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Assessing the Business Case for Diversity

We believe that the business case for diversity represents an important yet incomplete step toward understanding the intersection of diversity and the workplace. In an effort to advance the understanding of the principles of diversity management and the integration-and-learning paradigm, we illuminate several assumptions underlying the business case and pose some questions about them. Because organizations are basing their diversity-related decisions on the business case, it is important for diversity educators to review carefully the strengths and weaknesses of the business case for diversity.

A DIVERSE WORKFORCE AND PRODUCTIVITY Thomas A. Kochan, codirector of the Institute for Work and Employment Research at MIT's Sloan School of Management, and his colleagues maintain that "The diversity industry is built on sand...The business case rhetoric for diversity is simply naïve and overdone. There are no strong positive or negative effects of gender or racial diversity on business performance."[83] This statement is based on the findings of a five-year research project led by the Diversity Research Network and published in the journal *Human Resource Management*.[84]

Unfortunately, perhaps, one cannot assume that a diversity program will benefit an organization; in fact, "[p]oorly managed diversity programs can be as harmful as well-run ones can be beneficial."[85] And, adding even more complexity, "[e]ven when diversity is managed well, the results are mixed. The best organizations can overcome the negative consequences of diversity, such as higher turnover and greater conflict in the workplace, but that still does not mean that there are positive outcomes."[86]

MEASURING THE RESULTS OF DIVERSITY EFFORTS Human resources executives often do not demand documented evidence proving the bottom-line value of diversity initiatives because, in many cases, it is both difficult and costly to obtain. Kochan and his colleagues advise that "[h]uman resource managers and other professionals in charge of diversity efforts should take organization's process in managing diversity."[87] According to Laura Liswood, senior advisor to Goldman Sachs on diversity issues and a scholar at the University of Maryland's Academy of Leadership, it is difficult to create valid measures of increased organizational performance because of diversity: "There is a connection between diversity and financial success, but typical profit-and-loss systems don't capture the benefits that diversity creates."[88] It is one thing to measure diversity in terms of recruitment, promotion, or turnover rates; but it is entirely different to measure the full strategic or financial impact of diversity initiatives.

SUPPORT OF DIVERSITY INITIATIVES BY DIVERSE EMPLOYEES Because one of the goals of diversity initiatives is to empower diverse employees, a discussion of resistance by diverse employees is often omitted from discussion of the business case for diversity. It is important to have this discussion nonetheless because, as one study found, "[m]any employees, even women and other minority groups, think corporate diversity programs benefit only black employees."[89] Also intriguing is that, in the same study, African American employees were also critical of corporate diversity efforts.[90] Given these findings, organizations should keep in mind that just because employees may fall into a group affiliation that is considered diverse, they may not support the initiatives that are implemented in support of the business case for diversity.

DIVERSITY TRAINING AND ADDED VALUE Diversity training programs are sometimes questioned and have even been charged with hampering an organization's efforts to understand diversity and use diversity management as a business advantage.[91] Some diversity training efforts can indeed be counterproductive, specifically with the result being a decrease in the number of women and minorities in managerial positions.[92] According to David Tulin of Tulin and Associates, a diversity-consulting firm in New York City, diversity training may raise expectations by increasing "the minorities' anger and frustration" while increasing "the white males' isolation and exclusionary behavior."[93] Training programs aimed at addressing subtle forms of discrimination and exclusion often do not lead to long-term changes in behaviors.[94] Instead, "group members and leaders must be trained to deal with group process issues, with a focus on communicating and problem-solving in diverse teams."[95]

Despite large investments in diversity training (it is an estimated 8 billion dollar industry), the total number of discrimination charges filed with the EEOC have increased steadily since 1996—hitting a seven-year high in 2002—within the categories of race, sex, national origin, religion, age, and disability.[96] This trend may represent increased dissatisfaction because of organizational failures despite the efforts of managers and consultants, or increased expectations; alternatively, increased awareness of these issues may simply have made it easier to recognize problems and enter complaints. In other words, factors leading to the increase of filings with the EEOC may include real failure, higher expectations, or increased awareness.

DIVERSE EMPLOYEES AND DIVERSE MARKETS One of the most frequently made business case arguments is that by hiring diverse employees, organizations will be able to capitalize on diverse markets. This claim rests on the assumption that customers desire to be served by those who physically resemble themselves. Evidence to support this argument, however, is lacking. The Diversity Research Network, for example, "finds no consistent evidence that most customers care whether the salespeople who serve them are of the same race or gender."[97] In short, there is no clear proof that diversity causes better market performance. Indeed, the causal relationship between diversity and performance may be the reverse: Better-performing companies may simply attract the best talent among all groups of workers.[98]

WHITE MEN AND DIVERSITY Some diversity scholars use an expansive definition of diversity so that members of no group—in particular, white men—feel excluded, whereas other scholars fail even to address the relationship between the dominant group (typically, white men) and diversity. Sondra Thiederman, president of Cross-Cultural Communications, a San Diego-based consulting firm for workplace diversity and cross-cultural business practices, believes that one common mistake that diversity advocates make is failing to incorporate white men in their strategies.[99] According to DiversityInc.com, one important role of the diversity manager/trainer is to help the white-male employee understand and embrace the diversity movement by reassuring him that he is not targeted as the enemy; helping him to see his position of privilege; and explaining how diversity is not only a societal value but also a competitive advantage.[100] Another approach is to invite white-male employees to become part of the organization's diverse culture by, for example, participating in a diversity-strategy group, mentoring and coaching people from nondominant groups, or organizing the minority development programs or minority recruitment.[101]

Most discussions of diversity neglect any recognition of the diversity within the "white male" category. When looked at from a nonessentialist perspective, white-male employees might affiliate themselves just as strongly with their religion, sexual identity, parental status, or age, as with their race. For example, a white man may experience discrimination because he is Jewish, gay, a single parent, or an older worker. Lost in the business case rhetoric is a discussion of the multiple layers of diversity within the category "white male," a clear method for making the white-male voice legitimate in the conversation about managing diversity, and acknowledgment that white males also represent a protected class under the categories "color of skin" and "race" as defined by the federal government.