatisfaction that let individuals feel resentful towards each other (de Dreu & de Vries, 1997). Feelings of resent and dissatisfaction might then lead to attrition.

Diverging from majority perspectives and behavior styles, together with the *outcome* of such action, can cause friction in predominantly heterogeneous teams. When cultural minority members, in roles of dissent, prove to be wrong in the end, the consequences for them are likely be more negative than when the debate is won by them (van Dyne & Saavedra, 1996). However, sometimes, the chances for minorities to succeed in approaching problems in novel ways are lost before the debate has even started: the challenges of stereotyping and prejudice can discourage minority members from expressing deviating opinions (Milliken & Martins, 1996). While feeling stereotyped might stop minority members from contributing their ideas to team work, such negative affect can also discourage minority members to join the organizational culture (Van Dyne & Saavedra, 1996). Such dynamics in teams would be counterproductive to jointly achieving organizational objectives, especially in merger and acquisition situations, where

organizations are likely to count on the cooperation of all employees – including socio-cultural majorities and minority members (Cartwright & Cooper, 1990).

However, the successful union of mainstream and minorities' cultural framework may not only depend on the degree of group members' mutual acceptance, but also on the *status of voluntariness* of minority members. Triandis (1995) brought to our attention that the success of integration of cultural diversity in organizations might be related to the extent to which teams consist of *voluntary or involuntary* minority members. Triandis pointed out that voluntary minorities chose their status and, therefore, would accept acculturation processes as the 'price to pay' for having better standards in the future (Ogbu, 1994, cited in Triandis, 1995). Involuntary minorities in contrast - like New Zealand's Indigenous People, the Māori - are often conscious of the fact that the minority status was imposed on them and, therefore, might oppose integration into European mainstream culture (Ritchie & Ritchie, 1998).

Overall, cultural diversity can generate a number of challenges, such high turnover rates or decreased integration into mainstream organizational culture. Such challenges need to be managed effectively to reduce friction and to take care of the well-being of all organizational members (Tsui, Egan, & O'Reilly, 1992; Milliken & Martins, 1996). I am aware that any of the above-outlined challenges, including the status of voluntariness of my participants, have the potential to influence the results of this study and, therefore, will require my awareness and consideration of the context in which the participants function in their environment when I will view the results.

Altogether, to effectively deal with the challenges of diversity, it seems important to consider the levels of tolerance for cultural differences and prejudice in the organization, and, in addition, to take into account the level of voluntariness of cultural minority members in teams. Evidently, establishing cultural diversity in organizations successfully can either succeed or fail. Only when diversity's challenges are managed effectively, can it constitute an opportunity and only then can persons with different cultural backgrounds effectively use their unique skills for the benefit of the team members and the organization (Marks & Mirvis, 1998). The utilization of cultural diversity within the context of organizational mergers and acquisitions would necessitate the exploration of *how* diversity produces its

benefits, for example, *which* skills are utilized in change situations, and *how* they assist people to adjust to changes. The exploration of these factors is my main objective in the present study.

14. HOW DOES CULTURAL DIVERSITY PRODUCE ITS BENEFITS?

A: Benefits within the team

As outlined in chapter 3 on cultural diversity in organizations, a number of theorists (e.g., Nemeth, 1979; Moscovici, 1985) found that cultural minority members' persuasive power in teams depended on consistency and perseverance in their attitudes and stance in challenging situations. Consistency and perseverance cannot be seen entirely as assets, though, since these qualities can foster inflexibility in people's adjustment to teamwork. Thus, researchers thought that other important factors must also play a role in making cultural minorities' problem-solving skills special to teams. They found, as explained before,[9] that in teams inclusive of cultural minority members – in comparison to homogenous teams - employees inspired each other to engage in divergent thinking, to view challenging situations from multiple perspectives, and to be more creative in producing problem solutions (Nemeth, 1995; Peterson & Nemeth, 1996). Not untypically, cultural minority members often accomplished their inspirational input by the means of non-conformity and *dissent* (Rokeach, 1973).

Psychologist Milton Rokeach (1973) found that non-conformity together with flexibility in people assisted them to achieve outstanding work outcomes in teams. Similarly, Nemeth (1986) suggested that when persons felt challenged by minority dissent, this generated divergent thinking in groups. Rokeach explained that, while the other group members focused on the dissenters' message, they made an effort to understand and counter-argue the other's position. As a result, the group members took into account a *variety* of alternative perspectives of the issue under discussion. Minority dissent, thus, can function as the 'devil's advocate', where someone persistently disputes decisions or problem solutions to prevent premature conclusions (Janis, 1972).

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[9] Nemeth's (1995) theories on minority members in conjunction with divergent thinking have been outlined in the second half of chapter 3.

Homogeneity in groups, in contrast, was observed to elicit a focus on the majority position and to promote convergent thinking (De Drieu & DeVries, 1997). Minority dissent, however, could enhance other group members' *courage* to resist conformity and 'group think' (Nemeth & Chiles, 1988). Interestingly, the not uncommon tendency towards extreme positions in group decision-making (Janis, 1972) was found to be less extreme in groups reflecting diversity (Smith, Scott-Tindale, & Dugoni, 1996). A number of research results are in support of the idea that minority influence – compared to majority influence – can lead to superior performance at tasks where performance benefits from divergent thinking (e.g., Martin, 1996; Martin & Hewstone, 1999; Nemeth & Kwan, 1987).

The benefits of cultural diversity in groups were also demonstrated in other researchers' studies on team performance (West, 2000; West, Borill, & Unsworth, 1998; Stroebe & Diehl, 1995). In these studies, the heterogeneity or homogeneity of the knowledge structure of teams had been manipulated. The researchers then assessed the impact of these manipulated variables on *the number of ideas* produced and on *flexibility* of performance. They found that diversity in teams generated brainstorming, divergent thinking, and a richness of proposed solutions to problems – qualities that are especially beneficial in creative and scientific work.

It should be noted here that the theories in support of the benefits of cultural minorities (e.g., Nemeth & Kwan, 1987; Stroebe & Diehl, 1995) might conflict with social identity theory (i.e., Tajfel, 1985) postulating that individuals would strive to advantage their own group with the objective to advantage their group. Strongly identifying with and favoring one's cultural group, for example, would not be compatible with the idea of integrating values and practices of other groups – on the contrary, in-group favoritism could facilitate an antagonism towards the other group and sabotage cooperative team work (Haslam, 2001). In addition, on an inter-organizational level during an organizational merger for instance, strong identification with one's old organization could lead to rejection of the new, merged organization (Cooper & Cartwright, 1990). Thus, since my interest lies on the *positive* effects of employees' culture-specific skills in managing change, my focus will lie on exploring skills of cultural minority and majority members with the idea of assisting employees to exchange and share the most helpful skills.

Considering the multiplicity of research results on the benefits of cultural minority members' creativity and problem-solving skills in challenging situations, it would be reasonable to expect these benefits to positively influence change situations in organizations. Furthermore, it would be reasonable to expect the results of the present study to reflect cultural minority members' special skills in adjustment to mergers and acquisitions.

The benefits of cultural minorities' problem-solving skills should be expected to positively affect transitional processes in organizations all the more, since cultural diversity has not only an effect on functioning *within* teams, but also *across* groups.

B: Benefits across teams

Gruenfeld, Martorana, and Fan (2000) found that minority members were good at transferring unique knowledge and experience from their original group to a *new* group. Similarly, Turner (1991) explained that - given that minority members share some of the new group's salient features - minority influence can also inspire the group to consider a wider range of alternatives, enhance creativity, and improve the quality of problem solutions. The results of these, and other, recent studies showed consistency in supporting the notion that the exchange and transferal of information and of proposed solutions can enhance a) the intellectual processes and b) the quality of work outcomes in and across teams (Csikszentmihalyi & Sawyer, 1995; Terry, 2001).

If organizations would utilize these findings to enhance employees' performance outcomes, conflict resolution in teams could be a creative, stimulating, and interactive experience and increase employees' work satisfaction (McLeod & Lobel, 1992). Similarly, if organizations undergoing mergers and acquisitions would utilize these findings, they might find that cultural minority members' wide variety of coping skills make it easier for them to adjust to new work conditions and processes. If the above-mentioned findings were applicable to minority and majority members in organizations other than the researched ones, I would expect the findings on diversity's benefits to be reflected in the outcomes of my study. Past findings on the benefits of diversity have been criticized, though, as

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inadequate for their lack of research across different settings and countries (e.g., Ward & Kennedy, 1993; 1994; Lindner, 2002).

15. RESEARCH ON CULTURAL DIVERSITY AND ORGANIZATIONAL CHANGE ACROSS DIFFERENT SETTINGS

So far, the review of literature on cultural diversity and on organizational alliances introduced a number of perspectives, theories, and research findings showed mixed degrees of support of the idea of diversity's positive effects in organizations. These sources of knowledge may have contributed to an important shift in how business leaders value cultural diversity at work (Woodson & Pepperdine, 1999). Despite the existing literature on cultural diversity, published research on organizational changes and diversity is still considered as inadequately reflecting the interaction of diversity and organizational change processes (Cartwright & Cooper, 1990).

Research findings on diversity in work teams and employees' coping with organizational changes are scarce and contradictory, even though the psychological consequences of mergers and acquisitions on organizational members have long been acknowledged (Knippenberg & van Leeuwen, 2001). More specifically, until recently, writings about the influences of cultural minorities in work groups *and* on theories on organizational processes hardly appeared together in literature (Hogg & Terry, 2001).

A number of studies and theories explaining change and accommodation processes have been published and are listed in literature on psychology and management (i.e., Ward & Kennedy, 1994; Lindner, 2002) and a few studies on the effects of cultural diversity on organizational processes are now available. What seems less represented is research, a) which introduces *comparison* studies exploring accommodation processes to change across organizations, b) which has been conducted in a number of countries other than the United States, c) and which uses qualitative methods providing in-depth information (Lindner, 2002).

Studies of cultural diversity or organizational change were mostly carried out only in *one* country's culture. Such disjointed approaches to researching cultural diversity in

organizations make it almost impossible to detect cultural differences in coping skills in change situations *across* countries (Strohschneider, 1999).

In general, contemporary research in organizational psychology has mostly generated theories that are highly specific for *one* single culture (Lindner, 2002). Yet, if the theories on cultural minorities' problem-solving skills were robust, they should be reflected in research results *across* countries and organizational settings (Strohschneider, 1999). To explore the extent of minority theories' applicability in change situations in diverse settings, there is a need for further research. At the same time, research should compare cultural practices and influences *within* organizations so as not to neglect the effort of understanding the intra-organizational dynamics of cultural diversity.

The mere demonstration in research that there are cultural *differences* and how they work would hardly meet the needs of a globalizing world, though. There are indications that the emphasis in studies should also be on fusing the cultural practices, as suggested in a number of Berry's writings (i.e., 1984; 1990; 1997) on multiculturalism as a process *combining* different cultural practices.[10] Berry stressed that fusing cultural practices should not be misunderstood as making them uniform, but rather as creating a *connectedness* among differing cultures – while preserving their salient cultural features - by transferring useful skills across culturally different groups (Hermans & Kempen, 1998).

While research about changes in organizations needs to expand beyond the national boundaries to adopt the global picture, it would make sense not to neglect the effort to understand the intra-and inter-group differences in organizations *right at the doorstep*. Understanding the dynamics of diversity on the local scale might serve as preparation to understanding diversity globally (Carr, 2003a ; Johnston, 1988).

If those theories that portray minorities as being more adaptive to changes than mainstream members and as being able to transfer and introduce their skills to new environments (Berry & Blondell, 1982; Ward & Kennedy, 1992) were robust, I would also expect cultural minority members in the present study to show better coping with organizational changes *across* different settings. On the other hand, as Strohschneider

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[10] Berry's theories have also been introduced in chapter 4 and 6.

(1999) suggested, a cross-cultural exploration (the chosen approach for this study) to researching behavior and cognitive processes of cultural minority and majority members might lead to detecting cultural differences *across* countries. Past research of cultural influences on behavior in organizations, however, has often been found to be flawed and in need of improvement (e.g., Inkson, 1987; Lindner, 2002).

16.   GAPS IN RESEARCH ON DIVERSITY

In the 80s, Inkson (1987), a New Zealand-based organizational psychologist, and lecturer at Massey University - when he was viewing the contributions of researchers in the Southern hemisphere - identified only *one* publication on 'diversity in organizations' (Barnes & Jamieson, 1977, cited in Inkson, 1987). Inkson further found that other research on diversity in organizations was often marked by measurement problems and contaminated by selective perception or stereotyping.

At the beginning of the new millennium, experts on cultural diversity still considered people's understanding of diversity and its linked dynamics in organizations as limited and studies on this topic as flawed. Research still seemed short of a strong theoretical framework that explained diversity and identification processes of cultural minorities in organizations (Brickson, 2000; Lindner, 2002). Yet, due to the rapid increase of globalization, 'cultural diversity' - in view of its potential opportunities from which employees and organizations might benefit - should attract the attention of researchers (Mayo, 1999).

The shortage of cross-cultural approaches to exploring the current conceptualizations of culturally diverse people's responses to organizational changes (Badke-Schaub & Strohschneider, 1998) has served as an invitation and an inspiration for my present research project: a cross-cultural exploration of the role of socio-cultural status in employees' coping with organizational mergers and acquisitions.

The present study aims at drawing the readers' awareness to human aspects in organizational change processes. A number of experts claimed that most organizational alliances are unsuccessful because human factors are ignored (e.g., Cartwright & Cooper,

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1990; Terry, 2001).[11]   A better understanding of the role of emotional, cognitive, and attitudinal factors across persons of differing socio-cultural status might contribute to smoother transition processes in organizational merger and acquisition situations (Berry, 1990; 1997).

PURPOSE OF THIS RESEARCH

17.   OBJECTIVES

Research on minority groups has often been problem-focused and, for example, concentrated on negative beliefs and behavior such as prejudice and stereotyping (Edelson & Berg, 1999).   However, if individuals have the cognitive resources to develop such negative attitudes, one could assume that, with the same resources, people also have the potential to develop creative, constructive behavior.   To me, it seems most helpful for people's personal development to focus on, and help them to access, their *positive* potential.

While I believe that every person has the personal potential to grow and develop, I am aware that individuals vary in their resourcefulness, for example, in generating creative strategies in problem solving and in their personal perceptions of the events around them (Tappan, 1997).   My interest lies in exploring *how* people vary in coping with change and *how* these variations were formed.

For instance, in the case of adjustment to changes, as outlined in the previous chapters, a number of studies suggested that a person's cultural status can generate differences in coping with new situations, for example, by their degree of flexibility in adjustment to new environments, their persuasive power in convincing majority groups, and their unique conflict resolution skills.   These qualities, in conjunction with cultural status, would be *one* explanation for persons' differences in coping with change.   However, I would like to remain receptive towards other potential explanations, for example, as outlined in chapter 19, contextual factors like situational context and environment playing a role in the ways people cope with changes (Badke-Schaub & Strohschneider, 1998).

Qualitative research should allow me to assess *how* – rather than how much - persons of minority and majority groups differ in their perceptions of change.   It is not my intention,

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[11] See chapter 6: *The challenges of organizational alliances, mergers and acquisitions for employees.*

though, to *over*-emphasize group differences. I also like to explore similarities across people, for instance, in view of their skills that they perceive as helpful in change situations. By over-emphasizing differences between cultural groups, minority members would be stereotyped as 'being different', while similar attitudes, thoughts, and emotions across cultural groups were ignored (Ofori-Dankwa & Tierman, 2002). Altogether, I intend to explore in *what ways* people of differing cultural background show different and similar behavior, thoughts, and emotions in managing change in organizations.

My objective is to generate knowledge that could support organizational members on all levels to draw on the benefits of cultural diversity. I will explore the following issues in interviews with 35 participants:

1. How do employees, who adjust well to organizational mergers and acquisitions, differ from those who do less well and what do employees, who adjust well, have in common?

2. How does socio-cultural minority and majority status play a role in employees' adjustment to mergers and acquisitions?

3. Which beliefs, skills, strategies, learning experiences, and personal variables help employees to adjust to changes in organizations and to maintain their well-being?

The knowledge generated in this study might assist to:

a. Make transparent helpful strategies in adjustment to organizational changes

b. Inspire organizational members to appreciate and share unique, culturally diverse skills, values and norms

c. Encourage management to integrate this knowledge into staff training.

While aiming at meeting the objectives outlined in this chapter, I will conduct my research with regard to the well-being of the persons who are affected by organizational changes rather than directing my main focus towards the interest of the organization.

18. ADVANTAGES OF CROSS-CULTURAL RESEARCH

If the theories on minorities' superior problem-solving skills (e.g., Moscovici, 1973; Peterson & Nemeth, 1996) were universally applicable, persons of differing culture should display such unique skills across different settings. However, besides cultural membership,

there might be other influences on people's adaptation to changes. Badke-Schaub and Strohschneider (1998) and Lindner (2002), for example, argued that minorities' change processes might be affected by organizational and environmental context and, therefore, might *differ* across environmental and organizational settings.

Consequently, if research on problem-solving was conducted only in one environment, then potentially influencing factors, such as the mainstream culture or the organizational culture, would be kept constant (Lindner, 2002). For these reasons, Strohschneider (1999) argued, conducting research in a mono-cultural fashion would make it impossible to differentiate minorities' *culture bound* problem-solving skills from attitudes and behaviors more related to influences of organizational or mainstream culture. Until two decades ago, cultural settings were not given much emphasis in research explaining behavior in organizations and primarily, American theories were replicated and tested in a variety of other countries (Aycan, Kanongo, Mendonca, Yu, Deller, Stahl, & Kurshid, 2000). Such approaches to research could only lead to the development of theories that were highly specific for the culture where the research was conducted.

If, in contrast, researchers explored a theory *across different cultural settings*, and recognized similar culture-specific problem-solving patterns in each setting, the theory could be considered as applicable to more than one setting (Strohschneider, 1999). More specifically, if studies on cultural minority and majority members' change-related problem-solving skills were conducted in different organizations and countries, the outcomes of such research approaches should reveal the degree of applicability of minority theories (e.g., Nemeth, 1995).

Another reason for my choice of cross-cultural research is that the wide variety of existing theories on cultural influences on persons' feeling, behaving, and thinking can appear as disjointed and lacking in common ground to build a substantial body of knowledge (Slife & Williamson, 1997; Spence, 1987; Yanchar & Slife, 1997). What is called 'theoretical pluralism' in psychology seems to lead to disunity of knowledge through proliferation of many single theoretical approaches (Fowers & Richardson, 1996). To narrow the gap between theories, it would make sense to generate theory that is applicable *across cultures* and that allows for pooling culturally diverse knowledge (Hofstede, 1998).

In short, with the increase of globalization, researchers in organizations need to pay more attention to the influences of national culture on human behavior. In addition, mono-cultural research may not be effective in multi-cultural environments and in groups reflecting cultural diversity (Aycan et al., 2000). Also, a cross-cultural approach - studying people's coping skills in organizational change situations across different countries *and* organizations - might contribute to bridging the gap between disjointed research findings in single settings (Fowers & Richardson, 1996). Theories applicable across cultures would form a basis for evaluation of people's feeling, behaving, and thinking as the context changes (Yanchar & Slife, 1997). For these reasons – to be explore employees' feeling, behaving, and thinking across different settings - I decided to conduct my research on influences of cultural status on coping with organizational mergers and acquisitions as a cross-cultural project.

19.   EXPECTED EVOLVING THEMES

This study will focus on the effectiveness of people's coping strategies in organizational change situations. More specifically, I will explore the *variations* and similarities in coping among cultural minority and majority members. The research will be conducted in organizations, which have undergone - or plan to undergo - an acquisition or merger, and where employees are required to adjust to changed work processes and procedures. To explore the influences of minority and majority cultures in different organizational and socio-cultural settings, I will conduct the study in two different organizations in both, New Zealand and Germany. I chose those two countries because I am familiar with both cultures and am fluent in German and English. This knowledge should assist me to build a rapport with the participants in both countries, to understand their use of language - for example the meaning of metaphors - and to achieve authenticity and validity in transcribing the interviews.

If, according to minority theories such as Nemeth's (1995), members of cultural minorities generated a wide variety of innovative, sound, superior problem solutions in challenging problem situations, my study should show that cultural minority members in organizations have better adjustment skills and strategies than majority members in merger and acquisition situations (Parker, Baltes, & Christiansen, 1997). Further, if cultural

minorities' boundaries were more flexible and permeable concerning the formation of identity according to Stroebe and Diehl (1995) this study should reflect that minorities are coping better with their adjustment to new organizational culture and identity. Also, if cultural minorities were more flexible in adapting to new situations, their skills should reduce the challenges of change – such as resistance in getting used to new work processes (Brickson, 2000; Terry & Callan, 1998; West, 2000).

However, while researchers found *common patterns* of skills, attitudes, thoughts, feelings, and behaviors in minority groups (Moscovici, 1973; Tajfel, 1981), it also became apparent that human behavior is diverse and that behavioral patterns do not apply to *all* members of cultural minorities (Gergen, 1985). Badke-Schaub and Strohschneider (1998) suggested that not only national culture, but also different organizational settings and the local environment influenced minority group members' characteristics. In addition, people's perspectives and interpretations of change events - and their resulting behavior - are also dependent on their personal world views (Gergen, 1985; Moscovici, 1973). For these reasons, it is possible that, in my study, the attitudes of the respondents might vary not only across minority and majority groups, but also across the different organizations or countries.

Then again, the results of my study might differ from previous research stating that cultural minorities are more flexible than majorities in identifying with new organizational identity (e.g., Stroebe & Diehl, 1995). Other authors reported a high degree of consistency and perseverance in minority members' attitudes - traits, which seem more indicative of *inflexible* behavior in change situations (e.g., Nemeth, 1979; Moscovici, 1985). It is therefore possible that my study might not show cultural minority members to be more flexible than majority members.

20.   WHY QUALITATIVE RESEARCH

Surveys, such as paper and pencil questionnaires with pre-formulated answers to questions, commonly ignore the context of a person's response. Thus, the *meaning* of individuals' perceptions and experiences escapes the reader (Gergen, 1985; Kvale, 1996). My interest lies in exploring of the meaning of 'change' for respondents, since the personal meaning – or philosophy - influences their attitude towards dealing with life changes.

'Meaning' of a phenomenon - for example, perceiving change as a natural occurrence in life rather than a nuisance - in the social world of individuals is generally influenced by important others in their socio-cultural environment (Gergen, 1985). However, in return, individuals' perceived meaning - such as considering change as an opportunity and a positive occurrence - has the potential to influence attitudes of other individuals, for example, in work teams. For these reasons, I consider the exploration of meaning as important and regard qualitative research as best suited to accurately capture the perceptions of the respondents.

The following example illustrates the limitations of quantitative research. In a study on multicultural personality influencing persons' need for change, participants were asked, to indicate by circling numbers on Likert scales (ranging from I to7) how high their need for change was. The researchers then reached the conclusion that people who scored high on 'need for change' had a' high need for continuous change' (van der Zee & Oudenhoven, 2000). Such information as a result of a quantitative approach to researching multicultural personality may not seem very meaningful to readers.

In contrast, interviews in qualitative research, where people can formulate their *own* answers, seem more effective in capturing people's culturally-influenced perceptions and *their* understanding of events (Carr, Marsella, & Purcell, 2002). A convincing feature of the qualitative approach is the increased accuracy it brings to research because it acknowledges the *subjectivity* of people's experiences within a socially constructed context (Gergen, 1985). An increased use of qualitative research orientations and methods that capture subjectivity of people's experiences can enhance psychology's knowledge of *various* contexts, people's culture, and meaning reflected in individuals' responses. Further, acknowledging that people's perceptions and experiences are unique and relate back to their culture may help to reduce Western psychology's ethnocentric biases and broaden psychology's applicability for addressing global challenges (Marsella, 1998).

It needs to be acknowledged that people's perceptions are personal phenomena that cannot be analyzed without knowledge of the context. Neither can perceptions be analyzed solely from the outside: to understand another person's experience, it needs to be *expressed*

and *interpreted* (Dilthey, 1977; Kvale, 1996). In fact, for a researcher to fully explore and gain access to another person's lived experiences, an interpretation must be arrived at together with the owner of the experience (Tappan, 1997). The researcher must, in the process of interpretation of personal perceptions, attempt to gain access to the thoughts and feelings of the other person (Gadamer, 1975; Heidegger, 1962). Obviously, qualitative research is not striving to establish 'objective truths' since personal perceptions can neither be 'objective' nor can they represent a 'one and only truth' (Bond, 1993). Interpretive agreement between the perceiver and the interpreter holds the only key to evaluating the 'truth' or 'validity' of any given interpretation of what a personal perception means (Tappan, 1997). Such agreement can be arrived at in qualitative interviews where researchers will consistently ask the participant for feedback on their understanding of the participants' information.

Evidently, qualitative researchers are aware that the perceiver's perspectives shape the 'truth' and that there are no '… hard and fast facts of reality … and that the interpreter's perspective and understanding initially shapes his [sic] interpretation' (Tappan, 1999, p. 650). Similar to the metaphor of the blind men studying the elephant from different angles, persons approaching their research topic from differing, often selective, perspectives might come to very different conclusions (Geertz, 1973). However, each conclusion arrived at by individuals may be relevant as *part* of the knowledge about the researched phenomenon.

Paper and pencil surveys, however, frequently miss out on relevant information because the questions are often arbitrarily classified according to subcategories imposed by the researcher. For example, as Okazaki and Sue (1995) argued, purely quantitative measurement methodologies, when employed to assess ethnic minority populations, are insufficiently sensitive to cultural factors. Therefore, Okazaki and Sue recommended using qualitative methodology, such as in-depth interviews, which can provide rich information within context, for research on cultural groups.

In regard to research in organizations, Inkson (1987, p.16), in accordance with a number of theorists who engaged in qualitative research (e.g., Hofstede, 1998; Terry, 2001), maintained that interviews would be one way to provide an in-depth understanding of processes of work behavior, '… that can make the (apparent) statistical precision of the

survey seem narrow and sterile in comparison.'[12]. Inkson agreed with those authors who maintained that processes at work could only be fully understood within context, such as political, technical, or competitive factors. To capture the *meaning* of such factors to the *respondent* and to give the respondent the opportunity to express the meaning, interviews would be more suited than questionnaires (Hofstede, 1998).

Questionnaires and statistical approaches would defeat the purpose of my study. They would highlight the *quantity* of types of responses – larger quantities most likely generated by the cultural majority members because they would be represented in larger numbers. Minorities' unique ideas might, thus, be absorbed by the quantity of mainstream members' responses. It is the objective of this study, though, to identify and provide information on *unique* coping strategies as well as the ones commonly considered as helpful. To capture unique, extraordinary skills, qualitative research seems best suited for this study (Geertz, 1973; Kvale, 1996).

Inkson (1987), who pointed out that research on diversity in organizations was often flawed, found the few positive exceptions amongst the qualitative studies. In contrast to researchers, who solely relied on the 'thin' information provided by paper and pencil tests - and sometimes reached their conclusions by imposing their own perspectives - the researchers who used qualitative approaches, received 'thick' information and arrived at their conclusions by mirroring the perspectives and experiences from their *participants* (Geertz, 1973).

METHODOLOGY

Method/Design

The present study is committed to developing theory about helpful strategies in adjusting to changes at work and assisting an adaptive transition to post-change environments.

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[12] In an example, Inkson (1987, p. 17) pointed out, Sir Edmund Hillary could, after all, not have described in a paper and pencil survey how he was affected by strong restrictive group norms, and how - by evading the norms- he changed his own and the group's behavior in the direction of increased performance.

This study is an exploratory qualitative study in which employees of minority and majority members of differing national cultures will be interviewed in four organizations in two countries, New Zealand and Germany. The data will be collected in episodic interviews (Flick, 2000). The design consists of an in-depth analysis of the responses to questions on organizational changes and coping strategies. The analysis is comparable with the coding procedures for analysing interviews suggested by Strauss and Corbin (1996) and by Flick (2000).

The methodological framework for gathering and interpreting data comprises three parts and is based on an integration of qualitative methods derived from consensual literature on qualitative research (Cassell & Symon, 1994; Flick, 2000, 2001, and 2002; Kvale, 1996), from naturalistic inquiry (Denzin & Lincoln, 1994; Guba & Lincoln, 1997), and from grounded theory (Strauss & Corbin, 1996; Pigeon, 1996).

First, *concepts* will be developed to organize the data into a framework of ideas – based theories introduced in the literature review section – on what strategies and skills might assist people to accommodate change effectively.

Second, the use of *comparison of categories* will aim at a preliminary identification of regularities, connections, and patterns about people's strategies; how these strategies have been acquired; which circumstances and life experiences assisted them to maintain and further develop their coping skills; and how their skills helped them to make the transition to post-change environments (Tesch, 1990).

Third, the process of *thematizing* will unify core themes – for example, which strategies had been commonly experienced as *most* helpful and which experiences were repeatedly mentioned by respondents as having contributed to developing those strategies (Kvale, 1996; Strauss & Corbin, 1996; Pigeon, 1996).

The overall approach to the qualitative data is based on my intention to develop inferences from the most common themes that will emerge in my analysis of the participants' responses. Once I put together their responses into coherent themes, I will then view the themes to facilitate the development of theory about the helpful types of coping strategies and what helps people in change situations to develop them.

Participants

Purpose-oriented sampling

This study, using interviews, was conducted among employees of both genders and all ethnicities and ages in organizations that have undergone or are undergoing major changes. To explore employees' change-related coping skills in different settings, the participants were recruited in Germany (18 participants) as well as in New Zealand (17 participants) from diverse socio-cultural backgrounds. The participants were selected by the four participating organizations, which were involved in mergers or acquisitions and consisted of up to more than 2000 employed men and women. The participation was of voluntary nature. The participation was of voluntary nature. The participants' age ranged from 20 to 60 – most of them being in the age range 30 to 40 years.

The strategy utilized to draw the sample was 'purposeful sampling': particular settings, persons, and events are deliberately selected for the relevant information they can provide about the research topic (Maxwell, 1998). Compared to randomly drawn large samples that show accidental variation, a small sample that has been systematically selected for typicality - which captures cultural heterogeneity and variation of the population - can provide more confidence that the conclusions adequately represent the population.

To ensure that the participants were relatively heterogeneous with respect to their socio-cultural background, and since it was difficult to recruit participants representing minority cultures, I needed to include participants of minority cultures holding managerial positions. The latter stated that they felt similarly affected by the organizational changes as the other employees. As such, the samples consisted of organizational members in non-managerial ($N = 27$) and in managerial ($N = 8$) positions; yet these participants had in

common that they worked in clerical positions with relatively similar features. For example, their current jobs could be broadly classified as full-time employees such as accountants, marketing and public relations people, system analysts, and production-line managers.

The 35 respondents had not undergone any special training in coping with change, which might have obscured the role of cultural influences – a major focus in this study – on adaptation processes.

Participants' cultural membership

The 35 participants in the present study identified themselves in

- Organization 1 (O1), New Zealand, as:
  European New Zealanders (3), and Indians (2)

- Organization 2 (O2), New Zealand, as:
  European New Zealanders (4), South Africans (2), Indian (1), Māori New Zealander (1), Australian (1), Nigerian/English (1), English (1), and Scottish (1).

- Organization 3 (O3), Germany as:
  West Germans (8), East Germans (3), German-Italian (1), German-South American (1), and Iranian (1).

- Organization 4 (O4), Germany as:
  West Germans (2), Danish (1), and Monegasque (1).

The disproportionate ethnic composition of the sample was unavoidable, given the nature of the community, consisting of more cultural majority members than minority members, in which the data were collected. However, the sample represented the proportions of cultural majority and minority members in the regions where the study was conducted.

Participating organizations

The main criteria for selecting the four participating organizations – all located in larger cities (Hamburg; Auckland) – were their engagement in an acquisition or merger process and their number of employees of cultural minority groups, for example guest workers or immigrants. In all organizations, the merger and acquisition processes required employees' adjustment to organizational and socio-cultural changes.

One of the organizations in New Zealand – considered one of the major clothes producing companies before it sold nearly all of its manufacturing units to private equity investors from Australia and New Zealand – organized the participation of five participants. The other organization – related to the travel industry – has been discussing an alliance with another company at the point of this research. Twelve of their employees participated in the interviews. In both cases, the acquisition or merger activities – irrespective of whether they were completed or still pending – had an effect on the employees. In the first company, a large number of employees lost their jobs; in the other organization, employees were aware that a merger or acquisition could mean imminent job loss for them.

Fourteen participants were members of a multinational organization in Germany – considered one of the world's premier credit insurers, and first been sold two years ago. This company had then been acquired last year by yet another multi-national organization. Over the last two years, according to one of the board members, many employees in this company experienced an uncertain job situation. Four interviews were conducted in another multi-national corporation, involved in manufacturing and science. This organization had also recently been through the second amalgamation with another company.

Rationale for data gathering

Considering the theories postulating that cultural minorities may have more efficient strategies at their disposal than cultural majority groups, I believed that a subset of the data sampled amongst the recruited respondents would be highly informative in understanding *which* strategies are beneficial in organizational post-change environments and *how* they have been acquired.

Massey University Human Rights and Ethics Issues

To obtain permission to conduct the interviews, I first acquired organizational consent from the company's management (see Appendix 4). Access – that is, date and time – to participants was negotiated with the management so that the interviews could be conducted within their working time without any resulting loss of spare time or wages. The participants were not financially compensated for their involvement in the interviews.

Consent from organizations and participants was obtained in compliance with the MUHEC code including clauses on the right to withdraw their participation at any time and on guaranteed confidentiality and anonymity. This procedure of obtaining participants' consent has been approved of by Massey University.

Since the potential participants were familiar with effectively communicating across groups and companies, I assumed that they would have the necessary skills to partake in the interviews.

Potential benefits for the participants

The participants and organizations were offered written feedback in form of a summary of the conclusions of this study. The report will include both potentially beneficial and counter-productive processes to the adjustment to organizational changes. The information could assist participating employees and organizations to make amendments towards improving their coping skills, which may help them during their transitional process from pre-existing organizational culture to the post-merger/acquisition environment.

Organization 3 (O3, Germany) requested a separate report of my findings and conclusions, specific to the organization, to be completed within four weeks after the interviewing.