# Chapter 5    **Managing Diversity**

## Learning Objectives

**5.1**  **Define** workplace diversity and explain why managing it is so important.

**5.2**  **Describe** the changing makeup of workplaces in the United States and around the world.

**5.3**  **Explain** the different types of diversity found in workplaces.

**5.4**  **Discuss** the challenges managers face in managing diversity.

**5.5**  **Describe** various workplace diversity initiatives.

## Employability Skills Matrix

This matrix identifies which features and end-of-chapter materials will help you develop specific skills employers are looking for in job candidates.

| | | Critical Thinking | Communication | Collaboration | Knowledge Application | Social Responsibility |
|---|---|:---:|:---:|:---:|:---:|:---:|
| **Skill Boxes** | Workplace Confidential | ✓ | | ✓ | ✓ | |
| | Learning from Failure | ✓ | | | ✓ | ✓ |
| **Skills Practice** | Ethical Dilemma | ✓ | | | | ✓ |
| | Skill Exercise | ✓ | ✓ | | ✓ | ✓ |
| | Working Together | | ✓ | ✓ | | |
| | My Turn to Be a Manager | ✓ | | | ✓ | |
| **Cases** | Case Application | ✓ | | | ✓ | |

*Automobile manufacturers were long led and dominated by white males. That is certainly not true anymore at General Motors. In June 2018, the company appointed Dhivya Suryadevara as its first female chief financial officer.[1] She joined an executive team that is now widely represented by females. GM's CEO, Mary Barra, is the first woman to head a major auto company. Additionally, five of GM's directors are women, and women now also hold the positions of manufacturing chief and head of human resources.*

*The GM example illustrates increasing corporate diversity by expanding the number of women in key executive positions. But as we will show in this chapter, the term* workforce diversity *encompasses a large number of groups beyond gender.*



GM has increased its corporate diversity by appointing women to executive-level positions, such as Dhivya Suryadevara, its recently named chief financial officer.
*Source: Larry Kinsel*

# DIVERSITY 101

**LO5.1** Walk around the lobby of the MGM Mirage hotel in Las Vegas and you'll hear a variety of different languages. Because its guests come from all over the world, the Mirage is committed to reflecting that diversity in its workforce. MGM Resorts International, the hotel's parent company, has had a comprehensive diversity initiative in place for twenty years.[2] It's designed to ensure diversity at all levels—from the board and senior management to front-line personnel. Among its components, it includes workshops, networking groups, and a formal mentoring program. The initiative even includes ensuring diversity among the company's suppliers. And all of this effort isn't just public relations. There are payoffs for MGM Resorts. For instance, research shows companies in the hospitality business that boast gender-diverse workforces have a 19 percent higher average quarterly profit than hospitality businesses with less diversity.[3]

## What Is Workplace Diversity?

With its basis in civil rights legislation and social justice, the word *diversity* often invokes a variety of attitudes and emotional responses in people. Diversity has traditionally been considered a term used by human resources departments, associated with fair hiring practices, discrimination, and inequality. But diversity today is considered to be so much more.[4] Exhibit 5-1 illustrates a historical overview of how the concept and meaning of workforce diversity has evolved.

We define **workforce diversity** as the ways in which people in an organization are different from and similar to one another. Notice that our definition not only focuses on the differences, but also the similarities of employees. This recognizes that managers and organizations should view employees as having qualities in common as well as differences that separate them. It doesn't mean that those differences are any less important, but that our focus is in finding ways for managers to develop strong relationships with and engage their entire workforce.

One final point: The demographic characteristics that we tend to think of when we think of diversity—age, race, gender, ethnicity, and so on—are just the tip of the iceberg. These demographic differences reflect **surface-level diversity**, which includes easily perceived differences that may trigger certain stereotypes but don't necessarily reflect the ways people think or feel. Such surface-level differences in characteristics can affect the way people perceive others, especially when it comes to assumptions or stereotyping.

**workforce diversity**
The ways in which people in an organization are different from and similar to one another

**surface-level diversity**
Easily perceived differences that may trigger certain stereotypes, but that do not necessarily reflect the ways people think or feel

**Exhibit 5-1**

Timeline of the Evolution of
Workforce Diversity

| 1960s to 1970s | **Focus on complying with laws and regulations:** Title VII of Civil Rights Act; Equal Employment Opportunity Commission; affirmative-action policies and programs |
| --- | --- |
| **Early 1980s** | **Focus on assimilating minorities and women into corporate setting:** Corporate programs developed to help improve self-confidence and qualifications of diverse individuals so they can "fit in" |
| **Late 1980s** | **Concept of workforce diversity expanded from compliance to an issue of business survival:** Publication of *Workforce 2000* opened business leaders' eyes about the future composition of workforce— that is, more diverse; first use of term *workforce diversity* |
| **Late 1980s to Late 1990s** | **Focus on fostering sensitivity:** Shift from compliance and focusing only on women and minorities to include everyone; making employees more aware and sensitive to the needs and differences of others |
| **New Millennium** | **Focus on diversity and inclusion for business success:** Workforce diversity seen as core business issue; important to achieve business success, profitability, and growth |

*Sources:* Based on "The New Global Mindset: Driving Innovation Through Diversity," by Ernst & Young, January 27, 2010.

**deep-level diversity**
Differences in values, personality, and work preferences

As people get to know one another, these surface-level differences become less important and **deep-level diversity**—differences in values, personality, and work preferences—becomes more important. These deep-level differences can affect the way people view organizational work, rewards, communicate, react to leaders, negotiate, and generally behave at work. As organizations seek to improve workplace diversity, the focus is on developing appreciation and acceptance at a deep level.

## Benefits of Workforce Diversity

It isn't hard to build a case for organizations to develop and introduce diversity programs. The benefits fall into three main categories: people management, organizational performance, and strategic. (See Exhibit 5-2.)

**Exhibit 5-2**

Benefits of Workforce Diversity

**People Management**

- Better use of employee talent
- Increased creativity in team problem-solving
- Ability to attract and retain employees of diverse backgrounds

**Organizational Performance**

- Reduced costs associated with high turnover, absenteeism, and lawsuits
- Enhanced problem-solving ability
- Improved system flexibility

**Strategic**

- Increased understanding of the marketplace, which improves ability to better market to diverse consumers
- Potential to improve sales growth and increase market share
- Potential source of competitive advantage because of improved innovation efforts
- Viewed as moral and ethical; the "right" thing to do

*Sources:* Based on G. Robinson and K. Dechant, "Building a Business Case for Diversity," *Academy of Management Executive,* August 1997, pp. 21–31; O. C. Richard, "Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View," *Academy of Management Journal* (April 2000): pp. 164–177; J. A. Gonzalez and A. S. DeNisi, "Cross-Level Effects of Demography and Diversity Climate on Organizational Attachment and Firm Effectiveness," *Journal of Organizational Behavior* (January 2009): pp. 21–40; and M.-E. Roberge and R. van Dick, "Recognizing the Benefits of Diversity: When and How Does Diversity Increase Group Performance," *Human Resource Management Review* (December 2010): pp. 295–308.

**PEOPLE MANAGEMENT**   When all is said and done, diversity *is*, after all, about people, both inside and outside the organization. The people management benefits that organizations get because of their workforce diversity efforts revolve around attracting and retaining a talented workforce. Organizations rely on capable employees with the right skills, abilities, and experiences to achieve their goals.

Positive and explicit workforce diversity efforts can help organizations draw from a larger applicant pool and utilize the best of the talents those individuals can bring to the workplace. In addition, as organizations rely more on employee teams, those work teams with diverse backgrounds often bring different and unique perspectives to discussions, which can result in more creative ideas and solutions.

**ORGANIZATIONAL PERFORMANCE**   The performance benefits that organizations get from workforce diversity include cost savings and improvements in organizational functioning. The cost savings can be significant when organizations that cultivate a diverse workforce reduce employee turnover, absenteeism, and exposure to lawsuits. For instance, the Royal Canadian Mounted Police agreed to a very costly settlement for discriminating against and harassing female Mounties.[5] In China, Women are increasingly speaking out against sexual discrimination, not to attain management positions but for their right to work in jobs that traditionally have been held by men.[6] In the UK, employees file more than 3,000 complaints for racial discrimination every year. One organization paid more than £162,000 for racial discrimination, an amount that seriously affects a company's bottom line. According to a UK study, job applicants from ethnic minorities tend to receive fewer employer responses than non-minority applicants.[7] In addition to gender and race, discriminating against age, disability, or sexual orientation causes employees to file complaints, and, often, find a new job.[8] For example, one in every three employees surveyed by the Equal Opportunities Commission in Hong Kong said they faced age discrimination and one in four had been denied promotions due to age.[9]

In addition, a report by recruiting firm Korn Ferry International found that US companies waste $64 billion annually by losing and replacing employees who leave their jobs "solely due to failed diversity management."[11] That same report noted that 34 percent of those who left jobs because of diversity-related issues would have stayed if managers had recognized their abilities. Another study showed that when organizational biases manifest themselves in incivility toward those who are different, organizational performance is hindered.[12] However, on the positive side, organizational performance can be *enhanced* through workforce diversity because of improved problem-solving abilities and system flexibility. An organization with a diverse workforce can tap into the variety of skills and abilities represented, and just the fact that its workforce is diverse requires that processes and procedures be more accommodative and inclusive. Research confirms that diverse leadership teams make better decisions, generate higher sales, and produce better financial returns.[13]

**STRATEGIC**   Organizations also benefit strategically from a diverse workforce when they extract the best talent, performance, market share, and suppliers from a diverse country and world. A distinct strategic benefit is that with a diverse workforce, organizations can better anticipate and respond to changing consumer needs. Diverse employees bring a variety of points of view and approaches to opportunities, which can improve how the organization markets to a variety of consumers. For instance, Hispanics currently make up 18 percent of the US population and account for almost half of US population growth.[14] And as the Hispanic population has grown, so have organizational efforts to market products and services to that demographic group. Having Hispanic employees can be a fertile source of insights for reaching this market. Food service companies, retailers, financial services companies, and automobile manufacturers are just a few of the industries that have seen sales and market share increases because firms paid attention to the needs of diverse consumers using information from employees.

A diverse workforce also can be a powerful source of competitive advantage, primarily because innovation thrives in such an environment. A report by Ernst & Young stated that "cultural diversity offers the flexibility and creativity we need to re-create the global economy for the twenty-first century."[15] Tapping into differing voices and viewpoints can be powerful factors in steering innovation. Companies that seek to lead their

**fyi**

- Companies with the most ethnically/culturally diverse executive teams are 33 percent more likely to outperform their peers on profitability.

- Companies in the top quartile for gender diversity on executive teams are 21 percent more likely to outperform the national industry median.[10]

## Let's Get REAL

**Leya Ramey ▶**
*HR Business Partner*

*Source: Leya Ramey*

### The Scenario

As the district manager for a region of retail discount clothing stores, Henry Banks is preparing for a quarterly meeting with all of the store managers in his district. As part of a presentation about company hiring practices, he plans to stress the importance of diversity. He knows the company needs a diverse workforce to meet the needs of the company's diverse customer base; however, he is not sure how to convey this to the group of store managers.

**What do you think Henry should say in his presentation?**

*Henry should take this opportunity to review the company's values and to consider how diversity is a critical aspect of a dynamic culture. He could provide data that indicate that diverse companies perform better than less diverse companies, overall. With a diverse customer base, Henry should provide real-life examples of situations in which diversity helped with a customer's shopping experience or increased a sale, as well as examples in which lack of diversity had a negative impact on the business. Lastly, Henry should explain how the store managers' incentives are tied to the overall performance of the store; the better the store performs, the greater incentive opportunity they have.*

industries need to find ways to "stir the pot"—to generate the lively debate that can create those new ideas. And research shows that diverse viewpoints can do that. "Diversity powers innovation, helping businesses generate new products and services."[16]

Finally, from an ethical perspective, a commitment to workforce diversity can be said to be the right thing to do. Businesses have an ethical imperative to build relationships that value and enable all employees to be successful. Managers need to view workforce diversity as a way to bring different voices to the table and to build an environment based on trusting relationships.

# THE CHANGING **workplace**

**LO5.2** We opened this chapter by describing how women now hold numerous key positions at General Motors. Women also now head up companies as varied as IBM, General Dynamics, Hershey, and Occidental Petroleum. African Americans currently head up Merck, TIAA, and JCPenny; and Asian Americans now lead Microsoft, Google, and Adobe. But these examples are the exception. We see more women and minorities in organizations, but rarely at the top. Change is happening, but it has been slow. The past forty years have seen a transition from a white male managerial workforce to one that is more gender balanced and multi-ethnic. Yet we still have a ways to go—especially in the upper management ranks—for the workforce to reflect changes in the overall population. In this section, we want to look at some of these changes. Let's first look at the changing characteristics of the US population and then at global diversity trends.

## Characteristics of the US Population

Since 2014, racial and ethnic minority babies have become the majority in the US. By 2044, this trend is predicted to make non-Hispanic whites the minority in the country.[17] By 2060, Hispanics alone will go from 11 percent of the population to over 28 percent.[18]

African Americans are being more represented in leadership positions at major companies, such as Ken Frazier, Chairman and CEO at Merck & Co.
*Source: Brendan Mcdermid/Reuters/Newscom*

# WORKPLACE CONFIDENTIAL  Dealing with Diversity

This chapter looks at diversity from the standpoint of management, specifically: What can *management* do to create a workplace that welcomes and appreciates differences? But this chapter doesn't offer *you* direct guidance on how to deal with coworker diversity. While management and the organization are largely responsible for fostering an inclusive culture that values diversity, you play a vital part.

Let's begin with the realization that many individuals have difficulty accepting others who are different from themselves. Human nature is such that we tend to be attracted to and feel more comfortable with people who are like us. It's not by chance, for example, that new immigrants gravitate to communities where there is a sizeable population of people from their country of origin. But "embracing differences" has become an unquestioned goal in most advanced economies and a mantra within organizations. It's increasingly difficult to survive in today's workplace if you can't accept differences and function effectively with a diverse workforce.

As described in this chapter, a strong argument can be made for a diverse workforce. From your standpoint, that argument would include being part of more effective work groups through a broader perspective in decision making; gaining a better understanding of diverse markets and customer preferences; improved ability to work comfortably with others in your workplace; and promoting fairness for individuals from underrepresented groups. Furthermore, we would be naive to ignore that supporting diversity is, for lack of a better term, "politically correct." Today's workplace is sensitive to appearances of prejudice or unfairness. If you expect to be a valued and accepted member of today's labor force, you need to recognize that supporting diversity is the ethical and morally right thing to do.

Research tells us that we all have biases. Demographics mostly reflect surface-level diversity and can lead you to perceive others through stereotypes and assumptions. In contrast, when you get to know others, you become less concerned about demographic differences if you can see yourself sharing more important, deeper-level characteristics. Let's elaborate on the difference between surface- and deep-level diversity.

Most of us typically define diversity in terms of surface-level characteristics. As noted in the chapter, surface-level diversity relates to those characteristics that are easily noticeable. So when a 20-year-old sees someone who's 70 and quickly classifies him as "old," that person is operating at a surface level. In contrast, deep-level diversity refers to characteristics that are not easily noticeable. Examples of deep-level differences would include personality, moods, attitudes, values, and beliefs. As you get to know a person, especially someone you like and bond with, you tend to forget surface differences and focus on your deeper commonalities.

An interesting illustration of the difference between these two types of diversity is the typical college campus. For more than forty years, most college admissions personnel have actively sought to expand surface diversity by considering race or ethnicity in their decision criteria. In addition, other factors such as gender, sexual orientation, socioeconomic status, or geographic background might also be applied to expand diversity. When these other factors can be visibly assessed by the way someone looks, dresses, or talks, then they are also surface-level variables. But here's the interesting observation: While college administrators try to increase diversity through admission selection, students themselves tend to undermine surface diversity by gravitating to others like themselves. Fraternities and sororities choose members who are like themselves. And friends tend to be those with similar majors, or living in the same dorm wing, or belonging to a common on-campus affinity group. So what we find is that campuses do a very good job at promoting surface-level diversity through admission decisions, but this breaks down once students are on campus. Natural student groupings tend to be defined more by deep-level characteristics.

So what can you do to more effectively deal with coworker diversity? At the surface level, start by confronting your biases and assumptions about others. You can't deal with your prejudices unless you recognize them. Then consider the positives of diversity. As we have noted in this chapter, a diverse workforce has numerous pluses. You need to recognize, accept, and value the unique contributions of those who are different from you in terms of appearance, culture, skills, experiences, and abilities.

At the deep level, the good news is that as we get to know people, most of us look beyond the surface to find common bonds. Specifically, the evidence shows that the longer individuals work together, the less the effects of surface diversity. So your first reaction might be to assume you have nothing in common with a colleague who is thirty years older, or raised in a different country, or whose first language is different from yours. But start with the basics. You're both working for the same employer. That alone suggests a common bond. Both of you saw something in your employing organization that drew you to it. Then, if you're having trouble dealing with someone's differences, look beyond the surface and try to get to know the individual's personality, interests, and beliefs. You're likely to be pleasantly surprised. You might initially think someone isn't like you or won't understand you, but as you dig deeper and spend more time with the person, you'll often find common bonds.

In addition to working one-on-one with a diverse set of coworkers, you'll likely have to deal with diversity within work teams. Occasionally, diversity within teams can create problems known as "faultlines." Faultlines are subgroups that develop naturally within teams, typically along various demographic lines. The behavior of the team leader and the way in which she structures the leadership role is essential for promoting communication and cohesiveness across the subgroups and for rallying the membership to meet a common cause.[19]

**Exhibit 5-3**

Changing Population Makeup of
the United States

| | 2018 | 2050 |
|---|---|---|
| Foreign-born | 14% | 19% |
| Racial/Ethnic Groups | | |
| White* | 72% | 47% |
| Hispanic | 12% | 29% |
| Black* | 12% | 13% |
| Asian* | 4% | 9% |

*= Non-Hispanic
American Indian/Alaska Native not included.
*Source: www.census.gov*

The previous statistics are just the tip of the iceberg. The US is an increasingly diverse society, and that diversity will continue to reshape the makeup of the workforce. Let's look at some of the most dramatic of these changes.

- **Total population of the United States.** The total population is projected to increase to 438 million by the year 2050, up from 327 million in 2018; 82 percent of that increase will be due to immigrants and their US-born descendants. Nearly one in five Americans will be an immigrant in 2050, compared with one in eight in 2018.
- **Racial/ethnic groups.** In addition to total population changes, the components of that population are projected to change as well. Exhibit 5-3 provides the projected population breakdown. As the projections show, the main changes will be in the percentages of the Hispanic and white population. But the data also indicate that the Asian population will more than double, primarily due to net migration.
- **An aging population.** As a nation, the US population is aging. Boomers continue to age and are slowly outnumbering children as the birth rate has declined steadily over the last decade.[20] Couples that were choosing to have three or more children in the 1950s now appear content with one or none. By 2050, one in every five persons will be age 65 or over. The "oldest" of this group—those age 80 and over—will be the most populous age group, comprising 8 percent of the entire US population. "Aging will continue to be one of the most important defining characteristics of the population."[21]

Such population trends will have a major impact on US workplaces. What workplace changes might we see?

According to the US Bureau of Labor Statistics, by the year 2024, 47 percent of the labor force will be women and 23 percent will be black, Asian/Pacific Islander, and all other racial groups.[22] Hispanics are projected to increase their numbers most rapidly among all ethnic groups—by 28 percent. In addition, between 2018 and 2024, workers age 16 to 24 will decline by 24 percent, while workers age 55 and older will increase by 19.8 percent. The immigration issue is also likely to be a factor in a changing workplace. According to an analysis released by the US Census Bureau, nearly one in seven American workers is foreign-born, the highest proportion since the 1920s. They represented 17.1 percent of the US labor force in 2018.[23]

Businesses will need to accommodate and embrace these workforce changes. Interestingly, although America historically has been known as a "melting pot," where people of different nationalities, religions, races, and ethnicities have blended together to become one, current attitudes and practices emphasize recognition and celebration of differences. Organizations need to recognize that they can't expect employees to assimilate into the organization by adopting uniform attitudes and values. Instead, there needs to be acknowledgment and appreciation for the differences that people bring to the workplace. Later in this chapter, we'll discuss initiatives that organizations can implement to foster this appreciation for differences.

## What About Global Workforce Changes?

Some significant worldwide population trends also are likely to affect global workforces. According to United Nations forecasts, "The world is in the midst of an epochal demographic shift that will reshape societies, economies, and markets over the next century."[24] Let's look at two of these trends.[25]

- *Total world population.* The total world population in 2018 is estimated at over 7.6 billion individuals. However, that number is forecasted to reach 8.6 billion in 2030 and 9.8 billion by 2050, at which point the United Nations predicts the total population will either stabilize or peak after growing for centuries at an ever-accelerating rate. The main reason for this plateau is the decline in birth rates as nations advance economically. However, in developing countries in Africa, Asia, Latin America, the Caribbean, and Oceania, birth rates are likely to remain high. One of the benefits is that many of these countries are likely to experience a rising proportion of young people entering the workforce, which should drive productivity and economic growth.
- *An aging population.* The world's older population continues to grow at an unprecedented rate.[26] Today, 8.5 percent of people worldwide are aged 65 and over. This percentage is projected to jump to nearly 17 percent of the world's population by 2050.

An aging world population will bring about a lot of changes. Young workers will be in short supply and advanced nations will be reliant on immigrants from developing countries to fill job openings. And employers may be forced to hire workers in their 70s and 80s, if for no other reason than there will be lots of them: the world's population age 80 and over is projected to increase 233 percent by 2040! The implication for societies and businesses are profound—from changing family structures to shifting patterns of work and retirement to emerging economic challenges based on increasing demands on social entitlement programs, dwindling labor supply, and declining total global savings rates. Such demographic shifts will reshape the global workforce and organizational workplaces.

# TYPES **of workplace diversity**

**LO5.3**   What types of dissimilarities—that is, diversity—do we find in the workplace? Exhibit 5-4 shows several types of workplace diversity. Let's work our way through the different types.

## Age

The negative stereotypes of older workers—lethargic, poor mental functioning, lower job performance, resistant to change—has undoubtedly discouraged many employers from hiring and retaining people over 50. These stereotypes arguably underlie many claims of job discrimination. While both Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967 prohibit age discrimination, claims of job discrimination by employers have only grown over the past fifteen years.[27]

Contrary to the stereotypes, the evidence indicates that increasing diversity by hiring and retaining older workers makes good business sense.[28] They bring experience, skills, and continuity to the workplace. Keeping older workers also provides other workers access to key institutional knowledge and history. Moreover, as implied in our previous discussion of declining birth rates and potential upcoming labor shortages, holding on to aging Baby Boomers may be critical if organizations are to keep key job positions filled.



Older employees can be valued at an organization, as demonstrated by the Fire Department Museum in Stendal, Germany. Gunter Hornke, 87 years old, is the oldest member of the team and is happy to keep active and share his experience with others.
*Source: Zentralbild/dpa/Alamy Stock Photo*

**Exhibit 5-4**
Types of Diversity Found in
Workplaces

Age

Gender

Other

Race and
Ethnicity

LGBT

Disability/
Abilities

Religion
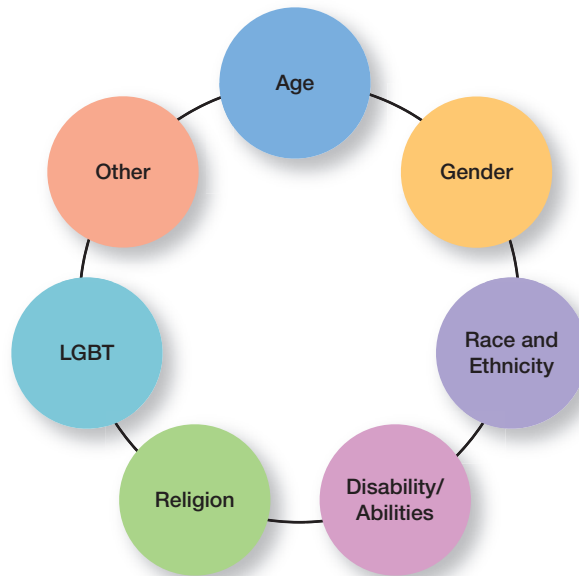
A few specifics can illuminate on the value of older workers and demonstrate many of the fallacies of age stereotypes. For instance, older workers are more stable. They stay put.[29] So management need spend less time and money on recruiting new employees. Older workers have lower rates of avoidable absences than their younger colleagues.[30] And maybe most important, studies have shown that there is virtually no relationship between age and job performance.[31] That is, there is no significant decline with age. Any drop off in physical or mental acuity appears to be more than offset by experience. These factors make a strong case for organizations to hire older workers and to implement diversity initiatives like flexible hours and skill-updating programs that will attract and keep them. As a case in point, executives at global bank Barclays believe that hiring older workers makes good business sense. To help find and select seniors, they launched an internship program for individuals age 50 or older.[32]

There is also a flip side to the older worker stereotype. That's the negative stereotype of younger workers—specifically millennials (those born between 1980 and 1996)—as being impatient, lazy, and entitled.[33] These millennials will make up about 75 percent of the global workforce by 2025.[34] And while they may have been raised in a more protective environment than their older counterparts, they bring strengths in technology know-how, communication, and curiosity, and they make great team players.[35]

Managers need to ensure that they take into account differing norms between generations. Effectively managing an organization's diverse age groups can lead to their working well with each other, learning from each other, and taking advantage of the different perspectives and experiences that each has to offer.

## Gender

Look around a college campus. If it's typical, the majority of students are women.[36] And that fact has fed into the workforce. In 1950, less than 30 percent of the workforce was female. It's currently 47 percent.[37] And those statistics don't capture the nature of the jobs women now hold. In 1950, women dominated jobs like secretary, nurse, and school teacher. Few could be found in the management ranks of business firms. Today, women are an increasing proportion of professionals—as physicians, lawyers, pharmacists, college professors, and corporate executives.

In spite of the progress that has been made, the workplace is still far from being gender-neutral. For instance, one study found that men start their careers at higher levels than women. And after starting out behind, women don't ever catch up. Men move

up the career ladder further and faster as well.[38] Another study, encompassing 34,000 men and women at 132 global companies, found men get more promotions, more challenging assignments, and more access to top leaders than women do.[39] And a significant share of the women in this study said that they didn't get credit for their contributions, and that their gender had been a factor in missed raises and promotions.

The recent "me-too" movement has drawn global attention to gender inequities in the workplace.[40] It essentially began in 2017, when more than a dozen women accused film producer Harvey Weinstein of sexual harassment, assault, or rape. What began as a trickle, soon became a flood of accusations. The movement ended Weinstein's reign at his film studio, but also brought to light abuses of power by dozens of prominent men, including *Today* co-host Matt Lauer, TV journalists Bill O'Reilly and Charlie Rose, Pixar head John Lasseter, and casino magnate Stephen Wynn.

The "me-too" movement additionally revealed organizational cultures, like Fox News, that are hostile to women.[41] And investigations into Silicon Valley tech firms such as Uber, Tesla, Squarespace, and Tinder found a "boy's club" environment more suited to a fraternity house than a business organization. Women in these firms are vastly outnumbered by men and complain about being excluded from key meetings, being subject to lewd language and sexual harassment, and passed over for promotions.[42]

Clearly, there continue to be gender inequities in the workplace. But recent revelations have enacted changes. Language and behavior that was acceptable ten years ago is not acceptable today.[43] Those men or women who create a hostile environment for either sex are less likely to be tolerated. And we can expect organizational cultures that continue to be hostile, especially toward women, will attract unfavorable media attention and face serious legal consequences.



The "me-too" movement, which began in 2017, has brought to light the abuses of power at many organizations. From sexual harassment to a boys' club atmosphere, women have spoken up about feeling unsafe at work, as well as the difficulties they face vying for promotions.
*Source: Sundry Photography/Shutterstock*

## Race and Ethnicity

Race is a controversial issue in society and in organizations. We define **race** as physical characteristics, such as bone structure, skin, or eye color. **Ethnicity** is the social and culture factors—including nationality, regional culture, and ancestry—that define the groups a person belongs to. Typically, we associate race with biology and ethnicity with culture, but there is a history of self-identifying for both classifications. Laws against race and ethnic discrimination are in effect in many countries, including Australia, the UK, and the US.[44]

As we saw earlier in Exhibit 5-3, the racial and ethnic diversity of the US population is increasing at an exponential rate. We're also seeing this same effect in the composition of the workforce. Most of the research on race and ethnicity as they relate to the workplace has looked at hiring decisions, performance evaluations, pay, and workplace discrimination. However, much of that research has focused on the differences in attitudes and outcomes between whites and African Americans.

Individuals in workplaces tend to slightly favor colleagues of their own race in performance evaluations, promotion decisions, and pay raises. Although such effects are small, they are consistent.[45] Members of racial and ethnic minorities report higher levels of discrimination in the workplace.[46] African Americans generally fare worse than whites in employment decisions (a finding that may not apply outside the US). They receive lower ratings in employment interviews, lower job performance ratings, less pay, and fewer promotions.[47] While this does not necessarily prove overt racial discrimination, African Americans are often discriminated against. For instance, one study of low-wage jobs found that African American applicants with no criminal history received fewer job offers than white applicants with criminal records.[48] Not surprisingly, research shows substantial racial differences in attitudes toward affirmative action, with African Americans favoring such programs to a greater degree than whites.[49]

**Race**
Physical characteristics, such as bone structure, skin, or eye color, that people use to identify themselves

**Ethnicity**
The social and culture factors—including nationality, regional culture, and ancestry—that define the groups a person belongs to

Some industries differ significantly in terms of racial makeup. For instance, US advertising and media organizations suffer from a lack of racial diversity in their management ranks even though their client base is increasingly ethnically diverse.[50] In contrast, among technology firms in Silicon Valley, Asians are significantly over-represented relative to their percentage of the US population.[51]

## Disabilities

According to the US Census Bureau, people with disabilities are the largest minority in the United States. About 12.6 percent of the US population has disabilities.[52]

The year 1990 was a watershed year for persons with disabilities. That was the year the Americans with Disabilities Act (ADA) became law. The ADA prohibits discrimination against an individual who is "regarded as" having a disability and requires employers to make reasonable accommodations so their workplaces are accessible to people with physical or mental disabilities and enable them to effectively perform their jobs. With the law's enactment, individuals with disabilities became a more representative and integral part of the US workforce.

What defines a disability? The US Equal Employment Opportunity Commission (EEOC) classifies a person as *disabled* who has any physical or mental impairment that substantially limits one or more major life activities. Examples would include missing limbs, seizure disorder, Down syndrome, autism, deafness, schizophrenia, alcoholism, diabetes, depression, and chronic back pain.

A survey by the Society for Human Resource Management found that 61 percent of the HR professionals responding said that their organizations now include disabilities in their diversity and inclusion plans. However, only 47 percent said that their organizations actively recruit individuals with disabilities. And 40 percent said that their senior managers demonstrate a strong commitment to do so.[53] Even after thirty years of the ADA, organizations and managers still have fears about employing disabled workers. A survey by the US Department of Labor looked at these unfounded fears.[54] Exhibit 5-5 describes some of those fears as well as the reality; that is, what it's really like. These fears undoubtedly lead to some employers discriminating against the disabled in the hiring process.

Overall, the disabled are highly rated by employers for traits such as dependability and conscientiousness.[55] But not to be overlooked, in some jobs people with disabilities bring talents that actually give them an edge. For instance, ambient noise can be distracting in jobs that require intense concentration. This suggests, all other things equal,

## Let's Get REAL

**Alicia Kiser**
*Director of Human Resources* ▶

*Source: Alicia Kiser*

### The Scenario:

Katelyn Morris is a manager in a branch office of a large insurance claims company. She has just hired Brian, a new employee who is on the autism spectrum, to help process insurance claims. Brian will be starting his new position at the branch office in two weeks. Katelyn's other staff members do not have prior experience working with someone with autism or with any other disability.

***What should Katelyn do to ensure that Brian has a positive experience joining her branch office staff?***

*It's very important in this situation that Katelyn help educate her team on what to expect from Brian to set everyone up for success in working together. Katelyn should bring her team together to openly share information about Brian's strengths and areas of opportunities in addition to her expectations around how the team works together. Katelyn also should consider bringing in an expert to speak with the team and answer questions they have about how to best work with Brian.*

**FEAR:** Hiring people with disabilities leads to higher employment costs and lower profit margins

**REALITY:** Absentee rates for sick time are virtually equal between employees with and without disabilities; workers' disabilities are not a factor in formulas calculating insurance costs for workers' compensation

**FEAR:** Workers with disabilities lack job skills and experience necessary to perform as well as their abled counterparts

**REALITY:** Commonplace technologies such as the Internet and voice-recognition software have eliminated many of the obstacles for workers with disabilities; many individuals with disabilities have great problem-solving skills from finding creative ways to perform tasks that others may take for granted

**FEAR:** Uncertainty over how to take potential disciplinary action with a worker with disabilities

**REALITY:** A person with a disability for whom workplace accommodations have been provided has the same obligations and rights as far as job performance

**FEAR:** High costs associated with accommodating disabled employees

**REALITY:** Most workers with disabilities require no accommodation but for those who do, more than half of the workplace modifications cost $500 or less

**Exhibit 5-5**
Employers' Fears About Disabled Workers
*Sources: Based on R. Braum, "Disabled Workers: Employer Fears Are Groundless,"* Bloomberg Businessweek, *October 2, 2009; and "Survey of Employer Perspectives on the Employment of People with Disabilities," US Department of Labor/Office of Disability Employment Policy, November 2008.*

that the hearing impaired would have an advantage in doing jobs that require high concentration such as computer programmer or radiologist. Similarly, autistic workers are sought out at companies like JPMorgan Chase, Microsoft, IBM, and SAP for software testing and cybersecurity. One executive at Chase, where more than seventy autistic employees had been hired in the previous three years, commented, "Our autistic employees achieve, on average, 48 percent to 140 percent more work than their typical colleagues. . . . They are highly focused and less distracted by social interactions."[56]

## Religion

Title VII of the Civil Rights Act prohibits discrimination on the basis of religion. Today, the greatest religious diversity issue in the United States arguably revolves around Islam, especially after 9/11.[57]

Islam is one of the world's most popular religions, and it is the majority religion in many countries. In the United States, Muslims are a minority group, but growing. There are nearly 3 million Muslims in the United States, and the number is predicted to double by 2030.[58] At that point, there will be as many Muslims in the US as there are Jews and Episcopalians.[59] Despite these numbers, there is evidence that people are discriminated against for their Islamic faith in the workplace. For instance, nearly 4 in 10 US adults admit they harbor negative feelings or prejudices toward US Muslims.[60] Part of this prejudice may be explained by unique accommodations that some Muslims seek on the job. The top three are: (1) time to perform Friday prayers; (2) flexibility in dress code to cover the hair or grow a beard; and (3) time and space to perform daily prayers.[61] Since 2002, Muslims have made up a disproportionate amount of the EEOC's religious-based discrimination charges, hovering around 20 percent.[62]

Of course, there are religious challenges for employers beyond adapting to Muslim employees. Many conservative Jews, for instance, believe they should not work on Saturdays; and some Christians do not want to work on Sundays. Drug chains like CVS and Walgreens have had to deal with pharmacists who refused to give out certain kinds of contraceptives on the basis of their religious beliefs.[63]

Madison's Cafe employee Dan Patstone figures out change from a gift certificate with a little help from co-owner Nicole Grant McComb during lunch hour. Their sign reads, "Madison's Cafe, where all people matter." The eatery hires people with special needs.
*Source: Deb Cram/Portsmouth Herald/AP Images*

### LGBT: Sexual Orientation and Gender Identity

The acronym LGBT—for lesbian, gay, bisexual, and transgender people—relates to the diversity of sexual orientation and gender identity.[64] While it is difficult to estimate how many adults identify themselves as LGBT, some governments are trying to find out by including questions about sexual identity on national census forms. Some estimates are becoming available. For instance, the Office for National Statistics reports that 1.7 percent of the UK population identifies as lesbian, gay, or bisexual, most falling in the 16 to 24 age category.[65] An increasing number of countries prohibit discrimination on the basis of sexual orientation. For example, in the European Union (EU), the Employment Equality Directive requires all member states to introduce legislation making it illegal to discriminate on grounds of sexual orientation.[66] Now let's look at the research. One study indicates that more than 40 percent of gay and lesbian employees had been unfairly treated, denied a promotion, or pushed to quit their job because of their sexual orientation.[67] Another study finds that "closeted" LGBTs who felt isolated at work are 73 percent more likely to quit within three years in comparison to "out" workers.[68] This is corroborated by another study that finds more than a third of LGBT workers felt they had to lie about their personal lives at work, and about the same percentage felt exhausted from having to hide their gender identity.[69] Employers have different approaches to employing LGBT people. Some companies push for change as a group, For example, in Japan, 30 businesses, including Panasonic, Sony, and Daiichi Life Insurance, jointly developed standards that individual firms can copy or adapt as policies for making LGBT employees more welcome in Japanese workplaces.[70] Other companies set goals to increase the number of LGBT employees in the workplace. For example, the British Broadcasting Corporation, or BBC, targets having LGBT employees comprise 8 percent of its workforce within a few years. It also targets increasing the percentage of women to 50 percent of its workforce and the percentage of disabled people to 8 percent.[71] To show support for LGBT employees through personnel policies and practices, Swedish communications giant Ericsson promotes equal opportunity in employment and professional development for LGBT people and encourages the formation of LGBT networking groups. Ericsson has a global diversity council and local diversity councils with representatives from each geographic region. These councils include LGBT employees in programs aimed at improving inclusion and understanding, as well as reducing unconscious biases within the workforce.[72] An increasing number of large companies are implementing policies and practices to protect the rights of LGBT employees in the workplace. For instance, Ernst & Young and S. C. Johnson & Sons, Inc., among others, provide training to managers on ways to prevent sexual orientation discrimination.

# CHALLENGES **in managing diversity**

**LO5.4** Despite the benefits that we know workforce diversity brings to organizations, managers still face challenges in creating accommodating and safe work environments for diverse employees. In this section, we're going to look at three of those challenges: personal bias, the glass ceiling, and pay inequity.

## Personal Bias

Working mothers. Professional athletes. Blondes. Conservatives. Liberals. Immigrants. What impressions come to mind when you read these words? Based on your background and experiences, you probably have pretty specific ideas and things you would say, maybe even to the point of characteristics you think that all professional athletes or all immigrants share. Each of us has biases—often hidden from others.[73] Employees can and do bring such generalizations about various groups of people with them into the workplace. These ideas can lead to prejudice, discrimination,

and stereotypes. And research is pointing to a troubling fact: Eliminating bias is a lot more difficult than previously thought.[74]

**Bias** is a tendency or preference toward a particular perspective or ideology. It's generally seen as a "one-sided" perspective. Our personal biases cause us to have preconceived opinions about people or things. Such preconceived opinions can create all kinds of inaccurate judgments and attitudes. Let's take a look at how our personal biases affect the way we view and respond to diversity.

One outcome of our personal biases can be **prejudice**, a preconceived belief, opinion, or judgment toward a person or a group of people. Our prejudice can be based on all the types of diversity we discussed: race, gender, ethnicity, age, disability, religion, sexual orientation, or even other personal characteristics.

A major factor in prejudice is **stereotyping**, which is judging a person on the basis of one's perception of a group to which he or she belongs. For instance, "married persons are more stable employees than single persons" is an example of stereotyping. While some stereotypes are accurate, they are often wrong and distort our judgment.

Both prejudice and stereotyping can lead to someone treating others who are members of a particular group unequally. That's what we call **discrimination**, which is when people act out their prejudicial attitudes toward people who are the targets of their prejudice. You'll find in Exhibit 5-6 definitions and examples of different types of discrimination. Many of these actions are prohibited by law, so you won't find them discussed in employee handbooks or organizational policy statements. However, you can still see these actions in workplaces. As discrimination has increasingly come under both legal scrutiny and social disapproval, most overt forms have faded, which may have resulted in an increase in more covert forms like incivility or exclusion.

Discrimination, whether intentional or not, can lead to serious negative consequences for employers. But it's not just the potential financial consequences

**bias**
A tendency or preference toward a particular perspective or ideology

**prejudice**
A preconceived belief, opinion, or judgment toward a person or a group of people

**stereotyping**
Judging a person based on a perception of a group to which that person belongs

**discrimination**
When someone acts out their prejudicial attitudes toward people who are the targets of their prejudice

| Type of Discrimination | Definition | Examples from Organizations |
|---|---|---|
| Discriminatory policies or practices | Actions taken by representatives of the organization that deny equal opportunity to perform or unequal rewards for performance | Older workers may be targeted for layoffs because they are highly paid and have lucrative benefits. |
| Sexual harassment | Unwanted sexual advances and other verbal or physical conduct of a sexual nature that create a hostile or offensive work environment | Salespeople at one company went on company-paid visits to strip clubs and fostered pervasive sexual rumors. |
| Intimidation | Overt threats or bullying directed at members of specific groups of employees | African American employees at some companies have found nooses hanging over their workstations. |
| Mockery and insults | Jokes or negative stereotypes; sometimes the result of jokes taken too far | Arab Americans have been asked at work whether they were members of terrorist organizations. |
| Exclusion | Exclusion of certain people from job opportunities, social events, discussions, or informal mentoring; can occur unintentionally | Many women in finance claim they are assigned to marginal job roles or are given light workloads that don't lead to promotion. |
| Incivility | Disrespectful treatment, including behaving in an aggressive manner, interrupting the person, or ignoring his or her opinions | Female team members are frequently cut off in meetings. |

*Source:* S. Robbins and T. Judge, *Organizational Behavior*, 18th ed. (New York: Pearson, 2019), p. 49.

**Exhibit 5-6**
Forms of Discrimination

## fyi

- Resumes with white-sounding names received 50 percent more calls for interviews than identical resumes with black-sounding names.
- Seventy-nine percent of applicants with a man's name are considered worthy of hiring compared to only 49 percent of women, even though the men and women had identical resumes.[75]

organizations face for discriminatory actions. It's the reduced employee productivity, negative and disruptive interpersonal conflicts, increased employee turnover, and overall negative climate that should be of concern to managers.

## Glass Ceiling

Fact: In the US, women have gained more college degrees than men every single year for more than three decades.[76] And like their male counterparts, women have entered the business world with an eye toward moving up the corporate ladder. Yet the number of women who make it to the top levels of the companies they work for is noticeably low. For instance, in 2018, women held just 4.8 percent of Fortune 500 CEO roles.[77] Importantly, the evidence clearly indicates women's performance on the job and in managerial positions is equally as effective as men.[78] If women can handle senior management jobs as well as men, is something else going on? A strong case can be made that the something else is a glass ceiling.

A **glass ceiling** is a metaphor used to describe an invisible barrier that limits the level to which a woman or another member of a demographic minority can advance within the hierarchy of an organization. The idea of a *ceiling* means something is blocking upward movement, and the idea of *glass* is that whatever's blocking the way isn't immediately apparent. While the term is typically used to address limits that women face, gay men and African Americans also report similar barriers in their careers.[79]

Research on the glass ceiling has looked at identifying the organizational practices and interpersonal biases that have specifically blocked women's advancement. Findings from those studies have offered a number of potential factors: failure to build networks, lack of effective mentoring, sex stereotyping, associating masculine traits with leader effectiveness, and placing home life and family above career.[80]

Whatever is believed to be the reason, decision makers in organizations—particularly senior executives and boards of directors—need to shatter the glass ceiling. And their motivation shouldn't be merely because "it's the right thing to do." It makes good business sense. According to Credit Suisse Research, companies with 50 percent women in senior operating roles show a 19 percent higher return on equity on average. And a study by a major consulting firm found that companies with gender diversity on their executive teams were 21 percent more likely to have above average profitability.[82]

## Pay Inequities

No contemporary discussion of diversity would be complete without addressing the issue of pay inequity between men and women. The topic gets a lot of attention.[83] Is it a fact or is it a myth? And if it's true, is it due to discrimination or something else?

First, US law explicitly makes pay inequality illegal. The Equal Pay Act of 1963 made it a legal federal requirement that pay scales for identical work be the same regardless of whether the employee doing the job is male or female. Nevertheless, almost all studies show a disparity between men and women doing the same job.

Going back to 1980, the research showed that women made only 64 percent of what men earned in comparable jobs. By 2017, that gap had closed to 82 percent.[84] For young women, the gap had narrowed even more over time. In 1980, women ages 25 to 34 earned 33 cents less than their male counterparts, compared with 11 cents in 2017.[85] Analysis as to why this gap exists has focused on the 82 percent.

There has been no shortage of analysis trying to explain this gap. Most of the attention has narrowed in on differences in educational attainment, career choices, work experience, family caregiving responsibilities, and preference for flexibility.[86] Closer examination, however, has minimized education and experience as culprits. Two factors seem to explain most of the difference: the kind of job and women's desire for flexibility.[87] One study attributed 54 percent of the gender wage gap to different jobs in different industries. Yet, still controlling for type of job, education, and experience,

**glass ceiling**
The invisible barrier that limits the level to which women and minorities can advance within an organization

fyi

There are fewer women among CEOs of Fortune 500 companies than there are men CEOs named James.[81]

researchers found that 33 percent of the pay gap remained "unexplained."[88] While flexibility is difficult to measure, studies show women prefer jobs that offer benefits that increase flexibility—like telecommuting, flex-hours, and sabbaticals.[89] This flexibility is likely to come with a pay penalty.

When all is said and done, even when factoring in career and industry choices and the desire for flexibility, there still remains a 3 to 5 percent gap between the pay of men and women. That can probably be attributed to discrimination.

The challenge of eliminating this gap is seen in the experience at Salesforce, a tech company with 30,000 employees.[90] The company's CEO, Marc Benioff, prides himself on the company being selected by Fortune as the number one best place to work among big companies and his firm's commitment to pay equality. He was shocked, therefore, when his head of human resources told him they had a pay-gap problem. He didn't believe it but agreed to an audit. The audit found that, largely as a result of Salesforce having bought more than a dozen companies in the previous year, inequalities had seeped in. Corrections were immediately made, and more than 10 percent of the women at the company got pay increases. The lesson Benioff learned: In spite of a strong commitment to pay equality, it's a never-ending process. Salesforce now reviews its gender pay issue on an ongoing basis.

The good news about the goal of gender pay equity is that it's improving. But it still has a way to go. Additionally, as seen by the Salesforce example, success requires both an organization's top management commitment and ongoing evaluations.

Salesforce founder and CEO Marc Benioff is committed to pay equality. After an audit revealed a pay-gap problem at the company, 10 percent of the women at the company got pay increases, and the firm continues to review this issue.
*Source: Karl Mondon/Bay Area News Group/ TNS/Newscom*

# WORKPLACE **diversity initiatives**

**LO5.5**   Marriott International takes diversity seriously. A company spokesperson said that "we leverage our core values to embed diversity and inclusion so deeply that it is integral to how we do business globally."[91] Arne Sorenson, the company's president and CEO, is a visible force and advocate for diversity both in the company and externally. For instance, he publicly spoke against Indiana's anti-LGBT Religious Freedom Restoration Act, saying: "This is just plain wrong . . . and we will not stand for it ... the notion that you can tell businesses that somehow they are free to discriminate is not right."[92] The company also has mandatory diversity training every month and a number of employee resource groups that provide input and advice. Their diversity management efforts have earned the company the number two spot on the Top 50 Companies for Diversity list for 2018.

As the Marriott example shows, some businesses *are* effectively managing diversity. In this section, we look at various workplace diversity initiatives.

## Top Management Commitment to Diversity

As noted with our previous example at Salesforce, top management commitment is an important—if not *the most* important—factor in achieving a diverse workforce. It all starts at the top. If management isn't "all in," the goal is likely to receive only lip service. But when top management makes it a priority and designs reward systems to reflect it, employees throughout the organization will take notice.

Top management needs to make sure that diversity and inclusion are part of the organization's purpose, goals, and strategies. Diversity needs to be integrated into every aspect of the business—from the workforce, customers, and suppliers to products, services, and the communities served. Policies and procedures must be in place to ensure that grievances and concerns are addressed immediately. Finally, the organizational culture needs to be one where diversity and inclusion are valued, including ensuring individual performance is measured and rewarded on diversity accomplishments.

## Learning from
## FAILURE

### Denny's Answer to Its Diversity Problem

It came to a head with a single incident. In April 1993, six black Secret Service agents assigned to Bill Clinton went into a Denny's restaurant in Annapolis, Maryland. They waited nearly an hour for breakfast. Meanwhile, as they were ignored, a group of white colleagues sitting at a nearby table were warmly received, had their orders quickly taken, and were enjoying seconds. The black agents went public with their experience in a lawsuit. The reaction was devastating for Denny's reputation. And unfortunately, it was not a unique incident. This would become the third discrimination suit against the company in a year. Clearly, Denny restaurants were hostile to minorities. However, this event in Annapolis would be the tipping point. Denny's culture had to change. And it did.

There was a major shake-up among the company's top executives. New people were brought in, and within three years the number of minorities in key management positions went from zero to 11 percent. In the same time period, the number of African American franchisees went from one to sixty-five. Additionally, numerous policies and practices changed. The company created a team to oversee its diversity programs. All employees were required to attend workshops on racial sensitivity; diversity was made a performance criterion for all restaurant and regional managers; and random checks were made at restaurants to make sure all customers and employees were being treated properly.

Denny's provides proof that organizational cultures can learn and change. Within seven years of the Annapolis episode, Denny's was ranked among the top, if not *the* top, companies in America for minorities.[93]

## Mentoring

One of the consequences of having few women and minorities in top corporate leadership positions is that lower-level women and minority employees lack someone to turn to for support or advice. That's where a mentoring program can be beneficial. **Mentoring** is a process whereby an experienced (typically senior) organizational member (a mentor) provides advice and guidance to a less-experienced member (a protégé). Mentors usually provide two unique forms of mentoring functions: career development and social support.[94] (see Exhibit 5-7).

**mentoring**
A process whereby an experienced (typically senior) organizational member (a mentor) provides advice and guidance to a less-experienced member (a protégé)

**Exhibit 5-7**
Functions of a Mentor

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Having a mentor makes you more likely to be promoted and increases the quality of your network.[95]

Career Development Functions
- Lobbies to get the protégé challenging and visible assignments
- Coaches the protégé to help develop his or her skills and achieve work objectives
- Provides exposure to influential individuals within the organization
- Advises the protégé on the organization's politics
- Protects the protégé from possible risks to his or her reputation
- Sponsors the protégé by nominating him or her for potential advances or promotions
- Acts as a sounding board for ideas the protégé might be hesitant to share with a direct supervisor

Social Support Functions
- Counsels the protégé to bolster his or her self-confidence
- Shares personal experiences with the protégé
- Provides friendship and acceptance
- Acts as a role model

A good mentoring program should be aimed at all employees with high potential to move up the organization's career ladder. But in terms of improving diversity, mentors who are women or minorities are often best equipped to offer advice to others like themselves. And protégés are more likely to relate to someone who they see as similar to themselves; mentors often see in their protégés the challenges they once faced earlier in their careers.

## Diversity Training

It's not an exaggeration to state that American organizations spend billions of dollars a year on diversity training.[96] That's a lot of money and begs three questions: What is this training composed of? Is the training effective? And if it does work, what conditions favor this success?

Diversity training ideally should focus on knowledge, attitudes, and behavior. Programs typically include a review of diversity issues and the value of diversity, followed by exercises to help individuals become aware of their own cultural values and unconscious biases, to experience what it feels like to be discriminated against, and to practice appropriate responses in interactions with diverse groups of people. Of course, diversity programs vary widely. There is no one-size-fits-all "package" that guarantees success.

What *does* lead to success? A comprehensive integration of some 40 years of research on diversity training provides some answers.[97] Diversity training has been found to have a positive effect on knowledge, attitudes, and actions, but in different ways. After training, people remember the new knowledge; but their beliefs and behaviors tend to revert back, over time, to how they were before the training. That said, the change from training is more likely to last if it's reinforced by other diversity-related initiatives such as top-management commitment, diverse hiring goals, and a formal mentoring program. Additional research suggests that diversity training is likely to *fail* when it's mandatory rather than voluntary, when it's justified on legal grounds, and when it's provided specifically to managers as opposed to all employees.[98] Unfortunately, about 75 percent of organizations with diversity-training programs fall into at least one of these categories.[99]



Members of the Asian Pacific ERG at the US Agency for International Development competed in the DC Dragon Boat Festival in 2018 and took home gold in the 250-meter race.
*Source: Barney Low/Alamy Stock Photo*

## Employee Resource Groups

In the 1960s, Xerox Corporation's Rochester, New York, headquarters launched a Black Caucus Group. This was an early example of an Employee Resource Group (ERG). Approximately 90 percent of Fortune 500 companies now have ERGs, and they've become an important structural device for supporting diversity.[100] For instance, the financial services and insurance giant Prudential has ERGs for military veterans, LGBT people, blacks, Hispanics, and Asian/Pacific Islanders.[101] Probably the most popular ERGs continue to be organized for women and African Americans.

An **employee resource group** (also frequently called an *affinity group*) is a voluntary, employee-led subgroup within an organization that shares distinctive qualities, interests, or goals. Although membership is totally voluntary, and initiated by employees, ERGs are typically sponsored by a senior executive who is connected to the group's issue and who ensures that the ERG's goals and concerns are heard by senior-level decision makers.

ERGs have multiple purposes. They are a sounding board for common concerns, but they also help attract and recruit diverse talent, increase employee engagement, and even run mentorship programs. The African American ERG at AT&T, as an example, has over 12,000 members and is credited with the company having an 85.6 percent black retention rate.[102]

An interesting finding about ERGs is that not all employees find the concept appealing. Interest appears to be related to age.[103] A recent study found that almost half of workers under the age of 34 were interested in ERGs. This may be due to their general strong group orientation. In contrast, less than 20 percent of workers in the 55–64 age bracket showed similar interest.

**employee resource group (ERG)**
A voluntary, employee-led subgroup within an organization that shares distinctive qualities, interests, or goals

### Some Final Thoughts and Questions

We conclude this chapter by offering questions about workforce diversity that have no concrete answers. We propose them to reflect on the debate that continues around diversity and to challenge your critical thinking.

**HAS IDENTITY POLITICS LED TO AN OBSESSION WITH CELEBRATING DIFFERENCES?**  Some critics have argued that we've lost the concern for unity of purpose and celebrating our common strengths. Have we become so concerned with promoting differences—race, color, gender, sexual orientation—that we have lost sight of creating and binding an organization's culture around common values? Do these subcultures emphasize placating special groups' unique needs at the expense of a unifying bond? Don't successful organizations need to unify people around common goals rather than unique differences?

**DO LONG-ESTABLISHED PRACTICES UNDERMINE DIVERSITY?**  There are popular practices that would appear to work against diversity. Two examples would be employee referrals and corporate team-building exercises.

One of the most popular and effective recruiting sources is recommendations by current employees. Organizations have come to increasingly rely on referrals because the evidence indicates that good workers tend to know others like themselves. And employees don't tend to recommend individuals who would reflect badly on themselves. But this practice reinforces the past. If an organization is made up predominantly of white males, aren't referrals likely to be other white males?

Another practice that can undermine diversity is corporate team-building activities. These have become increasingly popular as organizations have come to rely on teams to get work done. These activities are designed to increase trust and openness among team members, improve coordination efforts, and increase team performance. However, doesn't team-building celebrate common goals and values rather than differences?

**DOES SUPPORTING DIVERSITY CONFLICT WITH REWARDING MERIT?**  If you believe that hiring, development, and compensation decisions in organizations should be based on merit, is using diversity as a criterion in these decisions at odds with merit? We like to believe that corporate policies are fair and favor no special group. Much of the logic behind diversity is to correct a long history of decisions that led to unfair results—such as a scarcity of women and minorities in the upper echelons of organizations. But are efforts to increase diversity in organizations a threat to rewarding merit?

## Chapter 5 PREPARING FOR: Exams/Quizzes

## CHAPTER SUMMARY by Learning Objectives

**LO5.1** DEFINE workplace diversity and explain why managing it is so important.

Workplace diversity is the ways in which people in an organization are different from and similar to one another. Managing workforce diversity is important for three reasons: (1) people management benefits—better use of employee talent, increased quality of team problem-solving efforts, and ability to attract and retain diverse employees; (2) organizational performance benefits—reduced costs, enhanced problem-solving ability, and improved system flexibility; and (3) strategic benefits—increased understanding of a diverse marketplace, potential to improve sales and market share, and competitive advantage.

DESCRIBE the changing makeup of workplaces in the United States and around the world.   **LO5.2**

The main changes in the workplace in the United States include the total increase in the population; the changing components of the population, especially in relation to racial/ethnic groups; and an aging population. The most important changes in the global population include the total world population and the aging of that population.

EXPLAIN the different types of diversity found in workplaces.   **LO5.3**

The different types of diversity found in workplaces include age (older workers and younger workers), gender (male and female), race and ethnicity (racial and ethnic classifications), disability/abilities (people with a disability that limits major life activities), religion (religious beliefs and religious practices), sexual orientation and gender identity (gay, lesbian, bisexual, and transgender), and other (for instance, socioeconomic background, team members from different functional areas, physical attractiveness, obesity, job seniority, and so forth).

DISCUSS the challenges managers face in managing diversity.   **LO5.4**

The three main challenges managers face are personal bias, the glass ceiling, and pay inequity. Bias is a tendency or preference toward a particular perspective or ideology. Our biases can lead to prejudice, which is a preconceived belief, opinion, or judgment toward a person or a group of people; stereotyping, which is judging a person on the basis of one's perception of a group to which he or she belongs; and discrimination, which is when someone acts out prejudicial attitudes toward people who are the targets of that person's prejudice. The glass ceiling refers to the invisible barrier that separates women and minorities from top management positions. Pay inequities refer to unfair pay differences based on gender or race. Gender differences in pay have been found to be based on discrimination, the kind of job, and a desire for flexibility.

DESCRIBE various workplace diversity initiatives.   **LO5.5**

Workplace diversity management initiatives include top-management commitment to diversity; mentoring, which is a process whereby an experienced organizational member provides advice and guidance to a less-experienced member; diversity training; and employee resource groups, which are groups made up of employees connected by some common dimension of diversity.

# REVIEW AND DISCUSSION QUESTIONS

5-1. How has workforce diversity changed since the 1960s, particularly in the West?

5-2. What are the benefits and challenges of having workforce diversity in an organization.

5-3. In developing countries like Africa, Asia, and Latin America, birth rates are likely to remain high. Are there any benefits of this and is it sustainable?

5-4. Do you think religion can affect work behaviors?

5-5. Look around you and summarize the different forms of diversity you can find at your university or workplace.

5-6. Different ethnicities cause problems associated with diversity management. Discuss.

5-7. Are laws, federal or otherwise, necessary for supporting diversity initiatives? Use an example from your country to illustrate.

5-8. Who is responsible for doing more to break the glass ceiling barrier for women and minorities?