chapter 2

Managing Diversity: Releasing Every Employee's Potential

Learning Objectives

When you finish studying the material in this chapter, you should be able to:

LO.1 Define diversity and review the four layers of diversity.

LO.2 Explain the difference between affirmative action and managing diversity.

LO.3 Explain why Alice Eagly and Linda Carli believe that a woman's career is best viewed as traveling through a labyrinth.

LO.4 Review the demographic trends pertaining to racial groups, educational mismatches, and an aging workforce.

LO.5 Highlight the managerial implications of increasing diversity in the workforce.

LO.6 Describe the positive and negative effects of diversity by using social categorization theory and information/decision-making theory.

LO.7 Identify the barriers and challenges to managing diversity.

LO.8 Discuss the organizational practices used to effectively manage diversity as identified by R Roosevelt Thomas Jr.

Why Did Management Ignore Complaints of Sexual Harassment?

Michelle Barfield was prepared for prisoners to harass her when she started her new job as an Arizona Department of Corrections officer at the maximum-security unit in Florence two years ago.

What Barfield did not count on was receiving worse treatment from her co-workers.

A federal jury found the treatment Barfield endured from a group of male co-workers, including vulgar comments about sexual acts and references to her interracial marriage, was unacceptable. The jury awarded her more than $600,000 in U.S. District Court last week. . . .

Corrections Director Charles Ryan said the agency is taking harassment claims seriously and has implemented an additional training program for supervisors since Barfield's allegations came to light. . . .

Barfield said her allegations of harassment were ignored or minimized by supervisors at the prison in Florence, so she remains skeptical about the agency's commitment to dismantling the corrections officers' "boys clubs" that she said dominate some units around the state. . . .

Barfield claims the harassment began almost as soon as she started working in Florence's Central Unit in November 2008, with her co-workers making comments about her looks, her body, and her motivations for working in a prison.

"They said, 'No girl wants to work here unless they want to (have sex with) an inmate or another officer,'" Barfield recalled in a recent interview.

At first, Barfield said, she told the other corrections officers not to speak to her that way. Then she tried ignoring it.

Her fellow officers told Barfield that their behavior—including handcuffing Barfield to an inmate's cell and tearing her rotator cuff in an unsolicited wrestling match—were part of an initiation into the unit.

As time went on without her co-workers changing their behavior, Barfield brought the situation to the attention of a commander.

The commander, Sgt. David Wall, initially encouraged her to not file a report "so it wouldn't become a (human resources) issue," Barfield said.

Wall was later reprimanded by a deputy warden in Florence. . . .

One officer was fired, but the situation hardly improved. Other officers responded by not communicating with her, a danger in that work environment.

Word also got out in the prison yard of Barfield's interracial marriage. Soon, suspected members of a White supremacist prison gang began making remarks about her marriage.[1]

The chapter-opening vignette illustrates sexual harassment. **Sexual harassment** reflects unwanted sexual attention that creates an adverse or hostile work environment and it is more widespread than you might think. A recent poll of 12,000 people in 24 countries showed that 10% were sexually or physically harassed.[2] Sexual harassment is a violation of Equal Employment Opportunity laws in the United States, and it negatively affects victims like Michelle Barfield in multiple ways.

Effectively managing diversity is important because it affects employees' satisfaction, productivity, turnover, and safety, but it also makes good business sense. Unfortunately, some organizations like the Arizona Department of Corrections and Walmart are missing the mark when it comes to managing diversity, and the result can be costly lawsuits. Michelle Barfield received more than $600,000 from the Arizona Department of Corrections, and Walmart settled a class-action discrimination case for $12 million in 2010. Walmart is currently facing another class-action lawsuit that involves 1.5 million female employees who claim they were paid less than men for doing similar work and that they were given fewer promotional opportunities than men. The US Supreme Court is planning to hear the case.[3]

Managing diversity is a sensitive, potentially volatile, and sometimes uncomfortable issue. Yet managers are required to deal with it in the name of organizational survival. Accordingly, the purpose of this chapter is to help you get a better understanding of this important context for organizational behavior. We begin by defining diversity. Next, we build the business case for diversity and then discuss the barriers and challenges associated with managing diversity. The chapter concludes by describing the organizational practices used to manage diversity effectively.

LO.1 Defining Diversity

Diversity represents the multitude of individual differences and similarities that exist among people. It is not an issue of age, race, or gender. It is not an issue of being heterosexual, gay, or lesbian or of being Catholic, Jewish, Protestant, Muslim, or Buddhist. Diversity also does not pit white males against all other groups of people. Diversity pertains to the host of individual differences that make all of us unique and different from others.

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

Layers of Diversity

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

Figure 2–1 shows that personality is at the center of the diversity wheel. Personality is at the center because it represents a stable set of characteristics that is responsible for a person's identity. The dimensions of personality are discussed later in Chapter 5. The next layer of diversity consists of a set of internal dimensions that are referred to as surface-level dimensions of diversity. These dimensions, for the most part, are not within our control, but they strongly influence our attitudes and expectations and assumptions about others, which, in turn, influence our behavior. Take the encounter experienced by an African American woman in middle management while vacationing at a resort:

figure 2–1 The Four Layers of Diversity
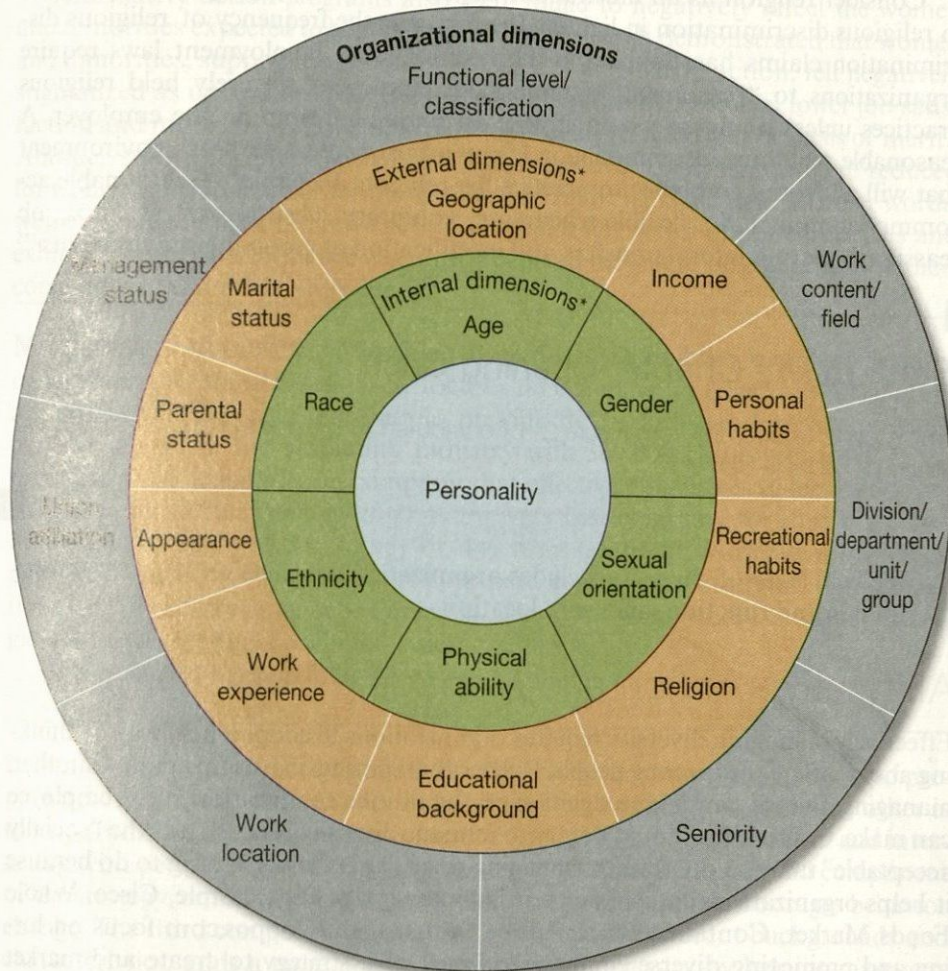
*Internal dimensions and external dimensions are adapted from Marilyn Loden and Judy B Rosener, *Workforce America!* (Homewood, IL: Business One Irwin, 1991).

SOURCE. L Gardenswartz and A Rowe, *Diverse Teams at Work: Capitalizing on the Power of Diversity* (New York: McGraw-Hill, 1994), p 33. © 1994.

Example. While I was sitting by the pool, "a large 50-ish white male approached me and demanded that I get him extra towels. I said, 'Excuse me?' He then said, 'Oh, you don't work here,' with no shred of embarrassment or apology in his voice."[4]

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

Figure 2–1 reveals that the next layer of diversity is composed of external influences, which are referred to as secondary dimensions of diversity. They represent individual differences that we have a greater ability to influence or control. Examples include where you grew up and live today, your religious affiliation, whether

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sexual harassment Unwanted sexual attention that creates an adverse or hostile work environment.

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

you are married and have children, and your work experiences. These dimensions also exert a significant influence on our perceptions, behavior, and attitudes.

Consider religion as an illustration. Organizations are paying more attention to religious discrimination in light of the fact that the frequency of religious discrimination claims has doubled in the last 15 years. Employment laws require organizations to "reasonably accommodate employees' sincerely held religious practices unless doing so would impose an undue hardship on the employer. A reasonable religious accommodation is any adjustment to the work environment that will allow the employee to practice his religion. Examples of reasonable accommodation include: flexible scheduling, voluntary substitutions or swaps, job reassignments and lateral transfers, and modification of grooming requirements."[5]

Back to the Chapter-Opening Case

Which layers of diversity from Figure 2–1 contributed to the sexual harassment experienced by Michelle Barfield?

The final layer of diversity includes organizational dimensions such as seniority, job title and function, and work location.

LO.2   Affirmative Action and Managing Diversity

Effectively managing diversity requires organizations to adopt a new way of thinking about differences among people. Rather than pitting one group against another, managing diversity entails recognition of the unique contribution every employee can make. Companies should not try to manage diversity because it is the "socially acceptable" thing to do. Rather, managing diversity is the right thing to do because it helps organizations to achieve their business goals. For example, Cisco, Whole Foods Market, Container Store, Adobe Systems, and Zappos.com focus on hiring and promoting diverse employees as part of a strategy to create and market products appealing to a broader and more diverse customer base.[6] This section highlights the differences between affirmative action and managing diversity.

Affirmative Action   Affirmative action is an outgrowth of equal employment opportunity (EEO) legislation. The goal of this legislation is to outlaw discrimination and to encourage organizations to proactively prevent discrimination. **Discrimination** occurs when employment decisions about an individual are due to reasons not associated with performance or are not related to the job. For example, organizations cannot discriminate on the basis of race, color, religion, national origin, sex, age, physical and mental disabilities, and pregnancy.

In contrast to the proactive perspective of EEO legislation, **affirmative action** is an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mistake, or outright discrimination that occurred in the past. Affirmative action does not legitimize quotas. Quotas are illegal. They can only be imposed by judges who conclude that a company has engaged in discriminatory practices. It also is important to note that under no circumstances does affirmative action require companies to hire unqualified people.

Although affirmative action created tremendous opportunities for women and minorities, it does not foster the type of thinking that is needed to effectively manage diversity. For example, a meta-analysis summarizing 35 years of research involving 29,000 people uncovered the following results: (1) affirmative action plans are perceived more negatively by white males than women and minorities because it is perceived to work against their own self-interests; (2) affirmative action plans are viewed more positively by people who are liberals and Democrats

than conservatives and Republicans; and (3) affirmative action plans are not supported by people who possess racist or sexist attitudes.[7]

Affirmative action programs also were found to negatively affect the women and minorities expected to benefit from them. Research demonstrated that women and minorities, supposedly hired on the basis of affirmative action, felt negatively stigmatized as unqualified or incompetent. They also experienced lower job satisfaction and more stress than employees supposedly selected on the basis of merit.[8] Another study, however, showed that these negative consequences were reduced for women when a merit criterion was included in hiring decisions. In other words, women hired under affirmative action programs felt better about themselves and exhibited higher performance when they believed they were hired because of their competence rather than their gender.[9]

Managing Diversity   **Managing diversity** entails enabling people to perform up to their maximum potential. It focuses on changing an organization's culture and infrastructure such that people provide the highest productivity possible. Sodexo, a firm in the hospitality industry with 380,000 employees in 80 countries, is a good example of a company that effectively manages diversity. Sodexo was rated by DiversityInc in 2010 as the very best company for diversity based on its annual 200-question survey of 449 firms (see Real World/Real People on page 38).[10] Ann Morrison, a diversity expert, conducted a study of 16 organizations that successfully managed diversity. Her results uncovered three key strategies for success: education, enforcement, and exposure.

She describes them as follows:

Example. The education component of the strategy has two thrusts: one is to prepare nontraditional managers for increasingly responsible posts, and the other is to help traditional managers overcome their prejudice in thinking about and interacting with people who are of a different sex or ethnicity. The second component of the strategy, enforcement, puts teeth in diversity goals and encourages behavior change. The third component, exposure to people with different backgrounds and characteristics, adds a more personal approach to diversity by helping managers get to know and respect others who are different.[11]

You can see from this description that Sodexo uses all of these diversity strategies.

In summary, both consultants and academics believe that organizations should strive to manage diversity rather than simply using affirmative action. More is said about managing diversity later in this chapter.

Building the Business Case for Managing Diversity

The rationale for managing diversity goes well beyond legal, social, and moral reasons. Quite simply, the primary reason for managing diversity is the ability to grow and maintain a business in an increasingly competitive marketplace. Consider what William Weldon, Chairman and CEO of Johnson & Johnson, had to say about managing diversity.

TO THE POINT

Which of the managerial implications of diversity are consistent with recommendations for reconciling the effects of diverse work environments?

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discrimination Occurs when employment decisions are based on factors that are not job related.

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

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

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Sodexo Ranked as Best Company for Managing Diversity

The deep leadership commitment to diversity is an integral part of Sodexo's moral fiber and strong ethics. Global CEO Michel Landel, U.S. President and CEO George Chavel, and Senior Vice President and Global Chief Diversity Officer Dr. Rohini Anand are constantly on the front lines of new and expanded diversity initiatives.

Sodexo has led every other company in its ability to implement, measure and assess strong internal diversity initiatives. Its Spirit of Mentoring program is an example for all organizations of a focused, practical and extremely comprehensive mentoring effort that includes advance training and benchmarks at regular intervals to examine how mentoring pairs are relating to each other and accomplishing goals.

Sodexo is at the forefront of creative ways to examine the ROI of diversity initiatives. Recently, for example, the company undertook a comprehensive study of more than 1,700 members of employee-resource groups to understand their perceived benefits of group participation.

The company's diversity training, mandatory for its entire work force, offers an example to others. Over the past five years, Sodexo has developed an integrated metrics tool that assesses behavior at all levels of the organization, including the C-suite. The company measures its progress with its Sodexo Diversity Index, an innovative scorecard that tracks both quantitative and qualitative results.

Sodexo also reaches out externally, holding forums and meetings with clients to improve their diversity initiatives and to help them understand how critical diversity is to everyone's success. Sodexo's strong reputation and proven success in diversity has led many of its clients to tell DiversityInc that's why they enhanced their business relationship with the food-service company.

How did Sodexo use the diversity strategies of education, enforcement, and exposure?

SOURCE: Excerpted from "No. 1: Sodexo." Retrieved December 27, 2010, from http://www.diversityinc.com/article/7252/.

Part of Sodexo's success is attributed to its progressive approach toward managing diversity. Would you like to work at the company?

Example. Diversity and inclusion are part of the fabric of our businesses and are vital to our future success worldwide. The principles of diversity and inclusion are rooted in Our Credo [the company's values] and enhance our ability to deliver products and services to advance the health and well-being of people throughout the world. We cannot afford to reduce our focus on these critical areas in any business climate.[12]

Many companies understand and endorse this proposition. Research also indirectly supports the logic of this strategy. For example, a study of 207 companies in 11 industries demonstrated that financial performance was higher when the organization's top management team (TMT) was diverse and collocated in the same location.[13]

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

This section explores the business need to manage diversity by first reviewing the demographic trends that are creating an increasingly diverse workforce. We

then summarize the managerial implications of demographic diversity and review evidence pertaining to the positive and negative effects associated with diverse work environments.

Increasing Diversity in the Workforce

Workforce demographics, which are statistical profiles of the characteristics and composition of the adult working population, are an invaluable human-resource planning aid. They enable managers to anticipate and adjust for surpluses or shortages of appropriately skilled individuals. Consider the implications associated with an aging population that will be retiring in record numbers over the next decade, a US birthrate that is too low to provide enough workers to meet future demands, a workforce in 2050 that is composed of 55% minority employees, a labor shortage caused by a population that does not possess the knowledge and skills needed in a knowledge economy, and one in seven US adults who lack the literacy skills to read anything beyond a child's picture book.[14] Experts predict that these demographic trends will create a serious shortage of skilled workers in the future.

Moreover, general population demographics give managers a preview of the values and motives of current and future employees. Demographic changes in the US workforce during the last two or three decades have immense implications for organizational behavior. This section explores the managerial implications of four demographic-based characteristics of the workforce: (1) women navigate a labyrinth after breaking the glass ceiling, (2) racial groups are encountering a glass ceiling and perceived discrimination, (3) there is a mismatch between workers' educational attainment and occupational requirements, and (4) generational differences in an aging workforce.

LO.3 **Women Navigate a Labyrinth after Breaking the Glass Ceiling** *The Wall Street Journal* journalists—Carol Hymowitz and Timothy Schellhardt—coined the term **glass ceiling** in 1986. The term *glass ceiling* was used to represent an absolute barrier or solid roadblock that prevented women from advancing to higher-level positions. This ceiling resulted in women finding themselves stuck in lower-level jobs, ones that do not have profit-and-loss responsibility, and those with less visibility, power, and influence. There are a variety of statistics that support the prior existence of a glass ceiling. For example, women earned 77 cents on the dollar relative to men's earnings in 2010, and women received fewer stock options than male executives, even after controlling for level of education, performance, and job function.[15] A recent longitudinal study of 4,100 MBA students from leading business schools also revealed four key trends: (1) men started their careers at higher levels than women even after controlling for work experience, industry, and region; (2) men reported higher starting salaries after controlling for job levels and industry; (3) men moved up the career ladder further and faster than women; and (4) men had higher career satisfaction over time than women.[16] These differences are a function of several potential causes:[17]

- Women face discrimination.
- Women spend more time handling domestic and child care issues than men.
- Women encounter more obstacles to their leadership and authority than men (e.g., negative stereotypes).
- Women accumulate less continuous work experience than men because they periodically exit the workforce for family or motherhood.

workforce demographics Statistical profiles of adult workers.

glass ceiling Invisible barrier blocking women and minorities from top management positions.

- Women have less social capital and lower breadth of personal networks than men.
- Organizations have increased demands for longer hours, travel, and relocation and these demands conflict with the domestic roles held by many married women.

Back to the Chapter-Opening Case

Which of the potential causes of discrimination played a role in Barfield's experience at the Arizona Department of Corrections?

Carol Hymowitz, the same journalist who initially introduced the metaphor of a glass ceiling, wrote an article in *The Wall Street Journal* in 2004 that concluded women had broken through the glass ceiling. This led renowned researcher Alice Eagly and her colleague Linda Carli to conduct a thorough investigation into the organizational life of women. They summarized their findings in a 2007 book titled *Through the Labyrinth.* These authors agreed with Hymowitz after analyzing many types of longitudinal data. We arrived at the following results after updating data reported in Eagly and Carli's book. There were many more female CEOs in 2010 (12 and 26 female CEOs within *Fortune* 500 and *Fortune* 1000 firms, respectively) and more women in managerial, professional, and related occupations (51% in 2009) than there were in the 1980s and 1990s.[18] Statistics further showed that women made great strides in terms of (1) educational attainment (women earned the majority of bachelor's, master's, professional, and PhD degrees from 2006 through 2010); (2) holding seats on boards of directors of *Fortune* 500 firms (a 6.1% increase between 1995 and 2010); (3) obtaining leadership positions in educational institutions (in 2010, women represented 18.7% of college presidents and 29.9% of board members); and (4) receiving federal court appointments (in 2010, 22% and 28% of federal district court judges and US circuit court judges, respectively, were women).[19]

You can interpret the above statistics in one of two ways. On the one hand, you might believe that women are underpaid and underrepresented in leadership positions and that they are victims of discriminatory organizational practices. Alternatively, you can agree with Alice Eagly and Linda Carli's conclusion that

Example. women have made substantial progress but still have quite far to go to achieve equal representation as leaders. . . . These statistics demonstrate considerable social change and show that women's careers have become far more successful than they were in the past. Men still have more authority and higher wages, but women have been catching up. Because some women have moved into the most elite leadership roles, absolute barriers are a thing of the past.[20]

Indra Nooyi, CEO of Pepsi, is a good example of someone who has successfully moved through a career labyrinth. She was rated as the most powerful woman in business in 2009 and 2010 by *Fortune.* She is very focused on growing Pepsi's revenues by offering healthier food and beverages.

These authors believe that women are not victims. Rather, they propose that a woman's career follows a pattern more characteristic of traveling through a labyrinth.

A labyrinth is represented by a maze and is defined as "an intricate structure of interconnecting passages through which it is difficult to find one's way."[21] Eagly and Carli used the labyrinth metaphor because they believe that a woman's path to success is

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CareFirst BlueCross BlueShield Helps Employees Move Up the Career Ladder

Julie Fisher began working for the company about 25 years ago as a claims examiner. "It's such a big company with so much opportunity," It helped, too, that Fisher's immediate bosses focused heavily on development and often acted as mentors, both formally and informally.

In fact, their mere presence was inspirational. "I would see different women here in the company being very successful and progressing and being valued," says Fisher. "There are a number of females in significant roles here and they are very accessible."

In fact, 62 percent of CareFirst's management team is female. And the organization has long had family-friendly policies in place—like flexible scheduling. "I've always had management that was very flexible," says Fisher, who had four children while working at CareFirst and at times had to take advantage of that flexibility. "In turn, I've made it a practice to ensure that flexibility was there as well" for other employees.

And now that her children are in college, Fisher is equally grateful for the company's benefits, including its retirement and saving plans.

SOURCE: Excerpted from C B Antoniades, "Best Places to Work 2010," *Baltimore Magazine.net,* February 2010, http://www .baltimoremagazine.net/features/2010/02/best-places-to-work-2010.

Julie Fisher is very happy with her employer's approach toward managing diversity.

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not direct or simple, but rather contains twists, turns, and obstructions, particularly for married women with children. Managers and organizations thus are advised to develop policies, procedures, and programs aimed at helping women to navigate their way through the maze of career success (see Real World/Real People featuring Julie Fisher at CareFirst BlueCross Blueshield above). More will be said about this later in this section.

LO.4 **Racial Groups Are Encountering a Glass Ceiling and Perceived Discrimination** Historically, the United States has been a black-and-white country. The percentage change in US population between 2000 and 2050 by race reveals that this pattern no longer exists (see Figure 2–2). Figure 2–2 shows that Asians and Hispanics are expected to have the largest growth in population between 2000 and 2050. The Asian population will triple to 33 million by 2050, and the Hispanics will increase their ranks by 118% to 102.6 million. Hispanics will account for 25% of the population in 2050. All told, the so-called minority groups will constitute approximately 55% of the workforce in 2050 according to the Census Bureau.

Unfortunately, three additional trends suggest that current-day minority groups are experiencing their own glass ceiling. First, minorities in general are advancing less in the managerial and professional ranks than whites. For example, whites, blacks, Asians, and Hispanics or Latinos held 38%, 29.21%, 48.8%, and 19.4% of all managerial, professional, and related occupations in the United States in 2009.[22] Second, the number of race-based charges of discrimination that were deemed to show reasonable cause by the US Equal Employment Opportunity Commission increased from 294 in 1995 to 1,061 in 2008. Companies paid a total of $79.3 million to resolve these claims outside of litigation in 2008.[23] Third, minorities also

figure 2–2 Percentage Change in US Population by Race

■ Anglo ■ Black ■ Asian ■ Hispanic

Population, in millions
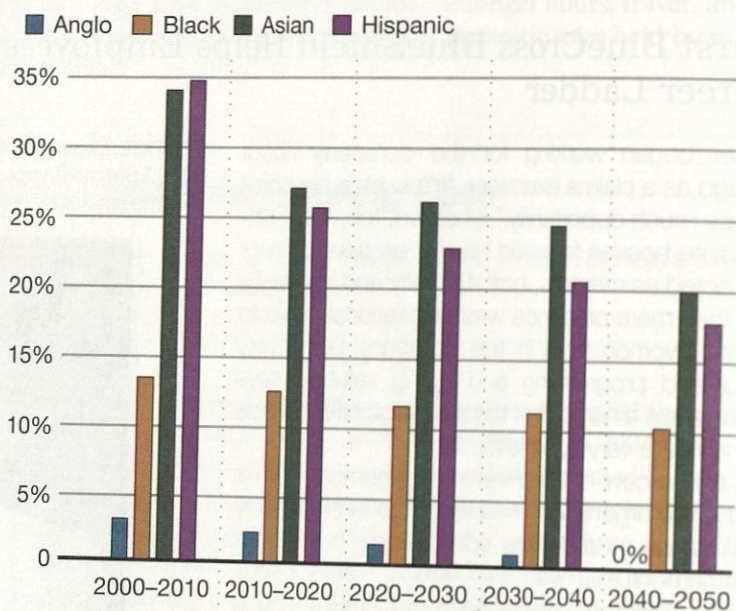
	2000–2010	2010–2020	2020–2030	2030–2040	2040–2050
Anglo	201.1 mil	205.9 mil	209.2 mil	210.3 mil	210.3 mil
Black	40.5	45.4	50.4	55.9	61.4
Asian	14.2	18.0	22.6	28.0	33.4
Hispanic	47.8	59.8	73.1	87.6	102.6

Source: US Census Bureau

Associated Press

SOURCE: G C Armas, "Almost Half of US Likely to Be Minorities by 2050," *Arizona Republic*, March 18, 2004, p A5. US Census Bureau, Table 1a, "Projected Population of the US by Race and Hispanic Origin: 2000–2050," www.census.gov/ipc/www/usinterimproj/. Used by permission of the Associated Press.

tend to earn less personal income than whites. Median annual earnings in 2009 were $51,861, $32,584, $65,469, and $38,039 for whites, blacks, Asians, and Hispanics, respectively. Interestingly, Asians had the highest median income.[24] Finally, a number of studies showed that minorities experienced more perceived discrimination, racism-related stress, and less psychological support than whites.[25]

Mismatch between Educational Attainment and Occupational Requirements   Approximately 28% of the labor force has a college degree, and college graduates earn substantially more than workers with less education.[26] At the same time, however, three trends suggest a mismatch between educational attainment and the knowledge and skills needed by employers. First, recent studies show that college graduates, while technically and functionally competent, are lacking in terms of teamwork skills, critical thinking, and analytic reasoning. Second, there is a shortage of college graduates in technical fields related to science, math, and engineering. Third, organizations are finding that high-school graduates working in entry-level positions do not possess the basic skills needed to perform effectively. This latter trend is partly due to a national high-school graduation rate of only 75% and the existence of about 32 million adults in the United States that are functionally illiterate.[27] Literacy is defined as "an individual's ability to read, write, and speak English, compute and solve problems at levels of proficiency necessary to function on the job and in society, to achieve one's goals, and develop one's knowledge and potential."[28] Illiteracy costs corporate America

around $60 billion a year in lost productivity. These statistics are worrisome to both government officials and business leaders.

The key issue confronting organizations in the United States, and any country that wants to compete in a global economy, is whether or not the population has the skills and abilities needed to drive economic growth. Unfortunately, results from a study commissioned by the National Center on Education and the Economy suggests that the United States is losing ground on this issue. Findings were summarized in a book titled *Tough Choice or Tough Times: The Report of the New Commission on the Skills of the American Workforce.* The authors arrived at the following conclusions based on their analysis.

Example. Whereas for most of the 20th century the United States could take pride in having the best-educated workforce in the world, that is no longer true. Over the past 30 years, one country after another has surpassed us in the proportion of their entering workforce with the equivalent of a high-school diploma, and many more are on the verge of doing so. Thirty years ago, the United States could lay claim to having 30 percent of the world's population of college students. Today that proportion has fallen to 14 percent and is continuing to fall.

While our international counterparts are increasingly getting more education, their young people are getting a better education as well. American students and young adults place anywhere from the middle to the bottom of the back in all three continuing comparative studies of achievement in mathematics, science, and general literacy in the advanced industrial nations.

While our relative position in the world's education league tables has continued its long slow decline, the structure of the global economy has continued to evolve. Every day, more and more of the work that people do ends up in a digitized form. From X rays used for medical diagnostic purposes, to songs, movies, architectural drawings, technical papers, and novels, that work is saved on a hard disk and transmitted instantly over the Internet to someone near or far who makes use of it in an endless variety of ways. Because this is so, employers everywhere have access to a worldwide workforce composed of people who do not have to move to participate in work teams that are truly global. Because this is so, a swiftly rising number of American workers at every skill level are in direct competition with workers in every corner of the globe.[29]

These conclusions underscore the fact that the mismatch between educational attainment and occupational requirements have both short- and long-term implications for organizations and countries alike. American companies are more likely to outsource technical work to countries like India and China, to hire more immigrants to fill entry-level positions, to spend more money on employee training, and to use phased retirement programs that encourage skilled employees to work beyond retirement age.

Generational Differences in an Aging Workforce

America's population and workforce are getting older. By 2011, half of the US workforce will be over 50 years of age, and 80% will be over 50 by 2018.[30] Life expectancy is increasing as well. The number of people living into their 80s is increasing rapidly, and this group disproportionately suffers from chronic illness. The United States is not the only country with an aging population. The United Nations estimates that 33% of the population in developed countries will be over the age of 60 by 2050, and one in three people will be pensioners. These statistics led some experts to conclude that the global financial crises in 2009–2010 "will be nothing compared with the costs of an aging global population."[31]

An aging population in the United States underscores a potential skill gap in the future. As those employees in the Baby-Boom generation retire—the

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CVS Caremark Implements Programs to Retain and Transfer Knowledge of Older Employees

CVS decided to implement a program aimed at transferring knowledge from older workers to younger ones upon learning that 7 percent of its employees were over 50.

Part of CVS's success stems from providing flexible programs and benefits that particularly appeal to older workers. A prime example is its "Snowbird" program, which allows older workers to transfer to different CVS/pharmacy locations on a seasonal basis. . . . "The retention rate of the snowbirds is significantly higher than the industry average," says David L. Casey, vice president, diversity officer for CVS Caremark. The program enables CVS to manage the swell of business in warm-climate stores during the winter, and the snowbirds drive customer loyalty. . . .

Another program CVS is piloting in Chicago has older pharmacists—some still working, some retired—mentor pharmacy technicians and high school students. It has proven to be as much a learning experience for the mentors as the mentees.

How does the Snowbird program drive customer loyalty?

SOURCE: Excerpted from J Mullich, "Coming of Age," *The Wall Street Journal,* October 7, 2010, p B6.

CVS Caremark operates more pharmacies than any other company in the United States. The company credits part of its success to its progressive approach toward diversity.

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78 million people born between 1946 and 1964—the US workforce will lose the skills, knowledge, experience, and relationships possessed by the more than a quarter of all Americans. This situation will likely create skill shortages in fast-growing technical fields. Proactive companies like CVS Caremark have already implemented programs aimed at overcoming this knowledge transfer problem (see Real World/Real People above).

In addition to the challenges associated with an aging workforce, the four generations of employees working together underscores the need for managers to effectively deal with generational differences in values, attitudes, and behaviors among the workforce: A fifth generation will enter the workforce around 2020. For example, companies such as IBM, Lockheed Martin, Ernst & Young LLP, and Aetna have addressed this issue by providing training workshops on generational diversity.

Table 2–1 presents a summary of generational differences that exist across commonly labeled groups of people: Traditionalists, Baby Boomers, Gen Xers, Millennials (also knows as Gen Ys), and the forthcoming Gen 2020 group. Before examining these proposed differences, it is important to note that these labels and distinctions are generalizations and are used for the sake of discussion. There are always exceptions to the characterizations shown in Table 2–1 and all conclusions should be interpreted with caution.[32]

Table 2–1 reveals that Millennials account for the largest block of employees in the workforce, followed by Baby Boomers. This is important because many Millennials are being managed by Boomers who possess a very different set of personal traits. Traits, which are discussed in Chapter 5, represent stable physical and mental characteristics that form an individual's identity. Conflicting traits are likely to create friction between people. For example, the workaholic and

table 2–1 Generational Differences

	TRADITIONALISTS	BABY BOOMERS	GEN XERS	MILLENNIALS (GEN YS)	GEN 2020
Birth Time Span	1925–1945	1946–1964	1965–1979	1980–2001	2002–
Current Population	38.6 million	78.3 million	62 million	92 million	23 million
Key Historical Events	Great Depression, World War II, Korean War, Cold War era, Rise of suburbs	Vietnam War, Watergate, assassinations of John and Robert Kennedy and Martin Luther King, women's rights, Kent State killings, first man on the moon	MTV, AIDS epidemic, Gulf War, fall of Berlin Wall, Oklahoma City bombing, 1987 stock market crash, Bill Clinton-Monica Lewinsky scandal	September 11th terrorist attack, Google, Columbine High School shootings, Enron and other corporate scandals, wars in Iraq and Afghanistan, Hurricane Katrina, financial crisis of 2008 and high unemployment	Social media, election of Barack Obama, financial crisis of 2008 and high unemployment
Broad Traits	Patriotic, loyalty, discipline, conformist, high work ethic, respect for authority	Workaholic, idealistic, work ethic, competitive, materialistic, seeks personal fulfillment	Self-reliance, work/life balance, adaptable, cynical, distrust authority, independent, technologically savvy	Entitled, civic minded, close parental involvement, cyberliteracy, appreciate diversity, multitasking, work/life balance technologically savvy	Multitasking, online life, cyberliteracy, communicate fast and online
Defining Invention	Fax machine	Personal computer	Mobile phone	Google and Facebook	Social media and iPhone apps

SOURCE: Adapted from J C Meister and K Willyerd, *The 2020 Workplace* (NewYork: Harper Collins, 2010), pp 54–55; and R Alsop, *The Trophy Kids Grow Up* (San Francisco: Jossey-Bass, 2008) p. 5.

competitive nature of Boomers is likely to conflict with the entitled and work/life balance perspective of Millennials. As discussed in the next section, managers and employees alike will need to be sensitive to the generational differences highlighted in Table 2–1 in the pursuit of effectively managing diversity.

We would like to close our discussion about age by highlighting results from two recent meta-analyses. Researchers in the first study wanted to investigate the relationship between age and 10 dimensions of performance: core task performance, creativity, performance in training workshops, helping behavior at work, safety performance, counterproductive work behaviors, aggression at work, substance abuse, tardiness, and absenteeism. Results demonstrated that older workers displayed more helping and safety-oriented behavior. Older workers also exhibited less workplace aggression, substance abuse, tardiness, and absenteeism. Age was predominantly unrelated to core task performance, creativity, and performance in training workshops.[33] The second meta-analysis summarized research from over 800 studies. Results revealed that age was positively related to job attitudes toward

work tasks, colleagues, supervisors, and organizations as a whole.[34] These two meta-analyses suggest that older employees can make valuable contributions in today's organizations.

LO.5 Managerial Implications of Demographic Diversity

It is important for organizations to draw the best talents and motivation from employees given the globally based and technologically connected nature of business. Organizations simply cannot afford to alienate segments of the workforce. Consider the issue of sexual orientation. A 2010 National Survey of Health and Behavior in the United States revealed that approximately 7% of women and 8% of men identify themselves as lesbian, gay, or bisexual. It also is currently legal in 30 states to fire employees who are lesbian or gay, and it is legal in 37 states to fire transgender individuals.[35] This situation is likely to create negative job attitudes and feelings of marginalization for lesbian, gay, bisexual, and transgender (LGBT) people.[36] Corporate law firm Bingham McCutchen and software developer Adobe Systems have tried to overcome this problem by instituting programs such as additional benefits for transgender employees and same-sex partner benefits.[37]

Regardless of sexual orientation, gender, race, or age, all organizations need to hire, retain, and develop a diverse workforce that provides a deeper pool of talent and unique perspectives that help the organization identify and meet the needs of a diverse customer base. For example, a Citizens Union Bank branch in Louisville, Kentucky, designed and staffed the branch with the goal of attracting more Latin American customers. The interior contains "bright, colorful walls of yellows and blues, large-scale photos of Latin American countries, comfortable couches, sit-down desks, a children's play area, a television tuned to Hispanic programming and even a vending area stocked with popular Latin American brand soft drinks and snacks. Along with its interior design, this branch has a different name: 'Nuestro Banco,' Spanish for 'Our Bank.'"[38] Branch deposits are setting records, and the CEO is planning to use this same model in other locations. The point to remember is that companies need to adopt policies and procedures that meet the needs of all employees. As such, programs such as day care, elder care, flexible work schedules, and benefits such as paternal leaves, less-rigid relocation policies, concierge services, and mentoring programs are likely to become more popular. In addition to this general conclusion, this section summarizes some unique managerial implications associated with effectively managing diversity in regards to demographic trends related to gender, race, education, and age.

Managing Gender-Based Diversity
Special effort is needed to help women navigate through the labyrinth of career success. Organizations can do this by providing women the developmental assignments that prepare them for promotional opportunities.[39] Laura Desmond, CEO of Starcom Media Vest/The Americas, suggests that women need to help themselves advance to senior-level positions. She believes that "getting to the top requires setting goals and persevering—along with a willingness to seek stretch assignments that challenge and yield broader experiences." Andrea Jung, chair and CEO of Avon Products, further recommends that women should find a company or industry that they love because "the hard work and sacrifices required are only possible if you are fully engaged in your company and enjoy what you do."[40]

Women also can help their own cause by following seven recommendations proposed by Alice Eagly and Linda Carli, authors of *Through the Labyrinth*.[41] First, focus on being exceptionally competent and seek mentors or sponsors: Mentoring is discussed in Chapter 3. Research shows that men get promoted more frequently than women because they are more likely to get sponsored by their bosses and informal mentors.[42] Second, network to build social capital. Social capital, as you may recall from Chapter 1, represents the totality of one's professional and personal relationships. Learning to play the game of golf may

represent one viable strategy in this pursuit. For example, Susan Reed, editor-in-chief of *Golf for Women,* concluded that "[w]omen are just now learning what men have known for years: that golf may be one of the best relationship-building tools there is—both for business and for pleasure. Women resist going out for the afternoon because they're generally too responsible, shortsightedly so. Like men, they need to realize that leaving the work on the desk (which will be there anyway) and going out to play golf with a valuable business prospect is a good decision."[43] Third, seek work/life balance by delegating housework or hiring domestic help. Fourth, improve your negotiating skills. Fifth, take credit for your accomplishments; men do. Sixth, work toward creating a partnership with your spouse that leads to a mutually supportive relationship. Interviews with female executives suggest that a supportive spouse is a key factor in their career success. For example, the spouse of Indra Nooyi, CEO of PepsiCo, quit his job so that he could take on more responsibility for raising their children and running the house.[44] Finally, develop an interpersonal style that balances the need to be assertive and communal.

Managing Racially Based Diversity

Organizations are encouraged to educate employees about negative stereotyping regarding people of color, particularly when it comes to selecting and promoting leaders. Negative stereotypes not only block qualified people from obtaining promotions, but they can undermine a person's confidence in their ability to lead.[45] Given the projected increase in the number of Hispanics entering the workforce over the next 25 years, managers should consider progressive methods to recruit, retain, and integrate this segment of the population into their organizations. For example, Miami Children's Hospital and Shaw Industries in Dalton, Georgia, attempted to improve employee productivity, satisfaction, and motivation by developing customized training programs to improve the communication skills of their Spanish-speaking employees.[46] Research further reveals that the retention and career progression of minorities can be significantly enhanced through effective mentoring.

David Thomas, a researcher from Harvard University, conducted a three-year study of mentoring practices at three US corporations: a manufacturer, an electronics company, and a high-tech firm. His results revealed that successful people of color who advanced the furthest had a strong network of mentors and sponsors who nurtured their professional development. Findings also demonstrated that people of color should be mentored differently than their white counterparts. He recommended that organizations

Example. should provide a range of career paths, all uncorrelated with race, that lead to the executive suite . . . . Achieving this system, however, would require integrating the principles of opportunity, development, and diversity into the fabric of the organization's management practices and human resource systems. And an important element in the process would be to identify potential mentors, train them, and ensure that they are paired with promising professionals of color.[47]

Managing Education-Based Diversity

Mismatches between the amount of education needed to perform current jobs and the amount of education possessed by members of the workforce are growing. This trend creates two potential problems for organizations. First, there will be a shortage of qualified people in technical fields. To combat this issue, both Lockheed Martin and Agilent Technologies offer some type of paid apprenticeship or internship to attract high-school students interested in the sciences. Other companies such as State Street, Fidelity, and Cisco are attempting to overcome skill gaps by encouraging employees to participate in skills-based volunteering projects. The goal of these projects is to increase targeted skills through volunteer activities.[48]

real WORLD // real PEOPLE

BMW Effectively Redesigns Its Plant in Bavaria

Many of the ideas implemented in the 2017 line were physical changes to the workplace that would reduce wear and tear on workers' bodies and thus the likelihood that workers would call in sick. The new wooden flooring together with weight-adapted footwear, for example, reduced joint strain and exposure to static electricity jolts. The line workers also installed special chairs at several workstations, which allowed them to work sitting down or to relax for short periods during breaks . . . .

Design and equipment changes were complemented by changes in work practices. The line introduced job rotation across workstations during a shift in order to balance the load on workers' bodies . . . .

In addition, a physiotherapist developed strength and stretching exercises, which he did with the workers every day for the first few weeks.

Why does this example represent effective management of diversity?

SOURCE: Excerpted from C H Loch, F J Sting, N Bauer, and H Mauermann, "How BMW Is Defusing the Demographic Time Bomb," *Harvard Business Review,* March 2010, pp 101–2.
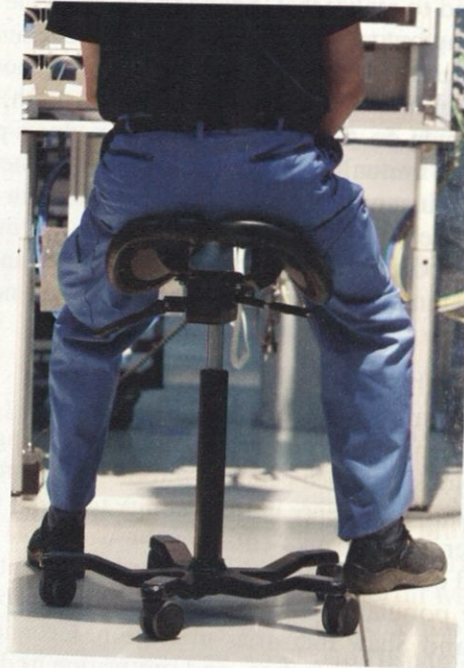
BWM designed chairs like this one to help employees do their jobs more effectively and comfortably. Would you like to sit on this chair throughout the work day?

Second, underemployment among college graduates threatens to erode job satisfaction and work motivation. As well-educated workers begin to look for jobs commensurate with their qualifications and expectations, absenteeism and turnover likely will increase. This problem underscores the need for job redesign (see the discussion in Chapter 8). In addition, organizations will need to consider interventions, such as realistic job previews and positive reinforcement programs (discussed in Chapter 9), to reduce absenteeism and turnover. On-the-job remedial skills and literacy training will be necessary to help the growing number of dropouts and illiterates cope with job demands.

Managing Age-Related Diversity　Organizations can take advantage of the human and social capital possessed by older employees by implementing programs that encourage employees to stay employed and transfer their knowledge to others. For example, BMW redesigned a plant's production line in Lower Bavaria in order to help older employees cope with the demands of physically demanding jobs and to reduce absenteeism (see Real World/Real People above). BMW experienced a 7% increase in productivity and a significant reduction in absenteeism based on these changes.[49] In order to make this type of strategy work, however, organizations will need to encourage Baby Boomers to remain in the workforce in lieu of retiring. The following seven initiatives can help to keep older workers engaged and committed to working.[50]

1. Provide challenging work assignments that make a difference to the firm.
2. Give the employee considerable autonomy and latitude in completing a task.

3. Provide equal access to training and learning opportunities when it comes to new technology.

4. Provide frequent recognition for skills, experience, and wisdom gained over the years.

5. Provide mentoring opportunities whereby older workers can pass on accumulated knowledge to younger employees.

6. Ensure that older workers receive sensitive, high-quality supervision.

7. Design a work environment that is both stimulating and fun.

Generational differences outlined in Table 2–1 can affect employee motivation and productivity, thereby necessitating a need to educate employees about working with diverse employees. For example, in-depth interviews with 50 workers over the age of 50 revealed that older workers felt blocked from important communication networks by younger employees and that their experience and skills were not valued. One respondent commented that "when older colleagues spoke during company meetings, younger colleagues would yawn, avoid eye contact with the speaker, doodle, or send text or instant messages under the table.[51] In contrast, some Gen Y employees believe that Baby Boomers want to be rewarded for the amount of time they spend at work rather than productivity. Best Buy's headquarters has attempted to reconcile this concern by creating an evaluation system that judges people only on task completion and performance. People are encouraged to work only as many hours as needed to get the job done.[52]

Further, Gen X employees also report feeling "stuck in the middle." A Gen Xer named Michael noted, "I have an executive management team who are 8 to 12 years older than I am, with no plans for retirement in the near future. This leaves me stuck. I have been searching for business opportunities due to my distrust of Corporate America's motives."[53] Companies clearly need to find ways to motivate and retain Gen X employees who may be stuck in organizational hierarchies.

Traditional and Boomer managers also need to consider their approach toward managing the technologically savvy Gen Xers and Gen Ys. For example, Gen Xers and Ys are more likely to visit social networking sites during the workday, often perceiving this activity as a "virtual coffee break." In contrast, Traditional and Boomer managers are more likely to view this as wasted time, thereby leading to policies that attempt to shut down such activity. Experts suggest that restricting access to social media will not work in the long run if one wants to motivate younger employees.[54]

Finally, the shortage of skilled employees in the future underscores the need for organizations to recruit Millennials. Not only do Gen Ys represent the largest block of employees in the workforce (see Table 2–1), but they possess traits and skills needed in an increasingly technologically advanced economy. Organizations are responding to this issue by trying to create work environments that meet the needs of this segment of the workforce. For example, Growth Works Capital, Ernst & Young, Philip Morris USA, IBM, and Bearing Point implemented new rewards programs and job design interventions aimed at attracting and retaining Gen Y employees. Unilever similarly created a "consumerization architect" position that focuses on helping employees use popular technology after learning that Gen Y employees were dissatisfied with the company's use of information technology.[55]

connect Go to www.mcgrawhillconnect.com for an interactive comprehension case exercise to learn how Leaseplan manages diversity.

Age-related diversity can cause unnecessary friction in the workplace. How can managers help facilitate helpful interactions across all generations?

LO.6 The Positive and Negative Effects of Diverse Work Environments

Earlier in this chapter we stated that effectively managing diversity is not only a good thing to do in order to attract and retain the most talented employees, but it makes good business sense. Although one can easily find testimonials from managers and organizations supporting this conclusion, we need to examine the validity of this claim by considering the evidence provided by OB research. As you will learn shortly, this research reveals that there are both positive and negative effects of diversity on important work outcomes. Organizational behavior researchers have explained these conflicting results by integrating two competing explanations of how diversity impacts employee attitudes, behavior, and performance. These explanations are based on what is called *social categorization theory* and *information/decision-making* theory. This section focuses on helping you understand how to garner the positive benefits of diversity by presenting a process model of diversity that integrates these two explanations.

Social Categorization Theory

A team of OB researchers describe the **social categorization theory** of diversity as follows:

Example. The social categorization perspective holds that similarities and differences are used as a basis for categorizing self and others into groups, with ensuing categorizations distinguishing between one's own in-group and one or more out-groups. People tend to like and trust in-group members more than out-group members and thus generally tend to favor in-groups over out-groups . . . . [W]ork group members are more positively inclined toward their group and the people within it if fellow group members are similar rather than dissimilar to the self.[56]

This perspective further implies that similarity leads to liking and attraction, thereby fostering a host of positive outcomes. If this were the case, one would expect that the more homogeneous a work group, the higher the member commitment and group cohesion, and the lower the amount of interpersonal conflicts. There is a large body of research supporting propositions derived from the social categorization model.[57]

For example, past research revealed that people who were different from their work units in racial or ethnic background were less psychologically committed to their organizations and less satisfied with their careers.[58] Additional studies showed that demographic diversity was associated with less cooperation among team members and more negative impressions toward people who were demographically different.[59] Finally, recent studies demonstrated that demographic diversity was associated with higher levels of employee depression, turnover, and deviance (i.e., exhibiting behavior that violates norms and threatens the well-being of the organization) and lower profits.[60] All told then, the social categorization model supports the idea that homogeneity is better than heterogeneity in terms of affecting work-related attitudes, behavior, and performance.

Information/Decision-Making Theory

The second theoretical point of view, referred to as **information/decision-making theory,** arrives at opposite predictions, proposing that diverse groups should outperform homogenous groups. The logic of this theory was described as follows:

Example. The idea is that diverse groups are more likely to possess a broader range of task-relevant knowledge, skills, and abilities that are distinct and nonredundant

and to have different opinions and perspectives on the task at hand. This not only gives diverse groups a larger pool of resources, but may also have other beneficial effects.[61]

This perspective highlights three positive effects of diverse work groups.[62] First, diverse groups are expected to do a better job in earlier phases of problem solving because they are more likely to use their diverse backgrounds to generate a more comprehensive view of a problem. For example, gender and ethnic diversity can help work teams to better understand the needs and perspectives of a multicultural customer base. Second, the existence of diverse perspectives can help groups to brainstorm or uncover more novel alternatives during problem-solving activities. Finally, diversity can enhance the number of contacts a group or work unit has at its disposal. This broad network enables groups to gain access to new information and expertise, which results in more support for decisions than homogenous groups. Research supports this theory of diversity.

Team performance was positively related to a team's diversity in gender, ethnicity, age, and education.[63] Heterogeneous groups also were found to produce better-quality decisions and demonstrated higher productivity than homogenous groups.[64] Preliminary research also supports the idea that workforce diversity promotes creativity and innovation. This occurs through the sharing of diverse ideas and perspectives. Rosabeth Moss-Kanter, a management expert, was one of the first to investigate this relationship. Her results indicated that innovative companies deliberately used heterogeneous teams to solve problems, and they employed more women and minorities than less innovative companies. She also noted that innovative companies did a better job of eliminating racism, sexism, and classism.[65] A summary of 40 years of diversity research supported Moss-Kanter's conclusion that diversity can promote creativity and improve a team's decision making.[66]

Reconciling the Effects of Diverse Work Environments   Our previous discussion about social categorization theory and information/decision-making theory revealed that there are both positive and negative effects associated with diversity. The model in Figure 2–3 summarizes the process underlying these effects. Consistent with social categorization theory, there is a negative relationship between the amount of diversity in a work group and the quality of interpersonal processes and group dynamics within a work group (path A in Figure 2–3). This negative relationship ultimately results in negative outcomes because of the positive relationship between the quality of interpersonal processes and group dynamics and outcomes (path C). For example, gender and racial diversity in a work group foster more interpersonal conflict, which in turn results in lower job satisfaction, higher turnover, and lower productivity. Recent research shows that this type of negative pattern is more pronounced when groups have salient demographic fault-lines.[67] A **demographic fault line** is defined as "hypothetical dividing lines that may split a group into subgroups based on one or more attributes."[68] Fault lines form when work-group members possess varying demographic characteristics (e.g., gender, age, ethnicity), and negative interpersonal processes occur when people align themselves based on salient fault lines or demographic characteristics.

In contrast, research regarding the information/decision-making theory tells us that the amount of diversity in a work group is positively associated with
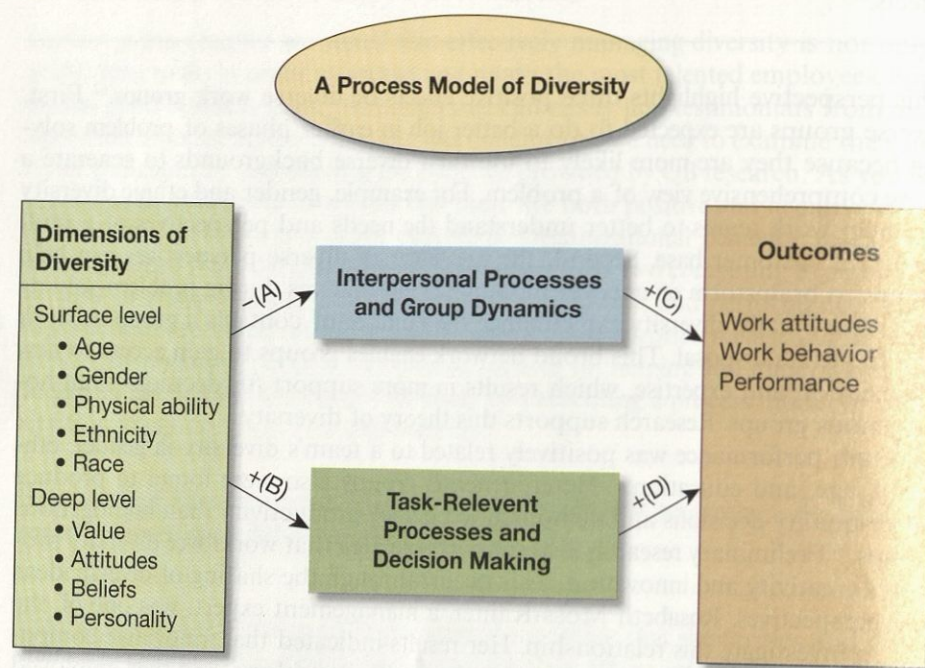
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social categorization theory Similarity leads to liking and attraction.

information/decision-making theory Diversity leads to better task-relevant processes and decision making.

demographic fault line A hypothetical dividing line that splits groups into demographically based subgroups.

figure 2–3 A Process Model of Diversity

A Process Model of Diversity

Dimensions of Diversity		Outcomes
Surface level	Interpersonal Processes and Group Dynamics	Work attitudes
• Age		Work behavior
• Gender		Performance
• Physical ability		
• Ethnicity		
• Race		
Deep level	Task-Relevent Processes and Decision Making	
• Value		
• Attitudes		
• Beliefs		
• Personality		

–(A)   +(C)   +(B)   +(D)

task-relevant processes and decision making (path B), which in turn fosters positive outcomes (path D). Gender and racial diversity in this case lead to positive outcomes because they lead to improved task-related processes and decision making. Two studies further demonstrated that the positive effects of diversity were stronger when work groups were open-minded, more readily discussed and shared information, and displayed more integrative behavior.[69]

Given that work-group diversity is associated with positive and negative outcomes, we need to consider what management can do to reduce the potential negative effects of diversity. First, organizations can target training to improve the inherent negative relationship between a work group's diversity and its interpersonal processes and group dynamics (path A in Figure 2–3). For example, training can be used to help employees understand demographic differences and to develop interpersonal skills that foster integrative and collaborative behavior.[70] This training might focus on conflict management, interpersonal influence, giving feedback, communication, and valuing differences. Second, managers can seek ways to help employees ease the tensions of working in diverse groups. Such efforts might include the creation of support groups. Finally, steps could be taken to reduce the negative effects of unconscious stereotyping, which is discussed in Chapter 7, and increase the use of group goals in heterogeneous groups. Rewarding groups to accomplish group goals might encourage group members to focus on their common objectives rather than on demographic fault lines that are unrelated to performance.

Back to the Chapter-Opening Case

Based on the process model of diversity, what should management at the Arizona Department of Corrections do to reduce future incidents of sexual harassment?

LO.7 Barriers and Challenges to Managing Diversity

We introduced this chapter by noting that diversity is a sensitive, potentially volatile, and sometimes uncomfortable issue. It is therefore not surprising that organizations encounter significant barriers when trying to move forward with managing diversity. The following is a list of the most common barriers to implementing successful diversity programs:[71]

1. *Inaccurate stereotypes and prejudice.* This barrier manifests itself in the belief that differences are viewed as weaknesses. In turn, this promotes the view that diversity hiring will mean sacrificing competence and quality.

2. *Ethnocentrism.* The ethnocentrism barrier represents the feeling that one's cultural rules and norms are superior or more appropriate than the rules and norms of another culture. This barrier is thoroughly discussed in Chapter 4.

3. *Poor career planning.* This barrier is associated with the lack of opportunities for diverse employees to get the type of work assignments that qualify them for senior management positions.

4. *A negative diversity climate.* Climate is generally viewed as employee perceptions about an organization's formal and informal policies, practices, and procedures. **Diversity climate** is a subcomponent of an organization's overall climate and is defined as the employees' aggregate "perceptions about the organization's diversity-related formal structure characteristics and informal values."[72] Diversity climate is positive when employees view the organization as being fair to all types of employees; the concept of organizational fairness is discussed in Chapter 8. Recent research revealed that a positive diversity climate enhanced the positive effects of diversity while a negative diversity climate reduced the positive aspects of employee diversity.[73]

5. *An unsupportive and hostile working environment for diverse employees.* Sexual, racial, and age harassment are common examples of hostile work environments. Whether perpetrated against women, men, older individuals, or LGBT people, hostile environments are demeaning, unethical, and appropriately called "work environment pollution." You certainly won't get employees' best work if they believe that the work environment is hostile toward them. Remember, a hostile work environment is perceptual. This means that people have different perceptions of what entails "hostility." The perception process is discussed in Chapter 7.

   It also is important to note that harassment can take place via e-mail, texting, and other forms of social media. For example, a recent study of 220 employees revealed that the initial harassment began by e-mail or phone.[74] Managers are encouraged to treat electronic harassment the same as any other type of harassment.
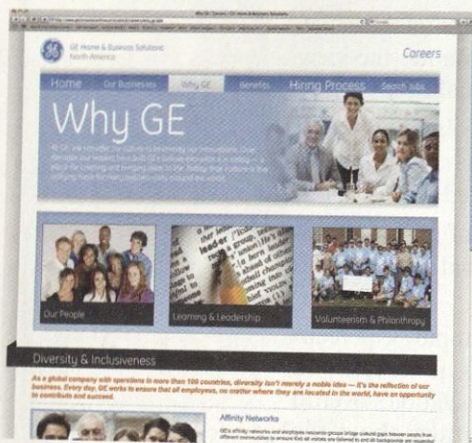
6. *Lack of political savvy on the part of diverse employees.* Diverse employees may not get promoted because they do not know how to "play the game" of getting along and getting ahead in an organization. Research reveals that women and people of color are excluded from organizational networks.[75]

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diversity climate Employees' aggregate perceptions about an organization's policies, practices, and procedures pertaining to diversity.

7. *Difficulty in balancing career and family issues.* Women still assume the majority of the responsibilities associated with raising children. This makes it harder for women to work evenings and weekends or to frequently travel once they have children. Even without children in the picture, household chores take more of a woman's time than a man's time.

8. *Fears of reverse discrimination.* Some employees believe that managing diversity is a smoke screen for reverse discrimination. This belief leads to very strong resistance because people feel that one person's gain is another's loss.

9. *Diversity is not seen as an organizational priority.* This leads to subtle resistance that shows up in the form of complaints and negative attitudes. Employees may complain about the time, energy, and resources devoted to diversity that could have been spent doing "real work."

10. *The need to revamp the organization's performance appraisal and reward system.* Performance appraisals and reward systems must reinforce the need to effectively manage diversity. This means that success will be based on a new set of criteria. For example, General Electric evaluates the extent to which its managers are inclusive of employees with different backgrounds. These evaluations are used in salary and promotion decisions.[76]

11. *Resistance to change.* Effectively managing diversity entails significant organizational and personal change. As discussed in Chapter 18, people resist change for many different reasons.

In summary, managing diversity is a critical component of organizational success.

This photo highlights a diverse workforce at GE. The company is proud of its approach toward managing diversity.

Back to the Chapter-Opening Case

Which barriers and challenges to managing diversity played a role in what happened to Michelle Barfield?

LO.8 Organizational Practices Used to Effectively Manage Diversity

So what are organizations doing to effectively manage diversity? Answering this question requires that we provide a framework for categorizing organizational initiatives. Researchers and practitioners have developed relevant frameworks. One was developed by R Roosevelt Thomas Jr, a diversity expert. He identified eight generic action options that can be used to address any type of diversity issue. This section reviews Thomas's framework in order to provide you with a broad understanding about how organizations are effectively managing diversity.

R Roosevelt Thomas Jr's Generic Action Options

Thomas identified eight basic responses for handling any diversity issue. After describing each action option, we discuss relationships among them.[77]

Option 1: Include/Exclude This choice is an outgrowth of affirmative action programs. Its primary goal is to either increase or decrease the number of

diverse people at all levels of the organizations. Shoney's restaurant represents a good example of a company that attempted to include diverse employees after settling a discrimination lawsuit. The company subsequently hired African Americans into positions of dining-room supervisors and vice presidents, added more franchises owned by African Americans, and purchased more goods and services from minority-owned companies.[78]

Option 2: Deny   People using this option deny that differences exist. Denial may manifest itself in proclamations that all decisions are color, gender, and age blind and that success is solely determined by merit and performance. Consider State Farm Insurance, for example. "Although it was traditional for male agents and their regional managers to hire male relatives, State Farm Insurance avoided change and denied any alleged effects in a nine-year gender-bias suit that the company lost."[79]

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

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

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

Example. White managers told of how Mr. Danner [previous chairman of the company] told them to fire blacks if they became too numerous in restaurants in white neighborhoods; if they refused, they would lose their jobs, too. Some also said that when Mr. Danner was expected to visit their restaurant, they scheduled black employees off that day or, in one case, hid them in the bathroom. Others said blacks' applications were coded and discarded.[80]

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

Option 7: Build Relationships   This approach is based on the premise that good relationships can overcome differences. It addresses diversity by fostering quality relationships—characterized by acceptance and understanding—among

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UnitedHealthcare Fosters Mutual Adaptation

Shortly after she'd [Lois Quam] had twins Will and Steve, Quam was offered another high-profile opportunity. Her boss wanted her to run UnitedHealthcare's public-sector services division. . . . "It was so overwhelming with twins. You can't pretend it doesn't make a difference. So I said, 'I'd really like to do this, but my primary focus for this period of my life is my sons.'" She remembers thinking, "This is going badly! It isn't strategic to be so blunt." But her boss surprised her. "He said, 'It's not a job that pays by the hour. You do it in a way that works for you, and if it doesn't work for me, I'll tell you.'"

Looking back, Quam describes her reaction as an "amazing gift" . . . because it affirmed her instincts about the best way to balance career and family.

How does this example illustrate mutual adaptation?

SOURCE: A Beard, "Surviving Twin Challenges—At Home and Work," *Harvard Business Review*, January–February 2011, p 164.

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diverse groups. Rockwell Collins, a producer of aviation electronics in Cedar Rapids, Iowa, is a good example of a company attempting to use this diversity option. Rockwell is motivated to pursue this option because it has a shortage of qualified employees in a state that is about 6% nonwhite. To attract minority candidates the company "is building closer relationships with schools that have strong engineering programs as well as sizable minority populations. It also is working more closely with minority-focused professional societies."[81] The city of Cedar Rapids is also getting involved in the effort by trying to offer more cultural activities and ethnic-food stores that cater to a more diverse population base.

Option 8: Foster Mutual Adaptation   In this option, people are willing to adapt or change their views for the sake of creating positive relationships with others. This implies that employees and management alike must be willing to accept differences and, most important, agree that everyone and everything is open for change. Lois Quam's experience at UnitedHealthcare is a good example of mutual adaptation (see Real World/Real People above).

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

Summary of Key Concepts

1. *Define diversity and review the four layers of diversity.* Diversity represents the individual differences that make people different from and similar to each other. Diversity pertains to everybody. It is not simply an issue of age, race, gender, or sexual orientation. The layers of diversity define an individual's personal identity and constitute a perceptual filter that influences how we interpret the world. Personality is at the center of the diversity wheel. The second layer of diversity consists of a set of internal dimensions that are referred to as surface-level dimensions of diversity. The third layer is composed of external influences and is called secondary dimensions of diversity. The final layer of diversity includes organizational dimensions.

2. *Explain the difference between affirmative action and managing diversity.* Affirmative action is an outgrowth of equal employment opportunity legislation and is an artificial intervention aimed at giving management a chance to correct past discrimination. Managing diversity entails creating a host of organizational changes that enable all people to perform up to their maximum potential.

3. *Explain why Alice Eagly and Linda Carli believe that a woman's career is best viewed as traveling through a labyrinth.* Eagly and Carli believe that women were barred from achieving high-level managerial positions in the past, but that women now have busted through these barriers. Eagly and Carli propose that women have made these strides by successfully navigating a labyrinth of twists, turns, and obstacles.

4. *Review the demographic trends pertaining to racial groups, educational mismatches, and an aging workforce.* With respect to racial groups, Asians and Hispanics are expected to have the largest growth in the population between 2000 and 2050, and minority groups will constitute 49.9% of the population in 2050. Minority groups also are experiencing a glass ceiling. There is a mismatch between workers' educational attainment and occupational requirements. The workforce is aging.

5. *Highlight the managerial implications of increasing diversity in the workforce.* There are seven broad managerial implications: (*a*) To attract the best workers, companies need to adopt policies and programs that meet the needs of all employees; (*b*) companies can help women and people of color enhance their promotability by helping them find mentors and sponsors; (*c*) companies should educate employees about negative stereotyping, particularly when it comes to selecting and promoting leaders; (*d*) companies should consider using progressive methods to recruit, retain, and integrate Hispanic workers into organizations; (*e*) there will be a shortage of qualified people in technical fields and on-the-job remedial skills, and literacy training will be needed to help the number of high-school dropouts and illiterates

cope with job demands; (*f*) organizations will need to provide tangible support to school systems if the United States is to remain globally competitive; and (*g*) there are three broad recommendations for managing an aging workforce.

6. *Describe the positive and negative effects of diversity by using social categorization theory and information/decision-making theory.* Social categorization theory implies that similarity leads to liking and attraction, thereby fostering a host of positive outcomes. This theory supports the idea that homogeneity is better than heterogeneity because diversity causes negative interpersonal processes and group dynamics. The information/decision-making theory is based on the notion that diverse groups should outperform homogenous groups because diversity is positively associated with task-relevant processes and decision making.

7. *Identify the barriers and challenges to managing diversity.* There are 10 barriers to successfully implementing diversity initiatives: (*a*) inaccurate stereotypes and prejudice, (*b*) ethnocentrism, (*c*) poor career planning, (*d*) an unsupportive and hostile working environment for diverse employees, (*e*) lack of political savvy on the part of diverse employees, (*f*) difficulty in balancing career and family issues, (*g*) fears of reverse discrimination, (*h*) diversity is not seen as an organizational priority, (*i*) the need to revamp the organization's performance appraisal and reward system, and (*j*) resistance to change.

8. *Discuss the organizational practices used to effectively manage diversity as identified by R Roosevelt Thomas Jr.* There are many different practices organizations can use to manage diversity. R Roosevelt Thomas Jr identified eight basic responses for handling any diversity issue: include/exclude, deny, assimilate, suppress, isolate, tolerate, build relationships, and foster mutual adaptation. Exclusion, denial, assimilation, suppression, isolation, and toleration are among the least preferred options. Inclusion, building relationships, and mutual adaptation are the preferred strategies.

Key Terms

Sexual harassment, 34	Managing diversity, 37	Information/decision-making theory, 50
Diversity, 34	Workforce demographics, 39	
Discrimination, 36	Glass ceiling, 39	Demographic fault line, 51
Affirmative action, 36	Social categorization theory, 50	Diversity climate, 53

OB in Action Case Study

LeasePlan Effectively Manages Diversity[82]

Shortly after joining LeasePlan USA as its head of sales and marketing in 2003, Mike Pitcher met with representatives of the vehicle-leasing company's top customers. To his surprise, most were women.

Women also outnumbered men among LeasePlan's 450 employees. Yet the vast majority of top managers at the company, a subsidiary of Netherlands-based Lease-Plan Corp., were men.

Soon after, LeasePlan began an effort to transform its corporate culture—rooted in the old-boy network of fleet managers—and promote more women. Executives hired a consultant to offer women career counseling, revised the company's pay plan to stress performance over longevity, and displaced some longtime managers. Today, three of the eight top executives are women, up from one in seven two years ago.

Women employees say LeasePlan is a more support-ive and collaborative employer. Mr. Pitcher, now the company's chief executive, calls the initiative a strategic investment rather than the "the politically correct thing to do."

"LeasePlan doesn't build anything," he says. "Our sus-tainable competitive advantage is our people."

Such efforts require sustained commitment at the top, says Sheila Wellington, clinical professor of management at New York University's Stern School of Business. Execu-tives "need to make it very clear that this isn't the flavor of the month," says Ms. Wellington, a former president of Catalyst, a research firm for focusing on women's work-place issues.

Ms. Wellington says executives must hold middle man-agers accountable for supporting and promoting female subordinates, particularly at smaller companies. . . .

LeasePlan executives launched their initiative in 2006. They hired Pathbuilders, Inc., an Atlanta human-resources consultancy that focuses on women, to craft a program that includes a skills assessment, career guidance, and tips on communicating and building a "brand." The program, which taps about 30 women each year, also features net-working events and a panel discussion with female execu-tives from other firms.

The broader effort to transform the corporate culture distinguishes LeasePlan from other companies trying to promote women, says Maria Goldsholl, chief operating officer of Mom Corps, a staffing company specializing in flexible employment for women . . . .

The program also appears to be boosting job sat-isfaction and engagement among LeasePlan's women employees. In a 2006 survey, 35% of women agreed the "management supports my efforts to manage my career." The following year, 47% of all female employees and 71% of program participants agreed. The percentage of women who said they think positions at LeasePlan are awarded fairly increased to 30% from 22%.

Gerri Patton, director of client activation, says the pro-gram helped her become more confident and outspoken. The 23-year LeasePlan veteran encourages her female sub-ordinates to apply. "I wish I would have done that program 10 or 15 years ago," she says. "There's no telling where I would be . . . The sky would have been the limit.

Questions for Discussion

1. What is the business case that is driving LeasePlan's interest in managing diversity? Discuss.

2. Compare and contrast the extent to which LeasePlan is using principles from affirmative action and managing diversity. Explain your rationale.

3. To what extent are LeasePlan's efforts consistent with recommendations derived from Alice Eagly and Linda Carli? Discuss.

4. Which of R Roosevelt Thomas Jr's eight generic diver-sity options is LeasePlan using to manage diversity? Explain.

5. While LeasePlan's diversity initiative is clearly working, what recommendations would you make for improving their program? Explain.

Legal/Ethical Challenge

Should Joseph Casias Be Fired by Walmart?[83]

This case takes place in Michigan, a state that allows the use of medical marijuana.

Joseph Casias, a 30-year-old father of two, began work in 2004 as an entry-level grocery stocker at the Wal-mart in Battle Creek, Mich. By 2008, he had progressed to inventory control manager and was recognized as Associate of the Year, an honor given to only 2 of 400 employees.

In November 2009, Casias twisted his knee at work; be-cause Walmart policy requires drug testing after a work-place injury, he underwent a urine test. Before the test, he showed the testing staff a registry card stating that he was a medical marijuana patient under Michigan law. He explained that he had been diagnosed with inoperable brain cancer at age 17, and the marijuana, prescribed by his oncologist, helped alleviate daily pain.

When the drug test revealed marijuana metabolites in Casias's system, the store manager told him that Walmart would not honor his registry card—and Casias was terminated.

What would you do if you were an executive at Walmart?

1. Give Casias his job back. He is a great employee and is not violating state law about using marijuana for medi-cal conditions.

2. Zero tolerance should be applied and he should be fired. Regardless of what state law says, it is illegal under federal laws to use marijuana. Standards for marijuana should be the same as any other drug.

3. He should be fired because he presents a safety hazard to himself and others. The company must protect all employees from people who use drugs.

4. Invent other options. Discuss.

Web Resources

For study material and exercises that apply to this chapter, visit our website, **www.mhhe.com/kreitner10e**