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Globalization & Diversity Management

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RESEARCH PAPER - COMMERCE

ABSTRACT

Workforce demographics have changed drastically over the last 50 years, and continued changes are expected. Economies are now globally determined and multinational organizations are becoming the norm rather than the exception. Today, most organizations have been or soon will be impacted by these changes. As a result, diversity and diversity management within the organizational sciences is one of the most dynamic areas for theory building and research. Defining diversity requires a consideration of its historical antecedents, which includes the civil rights movement and affirmative action. Managing the changes in the workforces of organizations is the notion of diversity management. During the early era of diversity management, very little theory existed to guide the practitioner's actions to creating programs to manage people. Despite the lack of theory, considerable research regarding the effects of diversity within groups exists, and a myriad of diversity initiatives have been implemented. Organization wide implementations have relied on



the case study to investigate the outcomes, which have yielded mixed bottom line results. The true impact of diversity and of diversity initiatives is complex, and requires a comprehensive and multidisciplinary approach. The future changes forecast for globalization demand that the effects of diversity and their resulting applications be studied.

Keywords: Global Market, Unity in Diversity, Cultures, Political Environment.

Introduction (Meaning & Definition):

Defining diversity management from an organizational perspective requires first a definition of workplace diversity itself. These definitions of diversity have evolved significantly over time. Early efforts defined diversity almost exclusively in terms of race and gender differences in the workforce. In some sense, the terms diversity and race and gender were treated synonymously during the 1990s. Since then, however, the meaning of these terms has expanded. In addition to race and gender, individuals with disabilities, older workers, and foreign-born workers (to name only a few examples) became recognized for their contributions to workforce diversity. Beyond the incorporation of additional demographic differences, as efforts to address organizational diversity increased, researchers began to look at a variety of individual differences as well. Differences in experiences, expertise, and knowledge among members of a team might be considered to represent important elements of diversity. A further conceptualization of diversity has recently been presented which characterizes individual differences as either "surface-level," which refers to characteristics that are easily observed or identified such as race, gender, or age, or "deep-level," which refers to differences that may not be directly observable, but are important characteristics of the individual, such as personality and value system. With this distinction of surface- versus deep-level forms of diversity comes the recognition that each form may raise different challenges for the management of diversity in organizations. Although this latter distinction represents a more comprehensive approach to thinking about diversity, some diversity researchers have expressed concerns that emphasizing deep-level factors may incorrectly suggest that



surface-level factors, such as race and gender, are less important for organizations to consider. (Reasons why attention to both levels of diversity is important will be discussed in more detail later.) Despite these concerns, there is no question that a richer understanding of the different forms of diversity in an organization should be incorporated in efforts to develop theories of diversity management and in the practice of diversity management.

Early Efforts to Address Diversity in Organizations:

Much like the history of defining diversity, modern forms of diversity management are the result of an evolutionary process that began with rudimentary ways of thinking about demographic differences in the workplace. In response to two key governmental actions, the Civil Rights Act of 1964 and Executive Order 11246 signed by President Johnson in 1965, as well as to growing societal pressures from the civil rights and women's movements, the first programs to deal with diversity began to emerge. These initiatives were not the comprehensive approaches organizations strive for today. Initial programs came in the form of Affirmative Action (AA), and Equal Employment Opportunity (EEO). These programs were primarily aimed at increasing the numbers of underrepresented individuals in the workforce with little consideration of the impact such changes might have on the organization as a whole or on its individual members. Although the intention of such programs was to provide fair opportunities for qualified members of previously underrepresented groups, their implementation often included quota systems or some form of preferential treatment, which, in turn, led to negative reactions and, in some cases, to litigation for reverse discrimination (i.e., discrimination against qualified White males). As a result, attitudes towards AA programs became polarized, and though many people remained strong proponents, many others in organizations and in society saw these policies as unfair. In some cases (e.g., California Proposition 209) legal actions resulted in court decisions that deemed any consideration of race and gender in selection or promotion as unconstitutional. Not only did such programs lead to divided attitudes among the citizens, they created great scepticism among individuals in the workplace. Because little attention was paid to how such efforts would be perceived, the unfortunate consequence of many AA/EEO efforts was to create a culture of resentment and cynicism towards any diversity effort. To change perceptions, and to improve the quality of diversity



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efforts, researchers and practitioners began to rethink how to address diversity.

The Emergence of "Diversity Management":

In the early 1990s, theorists and researchers alike changed their thinking about organizational diversity in a fundamental way. Past efforts, both in research and in practice, had conceptualized diversity almost exclusively in terms of the numbers of women and ethnic minorities in the workplace. The focus, therefore, was on developing and implementing AA or EEO programs to increase the number of women and ethnic minorities in organizations. This focus, however, did not adequately consider the impact on the organization and its members. Although AA and EEO practices resulted in increased diversity as expressed in numbers, these early efforts also led to lawsuits alleging unfair hiring and promotion practices, had a negative impact on worker attitudes and perceptions of fairness, and had the ultimate effect of polarizing attitudes toward the process. It was clear that addressing diversity in organizations required a more sophisticated approach, and theorists took note of the need in the last decade of the 20th century.

As researchers continued to advance thought about diversity management, and as practitioners became increasingly involved with diversity initiatives, some began to recognize that diversity is about more than just numbers. Led by individuals such as Taylor Cox (2001), Gary Powell (1993), and Roosevelt Thomas (1990), theory and practice in diversity management began to incorporate the idea that diversity was not a number to be counted, but a resource to be managed. For there to be advancements in the development and implementation of more effective initiatives in organizations, theorists and researchers needed to learn more about the psychological and organizational processes associated with a diverse workforce.

Early Models of Diversity Management:

These pioneers of diversity management began with the development of what are now considered the early models of diversity management. These early models were ostensibly categorization schemes for identifying and describing organizations in terms of how they dealt with diversity. Cox (2001) described organizations, based on their level of diversity and approach, as monolithic (meaning comprised of only one culture), pluralistic (including members of multiple cultures but with limited interaction or consideration of the



other), and multicultural (an organization that was actively developing a diverse workforce and building from strengths). Powell's (1993) categories were in large part descriptors of organizational strategy toward and philosophy about diversity; these categories were benign neglect (ignoring, without malice, issues of diversity), reactive (addressing diversity when problems or issues arose, such as a discrimination lawsuit), and proactive (identifying issues of diversity and proactively developing policies and practices to address the needs and strengths of a diverse workforce). Roosevelt Thomas's (1991) categories were reflective of similar distinctions in organizational approaches to the changing face of the workforce. His categorization scheme included affirmative action, valuing diversity, and managing diversity.

Although each of these early models is unique in its description of organizations and organizational diversity efforts, they are united on two important points. Together, these points changed the way researchers and organizations thought about diversity. First, each of these models identify that it is possible to address diversity on different levels, and that organizations range in their efforts to manage diversity. Though each model defines slightly different categories, they all share the common thread of ranging from simplistic to sophisticated in approaching diversity. Second, and most critically, each model identifies that at the most sophisticated level, organizations must see diversity as a resource that must be managed if organizations are to compete in a global economy.

It is clear that these models of diversity management provided an important change for the advancement of diversity management. This new conceptualization represented a fundamental change in the ideas and efforts of both scientists and practitioners in the field. These advances were not, however, without their limitations. Although they provided a goal for organizations to strive for in the form of active management of diversity, they offered little in the way of the psychological or organizational processes that were representative of an organization that had successfully achieved the "top" category. Furthermore, the process for achieving the top level was unknown.

In subsequent years, additional insights into the diversity management process began to emerge. Theorists began to identify the psychological and organizational processes that may affect efforts to address diversity. One of these insights was the recognition that



existing organizational climate would impact the reception of and reaction to initiatives. Consequently, the assessment of organizational culture and climate was identified as a critical component to the development and implementation of diversity initiatives. Similarly, others have argued for the consideration of a "personalization" approach to diversity management. Drawing on fundamental principles of social psychology, the "personalization" approach proposed by NurcanEnsari and Norman Miller (2006) suggests that personalized contact with out-group members (individuals who are different from the majority within the group) facilitates self-other comparisons and self-disclosure which, in turn, leads to positive social and cognitive outcomes such as the development of trust and familiarity, the breaking down of stereotypes, and ultimately, the development of empathy and the reduction of bias.

Integration of Organizational Development Insights:

Drawing from research in organizational development, diversity researchers also began to consider the importance of top management support, recognizing that the lack of formal or informal support from top management would undermine diversity initiatives. Other organizational level ideas emerged as well, such as the importance of integrating diversity efforts into the mission, values, and strategy of an organization. Still others recommended conceptualizing diversity management as characteristic of a "learning organization." Learning organizations are adapting, supportive of change, and focused on the development of the workforce, each of which are characteristics that are said to be important to advancing diversity efforts.

Diversity Management: Cross-Disciplinary Approaches:

In addition to the contributions of the more sophisticated models such as these, diversity management as a field has been advanced by important ideas from fields other than psychology. Some theorists, such as Ann Jordan (1995) or RajvinderKandola (1995), have argued that a cross-discipline approach is necessary to understand and further the field of diversity management. One example of such an advance is the contribution of experts from the field of social work who cogently argue that an important aspect of diversity management in organizations is the incorporation of community responsibility, which means being aware of the impact that an organization has on the community in



which it is located, taking into account the community's unique needs and accepting the responsibility to serve those needs in return for the opportunity provided to the organization to grow and to thrive. Anthropologists also offer unique contributions to the field of diversity management by acknowledging the uniqueness of individual organizations within the context of a complex and comprehensive system or network of organizations. Cross-discipline efforts do not require leaving the field of psychology. In fact, many diversity ideas come from within the discipline of psychology, but represent different areas of expertise. For example, social psychological phenomena related to cultural differences, such as the acculturation of individuals into unfamiliar environments, are pertinent to managing diversity. Adapting to a more diverse organization might be seen, for example, as comparable to an immigrant's acculturation to a new culture. Similarly, contributions from cognitive psychology include an understanding of the role that cognitive schema (how people categorize information), scripts (how people behave based on expectations), and heuristics ("rules of thumb") play in decision making, including the reduction of bias in important personnel decisions of selection or promotion.

How Does Diversity And Diversity Management Affect Individuals, Groups, And Organizations?

Researchers from the social and management sciences have extensively studied diversity and diversity management. Their primary objective has been to determine how diversity and diversity management affects individuals' attitudes, group productivity, and organizational profitability. Achieving this objective has met with mixed success. In general, a great deal is known about the effects of diversity on people's attitudes, somewhat less is known about the effects of diversity on group processes and outcomes, and still less is known about the effects of diversity management on organizational outcomes such as profitability.

An Example of Individual Diversity Training and Outcome:

In one study, Jeanne Hanover and Douglas Cellar (1998) assessed middle managers at a Fortune 500 company. The middle managers had been assigned to either a diversity-training workshop or a control group. In the diversity-training workshop, the managers were exposed to presenters, videotapes, case studies, simulations, role plays,



and group discussion. The control group consisted of managers who had not taken the diversity training at the time of the study, but were expected to receive the training at a later date. Four months before the training and two months after the training, the researchers asked the managers about their attitudes toward the value of diversity and their own behaviour toward their employees. Managers who had received the diversity training had more positive attitudes about diversity after the training than those who had not had the training. The managers who had had the training were also more likely to discourage stereotypic comments or jokes at work and were more likely to encourage discussion about how diversity might affect work productivity or group cohesion.

Criticisms of Diversity Management:

Among the U.S. public, there has been a mixed reception to diversity management initiatives. This varied reception is most likely a function of the history of diversity management, which shares overlap with the history of AA and civil rights movements. Some, therefore, have argued that diversity management is merely a new, politically correct label for of times-despised AA policies that were perceived to have led to reverse discrimination. Still others have argued that the United States has become a color-blind society and that diversity management (or antidiscrimination laws or AA) is no longer needed. Generally speaking, there is ample evidence that discrimination on the basis of gender or race continues in the workplace. However, even in the face of evidence, not all people agree on the existence of discrimination or its meaning within society, so it is not surprising that there will be disagreements about the proper role of corporations in managing the diversity within their workforces.

Diversity in the Context of Globalization:

A final issue that has risen to prominence in the diversity management literature is the understanding of diversity in a global context. Although most of the research reviewed here represents a Western approach to diversity management (reflecting the English language body of literature) there is no question that the globalization of societies in general, and the workforce in particular, implies that diversity management is a global issue. Diversity management on a global scale, however, is not a simple matter.



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Approaches to and concerns about diversity vary considerably within the industrialized countries of East Asia and Australia. Diversity programming in Japan, for example, reflects somewhat different concerns than programs in the United States and the European community. The Japanese workforce is relatively ethnically homogenous, but there are more women, more older workers, and more workers who do not expect lifetime employment than there have been in years past. With these demographic shifts, accommodation in the Japanese workplace has begun, but it has progressed slowly. To gain a better understanding of its vast talent pool, researchers in India have begun to explore the large variations within the country's regions and how those differences affect people's attitudes toward work. Diversity programming in Australia and New Zealand shares strong similarities with the diversity initiatives of the United States and Europe, centering on race and gender while also focusing on the special circumstances of indigenous peoples.

Increased globalization creates interesting challenges for the future of diversity management. Cross-cultural differences in values, as well cultural dimensions such as masculinity-femininity (the existence of gender roles in a society), or individualism-collectivism (the emphasis placed on individual achievement versus overall concern for the larger community) represent clear obstacles to the development of "one-size-fits-all" practices of diversity management. As diversity management practices have emerged over the last few decades, key points of emphasis (e.g., goals based on fairness vs. social responsibility vs. performance outcomes) have emerged in different countries, each with a different priority. Although each strategy may, in turn, lead to effective diversity management, the processes that support such efforts may be different, as may the associated outcomes.

Conclusion:

Diversity management is likely to become more important in the foreseeable future because of a number of global trends that have emerged during the past decade. The demographics of most industrialized countries are shifting, reflecting internal changes such as aging workforces and more working women, but also reflecting continued immigration patterns



of people from poorer countries seeking better work opportunities. Multinational companies are expanding into uncharted territories in search of new customers and labour. These changes will demand an understanding of the challenges and opportunities posed by diverse individuals working together. These challenges will also require that theories to guide research-and ultimately, practice become sufficiently comprehensive to accommodate the complexities of the emerging workplaces and labour forces.

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