

SECTION VI

Managing Organizational Change and Diversity: Current Issues

LEARNING GOALS FOR SECTION VI

- To examine successful strategies for building a more inclusive workplace through corporate leadership, diversity training, mentoring, employee resource groups, supplier diversity programs, and corporate social responsibility initiatives
- To understand the need for more flexible work programs for parents, caregivers, and older workers
- To assess the value of diversity award programs
- To recognize and manage workplace bullying
- To provide an example of an organization that is working toward inclusion and benefiting from the diversity of its employees

The material in Section VI is intended to examine what organizations are doing that contributes to achieving effective management of a diverse workforce and to raise awareness of some current controversial issues such as the difficulties of achieving work-life balance, the questionable value of diversity awards, and the growing problem of workplace bullying.

To benefit from diversity, organizations and corporate leaders need to support policies and programs that help to make all employees feel included and valued. In *What Do Organizations Do to Manage Diversity?* we examine some of these initiatives: diversity training, mentoring, employee resource groups, supplier diversity programs, and corporate social responsibility and philanthropy.

In *Work-Life Balance Issues: Changing When and How the Work Gets Done*, we make a case for implementing more flexible work arrangements particularly for parents, caregivers, and

older workers. However, *The Six Sigma Case: Promotion at the Western Company* provides a real-life example of how complicated it may be for managers to accommodate workers' requests for such flexibility.

Diversity and Inclusion Awards: A Critical Examination analyzes the criteria, selection process, organizational costs, benefits, and risks of applying for and receiving or not receiving these coveted prizes.

Workplace bullying is on the rise and has the potential to lead to harassment and even discrimination lawsuits when the victim is a diverse employee protected by law, as illustrated in the *When Women Do Lead: Gender Bias 2013 Style* case in Section II. So, it is particularly important that managers be aware of the potential dangers and organizational costs of bullying, as explained in *One Workplace Bully Is One Too Many: The Four Faces of Bullying* and in *A Case of Harassment, Discrimination or Bullying? You Decide...*

The final case in this section, *The Path to Inclusion: The Business Case for Diversity at Ocean Spray*, provides an example of an organization that is working hard to achieve an inclusive culture for its employees while simultaneously striving to benefit from the advantages of having a diverse workforce.

WHAT DO ORGANIZATIONS DO TO MANAGE DIVERSITY? EXAMINING CORPORATE LEADERSHIP, TRAINING, MENTORING, EMPLOYEE RESOURCE GROUPS, AND SOCIAL RESPONSIBILITY PROGRAMS

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Well-managed diversity programs can benefit an organization in terms of the business case for diversity and the stakeholders in terms of the involvement of employees, suppliers and the community. John Robinson, Director of the Office of Civil Rights for the U.S. Department of State, lists five requirements for effective diversity leadership: making diversity visible, being specific about what needs to be done, evaluating for results, providing constant reinforcement, and making change intentional (diversityinc.com, n.d.).

To fulfill these criteria, direction needs to come from the top of an organization where the CEO and Board provide the necessary vision and support. Without sufficient resources and leadership, it is difficult to make diversity an advantage. There is a range of mission-critical diversity initiatives that organizations implement including recruiting a diverse Board, appointing a Chief Diversity Officer, providing effective training and mentoring programs, forming effective employee resource groups, developing successful supplier diversity programs and contributing meaningfully to corporate philanthropy.

GOVERNANCE AND DIVERSITY: CORPORATE BOARDS AND CHIEF DIVERSITY OFFICERS

To understand the importance of diversity leadership, think back to the Pitney Bowes case where the three CEOs championed diversity and made it an operational value. Once diversity has a highly ranked champion, two ways to strengthen governance in terms of support for

diversity initiatives are to have diversity on the Board of Directors (or Board of Trustees for non-profit organizations) and to appoint a **Chief Diversity Officer (CDO)**, an executive at the corporate level whose job is to oversee, coordinate and manage an organization's diversity initiatives.

Corporate boards are expected to provide expert financial, legal, management, and strategic advice from an external perspective. Since one of the advantages to having diversity is to add unique viewpoints, appointing diverse directors to a board should improve decision making by minimizing groupthink and challenging the status quo. Kim Goodwin, a director at Akami Technologies Inc., once compared a homogeneous board to a fraternity where people conform rather than challenge the norms (Carrns and Johnson, 2010, p. 12).

Board membership in the U.S. is still quite homogeneous. A 2010 Catalyst survey, of Fortune 500 companies revealed that women held 15.7 percent of the board seats (with 2.9% of these women being of color) and men of color comprised 6.8 percent of board memberships (Catalyst, 2010). In 2011, ten percent of these organizations still had no female board members (Ross, 2011).

There are pros and cons to diversifying corporate boards. Adding diverse members, if not managed well, has the potential to result in conflict and gridlock. However, one of the major issues is finding qualified diverse directors. In *PwC's 2011 Annual Corporate Director Survey*, 55 percent of the respondents found it difficult to recruit female board members and 65 percent found it difficult to find people of color for the boards. Membership is by the invitation of the nominating committee, which is made of current board members. Ramirez (2004) contends that the homogeneity of corporate boards is largely a result of women and racial minorities not having the same access to networks and the social capital that white men do. Board members, like most people, tend to know and associate with people like themselves. Consequently, these are the people that they tend to nominate for board memberships. Second, corporate boards require a range of specific skill sets such as experience at the executive level, in global markets and knowledge of law, finance, accounting, etc. Diverse individuals with these qualifications may be harder to find.

However, when diverse voices are valued in the boardroom, companies manage to overcome these obstacles. Women, African Americans, Asians and Hispanics comprise 50% of the board at Alcoa, 46% of the boards at PepsiCo, Aetna, Dow Chemical, and IBM, and 43% of the boards at CitiGroup, Well Point, Wal-Mart, and Wells Fargo (Virtcom, 2009).

On the other hand, a heterogeneous board also offers advantages such as enhanced financial performance, the perspectives of a changing customer base, improved employee morale, and increased attractiveness to investors (Kidder, n.d.). Yet, only 17 of the Fortune 100 companies have a board that is considered to be "highly diverse" with 40% of the directors being female or people of color (Virtcom, 2009).

As with any group, just adding diverse individuals to the mix is not enough to ensure that an organization will benefit from diversity. Diverse directors may be reluctant to speak freely or to take a devil's advocate position because they fear being in the "O" or "only" position. Diversity brings a range of differences in communication styles, such as directness vs. indirectness and culturally acceptable behaviors such as respectfully waiting for an opportunity to break into the conversation vs. interrupting others. Board diversity, like employee diversity, must be well managed by selecting new members carefully, helping newcomers to adjust, not dismissing dissenting opinions too quickly, and sharing the role of devil's advocate, etc. (Manzoni, Strelbel, and Barsoux, 2010).

There is a growing body of research that relates but *not* yet correlates, financial performance to board diversity. For example, in 2007, a Catalyst study of Fortune 500 companies revealed that “companies with higher representation of women on their corporate boards outperformed on three key financial measures (Return on Equity, Return on Sales and Return on Invested Capital) compared to companies with lower representations of women” (Catalyst, 2007, p. 2). A 2013 study of 4,100 companies found that companies without any female board members financially underperformed those with women on the boards (Thomson Reuters).

A similar study in Finland, where the law that requires board composition to be 33–50% members of each gender, showed an adjusted return on assets 14.7% higher in companies with a majority of female directors compared to those with a male majority (The Finnish Business and Policy Forum, 2007). So, there are many good reasons to strive for board diversity.

Today, many organizations are moving the internal management of diversity away from Human Resources where it was treated as a legal compliance matter to the executive level where it can be treated as a strategic business issue by creating a new position called **chief diversity officer** (CDO). Today, 60% of Fortune 500 companies have a CDO or someone with a similar title, an increase of 40 percent over 2005. The primary responsibilities of the CDO position are to provide strategic leadership for an organization’s diversity agendas and to assure that the corporation’s culture values diversity as a business imperative, i.e., linking diversity to the bottom line. CDOs function as change agents coordinating and integrating diversity as a strategic opportunity for talent recruitment, product development, penetration of global markets and community involvement. While this role will vary based on an organization’s mission, a 2010 study of 170 United States CDOs by *Diversity Officer Magazine* revealed that about 65% are at the vice-presidential level and 75% report to the board on a regular basis. Recently the movement towards having a CDO is a positive step in the diversity management process.

PROGRAMMATIC DIVERSITY INITIATIVES

In an effort to make diversity a business asset, while promoting employee inclusion, organizations have implemented a variety of programs. While some, like training and mentoring focus more on individual employee needs, others like Employee Resource Groups and social responsibility/philanthropy address group, organizational and/or community needs.

Mentoring Programs/Sponsorship

In the workplace, **mentoring** refers to the developmental process that occurs when a more experienced person provides career guidance and support to someone who has less experience. While many people develop and benefit from these informal mentoring relationships at work, women and minorities are less apt to have the benefits of these networks so organizations also create formal mentoring programs. The best programs have corporate support, clear goals, sufficient training, and ongoing evaluation (Frankel, 2013). Membership in a non-dominant group can lead to feelings of isolation and miscommunication that minimizes the advantages of having a diverse workforce. So, besides providing career guidance, having an effective mentor can help build feelings of inclusion, increase engagement and improve the retention of diverse employees (Thomas, Murrell, and Beard-Blake, 2006).

Sponsorship involves adding an advocacy component to the mentoring relationship. A manager who becomes a sponsor takes a career risk by placing his own reputation on the line when he assertively promotes the talents of the protégée. For example, a sponsor is more

proactive and may recommend the employee for highly visible assignments, etc. While “mentors see associates to the threshold of power; sponsors pull them through” (Hewett, 2013, p. 43). Sponsorship is particularly important for moving women and people of color beyond the middle management level (Johnson, 2013).

Affinity Groups/Employee Resource Groups (ERGs)

Douglas suggests that these groups also promote inclusion because they offer a mechanism for connections and open up communication channels (2008). Today, many companies are responding to their diverse employees’ needs for inclusion and the corporate need to stay competitive in a diverse marketplace by sponsoring affinity or Employee Resource Groups (ERGs). While some use these terms interchangeably, technically **Affinity groups**, as the name implies, are “communities within a corporation that are organized around employees’ similar circumstances and common goals” (Douglas, 2008, p. 12). Affinity groups often have a more social and mentoring focus. Although **Employee Resource Groups (ERGs)** usually provide similar support for diverse employees, these are also tied more closely to the mission of the organization and utilizing diverse employees as a business resource. For example, ERGs can offer promotional advice for products targeted to diverse populations, assist in linking the company with diverse communities for employee recruitment and in product development.

The origins of these groups goes back to the 1960’s, when corporations such as Digital Equipment, and Xerox pioneered efforts to diversify their workforces in response to Title VII of the 1964 Civil Rights Act. Management soon learned that just hiring women and employees of color was often problematic. These new recruits often felt isolated, unwelcome and misunderstood in organizations long dominated by white males. Additionally, many of these employees experienced backlash and were unjustly stereotyped as “tokens,” i.e., unqualified people just hired to comply with EEO/AA laws, or to meet a government quota, even if they were fully qualified for their positions.

In the turbulent 1960’s, the Black employees at Xerox Corporation formed regional caucus groups to secure fairer treatment for Black employees. In the process, these groups became a mentoring resource for newer minority employees and a network for the recruitment of additional minorities. Because both employees and management benefited, Xerox soon established caucus groups for its female and Asian employees.¹

Changing over time there are broader more inclusive categories for group memberships. For example, Microsoft has ERGs for parents, GLBTs, and Employees with Disabilities, etc. In addition, membership now is usually open to any employee with an interest in that topic. So, someone who is able-bodied but who has a blind parent might have an interest in participating in the group that focuses on people with disabilities and is usually allowed to do so.

Since ERG members can provide diversity related expertise in terms of reviewing promotional materials for offensive content, contributing ideas for product development that meet the needs of diverse markets, linking the company to diverse communities for employee recruitment, and outreach and promoting cultural awareness the members can operationalize diversity as a competitive advantage.

Recent research indicates that an important business outcome of these groups can be increasing employee satisfaction and motivation. Each year Aetna Insurance conducts a yearly

¹For a complete history of these pioneering groups see: Mary Gentile. (1960). The Black Caucus Groups at Xerox Corporation (A) Case. *Managing Excellence Through Diversity*, Waveland Press.

Eli Lilly & Ford Motor Company Best Practices

Because the Latino population is expected to reach 132 million by 2050 and the proportion of Latinos in clinical trials traditionally is quite low, the Latino ERG at Eli Lilly pharmaceuticals worked with medical staff and the community to develop more effective recruitment techniques for this population. Hopefully, this will enable Eli Lilly “to gain more information on medicine safety and effectiveness within this population” (Hartley, 2010, p. 39).

At the Ford Motor Company, the “Employees Dealing with Disabilities Group” has offered input into vehicles designed for people with physical challenges, and the “Parenting Network” reviewed minivan designs.

employee engagement survey of 34,000 employees and ERG members usually consistently scored higher in employee satisfaction than non-ERG members (Zippo, 2010).

The most successful employee resource groups have direct communication and/or a sponsor on the corporate level, capitalize on the idea that diverse employees can be a competitive advantage and tie to the business case for diversity (See Exhibit 6-1).

Approximately, 90% of the Fortune 500 companies currently have ERGs. To prevent future legal liabilities involving affinity groups or ERGs, organizations need to proceed carefully to minimize the appearance of favoritism towards specific groups. First, there should be clear written guidelines and policies that specify where and when the group can meet (on company property or not, on paid or unpaid time, etc.), and which organizational resources they can or cannot use (email, intranet, copiers, office supplies, etc.). Second, membership in all groups must be open to all employees, even those who do not share the social identity characteristic that is the focus of the group. For example, if the adoptive father of an Asian child wants to join the Asian employees group, he must be allowed to do so. Third, ERGs or affinity groups cannot negotiate terms of employment with management or they will be in violation of the National Labor Relations Act. Fourth, all employees must be treated alike.

In 2005, General Motors won a court ruling related to employee groups from the 7th U. S. Court of Appeals (Moranski vs. General Motors Corp.). Mr. Moranski, a GM employee, claimed religious discrimination under Title VII of the Civil Rights Act because the corporation refused his request to form a Christian Employee Network at GM. Fortunately for GM, they had

Employee Benefits	Organizational Benefits
Opportunity to be mentored	Improved communication with diverse consumer markets
Safe place to discuss diversity issues	Assistance with recruiting diverse employees
Networking opportunities	Outreach to diverse communities
Professional development	Product development for diverse markets
Increase feeling of inclusion	Increase global business opportunities

EXHIBIT 6-1 Individual & Organizational Benefits of Affinity & Employee Resource Groups

a written policy that no affinity groups could have a religious or political focus. The court reasoned that all religious groups were being treated the same and therefore, there was no religious discrimination.

Global Notes.....Dubai

Aetna Insurance, long known for its successful ERG programs in the United States, recently launched its first international group, the Dubai Families @Work ERG. This location employs a diverse staff from India, the Philippines, Pakistan, Sri Lanka, and others. Many of these professionals are far from their extended families, so the ERG members support each other by sharing information on childcare and pediatrician referrals. Recently, the group addressed an organizational issue, the employees' reluctance to use online computer training programs. So, the ERG members organized and ran in-office classes run by technologically expert fellow employees, which they refer to as their "power users."

Diversity Training

Employee diversity training is a controversial issue with an interesting history. The early training programs of the 1970's were designed to raise awareness of racial and gender differences and to avoid lawsuits. However, these programs were often superficial, failed to change people's perceptions, and sometimes even reinforced stereotypes. In the late 1980's to the mid 1990's the focus was broadened to include more social identities and the goal was to improve the working relationships between groups. Today, the more effective diversity training programs are tied to an organization's strategy and are part of an integrated diversity program.

While it is estimated [that] organizations invest as much as \$300 million a year in diversity training, they often get mixed results (Vedantam, 2008). The best programs are voluntary, focus on specific skills, target change at the unconscious level, involve more active ways of learning, and are assessed for effectiveness (Rainey, 2008).

Best Practices

Sodexo, the food and facilities services corporation employs 300,000 people in 76 countries. So, effective cross-cultural communication is an important organizational value. While all employees receive diversity training linked to the company's strategic goals, senior executives attend quarterly training programs and Sodexo has linked its diversity training with its mentoring initiatives. Validated through a third party, Sodexo estimates that it is getting a Return on its Investment (ROI) in diversity of \$19 for every dollar they spend. Additionally, the 2012 Employee Engagement Survey indicated that 83% of employees agreed with the statement that they are valued for the differences they bring to the workplace.

Source: Celebrating a Decade of Diversity and Inclusion: Sodexo's 2012 Diversity and Inclusion Annual Report.

Supplier Diversity Programs

Many corporations have established supplier diversity purchasing programs which encourage and support the growth of businesses owned by women, minorities and disabled veterans. Well run programs can provide buyers with competitive advantages through innovative ideas, inroads into multicultural markets and communities, better understanding of emerging markets (diversityinc.com), personalized service, and even lower costs. For the suppliers, the advantages are business development opportunities, mentoring, and training opportunities such as the Johnson & Johnson scholarships to Kellogg & Tuck Business Executive programs offered to women and minority small business owners (jnj.com).

Supplier diversity programs can be divided into two levels: **Tier I suppliers** are direct contractors. However, many corporations that have supplier diversity programs also require that their Tier I suppliers purchase from organizations that are also owned by non-dominant groups. When they do so, this is called a **Tier II supplier program**.

Initially, many of these procurement programs were driven by government mandates to organizations that benefitted from federal contracts. While some would argue that there is no longer a need to nurture the development of women, and veteran owned businesses, the data do not necessarily support that position. In 2013, there were 8.6 million businesses owned by women in the U.S. However, only 4 percent of these brought in \$500,000 or more in revenue. While minorities comprise 28 percent of the United States population, only about 15 percent of the total businesses, with 3 percent of gross receipts are owned by minorities (Minority Development Council, 2010).

AT&T & Supplier Diversity Best Practices

AT&T established its first supplier diversity program in 1968 by purchasing \$175,000 in goods and services from nine women and minority-owned businesses. Today, AT&T considers supplier diversity as an important component of diversity in their program. In 2011, AT&T spent over \$12 billion, or 23% of their total purchases at certified diversity owned businesses (women, minorities, and disabled veterans). In addition, at AT & T, all Tier I suppliers must develop their own supplier diversity programs (i.e., Tier II). They also partner with colleges and universities to provide graduate-level business training to these suppliers; and educate diverse suppliers by offering e-commerce workshops on web-based procurement (AT&T.com).

The best managed supplier diversity programs share several common features: a requirement that the business is certified by independent agencies such as the National Minority Development Council and the Women's Business Enterprise National Council as at least 51% woman, minority, or disabled veteran owned; commitment from the leadership of the purchasing organization; and ongoing assessment of policies and procedures.

Corporate Social Responsibility & Philanthropy

The National Philanthropic Trust estimates that corporate giving to charity in 2011 was worth \$14.5 billion in cash, goods and services. An interesting trend in corporate giving during the recent recession was an increase in donated goods and services instead of cash contributions.

Wal-Mart, the largest donor for the past three years, gave over \$300 million to local and national charities. Currently, Warren Buffet, and Bill and Melinda Gates are successfully soliciting pledges from rich capitalists to will at least 50% of their wealth to charity.

A significant number of organizations target their charitable giving and/or employee volunteer programs to diverse populations. For example, in 2011, the Aetna Foundation funded programs that encouraged Native Americans and racial minorities to consider careers in medicine and supported healthcare initiatives for African American, and Hispanic mothers and babies from underserved neighborhoods. Kroger, the largest grocery chain in the U.S., donated \$1.5 million to military families. Safeway made significant contributions to the Special Olympics, Easter Seals and Muscular Dystrophy campaigns. Bank of America has a company-sponsored Volunteer Network allowing employees paid time to volunteer in their communities to tutor and mentor youth, restore homes for the elderly, raise money for AIDS charities, etc. (Bank of America, 2010).

McDonald's Best Practices

McDonald's Hispanic ERG provides an example of how these groups can help employees as well as the community. Their Hispanic Employee Business Network's mission is to develop Latino employees but also to promote its Latino scholarship program that sponsors Latino college students in the community (Gilmore, 2010).

Because funding derives from the profits of a business, corporations often link their contributions to social causes that are related to their core values, missions, and stakeholders. For example, Tyco, the manufacturer of safety and security products, supports a program to reduce home-based injuries, in particular burns and domestic violence. Cox Communication, the third largest cable company in the U.S., contributes over \$100 million annually to organizations such as The Latin American Association, the National Urban League and the United Negro College Fund. Cox also provides free television advertising to the Boys and Girls Clubs of America, and Cable in the Classroom, a commercial free programming and online resource to teachers (cox.com, 2010).

While corporate philanthropy benefits both internal and external stakeholders, it also provides advantages to the organization. In addition to tax breaks, when employees and consumers realize that a corporation is supporting a worthy cause, it helps in the recruitment of diverse employees and improves the corporation's public image.

Conclusion

To benefit from having a diverse workforce requires strong leadership and integrated diversity initiatives that relate to the organization's strategic goals. Effective diversity management requires change but the process needs to be deliberative and related to an organization's core values.

WORK-LIFE BALANCE ISSUES: CHANGING WHEN AND HOW THE WORK GETS DONE

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Because the 21st century labor force includes more working women, more fathers who want to be involved in their children's lives, more single parents, and more people who are responsible for caring for an elderly relative or person with a handicap, and more older workers, there is an increasing interest in more flexible work schedules. Ninety percent of the companies interviewed in a 2009 Hewitt Associates survey cite work-life balance issues as the leading reason that their workers wanted more flexible work arrangements such as job-sharing, temporary leaves, compressed work weeks, telecommuting, phased retirement, on and off ramps and part-time employment.

Many countries have more progressive work-life laws and organizational policies than the United States where the only federal legislation is the Family Medical Leave Act that grants *unpaid* leave. Globally, particularly in the European Union, longer vacations, paid maternity/paternity leaves, subsidized child care, etc., are more common. "While U.S. companies generally offer work-life programs as a competitive advantage the EU mandates them as a function of social responsibility" (Joshi et al., 2002, p. 16).

THE BUSINESS CASE FOR WORK-LIFE BALANCE

Offering workplace flexibility relates directly to the business case for diversity because such policies attract a larger and better pool of potential applicants, decrease stress, burnout, absenteeism and turnover, salary expenses and increase employee satisfaction, customer service, organizational commitment, and motivation. For example, Deloitte & Touche, the global accounting firm, saved \$41.5 million in employee turnover costs by retaining employees through their flexible work programs (Corporate Voices, 2005). A 2000 study by the Center for Work & Family "found that 70% of managers and 87% of employees reported that working a flexible work arrangement had a positive or very positive impact on productivity" (2000).

When work-life balance issues are *not* addressed there can be organizational costs. A survey by Work-Life Benefits Consultants found that more than 25% of all employee absences were caused by family issues. "For every \$1 an employer spends in helping employees balance

Although there has been an increase in the number of organizations that offer flexible working arrangements, actual implementation and usage are not always easy to achieve due to the "implementation gap" i.e., the resistance of organizational cultures to change. "When the culture is not supportive of these initiatives, they rarely succeed" (Van Deusen, James, Gill, & McKechnie, 2008, p. 5). The 2008 Workplace Flexibility study from the Boston College Center for Work & Family found that flexible work arrangements are highly dependent on management's perceptions about the worker's ability to continue to meet the needs of the job and are often available only after a worker has gained her manager's trust and successfully negotiated the working arrangements. A Catalyst study revealed that 91% of women and 94% of men surveyed, said that flexible work options were available to them for family emergencies or personal matters. However, only 15% of the women and 20% of the men felt that they could use these options without jeopardizing their careers.

Additional objections to flexible work arrangements include resentment from employees who may not be eligible for such schedules, supervision concerns, difficulties in scheduling meetings, and staffing-level issues during peak times (Carlson, 2004). The 2007 Work-life Evolution Study concluded that "Work-life and flexibility still face skepticism in terms of their impact on the bottom line" (p. 20). Additionally, even many of the organizations that do have flexible work policies indirectly discourage their use for male employees and/or fail to promote those who take advantage of such options (Frankel, 2007).

WORK-LIFE BALANCE: PARENTAL ROLES AND CARE GIVING

Work-life as a diversity issue results from changing gender roles, new family structures, differences between generational values that conflict with traditional work schedules and older employees financially unable or personally unwilling to retire. Women, who now receive 57% of the bachelor's degrees and 60% of the master's degrees awarded each year, comprise 50% of the U.S. workforce (Harrington, Deusen, & Ladge, 2010). Both parents work in over 70% of two-parent households and only 20% of U. S. families with children still have a working father and a stay at home mother (Boushey & O'Leary, 2009). "The traditional family structure has been replaced mainly by dual-career couples and single heads of household (20%) where the single parent is employed" (Boston College Center for Work & Family, 2008).

However, because so many women with children are now working, "work-life integration is no longer just a women's issue: it's a workforce issue" (Sally Helgesen in Prokopenak, 2010). A study conducted by the Boston College Center for Work & Family revealed that today's fathers want more involvement in raising their children but that there is less organizational support for men than women to take on childrearing responsibilities (Harrington, Van Deusen, & Ladge, 2010). U. S. organizations

Have yet to come to terms with what it means to live in a nation where both men and women typically work outside of the home and what we need to do to make this new reality workable for families who have child care and eldercare responsibilities throughout most of their working lives (Boushey, 2009, p. 31).

Even when the childbearing years are over, there may still be a need to balance work responsibilities with the care of elderly relatives or those with a handicap. Currently, forty-four million people or over 21% of all U.S. households provide care for an older family member or one with a handicap. A 2006 study conducted by MetLife and the National Alliance for Caregiving estimated that the annual lost productivity costs to U. S. employers is \$17.1 billion due to turnover, absenteeism, workday interruptions and medical crises involved with care giving responsibilities. For an organization, the estimated total cost to replace a worker usually ranges from one to one and half times his annual salary.

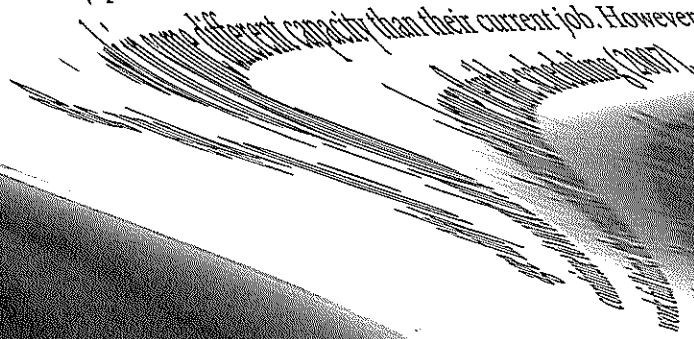
Even those without current family or caregiver responsibilities may value the option of a more flexible work schedule. A survey by the Center for Work-Life Policy found that “87% of baby boomers and 89% of Generation Y workers said that flextime was important to them and a key motivating factor” (Hewitt Associates LLC, 2010).

WORK-LIFE BALANCE: FLEXIBLE WORK MODELS

Today, many mature workers are also interested in continued employment past their traditional retirement age but they seek a more flexible work schedule that allows more time for travel, grandchildren, hobbies and volunteer work. Due to the prevalence of Baby Boomers, in 2010 there were 26.6 million workers over age fifty-five in the U.S. While this age group is healthier and more active, than previous generations, most are not eligible for traditional pension plans and experienced declining retirement portfolios and home values in the recent recession. As a result, by 2012 nearly 20% of the U.S. workforce is expected to be 55 or older and 50% of those 65 and older will be working or are actively seeking employment. “By the year 2020, there will be 27.7 individuals aged 65 and older for every 100 working adults: this ratio will represent a 28% increase in just two decades” (Challenger, 2005). With more people living longer, 79–83 years for men and 83–86 years for women but fewer workers contributing to the Social Security and Medicaid programs, these demographics could place an enormous economic strain both on the federal budget and the growth of American business.

According to the American Association of Retired Persons (AARP) 68% of the workers age fifty to seventy plan to either continue working past their traditional retirement age or to

work in a different capacity than their current job. However, only 17% wanted



Best Practices

- At **Accenture**, the outsourcing and consulting company, employees can take advantage of the "Future Leave" program. This is a self-funded sabbatical program that allows workers to defer their earnings and to draw on those funds while not working (Jewell, 2008).
- **Continental Airlines** reservation department has an annual turnover rate of 5% while the industry rate is 40%. Continental's 600 agents can work from home and also take advantage of an Expanded Shift Program that allows 25% of the staff to have three or more days off on a rotating basis (Galinsky, Elby, & Peer, 2008).
- At the **Raytheon Company**, a defense, security and aerospace supplier, employees have the option of working 80 hours over nine days and taking every other Friday off from work (Raytheon, 2010).
- **AstraZeneca Pharmaceutical** offers its sales reps the options of job sharing and part-time schedules. Productivity metrics such as number of calls, presentations and sales yields indicated that these workers compared favorably with the full time sales force (Corporate Voices, 2005).
- **1-800CONTACTS** has reduced employee turnover by implementing a phone system that allows its call center workers to take sales and customer service calls from home (Galinsky, Elby, & Peer, 2008).

WORK-LIFE BALANCE: REDEFINING "RETIREMENT"

Traditionally, retirement used to mean leaving one's job completely and relying on defined benefit pension plans and Social Security for support. Soaring health costs, increased longevity, more reliance on self-managed defined contribution retirement plans instead of guaranteed income streams, low savings rates, and a desire to try a new occupation or self-employment has changed this concept for older workers. Today, retirement in stages, called "working retirement," is gaining in popularity (Cahill, Giandrea, & Quinn, 2006). In a recent survey, the American Association of Retired Persons (AARP) found that 70% of workers over forty-five plan to seek part-time work or flexible schedules or to never retire at all (AARP, 2007). A survey commissioned by MetLife revealed that the primary reasons for older workers to continue employment are that they either need the money (60%), or want to stay active (45%). However, motivators and needs varied among older workers depending upon their life stages. While workers 60-65 year-old value job design and flexible work schedules, workers 66-70 are more interested in meeting their needs for social interaction and mental stimulation (DeLong & Associates, 2006).

Some organizations offer **Phased retirement** programs which is a workplace plan that allows workers of a specified age to gradually reduce the hours that they work for their *current* employer. Such programs allow employers to maintain a trained workforce while employees can have more free time and a gradual transition to full retirement. Phased retirement works best when it ties to an organization's mission and objectives. For example, meeting the specific labor force needs for increased staffing during seasonal peaks, or to complete project-based work, etc. is a win-win situation in terms of the business case for diversity and for older workers. The company gets knowledgeable trained workers who already know the culture and procedures of the organization and the older workers are able to work fewer hours.

WORK-LIFE BALANCE: MATURE WORKERS

The following box provides some win-win examples of organizations that offer flexible work-place options that also benefit the company while presenting support for the business case for employing older workers.

Best Practices

- **Mercy Health System**—Since skilled employees in the healthcare industry, particularly nurses, are in short supply and 50% of all nurses in the U.S. will reach the traditional retirement age by 2015, Mercy Health System, located in Janesville, Wisconsin, provides an example of an organization that has linked its mission and needs to the flexible utilization of mature workers. They offer such innovative schedules as a Weekender Program—work only weekend shifts and a Traveler Option—work on a 6–13 week assignment (AARP, 2006).
- **The Vita Needle Company** is located in a former theater in Needham, MA where this 4th generation family business manufactures high quality reusable needles and fabricated stainless steel products. Most of Vita Needle's employees are part-time senior citizens averaging 74 years of age. Employing seniors who already have Medicare coverage saves on health benefits. The workers' hard work ethic and a commitment to quality production has allowed Vita Needle to compete successfully with global manufacturing competition by keeping quality high and manufacturing costs low. President Fred Hartman credits "the company's success to "this dedicated low-tech workforce that is behind Vita Needle's high-tech success" (Employees inject vitality, n.d.). What makes Vita Needle unique is that the management has structured the work around the employees' needs and lifestyles, which Hartman describes as the "ultimate flex-time." Each worker has a key to the building and can come and leave according to their needs as long as the work gets done.
- **CVS/Caremark**—the pharmacy giant employs over 107,000 people and 18% are older workers. This organization offers a unique "Snowbirds" program that allows workers to transfer from a cold northern climate to a store in the South and Southwest during the winter months and then transfer back to their original store in the spring. Not only does this help CVS to retain employees who want to winter in warmer climates but it also staffs these stores with the extra already trained employees needed to accommodate increased consumer demand from these yearly population shifts (Gardner, 2006).
- **L.L. Bean**—This Freeport, Maine based clothing and sports equipment retailer, encourages its 861 retirees to return to work when seasonal orders peak (AARP, 2006).
- **Monsanto**—Since 1991, Monsanto has maintained a database of retired workers who want to work part-time, full time or on special assignments. Currently, 66% (200) of them have work assignments (Fetterman, 2005).
- **The Aerospace Corporation** located in El Segundo CA conducts federally funded defense and aerospace research for the government. Because of the complexity of their projects, retention of scientists and engineers with security clearances is vital.

retaining their highly skilled workforce past traditional retirement ages: phased retirement, pre-retirement leaves of absence, part-time status in preparation for retirement, and post retirement employment on a "casual" basis, i.e. recalling employees with particular skills during times of peak demand for particular skills (aero.org).

Innovative Ideas: 10 Til 2—Part-Time

A Denver, Colorado, placement firm, 10 til 2, bases its business model on matching college-educated parents and older workers needing flexible work schedules, with organizations that will hire on a part-time long-term basis. Started by four stay-at-home mothers, 10 til 2 considers its business model "win, win, win, win." Workers get flexibility and organizations get access to an experienced, college-educated talent pool. Job listings on the website include a range of positions such as a graphic artist, event planner, and customer service. Recently, 10 til 2 expanded by selling franchises on a national basis and now has offices in eleven states.

CONCLUSION

It is important to remember that the organizations mentioned in this article have made workplace flexibility succeed both for their employees and for their organizations but these companies tend to be the exceptions not the norm. Today's workforce is different in terms of its lifestyle and values. One way to capitalize on these differences is to think creatively about the way work gets done. Innovations that meet the needs of the individuals as well as those of the organization can create win-win solutions. "Current trends seem to suggest that the desire for work-life balance will continue to be a driving force for labor in America regardless of generation" (Beckman, 2010).



Points of Law

The Age Discrimination in Employment Act of 1967 was an expansion of Title VII of the Civil Rights Act. The provisions apply to federal, state, and local governments and organizations with twenty or more employees. In addition, this law protects job applicants and employees over forty years from employment discrimination based on age in terms of hiring, firing, promotion, layoffs, benefits, compensation, job assignments, and/or training. The ADEA forbids retaliation against those who file charges, testify, or participate in investigations, proceedings, and litigation under the ADEA.

Source: <http://www.eeoc.gov/types/age.html>

THE SIX SIGMA CASE: PROMOTION AT THE WESTERN COMPANY

Rana Haq
Laurentian University

Should an organization make an exception to its policies to accommodate the work-life balance needs of a working mother? Sarah Cunningham worked at Western Company, a global multi-sector organization as Marketing Manager. Because she proved her competence and had significant potential, her hard work was rewarded by being selected for the Six Sigma program, a prestigious high profile two-year training opportunity. She was assigned on the "Black Belt" level to one of its sponsoring strategic business units (SBU). After completing only one year however, she went on maternity leave taking advantage of Western Company's Work-Life Balance policy (See below).

Western Company's Work-Life Balance Policy and Programs

Western Company is a place where people can do their best work and achieve their potential as we strive to create an environment that respects and supports the needs and concerns of employees through our Work and Personal Life Resource Center.

Work and Personal Life Resource Centre

Western Company provides a broad array of educational and dependent care services such as sick child care, dependent care, elder care, on-site information fairs and back-up childcare, to assist our employees in addressing their family responsibilities while maintaining their productivity.

Alternative Work Arrangements

Our employees are able to explore with their management a variety of alternative work arrangements, including part-time, job share, compressed work week and telecommuting. These opportunities are global and are communicated to employees through Management.

Dependent Care Resources

Western Company provides a range of resources to assist employees with dependent care, including child care and elder care.

Note: The company and employee names in this case have been changed to preserve confidentiality.

As she planned her return to work, Sarah learned of a promotional opportunity in her Six Sigma sponsoring unit. She felt that this job would be a perfect fit for her with the new baby because it required much less travelling than similar positions at this level. The only glitch was that she had not yet completed her two year commitment to the Six Sigma program. Sarah sent a letter explaining her situation to her boss, Peter Toubin, requesting that he release her from her two-year commitment. While his approval is required before she can apply for the new job, she feels that this is a reasonable request.

PETER'S DILEMMA

Peter Toubin, who was promoted only one month ago to the Senior Marketing Manager position at Western Company, was hesitant to grant Sarah's request because she still had an entire year of training left to fulfill her obligation to the Six Sigma Program. The only existing precedent he knows of for an early release from this time requirement was a reduction of three months, much less than she is requesting.

As a Master Six Sigma Black Belt, Peter is an avid supporter of the intensive Six Sigma program and its requirements. Given his experience, he believes that any reduction in the two year training term could potentially compromise its objectives and outcomes. Master Black Belt and Black Belt positions are 24-month leadership development opportunities for talented internal candidates who have a proven track record and high future potential. Promotions while in the Six Sigma assignment are not appropriate since the purpose of the program is to provide a structured career broadening opportunity that develops skills and competencies for future leadership positions within the company. Although re-entry is expected at 24 months, there is an exception process in place for early completion that requires Master Black Belt approval from the specific country and the International Director of Six Sigma. Peter knows that in the past, re-entry exceptions have been granted after 18 to 20 months of training, but very rarely and only when the business has a unique situation, and the re-entering Black Belt is the best fit.

Peter is very new to his job and also concerned about what impact granting an exception might have on his career path in the company. Peter is aware that his decision will have major companywide implications. He fears that granting this exception could create backlash because it sets a precedent and it could be seen as special treatment by male employees and even by female employees who do not have young children. His initial reaction is that he needs more information. Have similar decisions been made in the past? Are there other precedents? Doesn't Western provide enough support for childcare through its work-life balance programs? Peter's initial response to Sarah, is "Give me some time. I need to look into this."

THE SIX SIGMA PROGRAM REQUIREMENTS

Six Sigma is a business strategy used to increase profitability by improving the effectiveness and efficiency of all operations by eliminating defects in manufacturing products and developing service processes, by statistically representing how a process is performing in terms of meeting customers' needs and expectations. These programs require a clear focus



...covers qualitative and quantitative management practices and skills. To achieve Six Sigma, a process must have 3.4 defects per million opportunities (DPMO). A Six Sigma opportunity is the implementation of a measurement-based strategy that focuses on process improvement and variation reduction. This is accomplished by using two Six Sigma sub-methodologies executed by Green Belts and Black Belts and overseen by Master Black Belts.

Because of its complexity, the program requires candidates to commit to a two year contract working for a sponsoring division. After two years, participants can be promoted to a job in another division. It is expected that graduates will continue to promote, apply and sponsor the program's practices within the company. According to the Six Sigma Academy, Black Belts save companies an average of approximately \$230,000 in each of the four to six projects they complete each year. When General Electric began Six Sigma in 1995, their estimated savings were close to \$10 billion U.S. during the first five years of implementation.

Thousands of other companies around the world have discovered the benefits of this strategy and adapted the framework for implementing the methodology. Although Six Sigma is a registered trademark of Motorola Inc, many other high profile companies, such as Honeywell, General Electric, Boeing, DuPont, Toshiba, Seagate, Allied Signal, Kodak, Texas Instruments, Sony and about two-thirds of the Fortune 500 organizations, began using this strategy in the 1990s with the aim of reducing their costs and improving product quality.

THE PROS AND CONS OF SIX SIGMA

Western Company has many prominent Six Sigma graduates in senior management positions including the current Chairman, President, and CEO. The selection of knowledgeable, highly motivated and well-respected employees for Black Belt assignments is critical for Six Sigma projects because less capable employees have led to problems and challenges on past projects. Once selected for Six Sigma training, their previous jobs are backfilled because participants are not expected to return to these positions.

Typically Six Sigma trainees have a sponsor and are assigned to a business or group that needs a problem to be solved. They need to close at least two projects while they are on this assignment to become Six Sigma certified. The expectations of and for graduates are high because the selection process for the program is so competitive with nominations based [on] past performance and future potential. In the past, the career paths of program graduates were typically high profile promotions within the organization.

There are on-going sponsorship and re-entry issues. Sometimes when it is time to re-enter at the end of the Six Sigma training, the program graduate may not want to go into the business that the sponsor is in because the business opportunities are less attractive than others. Recently too, program graduates have become increasingly dissatisfied with their career related outcomes. This is a serious concern for the credibility and momentum of the program because it is critical to keep it positioned as a highly rewarding career move. A major problem with the placements has been that the employees who go in with high expectations for their future careers don't always get positions at the level they expect for the work they did during their two years of training. As a result, some nominees are now turning down the opportunity to participate in Six Sigma programs.

POLICY IMPLICATIONS

Peter was concerned that, ideally, Sarah should have two full years of training in the program and that one year was far too little to meet the time requirement. Additionally, the business unit that is sponsoring her does not want her to leave them while as she is in the middle working of an important project. While Peter wants to do what's right for the employee, this request is outside the parameters and rules of the Six Sigma.

Acutely aware that any decision that he makes in this case will have personal, programmatic and company-wide implications, Peter feels that consultation with the key stakeholders is necessary before he meets face-to-face with Sarah to discuss her request. He ponders the options available to him. Moreover, he struggles with developing the best negotiating approach to use with Sarah and how to convey a possible negative decision to her without damaging her enthusiasm and commitment to the company. His decision needs to be made fairly quickly because a replacement is needed immediately for the open position. Although the ultimate decision-maker is Peter, in order to resolve the situation effectively, he wants to involve of all the stakeholders which include:

- The Human Resources manager
- The Six Sigma leader in the U.S., who oversees the worldwide program
- The manager from the business that is currently sponsoring Sarah
- The manager from the business unit that has the open position
- The manager from her old position where she may have to return if there is no re-entry position for her next year

Some of the alternatives he considers are:

1. Letting Sarah leave the Six Sigma program. However, by doing so he would be setting a precedent for other employees. But first, one of the things he wants to determine is how badly the other business unit needs her. Then, if she is absolutely the best person for that job, he could be inclined to let her go.
2. Not allowing her to take the position, if she is not the only candidate or the best one for the position which would maintain the integrity of the Six Sigma program, but would upset Sarah.
3. Developing a time-related compromise. Peter is open to discussing whether the business unit with the open position could wait for six months to fill that job. If so, then he could seriously consider Sarah's request, although it would still be quite early.
4. Suggest to Sarah that she further explore Western's Work Life programs to find a way to balance her family and work obligations.

Discussion Questions

1. Discuss the pros and cons of each of Peter's four alternatives. Can you think of additional creative alternatives?
2. As Peter Toubin, what would be your decision and why? Provide a justification/rationale for this decision and outline a step by step process for implementing it.

DIVERSITY AND INCLUSION AWARDS: A CRITICAL EXAMINATION

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Recognition of the diversity achievements in organizations comes in many forms: placement on high profile lists such as "Best companies for . . .," diversity ratings, awards, report cards, and profiles.

Diversity awards are made within a broad spectrum of industries, organizations, functional units and special interest groups. There are international, national, regional, state, county and local awards; corporate, for profit, nonprofit, government and "unrestricted" awards; awards for small-, medium- and large-size workforces, media, marketing, supplier and recruitment and retention awards, and the list goes on.

While some awards are restricted to specific types of organizations, others exclude specific types of organizations. Some recognitions acknowledge diversity practices and programs pertinent to specific minority groups, some honor innovative diversity practices and some consider diversity innovation as merely one of several requirements of corporate social responsibility. Finally, many awards are designed to recognize diversity practices per se, while others view diversity efforts as simply one component of good corporate management.

SECTION I. JUDGING THE AWARDS

To understand what a diversity award means requires knowing who is eligible, how the winners are selected, the criteria for choosing the awardees, the principal type of data collected, the collection process, the judging methodology, and the sponsoring agency.

Purpose

Diversity awards are based on an organization's performance during the previous year, so awards presented in 2014 celebrate the achievements of 2013. Procedures for selecting award recipients rest upon the sponsor's purpose for creating the award. The stated purposes for *making awards* are usually very broad in scope such as advancing the working conditions of a particular group; recognizing original diversity practices; informing minority consumers of companies with positive programs for the minorities. These broad purposes are only hints; a closer look at the specific selection process far better defines what an award really signifies.

Selecting the Winners... The Criteria and Their Weights

Most awards publish their general criteria when applications are solicited. All criteria are not created equal, however. Some may be more important than others as the data relevant to them are weighted (counted more) than data for other criteria. Nowhere is this more apparent than in the CEI (Corporate Equality Index) ratings where some criteria are worth more points than others. Although some awards sponsors may indicate that certain criteria count more than others, it is rare that they reveal how much more.

Selecting the Winners... Collecting Applicant Data

TYPE OF INFORMATION Generally, awards rest upon objective or numeric data such as how much money an organization spent on minority vendors and community outreach events, the number of their workforce members registered in employee affiliation or resource groups, whether or not the organization has a diversity council, etc. In an effort to provide objectivity, some awards state that only quantitative and objective data are considered in evaluating applicants and that subjective, ancillary and supplementary data are not.

Other awards, most notably those for innovation and media, rest upon subjective or qualitative information as they require descriptions of innovative practices and media programs. These awards, though, are likely to also require “hard” (objective) data to document the effectiveness of their programs and policies.

Finally, a few awards accept both types of data—objective data primarily plus additional subjective data to explain and elaborate the objective responses.

GATHERING THE INFORMATION Nearly all major national awards gather data using online surveys frequently accessible only to registered applicants for the award. Notable exceptions are “The Div 50” award that uses on-line voting at one extreme and Catalyst at the other extreme, that engages heavily in telephone and onsite interviews and focus groups.

INFORMATION SOURCES The majority of the awards to be discussed here require extensive applications usually completed by senior management because central offices have the best overview of company-wide diversity activities, particularly in large organizations with global offices. This leaves open the possibility however, that workforce members may have very different views about diversity activities—views not reflected in the application sent to the awards sponsor. For example, an effective diversity-recruiting program in one plant may not be so effective in another plant or location.

Some awards therefore, conduct a “reality check” through site visits and interviews with members of the workforce or surveys of random samples of workforce employees to gain a broader perspective on the effectiveness of diversity efforts and the climate of inclusion.

Selecting the Winners... The Applicant Pool

BECOMING A CONTENDER How does an organization become a contender for a diversity award? Each award is different. Some send invitations to organizations; some require that organizations self-nominate; others do both. The national awards reviewed here that solicit applications tend to do so from the Fortune 500, 1,000 or similar lists. When organizations choose to become applicants, the decision is generally initiated at the corporate level. It is not feasible (or perhaps even possible) in most cases for members of an organization’s workforce to initiate a nomination or application for most awards.

HOW MANY CONTENDERS? A basic question in evaluating any award is ... "How many applicants were in the pool?" This is especially important in awards naming "The Top 10..." or "The Best 50..." Placing in the top 10 is impressive when there are 200 organizations applying, much less so if are 20.

Selecting the Winners... The Judging Process

BLINDFOLDS VS. OPEN-EYES Blind reviews are those in which the judges do not know the names of the organizations whose applications they review. Blind review goes a long way toward eliminating reviewer bias. It may not be totally effective however, when the applications are judged in an industry by judges who are drawn from that industry and well known within it.

When interviews and focus groups are used, blind review, at least in the data collection phase, is not possible. One way to help remove reviewer bias in this case is for a separate independent panel to make the final award choices without knowledge of applicant identity and without contact with the panel that conducted the interviews. Few sponsors indicate they use this practice, however.

TRANSPARENCY The key to judging the credibility of an award lies in its transparency, i.e., the openness about how the entire selection process was conducted. Transparency ranges from a few awards that are nearly completely open (for example, the CEI Corporate Equality Index and the NAACP Opportunity and Diversity Report Card) to some that are "translucent" (either the survey or interview questions or the selection process is considered proprietary and therefore not public) to many that are almost completely shuttered with little public detail about any part of the award determination. Most awards consider the number of applicants to be proprietary, thereby clouding interpretation of what it means to be in the top X of the organizations. The trend recently has been toward greater openness. To date, few awards come close to matching CEI or NAACP in transparency.

FINAL DETERMINATION The best selection processes are objective or systematic and use some sort of preset scoring or point system. Even the more subjective data such as that arising from interviews, can be converted into point systems to become more objective. It is generally accepted that the best (most objective) judgments are made by panels of judges rather than by a single individual. The names of the judges are not usually made public, presumably to prevent outside pressures on the judges. It is rarely clear from published information on most awards if a minimum or cut-off score is employed in choosing awardees. Cut-off scores (i.e., no organization scoring below a specified point is given an award), have the advantage of ensuring that the awards guarantee a minimum level of diversity program quality.

Results and Outcomes

INTERPRETATION Even when point systems are used, it is not always easy to interpret the meaning of some awards. Titles such as "Top Companies...", "The Best..." don't really convey just how good the organizations are if no scores are disclosed or more importantly, no minimum performance/score is required. Without a minimum of some kind, being "one of the best" could mean anything, e.g., "the best of the mediocre." Without point systems, there is no way to know how good or bad a diversity program is nor is there any way to know the range of quality among applicant programs.

Note that a **rating** indicates how well a standard or criterion is met (also known as criterion-referenced evaluation). A **ranking** is a comparison with other applicants; it is competitive, but does not imply any standard or quality level is involved.

THE PRIZE The prize is publicity, positive publicity. Organizations get publicity both from their own marketing and outreach activities and publicity from those of the award sponsor. Beyond publicity, many awards provide feedback on their performance to applicants. These “report cards” can “grade” performance on each criterion and/or can compare an organization to all other applicants or compare them just to the winners. Usually this feedback is free, but in some cases, applicants must purchase any feedback on the quality of their performance.

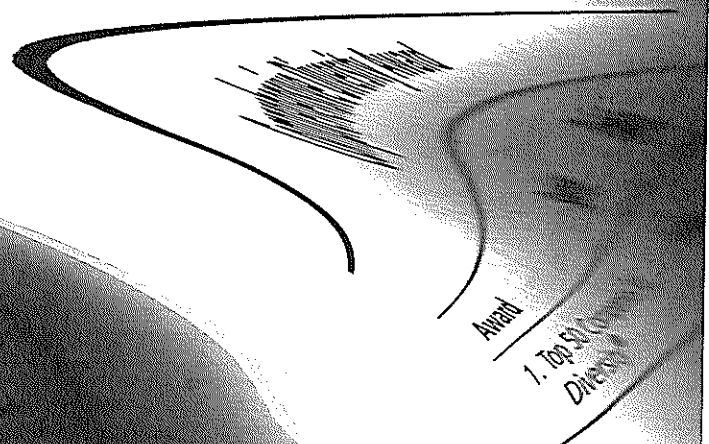
BEST PRACTICES Many sponsors compile a list of the best practices they find in the applications they process. Some publish these practices; others offer them for sale. Published lists of winners often indicate why the winners were selected. While the “reasons” may not be explained in much detail, they can give other organizations ideas for improving their own diversity initiatives.

THE AWARDS To bring some order to the confusing array of awards, they are grouped here into broad categories based upon their principal focus. Each category is illustrated with brief descriptions of a few national awards drawn from public information.

- Section II. *Comprehensive Diversity Awards*
These awards
 - (a) first specify the *type of organization(s)* that are eligible and then
 - (b) focus on the characteristics and quality of the corporate culture and the diversity efforts of these organizations.
- Section III. *Diversity Innovation Awards*
These awards focus on the *innovative character* of diversity programs and practices, with some ignoring the type of organization and others restricting competition to a particular type of organization.
- Sections IV & V. *Special Interest Awards*
These awards
 - (a) first define *the group(s) that the diversity programs serve* and then
 - (b) focus on the characteristics and quality of the programs and practices.

SECTION II. COMPREHENSIVE DIVERSITY AWARDS

Comprehensive awards consider diversity programs and practices in general and are inclusive of all racial, ethnic and minority groups.



...of diversity-management practices and outcomes. From its applications for 2013 awards, DiversityInc also created 15 "special interest" award lists and a number of individual "Diversity Special Awards." There is no application fee.

Criteria include multiple measures of demonstrated consistent strength in four equally weighted areas: (1) CEO commitment to diversity, (2) human capital in five levels of management, (3) internal and external organizational communications, and (4) supplier diversity. Greater criteria detail for each of the four areas appears on the web site. (Search: DiversityInc Top 50 Methodology. Click on 2013 sites.)

Selection Method. The 2013 awardees were selected from a pool of 893 surveys containing 300 empirical questions with predetermined (undisclosed) weightings. A point system was used.

Results. Every company that applies receives a free report card measuring its performance overall and within the four areas.

SECTION III. DIVERSITY INNOVATION AWARDS

Innovation means different things in different awards. For some it means originality. For others it means the introduction of programs and practices that are new to the organization, but not necessarily original. The Innovation Awards exhibit includes one award specifically designed to acknowledge innovative programs and one special interest award for which innovation is one of several criteria.

Diversity Innovation Awards		
Award	Sponsor	Eligibility
2. International Innovation in Diversity Awards (general)	<i>Profiles in Diversity® Journal</i>	Organizations and institutions, individuals and teams
3. Applause Awards (women)*	Women's Business Enterprise Council	National and Intern'l; individuals, corporations, organizations

Note: *innovation is one of several criteria for this award

2. International Innovation in Diversity Awards (*Profiles in Diversity® Journal*)

These awards aim to encourage organizations to implement innovative programs, projects, or practices that will help to improve diversity inclusion. Innovations can be new ideas, methods, services or processes. In 2012, *Diversity Journal* published its ninth annual list announcing 23 awards. (<http://www.diversityjournal.com> click: awards)

Criteria. Selection is based on evidence of program effectiveness and ease of implementation. The innovation (1) must have been launched within the previous five years,

(2) delivered a positive outcome on diversity management, staff recruitment and/or toward inclusiveness and (3) improved equity in the workplace. The application requires an Executive Summary of not to exceed 500 words. Two high resolution photos may be added. PowerPoint presentations, charts, videos and other files are not acceptable. The application fee is \$250.

Presentation of the innovation must include: (a) the particularly novel or noteworthy aspect about the innovation, (b) the purpose or goal, (c) resources employed to implement it (e.g., management support, funding, staffing, communication tools), (d) benefits and positive changes achieved, and (e) evidence of effectiveness.

3. Applause Awards (WBE: Women’s Business Enterprise Council)

In 2013, the Women’s Business Enterprise Council presented its 14th annual awards for exceptional accomplishments that increase opportunities for women’s business enterprises (WBEs) (<http://www.wbenc.org/?id=342>).

Criteria. Initiatives include significant impact on the growth of WBEs, creation of policies, procedures or initiatives that increase opportunities for WBEs; and innovative and inspirational leadership on behalf of women business owners and their companies. The contribution must be national or international, not just regional, in scope.

Selection Method. No formal application process is used; recommendations by e-mail are accepted. Applications are judged by an internal panel from the WBE National Council plus selected corporate representatives.

SECTION IV. SPECIAL INTEREST AWARDS: RACE AND ETHNICITY

Awards in this category tend to be sponsored either by organizations representing a specific minority constituency such as AARP awards given for diversity initiatives benefiting older workers or they are “segment” lists derived from larger data bases such as DiversityInc’s Top 100 Companies for People with Disabilities. The first set of special interest awards focuses on race and ethnicity.

Special Interest Awards: Race and Ethnicity

Award	Sponsor	Eligibility
4. Best Companies Awards (6)	Asia Society	Fortune 500 Employers

10 Best Companies for
Diversity

Black Enterprise
Magazine

Top 1,000 publicly-traded com-
panies and 100 leading global
corporate

The Wall Street
Journal
and Diversity
Magazine

4. Best Companies Awards (Asia Society)

A landmark survey in 2010 designed to strengthen Asian and American relations, resulted in the presentation of four Best Company Awards: Overall Best Company for Asian Pacific Americans to Work For; Best Company for Asian Pacific Americans to Develop Workforce Skills, Asian American Community Award, and Best Company in Promoting Asian Pacific Americans into Senior Leadership Positions. In 2013, two additional awards were made: Best Company for Minority Asian Pacific Americans and Best Company with the Most Innovative Practices. In addition, the "Honor for Distinguished Practice" is given to one company in these two categories. There is no cost to apply (<http://sites.asiasociety.org/diversityforum/awards>).

Criteria. Specific criteria were not listed on the web site.

Selection Method. An electronic survey, designed and administered by an independent company, was distributed to Asian Pacific American (APA) employees. Corporate chief diversity officers also described their programs, policies and activities supporting APA employees. Results from both sets of data were compared. Judging procedures were not published.

Results. Companies get free report comparing them to other companies with overall, item and dimension analyses, plus listing of strengths and areas for improvement.

5. 40 Best Companies for Diversity (Black Enterprise Magazine)

Black Enterprise magazine awards focus on activities related to the participation of African Americans and to some extent, members of other ethnic minority groups in their companies. In July 2013, the ninth annual listing was published (<http://www.blackenterprise.com/diversity/diversity-list-2009>).

Criteria. The survey measures the percentage of African Americans and members of other ethnic minority groups in the company's (a) total workforce, (b) board of directors and (c) senior management as well as (d) supplier diversity: the percentage of total procurement dollars spent with companies owned by African Americans and other ethnic minorities. Weights assigned to the four categories differ in different years. Marketing and outreach (e.g., advertising, promotions, community outreach and scholarships) were also surveyed.

Selection Method. The survey was sent to the 1,000 of the top publicly traded companies and to 100 leading global companies operating in the U.S. A total score for each company was derived from quantitatively measured performance in each survey category. Scores in the senior management and supplier diversity categories were weighted more heavily.

6. The NAACP Opportunity and Diversity Report Card

The NAACP does not give awards *per se*, but rather creates a report card focusing on the diversity and inclusion found in the leading companies of a single industry. Industries are selected for potential for creating jobs and wealth in the African American community and other communities of color. The 2012 report focuses on the hotel and resort industry, analyzing and reporting on the performance of the top five grossing U.S. companies (Search: NAACP Opportunity and Diversity Report Card).

Criteria. For each company, the Report Card analyzes the percentage of African Americans and people of color: (a) on its governing board, (b) at multiple employee levels, (c) hired or promoted, (d) among its suppliers and (e) among its property managers and owners. Hotel and resort data came from the companies themselves and industry data from reports of the U.S. OEO Commission, U.S. Census Bureau and the Alliance for Board Diversity.

Rating Method. The data from each company was compared to industry-wide data and each company was given a letter grade (A+ thru C, & F) on each of the five criteria. Grades for the five criteria were weighted as follows: (a) governing board, 10%, (b) employee diversity, 40%, (c) hires and promotions, 10%, (d) suppliers, 20% and (e) managers and owners, 20%.

Results. A summary letter grade was computed for African Americans and one for People of Color. All grades are published on the Internet. The report includes an extensive lodging industry profile.

7. 50 Best Companies of the Year (*Latina Style Magazine*)

In 2012, *Latina Style* announced its 11th evaluation of corporations offering the best career opportunities for Latinas in the U.S. (<http://latina50.latinastyle.com/press.php>).

Criteria. Principal areas of evaluation include: number of Latina executives, Latina retention, mentoring programs, alternative work policies, employee benefits, women's issues, job retraining, affinity groups and Hispanic relations. Criteria are weighted, but the weights are not published (<http://latina50latinastyle.com> click: Chat with Criteria).

Selection Method. A multi-step selection process begins with a survey sent to the Fortune 1000 companies. "Each survey category (employee statistics, employee benefits, recruitment and procurement, career advancement opportunities, diversity initiatives/strategies, and additional programs and policies) is evaluated separately, and then in its entirety. Each company is compared to its own previous performance and also to similar companies. Hispanic community involvement and philanthropic efforts are considered as are data pertaining to Hispanic women. Each company is ranked on a point scale ranging from 0 to 15 for each criterion. The final list is reviewed and approved by an external committee comprised of senior officials from the U.S. Department of Labor and the U.S. Equal Employment Opportunity Commission (<http://latina50.latinastyle.com> click: Survey).

Results. Large charts reporting on multiple criteria for each company are published on the web (<http://www.latinastyle.com> Click on "LS 50 special report").

SECTION V. SPECIAL INTEREST AWARDS: AGE, DISABILITY, SEXUAL ORIENTATION AND GENDER

A second set of Special Interest awards crosses all racial and ethnic lines. These awards recognize organizations with programs or practices that benefit minority groups based on characteristics such as age or sexual orientation.

Special Interest Awards: Age, Disability, Sexual Orientation & Gender

Seniors Awards	Sponsor	Eligibility
8. Best Employers for Workers Over 50	AARP (American Ass'n of Retired Persons) & SHRM (Soc. for Human Resources Management)	Any U.S.-based employer: minimum 50 employees
Disabilities Awards		
9. Top 10 Companies for People with Disabilities*	DiversityInc	Minimum 1,000 employees*
Sexual Orientation Awards**		
10. Corporate Equality Index for Workplace Equality Innovation	Human Rights Campaign Found.	Large private-sector U.S. businesses
Women's Awards**		
11. Working Mother 100 Best Companies	Working Mother Magazine (NAFE)	Public/private non-gov't with minimum 500 employees, pd maternity leave, flex benefits. No work/life or child care firms
12. Catalyst Award (women)	Catalyst	No restrictions

Note: *Selected from DiversityInc's Top 50 Companies for Diversity® database.

**DiversityInc also publishes separate lists for Sexual Orientation (LGBT) and Executive Women from its Top 50 Companies for Diversity® database.

8. Best Employers for Workers Over 50 (AARP & SHRM)

AARP recognizes companies and organizations that lead in initiating practices beneficial to a multigenerational workforce. This list first appeared in 2001 and is now published every two years (<http://www.aarp.org/work/employee-benefits> Search keyword: Best Employers Awards).

Criteria. Award considerations include: (1) recruiting patterns, (2) opportunities for training, education, and career development, (3) workplace accommodations, (4) alternative work options, such as flexible scheduling, job-sharing, and phased retirement, (5) employee health and pension benefits and (6) benefits for retirees.

Selection Method. Applications initially rated by an independent survey firm and submitted to an independent panel of judges of private sector, nonprofit, and government labor expert and then vetted to a second independent firm. The survey form can be downloaded by registered organizations.

Results. All applicants receive feedback comparing their organizations to other applicants.

Global Notes.....AARP International

AARP Best Employers for Workers Over 50 Award—International

This award parallels the AARP American Award, but recognizes *non-U.S.*—based employers with innovative workforce and/or human resource practices beneficial to age 50+ workers and that provide models for the aging workforce of tomorrow. It also honors employers that recognize long-term employees for their commitments.

9. Top 10 Companies for People with Disabilities® (DiversityInc)

This is one of the annual specialty lists drawn from the pool of applicants for DiversityInc's Top 50 Companies for Diversity® (<http://www.diversityinc.com>).

Criteria. DiversityInc examines recruiting programs, workplace accommodations, work/life benefits, supplier-diversity initiatives and employee-resource groups for people with disabilities and/or caregivers. Philanthropic and outreach efforts are also considered. DiversityInc holds discussions with disability organizations for supplemental information.

Selection Method. The survey and procedures are the same as those of the DiversityInc Top 50 Companies for Diversity®. Details of the methodology are not published.

10. Corporate Equality Index (CEI) for Workplace Equality Innovation (CEI Index) (Human Rights Campaign Foundation)

The Human Rights Campaign Foundation does not give awards as such, but rather measures how fairly large, private sector businesses in the United States treat their lesbian, gay, bisexual and transgender employees, consumers and investors. The CEI began in 2002 (www.hrc.org/cei).

Criteria. Main criteria: (1) equal employment opportunity policy that includes sexual orientation and gender identity or expression; (2) employment benefits that include equivalent spousal and partner medical benefits, parity between employees with different-sex and same-sex spouses and partners and equal health coverage for transgender individuals without exclusion for medically necessary care; (3) organizational LGBT competency that includes training, resources or accountability measures and employee group or Diversity Council; (4) public engagement that includes LGBT recruitment efforts and philanthropic efforts; and (5) responsible citizenship. Greater detail available on website.

Selection Method. Invitations are sent to large and successful U.S. employers drawn from Fortune magazine's 1,000 and the American Lawyer's Top 200 Revenue-grossing Law Firms. Additionally, private-sector employers with 500 or more full-time U.S. employees can self-nominate. The survey is published on-line and available to the public. Researchers examine the policies and practices of the participating businesses. Criteria subcategories are weighted with the points awarded for each subcategory published. Ratings are criterion-based rather than competition-based. Businesses are rated on a scale from 1-100 with a specified number of points for meeting each criteria; partial credit awarded for partial achievement.

Results. Each company receives a free scorecard comparing its overall performance globally and within its industry in terms of (a) nondiscrimination policies and diversity, (b) benefits, (c) employee groups and diversity councils and (d) external engagement.

11. Working Mother 100 Best Companies (National Association for Female Executives, *Working Mother Magazine*)

2012 marked the 27th year that the magazine identified the "100 Best"—companies that encouraged development of new programs to help working moms to balance work and family. *Working Mother* also publishes other specialty lists (<http://www.workingmother.com> Click on: Best Companies Categories).

Criteria. (1) workforce profile, (2) benefits, (3) women's issues and advancement, (4) child care, (5) flexible work, (6) paid time off and leave, (7) company culture and (8) work-life programs. Criteria are weighted, but weights are not disclosed. Particular weight was given to child care, flexible scheduling options and advancement programs.

Selection Method. Organizations self-nominate and complete a 500 item online survey (available only to registered applicants) concerning workforce representation, child care, flexibility programs, leave policies. The usage, availability and tracking of programs and the accountability of managers overseeing the programs are also questioned. An essay on best practices to support working mothers is included as well as the organization's involvement in, and handling of sex discrimination cases.

Results. All applicants receive a free scorecard comparing them to other applicants in terms of usage, availability and tracking of programs and accountability of managers who oversee them.

12. Catalyst (Catalyst)

Catalyst annually honors organizations with innovative approaches evidenced by demonstrated results that address the recruitment, development and advancement of all managerial women. First awarded in 1987, some 79 initiatives in 72 organizations from around the world have been recognized (<http://www.catalyst.org/> Click on: Catalyst Award).

Criteria. Business rationale, senior management support, accountability, communication, replicability, originality and measurable results are examined. Details about each criterion are on the web site. There is an application fee of \$3,500 and the requirement that the CEO or Managing Partners/Directors attend the award ceremony (<http://www.catalyst.org/> Click: Catalyst Award; click: Apply for the Catalyst Award).

Selection Method. The application contains primarily qualitative questions with change outcomes requiring numeric data. Selection processes include telephone interviews and on-site interviews and focus groups with executive management, high-level women, human resources professional and other employees. The application questions are public and appear on the web site. (ibid.)

Judges are aware of the identity of the organizations they review. A committee review is made from three perspectives: (a) numeric data (minimum of three years of documented evidence of impact (change outcomes) required with data showing improvement), (b) the pool of current nominations and (c) against previous award winners. Finalists receive over 500 hours of assessment.

Results. Finalist organizations that do not win have the opportunity to receive a feedback session.

SECTION VI. THE DECISION TO APPLY

COSTS AND RISKS Most national awards are given by magazines or by industry associations and most do not charge an application fee. Applying for a national award is costly even without an application fee because of the expense in compiling all the application information. There are also some risks in applying. An organization's affairs are opened to scrutiny by outsiders, thereby risking disclosure of company secrets.

Even for the winners there can be negative consequences. In 2005 for example, anti-gay groups targeted Kraft for its sponsorship of the 2006 Gay Games (DiversityInc, 2005) and for nine years, The American Family Association boycotted Disney for gay activities such as providing domestic partner benefits and hosting "Gay Day" at theme parks (HRC, 2005).

Negative consequences for winners may also result from failing to win or from lower ratings in following years—an embarrassment for managers, shareholders and the board of directors. Winning creates internal and external pressures to stay on the list and organizations wishing to stay on a list must show constant improvement—a stated criterion for some awards. Winning gets harder each year as more companies compete and competitors improve their programs. Winning also raises employee expectations ... "If we're so good, why don't we have..."

BENEFITS TO THE ORGANIZATION Given the costs and the risks, why do organizations apply? What might they gain and are the potential benefits really worth it?

Business Case for Diversity Unfortunately, the financial impact of winning is both complex and costly to measure. Because it is difficult to separate diversity from overall good management, impact studies are few and they have focused on measuring differing outcomes:

Shareholder Return. DiversityInc analyzed the stock market performance of publicly traded companies and found an important and long-established correlation between diversity management and share-holder return" (Visconti & Peacock, 2005).

Productivity. In 2005, the National Urban League's large investigation found that effective diversity programs had 18 percent greater productivity than the overall American economy (NUL, 2005).

Revenue & Growth. McKinsey *et al.* reported that companies effectively managing the diversity of their people saw increases in revenue, growth, stock prices, market valuation, and net-incomes (USEEOC, 2008, p. 15).

Even though the findings of financial impact are only correlational rather than causal, i.e., diversity efforts are associated with financial gain, but there is no proof they cause this gain, organizations are increasingly convinced that diversity efforts do indeed affect the bottom line.

Human Capital Benefits National awards are viewed as badges of quality. They bestow credibility and high visibility—powerful recruiting tools, an especially valuable asset in light of the McKinsey finding that the most important resource for companies over the next 20 years will be the diversity among its employees (Santocito, 2007, p. 1; USEEOC, 2008).

National recognition may not only impact recruiting, but may also improve workforce retention and consumer loyalty (DiversityInc, 2007, July/August, p. 45). Thus, forward-thinking

organizations now focus on the new demographics of the minority workforce and the global and minority consumer markets.

The Pressures of Changing Demographics

THE MINORITY WORKFORCE *The minority workforce is increasing greatly in both size and in percentage of the total workforce and by mid-century will comprise more than half of the U.S. workforce. It is forecast that by 2050, immigrants will comprise nearly 19 percent of the U.S. populations compared with 12 percent in 2005, thus underscoring the arguments that diversity recruitment and retention efforts will become even more critical as the war to gain talent escalates (Pew Research Center 2008, February 11).*

THE MINORITY CONSUMER FORCE The purchasing power of U.S. minority racial and ethnic groups is growing rapidly in dollar value and in market share. The composition of the workforce directly links to these consumer markets. It is important that employees look like and understand the culture and buying practices of the diverse niche marks that businesses want to serve (Greg Smith in Trebilcock, 2007).

This becomes very important in light of the growing movement among minorities to buy from companies that support their groups, support that includes worker inclusion, supplier purchasing and community event support.

What have **sponsors** learned about making awards? Examination of award criteria and selection practices suggests that a number of quality controls have been developed. Some examples are:

- Programs and practices must be in existence for a specified length of time. Initiatives created shortly before the application are too new to demonstrate sustained effectiveness and those created too far in the past no longer qualify as innovative.
- Programs and practices must have demonstrated (documented) consistent strength. Some programs start well, but falter with implementation problems.
- Companies are compared to others in their industries and employee skill sets e.g., an engineering company is likely to have a small pool of women compared to a retail company.
- Evaluation criteria have preset weightings and minimum achievement requirements to avoid after-the-fact bias and inadequate performance levels.
- The minimum required workforce numbers are only for **full-time** employees. Seasonal employees can temporarily swell diversity percentages.
- The minimum required workforce numbers are for U.S.-based employees; global employees distort diversity numbers.
- The percentages of minority members holding line rather than staff jobs asks organizations to figure out which managers at every level are responsible for their units' bottom lines and what percentage of those managers are women.
- Companies must report the usage and availability of programs because a great program serves no purpose if no one is using it.
- Companies must report the number of minorities in each workforce level.
- Supplier diversity companies are audited and must have third party certification.
- Diversity improvements must be documented with objective data.
- Distribution of diverse workforce groups must ensure they are not isolated at specific work sites or departments of the organization.
- Class action lawsuits and the organization's response to them are considered