

# Do Social Enterprises Discriminate Less Than For-Profit Organizations? The Influence of Sector and Diversity Policies on Managers' Prejudice Toward Immigrants

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Olivier Brolis<sup>1</sup>, Marie Courtois<sup>1,2</sup>, Ginette Herman<sup>1</sup>,  
and Marthe Nyssens<sup>1</sup>

## Abstract

During the past 15 years, discrimination in work settings has become an increasing problem. The social enterprise (SE) and nonprofit literature suggests that these organizations discriminate against workers less frequently than for-profit organizations (FPOs). In the field of social psychology, it has been assumed that a multicultural approach to managing diversity would improve relationships among workers with different ethnic or cultural origins. This study examines the relationships between managers' attitudes toward immigrants and the organization's characteristics, namely, organizational multiculturalism, the organization's sector (FPO or SE), and organization's mission (i.e., work integration, home care services, and profit making). The survey was conducted among managers of organizations involved in the Belgian service voucher system. The results indicate that managers in work integration SEs are less prejudiced than managers in FPOs and home care services organizations, and that the more the workforce diversity is managed through a multicultural approach, the less prejudiced managers are.

## Keywords

social enterprise, third sector, discrimination, organizational multiculturalism, prejudice against immigrants

<sup>1</sup>Université Catholique de Louvain, Louvain-la-Neuve, Belgium

<sup>2</sup>National Fund for Scientific Research, Rue d'Egmont, Bruxelles

## Corresponding Author:

Olivier Brolis, Université Catholique de Louvain, Place Montesquieu 3 bte L2.06.01, 1348 Louvain-la-Neuve, Belgium.

Email: [olivier.brolis@uclouvain.be](mailto:olivier.brolis@uclouvain.be)

## Introduction

European labor markets are characterized by an increasingly diverse workforce (Lemaitre, 2008). As discrimination still exists in many organizations, the issue of integration is a central concern. Immigrant workers are less frequently hired and promoted, and are paid less than nonimmigrant workers (International Labour Organization [ILO], 2007). Although researchers have devoted increasing attention to this issue, the organizational characteristics that influence discrimination have been overlooked. To bridge this gap, this article focuses on two organizational characteristics that are likely to influence discrimination: the organization's sector (i.e., social enterprises [SEs]<sup>1</sup> or for-profit organizations [FPOs]) and the organization's diversity management policies. It is often assumed that SEs discriminate against workers less frequently than FPOs (e.g., Leete, 2000), but empirical proof is lacking. It has also been assumed that a multicultural approach to managing diversity, which values group differences, would improve relationships among workers with different ethnic or cultural origins, but more evidence is needed to support that claim. More precisely, this study examines the influence those organizational characteristics have on managers' prejudice toward immigrants, which is a good predictor of discriminatory behaviors (Dovidio & Gaertner, 2010) and discrimination in their management practices (Charles & Guryan, 2008;; Laouénan, 2014).

This study was conducted on the Belgian quasi-market of service vouchers, implemented by the public authorities in 2001. The service voucher is mainly designed to foster the development of regular jobs for low-qualified people in the housework field, where services were hitherto mostly provided via the black market. It works as follows: Any person interested in obtaining housework services can buy vouchers. The user chooses an accredited provider; a worker is then sent to the client's house. Thus, the workers are hired by the providers and not by the households, which are clients of the providers (Defourny, Henry, Nassaut, & Nyssens, 2010). The services that are provided are related to housekeeping duties, strictly defined (they do not include help to persons), performed at home or outside the home (ironing, household shopping, etc.). This quasi-market concerns more than 100,000 workers (more than 97% of whom are women) and 3,000 enterprises, 50% of which are FPOs and 15% of which are SEs, including work integration social enterprises (WISEs) and home care services organizations (HCSOs; Gerard, Romainville, & Valsamis, 2014).<sup>2</sup> In this study, to distinguish between for-profit and SE providers, we rely on their legal status: Providers with a legal status that does not constrain profit distribution pursue a mission of profit maximization, whereas the others are expected to pursue a social mission. In addition, to specify the type of social mission of an SE, we take into account the type of accreditation granted by the public authorities. Accredited WISEs are social cooperatives that aim to create temporary or long-term jobs for the most disadvantaged workers (workers-oriented mission). Accredited home care providers are nonprofit organizations that exclusively focus on serving vulnerable families and elderly people (clients-oriented mission). From a methodological point of view, this quasi-market, thus, offers a unique opportunity to test the relationship between the sector to which the organization

belongs (distinguishing between FPOs and SEs) or its mission (FPOs, WISEs, and HCSOs) and the managers' prejudice. Moreover, the high percentage of workers of foreign nationality in this market (Gerard et al., 2014) allows us to analyze attitudes toward this criterion of discrimination.

This article is structured as follows. In the "Introduction" section, based on the nonprofit and SE literature, we argue that SEs are assumed to implement discriminatory practices less frequently and to have managers with less prejudice than FPOs. The "Literature Review" section discusses organizational multiculturalism as a strategy to manage diversity. The "Method" section addresses the method used for the empirical survey, whereas "Results" section presents the results. The "Discussion" section presents a discussion, acknowledges the limitations of the study, and provides some concluding remarks about the need for future research.

## Literature Review

### *Discrimination and Prejudice in SEs*

According to the literature, SEs could be expected to discriminate less than FPOs. This hypothesis is based on three arguments: First, SEs share a number of social values/principles (e.g., Gibelman, 2000); second, they attract a prosocially motivated workforce (e.g., De Cooman, De Gieter, Pepermans, & Jegers, 2011); and third, they depend on public and voluntary resources (e.g., Leete, 2000). These arguments are successively developed below.

First, SEs' organizational culture and behavioral norms rely on values such as charity, fairness, and caring (Agarwal & Malloy, 1999; Jeavons, 1994). Therefore, SEs are expected to voluntarily seek to adhere to principles of nondiscrimination in their labor force practices (Gibelman, 2000; Maran & Soro, 2010). In SEs, fairness and nondiscrimination matter for their own sake (Pennerstorfer & Schneider, 2010).

Second, SEs attract workers who are more prosocially motivated than their counterparts in FPOs (e.g., De Cooman et al., 2011; Einolf, 2011). They not only are motivated by the desire to reap their own monetary rewards but also want to help other people (e.g., Lewis, 2010; Tschirhart, Reed, Freeman, & Anker, 2008). In this regard, the labor donation theory highlights that SE workers (especially managers and professionals) are willing to work for lower wages than their FPO counterparts (Francois, 2007; Handy & Katz, 1998; Hansmann, 1980; Preston, 1989, 1990; Rose-Ackerman, 1996) because, for them, working for a social mission is more meaningful and personally rewarding than working for profit maximization (e.g., Lewis, 2010; Light, 2002; Mirvis & Hackett, 1983). This is the main competitive strength of SEs (e.g., Steinberg, 1990; Valentinov, 2007). Therefore, SEs must seek both to attract prosocially motivated workers and to create a work environment that sustains their motivation over time (Bidee et al., 2013; Faulk, Edwards, Lewis, & McGinnis, 2012; Frey, 2000). To attain those objectives, SEs must ensure that the workers' perceptions about the congruency between their values and those defended by the organization are sustained (person–organization fit theory). In addition to being an important decision criteria

when choosing to work in an SE (e.g., Besley & Ghatak, 2005; Ng, Schweitzer, & Lyons, 2012), workers' perceptions of this "value fit" diminishes the risk of psychological work contract failure, which may have very negative consequences on the worker's motivation, particularly in SEs (Vantilborgh et al., 2014). To sustain and favor value congruency between prosocially motivated workers and the SE, it is important, in particular, that the organization develops a fair work environment, because previous studies have shown that workers attracted to SEs valorize the perception of fairness at work (Borzaga & Tortia, 2006; Salim, Sadruddin, & Zakus, 2011) and want to be hired by an employer who is committed to social responsibility and employee diversity (Lewis & Ng, 2013; Ng et al., 2012). In particular, fair wages or wage equity perceptions regarding gender, race, and age seem to be important for SE workers (e.g., Benz, 2005; Leete, 2000, 2006; Pennerstorfer & Schneider, 2010).

Third, SEs' resources can come not only from trading activities but also from public grants and voluntary resources (Nyssens, 2006). Because SEs' external funders (public authorities or private donors) usually expect these organizations to enforce affirmative action (Meier, 2006), SEs would place great importance on their public reputation (i.e., to be seen as a fair employer) to keep these nonmarket resources (e.g., Brown & Slivinski, 2006; Sargeant, 1999). Indeed, according to the resource dependence theory (e.g., Malatesta & Smith, 2014), organizations have dependent relationships with their resource providers, which in turn induces external pressures that may influence the kind of objectives they set and the practices they seek to implement (DiMaggio & Powell, 1983; Scott, 1987).

There is already some empirical research on discrimination that compares SEs and FPOs, but in most cases, it only examines gender discrimination. The results provide evidence that SEs offer women more opportunities for full-time, mission-critical, and leadership positions (Abzug, DiMaggio, Gray, Useem, & Kang, 1993; Hallock, 1999; Shaiko, 1997; Steinberg & Jacobs, 1994), as well as better opportunities for skill development and less repetitive work than FPOs (Gibelman, 2000; Preston, 1990). Furthermore, the gender pay gap is smaller in SEs than in FPOs (Etienne & Narcy, 2010; Leete, 2000; Lewis & Faulk, 2008; Narcy, 2006; Preston, 1990, 1994; Preston & Sacks, 2010). Only a few studies have analyzed discrimination based on other factors than gender, such as cultural/ethnic origin or sexual orientation. Colgan, Wright, Creggan, and McKearney (2009) showed that lesbians and gays employed in SEs report fewer incidents of discrimination and harassment. As far as ethnic origin is concerned, Preston (1994) found that Black women in SEs have significantly lower wages and less prestigious occupational distribution than White women, whereas Gibelman (2000) demonstrated a glass-ceiling effect in SEs for women of color, who meet barriers when trying to increase their mobility or their wage. Nevertheless, Leete (2000) and Preston (1990, 1994) demonstrated that the pay gap between White men, on one hand, and White women and racial minorities, on the other hand, is smaller in SEs than in FPOs.

This empirical evidence remains too weak to draw reliable conclusions regarding racial (or sexual) discrimination in SEs compared with FPOs. Moreover, most of these studies on discrimination suffer from at least two pitfalls. First, many

studies compare SEs and FPOs from different industries. Because SEs are usually active in industries with a predominance of women (Benz, 2005), this introduces a bias, to the extent that the less discriminatory practices toward women observed in SEs may be due to an industry effect rather than to a mission- or sector-linked effect. Second, most existing empirical studies focus on wage discrimination, but the smaller pay gap observed in SEs might be linked to the fact that wage dispersion among all workers is smaller in SEs than in FPOs (Ben-Ner, Ren, & Paulson, 2011; Faulk et al., 2012); as a result, this might not be a good indicator of discrimination in other types of practices. There are two main reasons why wage dispersion is smaller in SEs than in FPOs. First, strong wage dispersion would stunt nonmonetary motivations (e.g., Tortia, 2008). Conversely, wage compression bolsters the motivation of workers in SEs (Leete, 2006). Second, the presence of an overall lower wage level in SEs, as compared with FPOs, decreases these enterprises' opportunity to implement a high level of wage dispersion (Themudo, 2009). Indeed, the minimum level of wage set by law reduces the possibilities for an enterprise with an overall lower remuneration level to "scatter" wages between this minimum wage level and its maximum wage. Moreover, Lazear and Shaw (2007) argued that firms that pay a higher mean wage are expected to have greater wage dispersion to use these higher wages to create monetary incentives. Therefore, the observation of less wage discrimination in SEs is not a sufficient argument for concluding that these organizations have less discriminatory practices than FPOs.

To overcome both pitfalls, we suggest a different, twofold research path. First, we compare organizations that belong to the same industry, namely, the quasi-market of service vouchers in Belgium. Second, we focus on managers' prejudice toward immigrants, which is a predictor of discrimination in managerial practices (e.g., Cuddy, Fiske, & Glick, 2007; Yzerbyt & Demoulin, 2010), rather than investigating discrimination directly through a specific practice, such as wages. Beyond addressing the abovementioned pitfall, investigating prejudice allows us to avoid the issue of availability of data about the workers' origin (origin is a criterion protected by law and, consequently, not easily accessible in surveys). We focus on managers' prejudice rather than on workers' prejudice for two reasons. First, the workers in this service voucher industry are more often in contact with their managers than with their coworkers, because they spend most of their time at their customers' homes. Second, managers often play a primary role in human resource management decision making (Chugh, 2004; Maran & Soro, 2010; Stinglhamber & Vandenberghe, 2004), and several of the organizational practices that are usually under their control can then lead to discrimination.

As prejudice is a predictor of discrimination and because SEs should be fairer toward and less discriminating against workers than FPOs, we first expect SE managers to be less prejudiced than FPO managers.

**Hypothesis 1a (H1a):** Managers in SEs are less prejudiced against immigrants than managers in FPOs.

The second hypothesis is related to the different types of SE missions. We hypothesize that WISE managers are less prejudiced than their HCSO counterparts, due to four factors. First, Becker (1957) highlighted that customer prejudice may represent an enduring source of labor market discrimination because it induces a trade-off for the organizations between fairness regarding workers and satisfaction of their customers. Such customer prejudice would probably have a greater impact in HCSOs, which can be expected to prioritize their users' satisfaction due to their user-centered mission (providing at-home help for elderly and vulnerable people), than in WISEs, which have a worker-centered mission (integrating the most vulnerable people into the labor market). Second, SEs depend partially on market resources and are, then, embedded in a market logic, which may induce external pressure to adopt the practices used in FPOs (e.g., Ebrahim, 2005; Weisbrod, 1998). In terms of discrimination, this mimicry could encourage SEs to recruit managers on the basis of their economic performance rather than their ethical values. However, WISEs should be less exposed than HCSOs to this kind of market pressures because they benefit from additional subsidies, besides those provided by the service voucher schemes, which are justified by the particularly vulnerable profile of their workers. Third, thanks to the additional grants that WISEs receive, they organize more team and one-to-one meetings and offer more training sessions than HCSOs and FPOs (Brolis & Nyssens, 2015). Therefore, WISE managers have a closer relationship with their workers, whatever their origin, while contact with immigrant workers is expected to reduce their prejudice against those types of workers. Indeed, the intergroup contact theory states that contact between groups, defined as face-to-face interactions between members of different groups, decreases prejudice against members of these groups (Pettigrew & Tropp, 2006). Finally, WISEs' mission is centered on a population that usually includes a high percentage of people of foreign origin (Gerard et al., 2014). Thus, a WISE is supposed to attract managers who are prosocially motivated to help those individuals (including immigrants).

**Hypothesis 1b (H1b):** Managers in WISEs are less prejudiced than managers in HCSOs, who in turn are less prejudiced than managers in FPOs.

### *Diversity Climate and Prejudice in SEs*

After considering the influence that an organization's sector and mission have on prejudice and discrimination, we focus on the organization's policy in the area of diversity management. Nowadays, organizations regularly implement policies and practices to manage diversity and capitalize on a diverse workforce (Bond & Haynes, 2014). Such organizational behaviors influence relations among workers from different cultural groups (Stevens, Plaut, & Sanchez-Burks, 2008) and offer advantages to organizations, such as decreasing turnover and increasing creativity and innovation (Cox & Blake, 1991; Cundiff, Nadler, & Swan, 2009).

The psychological and acculturation literature suggests that valuing group differences, defined as the multiculturalism diversity perspective, is the most integrated and effective strategy for managing diversity (Billing & Sundin, 2006; Bond & Haynes,

2014; Cox, 1991, 1993; Ely & Thomas, 2001; Podsiadlowski, Gröschke, Kogler, Springer, & van der Zee, 2013; Shen, Chanda, D'Netto, & Monga, 2009). Several typologies of diversity management in organizations suggest the importance of valuing group differences: the integration and learning perspective (Ely & Thomas, 2001; Podsiadlowski et al., 2013), the multicultural perspective (Cox, 1991), the pluralism perspective (Cox, 1993), and the special contribution and alternative values perspectives (Billing & Sundin, 2006). Although no empirical studies have specifically focused on investigating an individual's multicultural perspective defined as a type of diversity management (organizational level), we found three studies that address a similar issue. The first study focuses on a national setting (Guimond et al., 2013), the second study on older workers (Iweins, Desmette, Yzerbyt, & Stinglhamber, 2013), and the third study only on origin (Courtois et al., 2014). All three articles show a negative relationship between multiculturalism and prejudice. On the basis on these initial findings, we investigated the role of multiculturalism from the perspective of individuals on prejudice, but as a strategy to manage diversity (i.e., organizational multiculturalism).

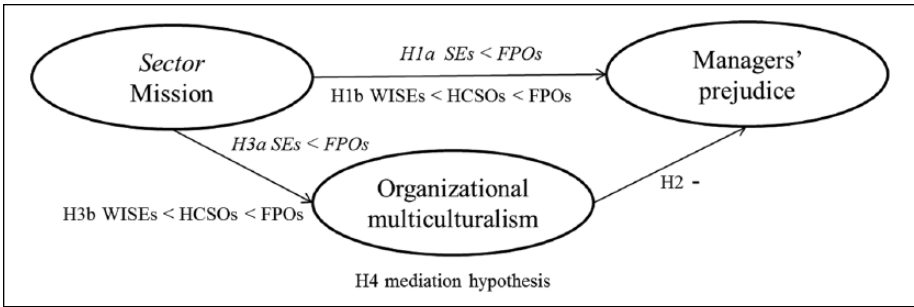
**Hypothesis 2 (H2):** Organizational multiculturalism is negatively related to managers' prejudice.

Because of the business case for diversity (Houkamau & Boxall, 2011; Kaiser et al., 2013; Kandola & Fullerton, 1994; Rutherford & Ollerearnshaw, 2002), all organizations, regardless of their sector and mission, are likely to implement diversity management strategies (Tomlinson & Schwabenland, 2010). However, Capek and Mead (2006, in Feeney, 2007) have suggested that philanthropic organizations try to reach a deeper diversity, which is defined as a "process of institutionalizing the difference [among staff] in the organizational culture" (p. 533). This definition is conceptually close to the individual multiculturalism perspective. In addition and independently of the business case for diversity, SEs are also likely to manage diversity on the basis of a multiculturalism perspective because they defend values of equality and justice (Tomlinson & Schwabenland, 2010), whereas perceived organizational multiculturalism is related to perceived procedural justice (Iweins et al., 2013). Thus, the organizational multicultural perspective of diversity management would be an efficient means for SEs to establish a fair climate. Therefore, we speculate that SEs are more likely than FPOs to specifically implement organizational multiculturalism to manage diversity. Concerning the organization's mission, we expect WISEs to implement more organizational multiculturalism policies than HCSOs.

**Hypothesis 3a (H3a):** The organizational multicultural perspective is more important in SEs than in FPOs.

**Hypothesis 3b (H3b):** The organizational multicultural perspective is more important in WISEs than in HCSOs, where it is in turn higher than in FPOs.

Based on the negative relationship between organizational multiculturalism and intergroup attitudes, on one hand, and the idea that SEs are more likely than FPOs to



**Figure 1.** Hypothesized model.

Note. SE = social enterprise; FPO = for-profit organization; WISE = work integration social enterprise; HCSO = home care services organization.

specifically implement organizational multiculturalism to manage diversity, on the other hand, we hypothesize that organizational multiculturalism mediates the relationship between the sector and the managers' prejudice.

**Hypothesis 4a (H4a):** Organizational multiculturalism mediates the relationship between the sector and the managers' prejudice.

**Hypothesis 4b (H4b):** Organizational multiculturalism mediates the relationship between the mission and the managers' prejudice.

Figure 1 illustrates the hypothesized model.

## Method

### Participants and Procedure

Data were collected via an online survey distributed to the entire population of interest (811 managers) from service voucher organizations in the French-speaking part of Belgium (including Brussels). The respondents were guaranteed anonymity and confidentiality and their participation was voluntary. One hundred forty-four managers participated in the study (response rate = 18%), but 22 of them, who reported to have been born outside the first 15 member states of the European Union (EU-15), were excluded,<sup>3</sup> because this study focuses on intergroup relationships between nonforeign managers (in-group) and immigrants (out-group; although foreign managers may discriminate against immigrants, the underlying processes are likely to be different than those for managers for whom immigrants are an out-group). The EU-15-based criterion—rather than the Belgian-based criterion—was chosen because workers from outside the EU-15 are more likely to face discrimination in the labor market (Centre pour l'Égalité des chances et la lutte contre le racisme [CECLR], 2012; Ouali & Cennicola, 2013). Nevertheless, we controlled for the managers' origin in the subsequent analyses because it is possible that prejudice against immigrants is different between Belgian



**Table 1.** Confirmatory Factor Analyses Fit Indices for Measurement Models (N = 122).

Model	$\chi^2$	df	$\Delta\chi^2(\Delta df)$	$\chi^2/df$	RMSEA	CFI	NNFI
Two-factor model (hypothesized)	104.49	64	—	1.63	.07	.96	.95
One-factor model (MULT and PREJ = one factor)	351.19	65	246.70 (1)***	5.40	.19	.81	.77

Note. The results are described in the text. MULT = organizational multiculturalism; PREJ = prejudice; df = degrees of freedom;  $\Delta\chi^2$  = difference in chi-square from the four-factor model;  $\chi^2/df$  = chi-square goodness-of-fit to degrees-of-freedom ratio; RMSEA = root mean square error of approximation; CFI = comparative fit index; NNFI = nonnormed fit index.

\* $p < .05$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

managers and non-Belgian managers from the EU-15. The final sample is composed of 122 managers. Specifically, 63 managers are in FPOs and 59 are in SEs (41 in WISEs and 18 in HCSOs).

Measures

We used the seven-item scale from the Modern Racism Scale (McConahay, 1986) to measure prejudice ( $\alpha = .86$ ) and the six-item scale from Iweins et al. (2013) to measure organizational multiculturalism ( $\alpha = .79$ ). Both are 7-point Likert-type scales, ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). As expected, the two-factor model fitted the data quite well,  $\chi^2(64) = 104.49, p < .001, \chi^2/df = 1.63$ ; root mean square error approximation (RMSEA) = .07, comparative fit index (CFI) = .96, nonnormed fit index (NNFI) = .95, and this model best reflected the data structure (see comparisons in Table 1) Thus, this model was retained as the best depiction of our data. All the items load reliably on their predicted factors (all  $t > 1.96$ ), with standardized loadings ranging from .41 to .78 for organizational multiculturalism and from .25 to .82 for prejudice.

Results

To test H1 and H2, we computed linear regression analyses (ordinary least squares) following a two-step procedure. In the first step, we regressed prejudice on all the predictors. In the second step, we kept only the significant predictors to further validate the results. We computed analyses with and without control variables, as recommended by Becker (2005), but because no differences were observed between the results, only regressions with control variables are reported below.

The sector regression analysis showed that education, sector, and organizational multiculturalism are significantly related to managers' prejudice (left section of Table 2). The participants with higher levels of education were found to be less prejudiced ( $B = -0.44, p = .001$ ). As expected, the marginally significant regression coefficient ( $B = -0.43, p = .068$ ) of the dummy sector suggests that SE managers are less prejudiced

**Table 2.** Regression Coefficients Testing the Effects of the Sector and Our Interest Variables on Organizational Multiculturalism and Prejudice (OLS;  $N = 122$ ).

Predictor	Prejudice		Organizational multiculturalism
	Step 1	Step 2	Step 1
	<i>B</i> ( <i>SE</i> )	<i>B</i> ( <i>SE</i> )	<i>B</i> ( <i>SE</i> )
Sector	-0.43 <sup>†</sup> (0.23)	-0.47* (0.20)	-.04 (0.20)
Organizational multiculturalism	-0.38*** (0.11)	-0.38*** (0.11)	
Women	-0.18 (0.26)		0.05 (0.22)
Age	-0.01 (0.01)		0.01 (0.01)
Education	-0.44*** (0.14)	-0.44*** (0.11)	0.04 (0.12)
Belgian	0.15 (0.37)		-0.37 (0.32)
Job tenure	-0.02 (0.03)		-0.04 (0.03)
Brussels	-0.29 (0.38)		-0.03 (0.33)
Organizational size	-5.39 <sup>-6</sup> (0.01)		0.00 (0.00)
Constant	7.63*** (1.05)	7.19*** (0.70)	4.77*** (0.79)
$R^2$	.25	.14	.05

Note. OLS = ordinary least squares; SE = standard error; *B* = unstandardized coefficient; Sector = 1 for SE and 0 for FPO. SE = social enterprise; FPO = for-profit organization.

<sup>†</sup> $p < .10$ . \* $p < .05$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

than FPO managers, confirming H1a. Finally, we observed that the more the managers reported that their organization has implemented organizational multiculturalism, the less prejudiced they were ( $B = -0.38$ ,  $p = .001$ ). These results confirm H2.

To analyze the effect of the organization's mission on prejudice, we first coded the mission following three dummies, which were introduced two-by-two into the analyses instead of the sector affiliation variable (left section of Table 3). As for the organizational sector, organizational multiculturalism and prejudice are negatively related ( $B = -0.36$ ,  $p = .001$ ), which reinforces H2. Concerning the effect of the mission, the results indicate that WISE managers are less prejudiced than their FPO or HCSO counterparts (FPOs:  $B = 0.60$ ,  $p = .016$ ; HCSOs:  $B = 0.66$ ,  $p = .052$ ) and that there is no difference in prejudice level between the HCSO and FPO managers (HCSOs:  $B = 0.07$ ,  $p = .848$ ). However, it is important to note that the difference between the HCSOs and WISE managers is only marginally significant. These results partially support H1b.

Our third hypothesis is not supported because neither the sector ( $B = -0.04$ ,  $p = .839$ ) nor the mission (any dummies) were found to be significantly related to organizational multiculturalism (see Tables 2 and 3).

Finally, we followed the four steps suggested by Baron and Kenny (1986) to test the mediation hypotheses (H4a and H4b). Applied to our context, it requires (1) a relationship between the sector/mission and prejudice, (2) a relationship between the sector/

**Table 3.** Regression Coefficients Testing the Effects of the Mission and Our Interest Variables on Organizational Multiculturalism and Prejudice (OLS;  $N = 122$ ).

Predictor	Prejudice				Organizational multiculturalism			
	Step 1 WISE		Step 1 FPO		Step 2 WISE		Step 2 FPO	
	B (SE)		B (SE)		B (SE)		B (SE)	
FPO	0.60* (0.24)				0.64** (0.22)			
HCSO	0.66† (0.34)		0.07 (0.34)		0.54† (0.31)		-0.10 (0.30)	
WISE			-0.60* (0.24)				-0.64** (0.22)	
Organizational multiculturalism	-0.36*** (0.11)		-0.36*** (0.11)		-0.36*** (0.10)		-0.36*** (0.10)	
Women	-0.24 (0.26)		-0.24 (0.26)					
Age	-0.01 (0.01)		-0.01 (0.01)					
Education	-0.44*** (0.13)		-0.44*** (0.13)		-0.43*** (0.11)		-0.43*** (0.11)	
Belgian	0.13 (0.37)		0.13 (0.37)					
Job tenure	-0.03 (0.03)		-0.03 (0.03)					
Brussels	-0.26 (0.37)		-0.26 (0.37)					
Organizational size	-5.82 <sup>-5</sup> (0.01)		-1.00 <sup>-3</sup> (0.01)					
Constant	7.46*** (1.04)		8.06*** (1.01)		6.90*** (0.71)		7.53*** (0.69)	
R <sup>2</sup>	.28		.28		.16		.16	
							.05	
							.05	
							4.80*** (0.79)	
							4.70*** (0.77)	
								.05

Note. OLS = ordinary least squares; WISE = work integration social enterprise; FPO = for-profit organization; SE = standard error; B = unstandardized coefficient; HCSO = home care services organization.  
† $p < .10$ . \* $p < .05$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

mission and multiculturalism, (3) a relationship between multiculturalism and prejudice when the sector/mission is also introduced in the regression, and (4) that the effect of the sector/mission on prejudice decreases when multiculturalism is introduced into the regression. We found support for Conditions 1 (H1a, H1b) and 3 (H2) in the analyses presented above. However, the second condition is not validated (H3a, H3b).

Based on the nonsignificant relationship between sector/mission and multiculturalism, it is possible to propose a moderation effect rather than a mediation effect. Indeed, we can expect that the relationship between sector/mission and prejudice would be different depending on the level of organizational multiculturalism. We tested the interaction between mission and sector, on one hand, and multiculturalism, on the other. None of these interactions was found to be significant.

## Discussion

### *Mission/Sector and Prejudice*

Our results show that SE managers are less prejudiced toward immigrants than FPO managers (H1a). Although this phenomenon has already been identified by the literature, this is the first empirical evidence. It supports the hypothesis that SEs are less likely to discriminate against immigrant workers than FPOs following a route based on managers' prejudice toward immigrants, which is a relevant predictor of discrimination in the organization's practices, rather than investigating discrimination through a specific indicator (e.g., wage). Nevertheless, when disaggregating the data, we find that WISE managers are significantly less prejudiced than FPO managers, whereas no difference is found between HCSO and FPO managers, only partly supporting H1b. These results suggest that the type of mission (worker oriented vs. client oriented in this case) matters more than type of sector (profit vs. social). This is an important result because it means that all SEs should not be considered as equivalent by the literature on work discrimination.

These findings can be explained by the nature of the relationship between provider, workers, and clients. Previous studies have shown that the different types of providers do not equally value this triangular relationship: Providers in the social sector support both their workers and users to a greater extent than for-profit agencies (Defourny et al., 2010). However, under resource pressures, only worker-oriented providers (such as WISEs) can continue their support for workers, because they receive specific additional public subsidies for this purpose (Brolis & Nyssens, 2015). As for client-oriented providers, even if they are mission driven (such as HCSOs), close and sustainable contacts between supervisors and workers are disappearing because they do not benefit from such subsidies. In other words, WISE managers are the only ones who extensively support the organization's employees and develop close contact with foreign workers. According to intergroup contact theory (Pettigrew & Tropp, 2006), such a conjuncture might explain why prejudice is less strong in WISE organizations than in HCSOs or in FPOs. It seems then that it is only when SEs are in an organizational and policy context where market pressures are eased that

prejudices are less strong. Conversely, when SE managers face market pressures including those from their clients (as HCSOs do), they discriminate as much as FPOs. Therefore, our results suggest that it is not impossible that the current wave of marketization induced by New Public Management (Pollitt, 2007) may also reinforce discrimination practices in the SE field.

These findings have practical implications. From the organizational point of view, enterprises (SEs in particular) that want to fight against prejudices and discrimination might favor regular contact between immigrant workers, on one hand, and other workers and staff members (and users), on the other hand. From a policy point of view, the public authorities should encourage (through legal norms and public resources allocation) accredited providers to invest more intensively in the service triangulation if they want to support an industry with low prejudice and discrimination. Finally, our results demonstrate that WISE managers are less prejudiced against immigrants, while they hire the most vulnerable people, including immigrants (Brolis & Nyssens, 2015). This means that the Belgian public authorities can rely directly on WISEs' actions to favor the socioeconomic integration of workers of foreign origin and to fight against inequalities. This is an important finding especially in the current context of immigration from North Africa and the Middle East into Europe.

### *Diversity Climate and Prejudice*

Beyond the effect of mission on discrimination, our study assumed that a multicultural approach to managing diversity would improve relationships among workers with different ethnic or cultural origins (H2). Our results confirm that organizational multiculturalism reduces prejudice and is then an effective way to reduce discrimination in organizations. Moreover, they suggest conceptualizing multiculturalism not only at an individual level but also as an organizational strategy to manage diversity. Hitherto, too little empirical research has been carried out to support the positive effect of multiculturalism on prejudice in organizations; the present study bridges that gap. Second, one might have expected that, given their objective of fairness and their socially inclusive values, SEs would have specifically developed multiculturalism (H3a and H3b). Furthermore, we speculated that organizational multiculturalism would mediate the relationship between sector/mission and prejudice (H4a and H4b). None of these hypotheses is supported, suggesting that although diversity climate is linked to prejudice, organizational multiculturalism is not more used in WISEs or in HCSOs than in FPOs.

Taken together, the results regarding multiculturalism call for a nuanced interpretation. On one hand, they support its positive aspects: As a means to reduce prejudice and discrimination, multiculturalism garners the benefits of a workforce with well-managed diversity, which is related to decreased turnover, greater career opportunities, and increased innovation, creativity, and satisfaction. On the other hand, our results fail to confirm that multiculturalism is used by organizations as a central mechanism that helps them to manage diversity. As for practical implications, we think that this is because in the French-speaking part of Belgium where the data were gathered, multiculturalism is today little stimulated by public policies (Adam, 2013). Moreover, we

show that the SE sector should make managers more aware of the opportunities offered by multiculturalism and stimulate organizational incentives. Indeed, such a policy could be a means to foster the labor market integration of vulnerable workers (i.e., immigrants), which is a component of the SE mission.

### *Limitations and Future Research Directions*

This study has several limitations and future research needs to address them.

First, our study provides additional evidence that SEs may potentially discriminate less among workers than FPOs, but more evidence is needed. On one hand, this design has to be reproduced for other worker minorities who may potentially suffer from discrimination, such as disabled workers or lesbian, gay, bisexual, and transgender people (LGBT). On the other hand, it would be important to study discrimination in managerial practices such as hiring and promoting, which are underinvestigated in this area.

Second, we have suggested that the lack of effect of the sector/mission on multiculturalism might be due to SE managers' restricted awareness of the benefits induced by organizational multiculturalism. To partially palliate this gap, it could be relevant to further investigate which type of diversity management is implemented in SEs as compared with FPOs.

Third, we did not have the opportunity to clearly identify the reason(s) for the presence of managers with less prejudice in WISEs. On one hand, this might be due to the (self-)selection of managers who would be a priori less prejudiced against immigrants and motivated to have close contacts with vulnerable workers. On the other hand, according to the intergroup contact theory (Pettigrew & Tropp, 2006), the observed situation might result from an exposure effect, due to the fact that WISE managers closely supervise their workers, including immigrants, which negatively influences their prejudice. We have reasons to suppose that this exposure effect exists, because we observe that, when we control for the individual characteristics identified in the literature as correlated with prejudice, WISEs managers still appear significantly less prejudiced than their counterparts in FPOs. However, we cannot reject the hypothesis of the existence of a selection effect as the managers who participated in this study may be heterogeneous in terms of unobserved characteristics, which may affect their choice of type of organization. In other words, the regression analyses may suffer from endogeneity bias.<sup>4</sup> This calls for longitudinal studies to disentangle the self-selection effect from the exposure effect.

Fourth, our cross-sectional study does not—per se—allow to identify the direction of the relation between multiculturalism and managers' prejudice. Nevertheless, in the light of theoretical and empirical elements, we argue in favor of a negative impact of multiculturalism on managers' prejudice. Regarding the theoretical argument, the endorsement of a multicultural ideology, such as considering that cultural diversity is positive for society, is crucial (Verkuyten, 2006). According to Berry (2006), multicultural policies instill a feeling of confidence toward a plural society. This confidence involves a sense of trust and security in "the other" and in one's own identity. Such a sense is seen as a precondition for the acceptance of culturally different individuals and, therefore, as a means to reduce prejudice. In respect of the empirical data, both correlational researches using multivariate analysis and structural equation modeling

(e.g., González, Verkuyten, Weesie, & Poppe, 2008; Pedersen, Paradies, & Barndon, 2015) and experimental studies using controlled environments (e.g., Levin et al., 2012; Rios & Wynn, 2016; Yogeeswaran & Dasgupta, 2014) have confirmed this direction of the causality. The key limitations of these studies are that multiculturalism was focused at an individual level and participants were most often students. Our study suggests that the impact of multiculturalism on prejudice reduction could be also considered at an organizational level and in a natural working environment.

Fifth, it is possible that our data suffer from social desirability bias. The issue of prejudice and discrimination remains sensitive in terms of the current nondiscrimination norm (e.g., Pettigrew & Meertens, 1995). However, the computed data analysis follows a comparative approach, implying that if desirability bias does occur, we can be reasonably confident that it occurs in the same way in each sector and mission. Thus, this bias should not influence our results.

A final limitation of this study could be that common method bias may have artificially inflated the correlations among our variables of interest despite our methodological and statistical precautions. Methodologically, the respondents were assured that their answers were anonymous and that there were no right or wrong answers (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Moreover, we obtained the measures of one predictor (i.e., sector and mission) and the criterion from different sources. The sector was provided by the organization's legal form and the WISE's accreditation, whereas prejudices were self-reported using Likert-type scales. Statistically, Harman's single factor test indicated that a one-factor model provides a poor fit to the data (Podsakoff et al., 2003). Taken together, these precautions suggest that common method bias was not a major weakness of our research. In this article, we have intertwined psychological and economic insights to understand the specificities of SEs. In so doing, we have begun to open the "black box" of the organization, aiming to uncover the mechanisms fostering antidiscrimination practices. This avenue should be followed to deepen the contribution of SEs to a fairer society.

### **Authors' Note**

The first two authors contributed equally to this article and should be considered as co-authors.

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## Notes

1. The concepts used to describe organizations with a social mission vary from one country to another: "*économie sociale et solidaire*" in France, "*économie sociale*" and "*entreprise à profit social*" in Belgium, "nonprofit sector" in the United States, "voluntary sector" in the United Kingdom, and so forth. Unlike scholars from the Anglosphere, most social scientists who are rooted in the European tradition consider the "third sector" to include not only nonprofit organizations (associations) but also cooperatives, mutual societies, foundations, and even new forms of social enterprises (SEs) or, in other words, all organizations whose primary purpose is not profit maximization for their shareholders. Given that the purpose of this article is not to discuss the underlying issues with these different concepts, we made the choice to use the generic term "social enterprise" (SE). We define SE as not for-profit organizations (FPOs) that combine an entrepreneurial dynamic to provide goods or services with the primacy of their social aims.
2. The public sector (22%) and self-employed workers (13.5%) are also present in this market, but they have not been taken into account in this study, whose goal was to compare SEs (work integration social enterprises [WISEs] and home care services organizations [HCSOs]) with FPOs.
3. The percentage of managers who were born outside the first 15 member states of the European Union (EU-15) is more or less similar in each of the three types of organization considered: 13.5% in WISEs ( $n = 6$ ), 14.5% in HCSOs ( $n = 3$ ), and 17% in FPOs ( $n = 13$ ).
4. The available data did not allow for the possibility of finding a valid instrument. Hence, it is not possible to use a test to ascertain whether the regression was affected by endogeneity bias.

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### Author Biographies

**Olivier Brolis** has a PhD in Economics and Management from the Université Catholique de Louvain (UCL). He is affiliated with the Centre Interdisciplinaire de Recherche Travail, Etat, et Société (CIRTES) from UCL and the Centre d'Economie Sociale from the Université de Liège (ULG). His main disciplines are social enterprise (SE) and labor economics. He conducts comparative empirical research on the differences between for-profit organizations and SEs. Specifically, his research focuses on the impact that an organization's mission has on job quality, organizational performance, discrimination, and motivation at work.

**Marie Courtois** is a doctoral researcher at the National Fund for Scientific Research (Belgium) and is affiliated with the Université catholique de Louvain (CIRTES). Her main discipline is work and social psychology. She conducts quantitative research on discrimination related to high-status groups (i.e., managers in organizations) and, more specifically, on prejudice, perspectives of diversity, diversity management, and managers' specificities (i.e., identification, power).

**Ginette Herman** is a professor of Social and Work Psychology at the Université Catholique de Louvain (CIRTES). Her research interests focus on stigmatized groups (unemployed people, migrants, and poorly qualified people) in the field of labor and on the processes that mediate the effects of discrimination on the mental health and social integration of those groups. She also examines psychosocial mechanisms, such as the suppression-justification system, that lead employers to either avoid work discrimination or practice it.

**Marthe Nyssens** is a full professor at the Economics School of the Université Catholique de Louvain, where she is the president of the CIRTES. She is a founding member of the EMES European Research Network. Her work focuses on conceptual approaches to the third sector, on the links between third sector organizations and public policies, and on the emergence of different SE models in an international comparative perspective.