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Diversity Management Paradigms and HRM: Implications of Cultural Diversity for Strategic and Operational HRM

ABSTRACT

Increasing cultural diversity is pressurizing Human Resource Management (HRM) to adapt its strategic and operational level activities. Indeed, the literature on managing diversity considers HRM as key in accomplishing changes towards organizational equity and inclusiveness. This paper offers a fresh perspective from which to analyze an organization's HRM responses to managing diversity. Rather than showing how to manage diversity effectively, the aim is to investigate how different diversity management paradigms identified in organizations impact HRM. More specifically, the study approaches this through the exploration of HRM activities in managing cultural diversity in five Finnish organizations. An empirically supported typology is used to demonstrate the extent to which HRM is strategically or operationally applied and the extent to which it is reactively or proactively accommodated in the light of different diversity management paradigms.

Key words: *cultural diversity, diversity management paradigms, strategic and operational HRM, reactive and proactive diversity management, Finland*

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INTRODUCTION

Discussion about the diversity of workforces is increasing as the composition of labor is becoming more heterogeneous. The changes are dictated in part by factors such as demographic developments (e.g. ageing, migration), globalization, internationalization and mergers and acquisitions (Kirton & Greene, 2005; Johnson & Packer, 1987). Historically, disadvantaged groups have formed the fastest-growing labor pool (Gagnon & Cornelius, 2002), consisting of women, ethnic minorities, disabled and elderly people (Noon & Ogbonna, 2001; Kossek & Lobel, 1996), often considered as the 'new' labor. The segmented labor market maintains inequalities and discrimination in employment and pay rather than valuing diversity (Kirton, 2003), thus reinforcing vertical or horizontal job segregation (Moore, 1999). Furthermore, majority in-group members are favored over out-group members such as racioethnic minorities (Cox, 1993).

Due to increasing labor mobility, a predicted labor shortage along with public policy encouragement, the promotion of diversity is viewed as more important now than ever before. However, unfair judgments and insufficient language, cultural or social skills, either due to deficiency or lack of competence, can often contribute to ethnic minorities' low perceived value, utilization and recognition as a natural or a normal resource (Forsander, 2002; Broomé, Bäcklund, Lundh, & Ohlsson, 1996; Cox, 1993).

The management of people has evolved over time from an administrative function of personnel management towards the strategic management of human resources. The stages of HRM evolution according to Brockbank (1999) have progressed from first being operationally reactive, then operationally proactive moving towards being strategically reactive, and then strategically proactive. These stages refer to the alternatives for HRM's involvement in organizations and also indicate the increase in competitive advantage and strategic value contributed by the HR function. In reality, different organizations are at different stages.

In the HRM literature, diversity is generally conceived as diverse capabilities to be utilized as a resource, whereas in the diversity management literature HRM is seen as a means to manage it. Therefore, the importance of HRM is said to emerge when striving to increase effectiveness, but its ability to promote diversity or equality is questioned (Kirton & Greene, 2005). It is also argued that in spite of the changes in the workforce, the tendency of HRM is to maintain homogeneity and similarity (Lundgren & Mlekov, 2002; Kossek & Lobel, 1996) by treating a culturally diverse workforce as a homogenous one (Tayeb, 1996). It is also discussed whether managing diversity is primarily a HRM issue (Cassell, 2001; Agócs & Burr, 1996) and, on the other hand, whether its significance is demonstrated when implementing changes to effectively manage diversity (Kirton & Greene, 2005; Kandola & Fullerton, 1998; Kossek & Lobel, 1996; Cox, 1993).

Diversity management approaches to dealing with workplace diversity have also been de-

scribed to have progressed along sequential phases starting from North America. The first phase, from the 1960s, was driven by Equal Opportunities (EO) legislation promoting equal treatment, followed by Affirmative Actions (AA) in 1970s increasing by quotas the numbers of minorities, and then in the 1980s the third phase was driven by the principles of Diversity Management (DM) to enhance business opportunities. The last phase, in the late 1990s, stresses a more ethical and socially responsible approach to managing and suggests learning from diversity in connection to work. Regulatory, economic, and ethical forces have all contributed reasons as to why diversity is also increasingly being managed in Europe (e.g. European Commission, 2003). Different diversity management approaches can be divided into four paradigms: resistance, discrimination-and-fairness, access-and-legitimacy and learning-and-effectiveness (Dass & Parker, 1999; Thomas & Ely, 1996). However, the implications of these different paradigms for HRM have not been studied in depth. The extant research on diversity management is also said to be sparse, particularly in terms of assessing the distribution of diversity effects (Dietz & Petersen, 2006), which is addressed in this study by examining the contributions of the HR function in promoting diversity issues.

In light of these gaps in the knowledge about HRM in managing diversity, the aim of this study is to investigate how different diversity management paradigms identified in organizations impact HRM. The study combines two established frameworks, namely the diversity management paradigm approach of Dass and Parker (1999) and Thomas and Ely (1996), and the model of HRM activities by Brockbank (1999), and explores the relationship between different diversity management paradigms and their corresponding HRM responses. The paper contributes to the literature by identifying whether the strategic and operational HRM activities pertaining to each paradigm are reactive or proactive. The study adopts a longitudinal design and a multiple case study method consisting of five organizations in Finland. This research strategy, along with non-US data, is considered to be rare and thus recommended in diversity management research (Dietz & Petersen, 2006). In the following sections, the characteristics of the HR function and HRM tasks are first discussed followed by a discussion on diversity and its implications for HRM. Subsequent sections go on to describe the different diversity management paradigms (Dass & Parker, 1999; Thomas & Ely, 1996) and to examine the HRM responses in connection with the model of HRM activities proposed by Brockbank (1999). After presenting the results, the paper then concludes with a discussion on the implications of the present study.

DIVERSITY AND ITS IMPLICATIONS FOR THE HR FUNCTION

The HR Function and HRM Tasks

In the literature there are various theories, models, typologies and roles which define the content and implementation of HRM (see e.g. Schuler, Jackson, & Storey, 2001; Storey, 1995, 2001;

Ulrich, 1997; Huselid, 1995; Legge, 1989; Guest, 1987; Beer, Spector, Lawrence, Quinn Mills, & Walton, 1985). Schuler et al. (2001) state, for instance, that the fulfillment of the primary responsibilities of the HR *function,* namely ensuring that people are appropriately attracted, retained and motivated, determines the main *tasks* of HRM (its *raison d'être*) in managing: employee assignments and opportunities, employee competencies, employee behaviors and motivation. They also guide the application of HRM policies and practices, such as in recruitment, training and development, performance appraisal and rewarding, which, in turn, aim toward the primary goals of HRM: organizational effectiveness and efficiency (Kaufman, 2001). The HR function thus supports the management of employees through its HRM strategies and policies with the help of HRM managers and professionals, whereas on the practical level the various HRM-related activities are mainly enacted by line management such as supervisors and general managers (Thornhill, Lewis, Millmore, & Saunders, 2000; Ulrich, 1997). It is acknowledged, however, that their perceptions and practice of HRM can deviate from those of HRM managers' or other employees', as well as from HRM strategies and policies (see e.g. Baron & Kreps, 1999; Ulrich, 1997).

The organizational approaches of HRM to managing the workforce has evolved from functional personnel management to concentrating on the hiring and payroll function to managing human beings as a resource and capital to be maintained and developed in order to contribute to organizational effectiveness (DeNisi & Griffin, 2001; Schuler et al., 2001; Storey, 2001). Indeed, since it has been noted that HRM can impact on employee and organizational performance, its strategic importance may increase. This is argued to imply that accordingly, strategic HRM (SHRM) strives to integrate HRM policies and practices with business strategy in order to meet business objectives and improve competitiveness. Furthermore, SHRM also emphasizes the congruence between HRM activities and viewing employees as strategic assets for gaining competitive advantage (see e.g. Bratton & Gold, 2003; Schuler et al., 2001; Storey, 2001; Ulrich, 1997; Pfeffer, 1995; Guest, 1987; Hendry & Pettigrew, 1986). For example, the tenet of resource-based HRM is considered to be based on competitive advantage, which can be gained with the help of talented employees (Boxall & Purcell, 2000). However, gaining a competitive edge through a committed and capable workforce is argued only to be possible through a long-term commitment to building capabilities in a way which requires culture and the way of working to be adapted in order to support the effective use of the talents recruited (Storey, 2001, 1995; Pfeffer, 1995). Additionally, it has been stated that HRM and SHRM can have a primary role as key levers or drivers in organizational and individual level changes by facilitating, institutionalizing and internalizing them through its own modifications (e.g. Cornelius, Gooch, & Todd, 2001; Thornhill et al., 2000; Brockbank, 1999; Ulrich, 1997).

The two strategic approaches of the HR function in influencing business strategy and effectiveness have been found to be either reactive by following the strategy one-way and fitting HRM

strategies and policies into it, or proactive by becoming involved in strategy formulation and thus implying first a two-way linkage and then through continuous interaction to achieve greater integration between the HR function and the strategic management process (cf. Noe et al., 1997; Butler et al., 1991; Golden & Ramanujam, 1985).

Indeed, Brockbank (1999) studied the evolution and current trends in HRM and how they can contribute to increasing competitive advantage and strategic value. Brockbank divides HRM practices into strategic/long-term and operational/day-to-day activities, which can be either reactive or proactive. These different dimensions of competitive advantage arising from HRM activities can progress in stages from first being operationally reactive and then operationally proactive towards being strategically reactive and then strategically proactive. Brockbank argues that this framework can be used not only for describing HRM's involvement, but can also be used as a measurement tool for assessing the contribution of HRM in adding value. The way in which Brockbank categorizes the different HRM activities is turned to next.

Operationally reactive HRM concentrates on implementing the basic tasks of HRM by administrating and maintaining the 'everyday routine', gaining little competitive advantage. O*perationally proactive HRM* improves the basic HRM tasks in design and delivery (reengineering, ensuring positive morale) in order to enhance productivity, quality and efficiency. *Strategically reactive HRM* supports the achievement of the business strategy and develops cultural and technical capabilities to support it, or assists in managing change with the help of its operational activities. *Strategically proactive HRM* acts by learning about other functional areas (e.g. marketing, production) and offers business alternatives. For example, it can create an innovative culture with the help of staffing, training and development or rewarding decisions or by creating internal capabilities to mirror future external environmental requirements. It can also contribute to mergers and acquisitions.

The reactivity and proactivity of actions has also been discussed by other authors. Reactivity of actions can be identified, for example, by the maintenance and usage of existing policies or procedures, as corrections to a certain state (Wooten & James, 2004; **Cropanzano et al., 2004).** 'Proactivity' (e.g. in operations or strategy) relates to replacing existing procedures with new ones, if the culture or normative procedures may cause a certain problem (ibid.). Proactive changes can further lead to the creation of a new paradigm: new mental models and processes, by influencing the shared mindset of individuals in order to transform organizational identity and culture with radical or fundamental changes (Cornelius, 2002; Thornhill et al., 2000; Brockbank, 1999; Ulrich, 1997), suggesting that traditional HRM practices are supplemented and remodeled with new systems, innovative and exciting practices along with new competitive ways of working (Ulrich, 1997). This study applies the approach of Brockbank (1999) in exploring HRM's involvement in managing diversity. The implications of diversity for HRM are turned to next.

197

Diversity and Its Implications for HRM

In the literature, workforce diversity and HRM are mainly discussed in connection with global and international business, demographic changes, the mobility of workforces or, to increasing competitiveness (Konrad, 2003; DeNisi & Griffin, 2001; Tayeb, 1996). In an organizational context, diversity is traditionally connected to different social identity groups (Thomas & Ely, 1996) and narrowly to demographic factors such as age, gender, race, ethnicity, or more broadly to all characteristics and features including capabilities, personality, education, religion, ethnic culture, language, lifestyle, work role etc. (Kandola & Fullerton, 1998; Gardenswartz & Rowe, 1994; Cox, 1993; Thomas, 1991). In addition, disability, sexual preference and family structure can become important insofar as they impact on attitudes, behavior or ability to work (Kossek & Lobel, 1996).

Narrow conceptions view diversity objectively and unitarily, classifying it as natural and essential categories presenting a functionalist, normative perspective, which is then promoted by regulated organizational structures. In a broader, more pluralistic view of diversity, it is subjectively considered by interpreting it as a social construction through language, symbols and behaviors in interaction with others, while a more radical and critical perspective to diversity stresses the emancipation of the oppressed. (See e.g. Caproni, 2005; Omanovic, 2002; Nemetz & Christensen, 1996.). Diversity, therefore, is argued to be a context dependent, selective, relative, complex, and plural term or concept with different perceptions in different organizations and cultures without any unitary meaning (Caproni, 2005; Omanovic, 2002; Cassell, 2001; Moore, 1999). This study refers to diversity as cultural and ethnic-based workforce diversity forming a natural group of people.

The various interpretations, understandings and meanings of diversity are said to affect the way people are treated and managed, for example whether diversity is encouraged by considering people as replaceable parts or as long-term critical investments to be nurtured and used (Ulrich, 1997), or alternatively to what extent people are supported to maintain their own identity/culture and to interact with others, for instance, through assimilation or integration (Berry, 1992). It is therefore argued that diversity can be considered either as an opportunity or a cost to be ignored (Cornelius & Bassett-Jones, 2002) or only to be used as an economic resource (Prasad & Mills, 1997).

When considered as an opportunity, diversity has been argued to increase organizational flexibility, adaptability and potential capacity in a changing environment, because an organization's capability is multiplied by varied skills, experiences, cultural dimensions and values (Thornhill et al., 2000), whereas sameness is considered a threat to an organization (Kossek & Lobel, 1996). However, as Caproni (2005) indicates, a diverse workforce can become a competitive advantage only if carefully managed as a long-term investment. When diversity is linked to busi-

ness strategy, it is considered to have common features with the principles of SHRM (Cassell, 2001) in terms of the full utilization of human resources to offer a competitive edge. Therefore, it is argued that if managing diversity is not linked to the organization's mission, vision and business strategy (Kirton & Greene, 2005; DeNisi & Griffin, 2001; Kossek & Lobel, 1996; Tayeb, 1996; Wilson, 1996) or it does not have clear objectives or a systemic approach to HRM strategy and practices, it can end in failure (Caproni, 2005; Kandola & Fullerton, 1998), particularly when assuming that all subgroups have the same kind of HRM needs (Kossek & Lobel, 1996).

It has also been identified that the diversity of employees itself or its increase via further recruitment, may alone not generate advantages or create a multicultural organization. Rather, it is achieved by the capability to capitalize on the various competencies and manage them (Caproni, 2005; Kossek & Lobel, 1996; Dass & Parker, 1996; Cox, 1993). However, the ability and willingness of traditional HRM to utilize and manage diversity has been criticized (Lundgren & Mlekov, 2002; Kossek & Lobel, 1996). It is argued, for example, that valuing diversity is not possible by treating people the same with standardized and rationalized systems which support efficiency (Sandoff, 2002; Humphries & Grice, 1995). Discriminatory practices have also been noted to cause economic costs from losing talented staff, which challenge HRM policy and practice (Cassell, 2001). Even though the adaptation needs of HRM are expressed, it is also acknowledged that contemporary HRM literature, theory, models and systems focus on supporting more homogeneity (Kirton & Greene, 2005; Lundgren & Mlekov, 2002; Cassell, 2001; Kossek & Lobel, 1996; Tayeb, 1996).

These various views on diversity in relation to the accommodation of the HR function arouse questions of whether managing diversity is primarily a HRM issue since little evidence exists regarding the integration of diversity practices and policies into HRM or its relevance in HRM literature (Benschop, 2001; Cassell, 2001). Tayeb (1996) stresses, however, that the ability of culturally heterogeneous organizations to cope with the challenges of HRM, makes the difference between success and failure. In spite of these controversial perspectives, it is widely argued that HRM with its strategies, policies and practices can be a potential and/or a key factor in managing diversity through its measures to promote diversity, equality and equity by affecting, for example, attitudes, behaviors, organizational procedures, structure, culture and power relations (see e.g. Kirton & Greene, 2005; Lorbiecki, 2001; DeNisi & Griffin, 2001; Gilbert & Ivancevich, 2000; Kandola & Fullerton, 1998; Miller, 1996; Tayeb, 1996; Kossek & Lobel, 1996; Cox, 1993).

All in all, external societal/economic or regulatory forces together with internal factors can address a necessity for identifying new alternatives to attract, develop, retain and motivate employees (Watson, 2004; Thornhill et al., 2000; Kossek & Lobel, 1996) or to learn to utilize the potential of all (Thomas & Ely, 1996). How different managing diversity paradigms affect HRM is discussed next.

DIVERSITY MANAGEMENT PARADIGMS AND HRM RESPONSES

Various managing diversity alternatives can be classified under the diversity paradigm approach developed by Thomas & Ely (1996). It divides organizations into three types of diversification: *discrimination-and-fairness, access-and-legitimacy and learning-and-effectiveness paradigms,* to which Dass & Parker (1999) added a fourth paradigm perspective: *the resistance paradigm*. Paradigms concern different views of the causes and objectives of diversity, which characterize their contents. The associated benefits, challenges, opportunities and risks are directly related to the priority or pressure applied to diversity which is directing the strategy applied to its management (Dass & Parker, 1999).

Indeed, paradigms manifest the philosophical thought process and the basic attitude of an organization towards diversity, which explains their respective aspects of diversity management and its integration mechanisms, thus leading to different types of action in its facilitation including HRM. In other words, the fundamental differences between paradigms indicate how different meanings and interpretations of diversity are reflected and influence its management. **First, the** paradigms along with their impacts on HRM are reviewed in reference to other diversity literature. Then the responses by HRM are analyzed within each paradigm at the strategic and operational level**.**

In the first 'resistance' paradigm, because organizations seek to maintain the status quo in the absence of any pressures to increase diversity (Dass & Parker, 1999), inequality tends to be reproduced without an EO or diversity policy (Kirton & Greene, 2005). Diversity is, therefore, reactively managed (Dass & Parker, 1999) resulting in HRM concentrating on stability. The focus in the second 'discrimination-and-fairness' paradigm is on equal opportunities, fair treatment and social justice as a moral case through legislative actions by treating everybody the same (Noon & Obgonna, 2001; Thomas & Ely, 1996). Employees are also seen more as a cost or expense (Dass & Parker, 1996) and organizations are often bureaucratic, with control processes to assess and compensate individual performance (Thomas & Ely, 1996). Due to these reasons, HRM's involvement increases and HRM procedures can vary from public equality statements to unwritten policies (Kirton & Greene, 2005), mostly increasing simply the "numbers" of disadvantaged (Kandola & Fullerton, 1998; Thomas & Ely, 1996). Both of these paradigms are considered to be strategically reactive in managing diversity (Kirton, 2003; Dass & Parker, 1999).

Within the third 'access-and-legitimacy' paradigm, the needs of the organization are emphasized when searching for benefits from diversity as a business case (Noon & Obgonna, 2001). In turn, this is achieved by valuing and celebrating individual differences (Thomas & Ely, 1996) and by trying to create a culture of respect in order to maximize the potential of diversity (Kandola & Fullerton, 1998). The purpose of diversity is deemed to aid profitability (Wilson & Iles,

1999) by increasing efficiency and effectiveness. The strategic use of diverse employees as a source of competitiveness is also seen to add value by reducing costs (turnover, absenteeism, lawsuits), facilitating the new labor market, increasing market knowledge, promoting team creativity and innovation, improving problem solving and enhancing flexibility. A good reputation and an image as a multicultural working place are also considered to be signs of commitment to a company's social responsibility. (Kirton, 2003; Maxwell et al., 2001; DeNisi & Griffin, 2001; Kandola & Fullerton, 1998; Wilson, 1996; Cox & Blake, 1991.)

Challenges are often addressed in terms of cultural differences in working habits and customs, misunderstandings in interaction and misinterpretations, distrust and hostility affecting collaboration and decision making (DeNisi & Griffin, 2001; Wilson, 1996). For this reason managing and learning to value diversity mainly involves short-term training interventions for the majority to increase awareness and interaction in order to change attitudes, behaviors and to gain mutual understanding. However, alone they are considered to be insufficient and unable to change culture, power relations, structures or systems (see e.g. Litvin, 2002; Easley, 2001; Jackson & Joshi, 2001; Moore, 1999). While opportunities for and tolerance of minorities can increase, it is argued that organizations are still assimilating; institutional bias and inconsistencies in HRM are considered prevalent (Cox, 1993), supporting the views of dominant or majority groups (Cornelius et al., 2001). In spite of strategically proactive aims, in practice, organizations within this paradigm are perceived to have a narrow, reactive HRM approach to equality and diversity, which are then promoted by formal policies and standardized practices (Kirton & Greene, 2005). Therefore, a change towards more proactive HRM is addressed (Kossek & Lobel, 1996), for example, by breaking down barriers (e.g. the 'glass ceiling'), mainstreaming (the integration of diversity) and broadening diversity agendas (Kirton, 2003).

The fourth 'learning-and-effectiveness' paradigm stresses a 'learning' approach, since Thomas & Ely (1996) note that in gaining the benefits of diversity the purpose of a diversified workforce was unclear. Therefore, they suggest connecting diversity to work and employee perspectives, to move from identity-groups towards learning about the needs of changes in the structure, tasks or environment in managing diversity. In this paradigm non-bureaucratic and egalitarian organizational culture is seen as a means to a high standard of performance, stimulating, empowering and encouraging openness and diversity. The approach emphasizes learning opportunities supporting the point of view, therefore, that it is essential what a person does, not what a person is (cf. Caproni, 2005; Omanovic, 2002). That is why employees are considered to gain strategic influence as assets; they are irreplaceable, valuable and viewed as an investment (Ely & Thomas, 2001; Cornelius et al., 2001, Dass & Parker, 1999). For this reason, this paradigm suggests a proactive approach towards multiculturalism, commitment to structural and informal integration of equality and diversity (Gagnon & Cornelius, 2002; Cornelius et al., 2001; Dass & Parker, 1999; Cox,

1993) and the full and equal utilization of capabilities (Gagnon & Cornelius, 2002). This kind of a perspective can contribute to the role of HRM being seen as a provider of opportunities for learning by creating an enabling environment through empowering systems (Cornelius & Bassett-Jones, 2002) and by actively promoting equality and diversity in practice with help of more comprehensive EO and diversity policies (Kirton & Greene, 2005). It has also been recognized that the fostering of a culture of inclusiveness and inclusion of all employees addresses equitable, fair, bias free and proactive HRM, which can contribute to the protection of the merit principle by means of adapted or improved practices (e.g. Kirton, 2003; Gooch & Blackburn, 2002; ACIB, 2001; Wilson, 1996; Heneman, Waldeck, & Cushnie, 1996; Cox, 1993).

In order to assess the nature of the activities of HRM in these different diversity management paradigms, the framework suggested by Brockbank (1999) is argued to be a constructive approach. Through its application it is possible to classify the responses of HRM in each paradigm into strategic- or operational-level activities, where reactivity or proactivity further indicates how the HR function can add value in terms of promoting diversity. Accordingly, Figure 1 positions the HR function and its HRM activities against the four different diversity management paradigms in terms of HRM's reactive or proactive responses at both the strategic and operational level.
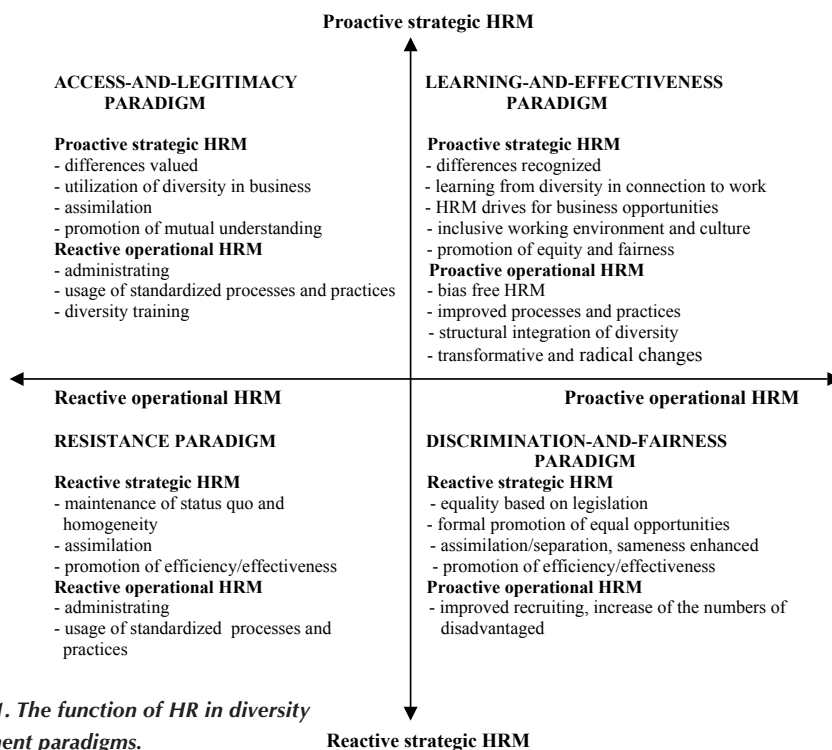

Proactive strategic HRM

ACCESS-AND-LEGITIMACY PARADIGM

Proactive strategic HRM
- differences valued
- utilization of diversity in business
- assimilation
- promotion of mutual understanding
Reactive operational HRM
- administrating
- usage of standardized processes and practices
- diversity training

LEARNING-AND-EFFECTIVENESS PARADIGM

Proactive strategic HRM
- differences recognized
- learning from diversity in connection to work
- HRM drives for business opportunities
- inclusive working environment and culture
- promotion of equity and fairness
Proactive operational HRM
- bias free HRM
- improved processes and practices
- structural integration of diversity
- transformative and radical changes

Reactive operational HRM   **Proactive operational HRM**

RESISTANCE PARADIGM

Reactive strategic HRM
- maintenance of status quo and homogeneity
- assimilation
- promotion of efficiency/effectiveness
Reactive operational HRM
- administrating
- usage of standardized processes and practices

DISCRIMINATION-AND-FAIRNESS PARADIGM

Reactive strategic HRM
- equality based on legislation
- formal promotion of equal opportunities
- assimilation/separation, sameness enhanced
- promotion of efficiency/effectiveness
Proactive operational HRM
- improved recruiting, increase of the numbers of disadvantaged

Reactive strategic HRM

FIGURE 1. The function of HR in diversity management paradigms.

In Figure 1 the typology is built around two dimensions in line with Brockbank's model. The vertical axis illustrates the proactivity versus reactivity of strategic HRM. The horizontal axis illustrates the proactivity versus reactivity of operational HRM. The diversity management paradigms are positioned in the framework according to their strategic reactivity or proactivity: in the lower part the resistance and the discrimination-and-fairness paradigms represent reactive diversity management approaches and in the upper part the access-and-legitimacy and the learning-and-effectiveness paradigms represent proactive diversity management approaches. Attributes of strategic and operational level HRM are presented within each paradigm.

As depicted, the HR function is constructed differently in each paradigm according to the reactivity and proactivity of its HRM activities. In the resistance paradigm, organizations have a reactive diversity management approach, because diversity is a non-issue having not been identified as important for their business strategy. The HR function is, therefore, strategically reactive in influencing the business strategy in terms of diversity and only follows it one-way by ensuring the strategic fit of HRM strategies and policies (Noe et al., 1997; Butler et al., 1991; Golden & Ramanujam, 1985) and maintaining the status quo through assimilation. At the operational level, the HR function, likewise, manages diversity reactively and administrates through the use of existing, standardized procedures (Wooten & James, 2004; Sandoff, 2002; Humphries & Grice, 1995). On these grounds the HR function can be said to be involved and applied in managing diversity for the purposes of gaining organizational effectiveness and efficiency goals (Kaufman, 2001), but adding little value in terms of diversity.

In the discrimination-and-fairness paradigm organizations, equality or EO has been identified in the business strategy often as the fulfillment of legislative liabilities, which implies that the diversity management approach is reactive. The HR function is, therefore, strategically reactive in influencing the business strategy in terms of diversity issues, and aligns the business strategy one-way (e.g. Golden & Ramanujam, 1985). Thus it only supports the formal promotion of equality and sameness as a 'moral' case in the HRM strategy in the form of more or less formal equality policies and statements (Kirton & Greene, 2005). This implies that, at the operational level HRM demonstrates proactivity, but mainly in recruitment by enhancing equal opportunities and increasing the 'numbers' of minorities. Otherwise, assimilation is promoted. On these grounds, the aim of the HR function is to achieve business objectives, however, it is also involved in managing diversity by adapting itself to some extent at the operational level to add value in terms of diversity.

In the access-and-legitimacy paradigm organizations, diversity is identified as being strategically valuable for the business. That is why the HR function is also strategically proactive and aims for a two-way influence on business strategy and its formulation in terms of valuing diversity (e.g. Golden & Ramanujam, 1985). Accordingly it aligns the proactive diversity management

203

approach to HRM with diversity strategies and policies. In contrast, strategy implementation into operational HRM activities is reactively aligned, because they maintain majority views and manage with existing, standardized procedures even though offering diversity training (Cornelius et al., 2001; Easley, 2001; Moore, 1999). On this basis, the HR function can be said to facilitate the attainment of organizational business objectives by also aiming to promote the mutual understanding of diversity. However, it is involved and accommodated only at the strategic level to add value through means of diversity.

In the learning-and-effectiveness paradigm, an organization's diversity has been recognized as a valuable asset and an investment to increase effectiveness by learning. The strategically proactive HR function therefore offers new business opportunities through diversity, influences the business strategy in order to promote the structural and informal integration of diversity and is also involved in strategy formulation through a two-way linkage, and possibly through continuous interaction (Cornelius et al., 2001; Noe et al., 1997; Cox, 1993). The proactive diversity management approach can further be aligned with HRM strategies and policies addressing diversity and equity and through the creation of an inclusive and empowering culture (Cornelius & Bassett-Jones, 2002; Thomas & Ely, 1996). Its alignment with operational level HRM activities can focus, therefore, on eliminating bias, which can be recognized in renewals and improved HRM practices, processes and structures coherent with each other (Gooch & Blackburn, 2002; Ulrich, 1997; Cox, 1993; Guest, 1987). On these grounds, the HR function supports and facilitates not only the attainment of business objectives, but also equity and fairness issues by influencing the shared mindset of individuals and by driving for culture change (Cornelius, 2002; Ulrich, 1997). This collectively implies that the HR function is involved in managing diversity and adapting itself proactively both at its strategic and operational levels in order to add value by means of diversity.

In sum, the reactive or proactive involvement of the HR function in diversity management can be said to be affected by the rationale of the paradigm, and the way how it can influence business strategy formulation and implementation to add value by means of diversity. The framework described above now forms the basis of analysis in the next empirical part of the study.

METHODOLOGY

Research Strategy

The study adopts a qualitative research strategy for various reasons. The quantitative research approach was not deemed appropriate because the issue under investigation was new and sparsely studied in the Finnish national context due to its emerging status. A qualitative approach was,

therefore, found to be more suitable in seeking to gain a picture of the phenomenon in its natural setting (Denzin & Lincoln, 1994), whilst also offering access to it as a longitudinal process (Miles & Huberman, 1994). A qualitative case study approach is useful in gaining an intrinsic understanding and insight in order to advance the phenomenon from a collective perspective (Stake, 1994). A holistic multiple-case study design is selected as it allows explaining and analyzing the phenomenon through its similarities or contrast (Yin, 1994) thus enhancing its generalizability (Miles & Huberman, 1994).

The study draws on findings from a study of five organizations in the capital area of Finland in conjunction with a three-year long project (ETMO) belonging to the EU Community Initiative Programme (EQUAL), which provided access to organizations (totaling 16) aiming to promote tolerance and multiculturalism in their working communities and to increase the employability of immigrants. The cases were selected to present both private and public organizations in different industries varying in time as recruiters of a foreign workforce and in their stage of diversification. A common feature of these organizations was that they had all employed a fairly high number of immigrants in relation to Finnish organizations in general, even though their absolute number in each organization forms a small percentage of total headcount. Details relating to the five organizations are as follows: *Case A* is a private service organization and has employed immigrants (5% of the total 14,000) for the past 10 years. During the research period the organization changed ownership. *Case B* is a public service organization and one of the oldest recruiters of immigrants (max. 10% of the total 1,600) in Finland with over 20 years experience. *Case C* is a private organization in the metal industry, which started the employment of immigrants (up to 5% of the total 1,500) two years before the study. Large-scale layoffs due to ownership change were carried out during the research period. *Case D* is in the private service industry and started the recruitment of immigrants (10% of the total 300) just before the study period. *Case E* is a public organization that has been increasingly employing immigrants over the past 9 years (2% of the total 13,000). Its maintenance unit took part in the study having employed unemployed immigrants for over 20 years.

The data were collected through semi-structured interviews around specified themes (Hirsjärvi & Hurme, 2004) as a means to obtain knowledge and personal experiences with different meanings (Denzin & Lincoln, 1994). The key themes of the interviews were as follows: 1) Reasons, benefits and challenges of employing a foreign workforce and, 2) Impacts of cultural diversity on HRM. The interviews were conducted once during the Spring of 2002 or 2003, and once again in Spring 2005 in each organization. The interviews lasted approximately one hour. The interviewed persons represented three groups: HRM/HRD Directors, Managers or Specialists, Supervisors of immigrants and Shop-Stewards totaling 35 interviews with 26 persons. The reasons for choosing these groups as informants were that they presented the official HR function, practi-

cal day-to-day level HRM as well as labor unions, all presumably possessing different perceptions of diversity and its management despite the existence of official HRM strategies and policies. In particular, the representatives of unions as trustees of employees were seen as an important channel to hear immigrants' collective voice because they are typically the first persons to whom employees turn concerning issues of confidentiality or inequality. The absence of immigrant interviewees on the basis of their potentially low level of knowledge about HRM as processes represents a limiting factor for the validity of the study. In this respect and for validity reasons the data were collected twice from multiple (three or four) informants in each organization among persons at different levels and groups (triangulation). The interview outline was also clarified and agreed by telephone or e-mail by each person and sent by request in advance for verification. To increase reliability the interviews were taped, transcribed and texts sent back for a review. Extracts from the interviews will also be used to offer representative empirical evidence validating the reliability of the study (Silverman, 2001).

Out of the different approaches to analyzing case study evidence, Cross-Case Analysis with explanatory topics (Yin, 1994) has been selected which combines a case-oriented and variable-oriented approach allowing for the stacking and cross-analysis of comparable cases (Miles & Huberman, 1994). First, the cases were identified as to their likely paradigm and classified into two types: reactive and proactive paradigm organizations. Simultaneously, their HR function's approach was divided into two: strategic and operational HRM. Next, the data was carefully analyzed by ascertaining the positioning of the cases and by assessing their strategic and operational level HRM activities. In this way, the outcome reveals the HR function's involvement and how it acts across reactive and proactive diversity paradigm organizations, which in turn can be displayed as data along two dimensions (strategic and operational HRM), representing the application of HRM and the nature of its adaptations. Next the institutional, demographic and cultural framework for Finnish diversity context is briefly covered, and then the results from the five case studies are presented.

Diversity in the Finnish Context

In Finland, the driving forces for dealing with equality and diversity issues until now have been the legislation: Constitution of Finland (731/1999, renewed), Criminal law (39/1889, Employment Contracts Act (55/2001), Act on Equality between Women and Men (609/1986, 2005) and the Equality Act (21/2004). However, despite comprehensive equality regulations and the status of a modern democracy and society, the prevalence of discrimination especially based on age, disability and ethnicity form the focus of much discussion today, especially in the light of labor force deficits predicted in the future. Indeed, according to prognoses, almost 900,000 employees, every third person in a total population of approximately five million, will exit the Finnish labor market

within the next fifteen years (Tiainen, 2003). Regardless of future demographic changes, the participation of immigrants in the labor market and the parallel development of their equal rights are still in their infancy. For instance, whilst immigrant unemployment stands at around 28 percent they represent only two percent of the total population (Ministry of Labour, 2006).

The complexity involved in issues of equality and diversity can partly be explained by the Finnish organizational culture, which has been found to support the monolithic tradition of Finnish national culture (cf. e.g. Juuti, 2005; Aaltio-Marjosola, 2001). More specifically, its defining characteristics have been identified, amongst other things, as being a strong national identity, homogeneity, social cohesion and self-consciousness (e.g. Forsander & Raunio, 2006; Torvi & Kiljunen, 2005; Anttonen, 1998). This, together with immigrant demographics, has contributed to subjects such as gender and ethnicity in HRM or diversity management as representing somewhat of a non-issue in Finnish working life (cf. e.g. Forsander & Raunio, 2006; Aaltio-Marjosola, 2001).

DIVERSITY PARADIGMS AND HRM

Diversity Paradigms of the Case Organizations

The organizations in the present study perceived cultural diversity in both similar and different ways. The main reason for employing immigrants was due to labor shortages and the search for skilled potential (Konrad, 2003). The new workforce was mostly found to be motivated, committed, efficient and capable of bringing richness, social interaction, new values and views by the respondents despite their status. The working atmosphere and culture towards tolerance and openness was said to have improved during the research period because the attitudes and behaviors of co-workers, supervisors and customers had changed, also affecting positively the employer image. The challenging experiences mainly related to insufficient language and communication skills causing misunderstandings (e.g. employment terms), but also to distrust, preconceptions, prejudices, racism or fear to be called a racist, as well as to some male immigrant groups' attitudes towards native female managers. (DeNisi & Griffin, 2001; Kandola & Fullerton, 1998; Cox & Blake, 1991.) Next, the organizations are presented in accordance with their approach to managing cultural diversity advancing from reactive towards proactive.

In spite of similar causes and views of diversity, the perception varied in organizations depending on its meaning or importance (Dass & Parker, 1999; Ulrich, 1997). Case C employed immigrants due to the lack of indigenous employees in order to gain economic resources (Prasad & Mills, 1997) as a 'must' in the words of an HRM manager. The shop-steward expressed their acceptance as an equal resource more critically, since *"it has been noticed that others can also work"*, contributing to increased trust in their capabilities. Cultural diversity as such or as a group

was not given any special attention according to an HRM manager as it was considered more of a cost and a non-issue to be adapted. On the grounds of these perceptions of diversity Case C can be positioned into *the resistance paradigm*. According to an HRD director, Case B treated cultural diversity solely as an equivalent resource, and employing immigrants was perceived as self-evidence "*because the main thing is to find good employees without making a difference between where they come from - everybody is seen to be equal from the outset*" (HRM Consultant). Different views were also found in case B, for example, where a supervisor considered diversity moreover as obtaining a kind of spiritual aspect into work, especially when immigrants had questioned the prevailing logic: "*new views in general bring new ways of thinking and doing. It is not a value as such. But it might be, if we can make use of it.*" Consequently, Case B can be said to represent the principles of *the discrimination-and-fairness paradigm*, because it merely aimed to provide equal opportunities for immigrants by increasing their 'numbers'.

Cases A, D and E, on the contrary, considered cultural diversity as a means to gain competitiveness: to increase and maintain customer satisfaction, service quality or to gain cost savings by reducing overall turnover (Kandola & Fullerton, 1998; Cox & Blake, 1991). In addition, Cases A and D were also willing to employ immigrants and to actively build a reputation and image as a good, pluralistic and socially responsible employer (Kirton, 2003). This was expressed in Case A in the following way; "*We have a noticeable role in how we guide these employees into this society. And in that sense, in fact, we carry quite a large social responsibility*" (HRM Director). In Case D it was stated that: "*Those people do not need any special treatment or anything extra, but they require acceptance and that they are given a chance*" (Supervisor). Case E can be said to represent the principles of *the access-and-legitimacy paradigm* whereas Cases A and D were moving from this paradigm over the study period towards the *learning-and-effectiveness paradigm* because they perceived cultural diversity as an important equitable asset with new business and learning opportunities. On the basis of these different perceptions of cultural diversity, cases can be divided into reactive (B, C) and proactive (A, D, E) diversity management paradigm organizations. How the five organizations involved the strategic and operational level HRM in managing diversity is explored next.

Strategic HRM Responses to Managing Diversity

Cultural diversity at the strategic level of HRM was managed differently within and between reactive and proactive paradigm organizations. The most reactive approach was found in Case C, which had no diversity strategy, policy or common rules and no changes were seen necessary to existing modes of action. The explanation was that the organization was already adapted to work with cultural diversity due to its international clients and business environment and, therefore, employees need to adapt to that culture. It was stated that tolerance increases slowly and "*culture

changes by itself along with everyday work; when we are working together, and it is only noticed then whether it works or not" (HRM Specialist). However, a shop-steward considered that the lack of a diversity policy is problematic since then each supervisor has his or her own rules and ways of working that are not based on company-level decisions. The supervisor expressed it as follows: *"There is a need to search for such common rules of the game, a policy to be applied to the whole working community, how to carry it all out."*

Case B managed diversity according to HRM personnel in line with its long history with immigrants without any "model", stated strategy or policy with unwritten "rules", which included surmounting preconceptions, finding the right attitudes and the creation of a good work environment through culture change. That is why no changes were said to be needed anymore, as the implicit equality of people and equal treatment had already been reached without any special attention to any groups by means of careful management. This was said further by HRM personnel to include not allowing anybody to be segregated and discriminated against, and of taking into consideration individual differences (language skills, cultural background) when performing tasks. However, different qualities of employees were not utilized at work, which the Shop-Steward pointed out: *"the immigrants' own intentions should be more and more taken into consideration and supported. Also the ways of working and other things (…). However, it happens in such a way that whatever the dominant practice is, that is the one that dictates in the background and controls everything. It takes a long time to change these practices. It does not happen instantly*." During the research period Case B was awarded a certificate by the Ministry of Labor for its progressive work with immigrants, and is also in the process of including diversity issues into ethical codes and, for the first time communicating them in the annual report.

These reactive diversity management paradigm organizations were managing diversity without explicit strategies or paying any special attention to it (Kirton & Greene, 2005), letting the daily work lead it. Therefore, strategic HRM was reactively following the business strategy and aiming, via assimilation, either to maintain the status quo (Case C) or to enhance formal equality as sameness (Case B).

The motives of proactive diversity management paradigm organizations (A, D and E) in managing diversity were instead based on gaining benefits and/or business opportunities (A, D) or on serving better clientele (E) by utilizing diversity. Cases A and E were in addition stressing legislative causes. The promotion of managing diversity issues in the strategy level over the study period was argued in Case A at the beginning: *"Multiculturalism gives a positive image of the company. But as a competitive advantage, it is perhaps not yet approached in that way. (…) In spite of (all the HRM processes) there is a big gap between these and those processes that cannot be written down, and it is here, the feelings within a person, where you find the work satisfaction of the staff. And it is that, after all, which creates effectiveness"* (HRD Director). By the end of the

study, Case A was in the process of implementing diversity as the key to the equality and HRM strategy by involving its personnel from various stakeholder groups into development work in conjunction with the EU-project. HRM Director also considered the function and role of HRM and HRM personnel to be a driver and organizer behind diversity issues.

Cases D and E had just launched their diversity management strategy and plans before the study period. At the beginning of the study, it was recognized by the HRM manager in Case D that their global diversity policy offered a license to advance. However, in order to gain the benefits from diversity and to improve the operations, the supervisor stressed that the local activities and the present way of action had to be changed and everybody needed to commit themselves to that change. Therefore, it required that "*the rules of the game and working methods are in order down to the last detail and that, accordingly, the management is fair and logical*" (Supervisor). In creating new circumstances, clear changes happened during the study period, partly by means of the supervisor's conscious efforts and by involving the immigrant-based employees in development work in conjunction with the EU-project. Case E was according to HRM Director implementing their diversity strategy within a broad framework without any detailed instructions as to its internalization. The principle was to create rules within each unit. Only annual cultural diversity targets (total % of the whole workforce) were set and assessed. The chosen approach was argued as follows: "*Common rules contradict the valuing and acceptance of diversity. We rather hope that people would internalize and learn, that it comes from inside, that we understand diversity. But also, that the supervisor assumes responsibility in making the whole thing work*" (HRM Specialist). Not much progress had been made in integrating the diversity strategy during the study period, which was explained as being due to economic pressures, new operative management and the fact that "*new things cannot be adopted all at once, which is very understandable. And these new things indeed need to be given a little time to sink in before they can start gathering speed*"; "*We are progressing slowly, not in huge leaps*" (HRM Director). The strategy has been sustainable in this format, but in its implementation HRM representatives considered that more rapid development, more enthusiastic people and lobbying were demanded, more specifically a network of diversity agents, as well as more effective work, commitment of the new management, persistence, new ideas and flexible models to survive in the future. The intention is to integrate diversity in the long term into HRM processes.

By the end of the study, it had been noticed by many interviewees in Cases A and D that the inclusion of immigrants is essential in order to create a good working environment for all and that the work with managing diversity had contributed to increased pluralism and a culture of inclusion, including intensified efforts to reach a common understanding, to adapt both parties and their cultures and learning what diversity means. These notions were argued in the following way: "*(…) the value of a person does not depend on nationality or color or age or religion. An indi-*

vidual has value as a human being. Each of us can succeed given a chance and the appropriate conditions" (HRM Director, Case A).

The proactive diversity management paradigm organizations managed diversity with help of diversity and/or equality strategies to promote equity and fairness (Kirton & Greene, 2005) having also noticed that the benefits of diversity calls for its internalization and a common understanding of its meaning (Easley, 2001). The findings provide evidence of the *proactive* involvement and application of strategic HRM in contributing to the utilization of diversity and in increasing business opportunities to add value by driving for changes. However, differences were found in the efforts and adjustments to gain these advantages. In particular, HRM representatives in Case E saw everybody's own initiative and commitment as essential in addition to managers' responsibility to work with diversity issues in order to adapt it or vice versa. HRM representatives and supervisors in Cases A and D considered diversity as an investment focusing on learning and working with it in the long-term by empowering its own personnel, creating supportive working environment and inclusive culture through the structural integration of diversity (Cornelius & Bassett-Jones, 2002; Cornelius et al., 2001; Thomas & Ely, 1996). How operational HRM was impacted and involved in managing diversity is turned to next.

Operational HRM Responses to Managing Diversity

In each case organization it was stressed that diversity issues should be arranged in line with daily work within a given framework rather than to manage it in a certain way. That is why supervisors were learning by doing and developing their own practical solutions (clothing, make-up/appearance in customer service, compliance of safety regulations, meetings etc.). The following findings of the operational HRM are presented separately by practice, as it allows deeper insights and simultaneous comparisons to be made within and between reactive and proactive paradigm organizations.

Recruitment was mainly based on capabilities. In the reactive diversity management paradigm organizations it was accomplished without any changes. However, Case B preferred immigrant applicants and consciously recruited them. The proactive organizations established some new methods and practices, for example Case A at the beginning of study used various ways to attract immigrants with the help of projects, trades fairs, the media, through the grapevine and via the internet, as well as conducting interviews with the aid of other languages or translated forms until the organization became well known. Case D similarly increased its publicity and Case E launched a separate recruiting channel for immigrants offering apprenticeship training, which was applied for economic reasons in only a few cases. In each organization, targeted recruitment campaigns in cooperation with employment authorities to attract or arrange vocational training and traineeships are still being used or had been used previously. In addition, the

'grapevine' was considered an effective and preferred channel, recognized as the *"best channel to secure the applicants' suitability"* (Supervisor, Case D). Generally, it had been noticed that more time needed to be used in selection discussions in order to make sure that work details and conditions are understood (e.g. security aspects, attitudes towards customer service) and for background information of applicants to be clarified. Increased strictness and high proficiency in Finnish language skills gained more weight during the study period where, for example, the language for selection and induction in Case A was changed to Finnish.

Within *training and development* three areas were found: induction, diversity and vocational training, to which organizations had paid some attention due to increasing cultural diversity. In the reactive paradigm organizations, induction was considered by the HRM representatives as a means to adapt employees, while for instance, a supervisor expressed that it could also be seen from a different perspective and be used in advance: *"Perhaps it would also be good to give training to the locals in that working community"* (Supervisor, Case C). In proactive paradigm organizations, on the contrary, the HRM representatives stressed the importance of very thorough job orientation and instruction about working customs, rules and culture therefore, that they were seen simultaneously to contribute to achieving mutual understanding of cultural diversity in working units and to increase the acceptance of supervisors. Its significance was explained, for instance, as offering an equal starting point for everybody, but haste and negligence were seen as destructive: *"It can have consequences on the commitment to work, commitment to the working community and results in mistakes, and accidents, and these are costly"* (HRM Director, Case A). In all cases the process of job orientation occurred unchanged and was similarly applied with all of the employees and conducted on an individual or group basis (separate or together with locals) with the help of full- and part-time work guides or working couples (senior local or immigrant employee). Translated material (except in Case D) had also been produced to some extent in each organization (handbooks, guides, instructions, regulations, employment conditions, graphic aids, simplified Finnish, videos etc.), and other languages could be used if needed (Cases B, C, E). As a whole, it had been recognized especially by the supervisors that more time, communication, support, demonstration, feedback, coaching and ensuring understanding as well arranging personal needs (e.g. prayer times) were necessary for immigrants during the induction in order to prevent discrimination, prejudices or rumors. On the other hand, it was also seen as crucial *"to free the immigrant employee from direct supervision, for them to trust in their skills, to be equal with the work input of a Finn even though she/he can see things differently"* (HRM Planner, Case E).

Although knowledge of different cultures, awareness training and interaction skills were regarded as important in reactive paradigm organizations, especially for managers, they did not offer any diversity-related training due to various reasons such as: relevant information had ear-

lier been given to managers who still worked for the organization (i.e. turnover is low), general education provides it, young managers know about it already, development is a cost, training will be offered if it enhances productivity and not otherwise. Instead, proactive paradigm organizations offered either systematic diversity training courses (Case A), separate seminars (Case E) or information (Case D) during the study period to their supervisors or the entire personnel. Training was considered a very important means of offering information and getting the 'buy-in' of the whole personnel to diversity issues in order to adapt to each other and implement the required changes. Reasons for this were explained in Case A in the following way: *"We start from the point that our personnel are trained to appreciate the diverse work community and to accept diversity. It does not only relate to immigrants, but it also relates to others who are disabled and so on"* (HRD Planner). She added that work with diversity is *"like a spider's web, in that everything is linked to each other, and it forms a beautiful web"*. In Case E, training was seen as an investment in the future: *"It is worthwhile to do it beforehand, 'the soil needs to be tilled', because I have noticed that it has an impact"* (HRM Specialist). Diversity issues were covered to some extent in these proactive paradigm organizations both in management and recruitment personnel's training.

The ordinary vocational training with exams was offered as an equal basis to everyone in each organization (expect in Case E) following the standardized procedures and methods (team work, web courses, seminars, projects), with the teaching language and material being in Finnish. In Case E it had, however, been recognized that immigrants experienced difficulties in following them due to their limited backgrounds in literacy and the use of PC's, resulting in training opportunities being perceived as not equal. In each case it was stated that in order to advance, immigrants were supposed to demonstrate their own initiative, in the proactive paradigm organizations the motivation was also seen to belong to the supervisor (as a responsible employer). The few experiences of supervisors with a foreign background were positive (Cases A, B, D), more were desired, but either their own motivation was low or the supervisors were not seen to 'push' enough according to the HRM representatives.

In all cases *performance appraisal* was performance-based, and diversity was not especially recognized. As a standard, the same work performance and quality was required from all employees, who were also appraised against the same criteria. In proactive paradigm organizations, however, the appraisal was seen from another point of view, admitting that *"assessment cannot be done with the same measures, if people are from other cultures and speak different languages"* (HRM Director, Case A). This implied the acceptance of individual differences in performance outcomes, but it was also agreed that the appraiser's prejudices can impact the appraisal. In Case D, supervisors were seen to need more encouragement to appraise good immigrant performers. In general, immigrants were sometimes seen to be working too hard and 'over performing' in order to prove their capabilities; customers and the working community were also sometimes

critical in expecting this same over-performance, which was cited by HRM director in Case A as a challenge to supervisors to be strong and to defend their employees.

Rewarding was carried out in each case by emphasizing equality and partly by basing policies on collective labor agreements. Therefore, no modifications were said to be possible in financial rewarding. Instead, increasing attention was paid to non-financial rewarding during the study period, because it had been recognized both in reactive and proactive paradigm organizations that different management cultures and habits may create confusion, offense and embarrassment. A supervisor in Case B considered that giving individual attention as a means to motivate is important, but emphasized caution and particularly to soften any negative feedback. He described that: "(…) *particularly with persons from those cultures (non-European), where strong authority is prevalent, negative feedback is taken as a bigger issue than you intend it to mean. But also, on the other hand, positive feedback is really nice to give them, because they really, truly seem to be pleased"*. Non-financial rewarding was seen in all cases as the managers' responsibility but to some extent also the co-workers' including thanking, listening, discussing, supporting, respecting the work outcome, giving equal treatment and rights to all. That is why, especially in proactive diversity management organizations, adaptations and knowledge about differences in verbal feedback, communication and habits (shaking hands, pat on the back, publicly praising, openness etc.) were seen as important and also recognized to be learning opportunities: *"They impact on our learning and from that we can learn to accept"* (Supervisor, Case D). Development discussions with immigrant employees were found by HRM representatives in all cases to be important in motivating and creating trust, but their aim according to some supervisors and shop-stewards needed to be clarified so that people felt comfortable to talk. Furthermore it had been noted, that immigrants were the last ones to be invited for such discussions.

The findings revealed that the reactive diversity management paradigm organizations used standardized processes, procedures and existing practices in operational HRM activities with some minor adjustments as corrections in terms of communication (usage of different languages and translations) offering evidence of their *reactive* application to administer. On the other hand improved recruitment to increase the numbers of immigrants (Case B) evidenced *proactive* involvement of operational HRM.

Proactive diversity management paradigm organizations were either consciously working with practical diversity and HRM issues (Cases A and D) during the study period recognizing the need for further developments or postponing the work to the future (Case E) (Kirton & Greene, 2005). Case E continued with unchanged, standardized processes and existing practices providing only separate short-term diversity training, which offer evidence of the *reactive* application of the operational HRM to administer by increasing only awareness and/or interaction training considered unable to support the valuation of diversity and its adding value (Moore, 1999).

Cases A and D were in the process of modifying and improving their HRM processes and practices, which could already be found in recruiting (new channels), training (careful induction, systemic diversity training), and in emphasizing fair appraisal and non-financial rewarding, offering evidence of the *proactive* operational HRM and its involvement or aims of adding value through diversity (Gooch & Blackburn, 2002; Heneman et al., 1996).

DISCUSSION AND CONCLUSIONS

The study has given evidence that due to the future labor shortage and the search for new potential, organizations have for legislative, economic and ethnic reasons begun to manage diversity (cf. European Commission, 2003). Despite the same reasons for diversification (lack of skilled labor) and similar experiences in the studied organizations, different internal and external forces, attitudes, history and objectives have influenced perceptions of cultural diversity in organizations and among their stakeholder groups (HRM representatives, supervisors, shop-stewards). The perceptions changed from seeing diversity as solely a resource (Cases B, C) to utilizing it in order to gain business benefits (Cases A, D and E) (Dass & Parker, 1999; Cox & Blake, 1991). None of the studied organizations promoted diversity issues purely due to legislative forces even though the new anti-discrimination legislation was launched during the study period (2004). Indeed, the study supports that diversity can assume different meanings and understandings in different organizations, which in turn influences their approach to diversity and its management paradigm (Omanovic, 2002; Thomas & Ely, 1996; Dass & Parker, 1999).

Even though the classification of organizations into certain diversity management paradigms with specific HRM approaches can perhaps be considered 'forced', it was performed using logic and in a way that reflected as closely as possible the perceptions of those employee groups that possessed the most knowledge of diversity issues either from the perspectives of official strategy and policy or through daily encounters. However, it is acknowledged that a potential challenge in classifying cases can occur if the 'official statement' of HRM personnel differs from the views of supervisors and shop-stewards. For instance, the latter individuals were not so familiar with the diversity policy an organization had or its implementation. Furthermore, there had only been very few common endeavors within organizations to develop diversity issues except in case A, before the EU project. A lack of policy, or conversely its recent introduction, can also affect the views offered by HRM representatives on cultural diversity, which may involve giving socially acceptable responses through the use of diversity rhetoric.

However, despite these limitations, it was possible to classify the cases by combining the views of the interviewees. The *resistance paradigm* was recognized in Case C as its reason to manage diversity was mainly based on a 'must' logic, whereas Case B perceived cultural diver-

sity as an equal resource representing therefore the principles of the *discrimination-and-fairness paradigm*. Case E aimed to utilize diversity also for better service belonging thus to the *access-and-legitimacy paradigm*. Cases A and D conceptualized diversity as an important equitable asset with opportunities for business and learning, and represented the views of the *learning-and-effectiveness paradigm*.

When the organizations were identified and divided into reactive (Cases B and C) and proactive (Cases A, D and E) diversity management paradigm organizations, it became apparent how they applied and adjusted their strategic- and operational-level HRM, in other words, how different paradigms impacted HRM. In reactive paradigm organizations, strategic HRM was found to be reactive and thus one-way facilitating the attainment of organizational objectives (Kaufman, 2001; Brockbank, 1999; Golden & Ramanujam, 1985). In proactive paradigm organizations, strategic HRM was proactively two-way, offering new business opportunities (Case E) and also involved driving them (cases A, D) to add value through diversity (Brockbank, 1999; Ulrich, 1997; Golden & Ramanujam, 1985) and to increase inclusion and equity (Kirton, 2003; Moore, 1999).

Operational HRM in reactive paradigm organizations was found to be reactively responding to the reactive strategic HRM via assimilation with standardized processes and existing practices (Case C) or it showed proactivity through improved recruiting (Case B) (Wooten & James, 2004; Brockbank, 1999). In proactive paradigm organizations the operational HRM in Case E could be recognized as being reactive, by administrating with standardized processes and practices, or proactively supporting proactive strategic HRM with modified or improved practices (Cases A and D) (ibid.). In the future, proactive paradigm organizations also intended to integrate diversity into all HRM practices (cf. Cornelius et al., 2001). It seems unlikely however, that the changes due to cultural diversity will happen through transformative or radical changes (Cornelius, 2002; Ulrich, 1997).

Even though a 'perfect match' between a certain paradigm and its corresponding HRM activities can be debatable, and especially not yet found in the effectiveness-and-learning paradigm organizations, the study could identify, within their HRM, such main characteristics for positioning them. Additionally, the findings at the operational level of HRM revealed that all organizations in different paradigms mainly responded as depicted within the framework. The outcome was to some extent surprising, because despite the proactive diversity and HRM strategies as well as the absence of a diversity policy, HRM personnel often argued that their aim was to use similar procedures for all, expressing it by the notion "*when in Rome, do as the Romans*", which implies that the needs of all employees are considered to be alike (Kossek & Lobel, 1996). However, this view was rejected, particularly by the supervisors and shop-stewards of reactive diversity management paradigm organizations and also by operational HRM of proactive diversity management para-

digm organizations (Cases A and D). These findings imply that the practice of HRM and its strategy in terms of managing diversity in reactive diversity management organizations deviated between the perceptions of HRM personnel and others, whereas in proactive diversity management organizations they were more consistent. The results of the study are summarized in Figure 2.
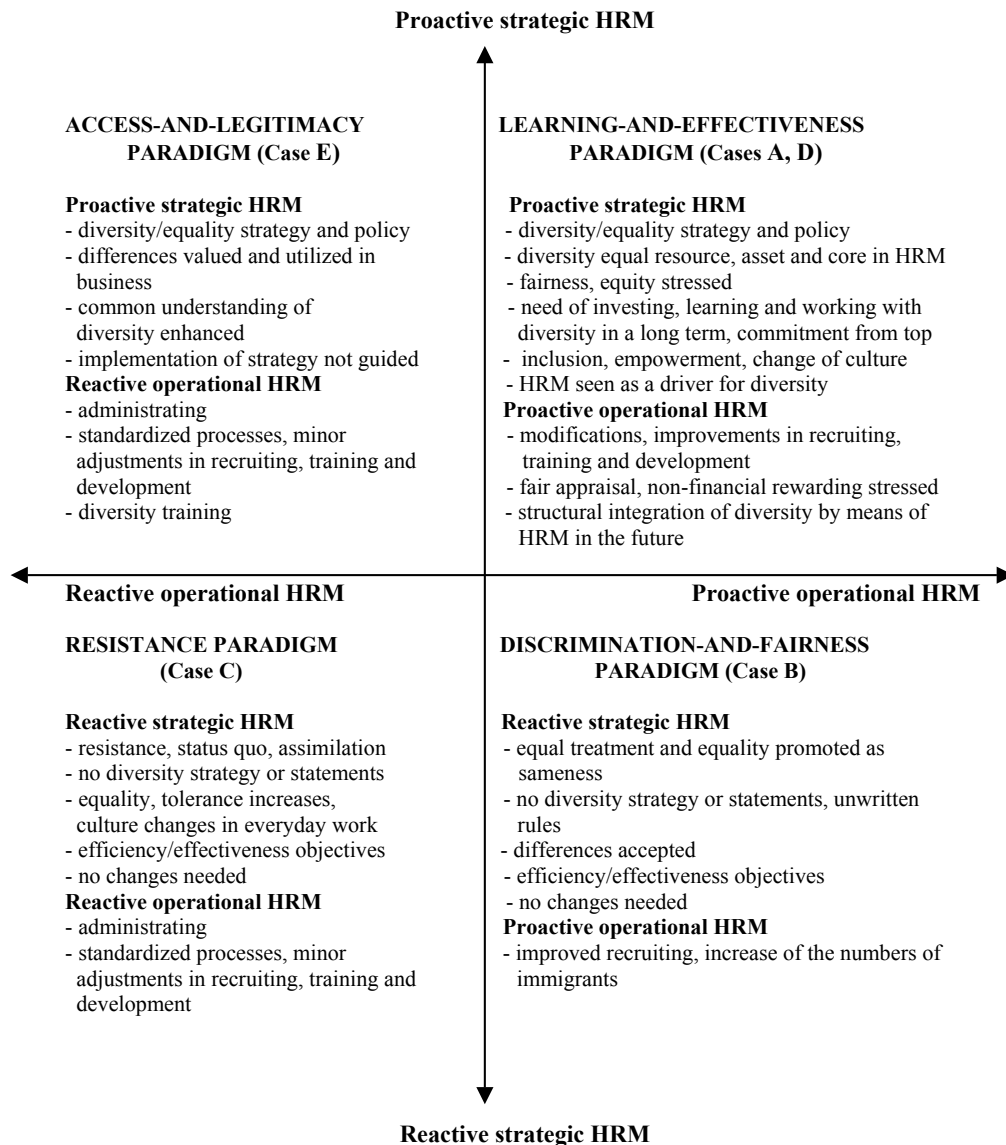
Proactive strategic HRM

ACCESS-AND-LEGITIMACY PARADIGM (Case E)

Proactive strategic HRM
- diversity/equality strategy and policy
- differences valued and utilized in business
- common understanding of diversity enhanced
- implementation of strategy not guided

Reactive operational HRM
- administrating
- standardized processes, minor adjustments in recruiting, training and development
- diversity training

LEARNING-AND-EFFECTIVENESS PARADIGM (Cases A, D)

Proactive strategic HRM
- diversity/equality strategy and policy
- diversity equal resource, asset and core in HRM
- fairness, equity stressed
- need of investing, learning and working with diversity in a long term, commitment from top
- inclusion, empowerment, change of culture
- HRM seen as a driver for diversity

Proactive operational HRM
- modifications, improvements in recruiting, training and development
- fair appraisal, non-financial rewarding stressed
- structural integration of diversity by means of HRM in the future

Reactive operational HRM ←——————————→ **Proactive operational HRM**

RESISTANCE PARADIGM (Case C)

Reactive strategic HRM
- resistance, status quo, assimilation
- no diversity strategy or statements
- equality, tolerance increases, culture changes in everyday work
- efficiency/effectiveness objectives
- no changes needed

Reactive operational HRM
- administrating
- standardized processes, minor adjustments in recruiting, training and development

DISCRIMINATION-AND-FAIRNESS PARADIGM (Case B)

Reactive strategic HRM
- equal treatment and equality promoted as sameness
- no diversity strategy or statements, unwritten rules
- differences accepted
- efficiency/effectiveness objectives
- no changes needed

Proactive operational HRM
- improved recruiting, increase of the numbers of immigrants

Reactive strategic HRM

217

FIGURE 2. The function of HR in diversity management paradigms, summary of the research results.

When taken together, the study supports the existence and relevance of all diversity management paradigms, significant being the tendency towards the most advanced paradigm in two organizations. The outcome also confirms the earlier propositions that paradigms impact HRM differently within which strategic and operational HRM can be reactive and/or proactive.

In conclusion, the present multiple case study research has explored how different diversity management paradigms identified in organizations impact HRM. It also indicated how the HR function can add value through means of diversity. The data was collected among five Finnish organizations in different industries to find out how they, through HRM, have managed their increasing cultural diversity and developed it during the two- to three-year study period. Two organizations proactively intensified their efforts towards integration of diversity into their HRM activities, the other three mostly progressed reactively. By the end of the study, needs were recognized in all organizations to promote diversity management, at least to a certain extent, either at the strategic or operational HRM level, which supports earlier research of its role when implementing diversity effectively (Kirton & Greene, 2005; Kandola & Fullerton, 1998). Furthermore, the desired outcomes of diversity were seen to need more time, commitment and resources. Since HRM has been criticized in advancing effectiveness, instead of equality (Kirton & Greene, 2005), it appeared in this study that the importance of HRM issues has also been recognized when enhancing equity and fairness issues. This could be achieved either by aiming to integrate diversity into HRM or by using HRM as a force for change (Cornelius et al., 2001; Ulrich, 1997). The findings also revealed that when organizational business objectives are targeted by using a culturally diverse workforce as only a resource, reactive involvement of the HR function is dominant and it has minor importance in managing diversity and adding value. If inclusiveness and equity are recognized as important in utilizing diversity or learning from its opportunities, then the HR function was found to become proactive first at the strategic level in promoting diversity issues, while at the operational level the HRM activities developed slower to show signs of proactivity. These outcomes offer evidence that although the HR function is influenced by the objectives of the respective diversity management paradigm, the recognition of the operational HRM's capability to add value and to increase diversity effects is most crucial.

Implications

The study increases our knowledge about strategic and operational HRM within certain managing diversity paradigms. Since the HR function was found to be affected by the relationships between the objectives of HRM and the objectives of managing diversity, the study asserts that, in a change towards a proactive diversity management paradigm, to manage diversity more effectively depends on whether HRM has the relevant competencies to become proactive both at the strategic and operational level. In practical terms, the study offers insights into the alternatives to managing

diversity along with perspectives to promote diversity issues through a proactive HR function. It also offers some ideas for designing the content and delivery of HRM activities to manage diversity and to increase inclusiveness.

The research covered only five case organizations during a limited period in a country with low cultural diversity and thus limits its generalization. Also, concentrating on the views of selected groups of informants represents a limitation to the validity of the study. Furthermore, the typology used can produce a risk of oversimplification both in classifications of organizations and their reactive/proactive HRM activities. Nevertheless, the study has contributed insights into issues that need to be given key consideration, especially at the emergent stages of cultural diversification. In order to better understand the HR function's activities in managing diversity, it is suggested that future research should explore options for HRM both at the strategic and operational level in order to highlight alternative ways to add value through diversity as well as to attract, retain and motivate a diverse workforce in the light of expected future developments. ■

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221

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