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Unequal by structure: Exploring the structural embeddedness of organizational diversity

Abstract

This article applies classical concepts of organizational structure and extends them to contemporary challenges of diversity to explore why unequal opportunity structures persist in an organization despite its commitment to diversity and employing highly skilled ethnic minority employees. Based on a study of the team-based municipal center, CityBiz, the article inquires as to how inequality is embedded in two structural features: First, differentiation of roles accelerates in response to continuous change, which results in similar workers being attracted to collaborate with one another, which generates inequality. Second, inequality is sustained by inadequate integration methods that merge a formal-informal hierarchy, which results in peer competition and majority elites. The structural approach to organizational diversity developed in this article nuances current research on diversity predominantly concerned with employee experiences of inequality in an organizational structural landscape perceived as fixed and stable. This study offers a dynamic view of organizational structure based on how it is experienced, navigated and reshaped by employees of different ethnicities. Linking micro-interactions to structural triggers and outcomes point to situated caveats about inequalities ingrained in the organizational structural set-up. Tapping into employees’ sentiments and interactions furthermore gives the possibility to mobilize collective change in favor of equal opportunities.

Keywords

Critical diversity, inequality, organizational structures of differentiation and integration, continuous change, formal-informal hierarchy.
Introduction

Ethnic diversity\(^1\) in the Danish labor market is increasing. However, despite decades of active labor market policies aimed at integrating ethnic minority citizens, they are often overrepresented in unemployment and low-wage, blue-collar jobs compared to the majority population (Andersen et al., 2015; Ejrnæs, 2012; Holck, 2016; Ortlieb and Sieben, 2014; Holck and Muhr, 2017; Samaluk, 2014). These macro trends tend to reflect the micro situation in organizations, even those committed to diversity, as inequality often endures (Acker, 2006, 2012; Ashcraft, 2013; Tomlinson et al., 2013; Zanoni, 2011; Zanoni and Janssens, 2015). This study investigates why unequal opportunity structures seem to persist in the Danish municipal center, CityBiz\(^2\), despite its commitment to diversity and employing highly skilled ethnic minority employees.

Critical scholars have long successfully demonstrated how diversity management as a managerial practice is shaped and interpreted through social power hierarchies, which favors majority employees (e.g., Acker, 2006; Ahonen et al., 2014; Ariss et al., 2012; DiTomaso et al., 2007; McGinn and Milkman, 2013; Zanoni et al., 2010). However, despite their important impact by demonstrating how inequality is routinized at organizational level, these studies predominantly relate to employee experience in an organizational structure taken as fixed and stable (e.g. Śliwa and Johansson, 2014; Van den Brink and Benschop, 2011; Van Laer and Janssens, 2011; Zanoni and Janssens, 2004). In addition, diversity research is criticized for having little or no effect in creating a fertile ground for equal opportunities (Dobbin et al., 2011; Dover et al., 2016; Holck, 2016a; Jonsen et al., 2011; Kalev et al., 2006). Lately there has therefore been call for organizational-level analysis and practical relevant critical diversity

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\(^1\) In this article, I explicitly refer to ethnic diversity reflecting the political debate in Denmark in which diversity and its management are linked to organizational integration of an ethnically diverse labor force.

\(^2\) The name of the organization has been changed to protect its identity.
studies (Boogaard and Roggeband, 2010; Dover et al., 2016; Ghorashi and Sabelis, 2013; Zanoni et al., 2010; Zanoni and Janssens, 2015). This article responds to this call by exploring how unequal opportunity structures in the Danish municipal center, CityBiz, are generated by the core organizational aspects of their operation. Returning to Kanter’s (1977) classical concerns of how organizational structure and diversity (i.e. women’s careers) are interlinked, this study extends her work to a contemporary context to include a focus on ethnicity/race. In addition, the study captures the emergent dynamics of inequalities by offering a nuanced view at how a fluid organizational structure is continuously navigated and hereby reshaped and transformed by employee interactions.

CityBiz is a small team-based municipal center renowned as a diversity champion within the public sector in Denmark. This image is based on its high number of highly skilled employees with international backgrounds making up one-third of the workforce. This group of employees is predominantly recruited in publicly subsidized, temporary integration positions, which make CityBiz a public frontrunner in social responsible labor market practices. An ethnically diverse workforce is furthermore a critical resource granting legitimacy and the knowledge necessary to provide service for international business as well as strategic input to the municipal business policy, which are CityBiz’s core tasks. Despite its reputation for diversity, CityBiz is haunted by poor employee satisfaction; almost 30% of its employees report experiences of harassment and bullying from managers and colleagues on the basis of language, skin color and ethnicity (Employee Satisfaction Report 2014).

I argue that these – in particular minority – employee experiences of harassment and bullying are closely linked to CityBiz’s division of labour and emerging task differentiation. This ‘diagnosis’ is made by invoking Lawrence and Lorsch’s (1967, 1986) classical conceptualization of organizational structure as a matter of appropriate differentiation to adapt to the requirements of the organizational situation accompanied by a need for requisite integration to efficiently coordinate and keep the organization together as a whole (Vikkelsø,
Differentiation in CityBiz manifests in wide swings in its size through up- and downsizing, mergers and divisions constantly redefining tasks, internal structures and number of employees. This article shows how this complex situation of continuous change triggers accelerating differentiation that is productive of similar-attraction, which again guides employees’ collaborative and socializing practices. To tackle the excesses of accelerating differentiation, CityBiz appropriates integration methods merging a dual formal-informal hierarchy. Instead of creating unity of effort, however, these integration methods are productive of peer competition and majority elites, further accelerating differentiation to the detriment of equal opportunities.

To analyze how organizational inequality is structurally embedded in CityBiz this article is structured the following way. In the first section, a theoretical framework reviewing literature on organizational structure and diversity is drawn up to position the study and develop the analysis. Then method, the Danish context, research site, and analytical methods are presented. Next, the analysis of CityBiz shows how the structural tensions of accelerating differentiation and integration measures merging formality-informality intersect with perceptions of unfairness and inequality among CityBiz’s employees. Finally, some limitations of contemporary diversity research are flagged, together with a discussion on how to mobilize collective change efforts to redress the more subtle and mundane, structurally embedded forms of organizational inequality.

**Theoretical background**

Inequality and the precarious, marginalized position of minority employees in organizations dominated by majority’s norms and values are a dominant theme in the rich literature exploring the relation between organizational structures and diversity. Considerable sociological literature of organizational demographics has inquired how opportunity structures may curtail organizational diversity (e.g. Baron et al., 1986; DiTomaso et al., 2007;
Holck, 2016; McGinn and Milkman, 2013; Zanoni, 2011; Zanoni and Janssens, 2015). For instance, organizational-level analysis of organizations recruitment patterns and job segregation have long shown how women and ethnic minorities have been sorted out into less prestigious and low paid segments of the organization (e.g. Acker, 2006; Ashcraft, 2012; Kanter, 1977; Ortlieb and Sieben, 2011; Padavic and Reskin, 2002; Reskin, 1993; Tomlinson et al., 2013; Van den Brink and Benschop, 2011). In addition, critical diversity scholarship has deconstructed managerial discourses on diversity as reproductive of racial inequality and documented minorities’ experiences with discrimination (e.g. Ahonen et al., 2014; Ariss et al., 2012; Dobbin et al., 2011; Jonsen et al., 2011; Samaluk, 2014; Śliwa and Johansson, 2014). This study is anchored in this rich work on organizational structures and diversity but is distinct for several for several reasons:

First, this study examines a setting that is putatively not segregated in the classical way, but has hired a diverse workforce across positions, and is committed to diversity within and across positions. The study thus shows how differentiation and inequality begin to arise under specific organizational conditions (i.e. rapid, growth, stress, silos) and not how employees arrive in historically segregated positions (Ariss et al., 2012; Ortlieb and Sieben, 2013; Śliwa and Johansson, 2014; Zanoni, 2011; Tomlinson et al., 2013). Furthermore, most of the organization level studies on diversity trace the implication of structures that are taken as fixed. This study looks at how organizational structures are experienced and gradually reshaped by the people, who inhabit them. What is offered in this study is a more nuanced look at the dynamics of organizational structure, by both observing (minority) employee experiences and structural fluidities.

Second, within the organizational demographic vein, Kanter’s (1977) pioneering work on how inter-personal power and authority arise in the context of organizational structure is particularly insightful for this study. Her study shows how male privilege is naturalized through processes of ‘homosocial reproduction’ that result in a gendered hierarchy to the
detriment of women’s careers possibilities. Drawing on Kanter’s insights this study observes how more ‘blurred lines of authority’ in which self-appointed majority group members’ step into political situations and claim authority. This perspective extends Kanter’s approach to who gains access and legitimacy at the top; by pointing out some the specific aspects of organizational structure – beyond more explicit features like recruitment and promotion ladders – that are more mundane, fine-grained and subtle, but none the less important and oftentimes overlooked in organizational-level studies of diversity.

Disregarding these more subtle, everyday interactions that are (re)productive of organizational inequality structures might partly explain the inability of diversity research to mitigate current diversity challenges at the workplace (Dobbin et al., 2011; Holck, 2016a; Jonsen et al., 2011). Diversity research then loses sight of important organizational structural dynamics including the organization of tasks, operations and situational challenges, that is connected to but distinct from the discourses that are often at the fore of organizational embedded diversity literature (e.g. Ahonen et al., 2014; Samaluk, 2014; Śliwa and Johansson, 2014; Van Laer and Janssens, 2011; Zanoni and Janssens, 2004, 2015).

Finally, this study draws on insights from critical theory on power and control in (post)bureaucratic structures in order to extend Kanter’s acumen into how elites claim and perpetuate power (e.g. Barker, 1993; Courpasson and Clegg, 2006; Diefenbach and Sillince, 2011; Hodson et al., 2012; Kärreman and Alvesson, 2004; Tomaskovic-Devey, 2014). For instance Courpasson and Clegg (2006) demonstrate how ‘post-bureaucratic’ team-based organizational structures introduce a dual hierarchy that encompasses a strong principle of continuous hierarchical positioning among employees. These studies of power and organizational structure have only tentatively been connected to diversity literature (e.g. Crowley, 2014; Ollilainen and Calasanti, 2007; Stahl et al., 2010; Vallas and Cummins, 2014).
One of the concepts that most forcefully grasp the intersection between formal and informal organizational structures and inequality, is Acker’s (2006, 2012) ‘inequality regimes’. Inequality regimes are defined as systematic disparities between employees in power and control over goals, resources, and outcomes, decision on how to organize work, opportunities for promotion and interesting jobs, security in employment and so on. Acker (2006) envisions the organization as a power landscape consisting of both formalized, explicit structures of equality (e.g. a formalized diversity policy) and more informal, tacit substructures of inequality. The latter mentioned are the often tacitly practiced in the ordinary life of organizations in which e.g. gendered and racialized assumptions about minority and majority are embedded and reproduced, and inequality is perpetuated (Acker, 2012). By locating this study in the tension between formal structures and emergent, fraught and everyday informal structures, this study deals with how ‘power elites’ stratify along ethnic/racial lines productive of inequality regimes in organizations.

Organizational theory on structure

To grasp the intersection between organizational structure and inequality drawing on the insights of the literature review above, Lawrence and Lorsch’s (1967, 1986) concepts of differentiation and integration offer a fruitful analytical device. Lawrence and Lorsch highlight how organizational structure is a matter of continuous adjustment and negotiation through micro-interactions among organizational agents – hence structures are emergent and contingent. Organizational scholars generally agree that organizations are situated within an environmental context. Regardless of whether that context is viewed as a social construct or a factual situation, organizational members operate with and are responsive to perceptions of an organizational environment. Those perceptions guide decision making and everyday interactions (Vikkelsø, 2015).
In line with the conventional wisdom of the contingency perspective that Lawrence and Lorsch propagate, any organization must be structurally arranged and managed in a way that best corresponds to a number of situational factors in order to be effective. The essential requirements of an organization vary depending on the nature of the task, the environmental characteristics and the disposition of its members (Lawrence and Lorsch, 1967). Therefore, an organization must be adapted to the world that its employees (believe they) are facing by means of an appropriate differentiation of tasks, functions, sections and teams. Inevitably, such differentiation is accompanied by coordination problems (Lawrence and Lorsch, 1967: 12): Differentiation processes are accompanied by a need to integrate that requires the process of achieving unity of effort among the various subsystems in the accomplishment of the organization’s core tasks (Lawrence and Lorsch, 1986). The contingency perspective is thus based on the balancing of two antagonistic principles: the necessity of appropriate differentiation to respond to situational complexity and the need for requisite integration to efficiently coordinate the collective effort of task performance (Vikkelsø, 2015).

The balancing out of an accelerating differentiation by means of integration methods seems like a valid approach to the organization of diversity. In this article it is argued that a diverse workforce increases the need for requisite integration. Apart from more conventional differentiation related to tasks, functions, sections and teams aimed at adjusting to situational complexity, workforce diversity adds to the internal complexity related to such elements as ethnicity, gender, culture, language, personality, age, work experience and professional background (Acker, 2012). Therefore, accelerating differentiation due to situational complexity brings about a need for a varied set of integration methods to promote unity of effort and prevent the organization from dissolving (du Gay and Vikkelsø, 2013):

Viable organizations of the future will need to establish and integrate the work of organization units that can cope with even more varied sub-environments. The differentiation of these units
will be more extreme. Concurrently, the problems of integration will be more complex. Great ingenuity will be needed to evolve new kinds of integrative methods. (Lawrence and Lorsch, 1986: 238)

Applying contingency thinking to the organization of a diverse workforce directs the attention towards a structural focus on coordination of effort by means of a set of varied integrative methods to deal with the problems of increasing (workforce) differentiation. It is these seeds of differentiation and the needed varied set of integration methods to coordinate the common effort of the diverse organization that this article explores.

**Method**

The application of a contingency perspective conventionally involves a thorough organizational assessment to develop a ‘good fit’ between an organization’s inner arrangement, its core tasks, and the differentiated personal capacities and dispositions necessary to fulfill its purpose and meet the demands of the environment (Vikkelsø, 2015). However, uncovering how inequality structures are tacitly reproduced in the subtle dynamics of employee interaction necessitates a deep exploration and a critical reading of the organizational situation beyond a conventional contingency approach. In practice, ethnographic methods were applied. Ethnography is defined by Van Maanen (2011) as the result of the ethnographer’s efforts to describe what she experiences in immersive, lengthy participant observations in the field. Ethnography makes it possible to use several supplementary techniques, as the researcher can rely on what she sees, hears, and experiences in a specific social setting (see Van Maanen, 2011) while adhering to the situational pragmatism of the applied methods. The study furthermore has a participatory bent as participants (i.e., employees) and the researcher as a type of participant together produce the data. Consequently, the study is situated in an interpretive frame that acknowledges the constructed and relational nature of fieldwork and research (Ahonen et al., 2014; Van den Brink and Benschop, 2011).
The Danish context

Once a fairly homogenous population, the demography of Denmark has significantly changed since the first Turkish ‘foreign workers’ arrived due to labour shortages in the booming 1960s of post-war economic growth (Andersen et al., 2015; Ejrnæs, 2012). From the 1980s onwards, there has been an influx of immigrants and refugees from the world’s hotspots, and since the turn of the century, a small but growing presence of expatriates in the Danish labour market. Today the population of citizens with a different ethnic background than Danish is estimated at 10% (Statistics Denmark, 2016). As in many other countries, it has been difficult to get ethnic minorities integrated well into the Danish workforce, and approximately one third of ethnic minorities in Denmark are unemployed. Ethnic minorities commonly have a lower educational attainment, and are overrepresented in unemployment and low-wage unskilled jobs (Andersen et al., 2015; Ejrnæs, 2012). Accordingly ethnic minorities in Denmark are generally positioned as a problematic, weak group lacking adequate competencies to fit labour market requirements. Diversity management – in combination with active labor market schemes – was therefore adopted around the end of last millennium as a solution to the ‘diversity problem’ and as the tools needed to help ethnic minorities integrate into Danish workplaces (Holck and Muhr, 2017).

Research site

CityBiz is a municipal center that counsels international businesses and entrepreneurs on commercial issues. It successfully applies the municipal policy on diversity and equality, which focuses on recruitment strategies so that staff composition mirrors local demographics. Accordingly, CityBiz’s employees differ according to age, gender, ethnicity, language and

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3 Statistics Denmark (2016) mentions that the employment rate of this part of the population is approximately 50%, when it is about 73% for Danes who do not have an immigrant background.
cultural skills, professional training, and work experience. This diversity is evident on the company’s website, on which employees’ cultures, knowledge and language skills are explicitly described, thereby visually stressing the center’s ability to provide satisfactory service to international business. Most of the employees with an international profile enter CityBiz through an active labor market scheme as part of the diversity policy, which aims to move the unemployed into temporary, publicly funded training positions. In other words, diversity is coupled with corporate social responsibility, and newly appointed ‘diverse’ employees are largely in provisional training positions. This situation further differentiates according to work contracts, mixing permanent and temporary staff along ethnic lines.

CityBiz was founded in 2008 with eight employees. When this study’s fieldwork began in May 2012, it had just been merged with another center employing 85 people in all. In September 2013, it was downsized to 35 employees and simultaneously undergoing an internal restructuration, going from three to two internal sections. By the time the fieldwork ended in May 2014, CityBiz was undergoing yet another merger, tripling its number of employees under a new name. CityBiz is thus characterized by wide swings in organizational size, through up- and downsizing, mergers and divisions, manifesting in an ever-changing, adaptive form.

CityBiz mixes a team-based and bureaucratic form as a formal vertical hierarchy is in place but supplemented by a horizontal hierarchy of teams (Clegg, 2011). The workplace culture centers on evoking an entrepreneurial spirit through an open-plan office space, a free-seating policy and a collaborative mode of task performance characterized by a lack of formal procedures and few rules. On the one hand, therefore, employees have discretion when performing their specialized, mostly project- and team-based work. On the other hand, the official municipal bureaucratic hierarchy is kept in place through formal top-down power and management – one CEO and three section managers (including one woman) – holds discretion in decisions on task allocation, promotion and recruitment.
CityBiz employs high-skilled ethnic minorities in white-collar jobs in a corporate landscape where minorities are often relegated to low-skilled jobs in the service sector (Andersen et al., 2015; Ejrnæs, 2012). In this regard, exploring diversity in a small team-based, knowledge-intensive organization like CityBiz can advance knowledge of how other types of organizations – apart from large service companies employing low-skilled minorities – deal with the organization of a diverse workforce (Ariss et al., 2012; Tomlinson et al., 2013).

**Data collection**

This study was introduced to the employees as research on organizational culture and change. Access to the organization was granted through a section manager called Emma, who the researcher was acquainted with through a shared professional network. Fieldwork lasted for a total of 24 months, but the bulk of the empirical data was collected over a nine-month period during which the researcher occupied a desk twice each week for an average of six hours. Two predominant data-generating methods were applied: participant observations and open-ended interviews.

*Participant observations* focused on the ways employees routinely interacted with the workplace and colleagues based on close studies of their everyday routines, including working and collaborative practices, and the frequency of both professional meetings and socializing (with whom and how often). Participatory observations were also undertaken on multiple occasions such as center, department, team and management meetings, and job interviews, workshops and ad hoc social gatherings. These daily observations were recorded in a fieldwork diary, making up a significant part of the data that enabled me to see the subtle shifts in structure, roles, affinities, coping strategies, and power over time.

*Open-ended interviews* were guided by and used to supplement the participant observations. Semi-structured interviews were undertaken with 18 employees and managers, each of which lasted from 30 to 120 minutes. 7 of the interviewees had international background and 11 of
the interviewees had Danish background, three of the latter mentioned were in leadership and five in chief consultant positions. Interviewees were asked to describe their daily work patterns and to relate them to issues of status and privilege/disadvantage in the organization, the work culture, experiences of change and the collaborative environment in terms of information sharing, task distribution, decision-making processes and socializing. All interviews were recorded and transcribed. Interviewees were initially selected on the basis of ethnic background, gender, educational background and tenure; however, as the research progressed, employees showing an interest in being interviewed were included in the sample. Four of the respondents were interviewed three to six times. One particular core informant was Emma, who was interviewed six times, shadowed on various occasions and with whom the researcher had continuous informal conversation throughout the fieldwork period. The four core respondents hold great importance in this research since their stories weave in and out of the analysis. To protect the anonymity of the interviewees, their names are altered, and their functions and background kept vague.

Data analysis
To analyze participant observations and interviews, a thematic analysis was applied (Silverman, 2006); this approach is productive in terms of learning about themes and patterns in qualitative data sets that emerge as important to understanding the phenomenon under scrutiny. The process of conducting thematic content analysis involves the identification of themes through repeated readings of the data. The transcribed interviews and sound files were coded by assigning inductive codes to segments of the data that described a particular theme within it. Coding of transcripts and sound files facilitated interpretation by enabling a reflective, iterative process through which the content of different themes and relationships within and between them were explored (Essers, 2009).
A first round of basic open coding was undertaken of the entire data material, scanning it and isolating the words and phrases connected to ‘experiences of change’, ‘formal and informal hierarchy’, and events and observations illustrative of how the employees tackled situational complexity and blurred lines of authority. In the second round of coding, particular attention was paid to producing appropriate themes and assigning content to the two structural dimensions. First, the tension of accelerating differentiation was traced in emerging themes on employees’ perceptions of organizational change and in how the structural set-up prompted employee enactments of either flow and continuity, or continuous disruption and stress when dealing with changes (Weick, 2001). In addition, there was a focus on how this situation affected cooperation patterns and the ability to cope with colleagues’ diversity. Second, the tensions associated with integrating formality and informality were traced in emerging themes on the blurred lines of authority, and how they related to perceptions of organizational fairness and unequal opportunities in relation to task distribution, promotions and other crucial organizational practices. This focus was important to trace the ambivalences and interconnectedness between themes and emerging patterns of how the two structural dimensions were organized while looking for similarities and differences using a constant comparative method (Silverman, 2006).

This particular combination of methods offered insights into important aspects of the organization of diversity in CityBiz. Participant observations and in-depth interviews provided an understanding of how employees dealt with continuous change and an overview of how formality-informality and blurred lines of authority affected collaborative and socializing practices closely related to employee experiences of unequal opportunities.

**Findings**

This section explores how employee sense of unfairness and inequality in CityBiz intersects with core organizational aspects of structural set-up and task structures. The first analysis
explores how continuous change and workforce diversity brings about accelerating differentiation, which triggers similarity-attraction guiding collaborative and socializing practices that challenge diversity in CityBiz. The second analysis demonstrates how integration methods of a dual formal-informal hierarchy do not address the excesses of accelerating differentiation. On the contrary, a dual hierarchy results in peer competition and the emergence of majority elites disruptive to equal opportunities in CityBiz.

**Escalating differentiation and similarity-attraction**

CityBiz’s responsive, flexible form results from its history of constantly adapting to up- or downsizing, mergers and internal restructurings. The municipal political climate makes CityBiz the target of frequent restructurings. However, despite the organization’s rapid growth, its history of being relatively small and informal, and based on casual and random information sharing, has lingered on according to Dan:

> We have witnessed violent restructurings. We have changed from being ‘ten men on a raft’ to 85 members today… When you experience massive external pressure, when the world is constantly shifting – that is when you have to build up walls, secure internal coherence to face the turbulence and create internal trust and solidarity in order to be a more resilient organization. But quite the opposite is happening.

Notably, the organization does not respond to the restructurings, mergers and internal redesigns by strengthening internal coordination and coherence. This omission puts a significant amount of pressure on the employees, who are constantly involved in activities aimed at reassembling the organization. As Emma reflects: ‘Throughout the autumn, I kept wondering what kind of madness next week would bring. Internal chaos and stress are the outcome of all of these restructurings’. Along these lines, Tor recounts how the employees find themselves in an endless, vicious circle of reassembling the organization:
I do not know where we are going anymore. What kind of agenda do we have? What characterizes CityBiz in the long term? I would just like to get some peace to get my work done. This situation is extremely demotivating; I sit and produce paper, but no action. I produce paper for nothing.

Most of the employees express frustration with the continuous change and the perception that their work seems meaningless due to ongoing changes. The constant disruption of work flow means that most of the employees’ mental capacity is engaged in troubleshooting and navigating the situation (Weick, 2001). This situation leads to a combination of apathy and employees withdrawing to their own, isolated tasks in smaller teams. This way they avoid being ‘disturbed’ by the need to coordinate with the rest of the organization. Accordingly, employees dig trenches and fortify silos with similar peers in order to establish some kind of certainty and a feeling of work-flow in an otherwise fluid organization constantly on the verge of unspecified changes (Weick, 2001). This circumstance is reflected in Axel’s account of his team:

It is scary to realize that we are incredibly similar and nothing separates us. We have exactly the same background, education and work experience. We work together as a team every day. We know exactly what the other team members will answer and exactly what we will get from them.

According to Kanter (1977), situations characterized by situational complexity and insecurity, including vague performance criteria, unstructured tasks and unknown elements of decision-making, can trigger processes of ‘homosocial reproduction’. In these complex situations, mitigation of anxiety is often sought through employees teaming up with colleagues who share similar ‘world views’ to the exclusion of those who are different (Lewis and Simpson, 2012). Solidarity is thus limited to a homogenous group of similar peers that bring about feelings of predictability, security and stability necessary to continue performing individual and shared tasks (Lewis and Simpson, 2012). Anna recognizes this experience: ‘We are very mixed and very segregated. Just watch how people sit together and the free-seating pattern. Those with
similar ethnic backgrounds speak together and socialize’. Cam has similar observations: ‘We are divided between the “real” Danes and the foreigners. Only a few manage to navigate between the two groups. It is a rather poisonous environment’.

A situation of constant disruptions of work-flow and continual change leaves few employee resources available for crafting an inclusive climate. Subsequently, employees withdraw to cooperative patterns in teams guided by homosocial reproduction and long-term cooperation to temper the excesses of accelerating differentiation. Employees know they will not be challenged by diverse thinking or experiences. But turbulence apparently leaves them exhausted as they use all their resources and energy to deal with situational complexity. Paradoxically, practices of homosocial reproduction have a detrimental effect on internal coherence as they cause segmentation along lines of ethnicity, tenure and background – further accelerating differentiation in a vicious circle.

**The dual formal-informal hierarchy and majority privilege**

To tackle the problems of accelerating differentiation, Lawrence and Lorsch (1967) point to the pivotal role of *requisite integration* methods to keep the organization from dissolving. This brings us to CityBiz’s second structural feature of integration devices merging a municipal formal hierarchy of line management with the fluid, patchy clusters of teams. On the one hand, quasi-autonomous teams, self-managing projects and decentralized work units supersede old bureaucratic forms of rule-regulated command and control of formal systems (Courpasson and Clegg, 2006). Decentralization allows for discretion in task performance and lateral forms of participation carving the way for continuous change. On the other, management’s rights and responsibilities are simultaneously largely left intact, which reinforces bureaucratic top-down power relations (Diefenbach and Sillince, 2011; Hodson et al., 2012). CityBiz’s combination of formal bureaucratic authority and decentralized, team-based informality thus creates room for blurred lines of authority. The CEO simultaneously
actualizes a top-down authority vested in him by formal hierarchy and the liberty of few rules and regulation. Anna explains:

He directly distributes orders and assignments to employees. This is highly problematic, as he bypasses the formal hierarchy of line management. He has a fundamental lack of respect for the organizational set-up. As a consequence, power relations arise between colleagues that should not be there, because they step into a management space and act as managers even though they do not have the formal responsibilities and authority. This creates a wrong power situation.

Consequently, employees experience double standards of limited accountability leading to a dual structure of formal management and informal ‘elite peers’ (Śliwa and Johansson, 2014; Tomaskovic-Devey, 2014). The latter group encompasses top management’s insiders endowed with a privileged status through their direct reference to the CEO. This dual structure creates internal competition among the employees to carry out the CEO’s orders via informal channels. The elite peers – whom Eske calls the ‘veterans’ – take on the responsibilities for the collective in the absence of formal leadership:

The veterans are seen as embracing a ‘finer culture’ because they often step into this managerial space – where they should not be – and act as leaders. They are quite aware that they are the key to the political system. This creates an obvious task allocation. But it gives rise to some wrong power imbalances.

In CityBiz, the elite veterans become the carriers of culture as they possess valuable information about the working of and connections within the municipal hierarchy. Accordingly, their ‘blessing’ is a prerequisite for successful performance. Strong feelings of dependency, admiration and loathing are vested in CityBiz’s elites, who are both the gatekeepers and the access point to the municipal system, as they distribute prestige and status among peers through favoritism and alliances.
Paradoxically, this dual hierarchy introduces an additional layer of differentiation; employees have to handle a demanding combination of formal and informal pressures by adhering to the formal lines of authority while navigating team-based informality, constantly positioning themselves and bargaining with, and against, fellow employees (Kärreman and Alvesson, 2004; Tomaskovic-Devey, 2014). Therefore, teams encompass a strong principle of continuous hierarchical positioning infused with indirect and individualized forms of power and control by mutual adjustment (Courpasson and Clegg, 2006; Hodson et al., 2012). A team structure often involves the application of micro-political strategies by groups of employees to further their own interests (Śliwa and Johansson, 2014; Van den Brink and Benschop, 2011). Consequently, informal leaders arise to fill the power void in the absence of formal lines of authority (Diefenbach and Sillince, 2011). Due to processes of homosocial production these ‘elite peers’ structures materialize in an informal majority/minority-infused hierarchy to the detriment of equal opportunities. As Mani reflects:

I can tell a fairytale about diversity in CityBiz, but there is a dark side: the gatekeepers. Any help from them comes at a price. You end up in an unescapable box of dependency. They can always pull you back. You give recognition to them and their world view. This means control. It is a very subtle gatekeeper function dictating what you can and cannot do. You lose your independence.

As translators, the elite gatekeepers can help newcomers undertake the interpretative work of defining and negotiating membership roles in the otherwise opaque hierarchy. Since all of CityBiz’s managers and chief consultants have a majority background, newly recruited minority employees – largely recruited in temporary, publicly funded training positions – inevitably end up in a skewed power relation with ethnic overtones. Acker emphasizes, how selective recruitment of relatively powerless workers like ethnic minorities; who have few employment opportunities and thus will accept temporary positions at the bottom of the organizational hierarchy, can be a form of control, which preserves inequality and majority
privilege (Acker, 2006). Consequently, a ‘naturalized’ majority rule is reproduced in situations where minority employees are helped, reflecting the ambiguous experience of the majority empowering minorities ‘by disempowering’, which becomes a subtle way to keep peers in low-status positions (Holck and Muhr, 2017; Van Laer and Janssens, 2011). Help offered to minority employees by majority employees, even when well intended, then serves to de-legitimize minority professional competencies and sets the two groups apart.

Ethnification of hierarchy

The lack of transparency of hierarchy and authority, and the replacement of formalized roles, and rules with tacit codes put minorities at a disadvantage. As Fidel explains, the codes and guiding principles of the informal system are not obvious or easily translatable:

There are some political and professional codes in the municipal hierarchy. If you know these codes, then you will be promoted. Those who get the authority to communicate orally and in writing with the political level will be favored. However, these codes are not easily obtainable.

As a consequence, a ‘natural’ task distribution arises. On the one hand, political-strategic tasks of writing and attending political meetings higher up in the municipal hierarchy are reserved for employees capable of deciphering the informal codes and writing in flawless Danish, favoring ethnic Danes. On the other, representational, customer-oriented functions of training and advice-giving are predominantly performed by minority employees. The representative tasks are unofficially seen as low-status tasks to showcase the diversity of employees. Entrance into high-prestige political-strategic tasks is guided by a process aimed at filtering out those employees who are ‘adequately skilled’ to perform these tasks, as the CEO explains:

When we recruit employees for advisory tasks, we need ethnic diversity, for example, to service the pizzeria owners. In order to be able to mirror the municipal corporate landscape,
it is important that we have language skills and ballast from other cultures. For example, if we deal with a greengrocer who speaks Arabic, then it is fine to bring Nader. However, everything that goes up the political system is in Danish, and it is probably just easier for ethnic Danes because they fit, they know how to frame it and the language is natural in another way. It is a matter of trust throughout the system.

Even though the CEO describes the issue as a matter of legitimacy and the practice as one that benefits all concerned, the end result is that minority employees ‘naturally’ fit the representative, low-prestige job category. Consequently, minority employees in CityBiz are recognized but only on the basis of their ethnic and gender background not their professional competences (Van Laer and Janssens, 2011), as Malika explicates:

I think I am a good alibi: She (referring to herself, ed.) is a black woman and part of us, ergo we are neither racists nor male chauvinists. They were making some pictures for the website. Who is on these pictures? Me of course! We are good enough when we can be used for promotion and to look politically correct. However, when it comes to doing the exciting jobs, we are left out…

Accordingly, employees are kept in fixed ethnic and gendered positions, making it difficult to pursue preferred career paths, as Vesna muses:

There is always a barrier to your progress. You must know your place and position. All of a sudden, I hear from a colleague that someone has taken over the meeting that I have been planning, or that Tor is suddenly in charge of my project... As soon as people from the municipality are involved in a meeting, I can never attend – then ‘the Danes’ take over. However, they need meeting preparations, and this is where I am relevant. There are certainly limits to the kind of work that is assigned to me.

The ‘ethnified’ hierarchy gains impetus from larger societal discourses on difference (Acker, 2012; Holck and Muhr, 2017; Van Laer and Janssens, 2011), resting on a binary of ‘real Danes’ and ‘immigrants’ marginalizing the entire group of individuals. These societal discourses on multiculturalism permeate and are reproduced through employee interaction in
CityBiz. Accordingly, high-skilled minority professionals in CityLab are perceived as stereotypic ‘low-skilled’ immigrants and not as well-educated professionals, which preserves inequality. The ‘ethnified’ hierarchy promotes minority feelings of injustice and partiality, as Malika narrates:

Do you know the story about the house niggers working as servants, and the field niggers picking cotton? The field niggers were the ones that resisted since their conditions were so bad. The house niggers were well treated. They adjusted to and accepted their situation. Sometimes I feel like a house nigger; I do not have to clean and I make a decent salary. And it is a hard labor market out there…

Minority employee opposition focuses on the ‘visible’ proofs of disparity, which results in demands for more transparent structures and formality aimed at buffering against gatekeeping practices, as Fidel clarifies:

What do you do, when you have members who feel that they are in the middle of a void? How do you create responsibility and engagement? How do you respond to their demands for more structured knowledge sharing, more transparency in task distribution and promotions? Well, management does nothing, really.

In particular, managerial discretion to offer promotions and to distribute tasks and rewards is a target of employee frustrations. In one case, the CEO promoted an employee as chief consultant without first notifying the employee cooperation committee. Aisha describes her as ‘young, blond and beautiful’ with a relatively short history of tenure in CityBiz. The promotion immediately raises a stir, as it occurs despite repeated employee demands for greater transparency in relation to the criteria for promotion, rewards and task distribution, which is rejected by top management. Aisha explains:

It is unfair that tasks and promotions are distributed without any transparency, with no system in place – no logic. This gives rise to a lot of gossip and guessing. This divides us. You do not
know why people get promoted. It just comes out of the blue. It is difficult to state that I did not get the promotion or the high-prestige task because I am not Danish. There is no evidence except for the fact that all of the chief consultants and managers are white Danes, while the ‘subordinated’ all have international backgrounds. This promotion sends out a clear signal.

In the informal, team-based organization, the pecking order becomes visible in the distribution of tasks, promotions and rewards. According to Emma this situation might explain the internal stir regarding promotions: ‘When things are chaotic, then salaries and status become more important. That is why employees push for criteria regulating promotions, and the distribution of rewards and tasks’. The ‘ethnified’ hierarchy in CityBiz – dividing employees into the privileged majority performing high-prestige, career-promoting tasks and the minority with ‘hands-on’, representative and diversity ‘showcase’ tasks – triggers political and symbolic struggles around issues of promotion and task distribution (Ashcraft, 2012; Zanoni and Janssens, 2015).

Continuous hierarchical positioning and naturalized majority privilege
The recognition of only the ethnic and not the professional background of minority employees prompts a ‘normalization’ of majority privilege that is naturalized by the apparent approval of majority intolerant behavior (Van Laer and Janssens, 2011). For instance, everyday jokes and socializing patterns that seem ‘innocent’ or common sense to majority employees might be seen as harassment by minority employees. Rawijaa gives the example of how the CEO joked about his inability to pronounce her name at an official meeting: “Well, I cannot pronounce half of my employees’ names” was his excuse. This is like saying “I cannot pronounce these ‘Paki’ names”. It is really provoking and humiliating’. In a similar vein, Aku tells of an experience when planning a training session for entrepreneurs with a majority colleague, who remarked:
“We want real entrepreneurs to participate, not shawarma entrepreneurs with their kiosks. We do not want these people.” People are not afraid to say these racist things aloud. Danish colleagues will look at us when we speak in French or English: “Why don’t you speak Danish in Denmark?” One time Jens made a remark to Bo: “Do you dare to tell them that they speak “Black” (In tongues, ed.)?” We often hear these jokes. I tried to make my manager react to it, but he just said: ‘Don’t be so sensitive, it was only a joke”. This is what the managers think.

The lack of reaction from the manager is just as painful as the joke, as he seems to approve of it by not taking it seriously. In a social milieu regulated by peer competition and continuous positioning, these minority experiences make a strong impression as proof of unfairness based on majority prejudices and exclusion. The reliance on informal power and control by mutual adjustment has thus important implications for employee experiences of fairness; the personalized, relational forms of power and control strain collegial relations and shift the attention away from the conflict situation itself to relations in conflict situations (Hodson et al., 2012). These relational forms of power might account for the high number of employees indicating that they have been harassed by managers and colleagues in CityBiz.

The naturalization of majority privilege through the ethnification of the hierarchy and majority intolerant behavior is in line with Kanter’s description of homosocial reproduction. Majority privilege is kept in place through generating ‘exclusive circles’ of ‘kinship’ that support a common understanding of the ‘rightful’ allocation of power and opportunities among a homogeneous group (Kanter, 1977). Ea deliberates:

When I was recruited, Carl (CEO, ed.) told me that he needed to attract more people like us: people with a strategic mind-set, who can craft a solid strategy paper. CityBiz is predominantly a practitioner and “doer” organization. I can’t identify with that… There is a policy that everybody has to answer the phone. I refuse to do that. People think that I am too proud. There is a constant conflict between strategic level and the more ‘hands-on’ people.
Keeping power positions in the hands of ‘one’s own kind’ not only protects privilege and keeps it within the same circle of peers; it also ‘provides reinforcement of the belief that people like oneself actually deserves to have such authority’ (Kanter, 1977: 62).

Whenever formal hierarchy decreases, informal hierarchy increases (Diefenbach and Sillince, 2011); in CityBiz this situation manifests in an unofficial hierarchy of privilege operating in subtle ways. This hierarchy is kept in place by marginalization, ridicule, and collaborative and social segregation (Kanter, 1977). Hence the dual structure of formality-informality makes a team-based organization such as CityBiz just as hierarchical and oppressive, but in more challenging, subtle and sophisticated ways than the orthodox bureaucracy (Kärreman and Alvesson, 2004). When formal positions do not automatically provide authority or status, then collaborative, seating and socializing practices all become important markers of alliances, network and status in an otherwise fluid and decentralized team structure. According to Eske, ‘people have a strong desire to signal membership in a particular league’ to obtain status and authority. CityBiz thus becomes an arena of micro-politics in which employees form alliances and act strategically to pursue individual opportunities – not in the interest of unified task performance (Clegg, 2011).

CityBiz’s dual informal-formal hierarchy gives rise to a diversity paradox: On the one hand, informality creates room for maneuvering in terms of self-management and discretion creating space for diverse capacities and competences in task performance. On the other, in line with the principle of informality, managerial authority is given to the employees. This tension, in turn, increases the power struggles between colleagues, who wish to act as peer managers. Furthermore this tension intensifies the social-stratification processes among colleagues and hampers the likelihood that all employees can participate on par. Accordingly, employee differences become petty rather than productive, and they are enacted as multiple divisive practices between temporary and permanent staff, elite peers and ‘subordinates’, and ethnic majority and minority employees. Diversity in a team-based, continuously changing
organization such as CityBiz thus carries within it an inherent structural tension; paradoxically, employees in CityBiz have to deal with accelerating differentiation by means of integration methods that do not serve to coordinate action. On the contrary, integration methods make way for further differentiation leading to a situation of hyper differentiation.

**Concluding discussion**

This study analyzes the emergent dynamics of inequality in CityBiz while attending to organizational structural factors that create stresses and exacerbate unequal opportunity structures. This is done by drawing on the rich sociological literature exploring the link between organizational structure and diversity (e.g. Ashcraft, 2012; Baron et al., 1986; Boogaard and Roggeband, 2010; DiTomaso et al., 2007; McGinn and Milkman, 2013; Ortlieb and Sieben, 2011; Padavic and Reskin, 2002; Reskin, 1993; Tomlinson et al., 2013; Van den Brink and Benschop, 2011; Zanoni, 2011; Zanoni and Janssens, 2015), in particular Kanter’s (1977) and Acker’s (2006, 2011) pioneering work on how organizational structures and everyday practices enact power and cement inequality. Based on an appreciative reading of this stream of literature this study extends it by linking micro-interactions to structural triggers and outcomes (Lawrence and Lorsch, 1967, 1986; Vikkelsø, 2015); by connecting studies of power and control in organizations to concerns about how diversity is impeded (Barker, 1993; Courpasson and Clegg, 2006; Diefenbach and Sillince, 2011; Hodson et al., 2012; Kärreman and Alvesson, 2004; Tomaskovic-Devey, 2014); and by offering a dynamic view of organizational structure and how it is experienced, navigated and reshaped by different employees. This particular approach underlines how diversity processes must be explored *situated* in their organizational setting, as embedded in formal and information structures of everyday organizational processes.

The study of CityBiz furthermore illustrates how organizational micro-inequality is linked to macro-inequality in the surrounding society, its politics, history, and culture, as highlighted
by Acker (2006). Inequality in CityBiz draws on larger societal discourses on ‘real Danes’ and immigrants, and is linked to societal structures and discourse, which are reproduced in relations at work (Holck and Muhr, 2017; Van Laer and Janssens, 2011).

Applying contingency thinking to organizational diversity in CityBiz directs the attention towards a structural focus on coordination of effort by means of a set of varied integrative methods to tackle the problems of accelerating differentiation. This is an accelerating differentiation that most organizations face today – caused by continuous change in response to increasing diversification and internalization of markets, customers and among employees (Weick, 2011). The sources of differentiation are manifold and complex in CityBiz; continuous change responsive to situational complexity, a diverse workforce, and a dual, opaque hierarchy. These factors lead to an accelerating differentiation among units, teams, hierarchical levels, individuals, activities, and ideas; to loose couplings among the subsystems and groupings, and between the different capacities, dispositions and orientation of CityBiz’s employees (Weick, 2011). The many sources of differentiation bring about segmentation along ethnic lines, ethnification of jobs and hierarchy, and hence profound feelings of unfairness and unequal opportunities (Acker, 2006; Ashcraft, 2012). As a consequence, CityBiz is riddled with employee insecurity, anxiety and dissatisfaction caused by lack of orientation and coordination as the organization is slowly unravelling.

To cope with the excesses of accelerating differentiation, new and more advanced integration methods have to be developed, as highlighted by Lawrence and Lorsch (1986). These are integration measures that can lower employee sensations of ambiguity, anxiety and flux. Integrators such as repetitious acts backed by liaison devices of coordination, conflict resolution, enhanced leadership, agreement about preferences and reaffirmation of shared values, could act as means of unification (Weick, 2001). These integrators could bring about at least some degree of stable sets of predictable actions and organizational transparency – a certainty that could help employees pick a course of action to tackle situational complexity.
Through applying a contingency perspective, this study demonstrates how CityBiz’s particular configuration of differentiation and integration promotes organizational stress and homosocial reproduction, resulting in numerous divisions among employees. In other words, CityBiz illustrates how the structural set-up leads to some of the root causes of the employees’ experiences of harassment and sense of unfairness. The combination of accelerating differentiation and the dual formal-informal hierarchies in CityBiz results in an opaque organizational landscape in which minorities have little power and which consequently discriminates against them. Because it allows and encourages peer competition, it puts minorities in a disadvantageous position. Diversity practices in CityBiz undermine minority employees’ sense of self as knowledgeable, capable and competent professionals, as majority norms and a skewed power hierarchy casts them in inferior and dependent roles.

A contingency perspective can enrich diversity research, by exploring and nuancing the necessity of a varied set of structurally embedded coordination methods as there is ‘no best way’ but only local, situated solutions. This study’s combination of micro-interactions and structural triggers and outcomes, issues of power, and a dynamic view of organizational structure as navigated and reshaped by different employees, highlights potential areas for future research. In addition, the ethnographic approach enabled me to tap into the tacit, organizational ‘underbelly’ of power battles related to privileges, disadvantages, and resistance. All the organizational members were wise and observant about the problematic configurations in CityBiz’s structure. It is exactly by observing and listening to those who experience the shifting differentiation, stressors, and inequalities, which can uncover pockets of resistance. These are pockets of resistance that can be used to mobilize collective change efforts in favor of diversity and equality. Future research might combine a theoretical focus on the intersection of formal and formal structures related to diversity with ethnographic studies with an interventionist component. Such an approach might help to localize and mobilize collective change efforts among organizational members to redress more subtle and
mundane, structurally embedded forms of organizational inequality (see for instance Holck, 2016a).

References


