CHAPTER 10

Diversity Management

Paradigms, Rationale, and Key Elements

Now the Star-Belly Sneetches
Had bellies with stars.
The Plain-Belly Sneetches
Had none upon thars.
Those stars weren't so big. They were really so small
You might think such a thing wouldn't matter at all.
But because they had stars, all the Star-Belly Sneetches
Would brag, "We're the best kind of Sneetch on the beaches."
With their snoots in the air, they would sniff and they'd snort,
"We'll have nothing to do with the Plain-Belly sort!"
And whenever they met some, when they were out walking,
They'd hike right on past them without even talking.

—Dr. Seuss, *The Sneetches and Other Stories*[1]

In his classic children's story about imaginary creatures named Sneetches, Dr. Seuss demonstrates how an irrelevant characteristic such as having or not having a small star on their bellies created two camps of Sneetches and affected their relationship with one another. The story goes on to introduce Mr. Sylvester McMonkey McBean with his "very peculiar machine" that could put stars on the Plain-Belly Sneetches. Once the Star-Belly Sneetches realized that they could no longer tell the difference, they asked Sylvester McMonkey

McBean to remove their stars! And so it went with one group going through the machine to put stars on their bellies while the other was going through it to remove their stars, "Until neither the Plain nor the Star Bellies knew whether this one was that one . . . or that one was this one" (p. 21). Like any good children's story, this tale has a happy ending with the Sneetches realizing that "Sneetches are Sneetches and no kind of Sneetch is the best on the beaches" (p. 24). Unfortunately, many cross-cultural conflicts do not have such an enlightened and happy ending. This story is often used in diversity-training programs because its moral teachings apply to adult situations as well as children's.

In this chapter, we examine diversity management programs and policies. We define the concept, examine its historical context, analyze two prominent paradigms for diversity management, and conclude by identifying its key characteristics and limitations.

Defining Diversity Management

In response to the growing diversity in the workforce around the world, many companies have instituted specific policies and programs to enhance recruitment, inclusion, promotion, and retention of employees who are different from the privileged echelons of society. Just as the privileged groups may vary from one country to the next (e.g., urban men of Han descent in China, White men in the United States, or Protestant men in Northern Ireland), so too do the disadvantaged groups (e.g., the lower castes in India, North African immigrants in France, or women in Korea). Although equal rights legislation and affirmative/positive action policies have helped disadvantaged groups obtain access to a variety of jobs not previously open to them, it is their exclusion from circles of influence in work organizations that has kept them from fully contributing to and benefiting from their involvement in the workplace. Diversity management policies and programs are designed to create a welcoming organizational environment to those groups that, in the past and through the present, have not had access to employment, in general, and to more lucrative jobs, in particular.

The term *diversity management* originated in North America but has slowly taken hold in other regions and countries of the world (e.g., Hays-Thomas, 2004; Kaiser & Prange, 2004; Nyambegera, 2002; Ozbilgin & Tatli, 2008; Palmer, 2003; Palmi, 2001). Below is a brief definition of the term:

> Diversity management refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs.

With the globalizing economy and the increase in multinational corporations, diversity management no longer refers solely to the heterogeneity of the workforce within one nation but often refers also to the workforce composition across nations. The first type, *intranational diversity management,* refers to managing a diverse workforce of citizens or immigrants within a single national organizational context. An example would be a German company instituting policies and training programs for its employees to improve sensitivity and provide employment opportunities to members of minority groups and recent immigrants in its workforce. The second type, *cross-national diversity management,* refers to managing a workforce composed of citizens and immigrants in different countries (e.g., a Korean company with branches in Japan, China, and Malaysia establishing diversity policies and trainings that will be applicable in its headquarters and also in its subsidiaries in these countries). Each of these types of diversity management presents different challenges and dilemmas, and each requires a different set of policies and programs. In addition to practicing within the laws and social norms of its home country, cross-national diversity management requires employers to take into consideration the legislative and cultural context in other countries, depending on where their workforce resides. For example, a company based in South Africa has to abide by the South African equal rights legislation, which compels it to treat men and women equally. If the same company has a branch in Saudi Arabia, however, it will have to treat its employees according to the laws of that country, which are inspired by the shari'ah and follow the Islamic tradition of prescribed gender roles. In South Korea, as another example, the cultural norms dictate that married women with young children leave their careers and devote their time to their families. Therefore, while a U.S. company is likely to provide training and promotion opportunities to young women (in compliance with antidiscrimination legislation), its Korean subsidiary may view such policies as a waste of time, considering the Korean cultural norms (Lee, 1997; Park, 2008).

Cox (2001) notes, "The challenge of diversity is not simply to have it but to create conditions in which its potential to be a performance barrier is minimized and its potential to enhance performance is maximized" (p. 16). Diversity management refers not only to those groups that have been discriminated against or that are different from the dominant or privileged groups, but to "the mixture of differences, similarities and tensions that can exist among the elements of a pluralistic mixture" (Thomas, 2005, p. 93). Using a jar of jelly beans (colorful candy) as a metaphor, Thomas (1996) emphasizes that diversity management is dealing with the collective mixture of all workers, not just the recent additions to the organizational workforce:

> To highlight this notion of mixture, consider a jar of red jelly beans and assume that you will add some green and purple jelly beans. Many would believe that the green and purple jelly beans represent diversity. I suggest that

> diversity, instead, is represented by the resultant mixture of red, green and purple jelly beans. When faced with a collection of diverse jelly beans, most managers have not been addressing diversity but, instead, have been addressing how to handle the last jelly beans added to the mixture. . . . The true meaning of diversity suggests that if you are concerned about racism, you include all races; if you're concerned about gender, you include both genders; or if you're concerned about age issues, you include all age groups. In other words, the mixture is all inclusive. (pp. 146–147)

Further, diversity management can create a competitive advantage in areas such as marketing, problem solving, and resource acquisition (Cox, 2001). Therefore, diversity management is not the sole domain of the human resource function in the organization (as has been the case with affirmative or positive action initiatives) primarily aimed at compliance with legal requirements. It is a systematic organization-wide effort based on the premise that for organizations to survive and thrive there is an inherent value in diversity (Cox, 2001; Kreitz, 2008; Orlando, 2000). However, it is important to note that careful research in a global context suggests that diversity management can have both positive and negative consequences as well as no change at all and that a more nuanced approach to the link between diversity management and organizational outcomes is in order (Kochan, Bezrukova, Ely, Jackson, & Joshi, 2003; Jackson, Joshi, & Erhardt, 2003; Thomas, 2005).

From Equal Rights Laws, to Affirmative/Positive Action, to Diversity Management

The current business focus on diversity is quite different from equal rights legislation and from affirmative/positive action programs. The latter are about trying to achieve equality of opportunities by focusing on specific groups and righting past wrongs. Diversity efforts focus on managing and handling the diverse workforce to give the company a competitive advantage. All these may be viewed as a continuum: equal employment opportunity (EEO) legislation means that it is against the law to discriminate; affirmative action programs mean that companies need to take positive steps to ensure equal opportunities; and diversity management is proactive and aimed at promoting a diverse and heterogeneous workforce. The emphasis of the latter is on the business advantage that it can provide to organizations. More and more companies are realizing that there could be a business benefit for having diversity management programs or, at the very least, to including language about it in their public relations materials. For example, IBM's chairman and CEO Sam Palmisano points to the link between diversity management and the core business at IBM. Highlighting IBM's long involvement with equal opportunity and diversity initiatives, Palmisano notes that "diversity policies lie as close to IBM's core as they have throughout our heritage. Today, we're building a workforce in keeping with the global, diverse marketplace, to better serve our customers and capture a greater share of the on demand opportunity" (IBM Web page, 2009). The importance of diversity management programs for global companies is a recurrent theme in the statements of many executives (for a sample of statements in speeches by senior officers of Nikkeiren, Japan's Business Federation, see Ozbilgin and Tatli, 2008, pp. 52–56). Emphasizing the global angle of diversity management, Tiane Mitchell Gordon, senior vice president for diversity and inclusion at American On Line (AOL), notes that diversity management has a strategic role: "It really is about looking at how we can influence and impact our business from a different lens to understand how, as a global company, we have to be more culturally aware" (Schoeff, 2009). Cox (2001) notes that "the globalization of business is a trend that makes diversity competency crucial for many organizations" (p. 124) because both large and small companies increasingly derive a significant portion of their revenues from other countries in the world.

An interesting explanation for the difference between equal opportunity legislation and diversity management comes from Australia and uses the analogy of wild animals in the zoo.[2]

> Imagine your organisation is a giraffe house. Equal opportunity has been very effective widening the door of the giraffe house to let the elephant in, but home won't be best for the elephant unless a number of major modifications are made to the inside of the house. Without these changes the house will remain designed for giraffes and the elephant will not "feel at home." (Krautil, 1995, p. 22)

In the United States, where the term *diversity management* originated, there was a gradual progression over the years from Title VII of the 1964 Civil Rights Act that mandated equal employment opportunity (EEO), to President Lyndon Johnson's 1972 Executive Order 11246 that outlined affirmative action, and culminating in diversity management policies and programs developed in the 1990s and the 2000s. In Australia, the same progressive development took place with antidiscrimination legislation and affirmative action policies requiring the removal of barriers and the implementation of policies that encourage full employment of groups defined by personal characteristics such as gender, race, physical ability, ethnic heritage, and family responsibilities (Kramar, 1998). There, too, diversity management has been seen as the natural next step for effective management in the future competitive business environment (Burton, 1995; De Cieri, 2003),[3] and many of Australia's most profitable companies have adopted productive diversity policies in different ways (Pyke, 2007).

The EU as a whole has developed a strong commitment to equality and positive action policies. Across Europe, there is a trend to strengthen legislation against discrimination as indicated by directives on equal treatment of people irrespective of their race and ethnic backgrounds and on the equal treatment of persons in the labor market, adopted by the EU Council of Ministers in 2004 (EU Directive 2000/43/EC Art 13).[4] Different countries within the union, however, have implemented varying levels of protections and initiatives, and some have adopted affirmative or positive action programs while others have not.[5] Accordingly, companies in different countries may or may not institute, or even aspire to implement, diversity management policies and programs, and those that have been developed will vary in scope and organizational commitment. In a series of comparative studies, the International Labour Organization (ILO) evaluated antidiscrimination and diversity-training initiatives in different countries in the EU (Wrench, 2007). The studies indicated that Spain, for example, was one of the few industrialized migrant-receiving countries that at the time of the study had not introduced antidiscrimination legislation to protect nonnational workers; and in general, there was very little or no awareness of the potential problem of ethnic or racial discrimination. Therefore, although there were some labor initiatives coming from local government organizations, trade unions, NGOs, and some multinational companies, the trainings were aimed at antidiscrimination, not at diversity management (Angel de Prada, Pereda, & Actis, 1997). Even in countries that have already instituted equal rights laws and public policies that promote diversity, the general organizational culture may not have been ready for the next step of diversity management. In the United Kingdom, for example, diversity management was perceived as premature during the 1990s in several cases unless it followed antiracism and equality trainings (Taylor, Powell, & Wrench, 1997). It is important to remember that the prerequisite for diversity management is having a diverse workforce. Although recruitment of diverse employees can be a goal of diversity management, if there is little diversity in the organization, the focus should be on recruitment strategies and not on diversity management per se. In the Netherlands, for example, a heterogeneous workforce is still more of an exception than a rule. Although the demographics have changed quite dramatically in the last two decades, the workforce is still quite segregated. Most business diversity efforts are focused on recruiting customers, not employees. Therefore, companies need to focus on applying positive action policies in workforce recruitment before they can exercise diversity management (Abell, Havelaar, & Dankoor, 1997; Tsogas & Subeliani, 2005).

In some countries such as South Africa where a nonracial, democratic constitution came into effect in 1996, equal rights legislation was implemented at just about the same time as its affirmative action policies, and many of its companies have been trying to almost simultaneously design and implement diversity management programs. The results of both equal rights laws and the affirmative action policies in South Africa are already evident in the increased proportion of Black managers, though these rates are still far from their representation in the wider society. As the racial and cultural profile of South African organizations continues to change, the process of managing diversity is becoming more important (Horwitz, 2002). The situation in Brazil is quite similar to that of South Africa, with both legislation and government measures to combat employment discrimination taking place relatively recently.[6] Brazil, however, is quite different because it has long been a heterogeneous society, the product of several migration flows relatively early in its development. As a result, Brazilians take pride in their tradition of nonprejudicial national ideology. Nevertheless, inequalities do exist, and the concern of Brazilian companies with the practice of managing cultural diversity is quite recent and relatively limited. Although the population in Brazil is rather diverse, those companies that have developed programs are primarily subsidiaries of U.S enterprises (Fleury, 1999; Perez-Floriano & Gonzalez, 2007).

As is evident from this brief review, equal rights legislation and affirmative/positive action policies are prerequisites for the development of diversity management because they create the social, legal, and organizational environment on which diversity management initiatives can be based. In some countries, the development was sequential and took decades, whereas in others, the development was rapid and almost co-occurring.

Diversity Management Paradigms

In recent years, several paradigms have been offered for diversity management that underscore its unique characteristics and purpose. This section highlights two of the prominent approaches—the human resource (HR) paradigm and the multicultural organization (MO) paradigm.

THE HUMAN RESOURCE PARADIGM IN DIVERSITY MANAGEMENT

Conventional HR practices tend to produce and perpetuate homogeneity in the workforce as a result of the A-S-A (attraction-selection-attrition) cycle (Schneider, 1987; Schneider, Smith, & Paul, 2001). Typically, individuals are *attracted* to organizations that appear to have members with values similar to their own. In turn, organizations *select* new members that are similar to their existing members because their hiring continues to make everyone feel comfortable (García, Posthuma, & Colella, 2008). Recruiting practices often emphasize hiring people from sources that have historically been reliable and selecting candidates whose characteristics are similar to those employees that have been successful in the past. As a result, employees who do not fit in well with the dominant organizational culture eventually leave or are fired, creating a selective *attrition* process that supports and maintains a workforce that is homogeneous (Schneider, Smith, & Paul, 2001). In the long run, this trend is unhealthy for organizations in that it limits their talent pool, their long-term growth and renewal, and their ability to adapt to environmental changes and tap into new markets.

In recent decades, human resource managers have recognized the need to adopt effective diversity management practices in order to overcome barriers for diversity and reap the rewards of a diverse workforce. Kossek and Lobel (1996) summarize the three prevailing HR approaches to diversity management and offer an original approach of their own. The authors later expanded on the model and made the connection between human resource management practices, workforce diversity, and individual, group, and organizational outcomes (Kossek, Lobel, & Brown, 2006). The four approaches are presented in Table 10.1 and elaborated below.

Diversity enlargement. This approach focuses on increasing the representation of individuals of different ethnic and cultural backgrounds in the organization. The goal is to change the organizational culture by changing the demographic composition of the workforce. For example, the Norwegian government backed a draft law that would oblige companies to appoint women to at least 40% of their directorships ("Oslo Push," 2003). The assumption is that the new employees will conform to existing practices and that no additional intervention will be needed. The mere presence of increasing numbers of employees from different backgrounds will result in a culture change that will bring the desired results. Often this approach is motivated by compliance to laws and public expectations of political correctness rather than a deep understanding of the business need for diversity (Kossek & Lobel, 1996).

Diversity sensitivity. This approach recognizes the potential difficulties introduced by bringing together individuals from diverse backgrounds and cultures in the workplace. It attempts to overcome these difficulties through diversity training that is aimed at sensitizing employees to stereotyping and discrimination while also promoting communication collaboration. The assumption embedded in this approach is that increased sensitivity to differences will improve performance. Although this is sometimes the case, in other instances, particularly when the training is not linked to corporate goals and initiatives and not supported by its long-term policies, it can create more harm than good. Emphasizing differences can backfire by reinforcing stereotypes and highlighting intergroup differences rather than improving communication through understanding and common interests (Kossek & Lobel, 1996). (See Box 10.1 for an example of a diversity training gone awry.)

Table 10.1 The HR Approach to Diversity Management

HR Approach	Goal	Strategy	Assumptions
Diversity Enlargement	Change organizational culture through changing the composition of the workforce	Recruit employees from diverse backgrounds	New hires will change the culture by their mere presence—no need for additional intervention
Diversity Sensitivity	Overcome adversity and promote productive communication and collaboration	Train to increase sensitivity and improve communication	Increased sensitivity to differences will affect performance
Cultural Audit	Identify obstacles faced by employees of diverse backgrounds and modify company practices accordingly	Audit current practices through surveys and focus groups and generate changes to address these deficiencies	Problems are caused by the dominant cultural group in the organization and need to be addressed by that group
Strategy for Achieving Organizational Outcomes	Achieve organizational goals through diversity management	Integrate diversity management with HR policy areas and other company strategic choices	Diversity management practices have to be linked to desired individual and organizational outcomes

SOURCE: Based on Kossek and Lobel, 1996.

BOX 10.1
A Diversity Training Gone Awry: The Texaco "Jelly Bean Jar" Incident

Diversity training ought to be well planned and executed. Sometimes, the efforts to improve openness and understanding between groups may reinforce negative images and even prejudice. Rather than facilitating open communication and improved relationships, the end result might be divisive and offensive. An example of a diversity training gone awry is the infamous Texaco 1994 "jelly beans" incident that was featured in a lawsuit against the company (Eichenwald, 1996). The lawsuit, filed by the company's African American employees, alleged racist remarks as part of the company's culture. Among other incidents of prejudice and discrimination in the company, the lawsuit alleged that in a diversity training sponsored by the company, a comment was made by one of the managers that "All the black jelly beans seem to be glued to the bottom of the bag," a remark that was interpreted as derogatory toward African Americans. In its defense, the company commissioned an independent counsel who reported that there was nothing inherently derogatory in any of the references to jelly beans. Indicating that the jelly beans reference was a common image used in diversity training,[7] the independent counsel suggested that it may have been a reference to inequities imposed upon African Americans by society, rather than a criticism. The case ended with a $176 million settlement announced November 15, 1996 (De Meuse & Hostager, 2001; Olson, 1997; "Texaco Independent Investigator's Report," 1996).

Cultural audit. This approach aims at identifying the obstacles that limit the progress of employees from diverse backgrounds and that block collaboration among groups in the organization. The audit is usually performed by outside consultants who obtain data from surveys and focus groups and then identify areas in which employees who are different from the dominant group feel that they are blocked from performing to the best of their ability. Although this is a customized approach that is tailored to specific organizational cultures, the recommendations for change are typically based on the notion that the source of the problem is in the dominant cultural group (typically, in North America, White male) and that the change must come from within that group (Kossek & Lobel, 1996). An example of a cultural audit is Ford Motor Company's global employee satisfaction survey. The survey, called PULSE, is distributed annually among all of the company's salaried employees (in 2002, 71% of employees participated in the survey). Employee satisfaction with diversity is one of the 12 dimensions assessed by the survey, and the results are used to assess Ford's commitment and performance in achieving a diverse workforce (Ford Motor Company, 2002).

Strategy for achieving organizational outcomes. This approach, proposed by Kossek and Lobel (1996) as a comprehensive framework for HR diversity management, focuses on diversity management "as a means for achieving organizational ends, not as an end in itself" (p. 4). Using this strategy, managers have to identify the link between diversity management objectives and desired individual and organizational outcomes. Organizational strategic choices are viewed in the context of environmental drivers such as the changing labor market composition, the global economy, the shift to a service economy, and the legal and governmental pressures. Analyzing environmental drivers can help the organization determine the specific benefits it expects to gain from its diversity management and how those are linked to its overall business strategy. For example, if innovation is a business strategy for the company, it is in its best interest to cultivate multicultural diverse teams because creativity and responsiveness to new markets, primarily in today's global economy, are more likely to be found in diverse work teams.

THE MULTICULTURAL ORGANIZATION PARADIGM IN DIVERSITY MANAGEMENT

Cox (1994, 2001) presents a diversity management paradigm that includes three types: the monolithic organization, the plural organization, and the multicultural organization. Diversity management, according to this paradigm, should strive to create multicultural organizations in which members of all sociocultural backgrounds can contribute and achieve their full potential.

The monolithic organization. This is an organization that is demographically and culturally homogeneous. For example, most Chinese companies are monolithic from a cultural and ethnic perspective, as the overwhelming majority of their employees are ethnically Han Chinese. They are not, however, monolithic from a gender perspective because there are many women in the companies. Women, though, are more commonly employed at the lower levels of the organization, whereas most of the managers, particularly at the top levels, are men (Powell & Graves, 2003). A monolithic organization in North America or Europe will have a majority of White men and relatively few women and members of ethnic and racial minorities. Typically, women and racial/ethnic members of minority groups, both men and women, will be segregated in low-status jobs such as receptionists and maintenance people that do not have a significant impact on organizational policies and practices (Cox, 1994, 2001). A monolithic organization will have a culture that will perpetuate the homogeneity of its workforce through its hiring and promotion practices. There will be an expectation that members of diverse groups will assimilate into the culture of the majority with minimal degrees of structural and formal integration. In other words, because one cultural group manages the organization almost exclusively, both the practices and policies of a monolithic organization are biased in favor of the majority group. Not surprisingly, intergroup conflict is expected to be minimal in such an organization because it is basically homogeneous and is composed of one dominant cultural group. Given the globalizing economy, a monolithic organization will be at a competitive disadvantage, and its homogeneity will become more difficult to maintain given the influx of women and members of minority groups into the workforce around the world.

The plural organization. This is an organization that has a heterogeneous workforce, relative to the monolithic organization, and typically makes efforts to conform to laws and public policies that demand and expect workplace equality. It will take active steps to prevent discrimination in the workplace such as audits that assure equality of compensation systems and manager trainings on equal opportunity issues and sexual harassment. Although women and members of minority groups are represented in larger numbers, they make up only a small percent of the management, particularly top management, and are still expected to assimilate into the majority culture. Examples of plural organizations include companies in which members of minority groups constitute a sizable proportion of the workforce but only a small percent of the managerial positions. Although there is greater structural and formal integration in the plural organization, institutional bias is rather prevalent and intergroup conflict is significant, primarily because the increased presence of women and members of ethnic and racial minority groups is not accompanied by serious efforts to make them a truly integral part of the organization. Cox (1994, 2001) attributes the increased intergroup conflict in plural organizations in the United States to the backlash against affirmative action programs and the resulting sense among majority group members that they are being discriminated against because of no fault of their own. Cox (1994) identifies the plural organization as the most prevalent type in the North American business environment, but this organizational type is also prevalent in other areas of the world such as Europe, Australia, India, and South Africa.

The multicultural organization. This is more an ideal than an actual type because very rarely do companies achieve this level of integration. However, Cox (1994, 2001) indicates that it is important to understand this type and use it to create a vision for effective diversity management. The multicultural organization (MO) is characterized by a culture that fosters and values cultural differences—truly and equally incorporates all members of the organization via pluralism as an acculturation *process,* rather than as an *end* resulting in assimilation. The MO has full integration, structurally and informally, is free of bias and favoritism toward one group as compared with others, and has only a minimal intergroup conflict, thanks to the above characteristics that result from effective management of diversity.

Cox's (1994) typology of the monolithic-multicultural organizational continuum presents "pure" types that are rarely found in reality but are useful from an analytic standpoint. Although it was generated primarily for the North American context, it is useful for other countries as well because diversity of the workforce is increasingly central, even in traditionally homogeneous societies. By outlining these types, particularly the extremes, Cox's typology is helpful in providing work organizations with a vision of the model they need to strive for in designing their diversity management strategies.

The Impetus for Implementing Diversity Management

Why do companies implement diversity management strategies? There are three types of arguments in favor of diversity management, each with its own slogan (Table 10.2):

1. "Diversity is a reality that is here to stay." Businesses have to adapt to the new realities of an increasingly diverse workforce. In the United States, it was the report by the Hudson Institute, Workforce 2000, and the one that followed it, Workforce 2020, that served as a wake-up call to businesses, describing in compelling statistical detail the future trends of the workforce (Johnston & Packer, 1987; Judy & D'Amico, 1997). One of their central predictions was that the workforce will grow slowly and the proportion of older adults, women, and members of minority groups will continue to increase. Earlier chapters in this book described diversity trends in other countries as well, demonstrating that the global economy contributes to increased diversity in practically every region of the world.

Table 10.2 Motivation for Implementing Diversity Management

Slogan	Argument
"Diversity is a reality here to stay."	The pool of current and future employees is becoming more diverse, and businesses have no choice but to adapt to this new reality.
"Diversity management is the right thing to do."	Companies have an obligation to promote social justice and implement principles of compensatory justice through their policies and programs.
"Diversity makes good business sense."	Diversity management can give companies a competitive advantage in the global economy.

2. "Diversity management is the right thing to do." This is the moral and ethical reasoning for diversity management. At the heart of this argument is the notion of equal opportunities regardless of individual characteristics such as gender, race, and sexual orientation. This includes providing all potential employees with equal access to jobs in the organization and providing current employees with comparable pay for jobs of comparable worth (Velasquez, 2005). Another ethical principle, compensatory justice, is the foundation of affirmative action programs (Kellough, 2006). This principle suggests that society has an obligation to overcome historical discrimination against specific groups of people to compensate those who have been intentionally and unjustly wronged (Kellough, 2006; Velasquez, 2005). Therefore, work organizations have a social obligation to participate in compensating groups that have been wronged in the past—Blacks in South Africa or Catholics in Northern Ireland.

3. "Diversity makes good business sense." Diversity management can provide businesses with a competitive advantage. Here the logic is that by managing diversity, companies have much to gain (Cox, 2001; Kochan et al., 2003), including (a) cost reductions due to lower absenteeism and turnover, (b) advantages in the competition for talent in the workforce (Thomas, et al., 2002),[8] (c) reduced risk of discrimination lawsuits due to a more just and nondiscriminating environment, (d) more effective marketing to diverse customer pools (Kossek, Lobel, & Brown, 2006; Pradhan, 1989), (e) increased creativity and innovation through diverse work teams (Weiss, 1992; Kossek, Lobel, & Brown, 2006), (f) government contracts for which minority- or gender-balanced businesses are given preference, and (g) improved corporate image, which generates public goodwill. More will be said about benefits to companies in the next chapter.

Elements of this three-pronged rationale for adopting diversity management are evident in the mission statement and corporate ethos of many companies. For example, Jay C. Rising, president of Automatic Data Processing (ADP), states, "Our goal is to have a workplace that is fully inclusive, one that enables us to leverage the talents of a multi-cultural organization" (Automatic Data Processing [ADP], n.d.); and the mission statement of Hanes and Boone (one of the largest law firms in the United States) indicates,

> Our greatest asset is our people. They make Haynes and Boone a special firm by embracing core values that foster a healthy work environment, a commitment to being the best and an attitude of service to others. While our people make a positive difference for our clients, they do the same for their local communities by dedicating substantial personal time and funds to pro bono work and community service. We are equally proud of the ethnic, gender and cultural diversity of our people and our success in hiring, retaining and promoting women and ethnic minorities. (About the Firm, 2002–2003)

These types of mission statements have been adopted by companies outside the United States as well. For example, the diversity statement of Woolworths Holdings, a South African–based retail group, pronounces,

> Woolworths believes in a diverse workforce and embraces the principles of employment equity to achieve an appropriate balance for the group. The group has demonstrated its commitment to employment equity by adopting a diversity statement forming the basis for implementation. (Woolworths Holdings Limited, 2004)

Similarly, the corporate statement about diversity from AstraZeneca, a leading U.K.-based pharmaceutical company, proclaims,

> Our definition of diversity includes all our different personal skills and qualities as well as race and gender, where advancement depends solely on ability, performance and good teamwork. We encourage our people to share their knowledge and ideas across boundaries—to build high performance teams that recognise and value our differences—teams that celebrate diversity but which also embrace common goals. Across the business, diversity is high on the agenda and continuous improvement is at the heart of our approach. And we have a clear focus on the future—an aspiration to become a true culture of diversity. (AstraZeneca United Kingdom, 2004)

Characteristics and Limitations of Diversity Management

The goal of diversity management is to transform the organizational culture from a majority-oriented to a heterogeneous-pluralistic culture in which different value systems are heard and thus equally affect the work environment. Diversity management has a dual focus: the first is enhancing social justice by creating an organizational environment in which no one is privileged or disadvantaged due to characteristics such as race or gender; the second is increasing productivity and profitability through organizational transformation (e.g., Cox, 2001; Ozbilgin & Tatli, 2008; Thomas, 2005). Accordingly, diversity management has three key components:

1. Diversity management is voluntary. Equal rights legislation is enforced through sanctions (monetary fines or incarceration), and affirmative/positive action policies are enforced through incentives (government contracts); but diversity management is self-initiated by the companies themselves. It is not enforced or coerced but is entirely voluntary.

2. Diversity management uses a broad definition of diversity. Whereas both equal rights legislation and affirmative or positive action policies specify the groups that are to benefit from the laws or public policies (e.g., specific castes in India or Blacks in South Africa), companies that implement diversity management often use broad and open definitions of diversity. One of the reasons for this broad and often vague definition is that they make diversity programs inclusive and reduce potential objections from members of the majority group.

3. Diversity management aims at providing tangible benefits to the company. Diversity management is seen as a business strategy aimed at tapping into the full potential of all employees in the company in order to give the company a competitive advantage, whereas in the past, employees of different backgrounds (e.g., race/ethnicity or gender) were labeled as unqualified by managers if they did not conform to values and norms of the majority. The logic of diversity management is that it allows every member of the organization to bring to the workplace his or her unique perspective, benefiting the organization as a whole. Expected benefits of diversity management include such outcomes as broad appeal to diverse clients—because diverse employees communicate better with diverse clients; better products—because diversity of opinions leads to creativity; and improved sales—because diverse employees better understand the needs of diverse clients (Cox, 2001; Ozbilgin & Tatli, 2008; Thomas et al., 2002). Ford Australia, for example, realizing that attracting women as customers is imperative for its future growth, sought to increase the proportion of women among its workforce. Since 2000, Ford Australia has funded the Ford of Australia Women in Engineering Scholarship Program, an undergraduate scholarship program aimed at encouraging more women to enter the field of automotive engineering. As a result of that program, in 2002, women had increased to a 43% share of the company's total university graduate intake. Similarly, in order to attract diverse clients, Telstra Corporation Limited recruited employees who could speak up to seven different languages to staff its multilingual customer service centers. These multilingual sales consultants take an average of about 2,700 calls each month with increasingly positive feedback from customers who prefer explaining their telecommunication problems in their native tongues.

Though these key components of diversity management—being voluntary, using a broad definition of diversity, and providing tangible benefits to the company—represent strength in the current business context, they can potentially bring the demise of the concept in the long run. First, the *voluntary nature* of diversity management means that it may not survive during difficult economic times. The concern here is that if forced to make a choice among competing expenditures, diversity programs may be cut back or eliminated altogether because their benefits often take a long time to materialize. Second, the *broad definitions of diversity* mean that the most vulnerable groups in society—racial minority groups, people with disabilities, and women—may not receive the protection they deserve because resources will be spread across many groups. The concern here is that the slogan "Everyone is diverse" dilutes the implications of historical injustices and discrimination that have denied certain groups access to opportunities and resources. And, finally, the emphasis on the *practical benefits* suggests that once diversity management is no longer perceived as beneficial to companies, it will disappear. It is, therefore, essential that diversity management will be based not only on the principle of providing tangible benefits to the companies but also on a strong moral and ethical commitment to diversity.

Summary and Conclusion

The globalizing economy and the increase in the number of multinational corporations make diversity management a necessity for companies that want not only to survive but thrive during this time of economic, social, and cultural changes. *Diversity management* refers to the voluntary organizational actions that are designed to create through deliberate policies and programs greater inclusion of employees from various backgrounds into the formal and informal organizational structures. Diversity management, compared with its predecessors (equal opportunity legislation and affirmative action programs), is proactive and aimed at creating an organization in which all members can contribute and achieve to their full potential.

The reasons for implementing diversity management include having to adapt to the new reality of a workforce that is increasingly diverse, doing the right and moral thing, and gaining a competitive advantage. Diversity management has three main characteristics: it is voluntary; it uses a broad definition of diversity; and it aims at providing tangible benefits to the company. Finally, implementing diversity management can give companies a competitive advantage in areas such as problem solving, corporate image, and marketing.

The challenge of diversity management is to break the harmful cycle that equates cultural difference with social/economic disadvantages. Therefore, although the emphasis on the business advantage of diversity management is probably a good motivator for companies to enact diversity programs, it does not mean that moral and ethical missions should be neglected or overlooked. To overcome these potential limitations, diversity management has to focus on both enhancing profitability and fostering social justice.

Notes

1. Geisel, T. S. [Dr. Seuss] (1961). *The sneetches and other stories* (pp. 3–4, 21–24). New York: Random House.

2. Roosvelt Thomas Jr. (1999) has used a similar metaphor as the theme for his book *Building a House for Diversity: How a Fable About a Giraffe and an Elephant Offers New Strategies for Today's Workforce.*

3. The Australian Commonwealth Government established the Industry Task Force on Leadership and Management Skills. The task force published a report in 1995 known as the Karpin Report, which included several recommendations associated with promoting equality and diversity. Burton's (1995) article demonstrates that diversity management is consistent with the Karpin Report's recommendations for effective management.

4. See Chapter 2 on international legislation.

5. One has to be careful about broad generalizations with respect to EU countries because legislation and public policies may vary greatly from one country to another. For example, France has long had a policy that implies (when translated) that "diversity statistics" are illegal to compile. Hence, it is difficult to know for certain whether the goals of diversity, equality, and nondiscrimination are being achieved—in both the private and the public sector.

6. The Brazilian National Program of Human Rights was created in 1996 to implement international human rights declarations, including the ILO 111 convention on employment discrimination, though the latter was ratified by the Brazilian government earlier in 1965 (Fleury, 1999).

7. See a quote from Thomas (1996), pp. 109–210, earlier in the chapter referring to the jelly bean image with respect to diversity management.

8. For example, during the high-tech boom of the 1990s, countries like Canada, Germany, and the United Kingdom revised their immigration policies to attract skilled workers from other countries like China and India in order to supply the much-needed workforce for their computer and high-tech industries.