

# CHAPTER 4

## Managing Diversity

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### CHALLENGES

*After reading this chapter, you should be able to deal more effectively with the following challenges:*

- 1 **Understand** the meaning of diversity.
- 2 **Develop** familiarity with major challenges in managing employee diversity.
- 3 **Become** aware of major elements of diversity in organizations.
- 4 **Learn** how to improve the management of diversity in organizations.
- 5 **Learn** how to avoid potential pitfalls in diversity management programs.

The second-grade school teacher posed a simple problem to the class: “There are four blackbirds sitting in a tree. You take a slingshot and shoot one of them. How many are left?”

“Three,” answered the seven-year-old European with certainty. “One subtracted from four leaves three.”

“Zero,” answered the seven-year-old African with equal certainty. “If you shoot one bird, the others will fly away.”

Which child answered correctly? Clearly, the answer depends on your cultural point of view. For the first child, the birds in the problem represented a hypothetical situation that required a literal answer. For the second child, the birds in the problem had a relationship to known behavior that could be expected to occur.<sup>1</sup>



Source: © Maureen Ruddy Burkhardt/Alamy.

you. The labor force is becoming more diverse in terms of ethnicity, race, sex, sexual orientation, disability, and other cultural factors. The managerial challenge is learning how

to take advantage of this diversity while fostering cooperation and cohesiveness among dissimilar employees. The HR department can help you meet this challenge by developing training programs, offering assistance and advice, establishing fair selection procedures, and the like. But in the end, the line manager is the person who interacts face-to-face with diverse employees on a daily basis. In this chapter, we explore diversity issues that affect

managers and the skills needed to make employee diversity a source of competitive advantage.

The blackbird story clearly illustrates one of the most important truths of HRM: People with different life experiences may interpret reality very differently. By the time people enter an organization, their *cognitive structure*—the way they perceive and respond to the world around

### The Managerial Perspective

To succeed as a manager in the twenty-first century, you must work effectively with people who are different from

them—has been largely determined. This cognitive structure is shaped both by unique personal experiences (with family, peers, school system) and by the socializing influences of the person's culture, and it operates both at home and in the workplace.

## ★ Learn It!

If your professor has chosen to assign this go to [www.mymanagementlab.com](http://www.mymanagementlab.com) to see what you should particularly focus on, and take the chapter 4 warmup.

## What Is Diversity?

Although definitions vary, **diversity** simply refers to human characteristics that make people different from one another. The English language has well over 23,000 words to describe personality<sup>2</sup> (such as “outgoing,” “intelligent,” “friendly,” “loyal,” “paranoid,” and “nerdy”). The sources of individual variation are complex, but they can generally be grouped into two categories: those over which people have little or no control and those over which they have some control.<sup>3</sup>

Individual characteristics over which a person has little or no control include biologically determined characteristics such as race, sex, age, and certain physical attributes, as well as the family and society into which he or she is born. These factors exert a powerful influence on individual identity and directly affect how a person relates to others.

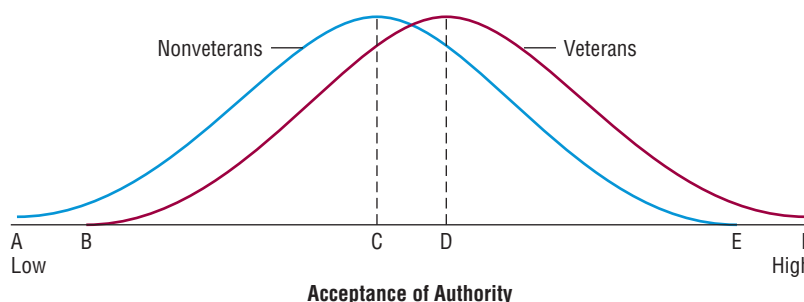
In the second category are characteristics that people can adopt, drop, or modify during their lives through conscious choice and deliberate efforts. These include work background, income, marital status, military experience, political beliefs, geographic location, and education.

It is important to keep in mind the distinction between the sources of diversity and the diversity itself. Without this distinction, stereotyping tends to occur. Essentially, *stereotyping* is assuming that group averages or tendencies are true for each and every member of that group. For instance, employees who have had significant military experience are generally more accepting of an authoritarian management style than those who have not had such experience. However, if you conclude that *all* veterans favor authoritarian leadership, you will be wrong. Although veterans *on average* are more accepting of authority, there may be, as Figure 4.1 shows, very wide differences among veterans on this score. True, veterans *on the whole* show this characteristic to a greater degree than nonveterans, but the differences *within* each group are far greater than the average difference between groups. In fact, many veterans develop a distaste for authoritarian management *because* of their military experience, and many nonveterans prefer an authoritarian leadership style.

If you take this example and substitute any two groups (male–female, young–old, and so on) and any individual characteristic (aggressiveness, flexibility, amount of education), you will find in the vast majority of cases that the principle illustrated by Figure 4.1 holds true. In fact, it is very difficult to identify individual characteristics that do *not* have a substantial overlap between two groups. The main point of this discussion is to emphasize that, although employees are diverse, a relatively small amount of this diversity is explained by their group membership.

### diversity

Human characteristics that make people different from one another.



**FIGURE 4.1**  
Group Versus  
Individual Differences  
on Acceptance of  
Authoritarian Leadership



### Why Manage Employee Diversity?

To survive and prosper in an increasingly heterogeneous society, organizations must capitalize on employee diversity as a source of competitive advantage. For example, Computer Associates International hires software developers from many nationalities, filling jobs where there is an extreme shortage of personnel.<sup>4</sup> Because many of these employees are non-English speakers, Computer Associates offers free courses in English as a second language.<sup>5</sup> Avon Products provides another example of how firms capitalize on diversity. Avon uses its diversity to create a competitive advantage, using feedback from its workforce to adapt to women's changing needs quickly and effectively. The input of Avon's minority employees—almost one-third of its workforce—helped the firm find a successful niche in an industry that tends to ignore the beauty needs of women of color.<sup>6</sup> AT&T provides formal recognition and support to employee networks formed around a characteristic of diversity (such as the Asian Pacific Islanders' Business Resource Group) if the networks present a business plan to management showing their value to the company.<sup>7</sup> Procter & Gamble has a strong multicultural marketing approach, and it views the diversity of its 38,000-plus employees as a key factor in this regard. According to one top company executive, "Diverse organizations are better connected to their markets."<sup>8</sup> A monthly publication, *DiversityInc.*, offers many examples on the most recent diversity initiatives taken by major employers such as Marriott, IBM, Bank of America, Cox, PriceWaterhouse Coopers, Johnson & Johnson, and Ernst & Young.

### Affirmative Action Versus Managing Employee Diversity

Many people perceive *management of diversity* as a new label for affirmative action. In reality, these are two very distinct concepts.<sup>9</sup> *Affirmative action* first emerged from government pressures on business to provide greater opportunities for women and minorities. **Management of diversity**, in contrast, recognizes that traditional firms, where white men are the majority, are becoming a thing of the past. There is a growing awareness that a key factor in corporate performance is how well women and minorities can be fully integrated and work effectively with one another and with their white male counterparts. Given demographic trends, companies can no longer ignore issues of diversity if they are to be successful. For this reason, many organizations (such as the Society for Human Resource Management, Microsoft, Texas Instruments, and Computer Sciences Corporation) specify diversity as the ability to effectively use the talents of people from various backgrounds, experiences, and perspectives.<sup>10</sup> Another term that is currently used to refer to diversity management is *inclusiveness*, or making all employees feel that they are an integral part of the same organization and that they share a common desire to make the firm succeed regardless of their race, gender, age, and so on.<sup>11</sup>

#### management of diversity

The set of activities involved in integrating nontraditional employees (women and minorities) into the workforce and using their diversity to the firm's competitive advantage.

### Demographic Trends



In the next decade or so, we will see a dramatic growth rate in people aged 55 or older (46.6% growth rate). Asian Americans, Hispanic Americans, and other ethnic minorities have shown very rapid growth rates since 1990, and these are projected to continue at a fast pace into the end of the decade. In 2014, approximately 16 percent of the U.S. population was considered Hispanic, surpassing

the percentage of African Americans (13.0%), Asian Americans (5.6%), and other minority groups (2.0%). All of these groups have registered increases in workforce participation in recent years, and these are also expected to continue. White Americans still made up a substantial majority of the population in the year 2012 (72%), but less of a majority than in 1990 (79.1%). At current growth rates, in 20-plus years or so white Americans will be a minority (less than 50 percent of the total U.S. population). Women's labor force participation rates (currently 47 percent versus 53 percent for males) are expected to keep rising, and men's participation rates to go on declining.

Note that the data previously described is national. If we focus on the larger metropolitan areas, where most business takes place, the changes have been even more dramatic. Of the top 25 markets, "minorities" now make up a majority of the population in at least 20.<sup>12</sup> In Los Angeles, for example, half of the population is foreign born,



Source: © Megapress/Alamy.

mostly Asian and Hispanic. Most corporations are located within or near these metropolitan areas and are highly dependent on the local nonwhite labor supply to meet their needs.<sup>13</sup> In some states—most notably California, where nonwhites account for more than half the population—the future is already here.

The idea that individuals can be pigeonholed into racial categories—which goes back centuries to unscientific racist notions of “pure blood” that were incorporated into law by many states well into the 1960s (in part of the South, for instance, even one-eighth black parentage automatically classified a person as being of African descent rather than white)—is likely to crumble in the coming decades. Many first-, second-, and third-generation Americans are descended from immigrants who were mixed race themselves (usually a combination of European, Native American, and/or black). In addition, the number of interracial marriages has increased, and as a result close to half of the mixed-race population is under age 18.<sup>14</sup> One prime example, of course, is U.S. President Barack Obama, the offspring of a white woman and an African father. Currently 16 percent of blacks, 26 percent of Hispanics, and 31 percent of Asians marry outside their race/ethnicity in the United States.<sup>15</sup> In the western states of the United States, almost one-fourth of all new weddings take place across race and ethnic lines. Eventually this will serve to blur the stereotypical classification of people into racial groupings.

Other statistics provide a glimpse of what the near future will look like in terms of labor force characteristics. In 2014, minority children younger than age five are close to becoming the majority nationally, but this is already the case in the nation’s fastest-growing states, such as Florida, Nevada, Georgia, Maryland, New York, Texas, and Arizona. Recent immigration is part of the reason for this trend, but it is not the most important. Although about 15 percent more births than deaths have been recorded among whites since 2000, more than eight times as many Hispanics, four times as many Asians, and twice as many blacks have been born than have died.<sup>16</sup> In the most recent 2010 kindergarten class, one out of four five-year-olds was Hispanic, meaning that approximately 25 percent of high school graduates in 2024 will be Hispanic.<sup>17</sup> Since the last edition of this book was published, the annual inflow of undocumented workers has decreased significantly. However, this may well be a temporary phenomenon as a result of the severe recession experienced by the United States during 2008–2011 and the relatively high unemployment rate since then.<sup>18</sup> One interesting development uncovered by the 2010 census is that the Hispanic population grew far greater than expected in states with smaller and newer immigrant populations. For instance, the Hispanic population increased by more than 10 percent in Alabama, Louisiana, Kansas, Maryland, Delaware, and Minnesota when compared to the 2000 census.<sup>19</sup>

Of the more than 20 million jobs projected to be created over the next decade, 75 percent will be filled by women and minorities. This means that firms must actively compete to attract and retain educated and talented workers from those groups: Most large corporations across different industries are eagerly trying to create receptive environments for nontraditional employees. For instance, Lucent Technologies, Chase Manhattan, Marriott International, FedEx, Xerox, Sun Microsystems, Colgate, Palmolive, Merck, and DuPont, among others, have at least one minority member on their board of directors and close to one-fifth of officials and managers who are minority group members.<sup>20</sup>

At the same time more than one-third of small businesses are started by women and minorities.<sup>21</sup> This is important because small businesses employ more than three-fourths of the U.S. population. Many of these businesses become success stories (see the Manager’s Notebook, “Recent Success Stories of Small Businesses Launched by Women and Minorities”).



## MANAGER'S NOTEBOOK

### Recent Success Stories of Small Businesses Launched by Women and Minorities

#### Lexington Consulting, El Cajon, California (35 employees)

**T**his company has revenues exceeding \$15 million with a three-year growth rate of 14,017.7 percent. The founder and CEO is Jamie Arundell Latshaw. Latshaw spent eight years in active duty with the U.S. Army. Toward the end of her career as an officer, Latshaw noticed that the military was training soldiers in a new way, setting up mock Afghani and Iraqi villages



Emerging Trends



around the United States so soldiers could experience cultural immersion before they deployed. Based on her observations, Latshaw founded Lexicon Consulting ([www.inc.com/inc5000/profile/Lexicon-Consulting](http://www.inc.com/inc5000/profile/Lexicon-Consulting)), which hires Afghani and Iraqi natives living in the United States to be role players in the mock villages. She attributes Lexicon's growth to the role players' passion. "They're really responsible for our success, because they want the soldiers to be successful."

### **Pursuit of Excellence (11 employees)**

This company has annual revenues of approximately \$11 million with a three-year growth rate of 7,054.4 percent. The founder and CEO is Marie Diaz, who is Mexican American. Diaz's father died when she was three years old, so she learned a lot about being a strong female from her single mother. After spending years at a Fortune 500 company, Diaz started her own business, a human resources services company, so that she, too, could have a strong presence in her sons' lives. "I was traveling most of the month and never seeing my children," she says. "You have to keep in mind what your priorities are. Plan your life before your life plans you." At Pursuit of Excellence ([www.inc.com/inc5000/profile/Pursuit-of-Excellence](http://www.inc.com/inc5000/profile/Pursuit-of-Excellence)), Diaz still works around the clock, but being a business owner affords her flexibility she never had before.

### **A10 Clinical Solutions, Cary, North Carolina (17 employees)**

This company has annual revenues exceeding \$1 million with a three-year growth rate of 22,714.29 percent. The founder and CEO is Leah Brown, a black entrepreneur. When one of Brown's close relatives passed away from AIDS, she was inspired to start A10 Clinical Solutions ([www.inc.com/inc5000/profile/A10-Clinical-Solutions](http://www.inc.com/inc5000/profile/A10-Clinical-Solutions)), which manages and oversees clinical trial processes in humans to get drugs approved by the Food and Drug Administration (FDA). Focusing on ailments prominent within minority communities, Brown's company has also started opening medical checkup centers at businesses, airports, and bus stations.

### **Zempleo, Lafayette, California (41 employees)**

This company has annual revenues exceeding \$60 million and has experienced a three-year growth rate of 3,466.1 percent. The founder and CEO is Ramiro Zeron, who immigrated to the United States from Nicaragua when he was 29 years old. Although he didn't speak any English when he arrived, Zeron later earned an MBA and worked his way up from a clerical position at AT&T to an executive director. In 2005, working nights and weekends while he was still at his former employer, he founded Zempleo ([www.inc.com/inc5000/profile/Zempleo](http://www.inc.com/inc5000/profile/Zempleo)), a staffing and HR company that also provides consulting for business process outsourcing.

*Sources:* Based on entrepreneurial success stories listed in [www.inc.com](http://www.inc.com). (2014); Minority Business Entrepreneurs. (2014). [www.mbamag.com](http://www.mbamag.com); Minority and Women in Business. (2014). [www.mwb.com](http://www.mwb.com). ■■



At some firms, including such blue-chip companies as Johnson & Johnson, Xerox, General Mills, and Walt Disney, at least one-fourth of the board of directors are nonwhite.<sup>22</sup> At many Fortune 1000 firms, which not too long ago were almost all white, diversity now permeates every facet of management and technical operations. Recent figures confirm this. At Coca-Cola, approximately 40 percent of managers receiving promotions are African American, Latino, Native American, or Asian, and approximately 60 percent were women. At JPMorgan Chase, more than half of new hires are African American, Asian American, Latino, or Native American. At Ernst & Young, almost half of its most recent management promotions went to women, and one-third went to African American, Latino, Asian American, or Native American employees. At AT&T, half of new hires are nonwhite; 27 percent are African American and 15 percent are Latino. The corporate giant IBM has received hundreds of awards for its diversity initiatives in recent years; it has a worldwide executive council to guide specific corporate-wide diversity initiatives. The examples could go on and on. The basic point is that a growing number of firms realize that a changing labor force requires the active recruitment, retention, and advancement of all talents.

In some respects the changes that have occurred since the first edition of this book in the mid-1990s have been remarkable. For instance, in 1995 not one of the Fortune 500 CEOs was a person of color. Today, 21 Fortune 500 companies are run by people of color, including

six blacks, seven Hispanics and eight Asians.<sup>23</sup> And it is now commonplace to have one or more senior executives who is a woman or a minority, something that was rare in the mid-1990s. Currently 21 of the Fortune 500 firms are led by women.<sup>24</sup>

**DIVERSITY AS AN ASSET** An enormous amount of research on diversity-related issues has been conducted in recent years, with the number of publications doubling every five years.<sup>25</sup> For instance, since 2007 most of the major journals dealing with human resource topics have dedicated at least one full issue to this subject, and in some cases more than one.

Two conclusions may be drawn from this research. The first, and perhaps the most obvious, is that managing employee diversity is not a passing fad or just “politically correct” words. Firms must deal with it on a day-to-day basis, given the demographic trends discussed earlier. If anything, this issue will continue to grow in importance. Second, as recently summarized by two leading researchers, “It is now known that diversity’s effects on organizations and groups can be positive, negative or neutral.”<sup>26</sup> It all depends on how this diversity is managed. In this section, we discuss the positive aspects of diversity, followed by some of the challenges that organizations face in managing that diversity. Later in the chapter, we discuss approaches that firms can use to improve the management of diversity.

Employee diversity can improve organizational functioning by stimulating greater creativity, better problem solving, and greater system flexibility.<sup>27</sup> Rosabeth Kanter, a well-known business consultant based at Harvard University, notes that “most innovative firms purposely establish heterogeneous work groups to bring a multiplicity of points of views on a particular problem.”<sup>28</sup> Employee diversity offers a number of other benefits.



- **Greater creativity** Employee diversity can stimulate consideration of less obvious alternatives. Consider the following true story:

A Hispanic man and a white woman were members of a task force advising the CEO on a planned organizational downsizing. These two people suggested that the recommendation of the task force majority to lay off 10 percent of the workforce would devastate morale. Upon further consideration, the CEO decided not to lay off employees and opted instead for a plan proposed by these two dissenters. The plan proposed to reduce labor costs by offering early retirement, unpaid vacations, and stock in the firm to employees in exchange for a 5-percent salary cut. Most employees reacted very positively to the plan, with many reporting that it increased their loyalty and commitment to the firm.<sup>29</sup>

- **Better problem solving** Homogeneous groups are prone to a phenomenon called *groupthink*, in which all members quickly converge on a mistaken solution because they share the same mind-set and view the problem through the lens of conformity.<sup>30</sup> In a heterogeneous group with a broader and richer reservoir of experiences and cultural perspectives, the potential for groupthink shrinks.
- **Greater system flexibility** In today’s rapidly changing business environments, flexibility is an important characteristic of successful firms. If properly managed, employee diversity can infuse more flexibility into the firm. The existence of diversity at different levels generates more openness to new ideas in general and greater tolerance for different ways of doing things.
- **Better information** A more diverse workforce provides the organization with a broader scope of information and set of skills that may be applied to a variety of situations. For example, see the Manager’s Notebook, “Police Comb Their Ranks for Foreign-Language Speakers.”

**MARKETING CONCERNS** Most successful firms realize that effective management of a diverse workforce can lead to better marketing strategies for a multicultural, multiethnic population. For example:



- Colgate acquires the top spot in the oral care market with Total toothpaste, which was designed by a team led by older scientists intent on developing a toothpaste for a maturing population. They discovered Triclosan (an ingredient in Total), a broad-spectrum antibiotic used to fight gingivitis, a bleeding gum disease that people are prone to as they age.<sup>31</sup>
- The appearance of more women online is a boom for e-commerce. Women directly influence more than 80 percent of all retail spending, according to BIGresearch LLC, a market-research firm in Worthington, Ohio. When New York-based Bluefly Inc., a retailer of upscale closeout clothing, was launched in mid-1998, the e-commerce market was still a predominantly male place, and an apparel start-up looked like a sure loser. But the

company looked ahead to the day the Internet would attract more women. “We went after this particular category based on the expected shifts,” says Jonathan Morris, executive vice president. “We think that’s one of the reasons that we’re still here, after the dot.com bust.”<sup>32</sup>

### Diversity as Part of Corporate Strategy

Many firms now believe that effective management of employee diversity is an integral component of their overall strategy and not just a set of programs run by the human resources function to keep government regulators at bay. It has become standard practice in their annual reports for CEOs of Fortune 1000 firms to explicitly mention diversity management as part of their firm’s strategic objectives.<sup>33</sup> In many of the Fortune 1000 firms, the person responsible for diversity issues, often called chief diversity officer, now reports directly to the CEO.

### Challenges in Managing Employee Diversity

Although employee diversity offers opportunities that can enhance organizational performance, it also presents managers with a new set of challenges. In other words, greater employee diversity by itself does not ensure positive outcomes. A number of researchers have attempted to quantify the effects of diversity.<sup>34</sup> These challenges include appropriately valuing employee diversity, balancing individual needs with group fairness, dealing with resistance to change, ensuring group cohesiveness and open communication, avoiding employee resentment and backlash, retaining valued performers, and maximizing opportunity for all.

## MANAGER’S NOTEBOOK



### Customer-Driven HR

#### Police Comb Their Ranks for Foreign-Language Speakers

**A**t a recent graduation ceremony for the New York City Police Department (NYPD), 24 percent of the newly minted officers were foreign born, representing 48 different countries, including Turkey, Venezuela, Burma, and Albania. That was an increase over the preceding year, which saw a graduating class that was only 20 percent foreign born, yet still represented 65 different countries.

“People are coming here from every corner of the world,” says NYPD Commissioner Raymond W. Kelly. “It’s incumbent on us to be better positioned to identify them and to service them and be aware of their issues.”

The NYPD has a staff of about 40 officers whose full-time job is to actively recruit from the city’s immigrant communities. The recruiters work with an ad agency to spread the word that the NYPD is interested in native-level speakers of at least 60 languages, including Kurdish, Pashto, Mandarin, Arabic, and Cambodian. For instance, recruitment ads have appeared in Russian-, Korean-, and Haitian-language papers published in the city. Diversity is “necessary to serve a diverse community,” says the head of the Recruitment Section. “It builds trust.” Preferred consideration is given to applicants who have skills in languages spoken by small minorities, such as Balochi, Chechen, Laotian, Somali, Swahili, Tamil, Twi, and Wolof. Twenty percent of the workforce in recent years was born overseas, and nearly one out of three of New York police officers is Hispanic.

The “language initiative” seems to be working. NYPD officials say that over the past several years the demographic breakdown of police academy applicants has closely matched that of the city’s population: about 35 percent white, 23 percent Hispanic, and 27 percent African American. Hundreds of bilingual officers have been given assignments in community relations, the newly expanded New Immigrant–Special Outreach section, and the antiterrorism unit. According to the New York Police Department’s Web page “when the FBI, the Department of Defense, the Secret Service and other Federal agencies need foreign language assistance, they often turn to the NYPD for help.”

*Sources:* Based on NYPD’s Foreign Language Outreach. (2014). [www.nyc.gov](http://www.nyc.gov); Long, G. (2009, February 9). New book takes readers inside the NYPD’s counterterrorism work. [www.theepochtimes.com](http://www.theepochtimes.com); Hays, T. (2007, July 18). “NYPD’s diversity reflects demographic shifts.” *USA Today*, <http://usatoday.com>; Buckley, C. (2007, May 31). New York City police seek trust among immigrants. *New York Times*, [www.nytimes.com](http://www.nytimes.com); *New York Daily News*. (2006, December 21). Grads make NYPD more melting pot, [www.nydailynews.com](http://www.nydailynews.com); Porcaro, L. (2005, July 25). Defending the city. *The New Yorker*, [www.newyorker.com](http://www.newyorker.com); <http://nypdrecruit.com>. Accessed March, 2011. ■■

## Diversity Versus Inclusiveness

In recent years, there has been some debate about the benefits of emphasizing *diversity* rather than *inclusiveness*, which some see as a way of bringing people together. Although the difference between the two might be one of semantics, it often means that the management of diversity is highly charged and politicized. As recently noted by a leading diversity expert:

Organizations have expended significant resources in this area in an effort to improve the bottom line, to become an employer of choice, to avoid lawsuits, and to do the right thing. Diversity is also one of the most difficult initiatives to implement in organizations because there are such diverse views on what diversity is and how deeply it should be woven into an organization's culture. Diversity can be difficult also because the dimensions of diversity are closely tied to an individual's personal beliefs, perceptions, and life experiences. These personal beliefs often present barriers to full inclusion and participation in the workforce.<sup>35</sup>

## Individual Versus Group Fairness

The extent to which a **universal concept of management**, which leads to standardized management practices, should be replaced by a **cultural relativity concept of management**, which calls for molding management practices to the workforce's different sets of values, beliefs, attitudes, and patterns of behaviors, is an extraordinarily complex question. The proponents of universalism believe that fitting management practices to a diverse workforce sows the seeds for a permanent culture clash in which perceived inequities lead to intense workplace conflict. For instance, when the Lotus software company extended benefits coverage to homosexual couples, unmarried heterosexual employees living with a partner felt that they had been unfairly left out. Conversely, the proponents of relativity argue that failure to adapt HR practices to the needs of a diverse population may alienate much of the workforce and reduce their potential contributions.



### universal concept of management

The management concept holding that all management practices should be standardized.

### cultural relativity concept of management

The management concept holding that management practices should be molded to the different sets of values, beliefs, attitudes, and behaviors exhibited by a diverse workforce.

## Resistance to Change

Although employee diversity is a fact of life, the dominant groups in organizations are still composed of white men. Some argue that a long-established corporate culture is very resistant to change and that this resistance is a major roadblock for women and minorities seeking to survive and prosper in a corporate setting.

## Group Cohesiveness and Interpersonal Conflict

Although employee diversity can lead to greater creativity and better problem solving, it can also lead to open conflict and chaos if there is mistrust and lack of respect among groups. This means that as organizations become more diverse, they face greater risks that employees will not work together effectively. Interpersonal friction rather than cooperation may become the norm.

## Segmented Communication Networks

Shared experiences are often strongly reinforced by *segmented communication channels* in the workplace. One study found that most communication within organizations occurs between members of the same sex and race. This was found to be true across all professional categories, even at the top, where the number of women and minorities is very small.<sup>36</sup>

The presence of segmented communication poses three major problems to businesses. First, the organization cannot fully capitalize on the perspectives of diverse employees if they remain confined to their own groups. Second, segmented communication makes it more difficult to establish common ground across various groups.<sup>37</sup> Third, women and minorities often miss opportunities or are unintentionally penalized for not being part of the mainstream communication networks. The case at the end of this chapter "Hiring Who You Know as a Threat to Diversity" suggests that heavy reliance on employee referrals and the use of social media to identify prospective employees may inadvertently reinforce segmented communication networks and limit an organization's diversity efforts.

## Resentment

Equal employment opportunity (EEO) was imposed by government in the 1960s rather than self-initiated. In the vast majority of U.S. organizations, it was a forced change rather than a voluntary one. One side effect of forced compliance has been the reinforcement of a belief among some

### A QUESTION OF ETHICS

Many managers and executives use golfing as an opportunity to combine business and pleasure. How could this practice damage an organization's diversity efforts? Are there any recreational activities that could enhance diversity efforts?





managers and mainstream employees that organizations have to compromise their standards to comply with EEO laws. Some have seen EEO laws as legislation of a “forced diversity” that favors political solutions over performance and/or competence.

Given this background, it is perhaps not surprising that twice as many white men as women and minorities feel that promotions received by the latter groups can be attributed to affirmative action.<sup>38</sup> This belief presents two problems. First, women and minorities in positions of authority and responsibility may not be taken as seriously as white men are. Second, the belief that white men are getting the short end of the stick may provoke some of them to vent their frustration against those employees (women and minorities) whom they believe are getting an unfair advantage.

It is important that managers deal with these issues, because affirmative action is here to stay, even though political and legal support for this type of program may be waning as it nears its 50th birthday. Most current polls confirm that big business’s commitment to affirmative action continues to be strong, even though most firms now prefer to use the term “diversity” and recently the term “inclusiveness” is generally paired with diversity.<sup>39</sup>

At many large companies, CEOs regularly meet with top managers to ensure that diversity goals are being met. These include firms such as Bank of America (187,000 employees), IBM (387,000 employees), Marriott (151,000 employees), JPMorgan Chase (183,000 employees), Ernst & Young (121,000 employees), AT&T (302,000 employees), and Xerox (54,000 employees).<sup>40</sup>

### Retention

The main complaint among female and minority employees is that they lack career growth opportunities. The perception that their upward mobility is thwarted grows stronger at higher levels as women and minorities bump up against the **glass ceiling**, an invisible barrier in the organization that prevents them from rising to any higher position. Lower job satisfaction translates into higher resignation rates, with a resulting loss of valuable talent and greater training costs because of high turnover.

#### glass ceiling

The intangible barrier in an organization that prevents female and minority employees from rising to positions above a certain level.

### Competition for Opportunities

As minorities grow both proportionately and absolutely in the U.S. population, competition for jobs and opportunities is likely to become much stronger. Already there are rising tensions among minorities jockeying for advancement. Employers are being put into the uncomfortable position of having to decide which minority is most deserving.<sup>41</sup> Consider these examples:

- “Blacks have been too successful at the expense of everyone else,” grumbles Peter Rogbal, a Mexican American captain in the San Francisco Fire Department. “Other groups have been ignored to placate the black community.”
- African Americans fear that newly arrived blacks from places such as Nigeria, Ethiopia, Somalia, Ghana, and Kenya will take away job opportunities from U.S.-born blacks. In the words of Columbia University historian Eric Foner, “Historically, every immigrant group has jumped over American-born blacks. The final irony would be if African immigrants did, too.”<sup>42</sup>

There are no fail-proof techniques for effectively handling these challenges. There is, however, one principle that managers should always keep in mind: Treat employees as individuals, not as members of a group. Many of these challenges then become much more manageable.

## Diversity in Organizations

The elements of diversity—such as race, ethnicity, and sex—tend to have a profound impact on how people relate to one another. In this section, we discuss (in alphabetical order) the groups that are most likely to be “left out” of the corporate mainstream. Of course, one individual may belong to several of these groups. For this reason, the Census Bureau in 2000 and 2010 allowed Americans to classify themselves into multiple racial categories.

### African Americans

African Americans constitute approximately 13 percent of the U.S. workforce. Since the passage of the Civil Rights Act of 1964, the number of African American officials, managers, technicians, and skilled craftspeople has tripled while the number in clerical positions has quadrupled and the

#### A QUESTION OF ETHICS

What ethical problems might arise from giving preferential treatment to certain employees based on their group membership?

number in professional jobs has doubled.<sup>43</sup> However, a significant percentage of African Americans (perhaps as high as 15%) are among the “hardcore” unemployed.

African Americans face two major problems in organizations. First, explicit, intentional racism still exists 50 plus years after the first civil rights victories, even though we now have the first African American president and six of the Fortune 500 CEOs are black, something that not long ago would have almost been considered science fiction.<sup>44</sup> The movie *The Butler*, which came out in 2013, does a great job of illustrating for younger generations how much things have changed in the treatment of African Americans and how difficult the change process has been. African Americans are not the only group to suffer from blatant racism, but it is safe to say that they are the group that suffers the most. The persistence of the Ku Klux Klan and other white supremacy organizations serves as a constant reminder, to both African Americans and U.S. society as a whole, that the struggle for civil rights is not over. This is part of the reason why in 2008 the Florida Legislature formally apologized for the state’s “shameful” history of slavery, joining five other states that have expressed public regret for what President Obama calls America’s “Original sin.”<sup>45</sup> Managers need to be careful to reassure their African American employees, and the entire organization, that racist views will not be tolerated in the workplace. Marriott International, for instance, relies on the film *42*, about Jackie Robinson breaking major league baseball’s color line, to make this point. Marriott launched a major campaign in 2013 involving Facebook content, special screenings of the movie, and the showing of “42” (Robinson’s number) on hotel rooms and employee lounges.<sup>46</sup>

The second problem African Americans face as a group is less educational preparation than whites.<sup>47</sup> This is not an issue unique to blacks. Both blacks and Hispanics showed approximately half the college graduation rate of whites. Because of the increasing importance of technology and information in the U.S. economy, the discrepancy between the wage rates of college-educated and non-college-educated workers is growing. Therefore, the differential in educational preparation between African Americans (and Hispanic Americans) and whites puts the former at a major disadvantage in the labor market.

There is, however, reason for optimism. An analysis of 291 metropolitan areas indicated that all but 19 were more integrated than in 1990. Whereas in 1972 relatively few whites reported regular interactions with blacks, by 2008 almost two-thirds of whites said they had personal contacts with blacks often or daily.<sup>48</sup> Over the past 50 years, the number of black households at or near the poverty line has fallen by almost one-third, controlling for inflation. Approximately 41 percent of blacks are now solid middle class, making between \$42,000 and \$108,000 a year, with almost 20 percent considered prosperous (earning more than \$108,000 more a year).<sup>49</sup> These positive figures are tamed by a faster dip in median black family income relative to whites following the deepest recession since World War II and the first such significant decline since the 1940s.<sup>50</sup> In 1980, barely one of two blacks over age 25 held a high school diploma. In 2011, nearly four out of five, or just under 80 percent, had a high school diploma; for blacks in the 25–29 age group, it was 86 percent, which was the same as for whites. And in less than 20 years, the number of black college graduates has doubled.<sup>51</sup> African Americans’ share of management jobs has increased at least fivefold since 1966.<sup>52</sup> For all of these reasons, a 2008 front-page article in the *Wall Street Journal* concluded that “The growth of the black middle class and integration of the workplace didn’t only reshape the black community, it transformed the attitudes of many whites as well.”<sup>53</sup>

## Asian Americans

Americans of Asian descent constitute approximately 5.6 percent of the U.S. workforce. Their representation in the labor force increased by approximately 63 percent from 1990 to 2014 and is projected to double by 2050.<sup>54</sup> Just as the term “Hispanics” applies to a range of people, “Asian Americans” include a wide variety of races, ethnic groups, and nationalities (for instance, Japanese, Chinese, Koreans, Indians, and Pakistanis).<sup>55</sup> Although Asian Americans have done well in technical fields and are very well represented in institutions of higher education, they are underrepresented in top corporate positions. Employer discrimination probably accounts for this to some extent, because Asian Americans are often stereotyped as being too cautious and reserved to lead.<sup>56</sup> They also suffer from the belief held in some quarters that, because of their educational attainments, they are an advantaged group and, therefore, do not deserve special consideration in hiring and promotion decisions. As a result, they are less likely to benefit from programs intended to improve the employment conditions of women and other minorities. Finally, one survey found



that 40 percent of African Americans and Hispanic Americans and 27 percent of whites saw Asian Americans as “unscrupulous, crafty, and devious in business.”<sup>57</sup> For all these reasons, some Asian Americans are relegated to technical and support positions that require minimal interpersonal interactions and offer limited opportunities for advancement.

John Yang, a vice president at Hewlett-Packard, notes that although Asians are well represented in the high-technology industry, they seldom make it to the upper echelons. Those Asians who are at the top rung of high-tech companies often started their own companies, like Charles Wang, founder and ex-CEO of New York’s Computer Associates.<sup>58</sup>

Most Asian immigrants to the United States today are from the Philippines, Indonesia, Sri Lanka, and Thailand, with a growing number from mainland China. At least half of these immigrants are women, many of whom end up working for very low wages in high-pressure industries such as the garment business.<sup>59</sup> However, we should be cautious of making generalizations. For instance, most Indians who come to the United States are professionals whose average incomes exceed that of native-born Americans.<sup>60</sup> One example is that of Indra Krishnamurthy Nooyi, who grew up in Chennai (formerly Madras) on the southeast coast of India and is now CEO of PepsiCo, a quintessential American company. According to one reporter, “As a vegetarian, she is not who you’d think would be leading the maker of sugary soda and salty snacks.”<sup>61</sup> *Inc.* magazine, which focuses on small businesses, has developed a special category listing Indian entrepreneurs who have launched successful companies, many of them in the high-technology sector.

### People with Disabilities



There are approximately 43.5 million people with disabilities in the United States, 15 million of whom are actively employed and 6 million of whom subsist on Social Security payments and disability insurance.<sup>62</sup> At least 3.7 million people with severe disabilities are at work.<sup>63</sup> The remainder are either unemployed (presumably supported by their families) or under working age. People who are physically disabled face four main problems at work.

First, social acceptance of disabilities has not advanced much since the Dark Ages.<sup>64</sup> Many people still view people with disabilities with suspicion, even scorn, feeling that those who are physically impaired should stay away from the work world and let “normal” people assume their duties. At a more subtle level, coworkers may not befriend employees with disabilities because they simply do not know how to relate to them. Even extroverts can suddenly become shy in front of a person with a disability.

Second, people with disabilities are often seen as being less capable than others. This misconception persists even though people who are legally blind and deaf can perform many tasks just as well as those with normal sight and hearing, and modern technology allows many paralyzed people to run computers.

Third, many employers are afraid to hire people with disabilities or put them in responsible positions for fear that they may quit when work pressures mount. This myth persists despite the fact that absenteeism and turnover among such employees are only a fraction of those of other employees. For instance, Marriott International reports that turnover among employees with disabilities is only 8 percent annually, compared to 105 percent for workers in general.<sup>65</sup> Pizza Hut has also found a huge difference in turnover rates: 20 percent for employees with disabilities versus more than 200 percent for employees without disabilities.<sup>66</sup>

Fourth, ever since the passage of the Americans with Disabilities Act in 1990, many employers have overestimated the costs of accommodating employees with disabilities. In fact, employers have found that accommodations are usually simple and cheap, costing on average between \$200 and \$500 across different firms.<sup>67</sup> For instance, Griener Engineering, Inc., in Irving, Texas, installed a lighter-weight door on the women’s restroom and raised a drafting table by putting bricks under its legs.

The U.S. Supreme Court has established a clear distinction between a physical impairment and a disability under the Americans with Disabilities Act (ADA). For example, Ella Williams, an assembly-line worker at a Toyota plant, was unable to work with power tools after she developed crippling pain in her wrists, neck, and shoulders from repetitive motions. The Sixth Circuit Court of Appeals in Cincinnati said her injury was akin to having “damaged or deformed limbs,” and it ruled Toyota should have accommodated her by giving her work as an inspector. Toyota appealed the decision to the U.S. Supreme Court. Citing the so-called “toothbrush test,” the Supreme Court ruled that to be disabled a worker must have difficulties in doing everyday tasks. According to

Justice O'Connor, "Even after [Williams's] condition worsened, she could still brush her teeth, wash her face, bathe, tend her flower garden, fix breakfast, do laundry and pick up around the house." This suggests that Williams did not have a true disability but rather a physical impairment. Thus, she was not entitled to the antidiscrimination protection of ADA.<sup>68</sup>

The Americans with Disabilities Act, passed almost 25 years ago, has succeeded in opening access to buildings and providing legal protection, yet significant employment barriers remain. A recent U.S. Bureau of Labor Statistics report covering the recent 2008–2011 recession reveals that, at any one point during the recession, the percentage of disabled people actively looking for work but unable to find employment was almost 70 percent higher than for their nondisabled counterparts.<sup>69</sup>

## The Foreign Born

Approximately 14 percent of the U.S. population is foreign born, although in some areas, such as California, southern Texas, southern Florida, and in New York City, the proportion reaches close to one-third of the population.<sup>70</sup> Reliable statistics are hard to find, because of illegal immigration and census undercounts (fearing legal reprisal, many undocumented workers wish to remain incognito), but at least 30 million immigrants have come to the United States over the past 30 years.<sup>71</sup> U.S. Census Bureau data estimates the number of non-naturalized immigrants, both legal and illegal, currently living in the United States at 21.8 million.<sup>72</sup> In addition, half a million foreign students on temporary visas are attending U.S. universities at any one time, spending about \$11 billion a year on tuition and living expenses.<sup>73</sup> Many of these people remain in the United States after obtaining their degrees. Although the rate of illegal immigrants seemed to have slowed down considerably during the recent recession, the Pew Research Center estimates that if current trends continue, 19 percent of the U.S. population will be foreign born by 2050.<sup>74</sup>

Regardless of their parents' legal status, all children born in the United States are automatically U.S. citizens under the U.S. Constitution. However, American children of undocumented immigrants face an uncertain future.<sup>75</sup> As noted by one analyst, "As the government steps up its enforcement of immigration laws, the fate of American children is often an afterthought."<sup>76</sup> As of 2014, there are probably about 12 million undocumented immigrants in the United States, compared with 8.4 million in 2000 and 3.5 million in 1990. Mexicans account for about 57 percent of undocumented immigrants, with an additional 24 percent coming from elsewhere in Latin America.<sup>77</sup> A high proportion of these undocumented workers are of childbearing age and they have four children on average (in comparison to two for the rest of the population). This means that a growing percentage of young Americans are raised by parents with few legal rights and who could be subject to immediate deportation. Another major issue that remains unresolved is the legal status of people who came to the United States as children (through no fault of their own) and think of themselves as Americans. President Obama launched a controversial executive order preventing deportation of this group, but nevertheless at the time of this writing they remain in a legal limbo, and some states (such as Arizona) will not issue state-sanctioned IDs to them.

Partly because of security concerns after 9/11 and partly because of a growing belief that our "borders are out of control," public policy has tended toward tightening immigration laws, making it more difficult, for instance, for illegal aliens to obtain a driver's license or even temporary jobs. In one of the largest public-works projects in history, the United States is erecting miles of new fences along much of the Mexican border. Despite these restrictions, it appears that undocumented workers (those who, by definition, cannot achieve legal status) will continue to enter the United States as long as there is demand for their services. In the past, obtaining a "green card" (legal permanent residency) has been an arduous process, and for unskilled workers, a nearly impossible dream.

As of 2014, federal immigration policy is in disarray, and states and local jurisdictions are rushing to fill in the gap. Since the last edition of this book, state legislatures have passed several hundred pieces of immigration legislation. In Arizona, for instance, an employer can lose its license if it knowingly hires an illegal alien.<sup>78</sup> In 2010, Arizona also approved a highly controversial law (being fought in court at the time of this writing) defining all undocumented aliens in the state as "criminals." In Connecticut City (which boasts a population that is 34% foreign born), the Common Council requires local police to work with U.S. Immigration and Customs Enforcement in rounding up workers who are in the country illegally. On the opposite side, a handful of states (such as Illinois, New Jersey, Massachusetts, and Washington) have passed humanitarian







legislation that makes integration of immigrants a priority, focusing on language, job, and citizenship training, as well as access to services such as health care and public safety.<sup>79</sup> Likewise California (which hosts at least 3.5 million undocumented people within its borders) recently enacted legislation allowing all residents regardless of immigration status to be jurors and to qualify for state-issued driver licenses. Because many employers find it difficult to do business without access to an immigrant labor force (particularly in agriculture, the hospitality industry, the food and beverage industry, and construction) this confusing situation is creating hardships for firms and foreign workers alike.

Although Americans tend to see immigration as a problem limited to the United States, it has become a major issue in a globalized economy, where approximately 200 million people work outside the country where they were born, with a high percentage living in a legal limbo. In many Western European countries, for instance, which until a few decades ago were largely homogeneous, the proportion of foreign-born residents exceeds 10 percent of the population. Moroccans alone amount to 4,000,000 of those foreign-born residents. A similar situation can be found in Asia (for instance, in Taiwan); in the Middle East (for instance, in Saudi Arabia); in Africa (where, for example, 2 million Indians live); and in Latin America (for instance, in the Dominican Republic where 1 million Haitians live).<sup>80</sup> Recently, the civil war in Syria has provoked the exodus of millions of people into neighboring countries.

Controversial actions by foreign governments in response to immigration pressures are becoming more common. For instance, France has deported hundreds of Romanian Gypsies back to Romania, even though Romania is part of the European Union (EU) and, legally, all citizens of EU member states presumably have the right to settle anywhere they choose within the 27-country EU territory.

The United States has always depended on skilled immigrants to staff science and engineering jobs. In fact, foreigners now account for about 40 percent of all science and engineering PhD holders working in the United States, and more than 50 percent in math and computer fields. In several business fields, 30 percent or more of faculty and doctoral students are foreign born. Fifty-two percent of Silicon Valley startups had immigrant founders. Much of the space program, including the trips to the moon, would not have been possible without teams of German scientists who immigrated to the United States after World War II. For a complex set of reasons, including visa restrictions in the United States, multiyear delays in processing visa applications, and attractive opportunities in other countries (such as Germany, China, India, Korea, and Brazil), a substantial number of highly skilled immigrants are going elsewhere. Unless this trend is reversed, this is likely to create a talent vacuum for the United States in the upcoming decades.

### Homosexuals

Although early research dating from the 1940s suggested that about 10 percent of the population is gay, there is considerable debate about the true percentage, with estimates ranging from 1 to 2 percent to 10 percent.<sup>81</sup> In recent years, gay advocacy groups have become very outspoken about their rights, arguing that sexual preference should not be a criterion for personnel-related decisions. But open homosexuality is still taboo in many workplaces.

Federal legislation in the United States offers little legal protection based on sexual orientation at present. Although no federal law prevents overt discrimination against homosexuals, a growing number of states and local jurisdictions have such antidiscrimination laws on their books. An interesting phenomenon is the voluntary decision on the part of a growing number of organizations to embrace employees that do not have a heterosexual orientation (often referred to as lesbian, gay, bisexual and transgender employees, or LGBT). A large number of blue-chip firms and public institutions sponsor gay/lesbian groups in their workforce (including American Express, Deloitte LLP, Prudential, Novartis, General Motors, and Xerox); provide benefits to “domestic partners” (such as Arizona State University, Wachovia Bank, Monsanto, and Microsoft); or do both (such as Microsoft and Monsanto).<sup>82</sup> Even some mainstream religious denominations and organizations, such as the Episcopal Church and the Jewish Theological Seminary, are now accepting openly gay individuals to the ministry and into the seminary.<sup>83</sup> The same is true for the British military. The U.S. military has also abolished the “don’t ask, don’t tell policy” that was put in place during the Clinton administration. The IRS now allows homosexual couples to file joint tax returns even if their state does not allow gay marriage. Several predominantly Catholic countries (such as Spain, Mexico, and Argentina) now allow weddings for people of the

same gender, giving them the identical legal rights, including the same access to fringe benefits, as heterosexual couples. When the first edition of this book was published in the mid-1990s, much of this would have been unthinkable. The Manager's Notebook, "Employee Inclusiveness and Sexual Orientation," addresses this dramatic change.

## MANAGER'S NOTEBOOK

### Employee Inclusiveness and Sexual Orientation

**A**lthough clearly there is no social consensus on this issue, and many people disapprove of the use of sexual orientation to receive legal protection on discrimination grounds, much has changed in the past 10 years or so for the so-called LGBT group. Almost one-third of the states now recognize gay marriage; the "don't ask, don't tell" policy that explicitly barred openly gay people from the military has been repealed; 21 states, the District of Columbia, and more than 160 cities and counties have laws prohibiting employment discrimination based on sexual orientation; and 88 percent of Fortune 500 firms have voluntarily adopted antidiscrimination policies for LGBT employees, including allowance of a "significant other" in lieu of a heterosexual spouse in their benefit program. These firms include such household names as Aetna Inc., Alcatel-Lucent, Apple Inc., Eastman Kodak Co., Nike Inc., JPMorgan Chase & Co., and Xerox Corp. However one still finds large firms that do not share this view. For instance, Exxon Mobil has had an implacable opposition to including sexual orientation in its employment policies and will only do so when mandated by law (such as in Belgium). For many firms, the federal government's refusal to allow anything other than a heterosexual marriage to be recognized for visa purposes continues to pose a major challenge when it comes to global recruitment.

*Sources:* Based on Stewart, J.B. (2013). Exxon defies calls to add gays to antitobacco policy, [www.nytimes.com](http://www.nytimes.com); Hirsch, E. (2014). Young gay workers predict workplace challenges, [www.shrm.org](http://www.shrm.org); Hastings, R.R. (2014). Companies celebrate gay and transgender equality, [www.shrm.org](http://www.shrm.org). ■ ■



Ethics/Social  
Responsibility

### Latinos (Hispanic Americans)

People from Latin America have traditionally used cultural self-definition to distinguish their cultural identity from that of non-Latino North Americans. The label *Hispanic*, the official name used by the U.S. government, is "essentially a label used by administrative agencies and researchers."<sup>84</sup>

Latinos include people of European descent (there are at least 70 million of them in Latin America) and people of African descent (there are at least 25 million living in the Spanish-speaking Antilles and the Caribbean basin), as well as Latin Indians (who make up a very large proportion of the Mexican and Andean population); Asians (there are probably 10 million Asians of Hispanic descent); and a very large number of people of mixed origin. In fact, over half of Latinos identified themselves as "white" when it came to race in the 2010 Census (which allowed for two separate choices, one on ethnic status and one on race), probably reflecting the fact that in most countries south of the border racial lines are blurred.<sup>85</sup>

There are at least 50 million Latinos in the United States, with some estimates as high as 60 million.<sup>86</sup> The boom in the Hispanic population, 60 percent of which is native born, continues to be the driving force in U.S. demographics.<sup>87</sup> Latino immigrants have birth rates twice as high as those of the rest of the U.S. population. The United States is now the largest Spanish-speaking country in the world except for Mexico.<sup>88</sup> Between now and 2030, Latinos are expected to account for about half of the growth of the U.S. workforce.<sup>89</sup> Many Latinos are professionals and entrepreneurs; others are unskilled laborers and farmers. At the high end of the scale are upper- and middle-class Cubans who came to the United States in the aftermath of the 1959 Cuban Revolution; on the low end are migrant workers.<sup>90</sup>

Latinos face a number of problems in the U.S. workplace. One is language.<sup>91</sup> Second, cultural clashes may occur because of value differences. Some Latinos see non-Latino North Americans as unemotional, insensitive, self-centered, rigid, and ambitious. Meanwhile, non-Latinos often



complain that with Latinos “Scheduling, planning, punctuality and attendance might be less rigid than among other employees.”<sup>92</sup>

Third, Latinos of African or Latin American Indian descent (many of whom migrate to the United States because of their extreme poverty at home) often face an additional hurdle: racial discrimination because of their skin color. Latinos in the United States have become the target in recent years of anti-immigrant feelings, which are often fueled by politicians who see this as an issue that can win votes for them.

These challenges do not negate the noteworthy progress that Latinos have made in recent years. The largest 500 Latino-owned firms in the United States export more than \$1 billion worth of goods each year, generating many U.S. jobs in the process.<sup>93</sup> Almost a quarter of the Fortune 1000 firms have some Latino senior executives, with 70 serving as executive officers and seven who are now CEOs of Fortune 500 firms. Latinos occupy approximately 200 board seats in these companies, double the 1993 number. Hispanic middle-class households (those earning \$40,000 to \$140,000 annually) have grown 74 percent during the past 23 years, with 15 percent of Latino families reporting incomes of more than \$75,000. Total Hispanic purchasing power now exceeds \$500 billion. The proportion of college graduates is now over 20 percent, an increase of 45 percent over two decades.<sup>94</sup> There are in excess of 1.5 million Hispanic-owned businesses, and they are forming at a rate three times faster than the U.S. national average.<sup>95</sup>

To quell the fears of those who believe Latinos do not assimilate as well as prior European immigrants assimilated, the evidence shows that the first generation is mostly bilingual and English becomes dominant in the second generation.<sup>96</sup> For this reason, marketers are now starting to focus their attention on the second generation. For instance, Microsoft’s MSN Latino, a Spanish-language Web site with about 11 million monthly visitors, now offers marketers an ad service in English that targets second-generation Hispanics.<sup>97</sup> Furthermore, most Latinos do not live in densely packed, highly homogeneous, Spanish-language communities. Rather, most live in neighborhoods with non-Hispanic majorities.<sup>98</sup> Contrary to stereotypes of lack of assimilation, a high proportion of Hispanics marry and establish families with spouses of a different ethnic group, particularly starting in the second generation. As has always been the case throughout history, cultural elements tend to blend, with the dominant culture absorbing what originally was viewed as “foreign.” For instance, Mexican restaurants are now common in most neighborhoods and Mexican dishes (with an Americanized twist, sometimes called Tex-Mex) are now part of the American diet. And by the second generation, English rather than Spanish often becomes the main language spoken at home.

### Older Workers



The U.S. workforce is getting older. The average U.S. worker is close to age 39 and is expected to reach close to 43 by the year 2020. Forty-seven percent of employees are currently over the age of 40. This is not unique to the United States; in fact, this trend is more pronounced in other developed countries. For instance, in the European Union, close to 40 percent of employees are now over the age of 50.<sup>99</sup> Older workers face several important challenges in the workplace. First, the United States is a youth-oriented culture that has not yet come to terms with its changing demographics.<sup>100</sup> Starting around the age of 40, but particularly after the age of 50, employees encounter a number of stereotypes that may block their career advancement. Partly because of this, the number of age bias claims against private sector employers filed with the Equal Employment Opportunity Commission increased dramatically in recent years.<sup>101</sup> In 2005, the U.S. Supreme Court opened a new door for older workers to sue for age discrimination. The Court ruled that workers over 40 years old could bring charges when the firm’s action has a “disparate negative impact” on their age group; they do not have to meet the tougher standard of proving that the employer actually intended to discriminate.<sup>102</sup> Apart from legal considerations, one of the growing ethical issues in human resource management is the extent to which older workers have become easy targets for efforts to reduce salary and health insurance costs.

The economic crisis during 2008–2011, tepid economic growth in subsequent years, and the aging of the baby boom generation (most of whom do not have enough saved for comfortable retirement) have pushed age to the forefront of diversity issues. Most retirement plans are linked to the fortunes of the stock market and few firms now offer a guaranteed monthly payment when an employee reaches retirement age. High rates of divorce and remarriage mean that more and more people start new families in middle age. Because of all of these factors, millions of older

workers have changed their minds about quitting their jobs, and some who had already retired decided to reenter the labor market.

To take advantage of this experienced labor pool, a group of employers, including Home Depot, Principal Financial Group, and MetLife, created the National Employer Team, together with the AARP (a national association for people over 50), to endorse “older worker friendly policies.” AARP members can access open positions at the companies through the association’s Web site.<sup>103</sup> In other words, age is becoming one of the main concerns in human resources when it comes to diversity and inclusiveness (see Manager’s Notebook, “The Rise of the Older Worker”).



## MANAGER'S NOTEBOOK

### The Rise of the Older Worker

Between 1977 and 2014, the employment of workers 65 and older has more than doubled, a trend that is likely to accelerate as the baby boom generation enters the golden years. The majority of these individuals have less than \$200,000 in retirement accounts, not enough to last for more than 10 years living frugally. As a result of this trend, old stereotypes of older workers lacking the speed, technological skills, and stamina of younger workers are quickly fading. Most jobs in the 21st century do not require heavy physical exertion and thus physical impairments are seldom a problem when it comes to age. For this reason, companies such as Google and AT&T publicly proclaim that “we value maturity” and thus will consider older applicants. At ToFulli, a dairy-free product maker, one third of the employees are over 50 and the company advertises itself as an “older worker friendly company.” AARP publishes a list every two years of the “Best Employers for Workers Over 50.” Despite these changes, in comparison to many other countries the United States remains a youth-oriented culture in which the wisdom of older age is not valued as much. Many managers are still prejudiced when it comes to hiring older applicants because of fears that they might have lower performance, higher absenteeism, and less ability to learn new things and solve problems.

*Sources:* Based on Sedensky, M. (2013, September 14). Some employers see benefits to hiring older workers, [www.theeagle.com](http://www.theeagle.com); AARP. (2014). About the best employers program, [www.aarp.org](http://www.aarp.org); Hennekam, S., and Hersbach, O. (2013). HRM practices and low occupational status of older workers. *Employee Relations*, 35(3), 339–355. ■■



### Emerging Trends

At the same time, the so-called “generation gap” is creating a challenge for many firms.<sup>104</sup> Citing research at companies such as IBM and Lockheed Martin Corp., one observer notes that “companies worldwide are grappling with generational differences in their workforces. Managers and consultants say they see new workplace problems arising from differing mindsets and communication styles of workers born in different eras. The frictions are aggravated by new technology and work patterns that mix workers of different ages in ever-changing teams.”<sup>105</sup> A 2008 survey by the World at Work Association showed that one-third of companies responding now have “generational initiatives” in place to promote better interaction “among the four different generations currently in the workplace.”<sup>106</sup>

Among the most common negative assumptions about older workers are that they are less motivated to work hard, that they are “dead wood,” that they are resistant to change and cannot learn new methods, and that they are “fire proof.”<sup>107</sup> These negative characterizations are not supported by research. Some recent research shows that the absenteeism rate for those 55 and over (4.2 days per year) was almost identical to the absenteeism rate of other age groups (3.9 per year).<sup>108</sup> Recent studies also show that older workers are just as committed to their jobs as younger workers.<sup>109</sup> Many successful companies have implemented programs to use the knowledge and wisdom of older workers to mentor employees. That way they can leverage senior workers as knowledge champions.<sup>110</sup>

### Religious Minorities

Although the Jewish population as a percentage of the total population has remained relatively stable in both the United States and Europe, other non-Christian minorities have grown rapidly.





In the United States, approximately 4 million Americans profess Islamic, Hindu, Taoist, or other non-Christian beliefs. In Western Europe, the Muslim population represents the largest minority group, hovering somewhere between 6 and 15 percent of the population in such countries as France, Holland, Spain, Germany, and the United Kingdom.

The tragic events of September 11, 2001, in New York City and Washington, D.C.; the bombings in Boston, Madrid, and London; and multiple other actual or alleged terrorist incidents in the United States and Europe have severely tested tolerance toward people of certain religious backgrounds. The fact that some well-publicized terrorist acts have been carried out by Western-born religious extremists (such as the 2013 attack on a shopping mall in Kenya) adds to this problem. A survey by the Society for Human Resource Management revealed that so-called “ethnic religions” such as Islam now come just after race and gender in U.S. perceptions of “otherness.”<sup>111</sup> A 2010 survey conducted by *Time* magazine in the United States revealed that, while only 37 percent of Americans know a Muslim American, 46 percent believe that Islam is more likely than other faiths to encourage violence.<sup>112</sup> In Europe, with a much higher Muslim representation and a short history of immigration, blaming Arab minorities for crime, unemployment, and government budget deficits has become commonplace.<sup>113</sup> In Europe, for example, it is not unusual even for mainstream politicians to use language to refer to religious minorities that in the United States probably would be considered as hateful. Rising intolerance is likely to fuel discrimination in the workplace (see the Manager’s Notebook, “Religious Differences Moving to the Forefront of Inclusiveness”).



## MANAGER'S NOTEBOOK

### Religious Differences Moving to the Forefront of Inclusiveness

A growing concern in the United States and Western Europe is the extent to which religion has become a source of conflict in the workplace. Firms are now forced to respond to religious tensions as employees (as well as firm owners) openly express their religious sentiments. A few examples follow:

- Employers in France may fire employees for wearing burkas and other full-body robes worn by Muslim women. Similar well-publicized cases have recently occurred in the United States. For instance, Abercrombie & Fitch has been sued for violating federal discrimination laws after it fired an employee for wearing a hijab, or an Islamic religious scarf.
- Some employee groups express open dissatisfaction with certain paid holidays that have religious roots even though they are now part of the secular culture (such as Christmas, Halloween, Good Friday, and St. Valentine’s Day).
- A growing number of firms are incorporating an interfaith calendar as part of their HR policies to show that they are aware of holidays that are important to some employees. Employees may then request time off for the holidays (such as Yom Kippur and Ramadan) that are important to their faith.
- Nearly one-third of respondents to a national survey report that they can identify religious biases in their workplace, and one half of those (15% of the total) claim that they find these perceived biases an offense to their personal beliefs.
- Religious beliefs are coming into conflict with work schedules at some companies. Rent-a-Car Center Inc., for example, has been sued by Seventh-Day Adventists who believe they are discriminated against by being forced to work on Saturday (their day of religious observation).
- Some firms are not including contraceptive pills or assisted reproduction as part of their health benefit packages, even though this comes into conflict with federal regulations under so called “Obamacare.”

- Hobby Lobby openly sponsors evangelical causes, promoting the owners' faith wherever it operates. For instance, unlike most large retail establishments, it closes on Sundays to give employees a biblical day of rest. Hobby Lobby has recently files a suit against some contraceptive provisions of the Affordable Care Act.

Sources: Based on Leonard, B. (2014). EEOC files two religious bias lawsuits, [www.shrm.org](http://www.shrm.org); Hastings, R. (2014). Religious inclusion requires year-round attention, [www.shrm.org](http://www.shrm.org); Keller, B. (2013). The conscience of a corporation. *New York Times*, [www.nytimes.com](http://www.nytimes.com). ■■

Some of this tension has exploded into violence, as in various cities in France and southern Spain. Turkey, which is overwhelmingly Muslim but officially secular, experienced a number of skirmishes during 2010–2014 on the issue of whether women are allowed Islamic head scarves in Turkey's universities.<sup>114</sup> And in 2008, the Vatican publicly condemned physical attacks against religious minorities in Italy, in particular Muslims. On this side of the Atlantic, two issues of Muslim practice—whether the call to prayer should ring out across Harvard Yard and whether the university should grant women separate gym hours—have unleashed small waves of controversy over how Harvard practices tolerance.<sup>115</sup>

Some of this tension may also be found within the Islamic community itself as it tries to adapt to Western society. For instance, there are now more than 200 Muslim student association chapters on U.S. college campuses. One expert notes, “Gender issues, specifically the extent to which men and women should mingle, are the most fraught topic as Muslim students wrestle with the yawning gap between American college traditions and those of Islam.”<sup>116</sup>

Unfortunately, as noted by Helen Sanhan, executive director of the Arab-American Institute Foundation, “often the Arab community is negatively displayed in the media.”<sup>117</sup> Security fears due to terrorist threats in the United States and Europe have led to many complaints of “racial profiling” and discrimination lodged by people of Arab descent, as well as those who may be mistaken for Muslims, such as some people of East Indian background. Many firms on both sides of the Atlantic are now grappling with policies to cover such issues as permissible garments at work, religious holidays, potential harassment or ridicule based on one's faith, and the display of religious symbols on company premises.<sup>118</sup> The bombing of the Boston Marathon in 2013 by two white Chechen Islamists who had become naturalized American citizens brought the point home that stereotypes based on physical appearances can be misleading.

## Women

The projected participation rate for women in the workforce is expected to be about equal that of males.<sup>119</sup> Unfortunately, women's earnings have not mirrored their rising participation trend. After falling to a low of 59 percent of male earnings in 1975, the female-to-male earnings ratio rose slowly and is now approximately 73 percent, just 10 points above its level in 1920, when only 20 percent of women were in the labor force.<sup>120</sup> Over three-quarters of people who earn over \$120,000 a year are men.<sup>121</sup>

There may be reason for optimism, however. Women's share of top-management jobs has increased at least threefold during the last three decades.<sup>122</sup> In the past edition of this book, 13 women were CEOs of Fortune 500 firms; at the time of this writing (2014) there are 21. These include some of the most important companies in the world such as Margaret Whitman at Hewlett Packard, Virginia Rometty at IBM, Indra Nooyi at PepsiCo, Marilyn Hewson at Lockheed, Phebe Novakovic at General Dynamics, and Ursula Burns at Xerox.<sup>123</sup> And 55 percent of employed women bring in half or more of their total household income,<sup>124</sup> a trend that has accelerated during the hard economic times of 2008–2012 because many men have lost highly paid jobs in the manufacturing and construction sectors.

Approximately 52 percent of women now hold managerial positions, up from about 12 percent in the early 1970s.<sup>125</sup> Outside the corporate arena, we now have many powerful female role models who were almost totally absent a generation ago. These include, for instance, Oprah Winfrey (one of the richest persons in the world and a very successful entrepreneur), House Speaker Nancy Pelosi, former Secretary of State Hillary Clinton, German Chancellor Angela Merkel, and Janet Yellen, Chair of the Board of Governors of the U.S. Federal Reserve System.<sup>126</sup> In some countries, such as Spain, Norway, and Finland, the cabinet has more women than men,<sup>127</sup> and



in the United States it has gone from zero in the 1960s to almost a fourth in recent years. Even in South Korea, which did not ban gender discrimination until 2000, many senior positions in the judiciary, international trade administration, and startups are now held by women.<sup>128</sup>

Still, there is no doubt that most women continue to earn considerably less than their male counterparts, and that 50 years after the women's liberation movement started in the 1960s, males still occupy more than 90 percent of positions on boards of directors, on top management teams, in CEO roles, and other key places in Fortune 1000 firms, even though the gap in educational achievement by gender has largely disappeared. Accordingly, a 2010 large-scale survey of 1,834 business professionals by consulting firm Bain and Co. reveals a huge gap in perceptions as to who has more opportunities in business: men or women. Eighty-one percent of men said that there is no discrimination by gender when it comes to promotions to managerial ranks, compared to 52 percent of women. Similarly, 66 percent of men said that, given equal backgrounds and performance levels, women have an equal chance to be promoted to the top executive levels, versus 30 percent of women.<sup>129</sup> Other than overt sex discrimination (which is, of course, illegal), several factors may account for the earnings differential between women and men and women's lack of upward mobility. These include biological constraints and social roles, a male-dominated corporate culture, exclusionary networks, and sexual harassment.

**BIOLOGICAL CONSTRAINTS AND SOCIAL ROLES** After five decades of feminism, women continue to encounter a fairly rigid set of expectations regarding their roles and behavior that extend far beyond biological constraints. Women are still primarily responsible for taking care of the children and performing most household duties. A study conducted in the late 1990s estimates that full-time working women still spend three times the amount of time spent by men on household duties.<sup>130</sup> In the words of one woman entrepreneur, who left Dell to start up her own company (the wedding Web site “Weddings Channel”) so that she could enjoy more flexibility, “I got pregnant with my first child during my time at Dell. I’ve always been one of those people who is very driven about work, but I also always wanted to be a mom. All your priorities change when you are shifting your career to accommodate a family.”<sup>131</sup>

Perhaps reflecting these societal norms, only a tiny proportion of companies provide day care and other support options (such as job sharing and reduced work hours for employees with young children). For this reason, many talented and highly educated women are forced to curtail their career aspirations and/or quit the organization in their late 20s or early-to-mid 30s—crucial years in one's career—if they wish to have a family. In a recent study that followed the career path of 1,000 women who got Harvard degrees back in the early 1990s, almost one-third of MBA graduates were full-time mothers 15 years later versus 6 percent of doctors. Doctors said they could arrange flexible hours, but most of the women with MBAs agreed that “the infrastructure is not there in the business world.”<sup>132</sup>

**A MALE-DOMINATED CORPORATE CULTURE** Most sex differences are not related to performance, particularly in white-collar occupations, where sheer physical strength is seldom required.

A number of studies have shown that men tend to emerge in leadership positions in U.S. culture because they are more likely than women to exhibit traits believed to “go hand-in-hand” with positions of authority. These include (1) more aggressive behaviors and tendencies; (2) initiation of more verbal interactions; (3) focusing of remarks on “output” (as opposed to “process”) issues; (4) less willingness to reveal information and expose vulnerability; (5) a greater task (as opposed to social) orientation; and (6) less sensitivity, which presumably enables them to make tough choices quickly.<sup>133</sup> Thus, cultural expectations may create a self-fulfilling prophecy, with those individuals who exhibit the “female traits” of focusing on process, social orientation, and so on more likely to be relegated to operational and subordinate roles.

Of course, the United States is not alone in this regard. A well-known Japanese author, Marika Bando, notes that “Japanese society hasn't matured enough yet to accept independent and aggressive women. For instance, male managers often address younger workers by adding the diminutive ‘chan’ or ‘kun’ to their names instead of ‘san.’ But female managers should refrain from following that practice because Japanese men are very sensitive about their positions.”<sup>134</sup>

**EXCLUSIONARY NETWORKS** Many women are hindered by lack of access to the **old boys' network**, the informal relationships formed between male managers and executives. Because most high-level positions are filled by men, women are often left out of the conversations that help men get ahead.<sup>135</sup>

### old boys' network

An informal social and business network of high-level male executives that typically excludes women and minorities. Access to the old boys' network is often an important factor in career advancement.



**SEXUAL HARASSMENT** Women have to confront sexual harassment to a much greater extent than men do. Approximately one in five civil suits now concerns harassment or discrimination, compared with one in twenty two decades ago. Sexual harassment litigation is also occurring in Europe.<sup>136</sup> Currently, more than 100 insurance firms in the United States offer employment practice liability insurance, which covers employers' legal costs, damages, and settlements in lawsuits for discrimination and harassment.<sup>137</sup>

Businesses have been getting tougher on this issue by crafting stronger sexual harassment policies and setting up intensive seminars for employees. These educational efforts are particularly important because men and women often have different notions of what kinds of behavior constitute sexual harassment.

## Improving the Management of Diversity

Organizations that have made the greatest strides in successfully managing diversity tend to share a number of characteristics. These factors include the creation of a culture that supports inclusiveness, a commitment from top management to valuing diversity, diversity training programs, employee support groups, accommodation of family needs, senior mentoring and apprenticeship programs, communication standards, organized special activities, diversity audits, and a policy of holding management responsible for the effectiveness of diversity efforts.

In recent years, *Fortune* has published a list of the “50 Best Companies for Asians, Blacks, and Hispanics.”<sup>138</sup> *DiversityInc.*, a print and online journal dedicated to diversity issues, also publishes an annual list of the best companies for minorities and women. The judges consider many of the factors just mentioned. Here is a sample of some effective diversity practices enacted by the top companies:

- Johnson & Johnson offers a wide variety of family-friendly policies to employees, including retirement transitions for older workers, paid time off for volunteering, a work/life resource and referral program, elder care and adult-management services, child care discounts, resources and referrals and onsite day care, and resources for parenting and grandparenting. The company also encourages the formation and active participation of employees in diversity groups such as the Association of Middle and North African Heritage, South Asian Professional Network, and Veteran's Leading Council. Twenty percent of employees belong to these diversity groups.
- McDonald's makes a concerted effort to purchase from minorities, who now represent half of its vendors.
- Nordstrom weighs minority retention rates as a key factor in manager performance evaluations. The company also has an outreach program to involve minority-owned firms in new store construction.

*DiversityInc.* also puts together an annual list of the top ten companies for specific groups such as blacks, Latinos, Asian, the disabled, and women. For instance, in 2010, the following widely recognized company names made this list for blacks: Marriott International, AT&T, Sodexo, Northrop Grumman, Altria, McDonald's, Verizon Communications, Southern Company, Intercontinental Hotels Group, and Target.<sup>139</sup> These companies, on average, have:

- 20 percent blacks in their workforce, compared with 14 percent nationally
- 23 percent black women in their workforce, compared with 8 percent nationally
- 17 percent black women among their managers, compared with 3 percent nationally
- 8.2 percent contractor expenditures spent on minority business enterprises, compared with 2 percent nationally

## Creating an Inclusive Organizational Culture

As we discussed in Chapter 1, the shared values, beliefs, expectation, and norms prevalent in organizations are likely to have a major influence on the effectiveness of human resource management policies, and the management of employee diversity is particularly sensitive to this culture. In a recent comprehensive review of several hundred diversity studies, two well-known diversity scholars, Susan E. Jackson and Aparna Joshi, concluded that “empirical studies that examined the effects of dissimilarity (employee diversity) in organizations with different cultures seem to



support the general argument that organizations with cultures that reflect a belief that diversity is a valuable resource are more likely to realize the potential benefits of team diversity. . . . [O]n the other hand, organizational cultures that endorse a so-called color-blind approach may reinforce majority dominance and result in disengagement by minority employees.”<sup>140</sup> As discussed next, several factors go into creating an inclusive culture. Although organizational culture is an elusive concept, it seems clear that some firms are more welcoming and supportive of diversity than others. This also seems to be the case at the industry level. For instance, in the finance industry women have had little luck in breaking through the glass ceiling and it continues to be dominated by entrenched male networks.<sup>141</sup>

### Top-Management Commitment to Valuing Diversity



It is unlikely that division managers, middle managers, supervisors, and others in positions of authority will become champions of diversity unless they believe that the chief executive officer and those reporting to the CEO are totally committed to valuing diversity. Xerox, DuPont, Corning, Procter & Gamble, Avon, the *Miami Herald*, Digital Equipment Corporation, U.S. West, and other pacesetters in the successful management of diversity all have CEOs who are fully dedicated to putting this ideal into practice. For example, Avon has established a multicultural participation council (which includes the CEO) that meets regularly. Similarly, in a startling 10-page color brochure, the CEO of Corning announced that management of diversity is one of Corning’s three top priorities, alongside total quality management and a higher return to shareholders.<sup>142</sup>



### Appraising and Rewarding Managers for Good Diversity Practices

Many companies now explicitly provide or withdraw incentives to managers depending on how well they fare on diversity initiatives. This is based on the idea that what gets measured and rewarded gets done. At Sodexo, for instance, the company links up to 25 percent of managerial compensation to diversity goals. At Wachovia Bank, the CEO personally signs off on senior managers’ bonuses tied to meeting diversity goals. Ernst & Young uses a complex system to measure managerial performance in terms of diversity outcomes; these include 20 quantitative and qualitative indicators of retention, promotions, flexible work arrangements, employee satisfaction, and the like. Wells Fargo has mandatory annual reviews that measure team members against four core competencies, one of which is diversity. Time Warner Cable (with a workforce that is approximately 45 percent black, Latino, Asian American, and American Indian) has its CEO personally sign off on annual bonuses and raises tied to the success of diversity initiatives in the managers’ responsibility areas. Other companies that use metrics to assess and reward diversity efforts include Novartis, General Mills, Sprint, Abbott, Kaiser Permanente, General Motors, CSX, Hilton Hotels Corporation, and Johnson & Johnson.<sup>143</sup>

### Diversity Training Programs

Supervisors need to learn new skills that will enable them to manage and motivate a diverse workforce. Ortho-McNeil Pharmaceutical, Hewlett-Packard, Wells Fargo, Kaiser Permanente, Microsoft, and other companies have developed extensive in-house **diversity training programs** that provide awareness training and workshops to educate managers and employees on specific cultural and sex differences and how to respond to these in the workplace.<sup>144</sup>

Much experimentation in this type of training is occurring around the United States.<sup>145</sup> DuPont has sponsored an all-expense-paid conference for African American managers to discuss the problems they encounter and how they can contribute more to the firm. AT&T has offered seminars designed to help straight employees feel comfortable working alongside openly gay employees and to eliminate offensive jokes and insults from the workplace.<sup>146</sup> Corning has introduced a mandatory four-day awareness training program for some 7,000 salaried employees—a day and a half for gender awareness, two and a half days for ethnic awareness.<sup>147</sup>

This provides an excellent opportunity for senior management and staff to learn about diversity. SHRM suggests that effective diversity training programs need to confront complex issues that have more to do with human behavior than with race, gender, age, and the like. For instance, according to SHRM, diversity training needs to consider the fact that human beings find comfort and trust in likeness. However, this report also notes that frequently these programs fall short of

#### diversity training programs

Programs that provide diversity awareness training and educate employees on specific cultural and sex differences and how to respond to these in the workplace.



expectations. The editors of a special issue of the *Academy of Management Learning and Education* journal came to the same conclusion:

The most reliable effects [of diversity training] are observed in the impact of knowledge; even the relatively short workshops conducted in organizational settings appear to increase training knowledge. Effects of training on attitudes, which were the most frequently used criteria, are less consistent. Although diversity education appears to affect attitudes toward diversity in general, effects on attitudes toward specific demographic or social groups are less consistent.<sup>148</sup>

Several factors undermine the effectiveness of these programs.<sup>149</sup> First, the training may have come at a time when employees were preoccupied with more urgent priorities (such as downsizing, increased work level, or launching a new product under tight deadlines). Second, if employees perceive that external forces, such as a court order or a politician's decree, have prompted the training, they may resist. Third, if the training poses some as perpetrators and others as victims, those who feel blamed may be defensive. Fourth, if diversity is seen as the domain of a few groups (people of color and women, for example), everyone else may feel left out and view the initiative as being for others, not for them. Lastly, although increasing resources are available for teaching diversity, some experts suggest that the materials provided are less than effective in eradicating stereotypes, sometimes inaccurate, and possibly harmful.<sup>150</sup>

To avoid these problems, SHRM provides recommendations, including holding focus groups with people who may find fault with the training; creating a diversity council that represents a cross section of employees with a wide range of views and attitudes; and exploring ways to deliver the training that do not use a typical classroom format (such as one-on-one coaching to help managers deal with diversity challenges or interventions at team meetings on request).<sup>151</sup>

### Support Groups

Some employees perceive corporate life as insensitive to their culture and background, perhaps downright hostile. The perception of an attitude that says “You don’t belong here” or “You are here because we need to comply with government regulations” is largely responsible for the high turnover of minorities in many corporations.

To counteract these feelings of alienation, top management at many firms (such as FedEx, Bank of America, Allstate Insurance, DuPont, Marriott, and Ryder) has been setting up **support groups**. These groups are designed to provide a nurturing climate for diverse employees who would otherwise feel shut out. Microsoft, for instance, lists the following employee resource groups on its Web page: Blacks at Microsoft, Arabs at Microsoft, German Speakers at Microsoft, Attention Deficit Disorder at Microsoft, Dads at Microsoft, Working Parents at Microsoft, U.S. Military Veterans at Microsoft, and at least 30 others. As you can see, these groups are truly diverse and are not restricted to traditional categories of gender, race, or age.



#### support group

A group established by an employer to provide a nurturing climate for employees who would otherwise feel isolated or alienated.

### Accommodation of Family Needs

Firms can dramatically cut the turnover rate of their female employees if they are willing to help them handle a family and career simultaneously. Employers can use the following options to assist women in this endeavor. Unfortunately, most organizations do not yet offer these services.<sup>152</sup>



**DAY CARE** Although the number of U.S. firms providing day-care support is increasing, most firms do not see day care as the company’s responsibility.<sup>153</sup> The U.S. government has a “hands off” policy on day care. This is in sharp contrast with most other industrialized countries, where the government takes an active role in the provision of day care. (For more details, see Exhibit 4.1.)

**ALTERNATIVE WORK PATTERNS** Employers such as Quaker Oats, IBM, Ciba-Geigy, and Pacific Telesis Group have been willing to experiment with new ways to help women balance career goals and mothering, and thereby have retained the services of many of their top performers.<sup>154</sup> As we saw in Chapter 2, these programs come in a variety of forms, including flexible work hours, flextime, and telecommuting. One type of program that is becoming more common is

#### A QUESTION OF ETHICS

To what extent should employers be responsible for the appropriate care of their employees’ children?

#### EXHIBIT 4.1 WHAT EUROPEAN COUNTRIES DO FOR MUM, MAMAN, MÜTTER, AND MORE . . .

When it comes to creating a family-friendly workplace, more than an ocean separates the United States and European countries. Unlike the United States, many European countries have provisions for maternity leave, child care, and flexible schedules—and they've had them in place for years. For example:

- Germany adopted its maternity leave law back in 1878. German women receive six weeks' prenatal leave at full pay and eight weeks postnatal leave, also at full pay. After mothers return to work, they get time off to breast-feed. In addition, there is a three-year unpaid parental leave for every child for all working parents, both male and female.
- Sweden was the first nation to broaden extended postnatal maternity leave to "parental leave," for either the mother or the father, or for both alternately. Today Swedish parents are guaranteed a one-year leave of absence after childbirth. The first half is reserved for the mother, who receives 90 percent of her salary from social security.
- Denmark, with the highest level of publicly funded services in Europe, offers women 18 weeks' maternity leave, 4 weeks before the birth and 14 weeks afterward. Men can take 10 days' leave after their baby is born, and parental leave policy allows either the mother or the father to take an additional 10 weeks off after the birth.
- France leads the pack in day-care support. In addition to getting at least 16 weeks' maternity leave at 84 percent of their salaries, working mothers can bring their children to state-run day-care centers called *crèches*, which are open 11 hours a day and cost between \$3.00 and \$17.50 daily.
- Some European companies, such as National Westminster Bank (NWB) in London, have career-break policies that allow employees to take a multiyear leave after the birth of a child. During that period the employee remains in contact with the company, fills in for vacationing employees, and participates in training. At NWB, career breaks of six months to seven years are available to staff at all grades.

"What we tend to find in Europe," says a coordinator of Daycare Trust in London, "is that the more government involvement there is in these issues, the more likely there is to be involvement by employers." In the United States, it is up to individual companies to provide family-friendly programs. This creates some pockets of work-family innovation, but there is no national trend toward providing these kinds of services.

#### extended leave

A benefit that allows an employee to take a long-term leave from the office, while retaining benefits and the guarantee of a comparable job on return.

job sharing, where two people divvy up what normally is one person's full-time job. A survey of more than 1,000 companies by consulting firm Hewitt Associates found that 28 percent of the organizations offer job sharing, up from 12 percent in 1990.<sup>155</sup> Another option is extended leave. A rare benefit, **extended leave** allows employees to take a sabbatical from the office, sometimes up to three years, with benefits and the guarantee of a comparable job on return. Some companies require leave-takers to be on call for part-time work during their sabbatical.<sup>156</sup>

Many companies now offer day care for employees.

Source: © Jim West/Alamy.



## Senior Mentoring Programs

Some companies encourage **senior mentoring programs**, in which senior managers identify promising women and minority employees and play an important role in nurturing their career progress.<sup>157</sup> At Marriott, for instance, newly hired employees with disabilities are paired with Marriott managers who serve as their coaches. Honeywell and 3M team up experienced executives with young women and minorities to give them advice on career strategies and corporate politics, as do Xerox and DQE Corporation, a Pittsburgh utilities firm.<sup>158</sup> At Abbott approximately one-half of managers participate in formal mentoring programs, which Abbott refers to as “cross culturally focused” development.



### senior mentoring program

A support program in which senior managers identify promising women and minority employees and play an important role in nurturing their career progress.

## Apprenticeships

**Apprenticeships** are similar to senior mentoring programs, except that promising prospective employees are groomed before they are actually hired on a permanent basis. As with senior mentoring, company managers are encouraged to become actively involved in apprenticeship programs. For example, Sears has established an apprenticeship program that gives students hands-on training in skills such as basic electronics and appliance repair. The best students are hired for 10 hours a week to work at a Sears Service Center. This on-the-job training is integrated into the school curriculum, and the most talented students are hired upon completion of the program.

### apprenticeship

A program in which promising prospective employees are groomed before they are actually hired on a permanent basis.

## Communication Standards

Certain styles of communication may be offensive to women and minority employees. Examples are the use of “he” when referring to managers and “she” when referring to secretaries; inadequately representing or ignoring minorities in annual reports; failure to capitalize ethnic groups’ titles (Asian, Latino, etc.); and using terms, such as *protected classes* and *alien*, that may have a precise legal meaning but are offensive to those being described. To avoid these problems, organizations should set *communication standards* that take into account the sensitivities of a diverse employee population.



## Diversity Audits

Often the roots of an employee diversity problem (such as high turnover of minority employees) are not immediately evident. In these instances, research in the form of a **diversity audit** may be necessary to uncover possible sources of bias. Unfortunately, some companies are reluctant to do an official diversity audit for fear that the information uncovered may later be used in a suit against the company. The case of Johnson & Johnson (J&J), the large drug-manufacturing firm, represents one case in point. A voluntary diversity audit by J&J (written in a formal, confidential document) expressed concerns about inadequate tracking of promotions, unequal salaries, and insufficient outreach to recruit women and minorities. The diversity report ended up being used as an unintended legal weapon against J&J when it was uncovered four years later and submitted to a federal court in New Jersey by several African American and Hispanic American employees who argued that “executives knew years ago that they were missing targets for promoting such employees and did little to solve the problem.” A company spokesman, Marc Monseau, emphasized that the diversity audit report “should be considered in the larger context of continual self-examination at Johnson & Johnson. We engage in critical self-analysis because we are always looking to improve our process and our performance. That reaches to all aspects of our business, including diversity.”<sup>159</sup>

### diversity audit

A review of the effectiveness of an organization’s diversity management program.

## Management Responsibility and Accountability

Management of diversity will not be a high priority and a formal business objective unless managers and supervisors are held accountable for implementing diversity management and rewarded for doing so successfully. At the very minimum, successful diversity management should be one of the factors in the performance appraisal system for those in positions of authority. For instance, at Garrett Company, a manufacturer of jet engines, bonus pay is tied to a supervisor’s record on managing diversity. Browsing through the Web pages of companies that are selected as the “best for minorities” by *Fortune* and *DiversityInc.*, one finds that most of them explicitly mention programs to make managers accountable for diversity results. For instance, Xerox keeps track of supplier diversity and uses these figures to hold managers responsible for the success of diversity initiatives.



## Some Warnings

Two potential pitfalls must be avoided if diversity management programs are to be successful. These are (1) avoiding the appearance of “white male bashing” and (2) avoiding the promotion of stereotypes.

### Avoiding the Appearance of “White Male Bashing”

Disproving the accusation that managing diversity is just another catchphrase for providing opportunities for women and minorities *at the expense of white men* is crucial to the successful management of diversity programs. Otherwise, these programs are likely to engender resentment, heighten anxieties, and inflame the prejudices of those who feel threatened. Management should continually emphasize the positive aspects of capitalizing on employee diversity by framing it as something that (1) must be done to gain a competitive advantage and (2) is in the best interests of all employees. Training programs, if properly designed, may be used as efficient vehicles to convey these messages. Another approach is to use rewards. For instance, Whirlpool distributed an extra \$2,700 to each employee in its Benton Harbor, Michigan, plant in a single year in response to productivity and quality improvements. The plant has a significant minority population, and the group incentive induced all employees to work closely together in what they saw as a win-win effort.<sup>160</sup>

Ideally, organizations should adopt an inclusive definition of diversity that addresses all kinds of differences among employees, including (but not limited to) race and gender. A broad definition of diversity will invite participation and decrease resistance.

### Avoiding the Promotion of Stereotypes

As we discussed earlier, an inherent danger in diversity programs is inadvertent reinforcement of the notion that one can draw conclusions about a particular person based simply on his or her group characteristics. Remember, differences between individuals *within* any given group are almost always greater than the “average” or typical differences *between* any two groups. **Cultural determinism**—promoting the idea that one can infer an individual’s motivations, interests, values, and behavioral traits based on that individual’s group memberships—robs employees of their individuality and creates a divisive mind-set of “them versus us.”

Unfortunately, cultural awareness programs and other diversity training activities tend (unintentionally) to overdramatize diversity. This may lead participants to hold assumptions regarding groups that are totally incorrect (and most likely offensive) when applied to specific employees.<sup>161</sup> Some organizations have begun to use the term *inclusiveness training* to promote the idea that such training is intended to unite people rather than treat them as members of a particular class.

#### cultural determinism

The idea that one can successfully infer an individual’s motivations, interests, values, and behavioral traits based on that individual’s group memberships.

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## Summary and Conclusions

### What Is Diversity?

Diversity refers to human characteristics that make people different from one another. Today’s labor force is highly diverse. If effectively managed, this diversity can provide the organization with a powerful competitive edge because it stimulates creativity, enhances problem solving by offering broader perspectives, and infuses flexibility into the firm.

### Challenges in Managing Employee Diversity

An organization confronts significant challenges in making employee diversity work to its advantage. These include (1) genuinely valuing employee diversity, (2) balancing individual needs with group fairness, (3) coping with resistance to change, (4) promoting group cohesiveness, (5) ensuring open communication, (6) retaining valued performers, and (7) managing competition for opportunities.

### Diversity in Organizations

Some groups are likely to be left out of the corporate mainstream. African Americans still face a certain amount of explicit racism and tend to be less educationally prepared for the workplace. Asian Americans confront two stereotypes—one saying they are too cautious and reserved to

lead, and another saying they are unscrupulous in business—as well as the belief that they are too educated to merit special consideration as a minority. Full social acceptance is still denied to people with disabilities, who are often incorrectly perceived as being less capable than others, more prone to quit their jobs under pressure, and costly to accommodate in the workplace.

Foreign-born workers face language and cultural barriers and sometimes ethnic/racial prejudice. They are often resented by Americans of all races, who believe they are taking their jobs.

Homosexuals sometimes face outright discrimination (the refusal to hire or retain them as employees) and ostracism from coworkers or managers. Latinos face language and cultural difficulties and, in some cases, racial discrimination.

Older workers encounter negative stereotypes about their abilities, energy, and adaptability, as well as some physical problems and resentment from younger workers. Women often fare badly in male-dominated corporate cultures that display masculine leadership biases and have old boys' networks that exclude women. They are also subject to sexual harassment to a much greater degree than men.

### Improving the Management of Diversity

Organizations that have capitalized the most on their diverse human resources to gain a competitive advantage tend to have top management committed to valuing diversity; solid, ongoing diversity training programs; support groups that nurture nontraditional employees; and policies that accommodate employees' family needs. They also have senior mentoring and apprenticeship programs to encourage employees' career progress, set communication standards that discourage discrimination, use diversity audits to uncover bias, and hold their managers responsible for effectively implementing diversity policies.

### Some Warnings

There are two pitfalls in diversity management programs that managers must be careful to avoid: (1) giving the appearance of "white male bashing" and (2) unintentionally promoting stereotypes.

## Key Terms

apprenticeship, 169	diversity audit, 169	old boys' network, 164
cultural determinism, 170	diversity training programs, 166	senior mentoring program, 169
cultural relativity concept of management, 153	extended leave, 168	support group, 167
diversity, 147	glass ceiling, 154	universal concept of management, 153
	management of diversity, 148	

### ★ Watch It!

**Diversity—Rudi's Bakery.** If your instructor has assigned this, go to [mymanagementlab.com](http://mymanagementlab.com) to watch a video case and answer questions.

## Discussion Questions

- 4-1. In the UK, there is an estimate of 270 nationalities and 300 languages. Even this is only part of the story as within these figures are hundreds of sub-groups and identities. With an imperfect knowledge and understanding of diverse groups in our societies, a degree of stereotyping is often inevitable. While membership of a particular group confers a set of characteristics, like behaviors and tastes, to individuals outside that group there is a perceived sameness that is not recognized by members of that group. Individuals can choose to embrace that group identity or they can, to some extent, re-invent themselves by adopting a new set of characteristics and behaviors. How would you describe the diverse nature of the society in which you live? What are the dominant groups and how are they stereotyped? Consider the smaller groups and the factors that distinguish them.

What is the general and stereotypical view of them? How do you think these views actually differ from reality? Are there distinctive reasons for groups to either retain or lose their distinctiveness, what are the reasons for this?

- 4-2. The European Parliament recently voted 504 to 110 to scold companies for “sexual stereotyping” in marketing their products. One reporter noted that “The lawmakers’ ire has many targets, from a print ad for Dolce & Gabbana (which has a woman in spike heels pinned to the ground and surrounded by sweaty men in tight jeans) to Mr. Clean, whose muscular physique might imply that only a strong man is powerful enough.” The concern, according to the committee report, is that stereotyping in such ads can “straightjacket women, men, girls, and boys by restricting individuals to predetermined and artificial roles that are often degrading, humiliating, and dumbed-down for both sexes.”<sup>163</sup> Do you believe that gender stereotyping in marketing leads to discrimination? Can you think of some examples that illustrate advertising stereotypes? Could this have an effect on how employees perceive the company? Do you think companies should consider how they market their products as part of their diversity efforts? Explain.
- 4-3. Consider the Manager’s Notebook, “Religious Differences Moving to the Forefront of Inclusiveness.” Do you think that the owners of a company, major shareholders, or top management have a right to use their religious beliefs as a basis for establishing HR policies for employees? Why or why not? Explain.
- ★ 4-4. According to Laura D’Andrea Tyson, Dean of the College of Business at London Business School, in both the United States and Europe women often choose to opt out of high-powered jobs. In her words: “The opt-out hypothesis could explain why, according to a recent U.S. survey, 1 in 3 women with an MBA is not working full-time, versus 1 in 20 men with the same degree. Today, many companies are recruiting female MBA graduates in nearly equal numbers to male MBA grads, but they’re finding that a substantial percentage of their female recruits drop out within three to five years. The vexing problem for businesses is not finding female talent but retaining it.”<sup>164</sup> In your opinion, how large is the opt-out phenomenon, what are its causes, and what can companies do to retain talented women?
- ★ 4-5. Consider the Manager’s Notebook “The Rise of the Older Worker.” Do you think that young employees now appreciate the wisdom of older workers more than at earlier times? Why do you think the U.S.A has traditionally held older workers at a disadvantage in comparison to other industrialized nations such as Germany, Japan, or Korea? Explain.
- 4-6. A recent report suggests that pay disparities by gender remain essentially the same whether or not the most senior executive is a man or a woman.<sup>165</sup> Why do you think this is the case? Explain.
- ★ 4-7. Many U.S. computer companies fear that if they do not hire foreign talent, then competitors in other countries will. What is your position on this? Explain.
- 4-8. Are men really fundamentally suited to positions of authority compared to women? Is that truly the case after five decades of feminism, affirmative action, and countless other initiatives across many countries? What is it about men that seem to imply that they have natural leadership traits? What is it in women that make people think they do not?

## MyManagementLab®

If your instructor has assigned this, go to **mymanagementlab.com** for the following Assisted-graded writing questions:

- 4-9. Outline a set of programs that you would put in place to improve the management of diversity in a particular firm. Based on the materials learned in this chapter explain why you have suggested each of the specific programs.
- 4-10. The Society for Human Resource Management now utilizes the terms “diversity and inclusiveness” together. Why do you think that is the case? What would you do to accomplish both simultaneously? Explain.
- 4-11. Of all the major demographic trends discussed in this chapter, which one(s) do you think will pose the greatest challenges for firms in the next 50 years or so? Explain.



## You Manage It! 1: Technology/Social Media

### Hiring Who You Know as a Threat to Diversity

While recommending a friend for a job has always been a natural way of recruiting employees, it might present a major barrier to diversity because employees tend to recommend people like themselves. The social media may compound this problem as more and more companies rely on social media as a source of internal referrals and thus save time and money in their recruitment efforts. For example, both Ernst & Young and Deloitte now hire about half of their employees from these internal referral sources, combing employee networks such as LinkedIn and Facebook to identify potential candidates. These social sites allow companies to trace connections between job candidates and their employees, facilitating the generation of internal referrals and thus avoiding the use of cumbersome job-search sites such as Monster.Com. In fact, prospective candidates using those open-ended job search sites now suffer from negative stereotypes. Some corporate recruiters refer to applicants from Internet job sites as “Homers,” referring to the lazy, doughnut-eating character Homer Simpson, and they refer to Monster.Com as “Monster.Ugly.” Social sites such as LinkedIn do not carry a stigma for potential applicants because the company can trace the connection between a potential job candidate and current employees, and this removes much of the information uncertainty surrounding other potential candidates who are not part of the network.

### Critical Thinking Questions

- 4-12. Do you really think that social sites may inadvertently reinforce “segmented communication channels” as discussed in this chapter? Explain.
- 4-13. If you were an HR executive in a company that relies on internal referrals using the social media, what steps would you take to prevent this practice from engendering a more homogeneous workforce and thus blocking the firm from meeting its diversity objectives? Explain.

- 4-14. Some companies now use incentives for current employees when new hires are socially linked to them and thus their social sites served as a source of internal referrals. What are the pros and cons of this practice? Explain.

### Team Exercise

- 4-15. The director of HR has appointed you to a committee responsible for investigating allegations that reliance on internal referrals through social sites undermines the diversity efforts of the firm. The class is divided into groups of five students, each of which is asked to develop a set of procedures to investigate such allegations.

### Experiential Exercise: Team

- 4-16. In a role-playing exercise, one of the students is asked to take the position in favor of heavy reliance on internal referrals, in particular by combing social sites. Another student is asked to defend the opposite view, arguing that such a practice eliminates equal opportunity for employees outside the network who are more likely to utilize job sites such as Monster.com. Students will debate in small groups for approximately 15 minutes, to be followed by a class discussion of the issues raised to be mediated by the instructor.

### Experiential Exercise: Individual

- 4-17. Research social sites that may be used for internal referrals and those job sites that are open to any potential candidate. Based on this research, do you think that the social sites may promote more segregated employee networks, reducing the firm’s access to a more diverse set of candidates? Explain.

*Sources:* Based on Swartz, N.D. (2013). In hiring, a friend in need is a prospect, indeed, [www.nytimes.com](http://www.nytimes.com); Coy, P. (2013) Blacks lose when whites help whites get jobs, [www.businessweek.com](http://www.businessweek.com); Society for Human Resource Management (2014). Employers focus on inclusion, [www.shrm.org](http://www.shrm.org).



## You Manage It! 2: Emerging Trends

### Why Women Lag Behind in MBA Programs

In some professional fields such as medicine and law, women are now exceeding men as a percentage of the entering classes, something that would have been incredible 30 or so years ago when few women entered these fields. Yet colleges of businesses in the United States and abroad seem to be bucking this trend. Although women are now close to matching men in enrollment for undergraduate business programs, the situation is very different at the MBA (graduate) level. Women score higher than men on the GMAT test needed to enter graduate business programs, but in 2014, women still accounted for less than 30 percent of the U.S.-enrolled MBA candidates, a percentage that has not changed much since the early 1990s. Similar findings were recently reported in France, the United Kingdom, Spain, Italy, Germany, Eastern Europe, Russia, and Australia. This data is revealing of future

career tracks for men and women because an MBA degree is frequently required to enter mid- to upper-level management.

### Critical Thinking Questions

- 4-18. What do you think is the main reason for the large disparity in the enrollment of women in full-time MBA programs versus enrollment in medical and law school programs? Explain.
- 4-19. Should business schools actively promote the enrollment of women into their full-time MBA programs? If so, how should they do it? Explain.

### Team Exercise

- 4-20. Assume that you are part of a group of faculty chosen by the dean of the College of Business to help the dean



increase the percentage of women in the MBA program. Students divide into groups of six, preferably three males and three females, to role-play this situation and develop some recommendations for the dean. The instructor may play the role of the dean.

### Experiential Exercise: Team

- 4-21. MBA programs are not for everyone, and participation rates not only vary from country to country, but also by gender. In groups of five, one student will role-play an admissions tutor and try to organize a presentation for an MBA program, with the aim of selling the program particularly to women in the group of applicants. The groups should highlight the barriers to participation for women. Students should discuss the percentage of female students enrolled in these programs and have the figures changed over the past decade? At the end of the session, the entire class will discuss the issues raised by the admissions tutor, with the instructor serving as a moderator.

### Experiential Exercise: Individual

- 4-22. Follow up the previous exercise by going online and researching schools offering MBA programs in your country. You may have to broaden your search if there is nothing suitable in your immediate area. Investigate the measures and initiatives that they might take in order to attract more women to their MBA programs. Try to draw some conclusions about how effective their programs are. If applicable, analyze how this type of program may be implemented at your own institution.

*Sources:* Based on Symonds, M. (2013). Women in business school: Why so few? *www.businessweek.com*; Finn, W. (2011). Flexibility key for women. *The Guardian*, *www.guardian.com*. Accessed 2011; Gilles, L. (2011). Women and the MBA Forum, Carlson MBA Admissions Blog, *http://blog.lib.umn.edu*; Shellenbarger, S. (2008, August 20). The mommy MBA: Schools try to attract more women. *Wall Street Journal*, C-1.



## You Manage It! 3: Ethics/Social Responsibility

### Interpreting the Americans with Disabilities Act: The Hot Frontier of Diversity Management

The disabled are making big inroads in the diversity efforts of corporate America, partly because the population is getting older, but also because of a growing awareness of the American with Disabilities Act, which is leading to a rapid increase in disability lawsuits. A few recent examples of legal challenges under the act for the period 2009–2014 are listed as follows:

- Phillis Dewitt says she was fired by Proctor Hospital in Peoria, Illinois, as a result of her disabled husband's extensive medical bills for cancer treatment. Ms. Dewitt, then a clinical nursing manager at Proctor Hospital, says her supervisor pulled her aside and told her the hospital was self-insured and "could not continue to sustain the substantial medical bills incurred" by her husband, Anthony, whose treatment had cost the hospital \$177,826 the year before.
- Resources for Human Development (RHD) employed Lisa Harrison as prevention/intervention specialist, working with the young children of mothers being treated for addiction. While she is now deceased, her family claims that RHD perceived Harrison as being disabled because of her obesity and that RHD fired her as a result.
- Chipotle Mexican Grill boasts on its Web site that it offers quality food served quickly in restaurants with a "distinct interior design" more commonly found in the world of fine dining. But a federal appeals court in California has ruled that the chain's "distinct interior design" is also illegal. The 9th U.S. Circuit Court of Appeals in San Francisco ruled that two restaurants in San Diego violated the Americans with Disabilities Act (ADA) because the counters where the staff prepared tacos and burritos were too high and blocked the view for people in wheelchairs.
- A deaf woman, who claims she hasn't been able to sell items on eBay Inc.'s e-commerce Web site, has filed a lawsuit

saying the Internet giant violates federal and California state laws that protect disabled people against discrimination. The plaintiff, Melissa Earil of Nevada, Missouri, alleges that she cannot communicate vocally by telephone and hasn't been able to verify her identity with eBay.

### Critical Thinking Questions

- 4-23. Why would employers want to fire employees whose dependents are having serious health problems? Should this practice be illegal? What do you think would be the reaction of employees with healthy dependents who suspect this might be happening? Explain.
- 4-24. Although the cases discussed above are all very different, what do they have in common? Explain.
- 4-25. Apart from the potential legal outcomes of the lawsuits discussed, are any larger ethical issues involved? Explain.

### Team Exercise

- 4-26. The class divides into teams of three to five students. Some teams are given the assignment of defending the position of one side (the plaintiff). Other teams are asked to argue in favor of the other side (the defendant). All teams should present arguments to support their respective position, with the instructor serving as a moderator. At the end of the discussion, the instructor may take a straw vote as to which side had the more persuasive arguments and then provide his or her own view on the issue.

### Experiential Exercise: Team

- 4-27. One student role-plays Phillis Dewitt and another student role-plays a top manager of Proctor Hospital. (Alternatively, one student may play the role of Lisa Harrison's family and another the HRD staff.) The role play should

last approximately 10 minutes and may be repeated with another pair of students playing the same roles. The class will then discuss the issues raised during the role play, with the instructor serving as mediator.

### Experiential Exercise: Individual

4-28. As noted in the case, the number of lawsuits under ADA is on the rise. Develop a 5- to 15-page (at instructor's

discretion) position paper where you argue in favor of one side or the other for any of the lawsuits listed above.

*Sources:* Based on [www.ada.gov](http://www.ada.gov). (2014). Information and technical assistance on the American with Disabilities Act; Pokorny, W. R. (2011). EEOC files lawsuit claiming obesity discrimination, <http://mondaq.com>; Conery, B. (2011). Chipotle Mexican Grill in violation of disabilities act, [www.washingtontimes.com](http://www.washingtontimes.com); Morrison, S. (2012). Lawsuit alleges eBay violates disabilities laws, <http://blogs.wsj.com>; Zhang, X. (2008, June 4). Lawsuits test disabilities act. *Wall Street Journal*, D-1.

## You Manage It! 4: Discussion

### Conflict at Northern Sigma

Northern Sigma, a hypothetical high-technology firm headquartered in New York, develops and manufactures advanced electronic equipment. The company has 20 plants around the United States and 22,000 employees, 3,000 of whom work at a single site in Chicago that is responsible for research and development. About half of the employees at that facility are scientists and engineers. The other half are support personnel, managers, and market research personnel. Corporate executives are strongly committed to hiring women and minorities throughout the entire organization, but particularly at the Chicago site. The company has adopted this policy for two reasons: (1) Women and minorities are severely underrepresented in the Chicago plant (making up only about 13 percent of the workforce), and (2) it is becoming increasingly difficult to find top-notch talent in the dwindling applicant pool of white men.

Phillip Wagner is the general manager of the Chicago plant. In his most recent performance evaluation, he was severely criticized for not doing enough to retain women and minorities. For the past two years, the turnover rate for these groups has been three times higher than that for other employees. Corporate executives estimate that this high turnover rate is costing at least \$1 million a year in training costs, lost production time, recruitment expenses, and so forth. In addition, more than 70 charges of discrimination have been filed with the EEOC during the past three years alone—a much higher number of complaints than would be expected given the plant's size and demographic composition.

Under pressure from headquarters, Wagner has targeted the turnover and discrimination problems as among his highest priorities for this year. As a first step, he has hired a consulting team to interview a representative sample of employees to find out (1) why the turnover rate among women and minorities is so high and (2) what is prompting so many complaints from people in these groups. The interviews were conducted in separate groups of 15 people each. Each group consisted either of white men or a mix of women and minorities. A summary of the report prepared by the consultants follows.

### Women and Minority Groups

A large proportion of women and minority employees expressed strong dissatisfaction with the company. Many felt they had been misled when they accepted employment at Northern Sigma. Among their most common complaints:

- Being left out of important task forces.
- Personal input not requested very often—and when requested, suggestions and ideas generally ignored.

- Contributions not taken very seriously by peers in team or group projects.
- Need to be 10 times better than white male counterparts to be promoted.
- A threatening, negative environment that discourages open discussion of alternatives.
- Frequent use of demeaning ethnic- or gender-related jokes.

### White Male Groups

Most white men, particularly supervisors, strongly insisted that they were interested solely in performance and that neither race nor sex had anything to do with how they treated their staff members or fellow employees. They often used such terms as “equality,” “fairness,” “competence,” and “color-blindness” to describe their criteria for promotions, assignments, selection for team projects, and task force membership. Many of these men felt that, rather than being penalized, women and minorities were given “every conceivable break.”

The consulting team asked this group of white men specific questions concerning particular problems they may have encountered at work with women and the three largest minority groups in the plant (African Americans, Asian Americans, and Latinos). The most common comments regarding the white men's encounters with each of these minority groups and with women follow:

### African Americans

- Frequently overreact.
- Expect special treatment because of their race.
- Unwilling to blend in with the work group, even when white colleagues try to make them feel comfortable.

### Asian Americans

- Very smart with numbers, but have problems verbalizing ideas.
- Stoic and cautious; will not challenge another person even when that person is blatantly wrong.
- Prone to express agreement or commitment to an idea or course of action, yet are uncommitted to it in their hearts.

### Latinos

- More concerned with their extended family than with work.
- Often have a difficult time handling structured tasks as employees, yet become dogmatic and authoritarian in supervisory positions.

- Have a difficult time at work dealing with women whom they expect to be submissive and passive.
- Very lax about punctuality and schedules.

## Women

- Most are not very committed to work and are inclined to quit when things don't go their way.
- Often more focused on interpersonal relationships than on work performance.
- Respond too emotionally when frustrated by minor problems, thus unsuited for more responsibility.
- Tend to misinterpret chivalry as sexual overtures.
- Cannot keep things confidential and enjoy gossip.

Phillip Wagner was shocked at many of these comments. He had always thought of his plant as a friendly, easygoing, open-minded, liberal, intellectual place because it has a highly educated workforce (most employees have college degrees, and a significant proportion have advanced graduate degrees). He is now trying to figure out what to do next.

## Critical Thinking Questions

- 4-29. What consequences are likely to result from the problems at the Northern Sigma plant? Explain your answer.
- 4-30. Should Wagner be held responsible for these problems? Explain.
- 4-31. What specific recommendations would you offer Wagner to improve the management of diversity at the Chicago plant?

## Team Exercise

- 4-32. The class divides into groups of three to five students. Each group should discuss what recommendations it would make to Wagner. After 10 to 15 minutes, each group should present its recommendations to the class. How different are the recommendations from group to group? What principles from the chapter were you able to apply to this problem?

## Experiential Exercise: Team

- 4-33. One to three students will role-play a consultant brought in to interview Phillip Wagner (played by another student) and ask why these diversity problems have emerged at Northern Sigma. Based on the reasons provided by Wagner during the role-play interview, the consultants will offer recommendations to help resolve the problems. The role-play should last approximately 15 minutes, after which the class will discuss the issues raised, mediated by the instructor.

## Experiential Exercise: Individual

- 4-34. Go to [www.diversityinc.com](http://www.diversityinc.com) and examine the 100 companies that have received diversity awards in recent years. What do these companies have in common in terms of effectively dealing with the issues discussed in this case?

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## Endnotes

Scan for Endnotes or go to <http://www.pearsonglobaleditions.com/Gomez-Mejia>.

