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Table of Contents

Acknowledgments	4
Summary	5
1. Introduction	6
1.2 Purpose and Contributions of the Study	9
1.3 Demarcations	9
1.4 Structure of the Thesis	9
2. Literature Review	11
2.1 Diversity and Inclusion	11
2.2 Cultural Diversity	13
2.2.1 Culture	13
2.2.2 Cultural Diversity in teams	14
2.2.3 Cultures in Organizations	18
2.3 Multicultural Teams	19
2.3.1 Teams	19
2.3.2 Defining Multicultural Teams	21
2.3.3 Discussion on Multicultural Teams	22
2.4 Team performance	25
2.4.1 Factors Affecting Team Performance	25
2.5 Literature Review Summary	36
3. Research Methodology	38
3.1 Theoretical Methodology	38
3.1.1 Choice of the Subject & Preconceptions	38
3.1.2 Philosophical Stance	40
3.1.3 Research Strategy	42
3.1.4 Research Design	43
3.2 Practical Methodology	44
3.2.1 Case Selection	44
3.2.2 Data Collection	46
3.2.2.4 Secondary Data	51
3.2.3 Data Analysis	52
3.2.4 Reliability of the Thesis	52
3.2.5 Ethical Consideration	54
4. Empirical Findings	56
4.1 Interview with IKEA	56
4.1.1 Company Background and Cultural Diversity	56
4.1.2 The Firms View on Cultural Diversity	57
4.1.3 Effects of Cultural Diversity and its Impact on Team Performance	58

4.1.4 Managing Cultural Diversity	60
4.2 <i>Interview with Oda</i>	61
4.2.1 Company Background and Cultural Diversity	61
4.2.2 The Firms View on Cultural Diversity	62
4.2.3 Effects of Cultural Diversity and its Impact on Team Performance	63
4.2.4 Managing Cultural Diversity	64
4.3 <i>Interview with SEMINE</i>	66
4.3.1 Company Background and Cultural Diversity	66
4.3.2 The Firms View on Cultural Diversity	67
4.3.3 Effects of Cultural Diversity and its Impact on Team Performance	67
4.3.4 Managing Cultural Diversity	69
4.4 <i>Resume of the empirical results</i>	70
5. Discussion	72
5.1 <i>Cultural Diversity in Organizations</i>	72
5.2 <i>View on Cultural Diversity</i>	76
5.3 <i>Effects of Cultural Diversity and its Impact on Team Performance</i>	78
5.3.1 Economic profitability	78
5.3.2 Innovation and Creativity	80
5.3.3 Sick Absence	81
5.3.4 Diversity management.....	83
5.3.5 Leading Multicultural Teams	84
6.1 <i>Conclusion</i>	86
6.2 <i>Managerial Implications</i>	87
6.3 <i>Theoretical Implications</i>	88
6.4 <i>Limitations and Suggestions for Future Research</i>	88
APPENDIX 1.....	90
APPENDIX 2.....	91
7. References	93

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Summary

RELEVANCE. Today, in a dynamic global market where cultural diversity predominates and people are seeking opportunities regardless of borders, diversity has become a part of the workplace across the world and will only have increased importance in the upcoming time. As a result, multicultural teams are becoming increasingly common in the workplace due to growing globalization. Hence, in the last century, researchers have examined different ways to improve the performance of multicultural teams in general. However, research is conducted by focusing on developed business environments, such as the USA, and small markets remain essentially unexplored. The scope of this study is therefore limited to Norwegian companies featuring multicultural teams since the company's inception, or over time.

GOAL. In this thesis, the goal is to examine how cultural diversity affects performance in teams where it is practiced, as well as investigate the effects on team performance.

RESULTS. The study is based on interpretivism and constructionism as its philosophical viewpoint. The empirical findings are conducted through a multiple case study design with semi-structured interviews, a well-known qualitative research method. The authors have investigated three organizations in Norway where cultural diversity is at the companies' core. Some of the findings are consistent with previous research. In contrast, different interesting results were observed by respondents in practice during the study in the Norwegian setting. Firstly, the authors analyzed the relationship between cultural diversity and team performance. It was found that the firms have a favorable view of cultural diversity, and to develop a competitive advantage, they need to embrace diversity and foster an open and flexible environment. In that sense, cultural diversity was advantageous in gaining differentiated perspectives for better solutions within teams, increasing innovation, creativity, and profitability. Emphasizing diversity management led to better team performance and cultivating an open attitude towards globalization. Although support was found for a positive impact of cultural diversity in teams for team performance, some challenges followed depending on the factors considered. Such as miscommunication, sick absence, and cultural disagreements. However, it was also discovered how the benefits of cultural diversity in teams could outweigh the challenges.

CONTRIBUTION. The authors hope this study can contribute to the understudied area of how cultural diversity affects team performance in Norwegian organizations and analyze why some organizations value cultural diversity and others do not.

Keywords: Cultural diversity, inclusion, multicultural teams, view on cultural diversity, effects of cultural diversity, managing cultural diversity, team performance

1. Introduction

As globalization continues to increase, organizations tend to operate on a broader market, meaning that people with diverse backgrounds, views, and experiences are now more likely to interact regarding work and business (Seliverstova & Pierog, 2021). It is based on the fact that several desirable outcomes occur with diverse perspectives and a value placed on diversity within groups or work teams. Diversity, as a lexicon of human resource management, provides immediate access to a wide range of knowledge, abilities, and skills required to achieve organizational goals (Ewoh, 2013). This has led to the importance of the phenomenon of cultural diversity has increased in recent years and thereby developed increased attention in both Norwegian and international contexts. The focus on diversity is accordingly not unexpected and reflects the profound changes in the composition of the workforce in western societies. Growing immigration and globalization of markets and labor are important factors contributing to this development (mangfoldsdirektoratet, 2022).

Norway is a small country with growing diversity due to the increasing immigration. Immigration has resulted in people of different cultural backgrounds in Norway. However, there is still little awareness of appreciating the multicultural presence and diversity as a valuable resource in Norwegian organizations. Immigrants account for a significant percentage of the population and form an essential part of the labor market. At the beginning of 2021, 800 094 immigrants lived in Norway, generating 14,8 percent of the population. Furthermore, Norwegian-born with immigrant parents generates a more minor but increasing proportion of the population. As a group consisting of just over 2,000 people in 1970, by 2021, it numbers almost 200,000 people and accounts for about 3,7 percent of the population (SSB, 2021). Moreover, the most significant proportion of immigrants works in the service industry, as seen in the illustration (figure 1) below.

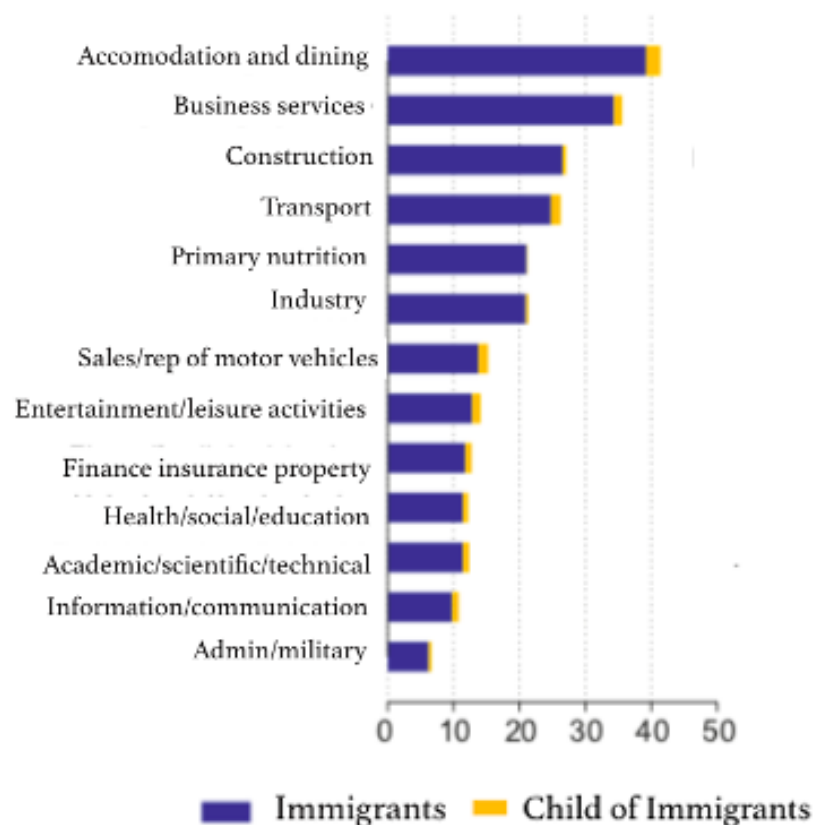


Figure 1. Immigrants in Norwegian industries from Mangfoldsdirektoratet (2022)

Furthermore, a significant issue that has been focused on lately is the high unemployment among people with non-Norwegian backgrounds. Low employment among immigrants means loss of labor, lower tax revenues, and additional social security expenses. The political goal is to increase the immigrant's participation in the Norwegian work environment (SSB, 2021; SSB; 2019). There are also many consequences for the Norwegian society of diversity being an unused resource within organizations. In a broader perspective, the lack of participation by large groups in professional life will challenge the sustainability of the welfare state. In addition, refugees and most of the population experience occupational participation as the most critical factor in integrating themselves and taking part in the society (Mangfoldsdirektoratet 2021). The ability to deal with cultural diversity within the Norwegian society is, based on this, understood to be essential.

Cultural diversity effectively managed by an organization gives it a competitive edge that other organizations lack (Stevens & Ogunji, 2011). Further, research indicates that companies with more culturally diverse workforces are more likely to perform well financially. According to a report by McKinsey (2015), ethnically diverse companies are 30% more likely to outperform those who fail to change their mind regarding diversity. Unfortunately, many companies are unaware of the benefits of cultural diversity and how well-managed diversity can result in a competitive edge. Due to this, there is little information concerning how organizations today view and manage culturally diverse workforces, especially in Norway.

Nevertheless, the Norwegian public debate addresses gender diversity and such inequalities in the organizations rather than how diversity in a broader sense contributes to increased competitiveness, innovation, and profitability, which further is fundamentals for improving team performance within organizations. On the international market, diversity is about how organizations can benefit from their resources, while in most Norwegian companies, diversity seems to be an unused resource (Moe, 2020). However, it is believed that the future of the human race lies in maintaining its diversity and turning that to its advantage (Hall & Hall, 1989). Considering the increased use of teams in the Norwegian work environment and the increasing workplace diversity, it is important to ask the question: *How does diversity affect team performance?*

The following sections discuss the major concepts addressed in this research question and how they are interpreted. The presence of different cultures within an organization is, in this study, referred to as 'cultural diversity'. Additionally, how the team performance is affected by the concept of cultural diversity will be evaluated. A team in this context refers to a group of employees in an organization who work together on assignments or in general, both in-person and remotely— Furthermore, a discussion of various factors that affect team performance. Managing cultural diversity within an organization is key to its long-term success and is a component of leadership. Below is a theoretical chapter that elaborates on the mentioned concepts.

1.2 Purpose and Contributions of the Study

From the previous discussion, it can be established that a study on cultural diversity within organizations, narrowed down to teams', is of high importance in this century. The purpose of this study is to investigate how Norwegian organizations perceive diversity and what effect it has on the teams' performance. In this study, the authors hope to better understand the cultural diversity in a Norwegian work environment and how it is perceived to understand why some organizations implement this or why some companies choose not to. The objective of the research is to give recommendations to Norwegian organizations based on the effect of cultural diversity on team performance so that they are prepared to either take advantage of or should prevent this trend of increasing diversity in their organizations. Moreover, the results of this study may also help Norwegian organizations that are speculative around this topic and who, therefore, do not see the potential of having people working together in teams belonging to different cultural backgrounds. The study could also help organizations understand why eventual challenges occur and how to master them possibly.

1.3 Demarcations

The study does not consider all aspects of diversity; instead, it focuses on cultural diversity alone. Further, the view on cultural diversity within teams is considered from both a managerial and employee perspective. As such, the management does not focus on specific departments in the organization but on the organization as a whole and how it manages cultural diversity. Moreover, the way different teams manage cultural diversity depends on the intentional actions of the subjects and does not consider their unconscious treatment of cultural diversity. Additionally, the participants are selected according to the number of employees within each organization.

1.4 Structure of the Thesis

The thesis layout is illustrated diagrammatically in Figure 2 to present the structure in which this research is conducted.

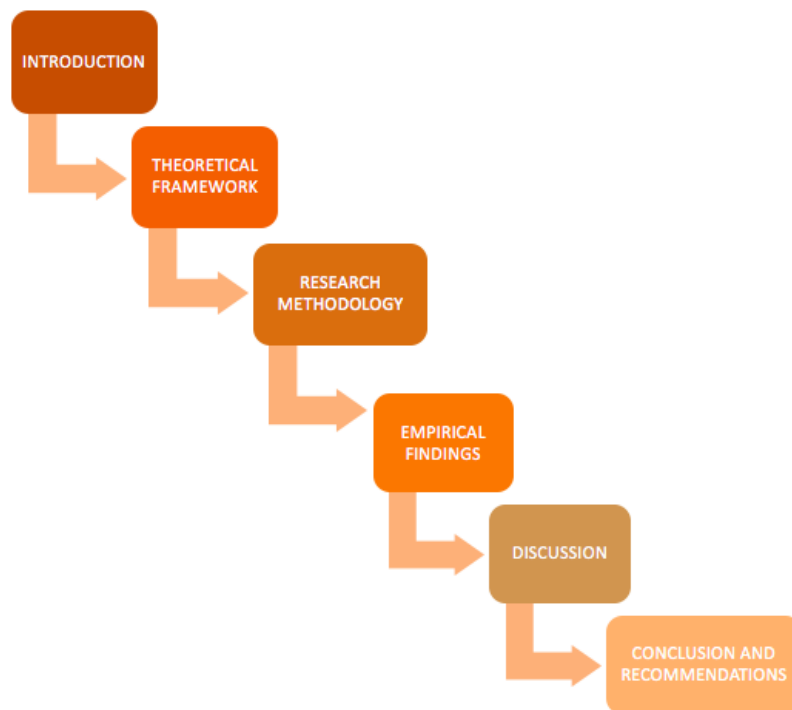


Figure 2. Thesis Layout

The first chapter is made up of an introduction to the topic at hand, including the research question, the study's purpose, and demarcations. It is then followed up by the literature review, which introduces the facts collected from the literature review on the topic, elaborating and defining the relevant concepts of this research. Since the study is a qualitative research conducted to examine the effects diversity has on team performance, the literature review section is followed by the research method applied to gather the primary data for the presented research. Also, it elaborates on the author's approach to knowledge and research. Then the empirical findings from the interviews will be presented in chapter four, along with the information gathered from each organization in chapter five. Finally, the thesis will present the conclusion, highlighting the limitations and suggestions for future research.

2. Literature Review

To gain a more comprehensive understanding, and understanding of the topic of the research question, some research has been conducted on the subject of cultural diversity. The theoretical chapter reviews the various theories that emerged from literature relevant to the topic of this thesis. The theories cover diversity and inclusion, cultural diversity, organizational culture, multicultural teams, and several factors that affect team performance.

2.1 Diversity and Inclusion

Diversity has many dimensions that cannot be contained within one definition; however, Kreitz (2008) defines diversity in terms of "any significant difference that distinguishes one individual from another" (p. 102). The factors considered may include gender, ethnicity, religion, nationality, education, and experiences (Tan, 2019). Williams and O'Reilly also define diversity as an attribute by which another individual may identify differences in individuals (Williams & O'Reilly, 1998). Diversity is a fundamental component of every organization, and it can be addressed as part of organizational capability and be used as part of organizational success (Urick, 2017).

Scholars have relied on paradigms that explain the effects of diversity in teams. One of the paradigms is based on factor approaches. McGrath et al. (1995) can be divided into two classifications: firstly, the two-factor approach in which diversity is visible or nonvisible. The visible include those detected during the first interaction (e.g., gender, age, and race). On the other hand, the nonvisible becomes apparent only after extensive communication and interaction (e.g., knowledge, expertise, values, and beliefs). The visible dimension of diversity, also known as relation-oriented, can impact relationships between individuals while not affecting team performance. However, undetectable qualities or a task-oriented diversity of the working environment has shown to positively affect the team performance (Horwitz & Horwitz, 2007; Jackson et al., 2003; Pelled et al., 1999).

A multifactorial approach has been used to overcome the limitations of the two-factor approaches above, which rely on a limited set of variables. Jehn et al. (1999) distinguished three types of diversity: informational diversity, social category diversity, and value diversity. The research refers to informational diversity as differences in the knowledge each group member has gained through their education or experiences. At the same time, these differences increase the possibility of diverse perspectives and opinions in a workgroup. Organizations benefit from informational diversity, but most people refer to social category diversity when talking about diversity. Social category diversity primarily refers to differences between group members based on their demographic characteristics, such as nationality, sex, or race. Furthermore, Value Diversity is a result of the fact that group members have different ideas about the group's real task, objective, target, or mission.

Even though diversity is essential for the organization, without inclusion, it will be impossible to attract diverse talents, engage them in the organization and improve team performance. Numerous studies have shown that diversity alone does not result in inclusion (Sherbin & Rashid, 2017). 'Inclusion' refers to the deliberate, ongoing process of ensuring that diverse people of different identities can participate fully in all aspects of an organization ([Tan, 2019](#)). In the words of Verna Myers, "Diversity is being asked to the party. Inclusion is being asked to dance" (Sherbin & Rashid, 2017, p.2). In this context, it is important to look at the other side of the coin: cultural differences also bring potential costs in higher turnover, interpersonal conflict, and communication breakdowns (Cox Taylor, 1993).

Furthermore, cross-cultural communication is essential to embedding an inclusive work environment, according to the research and experience of Nancy Adler (Adler, 1997). A key aspect of inclusion is the removal of barriers or obstacles perceived as unfair to ensure that everyone reaches their full potential without having to assimilate into another culture (Taylor, 1992). According to Miller (1994), inclusive groups encourage and facilitate divergent views since they are aware that these results in more effective solutions that are more adaptable and

flexible. In this view, inclusion is seen as providing benefits to individuals, organizations, groups, and most importantly, the whole society.

2.2 Cultural Diversity

According to the authors, defining culture is the first step in understanding the concept of cultural diversity. There are many definitions of culture that reflect the complexity of the phenomenon, much like the concept of diversity may also be seen as having a broad definition.

2.2.1 Culture

Since human resources are seen as a competitive advantage in this century, it is of great interest. Humans are the most valuable resource in any organization.

According to Hofstede (2001), culture plays a crucial role in human relations at work. Culture is defined by Hofstede (2001) as "the collective programming of the mind" and believes that how we think, behave, and act (mental programs) has been deeply ingrained in our minds since our childhood (p. 9-11). Hofstede (2010) also argues that it is difficult to unlearn what a person has learned during their years of development as an adult.

Furthermore, Tribe and Lane (2009) define culture as a set of beliefs and values that define a group's 'shoulds' and 'oughts,' which determines how a group interacts. Culture is, therefore, crucial at different levels of an organization, which can be viewed as organizational units, industry sectors, geographic regions, and countries (Ghemawat & Reiche, 2011). Due to its ability to profoundly influence people's behavior and way of thinking while working in multicultural companies, it is essential to consider country-specific and national cultures (Clancey, 1997).

Culture consists of many layers, and according to Hofstede (2011), they can all be summarized in four terms. Symbols make up the outer layer. Next, we have heroes, who can be real-life public figures or imaginary figures. Near the core, on the third layer, we find rituals, and at the core of culture are values. While national cultures are mostly concerned with the value layer, organizational cultures tend to be more concerned with the more superficial layers such as rituals, symbols, and heroes (Hofstede, 2011).

There are a variety of symbols, such as pictures, gestures, or objects within a culture, which are only understood by those who share the same culture. There is a rapid development of new symbols and rapid disappearance of old ones; symbols of one cultural group are regularly copied by others. In this way, symbols may be considered the outer and most superficial layer of culture. Rituals are collective activities, technically unnecessary to reach desired outcomes but culturally essential since they are done for their own sake. These activities include, for instance, greeting each other or giving respect to government officials. The concept of heroes refers to individuals, dead or alive, real or imagined, "who possess characteristics that are highly prized in a culture and thus serve as models for behavior" (Middlebrooks et al., 2018, p.288). Values are at the core of culture. Values are strong emotions with an array of opposite poles: They can be either negative or positive. Such contrasts include evil versus good, abnormal versus normal, immorality versus morality, etc. (Hofstede, 2011).

2.2.2 Cultural Diversity in teams

A distinct feature of our globalized world is the awareness and acceptance of cultural diversity, as every individual is unique. Throughout life, an individual gets their own defined background experiences. People of different religions, nationalities, or languages can generate diverse cultures within a company. Cultural diversity, therefore, encompasses so much more and can be described as "the representation, in one social system of people with distinctly different group affiliations of cultural significance" (Cox Taylor, 1993, p.5-6).

Mannix and Neal concluded that diversity affects groups in three theoretical mechanisms (Mannix & Neale, 2005). Firstly, as a social psychological theory, the social identity theory was introduced by Tajfel (1998) and then further developed by Tajfel et al. (1979) to understand and predict the influence of diversity on individual attitudes and behavior as well as team dynamics (Jackson et al., 2003; Trepte & Loy, 2017). The basic explanation for the effects of diversity on individual outcomes, as Tsui et al. mentioned, is that one's similarity in visible and relatively immutable traits affects feelings of identification (Tsui et al., 1992). Social identity theory proposes that individuals categorize themselves

as belonging to numerous groups such as a professional group, a fan base of a specific pop band, students, or even two people with or without pets, mainly implying the groups one feels a connection to every day. Social identification can be divided into subset processes such as self-categorization and comparison. The self-categorization theory was proposed by Turner (1999) and defined the situation where people divide themselves into groups or categories. They evaluate groups they feel a particular belonging to as in-groups and groups they do not consider themselves part of as out-groups, distinguishing between "us" and "them". A perfect example of this manner is sports rivals, where a fan base categorizes themselves as a part of a group. After categorizing, people tend to compare themselves with other groups, mostly making biased comparisons. Preferably in-groups are viewed favorably, and out-groups are viewed negatively. Tajfel and Turner argued that this is commonly related to self-esteem, where humans have a natural desire to increase self-esteem. Moreover, how we belong to groups can help in cases where we view the group as superior. This is where discrimination, prejudice, and stereotypes come into the picture (Hornsey, 2008).

Social identity theory has been used to predict and understand how diversity influences individual attitudes and behavior and team dynamics. To explain the effects of diversity on individual outcomes, the basic argument is that one's similarity in visible and relatively immutable traits influences feelings of identification (Tsui et al., 1992). Within groups, identification based on demographic similarity is associated with in-group biases and team conflict. By extending the logic of theories that explain individual attitudes and behavior, diversity researchers have found a solid theoretical rationale for making predictions about how diversity is likely to influence social processes within teams and organizations, e.g., Jehn et al., (1999), Lisa Hope Pelled (1999). Although social categorization and social identity theory were developed initially to explain the effects of readily detected diversity, some scholars have used these theories to explain the effects of personality and value-based diversity, e.g., Thomas (1999).

There exist numerous reasons why people prefer the company of others who advocate attitudes, specifically necessary attitudes, which are complementary to

their own (Byrne, 1971). The most important aspect is that sharing similar attitudes provides validation that an individual is not alone in his or her belief, which can be linked to the similarity-attraction theory. Other imaginable reasons suggested for the preferability of others who are similar to themselves are (1) people tend to be more prone to assume that others who possess similar attitudes to themselves have a bigger chance of being attracted to them, a "likeness begets liking" explanation, and (2) awareness of similar attitudes may help people to predict others' future behaviors, providing a predictive "window" (Berscheid & Hatfield, 1969; Byrne, 1971). Conclusively speaking, as per Byrne's definition, the similarity attraction theory highlights that people are likely to be attracted to individuals who possess similar attitudes and attributes, leading to the contrast where they feel a form of a challenge with others who on their side possess dissimilar attitudes, values, and experiences (Byrne, 1971). According to the theory of information-processing, diversity of compositions in groups can have direct positive effects thanks to accessing diverse knowledge, information, networks, skills, and experiences that enhance creative problem-solving skills and innovation (Mannix & Neale, 2005; O'Reilly III et al., 1998; Tajfel, 2010). All things considered, these theories propose the conceptual foundation of relational demography theory (Tsui et al., 1992), which suggests that demographic attributes in the area within work units will profoundly affect an individual's attitude and behavior (Yadav & Lenka, 2020).

Cultural diversity can affect team outcomes through those three perspectives mentioned above that adjust the relationship between diversity and teams. The similarity-attraction theory states that the validity of homogeneity and the comfort of similar belongings can significantly affect how individuals feel more attracted to people who share the same beliefs, values, and attitudes. Thus, an expected consequence is avoiding communication and interaction with people who are different from them (Byrne et al., 1986; Schneider, 1987; Williams & O'Reilly, 1998). According to social identity and categorization theory, people tend to define themselves and others according to such factors as age, race, and religion (Williams & O'Reilly, 1998). Because of this, people may act biasedly with out-group members while treating in-group members with preference and favoritism and stereotype people based on their group characteristics (Schopler & Insko,

1992; McGrath, Berdahl and Arrow 1995; Mannix & Neale, 2005; Günter et al., 2021). From those two perspectives, diverse teams will have an increasingly pessimistic view since people will become more attached to similarity and thus gain greater social integration and cohesion when surrounded by homogeneous teams (Mannix & Neale, 2005). Nonetheless, the information-processing perspective helps us better comprehend how difference and distinctiveness in cognitive frameworks and perspectives contribute to learning, improved performance, and creates novel approaches through interaction and information exchange (Tribe & Lane, 2009). Cultural diversity appears to have a much greater influence since culture is the origin of differences.

To understand the terms further, a stereotype is a preconceived assumption about a group of people or a person where one sometimes unreasonably believes that all people or things with specific characteristics, attributes, and behaviors are the same (Hilton & von Hippel, 1996). In other words, categorizing people by visualizing an image made up of certain preconceptions of some particular group, for instance, nationality group. Hilton and Von Hippel's definition of stereotypes was "mental representations of real differences between groups (...) allowing easier and more efficient processing of information. Stereotypes are selective, however, in that they are localized around group features that are the most distinctive, that provide the greatest differentiation between groups, and that shows the least within-group variation." (Hilton & von Hippel, 1996, p. 240). Stereotypes are not compulsorily negative, but stereotypes about out-group members are presumed to have negative connotations compared to those about in-group members, even when the attributes they include may seem objectively positive" (Esses et al, 1993;1994).

The term tokenism takes its origin from sociological literature and refers to persons (mostly minorities and women) who are admitted, appointed, or hired to a group because of differences from their members, perhaps to serve as a "proof" to prevent criticism and give the appearance that they do not discriminate against such people (Zimmer, 1988). Charles Marden and Gladys Meyer (1973) found examples of tokenism in schools and businesses where they would, from time to time, admit a few token blacks in hopes of satisfying the desegregation orders of

the federal government around the late 1900s (Zimmer, 1988).

2.2.3 Cultures in Organizations

Adler (1997) argues that organizations that adopt global strategies must take advantage of cultural diversity. To successfully do business internationally or with multicultural teams, one must have knowledge of other cultures. As stated at the beginning of this study, this is a growing issue. Interest in understanding cultural diversity may vary significantly between organizations based on their organizational cultures.

The idea of culture must be learned and shared within organizations (Titiev, 1959). According to Tichy (1982), organizational culture is the "normative glue" that holds an organization together. The concept of organizational culture can be defined as how people behave and work together and how well they function as a team. Moreover, it is a collection of characteristics that shape team members' behaviors and enhance or hinder the achievement of team performance (Tirmizi, 2008). Further explained, organizational culture is composed of unspoken guidelines and values that are taken for granted, and every social unit with a shared history has developed its own culture (Cameron & Quinn, 2011; Schein, 2010). The competitive global environment has made organizational culture increasingly important, and most importantly, because organizational culture has a significant impact on the organization, but also the team performance (Tirmizi, 2008).

In 1980, psychologist Richard Schein introduced the concept of company culture, which he claimed is a key factor in a company's success. According to him, it should be integrated into the company's strategy. Raju (2017) supports Schein's theory by adding that company culture is shaped by nationality, values, myths, rituals, and symbols. Furthermore, Schein (2010) states that the organization's culture has three different levels. On the first level, known as the visible level, there are the artifacts that reflect behaviors, habits, and languages; these aspects are the first noticed when facing another culture. The second level is less visible and more difficult to observe; it has to do with values and morals, such as

relationships with others. Ultimately, the third level is the core of culture and represents its fundamental concept. This part is the most difficult to distinguish because it is not evident or explicit. At this level, members of the same group do not discuss the beliefs within their own group.

In multicultural teams, organizational culture is even more critical because it determines how a team performs, learns, and uses its diversity to its advantage (Cox & Stacy, 1991). Jackson, Joshi, and Erhardt (2003) report the results of studies that explore how organizational culture affects diversity dynamics. Diversity can positively impact organizational outcomes if the culture stresses integration and learning, according to Ely and Thomas (2001). Diversity outcomes are influenced by the degree of structure and informal integration in an organization, as stated by Tung and Cox (1997). Polzer et al. (2002) suggest that the cultures of organizations may affect the negotiation of identities during the team-building process and that teams are more likely to benefit from diversity when shared appraisals verify members' identities among members.

2.3 Multicultural Teams

Multiculturalism occurs when individuals with diverse cultural backgrounds, ideas, and experiences work together in organizations (Cox, 1991). Although, before investigating multicultural teams, the authors will start by explaining the concept of teams in general. This is especially important to address since teamwork has become an integral part of the contemporary workplace organization.

2.3.1 Teams

To understand the concept of teams, one must comprehend the foundation around the term workgroup. As Alderfer (1977) and Hackman (1987) defined, a "workgroup" consists of individuals who see themselves and who are seen by others as a social entity, who are also interdependent because of the assignments they carry out as members of a group, who are ingrained in one or larger social systems (e.g., organization, community), and who perform assignments that affect others (e.g., customers, coworkers) (Alderfer, 1977; Hackman, 1987). In the argot of organizational psychology, "team" has broadly replaced the term "group"; for

many, the first-mentioned term connotes more than the last mentioned one. Katzenbach and Smith (1993) asserted that groups evolve into teams when they develop a sense of collective commitment and strive for synergy among the members (Katzenbach & Smith, 1993).

Some researchers have earlier identified how groups increase productivity and performance in organizations. According to Smith, when members of a group are ex-ante identical to each other in a matter of residing abilities, they will have the ability to increase their overall output through specialization (Smith, 1776). In the event where workers possess diverse abilities, the specialization in this case in proportion to each worker's skills, would in fact enhance group performance (Watson et al., 1993). A counterargument to this is that the coordination costs in diverse teams lead to a reduction in collective performance. The more diverse a group is, the higher the possibility of difficulties coordinating the team (Williams & O'Reilly III, 1998; Zenger & Lawrence, 1989).

Several typologies for categorizing teams include formal and informal teams, task forces, committees, self-managed teams, and virtual teams. Even though the concepts that differentiate these typologies are valuable and important, the characteristics of a type of team often overlap with those of another type. To understand the various forms of teams and some of their important characteristics, the following categorization may be helpful (Halverson & Tirmizi, 2008).

Organizations are built on the foundation of formal teams. Due to team members having distinct roles, the organizational structure of a formal team is more rigid. Teams may be formed to tackle particular tasks that an organization wants to accomplish within a given period. Contrary, informal teams tend to solve specific challenges, and their role changes with changes in the tasks. Unlike formal teams, informal teams have a less-rigid organizational structure. However, both types of teams possess high boundary-spanning capabilities (Halverson & Tirmizi, 2008).

Halverson and Tirmizi (2008) refer to task forces as teams that are created for a defined project where the team members are highly dependent on one another and place a high emphasis on time management and performance. Furthermore,

committees perform similarly to task forces but with greater autonomy and different levels of interdependence when compared. Self-managed teams are the most autonomous teams within an organization, combining aspects of both formal and informal teams. Additionally, virtual teams are created and joined electronically. Due to the use of technology, members of virtual teams do not need to meet face-to-face to communicate (Halverson & Tirmizi, 2008).

Teams can also be classified according to their diversity. If a team consists of members who share a similar background and are from related cultures, they are members of homogenous teams. Per contra multicultural teams, members are of several cultures (Adler & Gundersen, 2008). Moreover, Adler and Gundersen (2008) divide multicultural teams into three types: token teams that consist of a single member from another culture, bicultural teams with members from two cultures, and multicultural teams composed of members from three or more cultures representing three or more ethnic groups. However, in this study, the emphasis will lay on understanding multicultural teams.

2.3.2 Defining Multicultural Teams

Pluralism, full integration of minority culture members both formally and informally, an absence of prejudice and discrimination, and a low level of inter-group conflict define a multicultural organization (Cox & Stacy, 1991). Among organizations, multiculturalism is a phenomenon resulting from bringing together individuals with diverse cultural backgrounds, ideologies, and life experiences to work together. Successful multicultural teams are those which have found ways to integrate the contribution of their members and have developed solutions that add value because of and not despite their differences. The emphasis is on appreciating differences and fostering an environment where everyone feels valued and accepted (Rice & Hand, 2010).

As defined by Marquardt and Horvath (2001), multicultural teams are task-oriented groups composed of people with different cultural backgrounds (Matveev & Milter, 2004). In line with Marquardt and Horvath (2001) and Bailey and Cohen (1997), we define multicultural teams as a collection of people from different cultural backgrounds who are interdependent in their work. Additionally,

they can manage relationships across organizational boundaries and beyond and perceive themselves and others as part of a more extensive social system (Tirmizi, 2008).

Although cultural differences are probably the greatest challenge when working in multicultural teams, they are also a primary reason why multicultural teams should be developed and utilized in organizations. Moreover, cultural differences are also essential for generating cultural synergy within multicultural teams to develop a "global mindset", allowing multi-perspective and flexible action. They are essential for developing intercultural leadership (Maznevski et al., 2002; Rhinesmith, 1992). Multicultural teams can be highly effective as long as they take advantage of their respective culture-specific strengths. Furthermore, multicultural teams must develop culturally appropriate strategies for managing tasks and processes to achieve high performance (Adler & Gundersen, 2008); Moran et al., 2014).

2.3.3 Discussion on Multicultural Teams

Teams function differently based on their cultural diversity (Jehn et al., 1999). A team consisting of a cultural mix has some distinct advantages and downsides. Researchers have found that culturally homogeneous and heterogeneous teams have advantages over one another in different contexts (Ely & Thomas, 2001; Thomas, 1999). Additionally, Brown et al. (1999) point out that heterogeneous teams are either the most effective or the least effective, while homogeneous teams are average. In Thomas' study (1999), homogeneous teams performed better than heterogeneous teams in five different situations (Thomas, 1999). Compared to heterogeneous teams, Thomas demonstrated that homogeneous teams are more successful and efficient when dealing with situations characterized by a complex context. At the same time, the heterogeneous teams fall short due to perception- and attributional differences, as well as their communication deficiencies (Adler & Gundersen, 2008).

Similarly, Schaafsma (2008) examines both the minority's and the majority's experiences working in ethnically diverse workplaces in the Netherlands. The purpose of the study was to investigate whether the informants find it challenging

to work in workplaces that are characterized by diversity and to identify which situations these challenges may be related to. The study shows that most are positive or neutral to diversity. This, as long as you work towards common goals, diverse teams tend to work well. Diversity only becomes challenging when inequality stands in the way of achieving common work goals and tasks. First, the lack of language skills is highlighted as a typical example of something that stands in the way of collaboration in the teams and their goal achievement (mangfoldsdirektoratet, 2022; Schaafsma, 2008).

Subsequently, heterogeneous teams bring with them different experiences and members belonging to different cultural backgrounds, and they are more likely to come up with creative solutions and ideas when solving a problem or to plan an organizational strategy (Adler & Gundersen, 2008; Cox et al., 1991). Although conflicts can arise more easily among heterogeneous teams (Jehn et al., 1999), they can still generate more ideas, resulting in increased productivity and creativity (Cox et al., 1991). This is furthermore supported by recent research by Wang et al. (2019). The study reported that diversity is strongly associated with more creativity because of its relationship with higher information diversity. The effect is moderated to be more positive when the team is collocated or is engaged in an interdependent task (Stahl & Maznevski, 2021). Recent research by Backmann and colleagues investigated the role of cultural identity plurality in multicultural teams. Those with a more diverse cultural identity have also been found to engage in bridging behaviors (Backmann et al., 2020). Also, Al-Jenaibi (2012) conducted a study to determine the impact and scope of cultural diversity in organizations and found similar results. According to the study, the majority of workers declare that working in a group with culturally diverse people helps overcome cultural differences while working together (Al-Jenaibi, 2012). Conflicts between teams do not arise from cultural differences; organizational context and team members' responses to cultural norms are responsible. A diverse workforce requires team members to overcome cultural differences actively to bridge cultural boundaries. In multicultural teams, according to Kopp (2005), this may be achieved by forming a hybrid culture (Halverson & Tirmizi, 2008).

Furthermore, processes such as conflict and communication must be considered. Cultural conflicts can arise when people from different cultures engage with each other. Since the two people involved in the interaction have different emotions when they encounter the new culture, the latter often produces a cultural clash (Hofstede et al., 2010). Cultural differences can explain conflicts between people because people prefer to work with those who are similar to them and thus have a greater sense of comfort with them (Jehn et al., 1999). The differences in values, backgrounds, and experiences between heterogeneous groups can help to trigger conflict. Deficiencies in teamwork and collaboration can be caused by cultural differences, which can be subtle and hard to detect until they become a problem (Brett et al., 2009).

Conversely, some studies have shown that homogeneous teams avoid the "process loss" that occurs when communication is not practiced and the resulting conflict that follows a diversity-based composition. An important aspect of resolving a cultural conflict is for managers to understand the underlying causes and interfere in a way that is appropriate to each situation (Brett et al., 2009). Communication and active listening are essential for dealing with cultural differences (Parvis, 2003). According to research, people frequently perceive language as the source of problems in settings involving cultural diversity (Adler, 1983). Although if people can communicate, people from different cultures may have different meanings for the same words or ways of conveying the same ideas. This could be shown, for example, by varied 17 methods of using quiet or distinct perspectives on the truth (Lewis, 2018).

Nevertheless, learning about different cultures is also necessary to identify cross-cultural challenges (Parvis, 2003). The main emphasis here should be on the factors that distinguish the host culture and the cultures that are joining the organization (Parvis, 2003). Knowledge of other cultures is an important step in minimizing the risk of cultural misunderstandings, along with the desire to understand and implement the culture within the organization (Varner & Beamer, 2011). In their 2011 article, Varner and Beamer state that many international business failures occur when people working in these organizations do not understand the reasons why people think or value the way they do, hence their

quote "*Culture explains how people make sense of their world*" (Varner & Beamer, 2011, p.4).

2.4 Team performance

A conjunction of the outputs produced by the group for the whole task and the contribution of each specific team member produces an outcome of success for the whole team, which is what team performance is defined as (Chen, 2021). As Salas et al. mentioned, team performance is "a multilevel process arising as team members enact both their individual task-work performance processes and individual and team-level teamwork processes" (Salas et al., 2008, p. 541). Therefore, it can be concluded that performance is a combination of teamwork processes and individual performance. Campbell et al. defined team performance as not an outcome but as consistent with the conceptualization of performance as a process (Chen et al., 2013).

Nijstad's general framework of group performance includes five dimensions, group members, group interaction processes, group context, group output, and group tasks (Nijstad, 2009). Individual motives, moods, and personalities affect group performance, and in this manner, the group members themselves can be considered an essential foundation for task performance. Despite this, group output can be judged at both group and individual levels. Therefore, it is important to note that the alternatives for output aspects should be based on the characteristics of the group tasks and research objectives (Nijstad, 2009). Subsequently, Nijstad also concluded that "group context consists of the physical and social environment of the group and influences all other elements of the framework" (Nijstad, 2009, p.57).

2.4.1 Factors Affecting Team Performance

The common factor among the studies that examine the connection between diversity and team performance, is that they emphasize the importance of acknowledgment and diversity management, for diversity to be profitable (Buengeler & Den Hartog, 2015; Jin et al., 2017; Singh et al., 2013). Several of these mentioned studies take origin from a theoretical perspective that argues that an inclusive organization and fair leadership are prerequisites for diversity to be

advantageous. Furthermore, the effect of cultural diversity on team performance can be explained through several factors. To understand the relationship between cultural diversity and team performance following factors will be addressed in this part of the study; economic profitability, innovation and creativity, sick absence, diversity management, and leading multicultural teams.

Economic Profitability

Several international studies explain the conjunction between cultural diversity and profitability. Most of the studies researched in the IMDi-report found a positive correlation between diversity and profitability (mangfoldsdirektoratet, 2022). Herring (2009) brought forth eight hypotheses about diversity on different dimensions of profitability by using a survey of a national selection of companies in the USA called the "National Organizations Survey" (N=506). The survey was based on information in terms of profitability, market shares, and sales statistics. Using the "Racial Index of Diversity"-approach (Zuberi, 2001), the authors found that cultural diversity is associated with increased sales revenue, more customers, more significant market share, and increased profit.

Parrotta et al. (2014) studied user data from 1980 to 2005 in Denmark, where they looked at diversity in gender, age, work experience, nationality, and education using the Herfindahl index to measure diversity. The authors found a negative statistically significant equivalence between cultural diversity and total factor productivity. The author's reasoning for the negative findings was that Denmark was influenced by the fact that the communication and integration costs would dominate the positive effects of increased creativity and diversity. As for Norway, Dale-Olsen and Finseraas (2020) examined the correlation between linguistic diversity and profitability in Norwegian industry firms in the period from 2003 to 2013. To measure the amount of linguistic diversity, the authors used registered data and different statistic standards for linguistic distance based on country of birth and spent time in Norway. The result of their analysis shows that a presence of high linguistic diversity leads to reduced profitability in the firm. An increase in the linguistic diversity of 10 percent will be after a decrease in profitability by 1 to 1.6 percent depending on model specification (Dale-Olsen & Finseraas, 2020). Their findings point to the language barrier negatively affecting the firm's

profitability. However, Dale-Olsen and Finseraas (2020) acknowledge that the longer immigrants live in Norway and have a goal to comprehend the language, the less negative is the linguistic diversity in terms of profitability.

A statistically significant relationship between diversity and financial performance was found by analyzing the data from the group of 366 companies according to Mckinsey's report "Diversity matters" (Hunt et al., 2015). Companies with greater cultural diversity are 35 percent more likely to achieve financial returns above the industry median, as seen in the illustration (figure 3) below.

How diversity correlates with better financial performance

Likelihood of financial performance above national industry media, by diversity quartile %

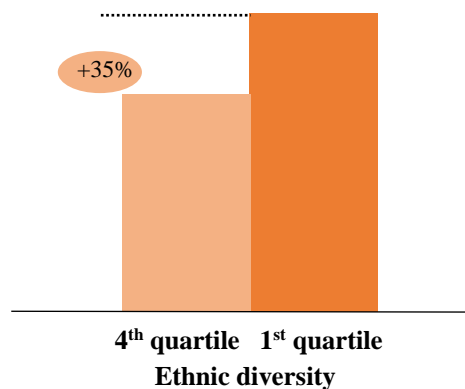


Figure 3. From Mckinsey report, Diversity Matters (Hunt et al., 2015)

The geographic location, in conjunction with diversity, appears to affect an organization's profitability. The literature supports diversity to be more profitable in large cities and areas where the customers are also diverse. A business can thus benefit from "mirroring" the population in its surroundings. Studies of economic profitability show that companies with high diversity are relatively more profitable in bigger cities (Cooke & Kemeny, 2017; Nathan, 2016). Additionally, highly diverse companies can benefit from strengthening their international relationships abroad (Marchal & Nedoncelle, 2019; Ottaviano et al., 2018).

Innovation and Creativity

The literature search discovered several studies examining the connection between cultural diversity within teams and the organization's ability to innovate. While creativity focuses on generating ideas, innovation involves incorporating these ideas (Anderson et al., 2014; Hughes). Whereas a convergent process of idea implementation characterizes innovation, creativity and innovation highlight a divergent process of idea development that can benefit from diverse perceptions provided by multicultural teams. Despite their distinctions, creativity and innovation are considered two concepts that are strongly related. Researchers have claimed that their conceptual limitations are ambiguous (Anderson et al., 2014). Diversity in multicultural teams has beneficial and detrimental effects on team creativity and innovation, according to the information-processing perspective (Van Knippenberg et al., 2004). The model indicates that culturally diverse teams may not be able to harness diversity due to the unfavorable social dynamics caused by diversity, which have been previously mentioned in this study as the social categorization theory (O'Reilly III et al., 1998).

Moreover, the team members belonging to different cultural backgrounds may be regarded as out-group members and express negative biases against them. Subsequently, leading to the team members having a feeling of an absence of a shared cultural identity, resulting in low team identity. Furthermore, members from various cultural backgrounds may have contradictory beliefs, attitudes, interests, and behaviors, making intercultural engagement challenging. Cultural identity conflicts and intercultural engagement difficulties are negative social processes that suppress team creativity and innovation (Dahlin et al., 2005; Van Knippenberg et al., 2004). The categorization-information elaboration model, on the other hand, claims that diversity in multicultural teams enhances the number of perspectives and knowledge that in turn improves team creativity and innovation (Adler & Gundersen, 2008), which is the information/decision-making perspective on diversity (O'Reilly III et al., 1998). According to diversity research, heterogeneous teams generate more creativity and innovation than homogenous teams. This is further explained as diverse teams bring different perspectives, experiences, and approaches to bear on complex and non-routine problems (Hewlett et al., 2013; Phillips et al., 2014).

Sick Absence

There is a lack of literature that focuses on the degree diversity affects firms' sick absence. IMDi found three studies (Table 1) that analyze the correlation between cultural diversity and sick absence. Them being a study related to psychological and psychosomatic health, a study related to prevalence of back pain which the last study also takes inspiration from.

Author	Year Published	Country	Diversity-definition	Placement of diversity	Data	Theme	Findings
Avery, McKay, Wilson and Tonidandel	2007	USA	Dummy-variables	Firm	Sample-surveys	Sick absence	Diversity affects sick absence among minorities
Enchauteguid e-Jesùs, Hughes Johnston and Oh	2006	USA	share	Firm	Sample-surveys	Health	Best health in integrated work environments
Hoppe, Fujishiro and Heaney	2014	USA	share	Firm	Sample-surveys	Health	Best health in integrated work environments

Table 1. Studies conducted on the correlation between cultural diversity and sick absence in the US.

The first study was conducted in the USA, where Avery et al. (2007) investigated whether the diversity climate within an organization correlates with the absence of employees from African American backgrounds and among the Latino minority. They hypothesized that there would be less variety in the absence rate between the majority and minorities in firms that show that they value diversity by targeting the recruitment of minorities, emphasizing Equal Employment Opportunity (EEO), and holding leaders accountable for diversity measures. In firms where it lacks such initiative, the minorities will then have a higher absence than majorities as they do not feel a form of appreciation. They concluded that the results show

lower absenteeism among minorities if their organizations focus on diversity and vice versa.

In addition to this finding, Avery et al. (2007) also had a presumption that employees with minority backgrounds had lower absenteeism if their leader had the same ethnicity, as this is interpreted as an expression of access to more social support. The exception, in this case, is if the leader is of the same ethnicity, but the organization lacks focus on climate diversity, which therefore, can lead to increased sickness absence. Likewise, the absence is low if the organization appreciates diversity.

Enchautegui-de-Jesús et al. (2006) investigated whether ethnic diversity in the workplace impacted employees' mental and psychosomatic health. Specifically, they examined the health of employees of African and Latin ancestry.

Enchautegui-de-Jesús et al. (2006) measured diversity as the proportion of equal ethnic backgrounds. They discovered a curvilinear correlation that suggested that mental health is low in workplaces with a low proportion of employees with similar ethnic backgrounds and in "low status" workplaces with an over-representation of people with minority backgrounds. The same goes for psychosomatic health, where the low and high concentration of workers of equal ethnic background is compared to a balanced composition. As this was a cross-sectional study with a few control variables at the business and individual level, it is reasonable to assume that several competing explanations exist. Mainly that the minority is being over-represented in less good jobs and less decent job environments. Additionally, the study did not include employees with a majority background. Consequently, there is no basis for concluding whether minorities have a more robust response to a relative under and over-representation than the majority.

The last study by Hoppe et al. (2014) emphasized the relationship between cultural diversity, job satisfaction, and backpain among warehouse employees. They included employees with majority backgrounds to review how the health of ethnic minorities and majorities is related to the composition of the workplace. The main hypothesis for job satisfaction was that both majorities and minorities

would have better job satisfaction at work where there is a prominent level of majority employees. Both groups thrive on being associated with “high-status” employees in low-status jobs. As for back pain, the researchers presumed that having colleagues of similar ethnicity would better the health related to the back, since it gives reasoning for more positive social interactions within groups.

Additionally, the authors would like to mention that studies have been conducted on the relationship between minority backgrounds and sick absence in Norway. These studies use registered data and survey data to investigate the correlation between immigration background and sick absence (Brekke & Schøne, 2014; Dahl et al., 2010; Hansen et al., 2014). The mentioned studies investigate the variations in long-term absence at the individual level and not on the enterprise level. The main findings were that immigrants from non-Western countries (Africa, Asia, Latin America) had a higher sick absence, meaning they were both more often and longer sick than the majority. At the same time, the case was the opposite for immigrants from Western countries (Hansen et al., 2014).

Diversity Management

Socio-cultural and economic transformations, in conjunction with globalization, economic liberalization, and changing preferences of customers, have considerably increased workforce diversity, which compels organizations to make their workforce more diverse, competitive, and innovative (Cook & Glass, 2009). In this manner, an innovative workforce can be assured by hiring multiple talents from different backgrounds to provide greater services and products to the customer and clients (Salau et al., 2018). Despite this, as in many other situations, there are several challenges related to a diverse workforce. These are often due to the existing differences in the workplace. Thus, to successfully manage the challenges of a diverse workforce, organizations have highlighted awareness related to the root cause of diversity and concluded that diversity management could address the issue and augment decision-making power and problem-solving (Pelled, 1996). Consequently, organizations have made an extensive investment in managing diversity effectively. In addition, a plethora of diversity research has been examined over the past three decades. Where the focus is the examination of the positive impact of diversity performance, innovation, problem-solving, and

decision-making skills (Elsass & Graves, 1997; Yang & Konrad, 2011), along with the adverse impact on group conflicts, cohesion, and turnover (Roberson, 2019)

Diversity management intends to improve the performance of a heterogeneous workforce and comprehensive development of people with differences in ethnicity, nationality, gender, educational and cultural backgrounds. The rationalism for heterogeneity in the workforce is the recruitment of ethnic minorities, underrepresented groups, and women and the migration of people in the hunt for job opportunities (Tsui et al., 1992). For the organization's holistic development, it is essential to recognize the fact that each individual possesses unique knowledge and a certain set of skills. Hence, diversity management has a vital role in knowledge sharing and the overall development of organizations. A considerable number of studies have analyzed the relationship between diversity and the performance of an organization. To understand and manage the dynamics of workforce diversity, researchers have exceptionally examined the outcomes of diversity at three levels. Them being at an individual level (Chatman & Flynn, 2001), group level (Leslie, 2017; Schippers et al., 2003), and organization level (Armstrong et al., 2010; Richard & Johnson, 2001). The individual-level outcomes define aspects such as commitment, absenteeism, turnover, and satisfaction (Tsui et al., 1992). As for the group-level outcomes, we have conflict, creativity, cohesion, group performance, and idea generation (Williams & O'Reilly, 1998). At last, the organizational-level outcomes include the financial performance, productivity, and firm competitiveness (Cox & Stacy, 1991; Richard, 2000).

As several studies provide inconsistencies, researchers have arrived at the conclusion that diversity can be defined as a "double-edged sword" (Milliken & Martins, 1996; Williams & O'Reilly, 1998). Through their studies, researchers have found that diversity management positively affects firm performance and organizational effectiveness (Matveev & Milter, 2004; Richard et al., 2004; Watson et al., 1993). Contradicting this research, some studies have proclaimed that diversity in fact has a negative effect on aspects such as miscommunication, social exclusion, conflicts, and turnover (Williams & O'Reilly, 1998). Webber and

Donahue found through a meta-analysis of 24 studies that neither type of diversity had a relationship with performance and group cohesion (Webber & Donahue, 2001). Correspondingly, a study by Horwitz and Horwitz reported that job-oriented diversity positively affects team performance, but demographic diversity was not substantially associated with team performance (Horwitz & Horwitz, 2007).

Leading Multicultural Teams

Several of the investigated studies take origin from a theoretical perspective that argues that an inclusive organization and fair leadership is a prerequisite for diversity to impact team performance in an advantageous way (mangfoldsdirektoratet, 2022). However, to explain the theoretical perspective, it is important to understand what leadership means. According to Maxwell, a leader is "the one who knows the way, follows it, and shows it to others" (Knap-Stefaniuk, 2020). The art of leadership involves developing a vision, mission, and strategy. Leaders are generally considered to have a broader role than managers. It takes more than a job title to make someone a leader. A leader must be able to act when needed. They create motivation in the workplace through their own set of actions. Also, in a broader sense, leadership involves guiding and influencing others (Bessie L. Marquis, 2017).

The organizational structures have changed throughout time and resulted in developing the concept of leadership within different cultures. In every culture, leaders are expected to behave in a certain way. History, environment, religion, and language are influenced by what is appreciated in each culture and which kind of individuals are selected as leaders. Across cultures, power is divided differently. Some cultures value achievement, while others value education, qualities, wealth, or natural charisma (Lewis, 2008).

However, to understand diversity in teams and team performance Moon and Jung (2018) look at the importance of the following leadership style: ethical management. Ethical management is defined, according to them, as the employee's perception of whether the manager has a high moral standard and practices fair leadership. The author's study is based on findings from

management literature which show that how management is carried out at the workplace affects employees' perceptions of their own everyday work. They argue that the way leaders act as leaders and perform leadership is central to understanding the relationship between diversity and the different types of outcomes. Moon and Jung (2018) have found that in teams led by managers perceived as fair, there is stronger job satisfaction between team members due to diversity in management and a majority of leaders who understand diversity. Also, research shows that minorities perform better in situations where the approach to diversity management places more emphasis on treating everyone fairly and creates a safe framework for equal participation. The fact that the management gives the employees fair treatment seems to strengthen particularly the positive connections between ethnic diversity and profitability (Apfelbaum et al., 2016; Buengeler & Den Hartog, 2015; Moon & Jung, 2018; Nishii & Mayer, 2009).

A Finnish study also shows indirectly that management is essential for diversity to not result in negative consequences. Based on survey data, Aalto et al. (2014) examine whether the growth in the proportion of immigrants working in the Finnish health care system has consequences on the team performance of most doctors. Here, the authors investigate two factors: firstly, the employee's experience of their own autonomy and the employee's experience of their room for expression. With their room for expression, the authors determine whether the employees can safely express their opinions at work. Furthermore, the study finds a negative correlation between diversity, the proportion of immigrants on the staff, and the doctors' job satisfaction. Nevertheless, this connection only applies to doctors who work in teams with little autonomy and little room for maneuver for doctors. The study revealed that doctors with a higher degree of autonomy and an opportunity to express their own views are more satisfied with their work, even though the staff is comprised of many minority employees (Aalto et al., 2014).

A leader's role in managing cultural heterogeneity's impact on team relationships, collaboration methods, and overall performance towards a common goal and vision is to act as a bridge between team members and link them with the joint objectives (Zander et al., 2012). This is furthermore in accordance with Schaafma (2008), who emphasizes that as long as the teamwork toward common goals,

diverse teams tend to perform well. Hajro and Pudelko (2010) concluded that leadership is essential to the success of multicultural teams (Zander et al., 2012). Some studies examining the importance of diversity management reveal interesting connections between the type of management approach and whether the company can benefit from having ethnic diversity. Furthermore, the studies illustrate that team members' diversity must be managed well to produce results, results do not appear by themselves. Therefore, it is imperative that leaders understand which competencies they must have to make the team's cultural heterogeneity an advantage instead of a barrier to its success (mangfoldsdirektoratet, 2022).

Multiple authors have done a lot of research and set together an array of skills that are required of a leader for leading a multicultural team. The authors Dumitrescu et al. (2014) identified different sets of competencies that are required in a leader: First, Adler (2002) states that leaders for these teams must be able to implement cultural understanding and diplomacy to cultivate relationships that foster mutual respect, to communicate accurately, to solve cultural problems synergistically, and to negotiate across cultures. According to other authors, the importance of leveraging cultural differences to gain a competitive advantage in a globalized marketplace is discussed by arguing that leaders must have the capability of understanding and communicating across multiple cultures, the ability to build and sustain global teams, and the ability to support a complex process of teamwork (O'Hara-Devereaux & Johansen, 1994). There are nine cultural-related dimensions that a multicultural leader should possess, as per London and Sessa (1999) comfort with other cultures, fair evaluation, empathy for other cultures, value for cultural differences, open-mindedness, willingness to share cultural differences with others, and adaptability. As identified by Mendenhall et al. (2001), being a successful leader of a multicultural team requires the ability to tolerate ambiguity, be flexible with behavior, be social and interested in people, and be able to demonstrate empathy and meta-communication. Besides, Miller et al. (2000) outlined a few characteristics that can enhance the likelihood of a multicultural leader's success: an open style of management increases trust; a sense of humor can diffuse potential miscommunications; sincere interest in the

teams, as individuals can boost morale; and good communication skills are also essential.

2.5 Literature Review Summary

This section is geared to facilitating the reader to better comprehend all the theories discussed in this chapter. As a result, the authors have combined and summarized all the key aspects addressed in this chapter, subsequently creating a framework that symbolizes and summarizes the fundamental notions.

Furthermore, in the analysis chapter of this paper, this framework will be applied to the empirical data to analyze the findings from this study.

From the literature assessment, it can be concluded that diversity is a broad term that may be described as differences between individuals. Cultural diversity is also defined as the presence of differing cultures inside a social system, each with its own set of values, conventions, and behaviors. Culture has a complex and wide-ranging impact on individuals, which can influence how an organization views the concept of cultural diversity. Individual viewpoints, team dynamics, and organizational culture contribute to workplace cultural diversity. Further, theories explain that cultural diversity can have both beneficial and negative effects on the organization's team performance. It can be demonstrated that both heterogeneous and homogenous teams have strengths, although in different settings.

Conversely, conflicts are more likely to occur in teams consisting of culturally diverse members due to differences in individual behavior and values. These conflicts, moreover, cultural clashes can create barriers for teams, which can result in negative effects on team performance. To overcome challenges caused by cultural differences, communication, listening, and a desire to learn about other cultures are essential. Similarly, an organization's perspective on cultural diversity influences how it is managed inside its structure. The literature review will pose a theoretical foundation for answering the research question: *How does diversity affect team performance?*

Furthermore, the studies in the theoretical chapter look at the relationship between diversity and team performance and conclude that all have one thing in common: they highlight the necessity of acknowledgment and diversity management for

diversity to be beneficial. Additionally, the factors that investigated the relationship between cultural diversity and team performance came to the conclusion that diversity affects the organization in different ways. In several cases, it is possible to overcome the disadvantages. Such in terms of economic profitability, which can be dependent on the geographical location. Also, creativity and innovation can be suppressed and improved by having cultural diversity in organizations and diversity management to have a competitive advantage. Lastly, the importance of leadership that entails recognizing diverse employee beliefs and behaviors and incorporating them into all aspects of the organization results in contributing to long-term growth.

Figure 4 summarizes the concept of cultural diversity by highlighting the important topics presented in the theoretical chapter. The first layer of the circle represents cultural diversity, showing its presence among multicultural teams. The inner second layer illustrates theory and discussion on multicultural teams. Thereby examining some factors that affect the team performance that is evidenced by the third layer. Furthermore, the third layer affects the core of the model, which is the perceived results showing the impact of cultural diversity on team performance.

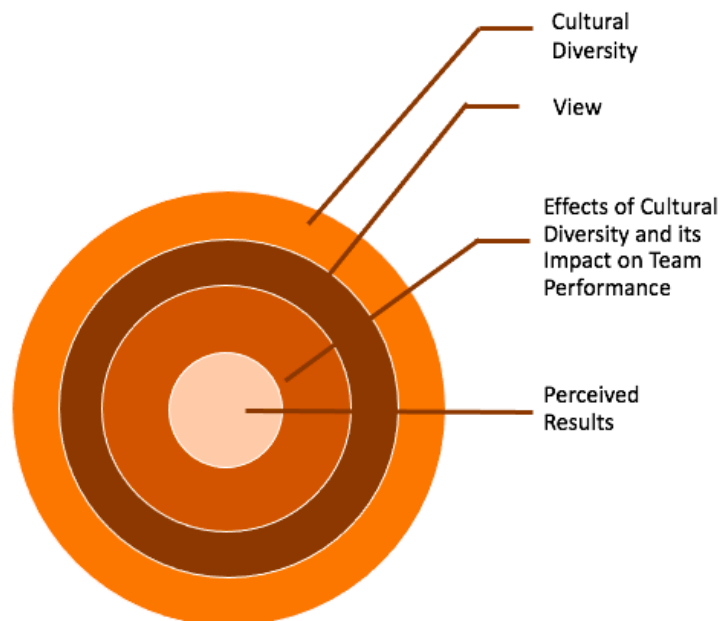


Figure 4. Theoretical Model

3. Research Methodology

The following chapter will explain the research and how it has been conducted simultaneously with a listing of the choices made along the way. It also includes information about companies that excel in multicultural teamwork and possesses a high level of multicultural teams, as all the companies have won “Mangfoldsprisen” at some point in their career. The authors will also include the interviews that were done face to face with the employees of the studied companies and present the outcome of information gained by these. The interviews ranged from all the levels of the companies as employees in the field to certain leaders to gain aspects from different viewpoints regarding the impact of diversity. The authors will firstly state the view on the knowledge that the study takes its foundation from and move on to the practical part of the method, where the collection and processing of the gathered data are explained.

3.1 Theoretical Methodology

In the theoretical part of the methodology, the author's preconception about the subject and the choice of study will be presented. To explain the view on the knowledge that the paper is defined by and the author's choices concerning this, a philosophical stance of the research will be introduced in addition to the approach and design.

3.1.1 Choice of the Subject & Preconceptions

Diversity in teams was chosen as a topic for this study as it is important and highly relevant in today's Norwegian society. The issue came to the author's mind when they realized the hardship of finding jobs for foreign-born people in Norway, as well as utilizing their full potential. As mentioned earlier in the background chapter of this paper, the increasing globalization leads to people more easily moving and living abroad, thus mixing the culture more frequently. This fact results in standard work practices within firms that focus on developing more international work.

Many well-educated people end up in less complex jobs that do not match their previous experiences from their home countries or achieved level of education. As companies expand globally and people travel to other countries searching for a job, the national boundaries decrease while multiculturalism grows. This statement was the basis of the author's interest in seeing whether organizations could keep up with this change and adapt to this growing trend. The authors questioned the organization's operation method regarding the cultural diversity and whether they do that at all, intending to observe if this is something to avoid or generates benefits. Throughout the author's education period, they have been taught about the advantages of cultural diversity and the positive effects of implementing this. Therefore, they thought it would be interesting to see if companies share the same view and, eventually, how they manage it. Furthermore, during the information gathering process, the author realized the lack of study and direct material available on the topic for companies existing in Norway. Additionally, the relevance and importance of this study in increasing globalization led to finalizing the topic at hand.

Preconceptions are about forming an idea or opinion before gathering information and are often generated through past experiences and observations. Behind this study, the preconceived notion is affected by the author's educational background, different cultural backgrounds, and experience. The three mentioned aspects vary for each individual, and combined, they give them their own interpretation of social reality and how it is reflected through the world and its events. The cultural origin of the authors takes part in Pakistan, and Sri Lanka, with an integrated view of Norwegian society as the authors were born and raised in Norway. The educational background of the authors is also grounded in France as they both took an exchange semester there, thus gaining insight into French culture. The authors' main preconceptions are linked to their individual experiences that have evolved through a variety of social influences, culture, and travel, resulting in an effect on their personal preconceptions. On a secondary level, preconceptions are modified through the authors' knowledge, obtained from their lectures, scientific articles, textbooks, and other related sources from BI Norwegian Business School as well as Neoma and Kedge School of Business.

Additionally, the cultural curiosity established by the difference in backgrounds and culture and the exposure to Norwegian culture add to the purpose. Thirdly, experience-wise, exposure to micro aggression towards the authors became an essential aspect of this research and inspiration and preconception. All the mentioned factors combined became essential in analyzing the Norwegian firms' viewpoint on the topic at hand as an independent observer. Nevertheless, it also helps the authors be independent and objective during the research process. Consequently, researching and understanding the topic will give the authors a more profound recognition when entering a professional multicultural world and an excellent value for the future when working in an international environment.

3.1.2 Philosophical Stance

Research relies on some underlying philosophical assumptions about what authentic research is and what method would elicit the necessary knowledge in order to answer the specific research question (Raadschelders, 2011).

Consequently, the philosophy of research is concerned with the sources and development of knowledge in understanding the phenomena of the world, and thus guides the research in deciding upon the research strategy, data collection, and analysis (Holden & Lynch, 2004). Among the major philosophical approaches are epistemology, which emphasizes what we know, and ontology, which takes on both the subjective and objective approach to research (Holden & Lynch, 2004; Raadschelders, 2011). To address the research question, this study takes the position of an interpretive approach and constructionist concerns in order to gain a critical understanding of the interrelationship between the topic's core components. Because of the complexity of the topic, it is necessary to consider the subjective interpretations and meanings behind cultural diversity in an organization.

A core characteristic of interpretivism is that it requires the researcher to interpret the subjective meaning of social actions, as opposed to the objective viewpoint of positivism, which is focused on measuring facts and results. Interpretivism clearly differs from positivism and puts more emphasis on social science and the interpretation of social behaviors rather than on human behaviors. The concept of constructivism asserts that social phenomena and their meanings are continuously

created by social actors. In essence, it implies that social phenomena and categories do not only emerge from social interaction but are constantly being revised, while objectivism on the other hand implies that the social phenomena and its substance, that we use in everyday discourse, exists independently from the social actors (Bell et al., 2022).

As with objectivism, positivism limits the authors' ability to reflect the hidden meaning of the concepts the authors are studying, and the meanings of the concepts from the social actors cannot be separated as in objectivism if a deeper understanding of the topic and its concepts is to be gained. This study examines organizational contexts which are made and accomplished by people through interpersonal interactions. As a result, the results of this study can't be separated from the respondents' interpretations of cultural diversity and the interactions that occur in such scenarios. Positive objectivism, however, would also limit its ability to investigate respondents' answers in the given context. Thus, it does not seem appropriate for the purpose of this study since it is believed that not everything can be measured objectively in a scientific practice. Therefore, a subjective and interpretive approach to the subject matter is necessary to answer the research question. Thus, this has led to the choice of an interpretivism-constructionist perspective in the analysis of this study.

Additionally, “Instead of culture being seen as an external reality that acts on and constraints people, it can be taken to be an emergent reality in a continuous state of constructions and reconstruction” (Bell et al., 2022, pp. 21-22). Thus, as previously discussed, people create, modify, and interpret culture every day. In the same manner, the continuously evolving process of culture affects the emerging reality of cultural diversity, complicating its relationship with other concepts. Considering that this paper aims to achieve a holistic understanding of the chosen topic and is focused on analyzing this complex relationship, the interpretivist constructionist approach is appropriate. The topic could thus only be conceptualized by looking at the interpreted meaning of these concepts and at the actors who create them. In order to understand, and add value, to this relationship, the authors analyze the interpretations and the phenomena determined by the

context and the inter-subjective meaning of individuals' opinion regarding an organizations' actions on cultural diversity and the impact of it.

3.1.3 Research Strategy

"...a board orientation to business research" is referred to as the definition of a research strategy (Bell et al., 2022, p. 47). A qualitative or a quantitative approach can be used to conduct research. However, it depends on the nature of the research and the research question, what approach is the most ideal to answer the question. This study is conducted through a qualitative approach, which we, as authors, believe is the most appropriate research method for this study. This method was chosen to get a deeper level of comprehension of the research topic and a closer relationship with the responder, which is to be achieved through qualitative research (Bell et al., 2022; Silverman, 2006). Unlike quantitative research, qualitative research is more open-ended and does not follow a strict set of processes. This approach will generate more incredible data and provide a deeper understanding of human interactions within the study (Bell et al., 2022). This is essential since the research topic is concerned with understanding how organizations perceive cultural diversity and its impact. The qualitative method will provide a better grasp of cultural diversity and the situational aspects involved than the quantitative approach. As a result, the authors might generate a great deal of information from the respondents through qualitative research. To answer the research question, the effects of cultural diversity will necessitate more human interactions and may also require more comprehensive consideration.

Finding respondents for quantitative research may also be easier since the approach requires less time than the qualitative approach. Given the amount of time respondents spend away from work, this could pose a challenge for the organizations participating in the qualitative study. On the other hand, by applying the quantitative method, we could get a result from a more significant number of respondents (Silverman, 2006) and consequently provide a more realistic image of how most Norwegian organizations feel about the subject. On the other hand, the quantitative approach would provide fewer detailed answers and place a greater emphasis on statistics (Bell et al., 2022). Despite that, using a qualitative

approach, more emphasis can be placed on the words in the responses and the respondent's body language and follow-up questions to elicit further information if needed (Bell et al., 2022; Silverman, 2006). From the discussion above, this study concludes that a qualitative approach is the best approach to answer the research question.

Moreover, there are deductive elements in this study's methodology. This is thought to be the best choice for this study since the authors want to conduct the interviews with prior research knowledge and hypotheses. Conducting the research using knowledge of prior studies in the area of cultural diversity to determine if this represents reality will provide deductive elements to the research (Bell et al., 2022). This knowledge also served as a guide for creating the interview questions for this study. Conducting the study based on already existing theories makes the research deductive.

3.1.4 Research Design

In the following paragraph, our choice of the research design will be specified. By using this framework, the authors will gather and analyze empirical data. The research design will demonstrate which decisions and priorities the authors have made (Bell et al., 2022). Considering this study has multiple cases, a multiple case study design would be the best fit. Comparative design primarily compares two or more situations using identical methodologies. The idea is to research each situation separately to better understand the subject, not to compare them.

Nonetheless, a multiple case study will be developed by taking a qualitative approach to the comparative design. The study would benefit from this method due to the more in-depth study of multiple cases it provides (Bell et al., 2022). Furthermore, the multiple-case design enhances and supports previous results because it replicates the case using pattern-matching, a technique for relating several elements of the original case to theoretical propositions (Campbell, 1975). It helps to increase confidence in the method's robustness (Zainal, 2007). For instance, research on diverse teams within different organizations requires a number of replications to confirm a theory before findings can be generalized.

The research design allows the authors to thoroughly investigate the topic's complex concepts and compare results across various organizations that take part in this study. This, in return, adds value to the study. As a result, the findings will help the study identify the characteristics that differ and are similar between organizations, establishing a causal relationship between the variables. A study of this type is also an appropriate choice to gather data and determine how cultural diversity affects performance, which will help strengthen the study and expand understanding of the topic. Also, multiple case studies are more prevalent today and are thought to be of immense value in improving theory building (Bell et al., 2022). Hence, in the instance of pattern-matching, the analysis of the multiple cases in detail enabled observing and linking a typical behavioral pattern within the selected cases. Additionally, multiple case study is perfectly compatible with scientific ideology and advantageous to conducting semi-structured interviews and observing the participants in their organization's confined setting as part of the qualitative research methods.

3.2 Practical Methodology

The following section of the methodology introduces the practical choices produced throughout the research period. Furthermore, this justifies how the research was conducted, the reasoning for particular decisions, and how the data was collected, handled, and adopted.

3.2.1 Case Selection

As the authors are interested in researching the diversity regarding management and its influence on team performance, they concluded that conducting the research from an organizational perspective would have been the most suited for this study. The authors wanted to gather information from inside the firms without limiting themselves to a particular industry. As mentioned in the theoretical section, cultural diversity is considered a complex situation that can produce positive and negative results for an organization. Moreover, of course, the result of implementing cultural diversity depends on how it is managed and on what type of organization it is. Keeping this in mind, the authors were interested in researching the viewpoint on cultural diversity in firms, how they try to utilize the effects of having multicultural teams in Norway, and how they deal with a

culturally diverse workforce. The candidates' background in this study is all related to firms that won "Mangfoldsprisen" chosen by IMDi (Directorate for Integration and Diversity). "Mangfoldsprisen" is the Norwegian state's award for outstanding use of immigrants' skills in working life. At the same time, the award aims to promote ethnic diversity, better use of immigrants' skills, and increase the recruitment of immigrants in working life. This fact led the authors to choose firms affiliated with the award to examine what practices they must maintain diversity and what other companies can learn from those that perform well with diversity within the organization. Therefore, the selection of the cases is found in the accessibility and in matching the criteria found in the theoretical background. Despite this, it is essential to ensure that the choice of method has a possibility of not guaranteeing an accurate representation of the population and arriving at transferable findings in this study. Bryman and Bell (2022) noted that regardless of whether the findings are interesting, the used sampling strategy proposes difficulties in generalizing, as the authors have no idea of what population this sample represents. Nevertheless, this method allowed the authors to gather the data within the limited time and financial constraints to gather the needed information, despite the sampling method's weaknesses.

As for the choice of organizations to study, it has been discussed that big companies with a variety of employees are more likely to have more exposure and come across cultural diversity daily. In the background of this argumentation, firms having fewer than five employees have consciously opted out as it could be believed that they would have a potentially strict selection of employees. In contrast, the turnover rate would also be minimal. For selecting the relevant companies, the authors contacted organizations that specialize in diversity, such as MAK and Big Enough Global, where these firms propose "diversity strategies" for companies, all from small ones to the big named ones in Norway. It is believed that the chosen companies would highly have a presence of cultural diversity as they have all won the "Mangfoldsprisen" the authors argue that they could have different management styles towards this. The reason for choosing companies that excel in diversity is to study the effects of having multicultural employees and use the found factors to provide arguments for other companies to take advantage for their gain or overcome challenges. The organizations that the authors ended up

interviewing were IKEA, Oda, and SEMINE, as well as MAK and Big Enough Global, who possess a high knowledge of diversity management. This selection is believed to have contributed to various types of organizations as well as a width in the number of employees. The chosen organizations operate in different industries such as sales and services, transport and digitalization, and finance and performance. By choosing firms within different occupations, the authors gain a broader perspective on the chosen field.

The respondents in these firms go from employees on the ground floor to respondents from managerial positions who possess an overall responsibility. The author hoped that the included respondents could give a wholehearted view of the organizations' practices within cultural diversity and how it is adopted in their firm. As the respondents had different positions in the organizational hierarchy, the authors also believed they would gain various aspects of how they perceived the effects of cultural diversity, among the respondents interviewed, all from top management of the companies to employees who work part-time. At the same time, it included sales managers, diversity managers, and many other positions. The authors gained a relevant and informative view of the organization's practices with this variety of positions.

3.2.2 Data Collection

The study's primary data was gathered through interviews with chosen respondents. Accordingly, this choice also corresponds with the study's philosophical stance and the chosen framework and design. Moreover, this strategy encourages participants to reflect in-depth on their thoughts about the subject, which further facilitates the collection of as much data as possible. Interviews are commonly used as a qualitative research technique to collect data about a subject by asking open-ended questions (Easwaramoorthy & Zarinpoush, 2006). The choice of using interviews to collect data was made to gather comprehensive information about the research, which in turn will provide a greater understanding of the field. Interviews will, however, yield a complete overview than surveys would. The interview respondents provide more detailed answers to the questions than those who participate in surveys. Also, asking follow-up questions helps the researchers acquire more insights and clarify the

information in detail. A potential way of collecting data would be through focus groups, but this could bring with it the risk of omitting important information, such as the answers being biased because of other people being present during the interviews. Therefore, more information can be provided when the respondents have more privacy during the interviews, and thus the selection of not using focus groups. Since the study focuses on understanding how diversity in teams impacts the performance of an organization, there is a need to talk to people from different teams to understand its effect. This further supports the decision to conduct interviews as the most appropriate method for this study.

Subsequently, interviews can be designed differently based on the information and the addressed needs (Easwaramoorthy & Zarinpoush, 2006). Considering that the authors want to conduct open-ended interviews to gain more insight into the topic of cultural diversity, the choice of the semi-structured interview model is made. According to Fylan (2005), interviewing is one of the most enjoyable and exciting ways to obtain data. Semi-structured interviews are according to her explained as "... simply conversations in which you know what you want to find out about – and so have a set of questions to ask and a good idea of what topics will be covered – but the conversation is free to vary and is likely to change substantially between participants" (Fylan, 2005, p. 65). Compared to self-completion questionnaires, this type of interview produces fewer errors, is more accurate, and has a lower risk of data loss. When conducting semi-structured interviews, the focus is on the respondent's own perspectives on what matters and how he or she perceives the questions (Bell et al., 2022). This is appropriate when the research demands the respondent's proper comprehension of the issue in the social environment of an organization where they share similar characteristics. During the interviews, the respondents expressed their reflections on cultural diversity and how it is perceived in their workplace, which is something that semi-structured interviews allow. This further distinguishes the interviews from each other and allows the writers to be more adaptable in discovering more about the organization's challenges and working methods. In practice, the interviewer's adaptability is required to ask questions related to the issue on which the interviewee is focused (May, 2011). In studies involving multiple cases, some framework is essential for researchers to compare the cases to one another (Bell et

al., 2022). The use of the semi-structured interview method gave the study a better basis for comparing different organizations. However, the structure did not hinder loads of information gathering from the participating organizations in this study.

3.2.2.1 Development of the Interview Guide

An interview guide has been refined to maintain a structure to the interview to some extent, as well as developing questions to answer the research question. Following an interview guide makes it more convenient to compare different organizations' results with each other. The outline of the questions is made so that they stay relevant and have a clear connection to the theories. The respondents are given a quick introduction to this study without directly indicating what the interview aims for. It is important to note that not all theories are represented in the questions, only those that would provide deeper insight regarding the research question. The advancement of this interview guide focused on asking questions that not only required a single short answer but were open-ended so the respondent could explain the situation at the company level. Furthermore, open-ended questions align with the qualitative approach conducted in this study. The questions are formed with non-leading questions not to influence the respondent's answers, as this will provide reliable information and more quality for the study.

The interview guide starts with questions about the respondents with the focus of gaining information about their background. This was to further establish a foundation regarding their responsibilities and the length of time associated with the company they represent. This helps the authors understand the employees' position in the firm. While moving on from the introduction, the interview guide analytically follows a logical flow to retrieve information on the respondents' and the firm's views on the topic. The organizations' MAK and Big Enough Global gave the authors suggestions on relevant questions that would be useful for the study. Conclusively the established interview guide is efficiently formulated to fit the ambition of the study and achieve depth on how cultural diversity is viewed and adapted towards efficiency in the Norwegian organizations.

3.2.2.2 Interview Process

Companies were contacted directly through email, whereas the chosen companies came from a list from IMDi's list with previous winners of the "Mangfoldsprisen". The emails sent out included a short paragraph on the purpose of the study and a request for a few respondents that were available for a 25–45-minute interview. Furthermore, the interviews were planned through email, and additional questions after the interviews were followed up through the same platform.

The interviews varied from 25-45 minutes, depending on the respondents' input. Additionally, the interviews with the employees in a higher positions in the management went a bit longer than the regular ones. These were often held face to face at the company's location, virtually, and at the campus for those who were available to meet up there. An advantage of face-to-face interviews was the ability to form a quality connection with the respondents, as there was room for small talk and the use of body language. While as a disadvantage of these face-to-face interviews was the presence of the interviewers themselves, which were believed to have the potential to persuade the respondents to answer in a desirable manner aligning with the question (Bryman, 2011). There were difficulties in monitoring this aspect, but none of the participants appeared to restrict themselves or hide their viewpoint on cultural diversity and its effect on the company and team level. They discussed the pros and cons of the relevant factors included in this concept. If the case was that the presence of the authors had some effect on the received information, it was not big enough to influence the findings of this study considerably. In terms of conducting the interview, both authors took turns asking questions and taking notes. By doing this, it provided an opportunity for both the authors to monitor the respondents' body language, discomforts, or puzzlements during the interview. Mostly there was only one author who oversaw an interview at a time. At the same time, the passive interviewer participated with input whenever they felt it necessary to develop a question or clarify a point. Consequently, this enhanced the findings to be more detailed and represent both the authors regarding the collection of primary data. The advantage of the mentioned strategy is that the passive interviewer has the option to administer the whole interview process and intervene in case of issues. According to Bechhofer (Bechhofer et al., 1984), the presence of several interviewers can make the

participant uncomfortable. Despite this, none of the participants expressed any discomfort, which did not affect the interviews. Therefore, the strategy used has positively complemented the study. At the beginning of each interview, it was stated that it was utterly voluntary, then followed up by a presentation of the study. Additionally, the authors also handed out a statement of consent which explained in detail what was required by the participants and consent to record the interview. Later it was explained that the recordings would all be deleted after the completion of the study.

3.2.2.3 Access and Loss

Research access is the capability of a researcher to obtain information and data during the research process. When conducting an interview, this refers to the ability to access the information. Thus, access to information is dependent on the number of organizations that want to participate in this study. The Human Resources Department of twenty companies in Norway was contacted. Of those, three revealed interest in participating, and those three also finished the process of participation. Interviews would be conducted within a multicultural team within each company, consisting of two or three teams, in which immigrants and Norwegians would be represented. Thus, reducing the range of divergence to obtain more comparable and equivalent data. Ideally, each team should have the same elements and nationalities, but this last requirement was revealed to be incapable of meeting within the time frame of this study. However, the fact that the authors could interview respondents with differing job backgrounds gave them access to good material they would not have accessed otherwise. Accordingly, they received information on cultural diversity from different points of view within their organizations. However, the differences were not so divergent that they would undermine their answers' credibility but provided an overall organizational perspective. The reason for this is that the respondents who were interviewed were both at a team level and the managerial level and had insight into how cultural diversity is perceived in their teams and how leaders view it from a higher level.

3.2.2.4 Secondary Data

Secondary sources, in addition to primary data, have played a significant role in improving the quality of this study. This has also been the source for understanding cultural diversity, on which the conceptual framework of this study is based. Numerous sources were explored to gather information about the chosen subject and insight into previous research within the cultural diversity field. The scientific articles used in this study were discovered using keywords and combinations. Moreover, the authors used the university library, books, and other online sources, most frequently Google Scholar, to discover information. Some of the most used keywords were; cultural diversity, multicultural teams, team performance, and diversity in organizations. The secondary data has substantially contributed to writing the literature review and building a good foundation for the study as a whole. Research and findings from researchers such as Adler, Williams and O`Reilly, and Hofstede are among the most significant contributions to this study. They are well-known for their research on organizational behavior, cultural diversity, and cross-cultural management. New research is also taken into consideration while studying the given topic. Mckinsey`s “Diversity matters” report addresses aspects of diversity that have not been discovered earlier. IMDi`s report on how cultural diversity is perceived in Norway and its profitability in the twenty-first century (mangfoldsdirektoratet, 2022) has supported the study throughout this paper during the discussion of cultural diversity in Norway.

The statistics used in this study are provided by the Norwegian Statistisk sentralbyrå (SSB) and IMDi. Furthermore, secondary sources were used to learn more about the organizations that participated in the interview before collecting primary data. Each of the companies had its own website, which assisted us in preparing for each interview while keeping in mind that the information available on these websites is biased toward the respective firms. Some of the references in the theoretical chapter may be considered out of date. However, the authors believe these theories are still applicable since they explain cultural diversity and its effects without being affected by time or fast-changing technology, for example. The fact that these references are still frequently used and referred to by today`s researchers within the field of cultural diversity is another reason to

determine their validity. This means that these theories are still considered valid by researchers today.

3.2.3 Data Analysis

As the participants in the interview were clear and specific in their speech, it was easy for the authors to write down the data used in the study. The recorded interviews were not transcribed as the authors found it more effective to take notes of the most critical inputs from the interviews and relisten to the recordings if there were any misinterpretations. The recordings were furthermore helpful to contribute credibility of the study whenever errors occurred in terms of memorizing the received information. The inputs gained from the participants were analyzed with the theories studied and formulated the findings for each company. As the authors had no focus on empirical findings, the data collection only applied to information-gathering within the companies. The gathered data was analyzed throughout the interpretation of the participants' views on cultural diversity, how it affects the company and their work procedures, and how they manage it. Accordingly, the authors acknowledged that this research is based on how the participants explain their views, act, or would act, which could differ from reality. With these means it is emphasized that this should be kept in mind when reading the analysis. The analysis consists of two parts, whereas the first part describes the companies that participated in the study. The second part takes forth a comparative analysis where the significant theories from chapter two are discussed. This analysis concludes the study with recommendations for management and theoretical implications contributing to this research.

3.2.4 Reliability of the Thesis

In qualitative studies, an evaluation of the reliability of research is discussed to differ from a quantitative study (Bryman & Bell, 2011). This could be made from dependability, credibility, confirmability, and transferability (Bell et al., 2022). This will further stand as a basis for some of the arguments regarding the reliability of this research below.

Choices have been made to conduct the research in manners that are convenient for the research question. Different types of organizations were selected to give

the study credible viewpoints that are dependable with the purpose of the research. For the purpose of the study, the authors were not looking for a specific industry. Moreover, from the selected organizations, the participants have been contacted based on whether they possess a position that makes them the correct person to answer questions. In addition, reliability is a concept used to test or evaluate qualitative research. Testing can be viewed as a form of information elicitation, so the quality of any qualitative study is the actual test (Golafshani, 2003). In qualitative research, it is also essential to examine trustworthiness to ensure reliability (Golafshani, 2003), while the choices made further support the theory, and the information can be stated as trustworthy. The choices mentioned above, therefore, increase the quality of the study, as the choices have been made regarding what is of importance for the study.

Sometimes qualitative research has been criticized for being too subjective and possibly influencing the interviewers' thoughts and opinions about what is interesting (Bryman & Bell, 2011). The semi-structured interview approach, which allows the authors to ask follow-up questions, might have enabled this to be the case in this study. It is also possible to criticize the unplanned questions. However, the interviewer's interests and the respondent's relationship could affect them (bell et al., 2022), which again leads to the fact that the findings could be skewed by how respondents perceive the truth. As a result of this issue, replication of the research may be challenging (Bell et al., 2022).

Nonetheless, the risk can be minimized by allowing the respondents to retell their stories in their chosen way while ensuring that the same framework and questions are asked across all participants. Having this criterion will enhance the accuracy of the study, also called the confirmability of this study. Both authors have, to the extent feasible, been involved actively in the interviews to obtain two different viewpoints in the interpretation of the interviews. By doing so, both authors have had the opportunity to ask follow-up questions, decreasing the risk that information will be missed or forgotten. To enhance the transferability of the study, the follow-up questions were somewhat similar when interviewing respondents in different organizations. The interviewees' answers depended on the authors getting accurate information about each company. This is thus of importance as the respondents can easily talk away from the topic, and thus entails

a responsibility to the interviewer to adhere to relevant information (Grønmo, 2006). This will also strengthen the research's dependability and credibility by ensuring that the research was conducted properly, thus reducing the risk that the researchers' own opinions will be identified as the truth, increasing the study's accuracy. The accuracy is strengthened as the interviews are recorded to get a more precise outcome from the interviews as possible.

Additionally, *credibility* is defined as the extent to which the research represents the "reality" of human life as experienced by the informants (Bryman & Bell, 2022). Since the interviewees' identities were anonymous, they could openly present their opinions without bias. This resulted in their responses reflecting more on the reality of their life situation.

On the other hand, transferability can be seen in this study because it can be used in several contexts since various organizations within different industries have been used. This research is therefore not limited to one specific industry or solely one situation and thus has a broad transferability. However, the transferability is affected by the number of participants in this study, which in this case would have been greater if there were more respondents. However, the number of organizations participating in this study can be regarded as sufficient for representing the topic in Norway today.

3.2.5 Ethical Consideration

In research, ethical issues are related to the treatment of the respondents during the research and to behavior that should or should not be engaged in by the researchers (Bell et al., 2022). It is commonly defined as the codes and conducts that every researcher should follow when conducting research. Because of the in-depth nature of the research process, ethical considerations have a particular resonance in qualitative studies. There are several steps involved in obtaining consent. A crucial element of any research study involves protecting human participants by using appropriate ethical principles. Furthermore, the participants should be acknowledged what they are being asked of, and all parties involved must be competent to consent as well as the freedom and opportunity to choose whether they want to participate in the study (Arifin, 2018).

All the major ethical concerns are thoroughly addressed and followed by the authors during this study. Initially, participants were contacted through email with information about the research and a request for an interview (Appendix 1). Those who desired it were given the interview guide (Appendix 2) ahead of time to know what questions they would be asked during the interview. The interviews were conducted individually in terms of privacy and at their desired locations to ensure that the participants were comfortable during interviews. This project was reported to and approved by the Norwegian Centre for Research Data (NSD). At the beginning of the interview, participants were informed about the study and its objectives. The participants provided and signed a consented scheme for participation, ensuring their privacy and anonymity. Likewise, all the information gathered was coded, and no personal or identifying information about the informants was obtained that could lead to their identification. When the study is finished, all the notes and transcriptions will be eliminated.

This thesis properly acknowledges and references all third-party materials used. Also, the authors followed all the strict guidelines in the thesis manual to avoid plagiarism throughout the writing process. Moreover, since the authors are solely affiliated with BI Norwegian Business School, there exists no risk of corporate influence on the research.

4. Empirical Findings

In this chapter, the data collected through the interviews with the organizations will be presented. The findings are provided under comparable subtitles for each organization to facilitate comparing the data in the analysis chapter. Each of the participated organization's data is organized under the following subheadings; company background and cultural diversity: which consist of the firm's history and the presence of cultural diversity; the firms view on cultural diversity: which reflects the organization's point of view; effects of cultural diversity and its impact on team performance: identifies the firm's perceived effects of diversity that leads to examining which impact they have on the team performance; management of cultural diversity; outlined the firm's existing methods for dealing with the effects of cultural diversity that were addressed in the interviews. With a few exceptions, the company's background section is mostly based on the answers from the interviews. At some point during the interviews, the respondents described their organization, even though a question about the description of the organizations is not included in the interview guide (Attachment 2). This study is divided into these sub-divisions, which are present throughout the study.

4.1 Interview with IKEA

4.1.1 Company Background and Cultural Diversity

IKEA was founded by Ingvar Kamprad in 1943 and started as a mail-order company in the Swedish city of Älmhult. Today, IKEA is a global home furnishings brand that provides customers worldwide with design and comfort at affordable prices. There are currently 422 IKEA department stores in more than 50 countries. Around 3100 employees work at IKEA in Norway (Ikea, 2022). The authors interviewed managers and employees at two department stores in Norway, where more than 60 nationalities represent cultural diversity.

Furthermore, there are three areas IKEA is mainly working towards. The first area addresses what happens internally in the organization, which refers to IKEA's internal processes and employees. Secondly is their business, where they work towards customers, focus on their values and what they stand for, and work on which activities they engage in. Their third focus area is on engaging with social

actors, where the company wants to be involved in influencing the social agenda. Further, under the last focus area is where IKEA's initiative to support people from underrepresented societies lies.

In IKEA the interview was conducted with the managerial positions and several of the leading employees within their "People and Culture" department, as well as a couple of their employees varying from part-time employees to sales managers. Such a wide range of different employees provided a mixture of answers that was helpful to formulate the findings and in understanding how IKEA views and implements diversity in their company.

4.1.2 The Firms View on Cultural Diversity

The respondents explain that IKEA has several employees as well as customers who come from different cultural backgrounds. The IKEA warehouses are the ideal go-to stores for families, students, and couples, both old and young, to purchase furniture and essentials. Also, their charming selection of food and beverages attracts more customers to enjoy a pleasant shopping day. All the respondents agree that having so many nationalities at their disposal poses a huge advantage as the customers are eligible to gain help from similar nationalities if needed.

According to the employees at IKEA, they feel a form of appreciation for the fact that the leaders have different nationalities instead of being made up of only ethnic Norwegians. They also pointed out that career development within the organization is positive as many of them started as part-timers and moved on to higher positions despite coming to Norway recently.

Starting to work at IKEA for them was the best possible course of event that happened, giving them a chance to integrate into the society even though they had some language and cultural difficulties in terms of adaptation. The respondents also varied in age, as the company does not discriminate and purposely recruits a candidate with the ideal societal appearance, such as a fit and young 23-year-old. The respondents differed of all ages, from in their early 20s to late 50s, and in ethnicity and sexuality. It gives the authors a perspective that IKEA welcomes everyone, as explained by the respondents.

"We do not have to feel that we have to look a certain way to feel welcomed here. IKEA is the best and the most diverse workplace I have worked in" (Employee from IKEA)

Having such a great amount of diversity, the employees at IKEA mention that they have a lot to learn from each other. *"It is exciting to learn from other cultures, and positive that one complements each other"* was a comment from a sales manager at IKEA. The respondent was eager to express that they could meet up at their colleagues' homes to eat food and experience a different culture than they were used to. This way, they create an awareness that society is built up of different colors and is very open.

4.1.3 Effects of Cultural Diversity and its Impact on Team Performance

Regarding the effects of cultural diversity, the respondent says, *"We have so much to learn from each other, and I think it is really enjoyable that we are able to learn from different cultures and gain different aspects on several issues. Having a monoculture at work would not work the same as the perspectives would be narrowed, and one will feel like a horse in a race with patches to cover the side view - focusing only on the road ahead"*. Based on this, it is clear that employees at IKEA benefit from each other due to factors such as shared experiences. They are not only able to be efficient in working in teams by utilizing the experiences, but they are also able to grow socially and widen their view on the differences in society.

IKEA also appreciates having different cultures and takes a stand in respecting religious beliefs. Having prayer rooms is highly appreciated by the employees, who also point out that IKEA considers religious holidays, such as Ramadan, and adjust their days to avoid being over-exhausted. *"Our leaders were really considerate during Ramadan and were careful to take our health into consideration. We were like a family and always helped each other out to keep on being efficient but also capable of working"*. The "family"-culture, where they focus on taking care of each other, brings forth a motivation to work together, which is a key-value for IKEA.

However, the authors became aware of some issues as well. The most common challenge was the language barrier which sometimes could pose difficulties in communication among the employees. In terms of examples, they mentioned that sometimes the customers could have issues in communicating in Norwegian or English. In these situations, IKEA would try to find someone at their facility who spoke the same native language as the customer so they would gain assistance in the best possible way. The respondents from the managerial level stated that having a diverse customer base has shown itself to be profitable for the organization. Their motto is "*Making customers feel more welcome begins with employees reflecting the customers*" which was repeated during several interviews as their take on diversity. Following the profitable effect of having cultural diversity at IKEA, the company has gained profit from having a culturally diverse workforce.

"Having a department store at Furuset where there exists a diverse customer base as well as a vast number of diverse employees, can be linked to the fact that they are the best-selling department store in Norway, as well as hijacking the top spot as number one in the world during periods of the year". (Respondent from managerial position)

Other than the language, the culture could also pose a problem as different cultures have different ways of doing things. An example was that Scandinavian employees were more self-driven while Asians seemed to often wait for instructions, which is more of a cultural way of working. Also, by having various nationalities, IKEA experiences social grouping. "*There is never a problem for me to sit down with my colleagues if I see a group of a single nationality having lunch together. I understand that they feel comfortable with people who speak the same language as them if they are not that fluent in Norwegian, but here at IKEA it is never a problem to get along with our fellow employees*". Another comment reflecting upon this was "*Sometimes I find it intimidating to just go up and sit down with a group of colleagues that are loud and speak a different language since I feel like I am barging in a conversation I do not have anything to do with*". According to one respondent, social grouping is a dilemma that occurs

everywhere, but it was explained that it is not so hard to break through this phase and have a good relationship with each other at IKEA. A different view on social grouping was related to the logistic department, which mostly involves men, especially immigrants. The respondent believed this was because the logistic department does not require so much interaction with other people, and they could stick to those of the same background, thus creating social groups. Another challenge related to cultural diversity at IKEA was the cultural view of the accepted hierarchy within the company. Taking commands from females could be a potential problem for traditionally cultured individuals who originate from areas such as the Middle East, but this was per definition from the respondent just theoretical.

4.1.4 Managing Cultural Diversity

As for recruiting people from underrepresented communities, such as minorities that came to Norway as refugees, IKEA has implemented an initiative that focuses on giving these people an opportunity. In Norway, the initiative is called “bridge to work”, which is a global initiative. The countries organize a wide range of activities to ensure that refugees who arrive in an unknown country have the opportunity to start work as soon as possible. This initiative collaborates with Nav and Voksenoppl ring (adult-education) to quickly integrate immigrants into Norwegian society. Nav and Voksenoppl ring have a national agreement with department stores around Norway, including Kristiansand, Stavanger, Bergen, Trondheim, Hamar, and two department stores in Oslo. According to a manager at IKEA, all their department stores in Norway have engaged in activities with the “bridge to work” initiative. Additionally, to break through the language barrier among the immigrants, IKEA offers a course through NAV where the employees get to learn and improve their Norwegian skills.

Another initiative pointed toward recruiting refugees, especially females, is the “Sisters in Business”. This revolves around recruiting female refugees to participate in sewing sessions to give them a career opportunity. They sew clothes based on requests from different clients. A challenge reported by a respondent was the language, as it would be hard to communicate with them based on their recent arrival to Norway. However, to overcome this, it was mentioned that the

conversations would be simple and have a lot of body language to highlight the important messages that needed to be formulated. The underlying fact is that their development potential lies in their hands, as it depends on whether they are outgoing or not. If they show any resistance towards being outgoing, it could be hard to break through and give them technical training due to language difficulties. Additionally, in their national project that focuses on refugees, they offer classes in each department store that teaches work practices such as language and writing a CV.

When asked about any aspects, they would like to be managed differently, “There is really nothing that I can think of when it comes to changing the way we manage diversity. IKEA is definitely a workplace that puts huge effort into inclusion and diversity and the results are clear. People love to work here and get along really well”. This answer was similar for all the other respondents as they feel that IKEA is as diverse as possible. They are implementing courses, as mentioned earlier, to improve the language skills of employees that require “the extra” push and even have different projects to recruit from underrepresented communities.

By examining the language perspective in greater depth, the authors understand that IKEA facilitates culturally diverse workers in terms of flexibility for the employees to move across departments. One of the employees said, “IKEA is so big and there is something for everyone here”, hence IKEA has the opportunity to facilitate employees in regard of giving a job that they are more comfortable with. When employees have difficulties speaking Norwegian, some have been moved to the logistics department as the need for communicating with customers is lower. However, the respondents mention that even though the opportunity is there, the firm focus more on facilitating language skills for the employees.

4.2 Interview with Oda

4.2.1 Company Background and Cultural Diversity

Oda was founded in 2013 with the goal of making people's everyday life easier. The company has become one of the fastest-growing in Europe and is known in Norway as a leading online grocery store. The company delivers a wide range of

high-quality, low-cost groceries and fresh products to millions of doorsteps. They are constructing the world's most efficient retail system by utilizing data-driven methodologies and emphasizing sustainability throughout the value chain (Oda, 2022b). Oda has around 1000 employees across Norway, Finland, and Germany, where a majority of the employees have a foreign background. The respondents to the interviews were both from the managerial level with a lot of experience within the field and employee level. Respondents at the employee level belonged to different cultural backgrounds. Some of them considered themselves to be multi-ethnic. Among the employees we interviewed were employees from Brazil, Germany, and India, to name a few. One of the respondents explained the diversity within his team as following:

“We have one Norwegian person at my team. Everyone else is either Brazilian, Filipino, Canadian, American, Russian, German, or Indian. So like, that's nine nationalities in a team of 12 people who have different skin colors. It's not only that, it's also that about half of them are women and at least two are LGBTQ+”

4.2.2 The Firms View on Cultural Diversity

"At Oda, diversity and inclusion are so much more than just words. We are building a culture to embrace and celebrate differences" (Oda, 2022a). Diversity at Oda involves a community that values differences, tolerance, collaboration, and compassion. When interviewing the respondents at Oda, they talked about accepting and embracing the differences regardless of one person's background, ethnicity, gender, age, religion, disability, etc. Considering different educational, personalities, skill sets, life experiences, and knowledge bases, they focus on actively seeking to hire people with different backgrounds. The staff at Oda are proud to have focused on these characteristics and underlines diversity as an essential part of their organization.

A respondent from the managerial level explains that it is important to have a perspective on diversity where *"diversity is one step towards representation but making sure those people feel included is the true golden solution"*, and it is therefore important for the respondent that the employees feel like a part of the organization, and actively be a part of creating an inclusive work environment.

Moreover, the organization has also changed its internal language to English. As understood, at Oda they are committed to building a diverse, inclusive work environment while caring about their people as an integral part of their growth and transformation.

4.2.3 Effects of Cultural Diversity and its Impact on Team Performance

Oda has become one of Europe's fastest growing companies, and one respondent explained it as *"because as we become more and more international, it is more likely the next person joining the team is not going to be Norwegian or have a typical background"*. The global exposure to other cultures, languages, and nationalities has affected Oda in terms of diversity as *"it brings a lot of value if you are focused on innovation. If you keep drawing from the same sources, the amount of innovation you are going to get will be very small. You need to expand and have different opinions and different people"*. The aspect of cultural diversity at Oda is the belief that people from all walks of life are critical to achieving their objectives, and the respondents believe that these differences have improved the team's ability to be creative and innovative, as well as they have a hand in making the organization more innovative and integrative.

The respondents experience that they sometimes have cultural challenges in terms of communication. They explain it as they have people from different cultures and are familiar with misunderstandings that can arise, as everyone understands things differently. Also, regarding group dynamics, the respondents believed that teams tend to vary in how they perform at work. Because, in some cultures, it is not normal to speak up or participate in discussions, and you are only asked to pay attention and have no say in a group setting. However, in other cultures, it is the norm, which is the opposite side of the spectrum, where people are always comfortable putting their point of view forward and dominating the discussion. The employees believe that we must be aware that conflicts can arise and specify that, in general, teamwork is not a conflict-free form, regardless of whether you are from a different cultural background or not. Another respondent explains that:

"We can sometimes put too much blame on the background. Oftentimes, it is individuals who leap to conclusions, such as "this occurs because of culture", but

actually it is because it aligns with our preconceived notions of what culture is". We tend to blame the background a lot when we line up with these preconceived notions, but when we don't, we tend to blame the individual".

4.2.4 Managing Cultural Diversity

In Norway, it is not common to have a position dedicated to a diverse area, but this is the case at Oda. The respondents the authors talked to underline that *"this is something which is needed within each and every organization"*. From the view of the managerial level, diversity has shown to be profitable. However, they explain that several other factors account for diversity being a focus area at Oda.

Respondents report that having a position focused on diversity impacts their work environment, as they manage to create a good workplace for everyone. Who is in the specific position also affects how this is worked with at Oda. The company also explains that they make good use of the benefits of having someone working with Diversity and Inclusion (D&I) possessing the experience of the last two decades while also understanding where the future is heading.

"In the future world at work, if you're going to work in human resources or people and talent, and do not have expertise or competency understanding in the era of diversity, equity, inclusion, and belonging, you are probably not going to be employable" (Respondent from managerial position).

Furthermore, the management uses a people analytic software tool to manage cultural diversity at Oda. A respondent in a managerial position tells the authors about the function of the tool and how it can contribute to managing cultural diversity at Oda. The respondent explains this as a tool that enables the management at Oda to listen to people since people at Oda have the opportunity to give feedback through the software tool anonymously. They especially emphasize the idea that when one can give feedback and be anonymous, there is a greater likelihood of getting honest feedback. This is also the management experience that is the case with this tool. The software tool gives Oda a monthly score on the extent to which people feel included and the extent to which they belong at the workplace. The management can therefore be based on the feedback and look at

different areas in the organization to see what is working. In this way, the authors interviewed employees to feel they are heard and valued in the company.

When talking to another manager, the authors were informed about Oda turning one of their meeting rooms into a multi-faith prayer room, which they did not have before. The making of prayer rooms, silent rooms, etc. has contributed to creating an inclusive work environment, according to the employees at Oda. The focus on maintaining an inclusive work environment is something that all the respondents mentioned, and the authors heard it repeatedly during the interviews with differing employees. As to how this idea was introduced, it comes from the above-mentioned employee-feedback software. The employees say they find it very harmonious when the company is open to their opinions and feedback. This has provided a form of transparency in the organization, as it has created an atmosphere where people can speak out but also address areas that can be improved. From the managerial perspective, the respondents explain that the fact that people dare to share their opinions is especially important for Oda.

As mentioned earlier, Oda has changed their internal language all around the organization to English as an initiative for those who come to Norway and work in their organization and do not know the language. This initiative has made the employees feel included in the workplace. Several of the employees say that they have worked in different countries before coming to Norway and working at Oda. The opposite is where one of the respondents informed that he is working temporarily in Norway before moving to another country. The idea is that a large percentage of immigrants that come to Norway have learned English at school. Thus, the management at Oda has agreed that English is the most practical language since the vast majority can communicate in it. They experience that most companies do not qualify for employment because a person does not know the Norwegian language. Nonetheless, they understand the need for wider social integration to a certain extent as the employees live in the region. But they believe that "the day you arrive here, you're not going to be held back", and therefore by having Norwegian as a requirement for employment does not meet Oda's perspectives on diversity and inclusion.

4.3 Interview with SEMINE

4.3.1 Company Background and Cultural Diversity

SEMINE is a Norwegian Start-up established in 2016 to fill in a position to help revolutionize the business industry. It was designed to be the driver for the automation of financial functions. As a fast-growing start-up in Scandinavia, SEMINE became a finalist in the Nordic Start-up Awards in the category “Best AI Start-up”. They spent only three years developing a world-leading platform for automation of data acquisition, cost distribution, and automatic flow for accounting firms and larger enterprises.

The respondent was from a managerial position at SEMINE with a great insight into the company`s development and results and extensive knowledge about how cultural diversity is implemented within the company. According to the respondent, it all began in India, where they still have a subsidiary. In Norway, the Research and Development (R&D) center is in Kristiansand, and the delivery center is in the capital Oslo. SEMINE has, during these three years, evolved from a company consisting of 5 employees to 70 divided among the three locations mentioned. *“We still operate in India, but most of the company now functions in Norway. We actually also brought a lot of the Indians back to Norway to give them a job here where they could develop the company even more”*. As the company is considered a start-up with a low employee base, the chosen respondent has a complete overview of the cultural diversity integrated at SEMINE, and thus the decision for the choice of the respondent.

As for the cultural diversity at SEMINE, *“We have around 75% of the company who originate from a different culture than Norwegian. In Kristiansand, which is the home to the R&D center, we have gathered a lot of different cultures and backgrounds together”*. Generally, in Kristiansand, compared to Oslo, there is a certain lack of diversity. Despite the fact that SEMINE has managed to maintain the 75% of variation in diversity. In this manner, *“Diversity at SEMINE has become something you do not think about as this has always been here, rather looking at this as a matter of course”*. They are certain that the employees can come together to work towards their mission to automate accounting by using

innovative technology and developing the best AI platform on the market to make financial data available in real-time.

4.3.2 The Firms View on Cultural Diversity

SEMINE's presence of cultural diversity is due to recruiting the "*best people for the job*". Having an origin in India, the company has come to respect the differences in how to do interactions and business internationally. "*The diversity is somehow integrated in us, that we do not really think much of it*". The reason for bringing the Indians to Norway to further work in the company can be related to understanding both cultures to bridge and accelerate the understanding. Having differences in perspectives due to the cultural backgrounds, SEMINE can utilize its employees and create better and more creative solutions.

There are many technical aspects to the company's policies and procedures. According to the respondent, it is difficult to know whether cultural diversity is integrated into it, as they "*never thought about it*". The policies and procedures are therefore very product-oriented and designed to reflect international standards and professionalism. Despite that, the employees are "fairly open-minded" due to their exposure to other cultures.

As for a software company, the main task is to create products that take the form of various softwares. Their main focus area is technology, distribution, and product development. English is considered the professional language in this line of work, narrowing the issues related to working in terms of cultural diversity. Thus, there is no specific need for the employees at SEMINE to master Norwegian.

4.3.3 Effects of Cultural Diversity and its Impact on Team Performance

The company's global exposure to South Asian culture, language, and different nationalities, has left an influence on the firm in terms of relevant understanding of "*differences in cultures and attitude*" which is referred to as a reason for their success. They also facilitate English as the common language when communicating with foreign employees, which is also the language conducted in meetings and presentations due to the international presence. The company is

surrounded by different language scripts or alphabets that the software uses, so keeping it in English relieves this challenge. Respondents emphasize that the work environment is perceived as inclusive, and they believe that a common language when working together in teams is one of the reasons for this.

The authors understand that having so many different people in one organization can also bring some challenges. However, in the interview with the company, it was learned that *"it is more about how to work with it consistently and make sure that everyone benefits"*. Sometimes cases appear, for example, during product development, where cultural diversity can affect how the team works. It may be that you come from a culture where you do not have the same stimuli, for example, in technology. Or it could be that they have experienced a different pace in their development, thus the need to be brought up to the level that the organization is working on, which can be somewhat challenging. At the same time, there are cases where employees have different views on management *"the team-building of the management at home in Norway has a flatter structure, while this is not necessarily the case when comparing with, for example, Indian working life"*. However, the company sees the differences between the employees as beneficial; *"each offering unique perspectives, and the company benefits from the different cultures, where each person learns something new every day"*.

When asked about other challenges related to integration, the respondent mentioned adaptation outside of work. In their social life, understanding how Norwegian culture functions could be difficult. *"For example, during the winter, I feel like we Norwegians are a bit closed and tend to socialize only among our closest friends and family. This way it could be hard for the people who came from India to get into this "circle". But then again, I would say that if you have the wish and drive to integrate you would be able to do so by taking initiatives to connect with others during your free-time and the better results you get"*. Besides the challenges related to social interaction outside work, SEMINE has no other issues and concluded that diversity had been an essential factor in making the company profitable.

4.3.4 Managing Cultural Diversity

The answer to how they manage the diversity at the company today is based on the fact that it is not something they think so much of *"it is actually a natural flow, so it is kind of commonly integrated into our company today"*. This was also highlighted in their comment on how they won "Mangfoldsprisen". The main reason for winning the award was the introduction program in collaboration with Kristiansand municipality. Through the introduction program, start-up companies like SEMINE get a unique opportunity and support to adopt solid expertise from immigrants who would not otherwise be visible in the labor market. This benefits both the employee and the entire organization.

"In fact, it is almost a bit strange to receive an award for something that has benefited us so much. We do not feel like we have sacrificed ourselves or taken big chances. We have simply gained access to a fantastic resource base of talented people, who have helped SEMINE become what it is today". (Respondent from managerial position)

SEMINE cooperates with the authorities and ensures that those who are part of the introductory program complete their schooling. They believe it is particularly important that *"the company is flexible in terms of the employees' schooling and integration into Norwegian culture, and that the working hours are adjusted accordingly"*. The company is satisfied with this program as they have the opportunity to *"give refugees in dire need of a job, a chance to lift themselves up in society"*.

As mentioned earlier by the authors, the respondent established that managing cultural diversity *"is already accepted and integrated enough, so it is a common practice we do not think so much of"*. But of course, they take the cultural differences into consideration and the impact they can have on their personal life.

"We understand that for the non-Norwegian speakers we recruit, it could be hard to feel accepted. Therefore, to make them feel included, that is why we always communicate in English first, and then after a certain period we try to switch it up little by little into Norwegian during lunch breaks". (Respondent from managerial position)

4.4 Resume of the empirical results

The empirical data findings and discussion are arranged in the following grid (Table 2) to provide an overall summary. -The names of the organizations that participated in the study are represented by the titles of the column, and the rows represent the titles discussed underneath each company. This, in turn, describes the study's analytical model in depth. Each participant discusses cultural diversity in detail, as are the effects of cultural diversity and views, the impact on team performance, management, and the perceived results. The purpose of the grid is to make the empirical data easier to read and interpret and to facilitate the analysis chapter in identifying the important facts presented by the participants. The different rows indicate the findings presented through the interviews to provide a better connection throughout the chapter.

Additionally, in the title of the position, the authors specify in general which positions we interviewed, as the authors have spoken with people in various positions, from managerial to the employee level. It is also important to emphasize that the number of positions interviewed is related to the size of the company. Moreover, the number of culturally diverse employees at the companies interviewed corresponds to an approximation of the respondents' estimate of this number or percentage.

	IKEA	Oda	SEMINE
Respondents position	Managerial positions, sales managers and several other employees	Managerial positions, middle management, several other employees	Managerial position
Firm existence	79 years	9 years	6 years
Total employee number in Norway	3100	700	40

Culturally diverse employees	N/A	33%	75%
View on cultural diversity	Positive impact where it is ability to learn from each other if the environment is conducive	Positively open-minded towards differences and an essential part of the organization	Only positive impact as it is integrated into the organization
Impact on team performance	Language barrier, flexible, culturally diverse teams pose different views that are beneficial for the organization, and thereby attract diverse costumers, profitable	Misunderstandings can occur from language barriers, cultural diversity brings a lot of value and differences improve teams' ability to be innovative and creative	Difficulty in regards of social integration, different understanding of company culture, open-minded, profitable
Managing cultural diversity	Flexible in terms of adjusting the job to the individual, understanding, and creating an open environment.	Making use of expertise in the area, establishing a feedback culture, respecting the differences, and creating synergies instead of imposing Norwegian approaches	Flexible upon learning employees the company culture, knowledge sharing and social integration

Table 2. Summary of the empirical findings

5. Discussion

In this thesis, the authors aim to give an answer to the question: How does diversity affect team performance? This chapter will be based on the findings of the research. By examining similarities and differences separating and connecting the interviewees, the authors will evaluate the respective organizations and determine if they are similar or different concerning the literature review developed in the theoretical chapter. Further, this is in accordance with the study's research design, which takes the form of a comparative design, supporting the decision to compare the companies in the discussion chapter. Consequently, this insight will be used to answer the research question of how teams in Norwegian organizations view and manage cultural diversity and how it impacts their team performance.

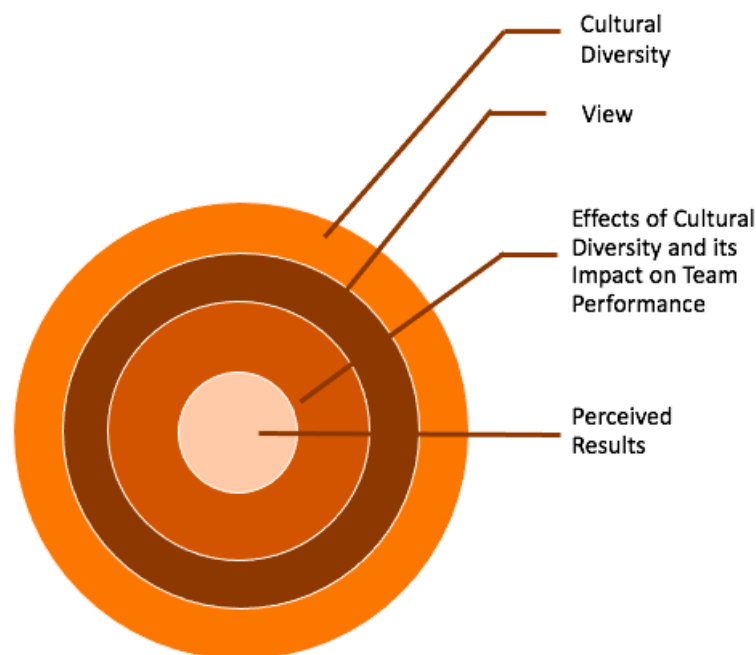


Figure 5. The theoretical model introduced in the theoretical chapter

5.1 Cultural Diversity in Organizations

All the companies that participated in this study had culturally diverse workforces and teams that consisted of diversity. The ratio of culturally diverse employees within teams in the organizations that were interviewed versus the Norwegian population represented in firms is affected by various factors. One such element cited is the firm's success and competitiveness in the international market and its

exposure there, as this will lead to increased interaction with culturally diverse people. In organizations such as IKEA and SEMINE, the diversity is high compared to the overall number of employees. Interestingly, both companies originate from abroad, in this case, Sweden and India. In the case of Oda, the diversity is smaller, but it is important to consider that the company is growing and expanding.

The overall assumption is that the three organizations are internationally culturally diverse because of their requirement of having individuals in other countries with an understanding of the local culture, language, and the local market, as well as expertise in how to infiltrate and succeed in those markets. As defined by the theory of Adler (1997), companies with global exposure must have knowledge of other cultures to do business successfully. The findings discovered that these organizations employed people with a different cultural background than Norwegian in lower and higher positions, which is not always the case in Norway. In general, the cultural diversity in Norwegian organizations is somewhat underrepresented. When it is present, it is often found within the service industry, international offices, or at a blue-collar level (mangfoldsdirektoratet, 2022). Furthermore, two organizations that participated in this study belong to the service industry. The respondents also underline that their company focuses on having diversity in the organization. However, they are quick to point out that few companies do so in Norway. According to Brown et al. (1999), heterogeneous teams are either the most effective or the least effective, while homogeneous teams are average. In this study, all the firms have stated that diversity in their organizations has been effective. Much attention has been paid to this area. Whereas Norwegian companies do not see cultural diversity as a valuable resource, especially in higher positions, these companies have facilitated the development of their employees to reach higher positions. Some of them started on a lower level and have had the opportunity to develop to other positions.

Another key component that has been frequently mentioned regarding cultural diversity is organizational culture. According to Hofstede et al. (2010), cultural conflicts can arise when people from different cultures interact with each other because the two people participating in the interaction are experiencing different

emotions when they discover a new culture. The latter tends to result in a cultural clash. To follow up on this theory, the respondent from SEMINE explained how *"the team building of the management at home in Norway has a flatter structure, while this is not necessarily the case when comparing with, for example, Indian working life"*. In contrast, a respondent at IKEA tells how it is not common for female leaders in some countries. Also, a third respondent from Oda told the authors about their experience as an employee in another country *"I did not have the opportunity to be involved in influencing the organization I previously worked in, but here my opinions have a say"*. By this, it can be understood that conflicts can arise when people have different preconditions and think differently. Each interviewed organization recognizes the cultural differences and their significant impact but acknowledges that they can be challenging.

Organizational culture, as described in the theoretical chapter, is the "normative glue" that holds an organization together (Tichy (1982)). Essentially, the term addresses the institutionalized way people think and act, which applies to all the organizations that participated in this study. The respondents from Oda and SEMINE explain that their organizations have changed their internal language to English, which is now a part of their culture at work. Also, the openness around different topics is something the IKEA employees think brings them together. Respondents from Oda commented that they had implemented an organizational culture to encourage people to come forward if they see or experience *"racism, sexism, homophobia, or anything similar"*, which they have a zero-tolerance policy for. Additionally, in the theoretical chapter, organizational culture is assumed to impact how an organization approaches cultural diversity significantly. All the companies interviewed valued their work towards diversity. They stated that since their workplace has incorporated a company culture where diversity is an essential part of the organization, it has resulted in the employees in the different organizations associating diversity with the company.

Some elements of strong organizational cultures in terms of cultural diversity can be determined based on the various information generated by the interviews. Oda has an organizational culture in which they are open to different cultures. The theoretical chapter further explains that organizational culture is composed of

unspoken guidelines and values that are taken for granted, and every social unit with a shared history has developed its own culture (Cameron & Quinn, 2011; Schein, 2010). Per the interviews with IKEA, cultural diversity has been a part of their organization for a long time and is well represented in their policy. Cultural diversity has a significant impact on the company's operations. This can be seen in the fact that most of the team has more than ten years of experience in dealing with cultural diversity, as well as the firm's presence in more than 50 countries, which leads to the company attending meetings and holding presentations on an international level. One of the respondents from IKEA said: *"I feel all the employees at IKEA have an open mindset related to acceptance and respect towards differences, and you can actually already under the recruiting process understand if the interviewee will match our culture and values"*. Organizational culture can be understood in theory as consisting of "shoulds" and "oughts" in the organization (Ghemawat & Reiche, 2011). Additionally, it explains that IKEA has a culture of "how we do things at IKEA", as well as how people think, and these are things they are aware of during the recruitment process. Similarly for Oda, one respondent said, *"it is a given for us to integrate it into our routines, and for Oda to work effectively, it needs to be culturally diverse"* which explains that the company's openness towards cultural diversity is a part of their organizational culture. Cultural diversity is reflected in both companies' organizational cultures, as it is an integral aspect of the company's identity. IKEA also has a procedure to ask their employees for feedback on their management methods, including if anything seems amiss or if there are merely differences. This fact shows that IKEA is taking advantage of cultural diversity as an opportunity to include the employees more in their ways of doing things, which as Sherbin and Rashid (2017) mentioned, puts prospects for better team performance as it enhances the inclusion within the organization (Sherbin & Rashid, 2017).

Another outcome of this research is that diversity among the firm's customers is considered an even more important factor for diversity to exist within the organization. Although the study focused on cultural diversity among the employees, most organizations mentioned customer diversity as a major factor for cultural diversity to be represented within the organization. Whereas one respondent from IKEA said *"we want the employee base to reflect the culturally*

diverse society", another respondent from Oda stated *"it should not be one type of people in the organization, instead having a diverse group of people makes it easier for others to recognize themselves in us"*. For SEMINE, on the other hand, it is not as necessary, as the customer contact is significantly lower than at IKEA and Oda.

5.2 View on Cultural Diversity

Regarding cultural diversity, all the respective companies that have been interviewed were positive about cultural diversity. Most of them expressed cultural diversity as a "positive aspect", "unity and fellowship", "able to get different input and views in regards of creativity and productivity", "room for open-mindedness and flexibility", "opportunities to learn from cultures and interact outside work", "important for a organization that seeks to be globalized" etc. Further discussion on this topic has been concluded with a similar view on cultural diversity between the companies and how it affects them, justified by the fact that the interviewed companies all have won "Mangfoldsprisen". Among the three companies, IKEA was probably the one with the most mentioned challenges with cultural diversity, which can be argued by the size of the employee base, which was relevantly higher than Oda and SEMINE. Furthermore, it could be noted that the bigger the size of the company, the harder it is to have an overview of the diversity management and follow up on eventual internal issues that are not often spoken about.

When asked about how the organizations related to the fact that people from different cultures are used to doing things differently than standard procedure, IKEA was the company that had the most challenges with cultural diversity. This was due to the variety of work routines and the technical training linked to using Norwegian as a language for refugees. Teamwork can be difficult without proper communication among the group that works together. As language is the most fundamental aspect of communication, it can be hard for newly employed refugees to comprehend the routines at the starting phase. The theory further supports this, as Thomas (1991) states that heterogeneous teams fall short due to their communication deficiencies. However, with decent training, it is not a challenge hard to overcome, thus the reason for IKEA looks at cultural diversity

as an opportunity to recruit people from underrepresented communities. Since Oda and SEMINE both use English as the professional language at work, this is not a big issue for them. They have already integrated culturally diverse people into their ways of operating regardless of the amount of cultural diversity. Despite this fact, one can discuss whether introducing English as a professional language is the best solution for the company regarding immigrants and refugees. There is a common practice of speaking English at Oda, regardless of where you are from, even when only Norwegians are present. This is, according to the respondents, to create an inclusive work environment.

Nevertheless, having only English as a speaking language in a Norwegian company can hamper social integration for the immigrants, especially the refugees, according to SEMINE. The respondent at SEMINE emphasized the social integration of the refugees, *"we understand that for the non-Norwegian speakers we recruit, it could be hard to feel accepted. Therefore, to make them feel included, that is why we always communicate in English first, and then after a certain period we try to switch it up little by little into Norwegian during lunch breaks"*. This can furthermore be related to the fact that according to social identity and categorization theory, people tend to define themselves and others according to each other's similarities (Williams & O'Reilly 1998), and therefore act biasedly with outgroup members while treating ingroup members with preference and favoritism, as well as stereotype people based on their group characteristics (Schopler & Insko, 1992; McGrath, Berdahl & Arrow 1995; Mannix & Neale 2005; Günter et al. 2010). At SEMINE, the focus is on avoiding that the ingroup members, in this context the Norwegian speakers, withhold those who do not speak their language. By having English as a professional language, the company can create a sense of similarity and social integration, narrowing down the differences between ingroups and outgroups (Mannix & Neale, 2005).

The context of this thesis revolves around cultural diversity, but all the organizations mentioned other types of diversity. Gender equality was on their agenda and highly focused on at the same level as cultural diversity. The rising interest could explain the attention on gender issues in the organizations among Norwegian companies in recent years. A challenge that IKEA mentioned was

complementing gender diversity and cultural diversity with each other. Due to the cultural norms and regulations in countries where women are seen as less valued, there might be some resistance for certain individuals to accept the fact that they have a female team leader. In the logistic department at IKEA, which mostly consists of men, having a woman as a leader with authority could be possible with adaptation issues and following orders for some.

Furthermore, there was not only gender diversity that the respondents emphasized. IKEA values diversity in culture and gender at the same level as in disability. All the respondents from the company pointed out that they have a huge customer base consisting of all types of individuals. IKEA is seen as the go-to store around the world for its inventories in dynamic, hackable, affordable home decor and furnishing. Being such an attractive business establishment, it is essential to represent the variety of customers. In the globalized world we have now, each culture and gender should be valued, and having employees that the customers can relate to is, according to the respondents, a positive advantage. *"Our workforce is a mix of age, gender, origin and experience, which I believe is what makes us attractive for people to come shop from us"*. To seek similarities in one another can be linked to the theory of similarity attraction, where people tend to favor or pursue help from others who look like themselves (Byrne, 1971). Some companies manage cultural diversity just because it is on their agenda for the "equality plan", which indicates a feeling of tokenism where the inclusion of diversity is for benefiting the company rather than for the greater good (Zimmer, 1988). Regardless, the respondents from IKEA, SEMINE, and Oda do not see it this way as they focus highly on equality and inclusion, including policies that welcome many kinds of diversity.

5.3 Effects of Cultural Diversity and its Impact on Team Performance

5.3.1 Economic profitability

From the theory of economic profitability, it can be concluded that cultural diversity is associated with increased sales revenue, more customers, bigger market share, and increased profit (Zuberi, 2001). The organizations the authors

interviewed mentioned that having a culturally diverse workforce has been profitable. The respondent from SEMINE explains that they would not have come this far without cultural diversity being an integrated part of their organization. Similarly, for Oda, *"Hiring many people from different countries has made the company really profitable, and there is no way we were going to find all those people in Norway. You need someone who can just code away, and have expertise within their profession, you don't need to be Norwegian to code or to be a developer"*. In that sense, regardless of where someone comes from, as long as they have great knowledge within their field of work, and the team works towards achieving common goals, it will result in the company gaining increased profit (Schaafsma, 2008), in this case, both SEMINE and Oda have a positive impact on the team performance in terms of economic profitability.

For IKEA, the company mentioned that having a diverse customer base has proven profitable for the organization. As mentioned earlier, with their existence in more than 50 countries, the department stores in Norway are only a few. Despite that, they have several times been on the spot as the number one best-selling department store in the world. The respondents explain that their profitability can be linked to a diverse customer base in the area and having employees that "mirror" the population in its surroundings. Furthermore, theory indicates that geographic location affects an organization's profitability (Nathan 2016, Cooke and Kemeny 2017). Oslo is known to be the most multicultural of all cities in Norway, while the department store in Oslo is the best-selling warehouse in Norway.

In terms of profitability, there also exist some challenges regarding team performance because of the connection between cultural diversity and profitability. Olsen and Finseraas (2020) point out that the language barrier can negatively affect the firm's profitability. As understood from SEMINE, the company explains that the greatest challenge related to immigrants and refugees integrating into the company's culture is the language barrier. However, the respondent explains that *"they usually have a clear goal of settling down in Norway when they get this far"*. From these similarities between Olsen and Finseraas's study and SEMINE is visible, as the study also acknowledges the fact

that the longer immigrants live in Norway with a goal to comprehend the language, the less negative is the linguistic diversity in regards of profitability, and thus having a positive impact on the team performance.

5.3.2 Innovation and Creativity

Hewlett et al. (2013) and Phillips et al. (2014) declared that heterogeneous teams generate more creativity and innovation than homogenous teams. Mainly because diverse teams bring different perspectives, experiences, and solutions to handle complex tasks. In contrast, in some cases, the negative effects of cultural diversity related to communication issues and integration costs may dominate over the positive effects, such as increased creativity and access to new foreign markets (Parrotta et al., 2014). Nonetheless, the respondents from each organization did not see this as an issue.

"When you have a very diverse workforce, of course you have different ways of approaching tasks. Some of them might be more innovative than we originally thought of with more benefits than we would have achieved if approached otherwise". Oda believes that these cultural differences can improve the team's ability to be innovative and creative in task management and on an organizational level.

When asked about preferences concerning working with homogenous teams and heterogeneous teams in terms of innovation and creativity, the respondents answered with common inputs favoring heterogeneous teams such as *"different solutions"*, *"continuous evolvement in diverse teams since we learn from each other"*, *"discussions with wider viewpoint that would possibly not exist in homogenous teams where there is a high level of similarity"*. The negative comments revolved around disagreement in the way of doing things and cultural barriers that could pose a challenge for moving forward. Dahlin et al. (2005) and Van Knippenberg et al. (2004) argued that these cultural identity conflicts and intercultural engagement difficulties are, in the end, negative social processes that suppress team creativity and innovation. SEMINE being a company that moves towards automation of accounting via new technology and consisting of a team made up of the best data scientists, designers, software engineers and commercial

professionals, are in constant need of creativity and innovation. *"A lot of our employees are from India, which I see as an asset since they have aspects where they excel better than others, and I am so happy for it"*. As for IKEA having a broader employee base, it is not common for them to have a lot of homogenous teams. *"All of our departments have a diverse amount of people, so working together to be more innovative has never been an issue. We strive to learn from each other and adapt our gained knowledge into practice"*.

5.3.3 Sick Absence

The theory chapter presented a correlation between cultural diversity, job satisfaction, mental health, and sick absence. The conducted studies related to this aspect stated that mental health was significantly lower and a higher sick absence among minorities in organizations with a lack of focus on diversity.

IKEA being a bigger business establishment with a wider employee number, it can be assumed that the sick absence is higher than at Oda and SEMINE. Even though they have a high focus on diversity and inclusion, the reason for the sick absence can be reasoned by the work culture embedded among the employees. Stereotypically Scandinavians tend to be well structured and self-driven in the line of work compared to other nationalities. The same applies to Asians and Americans arguably, as they come from a collectivistic society according to one of Hofstede's dimensions and want to economically provide for their family (Hofstede et al., 2010).

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SSB presented statistics showing that the highest sick absence among immigrants from 2015 to 2019 is people from East Europe, arguably since a significant amount of them take part in blue-collar occupations, which takes a huge physical toll on them. SSB also has a sick absence percentage chart (figure 6) that shows the absence among immigrants in different occupations (SSB, 2020). Topping the chart are the cleaners and caregivers, process and machine operators, transport workers, etc., followed by sales and service occupations. Implying that the absence is mostly at its peak in occupations considered "low status", compared to professions such as leaders. Some of these immigrants who work in these "low status" positions come from countries where they perhaps had a completely different educational background, but due to reasons such as war or poverty, decided to immigrate to Norway in the hope of a better life.

In some cases, the educational background could be of a higher level but then again not valid under Norwegian policies because of legal restrictions.

Consequently, this can affect the employees' mental state as they feel like they are not appreciated the way they were in their home country. In contradiction, some of these people come from nothing but climb the managerial stairs to get into "high status" positions. Both IKEA and Oda mentioned that there is always room to evolve within the company. A respondent from IKEA quoted, *"It is always about mentality and wanting to challenge myself. I came from a different country and had issues in achieving a job, but IKEA welcomed me with open arms and gave me a chance. I started as a part time employee but have now after a couple of years landed a managerial position that I feel like I was meant to do. I cannot thank them enough for helping me get to this place, especially in terms of mentality"*. As mentioned earlier in this thesis, investing in diversity, and showing the employees that the organization cares deeply, will have an enormous effect on an individual's mentality. It will affect the turnover rate, so fewer people leave the organization, it will positively affect the mentality so they will give it all when working together in teams and strive to perform most optimally, and affect absenteeism positively with a less variety between minorities and majorities (Avery et al., 2007).

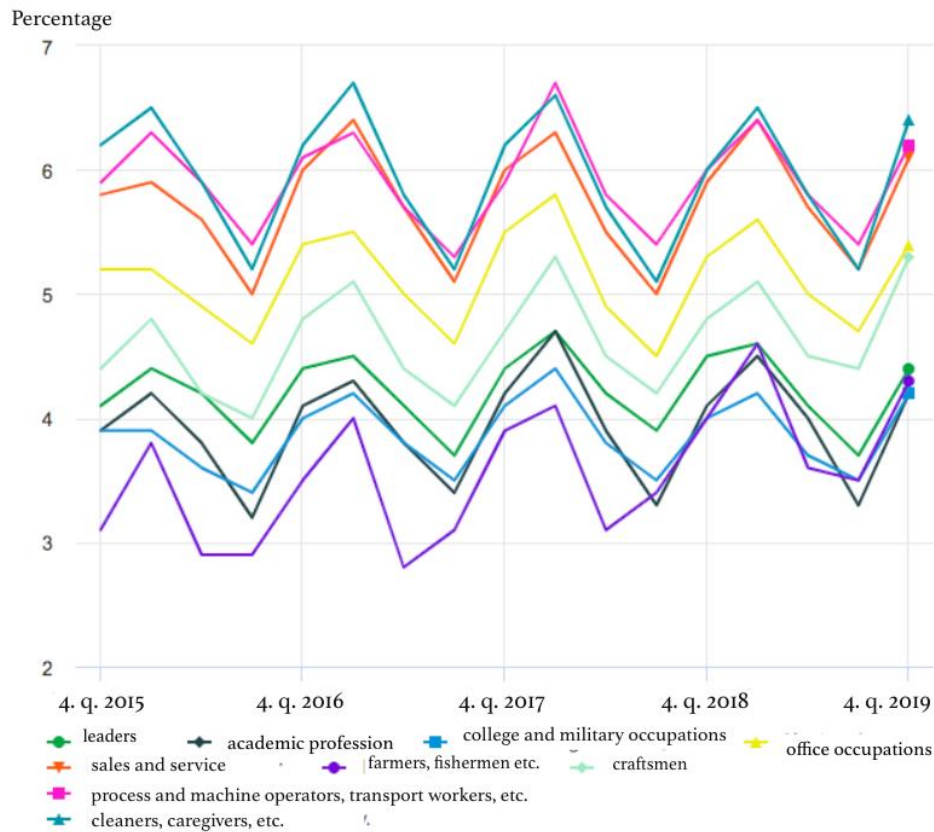


Figure 6. Sick absence among immigrants, by occupation (SSB, 2020)

5.3.4 Diversity management

All three organizations are clear on the fact that they manage diversity with an open perspective. The views they had in common revolved around having "respect", "an open mind", "awareness of different viewpoints and variety in task management", "empathy," and "a positive input to the teams". Conclusively, the end quote to sum up the mentioned aspects of managing diversity was that it is "seen as an asset" and an "opportunity". Adler (1997) indicates that "cultural diversity breeds divergent reactions", which the three companies also recognize as they acknowledge that each problem is unique, thus requiring different solutions. Varner and Beamer (2011) support this by saying, "Culture explains how people make sense of their world". Therefore, in team settings, if a member's perception is affected by different cultural conditions, the member will most likely act differently in a situation following the perception.

Nonetheless, IKEA believes that *"when people are doing things differently, we are able to learn from each other to come to the most effective procedure, and at the same time enhance the overall team performance"*. On an organizational level,

increasing workforce diversity will create a more innovative and competitive organization (Cook & Glass, 2009), producing greater products and services for the customers (Salau et al., 2018). Additionally, SEMINE and Oda have an open-door policy where they précised that they are non-judgmental in managing challenges related to diversity and use an open approach to solve complex tasks. The organizations emphasized the importance of cultivating an open global attitude, a good communication system, and appreciating diverse individual viewpoints to cultivate and manage cultural diversity.

Some of the discoveries through the findings support the research done by Williams and O'Reilly (1998) where they argued that diversity, in fact, had a negative effect on miscommunication, social exclusion, conflicts, and turnover. The interviews show that language is the most common issue concerning miscommunication. Social exclusion is also seen when social groups are gathered, and individuals have difficulties in whether to approach them or not. Despite this, all three companies implement diversity in such a way that this is not seen as a big issue, concluding that diversity positively affects team performance and organizational effectiveness (Watson et al., 1993; Richard et al., 2004).

5.3.5 Leading Multicultural Teams

While conducting the interviews, the authors understood that leadership has been essential for the participating organizations in this study in terms of how diversity has been managed within the firms. From a theoretical perspective, multicultural teams perform well when the leading style is inclusive and the organization promotes fairness in its leading style (Mangfoldsdirektoratet, 2022). The firms that participated in this study, in fact all of them, highlighted their leaders as both inclusive and fair. "*..IKEA is a workplace that puts huge effort into inclusion and diversity, and the results are clear. People love to work here and get along really well*", is one of the responses received from the employees at IKEA. The employees further explained that their leaders are always working towards making IKEA an inclusive organization, which has resulted in employees valuing their workplace. At Oda, they have an understanding that diversity does not exist without inclusion (Sherbin & Rashid, 2017). A respondent explains that they have a culture where they believe diversity is essential for the organization. However,

diversity alone is not the most effective way to lead multicultural teams. A manager from a higher position explains how leadership is always in development, and *"in the future world at work, if you're going to work in human resources or people and talent, and do not have expertise or competency understanding in the era of diversity, equity, inclusion, and belonging, you are probably not going to be employable"*.

The several leaders interviewed give an impression of emphasizing treating everyone fairly and creating a safe framework for equal participation. One respondent also compared the leadership style from his previous work in another country and said, *"I did not have the opportunity to be involved in influencing the organization I previously worked in, but here my opinions have a say"*. The research from the theory chapter supports this by explaining that minorities perform better when the management facilitates this, thus impacting the team performance positively (Moon and Jung (2018)). However, different cultures expect leaders to behave in a certain way, whereas each company tends to develop its own culture (Cameron & Quinn, 2011; Lewis, 2008; Schein, 2010). As for IKEA, they have a "family" -culture, where the focus is on caring about each other and creating an inclusive environment. This further means that a leader at IKEA must emphasize their culture and value of an inclusive environment in terms of effectively leading multicultural teams.

To move the discussion on fairness forward, the managers at both IKEA and SEMINE highlight that regardless of one person's cultural background, if a person is a refugee or immigrant, they should be given the same opportunities as if they were Norwegian. This is also the reason for their collaboration with NAV on the "bridge to work" and the authorities on the introductory program, which are their ways of giving refugees and immigrants the foundation and training that they have the same prerequisite to reach the same level as the monocultural employees. By providing the employees with language learning and skills development, they support bridging the cultural differences between the multicultural and monocultural teams. These measures support a leader's role in managing cultural heterogeneity and its impact on team performance in theory (Zander, Mockaitis, & Butler, 2012).

6. Conclusion and recommendations

The following chapter will conclude the analyzed findings from the section presented above. Significant results from the theoretical chapter will be explained. Based on this, the authors will come up with suggestions for organizations regarding the managerial and theoretical implications of this study. The end section of the chapter will also contain limitations associated with this study.

6.1 Conclusion

The study's research question was: *How does diversity affect team performance?* In this study, the authors examined Norwegian companies who have maintained diversity over a prolonged period or since their origin. Furthermore, it has been found that the companies that participated in this study view cultural diversity as a valuable resource, thus in a positive manner for team performance. It has repeatedly been observed that all the companies emphasize the importance of open-mindedness towards differences in teams and have a global perspective on cultural diversity, which they claim does not exist in Norwegian organizations. The organizations believe that to develop and acquire a competitive advantage. Companies must accommodate cultural diversity and foster an open and flexible environment.

Similarly, the organizations highlight the importance of diversity for team performance as it allows for the exchange of different perspectives and the opportunity for team members to learn from different cultures. This, in turn, leads to respecting differences through cross-cultural awareness, which is a crucial element for Norwegian organizations' international success. Management of cultural diversity is usually handled by recognizing differences in employees' perspectives and working to create values and synergy within the organization and its teams. However, the key to effective communication and interaction is the behavior toward one another, which must be understood by everyone from the CEO to the lowest level of employee. Regarding team performance within the organizations, the authors emphasize how diversity is managed between teams in these organizations. Considering the results, it was evident that the organizations always strive for inclusion by helping diverse workers improve their

communication skills, adapt to the organization, and integrate into the Norwegian society. These efforts have resulted in the organizations managing diversity well.

The effects of cultural diversity and its impact on team performance differ based on which factor is being examined. When examining the effect on economic profitability, some challenges were explained in terms of the language barrier. However, the authors found that cultural diversity is associated with increased profit and more customers, which is determined by the organization's geographical location. Furthermore, in regards to innovation and creativity, the organizations believe that the cultural differences between employees improve the team's ability to be innovative and creative, despite considering the theories on cultural identity conflicts. When the authors looked at sick absence as a factor affecting team performance, they found the statistics on immigrants working in blue-collar occupations negative. However, since the companies interviewed were concerned about employee health, sick absence had less of a negative impact on the team's performance. It is reasonable to conclude that cultural diversity is a phenomenon that is developing within Norwegian organizations. Based on how the Norwegian organizations that participated in this study managed diversity, it was found that they emphasized cultivating an open global attitude. However, managing cultural diversity at work can be a challenging task at some times. It is often easier said than done. Therefore, when examining the last factor, leading multicultural teams, the authors found that the leaders of the companies were fair and highlighted being inclusive, which further resulted in them benefiting from the positive outcome of having a culturally diverse workforce.

6.2 Managerial Implications

From the research, companies are recommended to include culturally diverse teams in their organizations. Regardless of the downsides and challenges, the authors have decided that this has the potential to bring benefits to companies that are higher than the complications if challenges are managed efficiently. The organizations operating with cultural diversity within the company should acknowledge that there exist challenges and benefits in having cultural diversity on a team level. It is also essential to highlight that the management method of cultural diversity will influence the outcome, thus requiring good management of

the teams to make them positive. When it comes to the management of diversity, it is also equally important to strengthen and integrate the benefits of diversity, at the same time, reduce its challenges of it. The authors also want it to be known that inclusion is as equally important as diversity. There is no diversity without inclusion, just as Verna Myers quoted, "diversity is being asked to the party. Inclusion is being asked to dance" (Sherbin & Rashid, 2017, p.2). Therefore, when managing diversity, it is important to put weight on whether people are included or not, and not just have diversity for the sake of the firm's face. Including culturally diverse people in discussions about how things are done is a positive way for management to get input on gaining benefits from their different viewpoints and experiences. Also, observing the differences in cultures while giving equal treatment is vital for effectiveness, as well as having clear communication in order to avoid misunderstandings. The authors have also concluded that to make a company more heterogeneous, cultural diversity must be integrated at all levels and dimensions of an organization in a holistic manner.

6.3 Theoretical Implications

Through the research and findings in this study, the authors have identified that the amount of cultural diversity exists more at a blue-collar level than a white-collar level in occupations in Norway through the statistics presented by SSB. In addition to previous theories, team performance increases more in heterogeneous teams than homogenous teams, despite having challenges in relation to communication and sick absence. The turnover rate is lower as the respondents explained that the focus on inclusion and diversity makes them feel welcomed and gives them room for development. Furthermore, it has also been identified that culturally diverse employees tend to give more than required in team settings and lift each other up due to a collectivistic environment. The authors can conclude from the results that this study has contributed to more knowledge of the organization's view on cultural diversity and how it affects team performance.

6.4 Limitations and Suggestions for Future Research

There are some limitations associated with this study. It is essential to mention that the research study is limited to a few organizations. Consequently, the results cannot be generalized, and future research should include several more

organizations in various industries. Followingly, the authors have taken into consideration that the source material can be considered outdated mainly because there has been little research on this area in recent times. The research literature from the last 20 years shows that studies on the importance of diversity for profitability, innovation, and productivity at the enterprise level are increasing. However, there is not so much about how it affects team performance, thus leaving a knowledge gap in this aspect.

The positive outcomes of cultural diversity at the ground level have been brought forward in this study. However, the authors have not dug deep into the relationship between the top management of Norwegian firms and cultural diversity. For further research, it would be recommended to research the level of diversity at the top management and its influence on team performance in Norwegian organizations. It would also be useful to research organizations with homogenous teams today and compare the empirical results of effectiveness against other companies that have integrated diversity deep into their organizations. Furthermore, the relationship between the positive and negative effects of cultural diversity needs to be studied in relation to specific national cultures that are represented in different organizations to investigate if any nationalities have a similar effect on team performance in different organizations. Conclusively, this study has encountered the circumstances of cultural diversity to accustom and evolve within a company when it starts to be integrated internally. Future research could include this viable phenomenon to observe the real-life outcome.

APPENDIX 1

Hi _____

Request for interview

We are two master's students from BI Norwegian Business school majoring in Leadership & Change. We are writing a thesis about cultural diversity and its impact on Norwegian organizations, focusing on team performance.

We are aware of your focus on cultural diversity and your organization receiving the award "Mangfoldsprisen" for excellent use of immigrants' competence. Thus being the reason for contacting you at ___ because we are interested in learning about cultural diversity, what impact it has on the team performance, and how it is managed within your organization. All data and information can and will be kept anonymous through NSD (Norsk senter for forskningsdata).

We would appreciate it if you could take 25-45 minutes of your time to participate in an interview with us. Choice of language can depend on what the participant prefers, in English or Norwegian.

As for an introduction about us, we would be happy to have a meeting at short notice to inform you about our thoughts and answer questions regarding this task and its scope.

We look forward to hearing from you!

Best Regards,

Shanujan and Sarah

APPENDIX 2

Interview guide - Master's thesis on cultural diversity and its impact on team performance

*Our research is about...

*The results will be used to...

*It is optional and anonymous to participate.

*Are you ok with us recording this interview?

*The recording will be deleted after the submission of the thesis.

Background information

1. What ethnic or cultural background would you say you have?
2. What gender and age are you?
3. To begin with, what do you think of when you hear the word diversity?
4. What is your position within your company, and what do you work with?
5. How long have you been working here?

Questions to the management

1. How has diversity and inclusion affected your organization as a whole?
2. What do you experience as positive aspects of having cultural diversity at the workplace?
3. Is there anything specific you need to facilitate in terms of leadership to improve diversity?
4. Have you experienced any challenges with cultural diversity in the organization? (for instance, language, culture..)
5. If yes, what would you say is the main challenge?
6. Describe a situation where you have experienced cultural diversity as complex or challenging related to being a leader in a multicultural work environment?
7. Describe a situation you experienced that was a strength of having a diverse employee group?
8. Do you have any proactive ways to acquire candidates from under-represented societies. If so, what are they?

9. Do you find it challenging to facilitate tasks for specific employees (from under-represented societies)?
10. What has influenced your thoughts on diversity and inclusion and motivated you to engage in fighting for a change?
11. What do you think is the biggest difference between leading a multicultural team compared to culturally homogeneous team? And why?
12. How do you think employees with an immigrant background experience this workplace? (Inclusive/exclusive, other) Why?
13. Is there anything more you would like to add in this area that has not been mentioned before?

Questions to employees

1. What do diversity, equality, and inclusion mean to you?
2. How is it to work here?
3. How do you experience collaborating with colleagues from different cultural backgrounds?
4. Has this created any challenges for you at the workplace?
5. Have you experienced discrimination based on your ethnicity?
6. Do you experience that diversity and inclusion is something your workplace focuses on? If so, how?
7. How was the inclusion phase for you? Did you feel that you got the training you needed?
8. Have you experienced social grouping at your workplace?
9. Do you feel that it can be challenging to adapt to social groups at work?
10. Is there anything specific you had changed when it comes to the work environment and diversity?
11. Is there anything more you would like to add in this area that has not been mentioned before?

Thank you for participating in this interview!

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