



Perceived challenges of leading a diverse workforce from a leader perspective

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Abstract:

Diversity has increased rapidly in the previous years and presents challenges to leaders. Due to the new challenges, diversity management is even more important especially because it drives innovation, improves decision-making, enhances problem-solving, fosters understanding of customers, increases employee engagement and retention, expands the talent pool, ensures legal compliance, and contributes to a positive reputation in the marketplace. Diversity management has been studied before, but not in this perspective in Finland. The thesis aims to answer the question on how leaders perceive the challenges in leading a diverse workforce. It tries to find an answer to the following research question: What are the perceived challenges of leading a diverse workforce from a leader perspective? The study is conducted as thematic interviews with leaders that have different work tenures and industries and that are in a leadership positions. The study is made in leadership perspective. The results indicate that there are common challenges when leading a diverse workforce. The results are divided into three categories: 1) Communication challenges, 2) Leadership / Corporate culture challenges and 3) Workforce challenges. The results demonstrates that communication challenges, leadership/corporate culture challenges, and workforce challenges are interconnected and can significantly impact organizational success and workforce well-being. The findings highlight the importance of effective communication, inclusive leadership, and promoting diversity and inclusion in the workforce.

Keywords: diversity, leadership, diverse workplace, diverse workforce, leadership challenges, diversity challenges

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1 Introduction

There is a growing need among organizations to give teams more accountability. A rising number of companies acknowledge that the most effective approach to meet customer needs, enhance product quality, and have the best service delivery lies in the collaborative workforce. Facilitating the integration of individuals from diverse cultures and backgrounds has become increasingly demanding for leaders, giving them more challenges in leading a diverse workforce in their organizations. The need for organizations to understand and comprehend the complexity due to several different cultural norms, values, and languages has increased a lot. Also, the importance of financial performance has increased and is one of the reasons leaders see this topic relevant to them. (Dixon-Fyle et al., 2020) Other known challenges, as immigration issues or aging and growth of population are just an addition to the challenges of organizations and making it harder to effectively manage diverse workforce. This research studies the challenges of leading diverse workforce from the perspective of leaders, therefore it is focusing on an important leadership challenge of today.

Problem-free collaboration and effective teamwork are crucial parts of organizational success. Therefore, understanding the concepts of diversity and diversity leadership are crucial for any leader and business. Workplace diversity refers to the presence of a wide range of individual differences among employees within an organization. It includes different characteristics, such as race, gender, and socioeconomic background. Researchers have wanted to understand the concept of diversity, its effects in the business world, and its strategies for managing such effects. It also indicates that diversity management is understood as a management of a positive workplace, where the diverse attributes and qualities of all employees are appreciated, enabling them to perform in the best way possible. It is crucial for leaders to see the differences in employees as benefits and not liabilities. Good treatment of the employees can instill high levels of motivation in their work. (Ivancevich & Gilbert, 2000 in Roberson, 2019)

Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn, Leonard, Levine, and Thomas (2003) write how ideally diversity can better business performance, for example when diversity is not managed well, it may lead to several challenges at a workplace Challenges can be for example conflicts due to language challenges, miscommunication, and not being able to retain talent. Managers have the responsibility of guiding a workforce that is diverse, and they are liable for the

productivity, as well as resolving conflicts but also helping them grow in their roles. Leading a diverse workforce poses a challenge to managers who are leading teams from various backgrounds.

1.1 Research objectives

This thesis aims to shed light on challenges of leading diverse workplace in Finland. The goal is to understand the phenomenon better from a leader perspective; how the challenges are perceived and experienced. The research question for the thesis is: What are the perceived challenges when leading a diverse workforce from a leader's perspective?

1.2 Structure of the thesis

This thesis is structured into five chapters along with a conclusion. After the introductory chapter, a review of relevant prior research and literature is conducted. The literature review includes an examination of literature of diversity, diversity leadership, and the challenges associated with leading a diverse workforce. The second chapter introduces the chosen research approach, which is an inductive approach. Second chapter also explains the methods for data collection and analysis. Moving on to the fourth chapter, an in-depth exploration of the findings is presented, focusing on the experiences of individuals who lead and manage teams or hold team lead positions. This chapter provides a detailed description of the insights and observations. In the final chapter, a comprehensive summary of the findings is presented and discussed. The chapter also acknowledges the limitations of the study and offers recommendations for future researchers. Finally, the conclusion chapter serves as a wrap-up, summarizing the main points discussed throughout the thesis and offering a cohesive closure to the thesis.

2 Literature Review

In this chapter, literature review is conducted, focusing on the key concepts addressed in this thesis. I also explain based on the literature how diversity affects organizations and team performance, and lastly previous relevant literature on the challenges of leading a diverse workforce.

2.1 What is diversity?

Diversity means different. The concept of diversity has become increasingly important at workplaces. As the world continues to become more globalized, it is essential to recognize and appreciate the differences that exist among individuals. One of the primary reasons why diversity is essential is that it helps to create a more inclusive and equitable society. People with different experiences and backgrounds can bring unique ideas and perspectives, which can help in decision-making, innovation but also when solving problems. Furthermore, by valuing diversity, we can help to break stereotypes and barriers and at the same time promote understanding and empathy between different groups of people. (Roberson et al. 2017a,b in Roberson, 2019)

Another crucial aspect of diversity is that it can help to combat discrimination and prejudice. By recognizing and respecting the differences among individuals, we can begin to challenge harmful stereotypes and biases that may exist within our own communities. This can help to in creating a place where everyone can thrive and reach their full potential. (Machado & Paulo, 2018)

However, achieving diversity is not always easy. It requires a concerted effort to overcome the barriers and biases that may exist within our own communities and workplaces. This may involve implementing policies and practices that promote diversity and inclusion, such as affirmative action programs or unconscious bias training. It may also involve creating safe and supportive environments where individuals can feel comfortable sharing their experiences and perspectives. (Benschop, Holgersson, Van den Brink & Wahl, 2016)

In conclusion, diversity is an important source of advantage for business organizations but also a vital aspect of our society, and it is essential that we work to promote and celebrate it. By recognizing and valuing the differences among individuals, we can create a more inclusive, equitable workplaces.

2.1.1 Diversity defined

Diversity can be explained in many ways. These may mean many different things, such as race, gender, or sexual orientation. Diversity is recognizing the differences in thought, both at an individual level and within groups. Group level diversity means the groups of people at work. To foster organizational diversity, it is necessary for a group of individuals to ensure the inclusion of multiple viewpoints. (Tan, 2019 in Roberson, 2019)

According to Roberson et al. (2017a,b), diversity can be divided into two main categories in order to better understand its nature. The first category consists of more visible characteristics in individuals in a work unit, such as gender, race, and age. On the other hand, the second category includes less observable differences like educational background, length of employment within the organization, and professional experience. The first category mainly refers to innate characteristics, while the second category includes characteristics that are developed over time. This classification into two categories provides a useful framework for understanding the different aspect of diversity. (Milliken & Martins 1996, in Roberson, 2019)

Pelled (1996) proposes an explanation to diversity as its based on employees relevance to job performance and the informational resources they bring. According to the perspective of diversity as an information processing mechanism (Williams & O'Reilly, 1998 in Roberson, 2019), attributes that include different ways of thinking and varied experiences that directly relate to job responsibilities, like education or previous work experience, are seen as relevant to the job and have a big effect on how well a group performs (Simons et al., 1999 in Roberson, 2019). On the other hand, attributes that do not fall into this category, often demographic in nature, are seen as not as important when changing knowledge and perspectives in a team. Instead, they tend to influence relations and attitudes through categorization processes. (Pelled et al., 1999 in Roberson, 2019)

Building upon these ideas, an integrated approach combines physical diversity differences, which are visible and deeper level diversity, which are task-relevant but not only based on physical characteristics. In terms of group functioning, this approach suggests that deep-level characteristics, such as beliefs and attitudes can change, have a greater impact on social integration compared to surface-level characteristics. (Harrison et al., 1998, 2002 in Roberson, 2019)

In a more recent development, Harrison and Klein (2007) wanted to challenge the assumptions made by previous studies on diversity and put forward a new concept that organizes the different types of differences within a group based on their importance. They identified three main types of diversity:

- 1) Separation diversity: Pertains to differences in values, beliefs, and attitudes among unit members, indicating perceptual disagreements within the group.
- 2) Variety diversity: Focuses on the different views and experiences, but also differences in knowledge and network. It highlights the presence of different sources of information in the group.
- 3) Disparity: Refers to differences such as status one may have, privilege, status positions, and money status.

Since it was first introduced, this concept has been widely used in many studies, and researchers have noticed positive effect by applying this framework together (Roberson et al., 2017b in Roberson, 2019).

The concept of fault lines offers a way to understand the complexity of cultural identity, researchers have proposed an alternative perspective that considers the global and localized influences shaping behavior. Chao and Moon (2005) suggest a model that considers the values of people hold as part of their social identity and how these values differentiate various groups of people. This model includes geographic, demographic, and associative features of culture, representing natural regional characteristics, physical attributes, and group affiliations. These cultural dimensions affect how individuals interact with each other, capturing the dynamic nature of different identities in culture and their impact on individuals, groups, and companies.

More diversity studies developed of various typologies to describe the various ways people differ from each other. These represent the social categories that individuals may belong to and explore the potential interactions between them. Most studies tend to concentrate on objective attribute and not focusing on deeper-level attributes. Therefore, expanding the concept diversity concepts can give more perspective and understanding to the topic. (Roberson, 2019)

This chapter is based entirely on Roberson (2019) review article on diversity in the workplace.

2.1.2 Benefits of diversity

Diversity in the workplace is the representation of individuals with different backgrounds and characteristics, which brings numerous benefits to organizations. By fostering inclusivity and leveraging diverse perspectives, organizations can create a more dynamic and successful work environment (Jabbour, Gordon, Caldeira de Oliveira, Martinez, J. & Gomes Battistelle, 2011).

Having a diverse workforce brings several benefits to organizations. It fosters innovation and creativity by promoting diverse ideas and perspectives. It enhances problem-solving and decision-making processes by having a wider range of experiences and knowledge. Diversity also improves employee engagement and morale, as individuals feel valued and included in the workplace. According to the study, diverse teams have shown better results as teams with people that are alike. (McKinsey, 2020)

Diversity can also improve problem-solving. Diversity can help teams approach problems from different angles and find new, creative, and effective solutions. A diverse team can also help identify potential issues and challenges that may have been overlooked by a more homogenous group. Diversity can bring better decision-making in many ways. When a team is diverse, they are more likely to consider a range of perspectives and ideas before deciding. Having a diverse workplace can increase employee engagement, for example when employees feel that their backgrounds and perspectives are valued, they are more likely to be engaged and committed to their work. This can lead to improved productivity and better overall performance. Diverse teams at workplaces can also make the company understand its clients better and serve a more diverse customer base. This can then lead to increased customer satisfaction and loyalty. (Thomas & Ely, 1996)

Figure 4 highlights the advantages associated with diversity and inclusion at a workplace (Ivancevich & Gilbert, 2000):

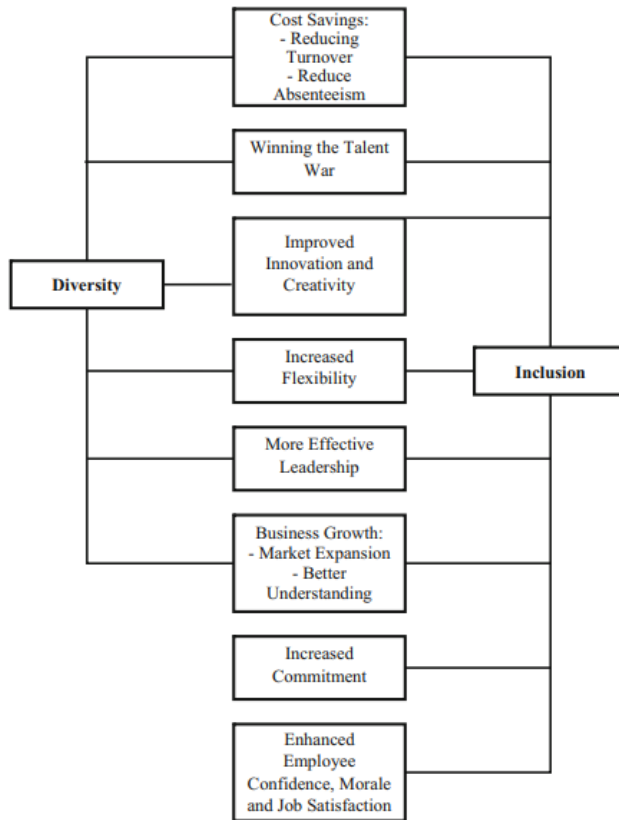


Figure 4: Benefits of diversity (O'Donovan, 2017 in Ivancevich & Gilbert, 2000, p.77)

In the Figure it explains how the benefits are related to each other, but also how diversity and inclusion go hand in hand. Diversity is the reality of what happens in everyday worklife, but having an inclusive approach even widens the range of possible benefits.

However, having diversity is not enough to have the benefits of it. Diversity needs to be actively managed, preferably through an inclusive approach by leaders. Overall, diversity can bring many benefits, when lead in the right way.

2.2 Diversity management and its effects on organizations

In the future working life, teams will be even more diverse. Diversity leadership refers to the practice of promoting and embracing diversity within an organization. It involves creating an

inclusive environment where individuals from diverse backgrounds and having various aspects such as their race, gender, age, sexual orientation, and abilities, can contribute their different perspectives and experiences. Next, I will present how diversity management can be defined and its effects on organization, team performance and legislation.

2.2.1 Diversity management defined

For managers to effectively handle diversity, they need to have specific values, skills, and attitudes. Diversity management wants to demonstrate respect, acceptance, and recognition of the fact that individuals are different and possess unique qualities. (Lumadi, 2008)

Diversity management means that organizations take active steps to make their work environment diverse and inclusive. This includes acknowledging, appreciating, and using the differences among employees. It also means creating a supportive atmosphere where everyone feels comfortable expressing their different viewpoints and perspectives. (Jones & George, 2009) Organizations can raise awareness about the importance of diversity and educate employees about the benefits it brings. Training programs and workshops can help foster understanding and empathy among employees. Companies have to establish policies and practices that promote equal opportunities, fair treatment, and non-discrimination as well. This includes creating diverse recruitment strategies, promoting diverse talent pipelines, and ensuring equal access to career advancement and development opportunities. Effective diversity management requires commitment and support from top leadership. Leaders must set the tone for an inclusive culture, demonstrate inclusive behaviors, and hold others accountable for promoting diversity. Leaders can also encourage employee to participate in diversity initiatives, which can give sense of belonging and ownership. Organizations do also establish metrics and mechanisms to measure progress in diversity management. Regular evaluation helps identify areas for improvement and adjust strategies accordingly. (Kossek & Lobel, 1996)

2.2.2 Diversity in the workplace and its effects on team performance

Having diversity in the workplace means hiring people from various age groups, genders, ethnicities, sexual orientations, cultural backgrounds, and educational levels. It's not only

important for promoting creativity and fairness but studies also reveal that a diverse workforce is beneficial for businesses. In fact, companies with a diverse mix of workers are 35% have a better chance to perform better compared to those without diversity. When a team has different perspectives from various views, it helps educate both employees and clients, allowing them to connect with customers from all parts of the world. This creates an environment where new, unexplored, and different ideas can be shared and discussed. (Stahl, 2021)

The diversity within a workgroup refers to how much members differ from each other, can influence both in positive and negative way on the group's process and performance (Van Knippenberg & Schippers, 2007) Diversity management can be applied at a workplace to effectively manage diversity, aiming to enhance organizational efficiency and effectiveness. Successfully managing diversity can result in higher employee commitment, satisfaction, and performance, ultimately contributing to having a better financial performance. (Patrick & Kumar, 2012) A study conducted by BCG (2020) suggests that enhancing team diversity has a positive impact on innovation and financial performance. Companies with above-average diversity in their leadership teams, regardless of their economic status, report greater innovation benefits and higher EBIT margins. Remarkably, even small changes in the composition of senior teams can generate significant gains. This presents a clear opportunity for company leaders to foster a more innovative organization. The presence of individuals with different backgrounds and experiences brings diverse perspectives to problem-solving, resulting in a greater likelihood of finding successful solutions. This adaptability is especially valuable in dynamic business environments. Research supports the fact that diversity enhances the performance of organizations. (Van Knippenberg, De Dreu & Homan, 2004)

On the other hand, Page, S. E. (2007) points out that it is crucial to understand that having a diverse workforce does not automatically translate into improved performance. Teams characterized by high diversity often experience debates due to the presence of individuals with varied perspectives. Unlike teams with low diversity, diverse teams tend to engage in more conflicts because of their different attitudes and beliefs. Disagreements from these differences can lead to divided team, characterized by limited interaction and communication problems. Consequently, reaching a consensus becomes challenging for the team. For example, there can be team members who have cautious opinions and prefer to avoid risks when making plans. On the other hand, there are also team members who are more open to taking risks and want to pursue their plan. These different viewpoints within the team can lead to ongoing

disagreements, division in the team, and conflicts with all team members. (Kakarika, 2013) Leveraging the power of diversity requires a new approach. It is proposed that organizations need to not only increase diversity but also establish effective mechanisms for selecting the best ideas and practices that emerge from their diverse workforce. (Page, 2007)

As Machado & Paulo (2018) describes, it is important to recognize that diversity has always existed in both society and organizations. However, there is growing awareness and attention towards diversity and inclusion in organizations. In good diversity management, it's important to understand that several factors contribute to the increasing diversity in the workforce, such as demographic changes. Understanding these factors, can make leading a diverse workforce easier:

- More women and minority groups at work has led to increased diversity.
- Globalization: The expansion of business markets on an international scale has necessitated engagement with diverse customer bases, resulting in a more diverse workforce.
- Information technology advancements: Improved technology facilitates greater interaction between Irish employees and their international counterparts, fostering diversity.
- Presence of multinational companies: The establishment of multinational companies brings diverse cultures into organizations, further enhancing diversity.
- Immigration and targeted overseas recruitment: The interaction of different nationalities and cultures in the workplace is fueled by net immigration and intentional recruitment efforts.
- Addressing past exclusion: Organizations are actively addressing historical systematic exclusion of diverse demographics from the workforce.

For leaders, it is important to understand these factors in order to manage diverse workforce better.

2.2.3 Diversity legislation

Finland does not have specific legislation (www.oikeusministerio.fi, 2023) solely focused on diversity in the workplace. However, Finland has implemented various laws and regulations that promote equality and non-discrimination, which indirectly impact diversity in organizations. Here are some relevant laws and regulations:

- 1) Equality Act: The Equality Act prohibits discrimination based on various points, including age, ethnicity, gender, religion, sexual orientation, and disability. It applies to all areas of society, including employment. The Act promotes equal treatment and equal opportunities in the workplace.
- 2) Non-Discrimination Act: The Non-Discrimination Act prohibits discrimination in various contexts, including employment, based on the same points as on equality act. It requires employers to promote equality and take measures to prevent discrimination and harassment.
- 3) Act on Equality: This act promotes equality between women and men in all areas of society, including employment. It requires employers to promote gender equality and take measures to prevent gender-based discrimination and harassment.
- 4) Act on the Non-Discrimination Ombudsman: This act establishes the Non-Discrimination Ombudsman, who is responsible for overseeing the enforcement of anti-discrimination legislation and promoting equality and non-discrimination in Finland.

While Finland may not have specific legislation solely dedicated to diversity in organizations, these laws and regulations collectively contribute to creating an environment that supports equal opportunities and prohibits discrimination based on various grounds, fostering diversity and inclusion in the workplace. It's important to note that laws and regulations can evolve and change over time, so it's advisable to consult up-to-date sources or legal professionals for the most current information on Finnish diversity legislation. (www.ttl.fi, 2022)

The awareness of diversity legislation among leaders can vary depending on factors such as their industry, location, and level of involvement in diversity and inclusion initiatives. Some leaders may have a strong understanding of diversity legislation and actively ensure compliance within their organizations. They may stay informed about relevant laws, regulations, and policies related to diversity, equal opportunity, and non-discrimination.

However, it is important to note that not all leaders may have in-depth knowledge of diversity legislation. Some leaders may rely on their HR departments or legal teams to stay updated on compliance requirements. Additionally, the level of awareness can also depend on the size and complexity of the organization. Larger organizations with dedicated diversity and inclusion teams are more likely to have leaders who are more knowledgeable in diversity legislation.

As the importance of diversity and inclusion continues to gain recognition, there is a growing expectation for leaders to be knowledgeable about diversity legislation and actively promote a diverse and inclusive work environment.

2.3 Challenges with leading diverse workforce

There are conflicting perspectives on how diversity impacts organizations. Some researchers argue that diversity can be a source of strength, while others suggest it may be a source of weakness. Previous studies also show that diversity and team performance have two effects, good and bad. (Stahl et al., 2010) This suggests that diversity can be viewed on two different sides.

To effectively manage diversity, managers need to take several actions that align with their values and attitudes. One important step is to gain the commitment of top management to diversity. Leaders are often tasked with managing a diverse workforce made up of individuals with different backgrounds, cultures, beliefs, and values. While a diverse workforce can bring many benefits to an organization, such as increased creativity, innovation, and better decision-making, it can also present unique challenges for leaders. (Paduli, 2012)

Diversity is often linked with positive outcomes, like increased innovation, new ideas, and improved creativity when people with different backgrounds come together. However,

diversity can also have negative effects on behaviour and feelings. This can lead to lower social unity, conflicts between individuals, and higher employee turnover because of perceived differences and negative stereotypes about those who are seen different. (Azmat, Hartel & Fujimoto, 2013)

Communication is one of the biggest challenge leaders face when leading a diverse workforce. When people come from different backgrounds, they may have different communication styles, use different languages, and have varying levels of fluency in the language used in the workplace. This can lead to misunderstandings, confusion, and conflict. To overcome this challenge, leaders should strive to create an environment where open and honest communication is encouraged. Team leaders have a responsibility to assign tasks in suitable manner, which means they should be aware of the team's preferences, weaknesses, and strengths. This can be done by having open communication and implementing training programs, team-building activities, and regular feedback sessions. (Wee & Morse, 2007)

Challenge that leaders may face when managing a diverse workforce is managing different work styles and preferences. People from different backgrounds may have different approaches to work, different preferences for work schedules, and different ways of handling conflicts. To overcome this challenge, leaders should strive to create a flexible workplace that accommodates different work styles and preferences. This can be achieved by offering flexible work schedules, providing training on conflict resolution, and encouraging teamwork and collaboration. (Wee & Morse, 2007)

Managers might have a more negative response to employees they see as different from themselves compared to those they perceive similar. These negative reactions can hinder both the individual's growth and the overall potential of the organization. Additionally, these negative behaviors can include unequal introduction to the organization, ineffective communication, biases, stereotypes, and a sense of unfairness in the workplace. (Sadri & Tran, 2002)

According to Jones and George (2009), it is important for top leaders to have the right mindset when reaching to the best performance and company's business goals, but keeping in mind the importance of ethical aspect, when leading a diverse workforce. Additionally, top management

should prioritize fairness when it comes to compensating employees from diverse backgrounds, as highlighted by Aghazadeh (2004).

Leaders face numerous challenges when managing a diverse workforce. Nevertheless, by employing effective strategies and adopting the right approach, these challenges can be surmounted, and a diverse workforce can become a valuable asset to an organization. Through the promotion of transparent and sincere communication, cultural sensitivity, inclusivity, equality, and adaptability, leaders can establish a workplace culture that appreciates diversity and nurtures collaboration, creativity, and innovation. (Shaban, 2016)

2.3.1 LMX Leadership theory to manage diverse workforce

Leader-Member Exchange (LMX) theory can help leaders to manage diverse teams more efficiently. Unlike other leadership theories, LMX recognizes the individual differences between leaders and their followers, emphasizing the importance of personalized relationships rather than treating all subordinates collectively. In diverse teams, where members have varied characteristics and cultures, using a single leadership style may not be effective. The LMX theory focuses on the dynamic relationship between the leader and each follower. In-group members, characterized by high exchange relationships with the leader, receive more information, responsibilities, and participation in decision-making. They often demonstrate higher commitment, motivation, and job satisfaction, while out-group members receive support based on formal contracts. By investing resources in in-group members and minimizing biases, leaders can improve team efficiency and promote distributive justice. (Northouse, 2012)

Team Leadership can assist leaders in managing diverse teams. They acknowledge that cultural and communication differences within diverse teams can create challenges. It provides a roadmap for leaders to diagnose and address task and relational issues. Through monitoring the team, leaders decide whether to intervene externally or internally based on the specific problem. Clear goals, competent team members, collaboration, workplace standards, and principled leadership are characteristics associated with team excellence. By utilizing these characteristics to evaluate team performance, leaders can identify weaknesses and take appropriate actions to have a better team effectiveness. (Yukl, 2001)

In summary, applying the LMX theory enables leaders to manage diverse teams by emphasizing personalized relationships and acknowledging the existence of in-group and out-group members. Team Leadership provides a framework for leaders to monitor team performance, address task and relational issues, and promote team effectiveness. Both approaches contribute to effective leadership in diverse team settings. (Yukl, 2001, Northouse, 2012)

2.4 Summary

Diversity is about acknowledging and embracing the differences and similarities that exist among individuals in different aspects. The understanding and appreciation of the richness and complexity that individuals bring to the table due to their diverse backgrounds, experiences, perspectives, and identities. The impact of diversity on organizations is complex, with both positive and negative implications. It is crucial for organizations to carefully manage and navigate the potential challenges that diversity can present while leveraging the benefits it offers. (McKinsey, 2022)

3 Methodology

The aim of this study is to research how the challenges of leading a diverse workforce are perceived from a leader perspective. In this section, we will discuss the specific research approach and methods that were chosen for this study. We will explain the reasons behind selecting this methodology and approach, as well as in detail how the data was gathered and analyzed. Due to the low amount of research available on Finnish companies and its diversity management and diversity leadership challenges, so the nature of this research is explorative.

3.1 Qualitative research approach

A qualitative approach typically involves conducting research using qualitative methods. Qualitative research is a type of research that focuses on exploring and understanding people's experiences, perceptions, and behaviors. It involves collecting and analyzing data that is not numerical, but rather, is based on words, images, or other forms of non-numerical data. Qualitative research aims to understand the experiences and actions of the individuals. Its purpose is to get a deeper understanding of how people think, feel, and behave in specific contexts. There are several key features of qualitative research, such as flexibility. Qualitative research is flexible in terms of the data collection methods and the research questions that can be explored. Qualitative research typically uses an inductive approach, which means that the research questions and hypotheses emerge from the data itself rather than being predetermined. The approach is also participant-centered, meaning that it aims to understand the perspectives and experiences of the people being studied. It has a strong emphasis on context, it emphasizes the importance of understanding the environments in which people live in. Qualitative research is also an iterative process, meaning that the researcher may collect data, analyze it, and then collect more data based on the insights gained from the analysis. (Creswell, 2003, Williams, 2007)

3.2 Data collection

Six employees in leadership positions that work in international companies that operate in Finland were interviewed for data collection. Semi-structured interview style was used.

Semi-structured interviews are a qualitative research method that involves conducting interviews with participants using a flexible, yet organized approach. In a semi-structured interview, the interviewer has a set of pre-determined questions, but is also able to let the conversation flow on its own and ask follow-up questions or explore new topics that arise during the conversation. Semi-structured interviews allow for more in-depth exploration of a participant's experiences, perspectives, and opinions. They provide a balance between structure and flexibility, allowing the interviewer to capture rich, detailed data while still maintaining a level of control over the interview process. Semi-structured interviews are a valuable tool for researchers wanting to understand the participants' experiences and perspectives better. (Saunders, Lewis & Thornhill, 2019)

The respondents were contacted via e-mail during the 1st week of April 2023. The interviews were held the 2nd and 3rd week of April 2023 and ranged from 45min to 90min. All participant interviews were conducted via video on Zoom. Four of the interviews were held in Finnish and two in English. All interviews were recorded and transcribed. Transcription and recording were done during the meeting and then transcription was proofread afterwards using the recording.

3.2.1 Respondents

The objective of selecting a sample of respondents was to collect data from individuals who lead diverse teams or department and have personal knowledge and direct experience related to the research topic. Each Respondent thinks about diversity issues in their own role at their company. They have first-hand experience of what the challenges are from managers' perspective. They all work in different roles, so there are differences in their views. All the Respondents do HR work and in addition all are in a managerial position where they deal with diversity challenges on a regular basis.

In this study, the respondents will be called “Respondent (letter)”. Respondents A, B, C, D, and E were found from my own previous and current contacts. Respondent E was recommended by the Respondent B. See Table 1 for Respondents:

Respondent	Title	Industry
A	VP, Talent Acquisition	Mining
B	Executive Assistant Team Leader	Management Consulting
C	Director of Communications	SaaS digital advertising platform
D	Senior Director of Engineering	Delivery platform for food and merchandise
E	Global Recruiting Professional and Leader	Management Consulting
F	Diversity Lead	Management Consulting

Table 1: Respondents

Respondent A – 2,5 years working as a VP, Talent & Inclusion in a Finnish listed company, working in mining business. Her role is in Finland it combines talent development and inclusion. Her job tasks include leadership coaching.

Respondent B – Assistant Team lead in one of the largest consulting companies in Finland. She has been in the company for five years. Her team includes the assistant team in Sweden and Finland, approx. 25 people.

Respondent C – Global Communication Lead in a Finnish Scale up technology firm for the past 4 years. Leads a communications team in Finland. Her team includes three people.

Respondent D – Engineer Director in a technology company founded in Finland in 2014. Started working there in the beginning of 2022. Leads a team of approx. 68 people.

Respondent E - Professional development specialist in a leading management consulting firm. Located in Oslo, Norway office. Previously, before this, he was the head of recruiting for the Helsinki, Finland Office for roughly about two years. Leads a team of six people.

Respondent F – A Partner in an American consulting firm. Based in Stockholm in Sweden. She has been with the company for about 15 years, where mostly in Sweden. She works with people and organizational performance and leads a diversity team in Stockholm and.

3.2.2 Interview guide

A structured interview guide was created and used during all six interviews. The purpose of the interview guide was to pre-determine the relevant topics for discussion, ensuring that important aspects were not overlooked. The questions were derived from existing literature and aligned with the research objectives. The complete interview guide in English is provided in Appendix 1.

3.3 Data analysis

The data analysis for this study followed a data-driven approach known as grounded theory. Grounded theory is a research method that focuses on generating new insights rather than confirming or disproving existing theories. It is often employed when there is not enough data on the topic of study (Gioia & Corley, 2012). In this study, the grounded theory was used because it involves analyzing and collecting data, which is the most suitable approach especially when there is no prior research available and the data was obtained through interviews. The thematic analysis conducted in this thesis aligns with the principles of the this methodology, which is a qualitative approach designed to ensure rigorous and trustworthy research. The data analysis process is outlined in Figure 1 for further understanding.

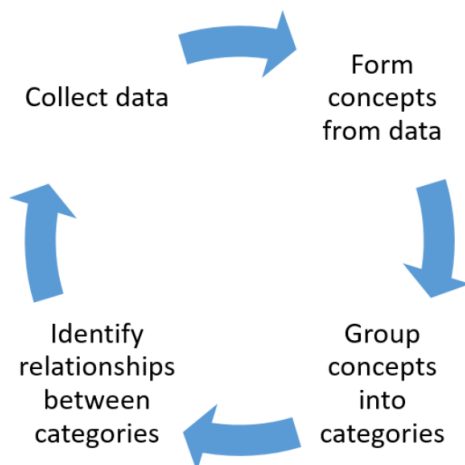


Figure 1: Process for the grounded theory

In this thesis, thematic analysis was employed as a research method. Thematic analysis is a qualitative approach that allows for the examination and identification of patterns, themes, and underlying meanings within a dataset. It enables a deep exploration and understanding of the data collected. It involves systematically organizing and interpreting textual data to gain a

deeper understanding of the underlying themes or concepts that were presented in the interview data. (Willig & Rogers, 2017)

The thematic interview falls between a structured interview and an open-ended interview in terms of its structure. It does not follow a rigid set of precise and detailed questions but instead focuses on specific pre-determined themes. The thematic interview is slightly more structured than an open-ended interview since the topics and themes are the same for all interviewees, based on previous research and familiarity with the subject. However, there is flexibility in the conversation without a strict sequence. The goal of the thematic interview is to explore people's interpretations and the meaning they attribute to their experiences. While there is space for participants to freely express themselves, the predetermined themes are intended to be discussed with all participants. (Astedt-Kurki & Heikkinen, 1994) There's a need for this research as there is no previous study on this in Finland to my knowledge. Hence, new research is justified to understand how leaders see today's challenges in diversity management.

All the interviews were recorded and transcribed using Microsoft Word's automatic transcription tool. To ensure accuracy, the transcriptions were reviewed and completed by referring back to the recordings. Once all the interviews were transcribed, I organized them in an Excel spreadsheet and searched for relevant statements. I did not involve the statements outside of the topic of the thesis, but I did combine the ones that were related or similar. The statements were then categorized into 1st order codes, which were further grouped into 2nd themes, and finally condensed into three overall dimensions. In total, fifteen 1st codes were identified, which were then clustered into five 2nd order themes and eventually consolidated into three aggregate dimensions. The process I followed is aligned with the Gioia method (Gioia and Corley, 2012), which provides a structured framework for analyzing and interpreting data according to grounded theory principles:

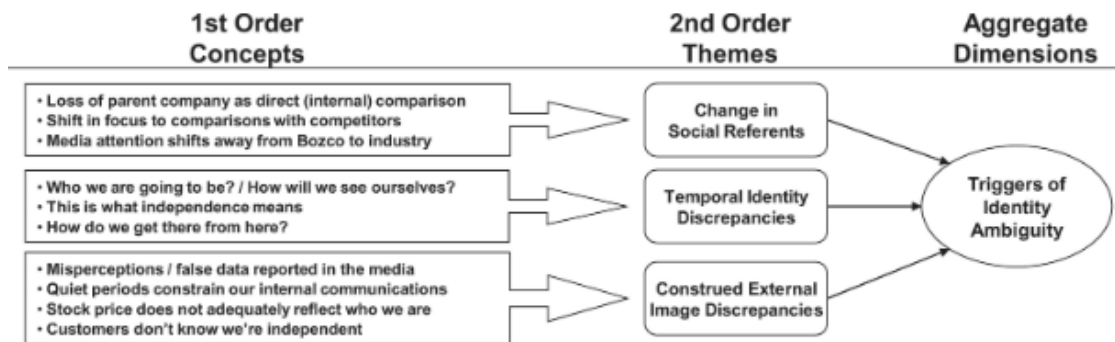


Figure 2: data structure of the The Gioia Method (Gioia & Corley, 2012)

3.4 Ethical aspects

The interviews conducted in this study adhered to the ethical guidelines outlined by the Finnish National Research Integrity (www.tenk.fi, 2022). As this study did not involve medical research, it did not require ethical review or approval. At the outset of the interviews, ethical considerations pertaining to non-medical human research were discussed. Participants were informed that their participation was voluntary and that they had the option to withdraw at any point during or after the interview. To ensure anonymity, the identities of the participants and companies were kept confidential, and personal data was treated with confidentiality.

To make sure that the results are relevant, I first reached out to the six people I interviewed, and they all accepted the invitation. When inviting interviewees to participate, they were told that they are treated anonymously.

To ensure that the participants had a clear understanding of the study, I provided a brief description of the idea of my thesis in both the invitation email I sent out and at the start of each interview. I transcribed the interview after the calls, so they would be as accurate as possible. This approach helped to capture the participants' statements in their true form and ensured that all the statements were properly understood.

3.4.1 Trustworthiness

To ensure the reliability and credibility of this study, I conducted extensive research on the topic before initiating the writing process and reaching out to participants. I made a conscious effort to explore diverse and conflicting viewpoints by consulting sources with differing

opinions, which helped me gain a comprehensive understanding of the subject matter. Moreover, I dedicated time to thoroughly studying the chosen research methodology.

The selection of participants was conducted with great care, and there is no reason to doubt the sincerity and truthfulness of their responses. The number of participants is considered sufficient, and the interviews created good data, enhancing the overall credibility of the study. To ensure accuracy, the transcribed interviews were carefully reviewed and cross-checked against the audio recordings whenever any ambiguities arose. The results presented in this study are portrayed honestly and without any alterations.

I have implemented all requisite measures to guarantee the integrity of this research, and I have carried out the study with all of my capabilities and understanding.

4 Findings

This chapter focuses on presenting the outcomes derived from the interviews conducted for this study. The key findings are presented in alignment with the research questions, following a systematic order. To provide substantiation for the findings, relevant quotes from the participants are included throughout the chapter.

4.1 Research question: What are the challenges of leading a diverse workforce from a leader perspective?

Figure 3 showcases the results for the research question. I'll explain the results in accordance with the figure.

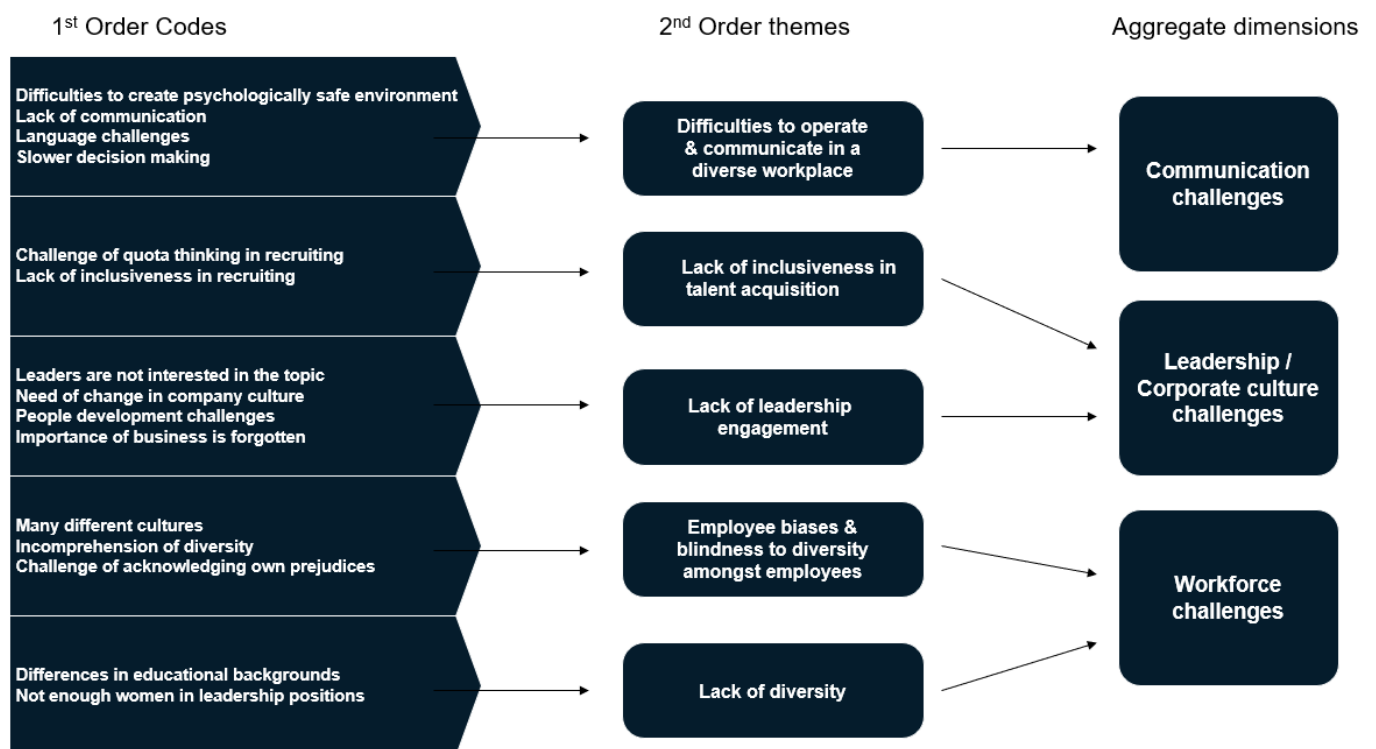


Figure 3: Data analysis, research question

Fifteen 1st order codes were identified related to what are the challenges in diversity management from leader perspective. After analyzing the 1st order codes, they were put into five 2nd order themes: 1) Difficulties to operate & communicate in a diverse workplace, 2) Lack of inclusiveness in talent acquisition, 3) Lack of leadership engagement, 4) Employee biases

& blindness to diversity amongst employees, and 5) Lack of diversity. From the 2nd order themes, three aggregate dimensions were defined: 1. *Communication challenges*, 2. *Leadership / Corporate culture challenges* and 3. *Workforce challenges*. In short, all identified ideas could ultimately be categorized in three aggregate dimensions. They all relate to the three top categories I will go through.

Next sub-chapters show the findings related to perceived challenges of leading a diverse workforce from a leader perspective are reported using the aggregate dimensions as organizing subheadings.

4.1.1 Aggregate dimension 1: Communication challenges

All respondents highlighted the difficulties in communication in a workplace. The 2nd Order code is: Difficulties to operate & communicate in a diverse workplace. This includes four 1st order codes: 1) Difficulties to create psychologically safe environment, 2) Lack of communication, 3) Language challenges and 4) Slower decision making.

Respondents found communication topic extremely important and felt the pertinent *psychologically safe environment* was good communication in a team without fear. A psychological safe environment refers to a workplace or social setting where individuals feel comfortable and confident in expressing themselves, sharing their ideas, taking risks, and being their authentic selves without fear of negative consequences such as ridicule, rejection, or punishment. It is an environment that promotes trust, openness, and respect among individuals.

“Everyone should have a psychologically safe environment, where you are able to grow and develop in an environment where everyone has a voice and will be appreciated no matter of the background. Biggest risk in not having a psychologically safe environment is having lack of communication. When you don’t have a safe environment where people feel like they can speak about anything, it may create huge problems in short and long term.”

(Respondent A)

”Reflecting on myself as a female leader in a a very strongly dominated male environment especially, I think there should be a psycholigally more safe environment to raise the issues diveristy leadership”

(Respondent F)

Many emphasised the importance of communication in a team and described how important adjusting the style and manner of speech was. Small adjustments can make a big difference in communication:

”Adjusting the tone in such a way that the message would be as consistent as possible and would be understood in the same way. It's really interesting how small nuances like that can do a big difference. Leadership should pay more attention to this. Also important is the education on divesity related words and how to use them correctly”

(Respondent C)

“As a leader, I've had to really simplify my language. I've had to simplify the way I communicate. In English of it or so I can ensure that everybody understands.”

(Respondent E)

Lack of communication can also come from **language challenges**, such as not speaking a certain language. Language challenges can refer to various difficulties or obstacles that individuals may encounter when communicating in a language that is not their native or primary language. Thoughts from respondents on this topic:

”Finnish is needed. Now it has decreased a bit, but there have been a lot of people who don't speak Finnish. Unfortunately, in our industry in Finland however, Finnish language still exists and it can create issues with the client not speaking it”

(Respondent B)

”In latin languages there are grammatical rules that you often use a masculine form, although there are women included. Sometimes I've seen many of my colleagues also being confused with communication. We try to invent words or use certain pronouns and things like that, but it's always a bit of a of a challenge and you can easily make a mistake when when you talk to a your team.”

(Respondent D)

Slower decision making can be caused due to several reasons, such as communication delays when working with different cultures, such as cultural context and nuances, communication delays when not speaking your first language or misunderstandings. Two of the respondents thought that the language challenges and lack of communication can lead to slower decision making in a diverse workplace:

When having many different cultures, it brings many new ideas and ways of working, but it can also slower the process of deciding”

(Respondent B)

“Obvious things that are probably slower, like decision making”

(Respondent F)

4.1.2 Aggregate dimension 2: Leadership / Corporate culture challenges

This dimension contains the following 2nd order themes: Lack of inclusiveness in talent acquisition and 2) Lack of leadership engagement. Under inclusiveness in talent acquisition there are two 1st order codes: 1) Challenge of quota thinking in recruiting and 2) Lack of inclusiveness in recruiting. Under lack of leadership engagement there are four 1st order codes: 1) Leadership is not interested in the topic, 2) Need of change in company culture, 3) People development challenges and 4) Importance of business is forgotten.

Starting from the first 2nd order theme; Lack of inclusiveness in talent acquisition; The respondents see a challenge in **quota thinking in recruiting** and that the increase in diversity should happen organically, not forced as quota thinking may suggest. Quota thinking refers to an approach or mindset that focuses primarily on meeting predetermined numerical targets or quotas related to diversity and inclusion:

“I understand why some companies want to create quotas in recruiting, but what scares me is that if we think that our goal will be met when the quota comes. Where our work begins, is

when teams have diversity, but are not managed well, do not succeed well. Organic change is the best change.”

(Respondent A)

”From my point of view, it shouldn't be about meeting some quotas. Not that we want so many women, but that we can be the best we can be. Yes, specifically that such diversity is its own value, but it should not be done at this moment in time simply because it can be shown that we have these percentages. Of course we need to get the benefit out of it.”

(Respondent C)

”Trying to find organic growth in diversity and now saying that ok we need 10 women this year, but maybe letting it happen naturally and trying to find diversity within those people that you have.”

(Respondent D)

Under the topic of lack of inclusiveness in recruiting, Respondents stated **that inclusiveness in talent acquisition**, or the practice of actively seeking and attracting a diverse range of candidates, is important for several reasons:

”What really needs to get into the minds of our recruiters and HR, is that we don't accept this, that it's not whether you're a woman or a man, or whether you're from an ethnic group or a sexual minority, it shouldn't affect our salary, It cannot be influenced by other factors. In other words, inclusiveness in our recruitment is important and how we get women to grow here for us both internally and externally. It is something that I would like to see.”

(Respondent A)

“We should not have unexplainable salary differences”

(Respondent B)

Leadership engagement in diversity can have significant implications for an organization, such removing biases and inspiring employees. On the second 2nd order theme **lack of leadership engagement**, respondents thought that challenges may start when leaders are not interested in diversity topics.

“Leadership may say, yes, we'll do this but no, we are not really interested. We do this because of it has to be done, but not because it brings money. Principle of values to leadership is to put people first, and they have to truly live according to it.”

(Respondent A)

“The one thing I would like to push for not only the firm, but also the industries are to get away from using raw data like numbers 30 to 35% as like an indicator on whether an office is diverse. I would like to stay away from that and more. I want to see like, what is the appetite for diversity in the leadership and how they can be more interested in the topic.”

(Respondent E)

Respondents stated that companies can **lose touch of culture** when diversity increases. They thought that culture needs to adjust when that happens. When companies lose touch with their culture, it can have negative consequences on various levels, such as employee engagement and retaining talent.

“That's how I want to see that this change happens, but that it doesn't happen by force, but that it happens by genuinely changing the culture, so that our women feel that they are growing at the moment. We have a certain type, like a glass ceiling there, when it comes to management, until then women are growing well, but then it feels a bit like the growth is stopping. The development of this is really something I want to happen.”

(Respondent A)

“Sometimes in a corporate world you can lose the touch of culture, as we have so many international people. It's important to create one for the office, so everyone feels a sense of belonging.”

(Respondent B)

“Maybe sometimes our culture becomes less cohesive because we come from different cultures and we're trying to map that together. I would imagine if you've gone to the same school and you have grown up in the same suburbs, then you know you have a very similar sense of culture. That's not the case in a diverse book.”

(Respondent F)

Three Respondents see that companies may struggle with *people development and equality issues*. They think that companies should restructure their people development plans to be more suitable for everyone individually:

"Other engagement issues, such as wellbeing and in a way the ones that are like that these days are no longer things that the company can say that yes, that would be very interesting. The leadership needs to consider how people develop in their firms and especially the young people that are just entering the working life, they already consider diversity topics as necessities. If they are not on the company's agenda, they might not be interested."

(Respondent A)

"It's important to see how things work out in practice. Is everyone equally able to participate at different levels of the organization? It is quite essential that everyone has the same opportunities. How does the organization help or eliminate something? Obstacles that come to their way, so it somehow flips from coin to coin, so that simply talking about diversity does not necessarily lead to the best result."

(Respondent C)

"The firm is just going to have to change the way they speak about development and measure development."

(Respondent E)

Diversity is crucial to business for a variety of reasons and the challenge the respondents see is that the *importance of diversity to business* forgotten and for that reason leaders may not prioritize the topic on their agendas:

"When we talk about diversity and inclusion in business case, it is always said that we need diversity in order to be able to succeed better. It is extremely important to link diversity to a successful business."

(Respondent A)

"It's always about the mindset. You know, diversity is not and/or, it's not us or them. It's adding to the wealth of our knowledge base. We're not taking it away or making any compromises. Diversity will only better our results and I feel that sometimes leadership may forget that."

(Respondent E)

4.1.3 Aggregate dimension 3: Workforce challenges

This chapter contains the following 2nd order themes: 1) Employee biases & blindness to diversity amongst employees and 2) Lack of diversity. Under employee biases & blindness to diversity amongst employees there are three 1st order codes: 1) Many different cultures, 2) Incomprehension of diversity and 3) Challenge of acknowledging own prejudices. Under lack of diversity there are two 1st order codes: 1) Differences in educational background and 2) Not enough women in leadership positions.

Having different cultures within an organization can present certain challenges, such as communication barriers or conflicting values and beliefs. On the first 2nd order theme, employee biases & blindness to diversity amongst employees, respondents think that managing diverse workforce can be challenging when there are many *different cultures* at a workplace:

"Countries see diversity differently. Somewhere diversity means just race, and then people who may be alienated from that point of view say yes, this had nothing to do with me, as I don't want to take a stand on those things, so we have to work really hard to understand that diversity is a lot more complex than just one thing. It means this whole spectrum, as if everyone is themselves, even if you are an extrovert, an introvert, how do you think, how do you make decisions, what are your values? In different countries, different things are experienced in different ways."

(Respondent A)

"In our culture in Finland, have had such a strong sense of frankness and things are told transparently, and then again in America it is not necessarily value. I try to think about those cultural differences, just because how a certain hierarchy is seen, I think there are a lot of differences in that too."

(Respondent C)

"Understanding different cultures is so important. In some cultures you need to give instructions and people have to follow so they will not challenge. In some cultures autonomy

is more important. So for the people who have not been exposed to working this multicultural environment, they sometimes either might feel uncomfortable or offended. I think understanding these differences affects a lot how you can manage teams when you have diverse teams.”

(Respondent D)

”Sometimes there are a lot different speaking habits, such as someone who listens when someone keeps talking over you.”

(Respondent E)

Respondents feel that sometimes people ***don’t comprehend what diversity*** is, or might not fully understand or grasp the concept and its implications. Leaders should define these to their teams and create a common language for diversity in their workplaces:

“We have had to define these things quite carefully and then create a common language for diversity within the company. We have a mandatory worldwide program that every team must go through. In other words, we say that diversity is not all differences, whether they are visible or not, because many times we talked about diversity, but we only talk and think about differences that are interested in people's race, gender, assumption or age or something similar.”

(Respondent A)

”How educated leaders are in this area, that you can't know how to do that if no one has ever taught you or you're not yourself, somehow, naturally interested. The level of knowledge needs to be raising and maintaining. Leaders should have common guidelines.”

(Respondent C)

”I think what is a challenge for leaders today is the fact that there is very little proper research on the topic and basically that there is nothing you have learned at school around how to be inclusive or how to communicate about diversity yet get the intended results.”

(Respondent D)

”Don't posture diversity and inclusion like actually live it.”

(Respondent E)

It is not uncommon for individuals to **be unaware of their own prejudices** or biases. Prejudices are often deeply ingrained in societal norms, cultural conditioning, personal experiences, and unconscious biases. Recognizing and understanding our own prejudices can be challenging because they operate at a subconscious level and may contradict our conscious beliefs or values. One common challenge Respondent found this as a common challenge and they think that sharing knowledge and training could help with realizing your own prejudices:

“Through the previous experience, and because of that, it becomes to us that if we have read or heard a story from somewhere, then the next time we hear the same type of story, we remember that previous experience, so it is shaped like this, our brain produces those prejudices.”

(Respondent A)

“There are so many prejudices that we have, but then you know how to deal with them yourself, maybe it's time to share that information.”

(Respondent C)

“I think there are natural selection biases. So when people put together a team, for example, they're more likely to put together teams with people who have names, you know, they recognize or names familiar to them. I do think we can be aware of our own behaviors and you know, all of us could become more aware of through training.”

(Respondent F)

On the second 2nd order theme lack of diversity, respondents showed **that differences in educational backgrounds** can also create challenges in managing a team. Differences in educational backgrounds refer to variations in the level, type, and quality of education that individuals have received. These differences can arise from various factors such as access to education, socioeconomic status, cultural contexts, and personal choices.

“The industry is very male dominated, and we need people with similar educational backgrounds. We are trying to be more explorative, but sometimes there are limits to it. When

we do hire someone from a different background what we usually do, can create challenges in completing the tasks they were hired for, although they can be great in something else”.

(Respondent D)

”At our company, certain backgrounds are needed and we cannot take all backgrounds into account. When we do hire from different backgrounds, they might feel a sense of not belonging, as so many have similat backgrounds.”

(Respondent F)

One topic that was brought up in the interviews by many respondents is that there is lack of gender diversity in leadership positions, which can lead to not having the best results:

” We need to integrate and change the culture and make it inclusive, that these women have a voice and gow to leadership positions. You don't look at them askance as to where you come from that you know anything about this male dominated indistry. It has also been studied that men experience more togetherness than women. Women need more support for integration.”

(Respondent A)

”It is hard to find women to leadershio positions, and I think there’s a lack of support and leaders don’t understand that women may have a bit different career paths than men.”

(Respondent B)

”Every single product company is fighting for the same competent women for leadership positions.”

(Respondent C)

”I think the gender diversity in leadership positions still remains a problem.”

(Respondent D)

5 Discussion

The findings of this thesis are divided into three aggregate dimensions: Communication challenges, leadership / corporate culture challenges, and workforce challenges are interrelated and can significantly impact the success of an organization and well-being of its employees. The reported perceived challenges in leading a diverse workforce were difficulties to operate & communicate in a diverse workforce, lack of inclusiveness in talent acquisition, lack of leadership engagement, employee biases & blindness to diversity, and lack of diversity in general, although the interviewed respondents all work in multicultural and international companies.

I will discuss each of these dimensions and their implications and also show how they're related to the literature review of this thesis.

Communication challenges

Creating a safe environment where everyone can feel comfortable sharing their own experiences and perspectives is important especially when the team needs to make a decision in the best way possible (Benschop, Holgersson, Van den Brink & Wahl, 2016). Decision making can be challenging in a diverse workforce, but it can also bring many benefits when the team is led correctly (Jabbour, Gordon, Caldeira de Oliveira, Martinez, J. & Gomes Battistelle, 2011). These two topics were combined in this study, as respondents repeated the same challenges – how to create an environment where everyone can be themselves, which could then foster a better decision making process. These factors align with the research that has been made on diversity management challenges.

Respondents pointed out that clear effective communication is crucial for fostering collaboration, sharing information, and building relationships within a workplace. However, several challenges can make effective communication more challenging. Several of the respondents thought that language difficulties can arise easily in multicultural organizations, language differences can challenge clear and efficient communication. Different cultures have unique communication styles, norms, and preferences, which means that misinterpretations or misunderstandings can occur due to these differences. Talking about good communication, leaders need to be considerate, knowledgeable and interested in the people at their organization

and they must be adaptable and capable of adjusting their language and approach to meet the needs of diverse team members. Lack of communication can easily lead to slower decision making, which then easily impact a company's performance.

Leadership / Corporate culture challenges

All respondents thought that one of the main challenges having the right recruitment process and having the right leadership and processes that support diverse workplaces. Diverse teams can help companies to understand its clients better and bring many valuable benefits (Thomas & Ely, 1996), but it can often be forgotten and deprioritized if the value is not understood. As research shows, diversity enhances the performance of organizations (Van Knippenberg, De Dreu & Homan, 2004).

Three respondents felt that quota thinking in recruiting is a challenge, as it does not promote organic change in diversity, but rather supporting the image of the workplace. The lack of inclusion in talent acquisition is a challenge as it may cause underrepresentation of certain groups in the hiring and not an equal opportunity recruitment. It means that individuals from diverse backgrounds, including those from underrepresented ethnicities, genders, abilities, and other marginalized groups, are not being given equitable opportunities to join and contribute to the workforce. Respondents feel that organizations should ensure equitable access to opportunities and advancement for all employees, regardless of their background. Implementing fair performance evaluation processes, providing mentorship programs, and supporting professional development opportunities can help retain and develop diverse talent.

Lack of leadership engagement is also one of the main topics of the study. Two respondents pointed out that leadership is not interested in diversity topics and two other respondents that the company culture doesn't support the processes of leading a diverse workforce. Under leadership engagement there's also the topics of leadership not paying enough attention to people development challenges and that the importance to business is often forgotten. Also balancing work and personal life can be challenging for employees, especially in fast-paced environments. Organizations should promote work-life balance initiatives, flexible work arrangements, and supportive policies to enhance employee well-being and job satisfaction. Organizations need to develop strong leadership pipelines to ensure a smooth transition of leadership roles. Identifying and developing future leaders, supporting mentorship programs

especially for women, and providing leadership development opportunities are essential for long-term success.

Workforce Challenges

Third aggregate dimension is challenges in workforce, as it was brought up by all respondents on different themes. Employee biases, also known as implicit biases or unconscious biases, are automatic and unintentional preferences or stereotypes that influence our judgments and actions. For instance, managers may react differently towards others that are dissimilar from them (Sadri & Tran, 2002). Lack of diversity in the organizations of the respondents was also present in the discussions, as the industries are very male dominated.

Challenges that respondent spoke about when it comes to having different cultures around, included paying closer attention to language used in team meetings or communications, workstyles and preferences of the employees. They thought that understanding cultural differences and behaviours is important when there's team members from different cultures and backgrounds.

Incomprehension of diversity was brought up by four respondents. One thought that lack of training and interest can lead to not knowing what diversity really means, while other thought that indeed lack of training can cause the fact, that diversity is not understood. Respondent mentioned that there are no schools that would teach how to be inclusive, it's something you learn during life and through offered trainings at workplaces. Diversity and inclusiveness can be heard often, but one question remained open – do the leaders really live by it? Also related to incomprehension of diversity, is incomprehension of own prejudices. Understanding your own biases can help win discrimination and prejudice (Roberson, 2019). Three of the respondents pointed out that how important it is to try understand your own prejudices. Prejudices can lead to discrimination when choosing teams, or when new coworkers start, stereotypes are created. When addressing biases, for example unconscious biases or diversity training can support inclusivity, which one respondent mentioned having as a mandatory training at their organization globally.

Lack of diversity at workplaces was present through the interviews. Although respondents work internationally operating firms, most still felt that there was not enough diversity. When

recruiting for a specific job, you can usually see a very homogenous pool of applicants, that come from same schools. Four respondents also mentioned that lack of women is an issue, and women would be needed at leadership positions.

5.1 Recommendations for managers in diversity management

Research on diversity management from a leader perspective has explored various aspects of diversity and its impact on employees within organizations. Getting to know below topics would be recommended for leaders based on reasearch in this thesis:

- **Perceived inclusion and engagement:** When employees perceive their organization as inclusive and supportive of diversity, they are more likely to be engaged and committed to their work. Companies can also offer diversity training and they promote cultural sensitivity and provide training to enhance cross-cultural communication skills.
- **Team performance:** Research indicates that diverse teams tend to outperform homogenous teams when it comes to problem-solving, decision-making, and creativity. Different perspectives and experiences within diverse teams lead to more innovative solutions, better critical thinking, and enhanced team performance.
- **Reduced prejudice:** Diversity training and awareness programs, can reduce prejudices and stereotypes among employees. These initiatives help increase awareness and understanding of different cultures, backgrounds, and perspectives, fostering a more accepting workplace.
- **Career development:** Mentoring programs can enhance career advancement opportunities for underrepresented groups. It's important to provide equal access to development and advancement opportunities.
- **Organizational culture and reputation:** Organizations that prioritize diversity and inclusivity are more likely to have positive organizational cultures and enhanced reputations. This can attract top talent, improve employer branding, and positively impact customers.

- Employee well-being and satisfaction: When employees feel included and valued, they experience higher levels of job satisfaction and overall well-being.
- Organizational performance: Organizations that effectively manage diversity tend to have higher levels of innovation, adaptability, and customer satisfaction, leading to improved financial performance.

To gain a deeper comprehension of diversity, it's possible to engage in various activities such as seeking information, reading books or articles on the topic, attending diversity training or workshops, participating in discussions with diverse individuals, and challenging your own biases and assumptions. Being open-minded, empathetic, and willing to learn about and from others are important steps in developing a better understanding of diversity and its significance in society and organizations.

5.2 Recommendations for future research: Employee perspective

As this study only studies the leader perspective, it would be valuable to also study the employee perspective, especially the minorities / diverse groups. A similar study could be performed for example with the team members of the interviewed respondents. Even a wider topic which is relevant, is inclusion management. Inclusion is a wider topic than diversity and would be interesting to study.

5.3 Limitations

There are some limitations to consider due to it being a qualitative study. Quantitative data would be needed. The thesis is only considering one perspective – the leadership perspective. The study could be done in different perspectives, such as the employee perspective. While the inclusion of six interviewees was considered sufficient for the purposes of this thesis, it is important to acknowledge that this sample size is relatively small. Consequently, it is possible that the opinions and experiences captured may not fully encompass the broader perspectives and experiences of the entire population under investigation. The interviews were only held in

Finland and leaders from three different companies. Meaning three of the interviewees were from the same industry.

6 Conclusion

Research question: What are the perceived challenges of leading a diverse workforce from a leader perspective?

The thesis demonstrates that communication challenges, leadership/corporate culture challenges, and workforce challenges are interconnected and can significantly impact organizational success and employee well-being. The findings align with existing literature on diversity management challenges, highlighting the importance of effective communication, inclusive leadership, and promoting diversity and inclusion in the workforce.

The study identified communication as a significant challenge in diverse workforces. Language differences and cultural communication styles can lead to misinterpretations and misunderstandings. Effective communication is crucial for collaboration, sharing information, and building relationships within the workplace. Respondents highlighted the importance of having the right recruitment process and leadership that supports diversity. The lack of inclusion in talent acquisition can result in underrepresentation of certain groups. Leadership engagement and company culture were identified as barriers to effectively leading a diverse workforce. Organizations should promote diversity, equitable access to opportunities, and leadership development to enhance employee well-being and job satisfaction. Respondents emphasized the need to address implicit biases and promote understanding of cultural differences. Lack of training and comprehension of diversity were identified as barriers to creating inclusive environments. The respondents also noted a lack of diversity in their organizations, particularly in male-dominated industries.

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8 Appendix

Appendix 1: Interview Guide in English

1. Who are you and which is your role in the company?
2. How would you describe diversity?
3. How does diversity impact you?
4. How diverse is the team you lead?
5. How do you see diversity in your company's everyday life?
6. What are the risks in diversity? In what situations? How does a leader act in these situations?
7. What are the benefits of diversity?