

How can firms manage multi-ethnic workforces in countries with violent ethnic conflicts?

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The recent terror attacks in Paris have triggered a renewed debate on the multi-ethnic, multi-cultural, and/or multi-religion society in Europe. A multi-ethnic society inevitably creates multi-ethnic workplaces, hence ethnic diversity is rapidly increasing in all parts of business, both in domestic and international operations. What do we know about the implications of multi-ethnic workplaces in the face of violent ethnic conflict at the societal context? I would like to share a few insights from my research conducted in Sri Lanka, a society that has gone through one of the most violent ethnic conflicts recently.

Global economic activity has shifted from the markets of Europe and North America to emerging economy markets in Africa, Asia, and Latin America, which are expected to account for nearly half of global growth over the [next decade](#) or so. While this trend has benefited multinational enterprises with a greater scope of business opportunities, operating environments pose largely unfamiliar risks and challenges. Many emerging economy markets are located in conflict regions where the aim of the conflict is to [change](#) the political, socioeconomic or cultural order. Operating environments [characterised](#) by threat, conflict, or adversity are thought to impact [employees](#), with [implications](#) for organisational functioning.

One phenomenon that I highlight here is ***ethnic homophily perceptions*** among the workforce — employees assessing that colleagues prefer working with ethnically-similar others. My key message is that these perceptions are a reflection of the societal context and can be detrimental to the organisation if not managed appropriately. Yes, I am talking about “perceptions”, regardless of whether or not people, in fact, hang out with colleagues of their own ethnicity. Perceptions are very real, create a subjective reality which might not mirror the objective reality, and most importantly, affect people’s decisions and actions. Individuals’ homophilous behaviour at work often indicates compromised workplace integration at the organisational level due to a tendency among the different ethnic groups to form subgroups, hence a reduced opportunity for individuals to interact and collaborate with colleagues from different origins.

The findings from this research are threefold. First, employee perceptions of workplace ethnic homophily appear to be heavily influenced by an operating environment of violent ethnic conflict. That is, if any ethnically-charged conflict events such as assassinations and bomb blasts occur in the society people live in, ethnic identity becomes more salient in the workplace, thus individuals are more likely to see the world through an ethnic lens. Second, not all such events trigger the same level of fear, worries and anxiety in individuals, and those who are more sensitive to the conflict occurring outside are more likely to be conscious of their ethnic identity, thus are more likely to perceive their workplace to be segregated by ethnicity. Third, positive inter-ethnic experiences at workplace contribute to counter the potential negative consequences of the ethnic conflicts happening in the society. In our data, individuals who had the opportunity to work with different ethnic group members at work, and those who had a positive work relationship with them, are less likely to assess their workplace as ethnically divisive.

A key managerial implication of this study is that the level of ethnic diversity in workgroups matters. Our results clearly show that employees who work in **ethnically mixed workgroups** tend to perceive less homophilous behaviour than those who work in **ethnically homogeneous workgroups**. Managers can monitor the ethnic composition of workgroups in order to ensure as far as feasible that employees are provided an opportunity to work with colleagues of different ethnic backgrounds. In short, managers have an opportunity to decrease employee perceptions of ethnic homophily by managing the level of diversity in teams and workgroups. Another important implication is that positive work relationships are important to lessen perceptions of ethnic homophily. Also, positive work relationships reduce perceptions of ethnic homophily. Creating conditions to enhance positive work

relationships might entail planning social gatherings after work and/or outside work. The development of good personal relations in an informal and more relaxed environment is likely to carry over into workgroup relations, where employees may engage in more open discussions and problem solving. Such informal opportunities for relationship building complement the more formal opportunities for contact presented by ethnic diversity in the workgroup.

An additional message from this research is that management intervention to increase ethnic diversity in workgroups and to create conditions to engender positive relationships can perhaps serve a larger purpose in the context of societal ethnic conflict. Businesses are said to [play a role](#) in fostering peaceful societies. Sensitive human resource management practices have been identified as an [indirect way](#) for firms to respond to violent conflict at the societal level. The current study lends empirical support to the notion that management practices have the power to diffuse the negative effects of societal ethnic conflict on individual level attitudes that could be detrimental to the organisation. By showing that ethnically diverse workgroups serve to decrease perceptions of ethnic homophily, the study underscores the possibility of the so-called 'secondary transfer effects' whereby a decrease in prejudice for one group through contact is generalized to a [decreased prejudice](#) towards [other groups in society](#). In this way, increasing the opportunity for positive contact through ethnic diversity management in the workplace may provide further indirect dividends to society.

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Notes:

- This article is based on the author's paper [Ethnic homophily perceptions as an emergent IHRM challenge: evidence from firms operating in Sri Lanka during the ethnic conflict](#), written with co-author Carol Reade, *The International Journal of Human Resource Management*, 16 (13). pp. 1645-1664. ISSN 0958-5192 (2015).
- This post gives the views of the reviewer, and not the position of LSE Business Review or the London School of Economics.
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