# Ethnic Diversity, Decision Making Processes
# and the Marketing Environment

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## Abstract

Diversity on many levels has been an important element in multinational organizations for the past several decades. Organizational leaders should make diversity a fundamental component in their decision-making process. More specifically, this paper focuses on ethnic diversity in decision-making processes for companies looking to gain a competitive advantage in the marketing environment. This study reviews the constructs of ethnic identity and team cohesiveness and examines their significance as an input in how marketing decisions are made. The study will also highlight how ethnic diversity in decision-making processes can influence consumer behavior and target market decisions for multinational organizations.

This paper is a conceptual study that presents a theoretical framework on how diversity can be an integral component of the decision-making process. A conceptual framework will be provided that focuses on ethnic diversity, the decision making process and the impact on the marketing environment. It is important to note that consumer perspective will be incorporated into the framework to help highlight and define the results of the decisions made by an ethnically diverse team.

## Abbreviated Literature Review

### Ethnic Identity & Diversity

Simon and Rowland (2011) posited that most literature did not provide a clear definition of diversity that immediately categorized and separated one form of diversity as positive and another form as negative. The authors found that most research did not provide a clear understanding of the types of diversity being examined. However, according to an earlier study, Cox and Blake (1991) found that most diversity being researched focused on demographic attributes, including "age, gender, race-ethnicity, and background. Ethnic diversity, which can also be termed race and ethnicity, was one of the more comprehensive definitions of diversity found in their research and provided both the clearest and most useful means of studying culture and diversity in many of studies examined.

### Diversity in Team Decision Making

Leadership takes on this presumption of responsibility to ensure positive changes are taking place and appropriate decisions are being made. These decisions impact product acceptance in the consumer market- thus inevitably dictating the success of the brand in the marketplace. Kennedy and Hall (2006) expressed that a lack of mutual understanding can lead to poor rapport between partners (in this incidence; organization and public) with different cultures. When cultures are incompatible, the focal firm may misinterpret the rationale underlying their partner decisions thereby negatively impacting trust. This is a very compelling statement and holds much value and appreciation. Organizations must make correct decisions and leaders must stand behind these decisions once made.

### Ethnic Representation in Product & Brand Decision Making

Sutarjo (2011) stipulated that diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting. Leadership must control these distinctions and use diversity as an opportunity to create a greater good for the community. The products and services being offered to a specific community should meet the needs of those individuals. Taking culture into consideration and the increased focus of globalization before making decisions will help leaders stay focused on overall objectives and organizational goals. There has to be an agreement between the brand and the public for leadership to appear compassionate about communal similarities and differences.

**Theoretical Framework**

This review focuses on ethnic diversity, cultural differences, and the influences these factors have on product and brand decision making. In order to bring perspective to the research, the *Theory of Acculturation* can be utilized. The theory of acculturation (Berry, 1980, 1997) allows for strategies of cultural adaptation at both individual and group levels. Demangeot and Sankaran (2012) defined acculturation theory as the phenomena and outcome which results when groups of individuals having different cultures come into contact with one another. This phenomena can also be extended to consumer behavior through the general process of movement and adaptation to the consumer's cultural environment (Demangeot & Sankaran, 2012; Korzeny, 2008).

**Conceptual Model**

The following conceptual model provided offers a visual perspective on the various components surrounding the purpose of this study. As the model depicts, there are factors that go into the continuum of the decision making process. For purposes of this study, these factors center on ethnic identity and diverse team composition while making product and brand decisions. This increased diversity within the team composition allows for the possibilities of generating and assessing solutions from multiple perspectives. Ultimately, the diversity of perspective, ethnic identity, experience, and knowledge can be expected to result in a greater variety of solutions, enhancing the diversity and creativity of the team decision (Grier & Brumbaugh, 1999, Pires & Stanton, 2002; Salomo, Keinschmidt, & Brentani, 2010).
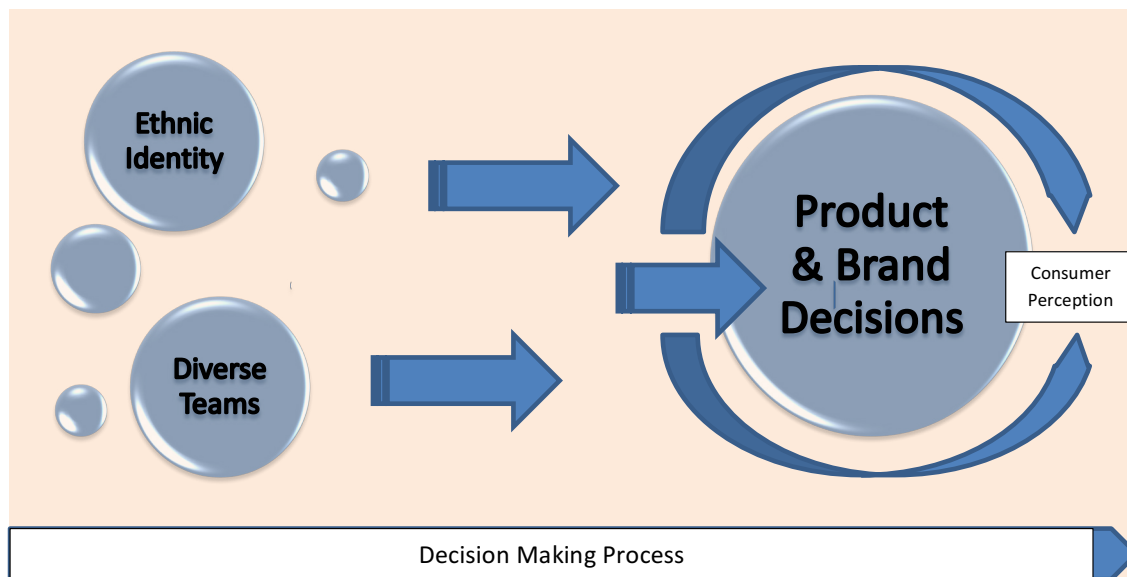


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**Relevance to Marketing Educators, Researchers and Practitioners:** The research will have an immediate impact on marketing practitioners who are currently making decisions with ethnically diverse teams that can influence the organizational decision-making processes.

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**TRACK: Marketing Strategy**