An increasingly diverse work force is a definite trend in the United States, and a number of companies have linked valuing and managing diversity to increased productivity. Equal employment opportunity and affirmative action are pointed to as foundational to the development of formal programs for valuing or managing diversity in the workplace. The sense of urgency in the literature about valuing and managing work force diversity is not so much about getting diverse people into the labor force but about retraining and developing good workers at all organizational levels. Two different approaches to organizational programs for dealing effectively with diversity are valuing differences, which suggests efforts to develop attitude changes through awareness and sensitivity training, and managing diversity, which focuses on behavioral changes. A number of authors approach work force diversity as an organizational change issue and present either a training model or an organizational development model for effecting the change. Research on organizational culture suggests that a program for managing or valuing diversity might not effect real change in an organizational culture without addressing the need for long-term efforts that would increase awareness of deep-seated values and assumptions that underlie the organization's norms and individual behaviors. The system for valuing and/or managing diversity is a subsystem of the human resource system within the larger interactive organizational system. (Contains 38 references.) (YLB)
VALUING AND MANAGING DIVERSITY IN BUSINESS AND INDUSTRY: LITERATURE REVIEW AND MODELS

Sandra J. Johnson

September 1992

university of minnesota
DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION • ST. PAUL, MINNESOTA
Valuing and Managing Diversity
in Business and Industry

In recent years, the demographics of the U.S. workforce have been changing in the direction of increasing diversity (Jones, 1989; Johnston & Packer, 1987). Within the last decade, a number of large companies have responded to this increasing diversity with human resource development programs designed to "manage diversity" or "value differences" in the workplace.

Many individuals involved in valuing and managing diversity efforts state that their programs go beyond compliance with the Equal Employment Opportunity and Affirmative Action Act (EEO/AA) to address bottom-line business issues (Thomas, 1990; Elshult & Little, 1990; Sabur, 1991; Walker, 1991). A number of companies have linked valuing diversity to increased productivity. However, there is little evidence that such statements are based on objectively measured bottom-line results rather than opinions or intuitive judgments. If valuing and managing diversity in the workplace is truly a business issue, then it is important to know more about what it is, define it more clearly, and begin to measure and evaluate its effects in a systematic and objective manner. The following literature review and models serve as a step in that direction.

Review of Literature

Workplace diversity is currently an important issue in the human resource development (HRD) literature. Articles in newspapers, magazines, and practitioner-oriented journals abound. A search of the literature revealed a number of practitioner-oriented articles, case studies, intuitive conceptual models, and definitions, but a dearth of empirical research studies on the topic.

Supporting literature from other fields such as management, social psychology, sociology, organization development (OD), cross-cultural studies, intercultural training, and education can provide some research-based support for effective formal workplace programs for valuing and/or managing diversity.

Although little research is currently available on valuing and managing diversity, there is a good deal of information in the literature about what some companies have been doing, which helps strengthen the forming of the problem and will be helpful for the theory-building process. In a discussion about theory
building in applied areas, Dubin (1983) acknowledges the significant contribution practitioners can make to the theorist-researcher's theory-building process "by providing the knowledge of the real world that comes from constant experience with it" (p. 37). Dubin adds that the practitioner's contribution might include clues to the units of a model, as well as to what objective and observable indicators might be useful for testing and measurement. This researcher approached the available literature with this idea in mind.

Terms and Definitions

The following terms and definitions are rudimentary and broadly interpreted from the literature review.

- **Diversity** - refers to a broad range of differences among employees, including race, gender, age, ethnicity, physical abilities, sexual orientation, education, and so on.

- **Managing Diversity** - refers to the effective utilization of the diversity of the workforce to accomplish organizational goals.

- **Valuing Diversity/Differences** - refers to a change in perspective in regard to the diversity of individual workers in an organization; the change is from regarding differences as a disadvantage to seeing them as an important asset.

- **Multiculturalism** - refers to "the process of recognizing, understanding and appreciating cultures other than one's own" (Batts, 1989, p. 33).

- **Formal Training Program** - refers to a training or human resource development system explicitly designed to help an organization accomplish the objectives of valuing or managing diversity to meet overall organizational mission and goals.

Moving from Equal Employment Opportunity and Affirmative Action (EEO/AA) to Valuing and Managing Diversity as an Asset

A number of authors point to equal employment opportunity (EEO) and affirmative action (AA) programs as foundational and/or precursors to the
development of formal programs for managing diversity in the workplace. Giraldo (1991) reviews the history of the struggle to achieve equality in the U.S. workforce, from antidiscrimination legislation to equal employment opportunity to affirmative action and beyond to valuing diversity. Walker (1991) depicts her company's (Digital Equipment Corporation) struggle to move beyond the "us" versus "them" dilemma that was a by-product of the organization's efforts to deal with EEO/AA responsibilities. Their valuing differences core group program developed out of small-group work to identify and overcome barriers to working together as productive teams.

Jackson and Holvino (1986, pp. 87-90) describe the process of moving from a monocultural to a multicultural organization, in which two of the stages are EEO/Compliance and Affirmative Action. (For more detail about their model, see page 7.) At this point or level of development, the organization is still considered monocultural, though moving towards becoming multicultural.

Thomas (1986, pp. 2-6) critically depicts the process for managing diversity in organizations, which has been spawned by affirmative action programs, as a "pipeline" cycle. He theorizes that the affirmative action cycle has concentrated only on getting women and minorities into the organization (pipeline). It has been self-defeating for organizations and for individual employees because it has focused solely on recruitment of qualified minorities and women without providing for their development or the support needed to keep them from merely plateauing and stagnating at lower levels of the organization.

In a later article, Thomas (1990) equates organizational affirmative action programs with a "boarding pass" strategy for minorities and women when what they really need is an "upgrade" (pp. 108-109). He perceives that the importance of affirmative action programs is transitional in nature. These initiatives have served to get diverse people into the workforce, but they have not provided for real change, that is, integration and upward mobility. It has been a short-term rather than a long-term solution, which has led to employee dissatisfaction and turnover.

Figure 1 summarizes these perceptions of the history of and perspectives on diversity in the workforce.
Diversity as a business issue

There is a sense of urgency in the literature about valuing and managing workforce diversity. It is not so much about getting diverse people into the workforce—they are already there and will continue to enter in greater numbers into the next century (Fernandez, 1991; Jasnowsky, 1990; Jamieson & O'Mara, 1991; Johnston & Packer, 1987; Loden & Rosener, 1991). It is more about retaining and developing good workers at all organizational levels. This involves an organizational paradigm change—viewing diversity as an opportunity and an asset to be valued and managed (Jamieson & O'Mara, 1991; Johnson, 1992; Loden & Rosener, 1991).

A number of authors have stated that the labor pool is tight and shrinking. What has traditionally been the primary working group (native-born white males) will comprise only about 20 percent of new entrants by the year 2000 (Jasinowsky, 1990; Staff, 1990; Johnston & Packer, 1987). According to Roberts T. Jones (1989), Assistant Secretary for Employment and Training, U.S. Department of Labor, it is not now, nor in the near future, a buyer's market. Employers will be under pressure to find and retain good workers if they want to remain competitive in the national and global marketplace (Purnell & Tervalon, 1991).

It has been suggested in the literature that there are at least two different approaches to organizational programs for dealing effectively with diversity: (a) valuing differences or diversity, which suggests efforts to develop attitude changes through awareness and sensitivity training; and (b) managing diversity, which
focuses on behavioral changes. Geber (1990) presents a number of mini-case studies of diversity training programs in organizations, such as Digital Equipment Corporation, Hewlett Packard, Honeywell, and U.S. West, with viewpoints that range on a continuum from awareness and sensitivity training to situational management to training for behavioral changes.

Several authors looked at employee turnover as an important issue in regard to changing the demographics and the shrinking of the labor pool. Fitz-Enz (1990, p. 25) states that turnover is a symptom of ineffective retention management. He posits that the recruitment and retention of competent employees will be the greatest human resource development challenge of the 1990s. He recommends a systematic approach to retention management that should include managing organizational structure and culture, as well as systems for selection, career development, pay and benefits, and employee support programs (p. 26). Fitz-Enz mentions but does not cite research carried out in the early 1980s connecting employee self-esteem and responsibility to enhancing productivity and commitment to the organization.

Jamieson & O'Mara (1991) lay out a "flex-management" system in support of the retention and development of diverse but valuable employees. Their definition of diversity is broad—beyond cultural and gender differences. They propose moving away from a traditional, "one-size-fits-all" management style to managing flexibly while also managing for performance.

Esty (1990) recommends understanding and measuring the costs of turnover in an organization and emphasizes the connection between commitment and retention in relation to productivity. The author refers to (but does not cite) research studies that support this connection (p. 11).

O'Reilly, Caldwell, and Barnett (1989) report on a research study on relationships among work group demography, work group social integration, and worker turnover. Though they caution that turnover might be related to many factors in an organization beyond those for which they controlled in their study (i.e., wage rates, benefits, company policies, and job characteristics), they found a link between social integration in work groups and retention of individual workers. Their finding was also supported by results from other studies they cite linking social integration with group cohesiveness based on factors such as similarities in attitudes developed over time. In light of the above observations and study, employee retention might be looked at as a possible indicator for
measuring the effects of valuing diversity programs such as that described by Walker (1991) at Digital Equipment Corporation.

**Diversity as a training and development issue in organizations**

A number of authors approach workforce diversity as an organizational change issue and present either a training model or an organization development (OD) model for effecting the change or some aspect of the change. Hentges, Yaney, and Shields (1990) focus on ethnic differences of workers from different cultures or cultural backgrounds. They develop a five-step interethnic training model, or process, which they base on a model that was developed for multinational training. The model involves both the trainers and the trainees in the assessment and analysis of needs (step one) in order to cultivate ownership in the resulting training program objectives (step two). Steps three, four, and five include low risk, nonthreatening training designs, sharing evaluation and feedback with trainees, and follow-up or maintenance training. The authors emphasize the importance of cultural awareness and sensitivity on the part of the trainers, managers, and supervisors in the organization.

Mandell and Kohler-Gray (1990) emphasize management development in their four-phase model for developing diverse people for management. The phases are (1) assessment of the organization's commitment to diversity and identification of key management skills and abilities needed at different levels; (2) skills development in integrated training programs using bias-free materials; (3) a "life in the organization" component that includes organization-wide valuing differences workshops, career-growth support programs, and individual growth opportunities such as mentoring and networking; and (4) evaluation of the management development program and its effectiveness as evidenced by the increasing diversity in management (pp. 43-47).

Batts (1989) emphasizes the fact that any kind of change model to move an organization from monoculturalism toward multiculturalism or cultural diversity is a long-term process, not a one-time event. It is important for those who work as consultants or change agents in an organization to assess and address where the organization currently is in terms of diversity--its awareness level--before deciding what steps to take.

Lamb (1991) recommends thoroughly assessing an organization's cultural readiness before initiating a valuing differences program. An assessment should help the organization determine what level or type of intervention will be most
effective and successful in their culture. The author provides guidelines based on an assessment model of "Ready = Willing + Able" and offers examples from the culture of a large hospital to illustrate the process.

DeBardelaben (1991) also expresses the importance of assessing an organization's level of readiness for a valuing differences OD intervention in order to choose an intervention that will be successful in that particular organization. The author's guidelines include assessment of top management, assessment of racial awareness in the organization, and assessment of employee satisfaction, that is, their perceptions of their work environment and their value to the organization.

From his work with a number of large U.S. companies who were trying to develop successful programs to manage their diverse workforces, Thomas (1990) developed a set of ten guidelines as a framework for developing organizational programs that affirm diversity. These guidelines start with clarifying the motivation for managing and valuing diversity in business terms because it is a business issue and the diversity is already there. The rest have to do with changing the culture through modifying vision, assumptions, systems, and models; supporting those who "pioneer" in the change process; and not giving special consideration or advantages to any one group. He emphasizes that affirmative action should continue as one of the guidelines because it is still a necessary, though not sufficient, element (pp. 112-117).

Jackson and Holvino (1986) present a description/definition of a multicultural organization and an OD model of six developmental stages for moving from a monocultural to a multicultural organization. An organization or its divisions and departments may move through (or get stuck or stay in) these sequential phases: (1) Exclusionary, (2) White Male Club, (3) EEO/Compliance, (4) Affirmative Action, (5) Redefining, and (6) Multicultural. Their multicultural OD model describes appropriate interventions for working with an organization in any one of the phases (p. 92).

From the literature review, it is evident that human resource development professionals recognize the importance of a systematic approach to any program for managing and/or valuing diversity in an organization. (Figure 2 summarizes these points as steps in a systematic process for moving an organization from a monocultural to a multicultural perspective.) A number of authors emphasized upfront assessment of the needs of the organization and its level of receptivity to a diversity program. Involving all levels of employees in the assessment process
and sharing feedback with them were considered important steps for ensuring buy-in of the resulting program objectives. The next steps included designing and implementing nonthreatening training and development interventions and

Figure 2. Monoculturalism to Multiculturalism: The Transformation Process

Assess organization's level of readiness/receptivity for valuing/managing diversity

Share feedback and develop objectives for program

Plan/design nonthreatening training and development interventions and support systems

Implement program/processes

Evaluate program/processes, share feedback, follow up with changes

Monocultural Organization (Discrimination/Compliance)

Multicultural Organization (Managing and Valuing Diversity)

© Sandra J. Johnson, 1991
supportive systems for employee development. Some authors suggested factors related to business goals of the organization—such as employee retention and satisfaction and increases in the numbers of diverse employees at management and executive levels—as measures for evaluating the effectiveness of the programs.

Diversity and Organizational Culture

Adler (1983) conducted a two-phase survey of Canadian organization development (OD) professionals (all were members of the same professional organization) regarding the impact of cultural diversity on organizations and on the increased demand for OD work. In the first phase, interviewers trained by the author-researcher conducted a series of standardized, semi-structured interviews with 56 OD consultants. In the second phase, the author-researcher used a questionnaire based on the themes and issues that emerged from the interviews.

When the results from the 75 respondents to the questionnaire surprisingly differed from those of the interviewees regarding the impact of cultural diversity on an organization, the author-researcher ruled out methodological differences and traced the differences to an interesting finding: that the construct of "culture" had been a given in the questionnaire, but had not been specified in the interview phase. Those who were interviewed displayed a lack of awareness of culture (as in cultural diversity) as an issue having either a positive or a negative impact on organizations or on the role of the OD consultant. This was not the case with respondents to the questionnaire. Adler attributed this difference to the "invisibility of culture as an explanatory construct" (p. 361), that is, that there was an apparent lack of awareness of cultural diversity or its impacts.

In Adler's (1983) study, culture is addressed in a cross-cultural or multicultural sense. Employees bring with them a variety of cultural/ethnic backgrounds to the organization in which they work. This variety of backgrounds may also be referred to as groups to which employees belong. Besides these cultural group allegiances, employees also bring with them other social, political, educational, age, gender, ability (and so forth) "group" associations and differences. The "meeting" of diverse cultural backgrounds and other group orientations of employees sets up the possibility for intergroup conflicts, which may in turn adversely affect job performance and overall organizational productivity.
In a classic study of the social psychology of intergroup relations, Sherif and Sherif (1965) discovered the importance of establishing superordinate goals—goals that members of two or more groups recognize as important and which cannot be accomplished by one group alone (p. 11). Establishing superordinate goals is a way of essentially re-grouping people from various groups (backgrounds/orientations) so that they are working together to accomplish common goals rather than competing against each other. Johnson (1991) discusses the implications of this and similar-type approaches in the valuing diversity small group work of an organization such as that at Digital Equipment Corporation (Walker, 1991).

Adler's (1983) reference to the "invisibility" of culture also reflects another definitional view of culture in which the organization itself is seen as a cultural entity. Schein (1983) defines the construct of culture as "the assumptions that underlie values and determine not only behavioral patterns, but also such visible artifacts as architecture, office layout, dress codes, and so on" (p. 14). It is the underlying cultural elements—the assumptions—that are the least "visible" and most difficult to change.

Dyer, Jr. (1986) explains organizational culture in terms of four levels: (1) artifacts (overt expressions: dress codes, stories, etc.); (2) perspectives (prescribed acceptable behaviors); (3) values (reflecting general goals, ideals, standards); and (4) assumptions (core underlying beliefs). These are given in order from most to least "visible," and therefore most to least accessible, in the change process (pp. 15-21). Cultural change theory views change as a long-term process in which the organization must get at the underlying assumptions as well as the more "visible" elements, or artifacts, in order for the culture to change.

Wilkins and Dyer, Jr. (1988) question the effectiveness of using questionnaires to help understand organizational culture change. They define organizational culture as "socially acquired and shared knowledge that is embodied in specific and general organizational frames of reference" (p. 523). These frames are a kind of shorthand that allows organization members to size up situations and deal with them appropriately in uncertain environments. They suggest ethnographic and historical methods as more effective ways to get a real understanding of an organization's culture, as cultures tend to become idiosyncratic, and different ones change differently (pp. 530-531). It suggests to this researcher that a program for managing or valuing diversity might not effect real change in an organizational culture without addressing the need for long-
term efforts that would increase awareness of deep-seated values and assumptions that underlie the organization's norms and individual behaviors.

Buller (1988) recommends a blending of strategic management of human resources with OD interventions as an essential element in successful organizational change. He points to six change activities or areas (such as assessing readiness for change and facilitating and implementing strategic planning) in which strategic management and OD can be fruitfully integrated for organizational change. Buller's emphasis on blending OD practices and strategic management is important because it includes a focus on human resources and processes in addition to the traditional focus on strategy, structure, and rewards (systems) as "basic change levers" for strategically managing change to accomplish organizational goals (p. 52).

Tichy, Fombrun, and Devanna (1982) link human resource management to the strategic functioning of an organization. In their model for strategic organizational management (p. 48), they include various environmental forces and organizational subsystems that affect the successful functioning of an organizational system. Formerly a missing element in the strategic management and planning process, human resources (HR) are integrated as a key element in the author's model. The importance of this model is that it ties strategic human resources management to the overall effectiveness of an organization. It requires that HR management be accountable to the business goals of the organization and that the organization look at developing its human capital as a strategic organizational resource. This might imply that learning to value the diversity of the workforce and leveraging or managing this diversity as an asset could be important strategic elements for increasing an organization's creative and productive capacities.

Figure 3 is adapted from the Tichy, Fombrun, and Devanna (1982) model. The system for valuing and/or managing diversity is a subsystem of the human resource system within the larger organizational system. Two-way arrows indicate the interactive nature of the systems and subsystems.
Environmental forces affect U.S. business organizations at both a global and a national level. Cultural forces, such as the demographic changes in the U.S. workforce, and economic forces, such as increased competition at the global level and decreased productivity at the national level, have put increased pressure on U.S. business organizations to become more productive. On the other hand, an effective human resource program for managing or valuing diversity in an organization might positively affect all the other subsystems, the organization, and the environment.

Conclusions and Research Directions

If an increasingly diverse workforce is a definite trend in the United States and if valuing and managing diversity are posited to increase productivity, some questions need to be addressed. For example--Where do diversity programs originate? What are their objectives? How are the results measured? Is valuing and managing diversity a business issue? If so, why? How do we know if these programs are effective? How are valuing and managing diversity defined by different organizations?

The primary goal of training and development programs is to provide workers at all levels of an organization with the knowledge, skills, and abilities needed to perform their jobs effectively and efficiently in order to help the organization meet its strategic business goals. If the productivity of the U.S.
workforce is to be enhanced through training and development programs for valuing and managing diversity. Answers to the questions above would help in the research effort to discover what are the most effective programs and why.

The lack of research in the field itself revealed to this researcher the need to identify the status of formal programs, their history in particular organizations, how they have been defined, what their objectives and goals are, how they fit with the organization's mission and goals, and how, or if, their results have been measured and evaluated.

Thus, there is a need for research (1) to describe the current status of valuing and managing diversity in the workplace; (2) to identify common components of valuing and managing diversity programs and processes; (3) to develop a taxonomy of effective diversity training and development interventions; (4) to discern whether and how programs are evaluated for individual performance, organizational performance, and economic performance. A descriptive research study would help to establish a baseline from which to proceed in these directions.
References


