him of smacking women employees' butts."[4] It is important to note that these things occurred in both companies despite the existence of policies and procedures that prohibited discrimination. As you will learn in this chapter, managing diversity entails much more than creating policies and procedures. Managing diversity is a sensitive, potentially volatile, and sometimes uncomfortable issue. Yet managers are required to deal with it in the name of organizational survival. Accordingly, the purpose of this chapter is to help you get a better understanding of this important context for organizational behavior. We begin by defining diversity. Next, we build the business case for diversity and then discuss the barriers and challenges associated with managing diversity. The chapter concludes by describing the organizational practices used to manage diversity effectively.

Defining Diversity

Diversity
The host of individual differences that make people different from and similar to each other.

Diversity represents the multitude of individual differences and similarities that exist among people. This definition underscores three important issues about managing diversity:[5] (1) There are many different dimensions or components of diversity. This implies that diversity pertains to everybody. It is not an issue of age, race, or gender. It is not an issue of being heterosexual, gay, or lesbian or of being Catholic, Jewish, Protestant, or Muslim. Diversity also does not pit white males against all other groups of people. Diversity pertains to the host of individual differences that make all of us unique and different from others. (2) Diversity is not synonymous with differences. Rather, it encompasses both differences and similarities. This means that managing diversity entails dealing with both simultaneously. (3) Diversity includes the collective mixture of differences and similarities, not just the pieces of it. Dealing with diversity requires managers to integrate the collective mixture of differences and similarities that exist within an organization.

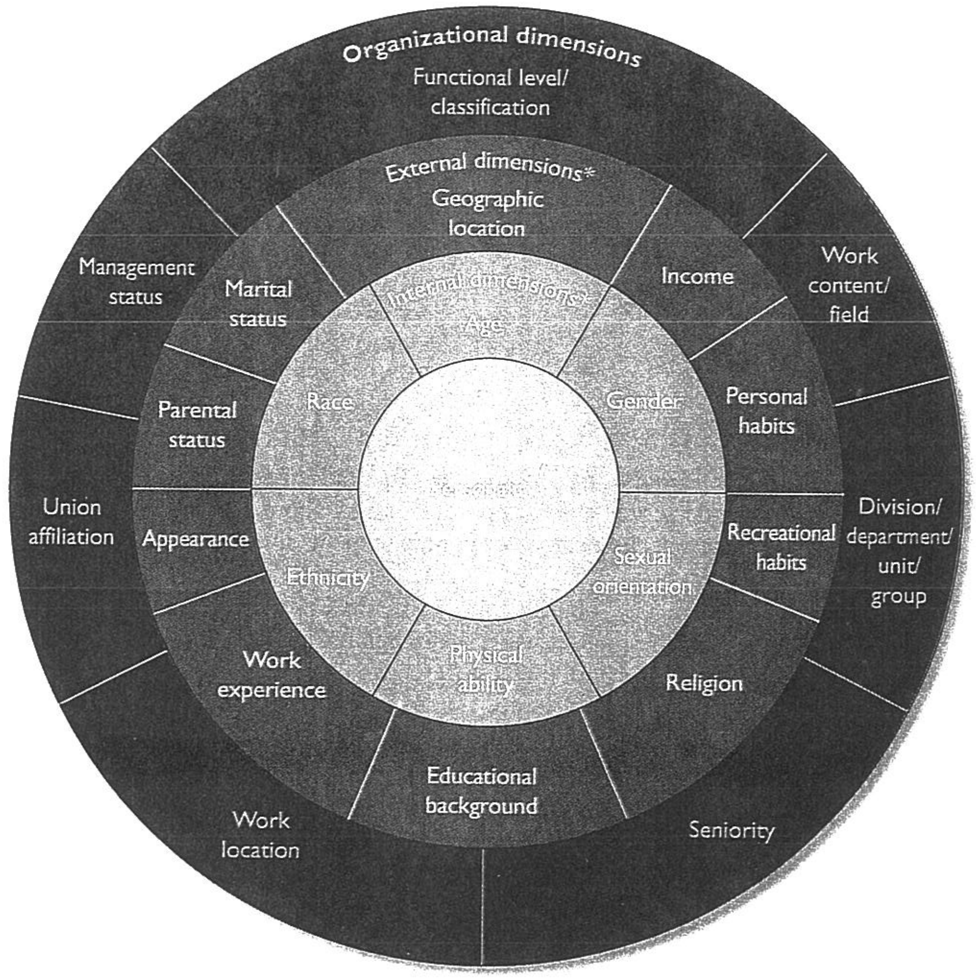
This section begins our journey into managing diversity by first reviewing the key dimensions of diversity. Because many people associate diversity with affirmative action, this section compares affirmative action, valuing diversity, and managing diversity. They are not the same.

Layers of Diversity

Like seashells on a beach, people come in a variety of shapes, sizes, and colors. This variety represents the essence of diversity. Lee Gardenswartz and Anita Rowe, a team of diversity experts, identified four layers of diversity to help distinguish the important ways in which people differ (see Figure 2–1). Taken together, these layers define your personal identity and influence how each of us sees the world.

Figure 2–1 shows that personality is at the center of the diversity wheel. Personality is at the center because it represents a stable set of characteristics that is responsible for a person's identity. The dimensions of personality are discussed later in Chapter 5. The next layer of diversity consists of a set of internal dimensions that are referred to as the primary dimensions of diversity.[6] These dimensions, for the most part, are not within our control, but they strongly influence our attitudes and expectations and assumptions about others, which, in turn, influence our behavior. Take the

Figure 2–1 *The Four Layers of Diversity*



*Internal dimensions and external dimensions are adapted from Loden and Rosener, *Workforce America!* (Homewood, IL: Business One Irwin, 1991).
SOURCE: L Gardenswartz and A Rowe, *Diverse Teams at Work: Capitalizing on the Power of Diversity* (New York: McGraw-Hill, 1994), p. 33.

encounter experienced by an African-American woman in middle management while vacationing at a resort:

> While I was sitting by the pool, "a large 50-ish white male approached me and demanded that I get him extra towels. I said, 'Excuse me?' He then said, 'Oh, you don't work here,' with no shred of embarrassment or apology in his voice."[7]

Stereotypes regarding one or more of the primary dimensions of diversity most likely influenced this man's behavior toward the woman.

Figure 2–1 reveals that the next layer of diversity is composed of external influences, which are referred to as secondary dimensions of diversity. They represent individual differences that we have a greater ability to influence or control. Examples include where you grew up and live today, your religious affiliation, whether you are married and have children, and your work experiences. These dimensions also exert a significant influence on our perceptions, behavior, and attitudes.

Consider religion as an illustration. Given that Islam is expected to surpass Judaism as the second-most commonly practiced religion in the United States (Christianity is first), organizations need to consider Muslim employees when implementing their policies, procedures, and programs. Argenbright Security Inc. in Atlanta created problems for itself when management sent home seven Muslim women for wearing Islamic headscarves at their security jobs at Dulles International Airport. Because wearing headscarves in no way affected their job performance, the company had to reimburse the women for back pay and other relief in a settlement negotiated with the Equal Employment Opportunity Commission.[8] In contrast, Ford Motor Co. proactively conducted a series of Islam 101 training sessions in Dearborn, Michigan, after the September 11 terrorist attacks. They did this because the Dearborn area is home to one of the largest Arab-American and Middle Eastern communities in the United States and the company wanted to raise awareness about the Islamic faith.[9]

As you can see from these examples, an organization's level of awareness about the external layer of diversity can cause either negative or positive feelings among employees. The final layer of diversity includes organizational dimensions such as seniority, job title and function, and work location.

Affirmative Action and Valuing Diversity

Valuing diversity and managing diversity require organizations to adopt a new way of thinking about differences among people. Rather than pitting one group against another, valuing diversity and managing diversity strive to recognize the unique contribution every employee can make. This philosophy is much different from that of affirmative action. This section highlights the differences among affirmative action, valuing diversity, and managing diversity. Table 2–1 compares these three approaches to managing employee differences.

Affirmative Action As shown in Table 2–1, affirmative action focuses on achieving equality of opportunity in an organization and is legally mandated in the United States by Equal Opportunity laws. **Affirmative action** is an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mistake, or outright discrimination. Affirmative action does not legitimize quotas. Quotas are illegal. They can only be imposed by judges who conclude that a company has engaged in discriminatory practices. It also is important to note that under no circumstances does affirmative action require companies to hire unqualified people.

Affirmative action
Focuses on achieving equality of opportunity in an organization.

Although affirmative action created tremendous opportunities for women and minorities, it does not foster the type of thinking that is needed to effectively manage diversity.[10] For example, affirmative action is resisted more by white males than women and minorities because it is perceived to work against their own self-interest. Affirmative action plans are more successful when employees view them as fair and equitable and when whites are not prejudiced against people of color.[11]

Affirmative action programs also were found to negatively affect the women and minorities expected to benefit from them. Research demonstrated that women and minorities, supposedly hired on the basis of affirmative action, felt negatively stigmatized as unqualified or incompetent. They also experienced lower job satisfaction and more stress than employees supposedly selected on the basis of merit.[12] Another study,

Table 2–1 *Comparison of Affirmative Action, Valuing Diversity, and Managing Diversity*

Affirmative Action	Valuing Diversity	Managing Diversity
Quantitative. Emphasizes achieving equality of opportunity in the work environment through the changing of organizational demographics. Monitored by statistical reports and analysis.	*Qualitative.* Emphasizes the appreciation of differences and creating an environment in which everyone feels valued and accepted. Monitored by organizational surveys focused on attitudes and perceptions.	*Behavioral.* Emphasizes the building of specific skills and creating policies which get the best from every employee. Monitored by progress toward achieving goals and objectives.
Legally driven. Written plans and statistical goals for specific groups are utilized. Reports are mandated by EEO laws and consent decrees.	*Ethically driven.* Moral and ethical imperatives drive this culture change.	*Strategically driven.* Behaviors and policies are seen as contributing to organizational goals and objectives such as profit and productivity and are tied to rewards and results.
Remedial. Specific target groups benefit as past wrongs are remedied. Previously excluded groups have an advantage.	*Idealistic.* Everyone benefits. Everyone feels valued and accepted in an inclusive environment.	*Pragmatic.* The organization benefits; morale, profit, and productivity increase.
Assimilation model. Assumes that groups brought into system will adapt to existing organizational norms.	*Diversity model.* Assumes that groups will retain their own characteristics and shape the organization as well as be shaped by it, creating a common set of values.	*Synergy model.* Assumes that diverse groups will create new ways of working together effectively in a pluralistic environment.
Opens doors in the organization. Affects hiring and promotion decisions.	*Opens attitudes, minds, and the culture.* Affects attitudes of employees.	*Opens the system.* Affects managerial practices and policies.
Resistance due to perceived limits to autonomy in decision making and perceived fears of reverse discrimination.	*Resistance due to* fear of change, discomfort with differences, and desire for return to "good old days."	*Resistance due to* denial of demographic realities, the need for alternative approaches, or benefits associated with change; and the difficulty in learning new skills, altering existing systems, or finding time to work toward synergistic solutions.

SOURCE: L Gardenswartz and A Rowe, *Managing Diversity: A Complete Desk Reference and Planning Guide* (Homewood, IL: Business One Irwin, 1993), p. 405. Reprinted with permission of The McGraw-Hill Companies.

however, showed that these negative consequences were reduced for women when a merit criterion was included in hiring decisions. In other words, women hired under affirmative action programs felt better about themselves and exhibited higher performance when they believed they were hired because of their competence rather than their gender.[13] Moreover, the true valuing and managing of diversity rarely occurs without affirmative action's focus on the hiring and promoting of diverse employees according to a study conducted by the federal Glass Ceiling Commission, a bipartisan group studying diversity in the workplace.[14]

Valuing diversity
Emphasizes the awareness, recognition, understanding, and appreciation of human differences.

Valuing Diversity Table 2–1 indicates that **valuing diversity** emphasizes the awareness, recognition, understanding, and appreciation of human differences. It revolves around creating an environment in which everyone feels valued and accepted. In essence, valuing diversity entails a cultural change geared toward viewing employee differences as a valuable resource that can contribute to organizational success.[15] This generally takes place through a series of management education and training programs that attempt to improve interpersonal relationships among diverse employees and to minimize blatant expressions of sexism and racism. For example, a recent study by the Society of Human Resource Management revealed that 75% of *Fortune* 500 firms and 36% of companies of all sizes had implemented some type of initiative aimed at valuing diversity.[16] Simply sending employees to diversity training, however, does not guarantee changes in attitudes or behaviors. Top management support is essential for changing employees' attitudes toward diversity. Consider, for example, the level of top management support provided by Philip Marineau, CEO of Levi Strauss & Co.

> For Phil Marineau, diversity is a personal core value. "It's an expression of what I and Levi Strauss & Co. stand for. It's right for business, our communities, and for our families. It creates greater tolerance." . . . Phil practices accountability with a "zero-tolerance standard for any forms of discrimination." He models accountability by staying personally involved and talking with small groups about issues of diversity. He also monitors his direct reports' results regarding recruitment, retention, and advancement of diverse people, plus the business results of "empathetic marketing."[17]

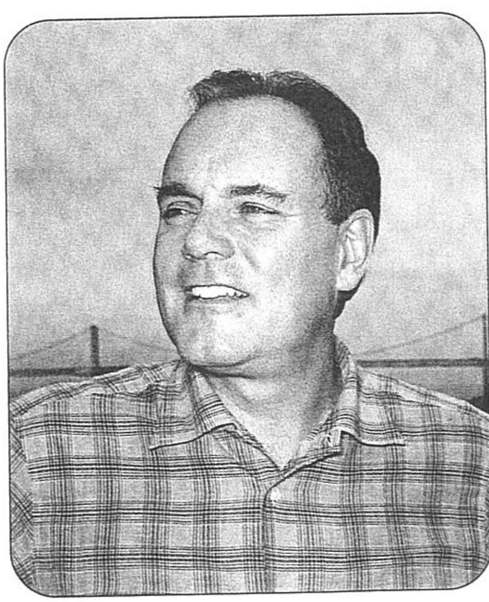
In addition to top management support, the success of diversity training also was associated with mandatory attendance for all managers, long-term evaluation of training results, and managerial rewards for increasing diversity.[18]

Managing diversity
Creating organizational changes that enable all people to perform up to their maximum potential.

Managing Diversity

Managing diversity entails enabling people to perform up to their maximum potential. It focuses on changing an organization's culture and infrastructure such that people provide the highest productivity possible. Ann Morrison, a diversity expert, conducted a study of 16 organizations that successfully managed diversity. Her results uncovered three key strategies for success: education, enforcement, and exposure. She describes them as follows:

> The education component of the strategy has two thrusts: one is to prepare nontraditional managers for increasingly responsible posts, and the other is to help traditional managers overcome their prejudice in thinking about and interacting with people who are of a different sex or ethnicity. The second component of the strategy, enforcement, puts teeth in diversity goals and encourages behavior change. The third component, exposure to people with different backgrounds and characteristics, adds a more personal approach to diversity by helping managers get to know and respect others who are different.[19]



When it comes to diversity, employees at Levi Strauss have their CEO's full support. Phil Marineau believes diversity is a core value and he monitors the recruitment, retention, and advancement of diverse people. If you were an employee at Levi Strauss, how would top management's support affect your attitudes about working for the company?

(c) Jeff Minton Photography

In summary, both consultants and academics believe that organizations should strive to manage diversity rather than only valuing it or simply using affirmative action. This conclusion was supported by a study of 200 African-American and white males and females employed in retail stores. Results revealed that employees viewed leaders as more accepting of diversity and more desirable to work for when they demonstrated behaviors consistent with managing diversity as opposed to valuing diversity and affirmative action.[20] More is said about managing diversity later in this chapter.

Building the Business Case for Managing Diversity

The rationale for managing diversity goes well beyond legal, social, and moral reasons. Quite simply, the primary reason for managing diversity is the ability to grow and maintain a business in an increasingly competitive marketplace. Verizon, the largest telecommunications company in the United States, believes in this proposition. Ivan Seidenberg, Verizon's CEO,

> views diversity as a strategic business imperative. He believes a multifaceted approach to diversity drives Verizon's success and ability to compete. This strategy includes: acknowledging the unique needs of multicultural employees, customers, and other stakeholders; driving value for the customer; enhancing economic development for many types of businesses and communities; increasing shareholder equity; and winning in a global marketplace.[21]

Organizations cannot use diversity as a strategic advantage if employees fail to contribute their full talents, abilities, motivation, and commitment. It is thus essential for an organization to create an environment or culture that allows all employees to reach their full potential. Managing diversity is a critical component of creating such an organization.

This section explores the business need to manage diversity by first reviewing the demographic trends that are creating an increasingly diverse workforce. We then review the key reasons effective management of diversity creates a competitive advantage.

Increasing Diversity in the Workforce

Workforce demographics Statistical profiles of adult workers.

Workforce demographics, which are statistical profiles of the characteristics and composition of the adult working population, are an invaluable human-resource planning aid. They enable managers to anticipate and adjust for surpluses or shortages of appropriately skilled individuals. For example, the US labor force is projected to increase by 17 million from 2000 to 2010, and labor force participation rates differ by age, sex, race, and educational attainment.[22] These demographics reveal that organizations should devise strategies to ensure that they can find the number of qualified employees needed to meet their projected demands for labor.

Moreover, general population demographics give managers a preview of the values and motives of future employees. Demographic changes in the US workforce during the last two or three decades have immense implications for organizational behavior. This section explores four demographic trends that are creating an increasingly diverse workforce: (1) women continue to enter the workforce in increasing numbers, (2) people of color (noncaucasian) represent a growing share of the labor force, (3) there is a

Managing Diversity—A Competitive Advantage

Consultants, academics, and business leaders believe that effectively managing diversity is a competitive advantage. This advantage stems from the process in which the management of diversity affects organizational behavior and effectiveness. Effectively managing diversity can influence an organization's costs and employee attitudes, recruitment of human resources, sales and market share (see International OB on page 61), creativity and innovation, and group problem solving and productivity. This section explores the relationship between managing diversity and each of these outcomes.

Lower Costs and Improved Employee Attitudes Effectively managing diversity can lower costs in three ways. First, if we assume that adhering to equal employment opportunity laws is a prerequisite to managing diversity, then organizations can reduce the chance of experiencing a costly discrimination lawsuit. For example, the US Equal Employment Opportunity Commission negotiated nonlitigated settlements of $94 million for sex-based discrimination, $53 million for sexual harassment, $45.2 million for age discrimination, and $42.2 million for disability discrimination in 2001.[53] Second, diversity initiatives can reduce health care expenses and absenteeism. Consider the effect of supporting a lactation or breast-feeding program. Research shows that breast-fed babies have fewer allergies, respiratory infections, ear infections, and serious disease. Other studies show that one-day absences from work due to a baby's illness are twice as high among mothers who use formula as opposed to breast-feeding. CIGNA Corp. offers a good illustration of the benefits associated with a lactation program. The company realized savings of $300,000 a year in health costs and a 77% reduction in lost work time.[54] Finally, employee recruiting and training expenses can be reduced by effectively managing diversity. These savings occur through reductions in turnover by women and people of color. NationsBank and Aetna Life & Casualty were able to reduce turnover of diverse employees by implementing targeted diversity programs:

> At NationsBank, two-thirds of employees on flexible schedules said they would have left without these policies.
>
> Aetna Life & Casualty dramatically demonstrated the effect employer policies can have on retention. By modifying company policy to allow part-time return after family leave, the company cut attrition by more than 50%—resulting in an 88% to 91% retention rate of leave-takers over the past five years. Aetna calculated that reduction in turnover represents more than $1 million in annual savings.[55]

Diversity also was related to employee attitudes.

Past research revealed that people who were different from their work units in racial or ethnic background were less psychologically committed to their organizations, less satisfied with their careers, and perceived less autonomy to make decisions on their jobs. African-Americans also were found to receive lower performance ratings than whites.[56] Organizational surveys further demonstrated that between 25% and 66% of gay and lesbian employees experienced discrimination at work. Gay and lesbian employees also reported higher levels of stress than heterosexual employees, and gay and bisexual male workers earned from 11% to 27% less than heterosexual peers with similar experience and education.[57]

How important is the issue of sexual preference? An analysis conducted by the Human Rights Campaign Foundation revealed that gay and lesbian families totaled 601,209 in 2000. Assuming that both individuals involved in these families work, then there are approximately 1.2 million gay or lesbian employees in the United States. Some organizations appear to recognize the importance of accommodating sexual preference, as the number of companies that cover domestic partner benefits increased from 2,856 in 1999 to 4,285 in 2001, and 59% of *Fortune* 500 companies include sexual orientation in their nondiscrimination policies—this represents a 17% increase from the previous year.[58]

Employees' mental/physical abilities and characteristics are another dimension of diversity that needs to be effectively managed. Data from the 2001 US census indicate that approximately 25% of the labor force has a work disability. Although two out of three individuals with disabilities want to work, roughly 75% are unemployed.[59] Individuals with disabilities also tend to be employed in part-time, low-status jobs offering little chance for advancement, and they earn up to 35% less than their nondisabled counterparts.[60] These statistics prompted the passage of the **Americans with Disabilities Act** in 1992. This law bans discrimination against the disabled in the United States and requires organizations to reasonably accommodate an individual's disabilities. Despite the fact that most job accommodations are relatively inexpensive (e.g., nearly 20% of accommodations cost nothing, and 50% cost less than $500), disabled workers are still finding it difficult to obtain employment.[61] Do you think this segment of the population is being underutilized?

Americans with Disabilities Act Prohibits discrimination against the disabled.

Improved Recruiting Efforts

Attracting and retaining competent employees is a competitive advantage. This is particularly true given the workforce demographics discussed in the preceding section. Organizations that effectively manage diversity are more likely to meet this challenge because women and people of color are attracted to such companies. Moreover, recruiting diverse employees helps organizations to provide better customer service. Former IBM chairman Louis Gerstner came to the following conclusion about recruiting diverse workers:

> Our commitment to build a workforce as broad and diversified as the customer base we serve in more than 160 countries isn't an option; it's a business imperative as fundamental as delivering superior technologies to the marketplace.[62]

Increased Sales, Market Share, and Corporate Profits

Workforce diversity is the mirror image of consumer diversity. It is thus important for companies to market their products so that they appeal to diverse customers and markets. McDonald's Corp. and Wal-Mart Stores are good examples of companies that followed this advice.

> Both organizations, realizing that the US Hispanic market grew at a tremendous rate in the 1990s, decided to attempt to improve their marketing to the Hispanic community. Because of an increased understanding of the importance of the extended family in Hispanic cultures, McDonald's has reconfigured the seating in many of its restaurants to provide larger group areas where extended families can sit together. Similarly, Wal-Mart has begun to advertise heavily in Hispanic areas during the period between Christmas and Three Kings Day (January 6) in recognition of the tradition of Hispanics exchanging gifts on Three Kings Day.[63]

Researchers are beginning to examine the effects of a top management team's (TMT's) demographic characteristics on an organization's financial performance. For example, a study of 1,000 companies conducted by the American Management Association and the Business & Professional Women's Foundation suggests that a diverse TMT can contribute to corporate profits. Results revealed that sales growth averaged 22.9%, 20.2%, and 13% for companies whose senior management team contained a majority of women, included people of color, and consisted of a majority of white men, respectively.[64] Given these impressive results, other researchers are trying to identify the exact process or manner in which a TMT's diversity positively impacts corporate success. The current thinking is that diversity promotes the sharing of unique ideas and a variety of perspectives, which, in turn, leads to more effective decision making.[65]

Increased Creativity and Innovation Preliminary research supports the idea that workforce diversity promotes creativity and innovation. This occurs through the sharing of diverse ideas and perspectives. Rosabeth Moss-Kanter, a management expert, was one of the first to investigate this relationship. Her results indicated that innovative companies deliberately used heterogeneous teams to solve problems, and they employed more women and people of color than less innovative companies. She also noted that innovative companies did a better job of eliminating racism, sexism, and classism.[66] A recent summary of 40 years of diversity research supported Moss-Kanter's conclusion that diversity can promote creativity and improve a team's decision making.[67]

Increased Group Problem Solving and Productivity Because diverse groups possess a broader base of experience and perspectives from which to analyze a problem, they can potentially improve problem solving and performance. Research findings based on short-term groups that varied in terms of values, attitudes, educational backgrounds, and experience supported this conclusion. Heterogeneous groups produced better-quality decisions and demonstrated higher productivity than homogeneous groups. Nevertheless, these results must be interpreted cautiously because the experimental samples, tasks, time frames, and environmental situations bear very little resemblance to actual ongoing organizational settings.[68] Additional research has attempted to control these problems.

More recent studies do not clearly support the proposed benefits of diversity. A study of culturally homogeneous and diverse groups over a period of 17 weeks showed higher performance among homogeneous groups for the first 9 weeks due to the fact that heterogeneous groups experienced less effective group processes than homogeneous groups. Over weeks 10 through 17, however, homogeneous and heterogeneous groups demonstrated similar performance.[69] Additional studies found that work group diversity was associated with less cooperation among team members and more negative impressions toward people who were demographically different.[70]

In summary, research shows that diversity can improve creativity and innovation, but these positive benefits may not influence productivity because diverse groups generally experience more negative group dynamics. How then do managers capitalize on the positive benefits of diversity? One lesson seems to be that organizations should not simply assemble a diverse group and then let group dynamics take care of themselves. Rather, training should be used to help group members become aware of cultural and attitudinal differences of other group members. This training should be conducted at the beginning of a group's formation because conflict is likely to be highest at this point and this conflict negatively influences subsequent group processes.[71] A second lesson revolves around the fact that the group processes and performance of diverse groups are enhanced when group members share common values and norms that promote the pursuit of common goals.[72] Managers and organizations thus are encouraged to identify ways of enhancing group members' sense of shared values and a common fate. Increasing shared values can be facilitated through an organization's culture, which is discussed in Chapter 3, and common fate can be created by making group members accountable for group or team-level performance goals. Team goals and team rewards are discussed in Chapter 13.

Barriers and Challenges to Managing Diversity

We introduced this chapter by noting that diversity is a sensitive, potentially volatile, and sometimes uncomfortable issue. It is therefore not surprising that organizations encounter significant barriers when trying to move forward with managing diversity. The following is a list of the most common barriers to implementing successful diversity programs;[73]

1. *Inaccurate stereotypes and prejudice.* This barrier manifests itself in the belief that differences are viewed as weaknesses. In turn, this promotes the view that diversity hiring will mean sacrificing competence and quality.
2. *Ethnocentrism.* The ethnocentrism barrier represents the feeling that one's cultural rules and norms are superior or more appropriate than the rules and norms of another culture. This barrier is thoroughly discussed in Chapter 4.
3. *Poor career planning.* This barrier is associated with the lack of opportunities for diverse employees to get the type of work assignments that qualify them for senior management positions.
4. *An unsupportive and hostile working environment for diverse employees.* Diverse employees are frequently excluded from social events and the friendly camaraderie that takes place in most offices.
5. *Lack of political savvy on the part of diverse employees.* Diverse employees may not get promoted because they do not know how to "play the game" of getting along and getting ahead in an organization. Research reveals that women and people of color are excluded from organizational networks.[74]
6. *Difficulty in balancing career and family issues.* Women still assume the majority of the responsibilities associated with raising children. This makes it harder for women to work evenings and weekends or to frequently travel once they have children. Even without children in the picture, household chores take more of a woman's time than a man's time.
7. *Fears of reverse discrimination.* Some employees believe that managing diversity is a smoke screen for reverse discrimination. This belief leads to very strong resistance because people feel that one person's gain is another's loss.
8. *Diversity is not seen as an organizational priority.* This leads to subtle resistance that shows up in the form of complaints and negative attitudes. Employees may complain about the time, energy, and resources devoted to diversity that could have been spent doing "real work."
9. *The need to revamp the organization's performance appraisal and reward system.* Performance appraisals and reward systems must reinforce the need to effectively manage diversity. This means that success will be based on a new set of criteria. Employees are likely to resist changes that adversely affect their promotions and financial rewards.
10. *Resistance to change.* Effectively managing diversity entails significant organizational and personal change. As discussed in Chapter 19, people resist change for many different reasons.

In summary, managing diversity is a critical component of organizational success. Case studies and limited research inform us that this effort is doomed to failure unless top management is truly committed to managing diversity. The next section examines the variety of ways organizations are attempting to manage diversity.

Organizational Practices Used to Effectively Manage Diversity

Many organizations throughout the United States are unsure of what it takes to effectively manage diversity. This is partly due to the fact that top management only recently became aware of the combined need and importance of this issue.

So what are organizations doing to effectively manage diversity? Answering this question requires that we provide a framework for categorizing organizational initiatives. Researchers and practitioners have developed relevant frameworks. One was developed by R Roosevelt Thomas, Jr, a diversity expert. He identified eight generic action options that can be used to address any type of diversity issue. A second was proposed by another diversity expert, Ann Morrison. She empirically identified the specific diversity initiatives used by 16 organizations that successfully managed diversity. This section reviews these frameworks in order to provide you with both a broad and specific understanding about how organizations are effectively managing diversity.

R Roosevelt Thomas, Jr's Generic Action Options

Thomas identified eight basic responses for handling any diversity issue. After describing each action option, we discuss relationships among them.[75]

Option 1: Include/Exclude This choice is an outgrowth of affirmative action programs. Its primary goal is to either increase or decrease the number of diverse people at all levels of the organizations. Shoney's restaurant represents a good example of a company that attempted to include diverse employees after settling a discrimination lawsuit. The company subsequently hired African-Americans into positions of dining-room supervisors and vice presidents, added more franchises owned by African-Americans, and purchased more goods and services from minority-owned companies.[76]

Option 2: Deny People using this option deny that differences exist. Denial may manifest itself in proclamations that all decisions are color, gender, and age blind and that success is solely determined by merit and performance. Consider State Farm Insurance, for example. "Although it was traditional for male agents and their regional managers to hire male relatives, State Farm Insurance avoided change and denied any alleged effects in a nine-year gender-bias suit that the company lost."[77]

Option 3: Assimilate The basic premise behind this alternative is that all diverse people will learn to fit in or become like the dominant group. It only takes time and reinforcement for people to see the light. Organizations initially assimilate employees through their recruitment practices and the use of company orientation programs. New hires generally are put through orientation programs that aim to provide employees with the organization's preferred values and a set of standard operating procedures. Employees then are encouraged to refer to the policies and procedure manual when they are confused about what to do in a specific situation. These practices create homogeneity among employees.

Option 4: Suppress Differences are squelched or discouraged when using this approach. This can be done by telling or reinforcing others to quit whining and complaining about issues. The old "you've got to pay your dues" line is another frequently used way to promote the status quo.

Option 5: Isolate This option maintains the current way of doing things by setting the diverse person off to the side. In this way the individual is unable to influence organizational change. Managers can isolate people by putting them on special projects. Entire work groups or departments are isolated by creating functionally independent entities, frequently referred to as "silos." Shoney Inc.'s employees commented to a *Wall Street Journal* reporter about isolation practices formerly used by the company:

> White managers told of how Mr Danner [previous chairman of the company] told them to fire blacks if they became too numerous in restaurants in white neighborhoods; if they refused, they would lose their jobs, too. Some also said that when Mr Danner was expected to visit their restaurant, they scheduled black employees off that day or, in one case, hid them in the bathroom. Others said blacks' applications were coded and discarded.[78]

Option 6: Tolerate Toleration entails acknowledging differences but not valuing or accepting them. It represents a live-and-let-live approach that superficially allows organizations to give lip service to the issue of managing diversity. Toleration is different from isolation in that it allows for the inclusion of diverse people. However, differences are not really valued or accepted when an organization uses this option.

Option 7: Build Relationships This approach is based on the premise that good relationships can overcome differences. It addresses diversity by fostering quality relationships—characterized by acceptance and understanding—among diverse groups. R R Donnelley is a good example of a company attempting to use this diversity option. "R R Donnelley sponsors an exchange program where counterparts in two nations swap positions for several weeks to learn about each other's countries and customs."[79]

Julia Steward, president of the Applebee's division of Applebee's International, also uses this diversity action option. She spends five minutes each day talking with each of the nine managers reporting to her about such down-home topics as where they ate over the weekend or whether a spouse passed the real estate exam. 'It's important to establish what's important to them,' she says.[80]

Option 8: Foster Mutual Adaptation In this option, people are willing to adapt or change their views for the sake of creating positive relationships with others. This implies that employees and management alike must be willing to accept differences, and most important, agree that everyone and everything is open for change. Companies can foster mutual adaptation through their recruitment and retention strategies. Consider the approach used by the SAS Institute, a privately held software company:

> The company encourages movement from within, posting jobs internally to gauge interest, then soliciting outside applicants only if no qualified internal candidates exist. . . . The Cary, NC–based company enjoys a turnover rate among its 7,000 worldwide employees that never exceeds 5% a year. When asked to elaborate on how SAS keeps its employees, [Jack] Dornan [a company spokesperson] points to several amenities: on-site child care and health care, gymnasium facilities, a flexible workplace where trust between employees and managers is not only expected but is also demanded, and a corporate climate that encourages employees to have a life outside of work.[81]

This example illustrates that mutual adaptation requires a unique organizational culture or climate that supports the accommodation and acceptance of diverse people.

Conclusions about Action Options Although the action options can be used alone or in combination, some are clearly better than others. Exclusion, denial, assimilation, suppression, isolation, and toleration are among the least preferred options. Inclusion, building relationships, and mutual adaptation are the preferred strategies. That said, Thomas reminds us that mutual adaptation is the only approach that unquestionably endorses the philosophy behind managing diversity. In closing this discussion, it is important to note that choosing how to best manage diversity is a dynamic process that is determined by the context at hand. For instance, some organizations are not ready for mutual adaptation. The best one might hope for in this case is the inclusion of diverse people.

Ann Morrison Identifies Specific Diversity Initiatives

As previously mentioned, Ann Morrison conducted a landmark study of the diversity practices used by 16 organizations that successfully managed diversity. Her results uncovered 52 different practices, 20 of which were used by the majority of the companies sampled. She classified the 52 practices into three main types: accountability, development, and recruitment.[82] The top 10 practices associated with each type are shown in Table 2–4. They are discussed next in order of relative importance.

Table 2–4 *Common Diversity Practices*

Accountability Practices	Development Practices	Recruitment Practices
1. Top management's personal intervention	1. Diversity training programs	1. Targeted recruitment of nonmanagers
2. Internal advocacy groups	2. Networks and support groups	2. Key outside hires
3. Emphasis on EEO statistics, profiles	3. Development programs for all high-potential managers	3. Extensive public exposure on diversity (AA)
4. Inclusion of diversity in performance evaluation goals, ratings	4. Informal networking activities	4. Corporate image as liberal, progressive, or benevolent
5. Inclusion of diversity in promotion decisions, criteria	5. Job rotation	5. Partnerships with educational institutions
6. Inclusion of diversity in management succession planning	6. Formal mentoring program	6. Recruitment incentives such as cash supplements
7. Work and family policies	7. Informal mentoring program	7. Internships (such as INROADS)
8. Policies against racism, sexism	8. Entry development programs for all high-potential new hires	8. Publications or PR products that highlight diversity
9. Internal audit or attitude survey	9. Internal training (such as personal safety or language)	9. Targeted recruitment of managers
10. Active AA/EEO committee, office	10. Recognition events, awards	10. Partnership with nontraditional groups

SOURCE: Abstracted from Tables A.10, A.11, and A.12 in A M Morrison, *The New Leaders: Guidelines on Leadership Diver*[illegible] (San Francisco: Jossey-Bass, 1992).

Accountability practices
Focus on treating diverse employees fairly.

Accountability Practices

Accountability practices relate to managers' responsibility to treat diverse employees fairly. Table 2–4 reveals that companies predominantly accomplish this objective by creating administrative procedures aimed at integrating diverse employees into the management ranks (practices number 3, 4, 5, 6, 8, 9, and 10). In contrast, work and family policies, practice 7, focuses on creating an environment that fosters employee commitment and productivity. Both IBM and Fannie Mae use a variety of accountability practices in their attempts to manage diversity.

> At IBM, 38% of the worldwide management council (the company's top management team) consists of women, minorities, and non-US-born people. Ted Childs, vice president of diversity, says that women hold top spots in Peru, Indonesia, France, Spain, Portugal, Singapore, Hong Kong, and Latin America. IBM's executive sourcing process, which focuses on leadership development and succession planning, specifically targets women and minorities. . . .Fannie Mae has also established clear goals to increase the ratio of minorities at the officer and director levels, and it ties compensation to the promotion of diversity as a business value.[83]

Development practices
Focus on preparing diverse employees for greater responsibility and advancement.

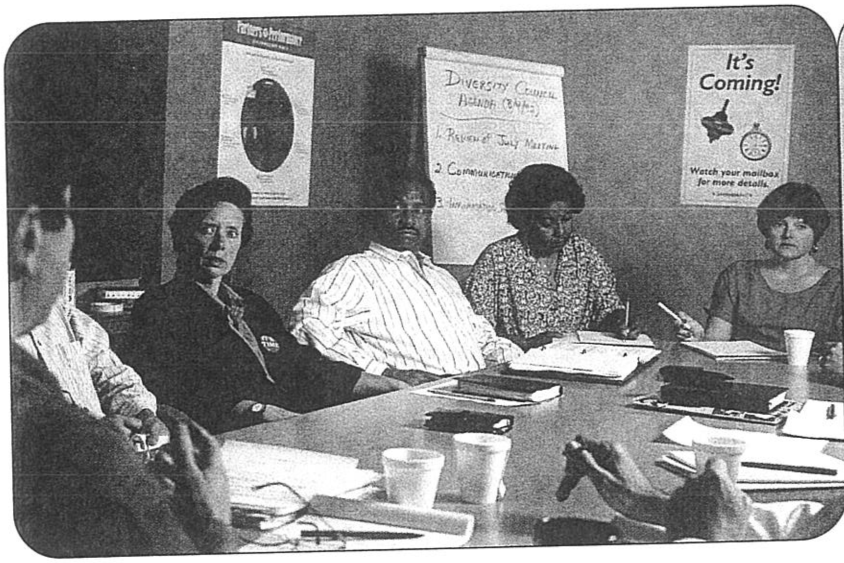
Development Practices

The use of development practices to manage diversity is relatively new compared with the historical use of accountability and recruitment practices. **Development practices** focus on preparing diverse employees for greater responsibility and advancement. These activities are needed because most nontraditional employees have not been exposed to the type of activities and job assignments that develop effective leadership and social networks.[84] Table 2–4 indicates that diversity training programs, networks and support groups, and mentoring programs are among the most frequently used developmental practices. Consider the networking practices used by Xerox and Fannie Mae.

> Many years ago when Xerox was trying to ensure more participation from blacks in its workforce, a caucus established among black employees had the blessing of then-CEO David Kearns, who encouraged black employees to get together periodically to talk about their challenges in moving through the organization and to get help from other managers. After that, there arose a women's caucus, and Hispanic caucus, and so on. Fannie Mae has taken the idea of employee caucus groups a step further. It has 14 Employee Networking Groups for African-Americans, Hispanics, Native Americans, Catholics, Christians, Muslims, older workers, gays, lesbians, veterans, and so forth. The groups serve as social and networking hubs, and they foster workplace communication about diversity issues among all employees, including senior managers.[85]

There is one particular developmental practice that more and more organizations are confronting: Teaching English to non-English-speaking workers. Successfully teaching English and learning to communicate in multiple languages will become increasingly important as employers continue to hire people for whom English is not their first language. Imagine the situation faced by Doubletree Hotels Corporation when it had to communicate about its revamped employee benefits to a workforce of 30,000 people who speak 20 different languages:

> Instead of being daunted by the prospect of explaining benefits in multiple languages and to many employees with limited educations, Doubletree launched an outreach program that spoke to virtually all employees in their own tongues, on their own terms. The main tools were audio cassette tapes, shipped to each work site and made available for employees to use with loaned tape players. The tapes explained changes in the benefits program, such as a greater selection of health maintenance organizations and the debut of flexible benefits.



Multi-ethnic employee caucuses serve as social and networking hubs, fostering workplace communication about diversity issues among employees as well as senior managers. Do you think support groups such as diversity caucuses are an effective way to develop employees? Why or why not?

(c) Mark Richards/ PhotoEdit

The tapes were recorded in 14 languages, including Spanish, Somali, Tongan, Creole, Mandarin, and Russian, and became very popular with employees, some of whom are illiterate and would not have understood written materials, said Lenny Sanicola, benefits manager of Phoenix-based Doubletree. The company decided to communicate in native languages with any group of at least 25 employees.[86]

Recruitment practices
Attempts to attract qualified, diverse employees at all levels.

Recruitment Practices

Recruitment practices focus on attracting job applicants at all levels who are willing to accept challenging work assignments. This focus is critical because people learn the leadership skills needed for advancement by successfully accomplishing increasingly challenging and responsible work assignments. As shown in Table 2–4, targeted recruitment of nonmanagers (practice 1) and managers (practice 9) are commonly used to identify and recruit women and people of color. The McGraw-Hill Companies, for example, is noted for relying on targeted recruiting:

> The McGraw-Hill Companies emphasizes diverse talent management. One example of its talent management strategy is the Associate Development Program (ADP). Since the program began in 1993, it has attracted talented individuals from top MBA business schools who are diverse in race, ethnicity, experience, and perspective. The McGraw-Hill Companies has recruited, developed, and promoted many outstanding new managers from the ADP program. . . . Attracting, retaining, and developing the best talent for the company will continue to be an area of focus in the near term and the long term. The McGraw-Hill Companies' talent management strategy includes building a talent pipeline by enhancing recruitment efforts in the Hispanic, African-American, and Asian communities.[87]

Summary of Key Concepts

1. *Define diversity.* Diversity represents the host of individual differences that make people different from and similar to each other. Diversity pertains to everybody. It is not simply an issue of age, race, gender, or sexual orientation.
2. *Discuss the four layers of diversity.* The layers of diversity define an individual's personal identity and constitute a perceptual filter that influences how we interpret the world. Personality is at the center of the diversity wheel.