

INTRODUCTION

Workplace diversity can be defined as the set of individual, group, and cultural differences people bring to organizations. On the surface, people differ in their demographics, such as gender, race, age, disability status, and appearance. In addition to *surface-level differences*, people bring different sets of *achieved human capital*, such as abilities, skills, qualifications, and achievements, which they can choose to contribute to the organization fully or less so. Furthest from the surface and difficult to observe without regular interaction over time are the *deep-level* differences people bring in terms of values, beliefs, cultures, and cognitive and behavioral styles. As such, the variety of interpersonal differences that managers and other organizational members experience and navigate each day is substantial.

Workplaces are becoming more diverse for a number of reasons. Women's labor force participation rates have greatly increased in the past three to four decades. For instance, in 1970, 43% of women in the United States participated in the paid labor force, a figure that increased to 52% in 1980, 58% in 1990, and 60% in 2000, and is projected to increase to 62% by 2010 (U.S. Census Bureau, 2004). Figures are similar in Canada. In 1976, about 42% of Canadian women worked for pay, a figure that rose to about 58% in 2002 (Statistics Canada, 2003). Women have similarly moved into the European labor force, and in 2002, 56% of women in France, 65% of women in the United Kingdom, 73% of women in Sweden, and 74% of women in Norway worked for pay (Eurostat, 2004). A major cause of the increase in women's labor force participation has been that women no longer drop out of the labor force when they get married. Also, women are much more likely to continue working upon the arrival of children. In 1981, only about 42% of Canadian mothers with children younger than age 6 worked for pay, compared to about 65% in 2002 (Statistics Canada, 2003). Statistics are similar in the United States, where in 1980, 45% of married women with children younger than age 6 worked for pay, compared to 63% in 2001 (U.S. Census Bureau, 2004).

Another factor leading to greater workplace diversity is the growth of racial and ethnic minority populations in many industrialized countries. For instance, in the United States, the 1980 labor force was 88% White, 10% Black, and 6% Hispanic. In 2000, those figures had changed to 83% White, 12% Black, and 11% Hispanic, with projected figures of 81% White, 13% Black, and 13% Hispanic by 2010 (U.S. Census Bureau, 2004). The Canadian labor force is less diverse by race and ethnicity. In 1996, 11% of the Canadian population consisted of "visible minorities," which includes Asians, Blacks, and Hispanics. In 2001,

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visible minorities had increased to 13% of the total population (Statistics Canada, 2005a), and projections suggest that by 2017, about one in five Canadians will be visible minorities (Statistics Canada, 2005b). Much of this growth will come from immigration, and immigration will have a considerably greater impact on the Canadian than on the U.S. labor force. The United States, a country of more than 280 million people, admits slightly over 1 million immigrants annually (U.S. Census Bureau, 2004) compared to Canada, a country of about 31 million, which admits almost 250,000 immigrants each year (Statistics Canada, 2005b).

Beyond race and ethnicity, cultural differences, such as religion, are increasingly affecting North American workplaces. In 2001, about 2% of the Canadian population was Muslim, 1% was Jewish, 1% Buddhist, 1% Hindu, and 1% Sikh (Statistics Canada, 2005b). In the same year, the U.S. population was about 0.5% Muslim, 1.4% Jewish, 0.5% Buddhist, 0.4% Hindu, and 0.03% Sikh (U.S. Census Bureau, 2004). Although the percentages appear small, they are growing, and North American courts are increasingly recognizing the rights of religious minorities in the workplace (Cash, Gray, & Rood, 2000).

All three levels of diversity—surface-level differences, achieved human capital, and deep-level diversity—affect organizations and their members. Surface-level diversity is associated with immediate impressions that can stimulate stereotypical perceptions and expectations (Bargh, 1999). Achieved human capital has obvious effects on people's organizational experiences because most work organizations assign people to jobs on the basis of demonstrated qualifications and aptitude. People prefer to be judged on the basis of qualifications rather than surface-level demographics, and they rate meritocratic organizational practices very highly (Konrad & Linnehan, 1995b). Unfortunately, misunderstandings due to cultural differences and differences in assumptions based on divergence of life experiences make it more difficult for coworkers, supervisors, and mentors to build a rapport with dissimilar others, despite level of qualifications (Chattopadhyay, 1999; Ensher & Murphy, 1997; Ragins, 1997; Riordan, 2000; Thomas, 1993, 2001; Tsui, Egan, & O'Reilly, 1992). In addition, the automatic activation of stereotypes can pose a barrier to the recognition of people's qualifications and achievements, especially when performance is difficult to judge, such as the quality of a written essay, or when future rather than past performance is an important criterion (Fiske & Taylor, 1991; Nieva & Gutek, 1980; Tosi & Einbender, 1985). For example, Martin (1996) found that decision makers were more likely to promote men on the basis of the belief that they would grow and develop the skills needed for the job, while women were required to demonstrate the necessary job skills before they were promoted. Bell and Nkomo (2001) documented similar stories among Black female executives.

The deepest level of diversity concerns values, beliefs, cultures, cognitive style, and behavioral style. These factors are usually not apparent to coworkers until after regular interaction over a period of time, yet they have the potential to have the greatest impact on workplace relations. Indeed, Harrison and his colleagues demonstrated that over time, deep-level value differences were a better predictor of relationships among coworkers than surface-level demographic differences (Harrison, Price, & Bell, 1998; Harrison, Price, Gavin, & Florey, 2002). These findings suggest on the positive side that deep-level similarities can overcome surface-level differences, but on the negative side, they suggest that deep-level diversity can engender difficulties for developing good working relationships.

Writers have argued that diversity potentially constitutes a competitive advantage for organizations. For example, Cox and Blake (1991) as well as Robinson and Dechant

(1997) theorized that workplace diversity should be associated with better problem solving and more creativity, due to the availability of a greater variety of viewpoints to bring to bear on organizational issues. They also pointed out that workplace diversity provides organizations with better insights into the psychology of a more diverse consumer group, which should result in valuable market intelligence. Finally, these authors suggested that given the labor force is becoming globalized, with increased immigration as well as increased pressure from minority groups in many nations for full access to economic opportunities, organizations that are effective at recruiting a diverse workforce will have better access to top-quality talent among historically excluded groups.

Although the potential benefits of workplace diversity are clear and logically sound, research is needed to document the true effects on organizational performance. A number of studies show that workplace diversity is positively related to effectiveness. For example, in two studies examining 291 and 410 U.S. firms, respectively, Frink et al. (2003) demonstrated that organizations with about equal numbers of women and men showed better financial performance than organizations with either a predominantly male or a predominantly female workforce. Richard (2000) found that racial diversity was positively associated with the financial performance of 63 U.S. banks pursuing a growth strategy. Similarly, in a study of 177 U.S. banks, Richard, McMillan, Chadwick, and Dwyer (2003) found that racial diversity was positively related to financial performance for banks pursuing an innovation strategy.

Not all studies have shown positive effects of diversity, however. Richard, Barnett, Dwyer, and Chadwick (2004) found that the association between racial diversity in top-management teams and firm performance was curvilinear and complex. Kochan et al. (2003) conducted research at four major U.S. firms that were leaders in supporting workforce diversity. Comparing performance, group process, and financial results for comparable business units, the authors concluded that workforce diversity was unrelated to organizational performance. Combining the results of 24 studies of intact work groups, Webber and Donahue (2001) concluded that neither job-related human capital diversity nor surface-level demographic diversity was related to group cohesion or group performance. Finally, Williams and O'Reilly (1998) concluded from their review of the research literature that demographic diversity in work groups might be associated with *less* cohesion and *lower* performance.

Clearly, workplace diversity does not automatically result in positive performance, and it is likely that effective management is needed to overcome the initial barriers of surface-level stereotyping and longer term issues associated with deep-level differences in values, beliefs, and styles. Fortunately, organizations have found some solutions to these challenges. For example, in a study of 138 Philadelphia-area organizations, Konrad and Linnehan (1995a) found that formal practices designed to aggressively recruit and monitor the treatment of women and people of color were associated with having women at a higher management rank and more people of color in management. Goodman, Fields, and Blum (2003) found that organizations placing more emphasis on development and promotion of employees had more women in top-management positions in their study of 228 medium- to large-sized firms in Georgia. Wright, Ferris, Hiller, and Kroll (1995) found that the stock price of 34 firms rose after the announcement that they had been awarded an Exemplary Voluntary Effort (EVE) award for affirmative action from the U.S. federal government. In a study of 195 for-profit U.S. firms, Konrad and Mangel (2000) found that work-life benefits were associated with higher productivity for firms employing a higher

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percentage of women. In a study of 527 U.S. firms, Perry-Smith and Blum (2000) found that firms with more extensive work-life benefits were more likely to be perceived by their peers as high performers. In sum, human resource practices aimed at effective diversity management appear to be associated with moving a more diverse group into management as well as better firm financial performance.

Gender and diversity issues will continue to challenge organizations as the globalization of business and pressures from historically underrepresented identity groups increase. Effective organizations manage to embrace an ever-increasing diversity of identity groups while at the same time establishing and achieving appropriate organizational objectives. Research suggests that it is possible for organizations to achieve both diversity and fairness. Konrad and Linnehan (1995b) found that line managers had neutral to positive attitudes toward almost all affirmative action practices, and Parker, Baltes, and Christiansen (1997) found that White men did not associate their organization's support for affirmative action with a loss in career development opportunities, organizational injustice, or negative work attitudes.

Effective diversity management requires that managers have a rich awareness and understanding of contemporary identity group dynamics, an openness to continuous learning and development as new identity groups and issues emerge, and an exposure to a rich variety of organizational responses that can provide a foundation for developing the new management solutions that will become necessary in the future. The cases included in this volume are designed to provide a solid foundation for the diversity journey.

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