

**UNDERSTANDING DIVERSITY MANAGEMENT IN CYPRUS'
ORGANISATIONAL CONTEXT**

Dr. Georgiadou, Andri

Lecturer,

Hertfordshire Business School, University of Hertfordshire,

Hatfield, AL10 9AB, UK

Tel: +44 (0) 1707 284857

e-mail: a.georgiadou@herts.ac.uk

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Abstract

The purpose of this research is to examine the business case for cultural diversity in an organization in Cyprus. It seeks to contextualize issues around diversity within the current peculiar politico-economic environment, and identify the drivers as well as barriers to diversity in the company. The business case has been argued as rationalization for introducing diversity management initiatives (Jones, Jones, Latreille, & Sloane, 2009); here the research examines the situation within the specific organization and attempts to link diversity policies to the perceptions of employees on organizational culture and effective diversity management.

The focus for the research was as follows: What does the literature say about the management of cultural diversity? What are the drivers towards the management of cultural diversity at the organization? What are the barriers and resisting forces to the management of cultural diversity at the organization? How can upper echelons in the organization achieve effective cultural diversity management? More specifically, I focus on the connection between diversity, employees' perceptions of their organization, and their sense of organizational culture and leadership.

INTRODUCTION

Diversity management

Diversity management is, according to Pitts, Hicklin, Hawes, and Melton (2010), an organizational reaction to workforce diversity and its associated challenges and opportunities. Diversity management initiatives classically tackle the concerns of traditionally underrepresented groups of individuals, such as people of color and women, but many also focus on other dimensions of diversity, like age, professional background, religion and sexual orientation, which affect work-related outcomes (Pitts et al., 2010). There are a number of benefits associated with the employment of a diverse workforce, representative of today's society. The main question is how a company can actively and strategically deal with diversity and establish the appropriate organizational culture effectively. Because organizations aimed at establishing inclusive working environments should reflect this value within their strategies, I argue that this corporation must identify those activities to employ, which will incorporate and promote diversity as an asset and ultimately a competitive advantage.

The purpose of this research is to examine the business case for cultural diversity in a specific private organization in Cyprus. The focus questions for the research were as follows: What does the literature say about the management of cultural diversity? What are the drivers towards the management of cultural diversity at the organization? What are the barriers and forces resisting the management of cultural diversity at the organization? How can cultural diversity be effectively managed at the organization? More specifically, I focus on the connection between diversity, employees' perceptions of their organization, and their sense of organizational culture and leadership.

The research questions have attempted to capture the perceptions of employees on cultural diversity management within a particular private pharmaceutical organization in Cyprus. Gay and Bamford (2007) introduce cultural diversity management as a journey, not a destination; this research seeks to assess how far the organization has travelled on that journey.

The project is based on a case study undertaken in a private organization in Cyprus. Having reviewed the available literature, the case study focuses on identifying drivers and barriers to the management of cultural diversity within the organization. Research studies on diversity management in Cyprus are scarce. The findings of this study, however, can be useful to

academic professionals and company directors in countries that exhibit similar characteristics to those of Cyprus, or to those who are interested in learning more about Cyprus' context.

THEORETICAL BACKGROUND

Inspired by Syed and Kramar (2009) inquiry assessing the Australian diversity model, this study applies Syed and Özbilgin (2009) comparative, multilevel framework for diversity management, to investigate policies at three interrelated levels of analysis in Cyprus. At the macro-national level, the effectiveness and implications of the present legal system is evaluated, and the paper discusses whether it brought about the desirable results of safeguarding a fairer and efficient legal system, eliminating any kind of discrimination at the EU level. At the meso-organizational level, the paper presents the findings of qualitative case study. At the micro-individual level, the study refers to the results of research indicating that Cyprus is a society of possessive individualism, dominated by degraded solidarity and racism with a negative attitude to foreigners of other skin colors, races and nationalities.

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Macro-national perspective

At the macro-national level, this paper offers an examination of the public policy and legal framework of Cyprus on equality and anti-discrimination.

Immigration in Cyprus

The phenomenon of migration constitutes an integral part of the history of Cyprus. In the past, many Cypriots emigrated, resulting in the number of Cypriots living abroad becoming nearly half the population of the island itself (Anthias, 1992). Being a former British colony, a considerable number of Cypriots migrated to the UK, whilst others headed to South Africa, Australia and Canada (Anthias, 1992). This was followed by a two-way situation; a large number of Cypriots, who fled to various countries abroad, settled permanently in their countries of residence. Another significant percentage of Cypriots returned at a later stage to their place of origin, where they were reintegrated and contributed to the development of the island (Anthias, 1992).

The contemporary history of Cyprus has been marked by rapid economic development since 1974, which was followed by the devastating financial crisis and bailout of 2013. In the

meantime, Cyprus was in need of labor, which resulted in 18.6% of the population in Cyprus at the end of 2012 consisting of foreign residents (CyStat, 2014). Consequently, there have been efforts to modernize the legislation of Cyprus concerning foreign workers and immigrants, in a way that fully complies with the requirements of international law, and the various directives, regulations and recommendations of the European Union (EU) (ECRI, 2011).

Legal framework

As an EU state, Cyprus is obliged to comply with the *acquis* on migration, especially in the matter of allocation of long-term residence and work permits to immigrants who complete a five-year stay, as well as other rights, like family reunions and part-time students.

The main challenge that Cyprus faces is to recognize the inadequacy of the current system; accept that it is a multicultural society; and establish procedures and policies that promote the social integration of immigrants, enrich society and create conditions of equality for all residents, irrespective of national, ethnic, racial or other origins.

By law, the body responsible for fighting racial discrimination is the Office of the Ombudsman, incorporating the Anti-Discrimination Body and the Equality Authority. The main responsibilities of both the Equality Authority and the Anti-Discrimination Body are centered on ethnic or national origin, religion, community, sexual orientation or sex. The Office examines complaints of discrimination or racist acts, makes recommendations to the offenders and imposes fines, conducts surveys and studies on these issues and publishes their results. The Police Department has established an Office for Combating Discrimination and an Office for Combating Trafficking.

Constitutional provisions on Equality and Antidiscrimination that were introduced in 1960, placed huge weight on eliminating discrimination and still constitute some of the main legal regimes on establishing equality both to natives and to foreigners. The article 28(1) of the Cyprus Constitution, which equates to Article 14 of the European Convention on Human Rights (ECHR) states, “*all persons are equal before the law, the administration, and justice, and are entitled to equal protection thereof and treatment thereby*”. Article 28(2) establishes the enjoyment of rights and liberties by all persons, without any direct or indirect discrimination on the grounds of community, race, religion, language, sex, political or other conviction, national or social descent, birth, color, wealth, social class or any ground

whatsoever. The entire second part of the Constitution gives rights and liberties to anyone who legally resides in Cyprus (both natives and non-natives) to the same extent, and in some instances expands upon the rights and liberties safeguarded by the ECHR. Part II also gives the right to anyone to reside in Cyprus, subject to specific exceptions, while it also establishes the right to bring a claim against anyone who violates any of the established rights. The Constitution guarantees the right to a fair trial, while the Government is obliged to offer legal aid to individuals who cannot afford the legal cost.

Howbeit, the Republic of Cyprus lingers in a balance between the rights of foreigners and the duty of the State to keep its citizens safe. Thus, the constitution imposes some restrictions, as it allows for the detention of aliens with a view to deportation or extradition (article 11), while it also allows for the Government to regulate on, through the enactment of additional laws, any subject or conflicting issue regarding non-citizens, in accordance with international law (article 32).

However, the case law established after Cyprus's induction into the EU in 2004 tends to ignore the anti-discrimination Directives, and in practice continues to treat the Constitution as the highest form of law in the country. The disability Directive 2000/78 includes provisions legalizing 'the creation of employment opportunities by introducing schemes for the employment of disabled persons with motivation to the employer, and the creation of posts in the public and semi-public sector to be filled in exclusively by persons with a disability' (Law on Persons with Disabilities 127(I)/2000 as amended, article 5).

This nonetheless, does not seem to affect court decisions issued, which discards positive action supporting socially vulnerable groups on the reasoning that they breach the basis of equality. In 2011, a series of court judgments arisen as regards with allegations of age discrimination in the context of setting dissimilar retirement ages for different groups of employees, depending on their age or rank. The legal advocacy of these statements, discloses practices and tendencies that do not comply with the equality acquis, such as "*widening the scope of the exceptions to the non-discrimination principle and introducing concepts such as reasonable discrimination which must be done because of the special nature of things*" (European network of legal experts in the non-discrimination field, available at: <http://www.nondiscrimination.net/content/main-legislation-14>).

Diversity management

Over recent years, and especially after Cyprus' introduction in the EU, remarkable anti-discrimination efforts have been carried out. The purpose was to make people aware of issues of diversity and equality in all areas, eliminating any working conditions or remuneration-related mistreatment issues. These efforts also included amendments in legislation, establishing educational programs and seminars to educate children towards accepting and appreciating diversity, as well as conducting research in related fields.

In light of this, the following measures have been taken nationally:

- i. Active participation of the Government through the state budget and EU Programs (e.g. the Community Action Program to Combat Discrimination and Equal Initiative)
- ii. State Institutes offer to all migrants the chance to improve their knowledge of the Greek language, in order for them to have more opportunities for employment and an easier induction into the society by attending afternoon and free evening Greek lessons.
- iii. The Cyprus Equality Body conducts research on sexual orientation.
- iv. Asylum seekers have access to free medical care if they do not have sufficient means of support and the right to public allowance under the relevant laws.
- v. The Asylum Service has decided that families and single women will have absolute priority in being hosted at the Reception Centre.
- vi. The District Social Welfare Offices, under special circumstances, give assistance to asylum seekers in finding accommodation, especially in cases of vulnerable groups, as well as giving them a considerable amount of money per month in order to enable them to live decently until they find an appropriate job and accommodation.
- vii. A series of laws and attempts to eliminate discrimination has taken place, but these alone are not sufficient to achieve the established goals if civil society is not involved in this effort. Thus, the Government encourages everyone to attend events and national days for minorities in Cyprus, in order to meet and understand each other's cultures, to share experiences and set common goals.

viii. However, the European Commission against Racism and Intolerance stated in its 2011 report that *“the criminal, civil and administrative law provisions against racism and racial discrimination are rarely applied”* (ECRI, 2011: 7). Despite the measures that appear to be taken at a national level, still *“Cyprus has no integration policy. Legislation is being drafted to combat irregular migration by means of sham marriages. Negative attitudes towards migrants, asylum seekers and refugees are commonly expressed in political discourse and in the media. There is a rise in prominence of extremist anti-immigration groups. Certain extreme nationalist websites disseminate hate speech”* (ECRI, 2011: 7).

Gender equality

Gender equality has always claimed to be a basic and primary goal of the Cypriot government, which by the late 1970s began to be incorporated into the overall socio-economic policy of the state, and specific measures were promoted in the context of Strategic Development. The measures aimed towards expanding and improving the facilities provided for the reconciliation of family and work responsibilities, the creation of a legislative framework that would effectively address the issue of gender, and to consolidate and improve the position of women in economic and social life.

Gender equality in employment is a broad and multifaceted issue. The promotion of equal opportunities and gender equality in employment is a vital component of this priority for employment policy, which inter alia aims to promote growth and employment, whilst socially integrating women. Promoting measures and priorities in the field of gender equality in employment, combined with the upwards trend of the economy that was evident up to two years ago, as well as the radical economic restructuring due to the significant growth of the tertiary sector, and the gradual transition into a knowledge economy. This resulted in increasing the participation of women in employment, with organizations appealing to ensure equal development opportunities, remuneration and career progression, thus leading to strengthening and improving the role and status of women in the socio - economic life of the country.

The fact that the vast majority of new vacancy openings come from the service sector, which offers better terms and conditions of employment, appears to attracting and motivating women. Nowadays in Cyprus, about 15,000 women are engaged in temporary employment and around 16,000 are working part-time in areas such as education, trade, agriculture and in

the manufacturing industry, due to favorable conditions of work and flexible time with regard to their family and social obligations (CyStat, 2014). The increased interest of women in part-time work can be attributed either to their desire to achieve a work-life balance, or to a wider social undermining of women's high career aspirations.

Current labor market situation

Despite the fact that Cyprus delayed in expressing signs of pressure from the global depression compared to the rest of the EU members, its economy tipped into recession in 2009 and has been slow to bounce back ever since. There was though some growth in 2010-11 before contracting again by 2.3% in 2012. Relentless disputes surfaced in the Cypriot financial sector in early 2011, which were culminated in March 2012 when the government requested an economic bailout program from the International Monetary Fund, the European Central Bank, and the European Commission (CIA World Factbook, 2013).

This had an instant effect on the labor market, where, according to the Cyprus Statistics Service (2014:15), the number of unemployed persons amounted to 70831, or a rate of 15.9% of the labor force. The unemployment rate for males was 16.5% or 38698 persons, whereas for females the rate was 15.2% or 32133: i.e., for males, the unemployment rate was higher than for females. In 2012, the number of unemployed persons was 51999 or 11.8% (males 12.5%, females 11.1%). The employment rate, i.e. the number of employed persons aged 20-64, as a percentage of the population aged 20-64, was 67.1%. The respective percentage for males was 72.6% and for females 62.2%. In 2012, the rate was 70.2% (males 76.1%, females 64.8%) (CyStat, 2014). Cypriot employed persons numbered 295910, and they comprised 78.9% of the total number in employment, whereas foreigners accounted for 21.1% or 79198 (European Union nationals 44758 and citizens of other countries 34440) (CyStat, 2014). According to the distribution of employment by sector, the biggest percentage of employed persons was concentrated in the services sector, with 79.3% or 297585, whereas the industry sector followed with 17.6% or 65868, and lastly the agricultural sector, with only 3.1% or 11654. In 2012, 76.9% were employed in the services sector, 20.2% in the industry sector and 2.9% in the agriculture sector (CyStat, 2014).

Micro-organizational perspective

In a survey conducted in 30 countries, involving 1600 individuals from Cyprus, Cyprus has emerged as a low-trust society and revealed deep social problems, including lack of social

trust and lack of social capital, that often act as factors of social inertia / apathy. It is also noted that there is a somewhat belated inclusion in the information society, and that Cypriots live in a society of possessive individualism, dominated by degraded solidarity and racism, with a negative attitude to foreigners of other colors, “races” and nationalities.

An interesting point that arises from these findings is the existence of racist trends, confirmed by daily management practices of foreign immigrants, people of different colors, “races” and religions at various levels of social life. Specifically, Cypriots, while they would not have any particular problem with migrants belonging to the same race as them being allowed to enter their country, most of all the peoples in Europe, they would like to prevent the entry of immigrants from different cultural backgrounds into Cyprus.

According to another survey (Drousioti, 2011), Cypriot citizens have negative attitudes towards immigration and strong concerns about the economic impact of immigration, although they have not expressed racist attitudes. More specifically, it was exposed that a large proportion of those rejected immigration while, as a result of immigration, the economic concerns of Cypriots were particularly intense. By the same token, though the respondents appeared dismissive towards immigration, a very small percentage of them still expressed racist attitudes. More specifically, on the question of whether discrimination against immigrants is justified, 41.7% disagreed completely, 24.8% disagreed somewhat, 18.8% agreed somewhat, and only 11% totally agreed (Drousioti, 2011). Moreover, on the question of whether immigrants should be excluded from entertainment areas, 59.3% disagreed completely, 27.2% disagreed somewhat, only 6.1% agreed somewhat and 6.3% totally agreed (Drousioti, 2011).

Furthermore, the action of the Anti-Discrimination Body in 2012 demonstrates that nowadays, discrimination, intolerance and racism have an impact not only on immigrants but also on other socially vulnerable demographic groups. Amidst the financial recession, the phenomena of discrimination and racism are triggered by a couple of common underlying originators – disdain or the inadequate consolidation and respect of rights, social exclusion, poverty, and exploitation (Anti-Discrimination Body, 2012). From its establishment on 1 May 2004 until the end of 2012, the Body has received 1273 complaints. In 2012, the number of complaints rose to 125 and the majority concerned discrimination on the grounds of racial, national or ethnic origin (Anti-Discrimination Body, 2012). During 2012, the investigation of 154 individual complaints was completed.

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The large majority of complaints received by the Body in 2012 – 85 out of 125 – concerned (alleged) discrimination on the grounds of racial, ethnic or national origin of a person or group of persons.

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Most of the complaints submitted in 2012 concerned, firstly, discrimination in relation to migration issues (59) and, secondly, discrimination in relation to access to goods and services including housing (25) (Anti-Discrimination Body, 2012).

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Meso-organizational perspective

Research rationale and design

I have attempted to capture the perceptions of employees on cultural diversity management within a particular private pharmaceutical organization in Cyprus. Gay and Bamford (2007) introduce cultural diversity management as a journey, not a destination; this research seeks to assess how far the organization has travelled on that journey.

The project is based on a case study undertaken in a private organization in Cyprus. Having reviewed the available literature, the case study focuses on identifying drivers and barriers to the management of cultural diversity within the organization. Research studies on diversity management in Cyprus are scarce. The findings of this study, however, can be useful to academic professionals and company directors in countries that exhibit similar characteristics to those of Cyprus, or to those who are interested in learning more about Cyprus' context.

Purpose

A recent approach to diversity management revealed that the synchronous working environment is evolving rapidly, whilst the pace of work is becoming more dynamic and unpredictable (Cascio, 2003). Moreover, organisational complexity appears to be ever increasing, and as existing organisations experience a tighter combination of their units and functions, a highly reliable team and an augmented organisational performance are considered to be crucial (Weick, Sutcliffe, & Obstfeld, 2008). In addition, the relationship

between the employee and the employer appears to be weakening (Cappelli, 2000; Hall & Moss, 1999; Rousseau & Libuser, 1997), since the current increase in the employee turnover rate implies that long-term employee relationships cannot be assumed anymore.

The purpose of this study is to examine the employees' attitudes about diversity management and to determine which diversity practises to incorporate into the organisational strategy. Considering that, though every human being is unique, with a distinct and individual character, each person is also a member of a wide array of identity groups, I have measured the perceptions of employees on what they consider to be effective diversity management, and explored the relationship of these perceptions with the established organisational culture.

Sample

The research has been conducted among the employees of a particular department of a private organization in Cyprus. For the purpose of this research, the whole population –including the HR manager of the organization- was investigated, since there were no barriers in collecting data from each employee –team member. Therefore, the sampling strategy was intentionally based on the population, since each of the individuals was members of a team, in which effective diversity management was essential for the overall success.

Instrumentation

This conceptual paper focuses on the role of employees' perceptions of diversity management and organizational culture in promulgating inclusion and solidarity. I draw upon Kandola and Fullerton's (1994) model of managing diversity to investigate the status quo within a specific organizational context and assess its impact on the effectiveness of diversity management

The main research instrument used was the semi-structured interview; one of the most commonly used tools in the case of qualitative research, especially in the case study (Coolican, 2014; Fontana & Frey, 2005; Peräkylä, 2005; Robson, 2011). The posed questions were mostly open-ended to allow for greater flexibility, more depth, better clarification of possible misinterpretations, more harmonious atmosphere and a greater chance for unanticipated or unexpected responses (Coolican, 2014; Robson, 2011).

The existing archival material on policies that organizations in Cyprus have established towards managing diversity was used as a complementary research tool, whilst the legal framework of Cyprus on equality and anti-discrimination was also examined. According to

Robson (2011), studying archived material can be a valuable complementary tool and a rich source of information, especially when the research is conducted in organizations.

Procedure

During the interview, an attempt was made to avoid common mistakes such as critical or pressing climate, double-barreled questions, deliberate guidance of the interviewee as well as posing any complex and ambiguous questions. In addition, regular feedback was provided to respondents, while there was flexibility in the order of the questions as well as in their wording, whilst the venue for the interview was ensured to be quiet and the respondent was allowed with sufficient available time to avoid distraction (Coolican, 2014). The selected questions were considered reliable and relevant to the purpose of the research so not to overload the search with unnecessary and irrelevant information. Alongside, all the rules of ethics (confidentiality, informed consent, anonymity) were complied.

RESULTS

Data analysis

The data analysis revealed the following outcomes:

Experience of working in Cyprus

It is commonly accepted that no country has absolute uniformity in its national culture, as people often differ with respect to the values they consider important. Nevertheless, it is true that the prevailing values and behaviors leave their footprint on the political and economic organization of a country, but also in important institutions such as education, thus differentiating one country from another (Albert, 1991; Thurow, 1993). On these grounds, the differences in national culture among members of the same organization called on to effectively collaborate, can be a genuine challenge for the establishment of a commonly accepted organizational culture.

The challenge lies in the fact that these individuals do not necessarily share the same values, a difference which can undermine effective communication and trust between them - features that are crucial for successful cooperation in a multinational level - thereby reducing their performance and even resulting in conflicts.

Barkema and Vermeulen (1997) wanted to investigate the effect of different national cultures on performance using Hofstede's model of five dimensions. They concluded that when team

members differ in two out of the five dimensions, avoidance of uncertainty and long-term orientation, survival and let alone successful performance is uncertain, as the differences in these dimensions reflect the manner in which each member reacts and adapts to threats and opportunities in the environment. Differences are difficult to bridge, compared to the differences arising from the remaining three dimensions of Hofstede, which reflect the different way organizations treat employees.

Therefore, individuals of other than Cypriot nationality working in the organization are subject to cultural challenges when asked to work in a purely Cypriot family business, headquartered in Cyprus:

I think Cyprus is a nice place to live. Ok sometimes there are cultural differences and sometimes we overcome them with difficulties. I sometimes tell my wife that 50% of the time I want to pick up Cypriots, hug them, and tell them how much I love them and the other 50% I want to kill them! So, that's how it is. On average, however the feeling is positive. I worked in the UK, but I think there are things that here they do it better than in the UK. You know, it's different. It's like comparing a pair of apples with oranges. That's the way it is sometimes. (Employee 3)

I think the worst cultural thing I cannot get used to and it's so frustrating is gossip. Yeah I am sure this is the worst thing, it's awful when people actually do this. (Employee 6)

The recent 'bail-in' program that was implemented in Cyprus by the Troika (European Commission, European Central Bank and International Monetary Fund) has shaken the foundations of the Cypriot Economy. The impact, however, was not only in economic and financial terms. This unprecedented bailout program created social turmoil, with massive demonstrations by the Cypriot citizens because of the imposed 'haircut' of deposits above €100.000, resulting in investors leaving Cyprus and Cypriot depositors losing their funds.

Undoubtedly, the levy on Cypriot accounts catalytically burdened the economic situation of the vast majority of Cypriot enterprises and radically changed the wider Cypriot business landscape. However, allegedly, the organization is a minority of companies not burdened, and this is reflected in the working experience of employees who feel particularly safe, with some declaring themselves as even lucky.

It has been found that the sense of job security for workers in times of great economic change and uncertainty is low. On the contrast, it is enhanced during periods of economic stability (Linz & Semykina, 2008). However, the job security that appears to exist in this company exceeds the wider outer-organizational obscurity. Kuhnert, Sims, and Lahey (1989) investigated the crucial role of job security for workers' health. Yousef (1998) found that the greater the satisfaction deriving from job security, the greater is the job commitment and performance. The inverse relationship between job insecurity and work engagement and performance was investigated by Rosenblatt and Ruvio (1996). The impact of job security on performance in conjunction with a clear working role was examined by (Fried et al., 2003).

Especially the last year or so, with the economically negative environment you know, friends ask me “why do you want to live there?”, you know but yesterday I was up in the mountains walking around with my wife and our dogs, it was lovely. Last year when I was in the sea, looking the mountains, you could not find this in the UK. (...).Well, the positive thing about this company is that I look around the social chaos is obvious and this company is doing still well –because it’s able to- and it’s still employing people. (Employee 3)

For me I feel very privileged, because I work in this organization; it’s one of the biggest organizations for Cyprus’ standards and it’s one of the secure sectors still in Cyprus, especially with the last changes due to the economic recession. So, that’s why I am feeling privileged. (Employee 7-HR manager)

Experience of working in the organization

During this study, the importance of communication and the organizational language has primarily emerged. Communication exists within each process of the organization. A primary duty of a manager is to establish effective communication channels and thus create good communication among members of the organization. Communication is essential for effective decision making, firstly because it is the means by which messages that are relevant to decision making are transmitted, and secondly because it is fundamental to the implementation of decisions. The communication, whether written or oral, either formal or informal, serves a type of organizational objective.

I mean like, 'cause we are English based, I mean English is the first language of the company, well I think it is yeah. So that makes it easier for me and everyone in the Department because they are mainly from non-Cypriot backgrounds. (Employee 1)

it's not always possible you need to have clear policies and practices and so on, but still the approach of the management, we do have the open-door policy, which means you can talk to the manager if you want to. (Employee 7-HR manager)

All businesses and organizations need to motivate their employees to achieve the best possible progress towards the accomplishment of the organizational goals and objectives (Zavlanos, 1998; Papalexandri and Bourantas, 2002; Pashiardis, 2004). Motivation, as well as respect and sense of belonging, is directly linked to the satisfaction of their needs out of which a number derives from the working environment (Koustelios, 2001).

The majority of people treat me with respect. (..) I associate with different departments, sometimes there I can see that overall they are understanding. (Employee 1)

Everyone seems to be very helpful. I mean my wife has been recently employed here and everyone has been very helpful about that. (Employee 3)

Organizational culture

Family businesses are universally considered the backbone of the economy. Apart from the large numbers - in most Western economies, family businesses exceed 80% of the total number of businesses – they are a major contributor to the GDP of each country and employ a significant proportion of the labor force (Cooper, 2011). Although most of them are very small, small and medium organizations, they are estimated to produce more than 40% of the GDP and employ more than 35 % of the labor force. Along the same lines, in Cyprus, the majority of organizations are small family enterprises.

The majority of new businesses being set up have the characteristics of family businesses, so we cannot ignore the involvement of family in their establishment. In addition, family businesses combine economic and social reality, and appear as family organizations in order to create family heritage and economic value for remaining in business. The creation of this heritage requires successful succession, and a proper leader is the one who manages to achieve succession in the family business.

The core values and the agreement between members of the family promote cohesion, and appear as the main advantages of family businesses. In particular, family businesses generate economic wealth, distribute goods useful to society, but may be also characterized by a focus on power distance, in which of special interest is the position of women, who traditionally struggle to position themselves as equal among the rest of the workforce.

I mean people higher up I think have more respect, not being offensive to other people that maybe in different sections that someone that's younger than them and has a higher position. (Employee 1)

So, I believe they are doing something right. There is a kind of family feeling here, the senior management makes sure people are looked after. Which I think is really nice they didn't have to but they did things there. I think that's what I like to see you know, these personal things which I don't think I have ever seen them before. And I think this thing is still in Cyprus, families, and people looking after people. (Employee 3)

Well it could be difficult to be heard sometimes, but they won't look down at you, they might not do what you told them, but they won't actually be offending. They just won't listen. I would like to think that this is not because I am a woman, but I think it is. Especially being a young woman and I am not a head of something, so they prefer to speak with something a lot more experienced. I think women in this company with managerial positions are actually heard a lot more and are not having this kind of issues. Just because of position. I think at our company is more about the gender rather than the nationality, because we have so many here. Even the Cypriot between us speak English which is something ridiculous, but now it's part of our culture. (Employee 5)

I believe that because we used to be a family organization, a family business, so still a culture is, I mean we try to keep that kind of culture. (Employee 7-HR manager)

Establishing policies enhancing effective diversity management

According to the research, the organization has not established any specific diversity management policy and any issues arise are often treated by the administration on the basis of goodwill. Though it is important for the company to develop and implement a clear policy to prevent discrimination based on differences in national origin, gender, sexual orientation,

age, still the management has neglected to establish a written policy addressing such discrimination on behalf of the personnel. According to the HR manager:

No we don't have any official diversity policy. The unofficial policy that we have is for the gender. We are trying to keep the gender percentage which is 60% to 40%. But nothing formally. Regarding foreigners, we don't have such a policy, but there is no barrier of hiring foreigners, I mean foreigners especially from EU, because if you have non-EU employees, you need to have a work permit from the Ministry of Labor, and since the Ministry does not give work permits due to the high unemployment rates, so by foreigners we mean mainly EU citizens. So, if we find an EU citizen which is suitable according to our needs, we hire them. Just because he or she meets the criteria.

Interesting enough, the majority of the employees have claimed that they never witnessed someone being discriminated against or experienced discrimination themselves.

No what I faced is a misunderstanding, not a discrimination. Maybe due to language, maybe to culture and so on. If you sit and talk with people you will find that there is no intention behind that. So that's why I am not calling that as a discrimination, because most of the times, discrimination is something that is intentional. (Employee 7-HR manager)

whilst a foreign employee has argued that:

I don't have that problem of people facing me as a foreigner. We may have a misunderstanding, but that maybe something that you clear out immediately. (Employee 2)

However, there were employees who have raised the necessity of establishing a formal diversity management policy, since that would have protected them against discrimination:

Well regarding cross-cultural experiences within the organization you can categorize them into problem of communication or lack of communication, how to put it, sometimes it looks like there is lack of strategic planning. (...) There isn't any overall policy or plan for developing. There could be one but it would be nice for us to know it. (Employee 4)

Upper management diversity and organizational culture

The behavior of upper management plays a key role in shaping organizational culture. Thereafter, employees set priorities as separate entities, which leads to the creation of a diverse climate. Both researchers of the organizational culture and of climate seem to share the same perspective that both are strongly influenced by the behavior and attitudes of senior management. The hierarchical classification of the administration priorities lead to an analogous understanding and interpretation of the culture and climate on behalf of the workers. Any differences in the ability and background between members of the top management team can lead to value-creation for the company and thus improve performance, whilst “*upper echelons theory builds on the idea of the dominant coalition (Cyert and March, 1963) to propose that executives influence organizational performance through the decisions they make (Hambrick and Mason, 1984)*” (Knight et al., 1999: 447).

The innovation of the leader-member theory is that it does not treat the leadership phenomenon as dependent upon a particular factor (the leader, the situation, the subordinates), but rather focuses on the interaction between the leader and the supporters and is based on the belief that the relationship developed by the leader with each subordinate is different and has its own specific characteristics (Northouse, 2012). Most importantly, this approach underlines the link between the leader-subordinate relationship with job performance and the importance of communication within the relationship.

In light of this, respondents advocate that:

He is a person that is very easy to approach. Like, he is not someone who would yell, or something to get his point across, he would explain, he would sit there, if you had any problems or so ever, he'd always be open like as busy as he was. I believe he is a great manager, because he supports his team, like if we have a problem and let's say within our department, if you are wrong he explains you why, but if we are right he would back us up. He takes responsibility; he is easy approachable. (Employee 1)

Our manager is compassionate towards foreigners, he understands where they are coming from, and if people felt were left out of something, (...) our manager is very supportive. (Employee 2)

I feel I can speak up my opinion probably due to the combination of managerial skills and the overall organizational culture. Our manager allows us the freedom of speaking up our opinion, because obviously he values our opinions. I have always thought if

there is something wrong, you have to say something about it, regardless of what it is. You have to stand up for yourself. (Employee 3)

As discussed by (Boerner, Linkohr, & Kiefer, 2011) diversity within a top management team should contribute to the processing of information within the team – that is, *“to team members’ exchange, discussion, and integration of ideas, knowledge, and insights that are relevant to the team’s task. This in turn could reduce the tendency towards groupthink associated with homogeneous upper management teams (Hambrick and Mason, 1984) and result in more elaborated team decisions”* (Boerner et al., 2011: 330) and this is supported by employees’ statements:

I don’t know if my manager would be as efficient if he was not a foreigner. There are Cypriot people that can be understanding, I would like to think. I have not met them yet. I have studied abroad, I have friends that are non-Cypriots, but still if someone asks me the same thing twice I will get pissed off. But our manager wouldn’t. So probably it has to do with the way he grew up. (Employee 5)

I think he was effective because he was French. Because he wanted to do things in a correct way. He was scientifically correct. He could draw the lines, we wanted to do several things, but he would explain what we should do. (Employee 6)

Diversity training and awareness of human resources personnel

In addition to improving diversity in the workforce, the organization also needs to augment its ability to manage this situation effectively and to ensure respect and fairness for all. Companies have tried to address this need by implementing a series of human resources policies and programs so as to upgrade the working environment and the personnel experience. Such programs include training sessions on diversity, intercultural skills and exchange programs, legal issues and compliance matters, language and integration sessions for migrant workers, fair recruitment and selection procedures as well as evaluation and change management programs. There are even companies that provide managers with a framework of performance programming, control methods, and diversity devices to assist them in implementing the policy.

According to the HR manager:

To be honest there is no a specific training in diversity but we arrange meetings and bonding events and so on where people can join. We used to offer for foreigners the opportunity of having actually before I come we had an employee who had studied Greek literature and he was giving for free – fees paid by the company - and she was giving free Greek lessons. But foreigners didn't attend the lessons so we stopped the provision.

Management of diversity in the organization

Insert Figure 5 about here

Most organisations have realized that diversity exists and that the culture of any organization should be inclusive towards the needs of a number of different workers. Epigrammatically, many managers are confronted with the challenge of how to make the corporate culture more harmonious and aligned with issues of multiculturalism. However, the organization appears not to have realized that managing issues of diversity and multiculturalism is vital to the organisational success. Cox Jr and Blake (1991) have proposed six arguments to support the belief that the management of cultural diversity can improve organisational performance.

In order for this organization to manage diversity successfully, it needs to renew its outdated policies and procedures that have arisen over the days in which multiculturalism was not a big concern, and establish a formal diversity policy aligned with its mission and vision. A highly skilled, innovative and diverse workforce is important for business success, as highlighted in the previous chapters of this manuscript. Adjusting the absence of the apposite personnel and recruiting and retaining high-level employees from various cultural backgrounds are indeed an essential reason for this company to implement diversity policies. The top management team needs to start seeking to improve their skills, as regards to global management, through initiatives to ensure that they are attracting and retaining a diverse and culturally competent workforce, which will be able to work across national, linguistic and cultural borders. They should also seek to recruit employees representing local communities and nations at all levels of operations and management.

Limitations of the study

These findings have implications for future research, pointing out the significance of effectively managing diversity. Workforce diversity is often considered as a 'double edged

sword' as it can engender both advantages and disadvantages for organizations. The surface features as personality, knowledge and skills, if properly manage can constitute a competitive advantage for the organization, since it will allow the best utilization of each employee's contribution. Differences in deeper characteristics, if not overcome, are likely to lead to mistrust, faulty decision making, and miscommunication, which will eventually result in poor performance and low job satisfaction. The sample is not a truly representative sample and thus the results of the study cannot be generalized across the private industry sector in Cyprus. These findings can be useful as the base for a practical framework on effectively managing diversity; still managers should not fall in the trap of generalizing and formulating a strategy that is not aligned with their organizational culture. A lack of awareness and misinformation are the foundation of many cross-cultural pitfalls. There is no one-size-fits-all approach to manage diversity resourcefully and this limitation of this study should be carefully balanced with taking into account the dimensions of context, individual differences and interpersonal relationships.

Conclusions

In order for the organization to create a culture of diversity, they first need to build common ground. This means building a common set of goals and rewards, mutual respect and understanding, mutual commitment to justice and a common vision for the future. To be effective, this mutual feeling needs to be built through openness and dialogue between all members of the organization. Although all individuals are unique, they also belong to specific social groups, based on ethnicity, culture and age, and share to a greater or lesser extent, certain characteristics in common with other group members. It is important for managers to recognize that employees are complex individuals who comprise both individual and collective features. This recognition lays the groundwork to manage a diverse workforce effectively.

Managing diversity is neither a panacea nor a simple and quick process that can be applied in a work environment overnight. Apparently, its implementation requires complete dedication on behalf of the top management team and, most importantly, it requires the commitment of the leaders to the goal. Nevertheless, the fact that there is not a standard procedure for its application within the organization makes it even more challenging. Recent developments link the company's need to successfully addresses the speed of changes in the wider social environment with the promotion of the value of the person, of each different personality, as

components of effective management. In Ford, for example (Padilla, 2002), diversity practices have been applied for more than a decade, and their effectiveness in relation to the annually objectives is continuously positively evaluated. In the past few years, however, the emphasis has shifted from the management of diversity to inclusivity. The reason was that though the training, seminars and activities were supposed to facilitate the coexistence of different - in terms of age, gender and race - workers, they tended to create closed groups of people that were united either in the same interests or features. That is, people in charge of the training realized that an indirect distinction was eventually created, which excluded in some way the person considered as not different from various actions, which target only the different. In light of this, the training activities have now been reoriented towards the mixing and coexistence of all with all.

This innovation brings closer to reality the until now theoretical notion that the management of diversity can only be based on the interaction between equal individuals and therefore it cannot but encourage the ability of the employee to develop their personalities in the context of their working role.

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FIGURES

Figure 1: Relational framework (based on Syed and Özbilgin, 2009) showing macro, meso and micro perspective on diversity management in Cyprus

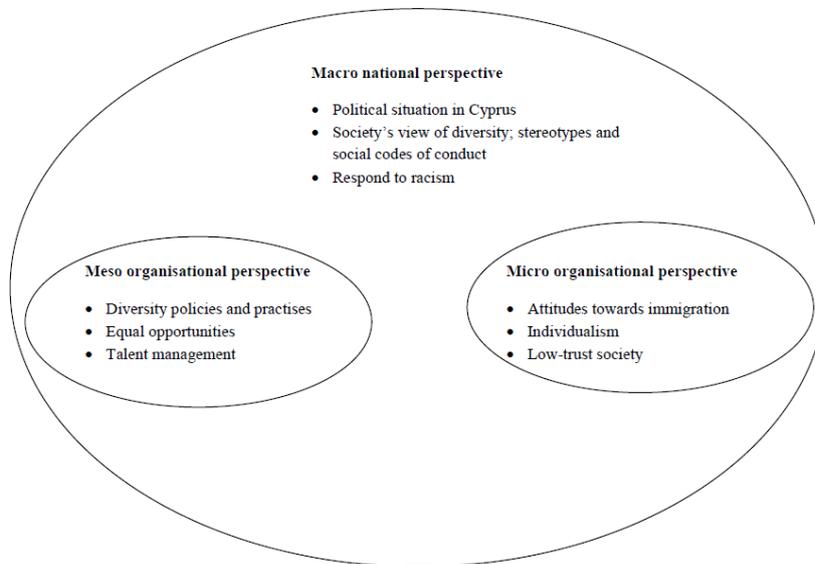


Figure 2: Classification of complaints according to place of origin (Anti-Discrimination Body, 2012: 48)

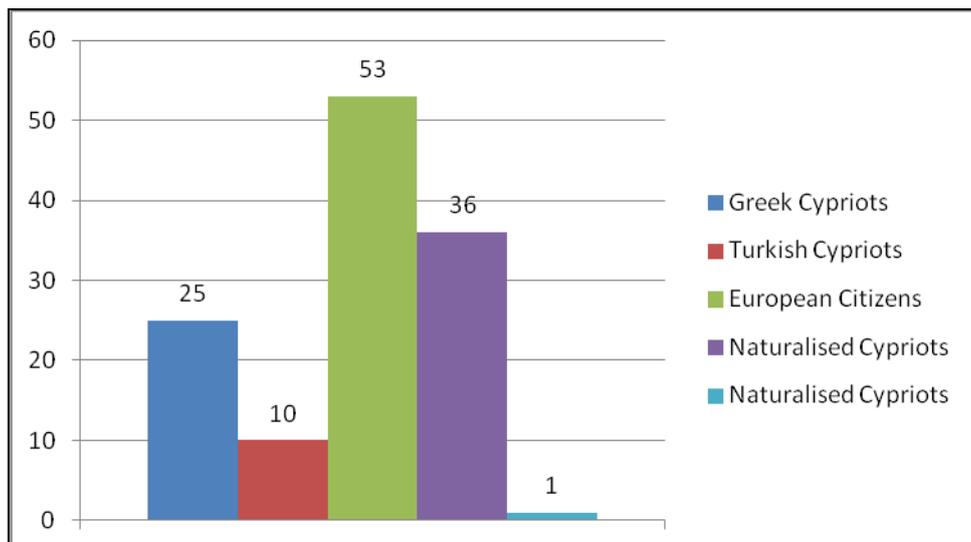


Figure 3: Classification of complaints (Anti-Discrimination Body, 2012: 49)

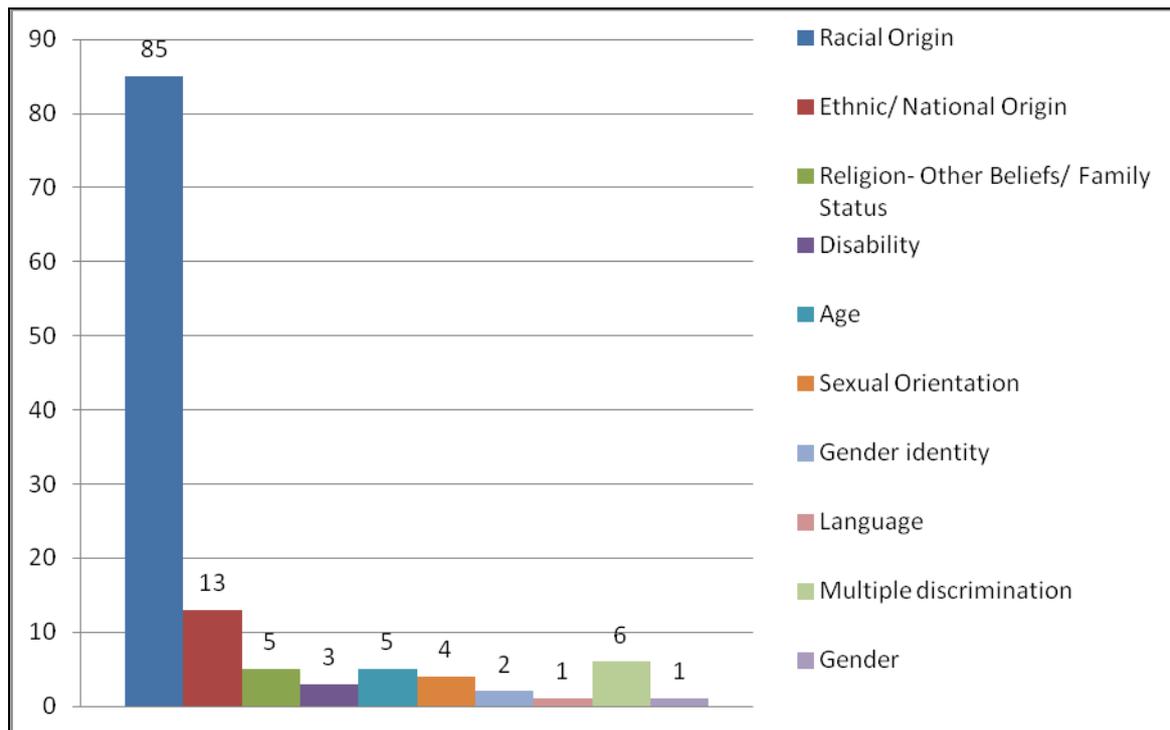


Figure 4: Areas of discrimination (Anti-Discrimination Body, 2012: 50)

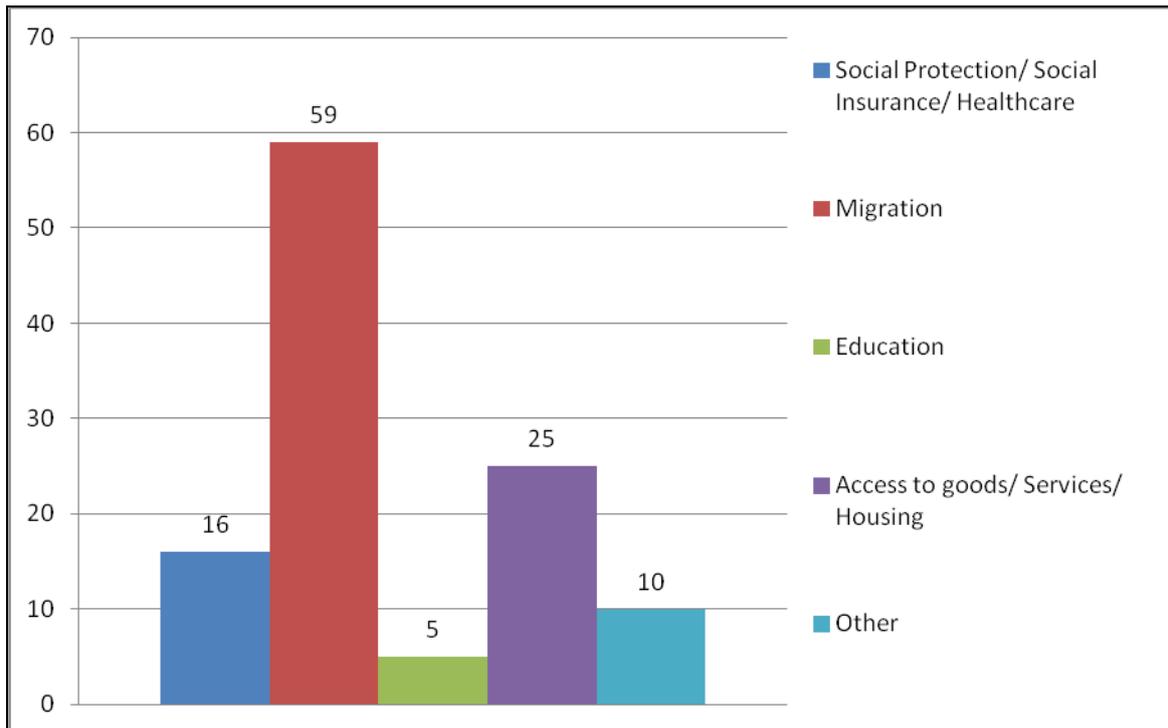


Figure 5: Kandola and Fullerton’s (1994) model of managing diversity as applied in the organization

Factors	Application to the organisation
Mission and values	There isn’t any diversity strategy; the organisation appears to align its policies with a standard adjustment to labour and insurance law. Interviews with employees show that the organisational vision is not necessarily understood at every level.
Objective systems	Research revealed that there is a need for the processes and systems – for example, recruitment, selection, induction, performance appraisals – to be systematically audited in order to ensure that no particular age group, sex, ethnicity or type predominates at any level.
Skilled workforce	There is no skilled workforce on diversity or a diversity manager.
Active flexibility	Despite the absence of a diversity policy, still the organisation recognises the diverse needs of employees and responds by providing a flexible approach, an approach that enables the potential of all employees to be maximised.
Individual focus	The company should focus on facilitating the development of all employees based on their development needs and not their group membership.
Culture which empowers	The organisation understands the importance of organisational culture and how this affects individuals within it. In light of this, it should do more to ensure that all employees have an understanding of how the organisation operates, what it values and how it expects its employees to behave.

