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Is Corporate America Walking the Talk of Diversity Programs?

The Impact of Diversity Initiatives on Institutional and Cultural Discrimination

Vivian L. Tanniehill

Plan B Research Paper

September 30, 1997

#### Abstract

This case study will review and evaluate recent management research on the effects of race and gender in groups at the executive, director, management and work group levels of organizations. It will also examine research and examples of diversity initiatives in organizations and the impact of external influences such as social conditioning, informal networks and groups. The analysis examines the challenges that managers from minority groups face, specifically black managers, in white dominated organizations and the unique skills they are developing to assist them in being effective. The study includes recommendations for additional areas of research along with a proposal for a diversity initiative plan.

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Is Corporate America Walking the Talk of Diversity Initiatives?

The Impact of Diversity Initiatives on Institutional and Cultural Discrimination

#### **Statement of the Problem**

How successfully has corporate America dealt with the diversification of its workforce? If there is no legal requirement to do so, will the progress made towards diversifying the American workforce continue?

American corporations are spending millions of dollars to implement programs focused on diversifying their workforce. The catalysts for these expenditures are a result of global competition and the changing demographics of the American workforce. Workforce 2000, written by Johnson and Packer in 1987, is the most influential research stirring the current focus on workforce diversity. The study predicted that by the year 2000 over fifty percent of the American workforce will be comprised of minorities, women and immigrants. Although the study was widely read, few organizations have implemented programs to prepare for the change. As we approach the year 2000, American corporations are finding that Workforce 2000 was not just another study, it is a reality. American corporations are finding it increasingly difficult to find skilled workers among traditional white male non-Hispanic populations and are turning to diverse populations to meet their operational needs. They are also finding that white male dominated organizational cultures are not willing to accept minorities and women into their corporate cultures.

Affirmative Action Laws, (Title VII of the Civil Rights Act of 1964, The Equal Employment Act of 1963 and Executive Order 11246) forced American corporations to increase representation of minorities and women in the workforce (Cameron, 1989, p. 225-227, Berry, 1994, P. 36-69). However, charges of discriminatory practices in organizations continue to be raised. In 1991, The Department of Labor released the "Glass Ceiling Initiative," a study on discriminatory practices in organizations. The study showed that corporations are increasing the number of minorities and women in their workforce. However, "women and people of color rarely reach the highest levels of business and even when they do, they receive lower compensation than comparable whites. Of equal concern, very few women or people of color are even in 'pipeline' positions leading to top jobs" (NELA, 1996 p.2). Reports such as "The Glass Ceiling Initiative" and public disclosure of discriminatory practices in organizations have resulted in increased government intervention. Increased legal pressure coupled with demographic changes and global competition, have forced corporations to look for new ways to balance their workforce, remain competitive and meet government requirements.

It is easy to track the number of minorities and women entering the workforce today. However, it is more difficult to determine the impact of their presence because there is no good technique to measure changes in the "corporate atmosphere." Corporate atmosphere is similar to corporate culture and includes attributes such as attitudes, acceptance, optimism and enthusiasm of employees in the corporation. (Cross &White, 1996). The cry for elimination of Affirmative Action Programs by neoconservatives, "Americans dedicated to upholding the sanctity of American values in the eighteenth and

nineteenth sense of Anglo-Saxonism / Aryanism and the belief of manifest destiny" (Hudson, 1995, p. 19), raise the question of how effective corporate America has been in creating environments where employees are hired and promoted based upon skills and competencies. The question for corporate America is: How successfully has it dealt with the diversification of its workforce? And, if there is no legal requirement to do so, will the progress made towards diversifying the American workforce continue?

#### The Sub-issues:

There are a number of sub-issues underlying the larger issue of diversity in America's workforce. These revolve around access, awareness, opportunity and retention. An examination of these issues offer a method for bench marking the atmosphere of corporate America and its efforts to diversify its workforce.

Personal observations and research have lead me to conclude that the formula for diversification of a workforce is:

#### Access + Awareness + Opportunity + Retention = Diversification

Affirmative Action laws provide access to equal employment. However, access is meaningless if it is not used. Organizations should inform candidates that meaningful opportunities exist and create environments where employees can develop and progress along a career track. Providing meaningful jobs and opportunities for growth increases job satisfaction and employee retention. This combination of events appear to lead to workforce diversification. Research studies appear to support my observations and initial conclusions on the factors for successful diversification of the workforce. Examination

of the sub-issues surrounding access, awareness, opportunity and retention should provide a bench mark for determining how effective organizations are in diversifying their workforce.

The Glass Ceiling Commission identified "three levels of artificial barriers for women and people of color in advancement: 1) societal barriers, including both conscious and unconscious stereotyping, prejudice and bias; 2) governmental barriers, including lack of vigorous and consistent monitoring and law enforcement and; 3) internal structural barriers, including outreach and recruitment practices that do not seek out or recruit minorities and women, initial placement and clustering in positions that are not on the career track to the top, lack of mentoring, training and opportunities for career development and use of different, often biased performance standards" (National Employment Lawyers Association, [NELA], 1996, p.2). These issues comprise the subissues that will be examined in this study.

The first sub-issue is whether women and minorities face societal barriers. "The Glass Ceiling Initiative" and subsequent studies including "Pipelines of progress: an update on the glass ceiling initiative" (U.S. Department of Labor, 1992) indicate that cultural discrimination and /or racism does exist in American corporations. "Discrimination is the according of differential treatment to persons of an alien race or religion by formal or informal restrictions imposed in regard to housing, employment, or use of public community facilities" (Merriam -Webster, 1986 p. 648). Racism is the belief or set of beliefs that one's race is superior to others. Racism is both overt and covert. It takes two forms: individuals acting against individuals of another race, and acts

by one community against another community of a different race. Institutional and cultural racism are forms of racism that are ingrained in the fabric of an institution or culture and impacts economic conditions and social relations. The difference between individual and institutional racism is not a difference of intent or visibility. Both occur without the presence of conscious bigotry, and both my be intentionally or innocently masked (Knowles and Prewitt, 1969; Merriam -Webster. 1986, p.1870).

Numerous law suit settlements against Fortune 500 companies indicate that charges of discrimination and racism in American corporations have been substantiated and/or acknowledged (Gordon, 1992, p. 27; Goleman, 1995, pp. 155-156). Gordon reports the following information from an interview with Hayles. "In case anyone has somehow missed the news that discrimination lawsuits are expensive, ... State Farm Insurance settled a class-action suit for \$300 million. General Motors paid more than \$40 million, again in a class-action case ... On a smaller but still impressive scale, Northwest Airlines settled a racial discrimination case last year (1991) for \$1.2 million. A sexual harassment suit cost K Mart almost triple that ... a class-action settlement directed at Pillsbury was settled for \$1.76 million. The average discrimination law suit cost paid by individual companies is about \$75 thousand" (Gordon, 1992, pp. 26-27). A recent study by the Fair Employment Council of Greater Washington and the Urban Institute, utilizing employment testers found existence of ongoing discrimination. In 1990, tests showed that twenty percent of the time white applicants advanced further in the hiring process than equally qualified black applicants (NELA, 1996, p. 2). These studies as well as numerous others indicate that societal barriers continue to exist.

The second sub-issue is governmental barriers. "In 1995 the Equal Employment Commission (EEOC) received nearly 90,000 complaints of employment discrimination ... These complaints represent only the tip of the iceberg since most employees are afraid to seek legal relief for job discrimination, or do not meet technical requirements necessary to qualify for the protection of federal anti-discrimination laws" (NELA, 1997, p. 1). The number of complaints filed are being investigated as quickly as possible; however, there is a considerable back log of complaints. The EEOC is working to reduce the back log by consolidating lawsuits where possible and using applicant testers to determine if organizations are using discriminatory practices. Year after year complaints are being reduced. However, there is a perception that government agencies are not doing enough to monitor and enforce employment laws.

The third sub-issue is whether women and minorities face internal structural barriers. Ann M. Morrison's study and book entitled the *Guidelines on Leadership Diversity* (GOLD) research project support the Glass Ceiling Commission's findings regarding internal structural barriers in organizations. Morrison found that "The most significant barriers today are policies and practices that systematically restrict the opportunities and rewards available to women and people of color" (Morrison, 1996, p. 33). Morrison identifies thirteen categories of barriers to advancement.

#### **Barriers to Advancement**

- 1. White men are already in place and keep others out.
  - a. Greater comfort with one's own kind
  - b. Prejudice
  - c. Threaten by nontraditionals
  - d. Insensitive or arrogant
- 2. The company cannot find qualified non-traditional candidates.
  - a. Less educated

- b. Lack of organizational savvy
- c. Lack of or resistance to mobility
- d. Difficulty in balancing career and family
- e. Poor recruitment
- 3. The selection of candidates hired or promoted is poor.
- 4. Poor career planning programs.
- 5. Environments are poor.
  - a. Poor work environment
  - b. Poor social environment
- 6. There is a lack of accountability or incentives for diversity.
- 7. There is a backlash.
- 8. There is infighting.
- 9. There is a loss of confidence or motivation.
- 10. There are business restrictions such as downsizing.
- 11. There is inertia and/or a risk-adverse culture.
- 12. There is sexual harassment in the workplace.
- 13. There are pay differentials (Morrison, 1996, p. 291).

"Pipeline Of Progress: an update on the glass ceiling initiative," offers support Morrison's findings on poor recruitment and outreach efforts. The study reported that a majority of companies were cited for deficiencies in the area of outreach and good faith efforts to get women and minorities into the pipeline (U.S. Department of Labor, 1992, p.7). "Organizations frequently attempt to reproduce their current workforce. Advertisements for open position are run in industry newsletters or local news papers without regard to affirmative action outreach strategies. Many of the applicants responding fit the mainstream profile of the organization. The few minorities applying fail to make it through the personnel interview because they do not fit in " (Larkey, 1996, p. 469). Recruitment strategies must look to non-traditional recruitment methods to reach diverse markets. Conventions, organizations and career fairs that target diverse communities do generate a larger pool of diverse candidates. "However, these applicants must still get through the personnel interview process, where they may be weeded out as

a 'no fit'" (Larkey, 1996, p.469). Additional methods used to attract skilled diverse applicants are vigorous college recruitment programs, internships and cooperative work-My observations indicate that these efforts fall short when technical study programs. positions, for example engineering positions, need to be filled. Historically, minorities and women have not entered these fields. As a result there are fewer skilled women and minorities available for placement. Employers in technical fields generally establish minimum qualifications of two to three years of experience, not including cooperative and internship experience. College students lack the necessary experience to compete for, and hold, these technical positions. As a result corporate raiding of technical talent has become a new trend in employment. This affects the corporate bottom line as salaries for technically skilled employees increase with each subsequent move from corporation to corporation. Some corporations, like Northwest Airlines, are examining the feasibility of using an apprenticeship program to transition college students into full time technical positions (P. Johnson, personal communication, January 7, 1997).

Affirmative action laws are based upon the premise that once granted access, minorities and women can compete with white males on a level playing field. However, statistics suggest that this premise is flawed. "Although white men constitute a minority of the total workforce (47%) and of the college educated workforce (48%), they dominate the top jobs in virtually every field" (NELA, 1996, p.2). Simply to state that women and minorities face discrimination in the work place overlooks the more complicated issue of discrimination based upon gender. Bell Hooks points out that "Just as white men perceived the entry of white women into the labor force as a threat to male positions and

masculinity, black men were socialized to regard the presence of black women in the labor force with similar suspicions" (Hooks, 1981, p. 79). Black women and other women of color struggle with both gender and racial discrimination from white men, men of color and white women. As a result they have faired poorly in the struggle for equal access and promotional opportunities in organizations. "In general minority women have lagged behind in employment. They occupy a disproportionately high percentage of low paying jobs – typists, clerks, nurse's aides, and factory workers" (NELA, 1996, p.3). "In 1993, black women earned a median income of \$19,816 compare with \$22,023 for white women" (NELA, 1997, p. 1). "Even in sectors where women have made inroads into management, women of color continue to be underrepresented, underpaid and undervalued" (NELA, 1996, P. 3).

Societal, governmental and internal barriers play a significant role in the diversification of America's workforce. These sub-issues can influence the effectiveness of diversity initiatives implemented in American corporations. Diversity initiatives are programs, policies and procedures designed and implemented to increase cultural awareness, valuing differences, and/or increase the representation of diverse groups in the workplace (Nemetz and Christensen, 1996, pp.444-447). Effective diversity initiatives must include methods to reduce the impact of societal, governmental and internal barriers. "The Pipeline of Progress" suggests that, "While progress has been made in the workplace by minorities and women, the commitment and actions that led to this progress must be maintained and enhanced if the goal of full and equal employment opportunity is to be realized." (U.S. Department of Labor, 1992, P. 3.)

#### Relevance And Significance Of The Problem For Global Leadership

American corporations are competing in a global business environment that is reflective of changing demographics, markets and customer needs. To compete more effectively American corporations must adopt new approaches to remain competitive. One method of staying competitive in our current global business environment is to hire and promote people to leadership positions who reflect the diverse markets being served. American corporations must also develop management teams who can manage a diverse workforce if they wish to maintain a leadership role in the world.

"Today white males are approximately one-third of the population, yet they comprise 80 percent of Congress, hold four-fifths of tenured positions at colleges and universities, constitute 95 percent of Fortune 500 Companies' senior managers and have been 100 percent of all US Presidents" (Braun, 1995, p. 9). By the year 2000, 50 percent of the American workforce will be comprised of minorities, women and immigrants. During the same period of time it is projected that white non-Hispanics will represent 82 percent of those who leave the workforce and only 65.3 percent of those who enter it during the same period (Cook, 1993, p. 1.10). These predictions indicate that, although white non-Hispanics will continue to be the majority of the workforce the number of qualified white non-Hispanic males are decreasing. American corporations will not have enough white non-Hispanic males to maintain the status quo. To remain competitive, American corporations will have to re-think and change the way they do

business. Successful companies will be those whose leadership is visionary and has developed a strategic plan for the future. No successful strategic plan can be implemented without understanding and utilizing a diverse workforce.

#### History Of The Problem

America is often perceived as the melting pot of the world, the land of freedom and opportunity for people throughout the world. While this perception is widely held by a vast number of people, people of color and women historically have not been afforded the full benefits of citizenship. America's history is peppered with examples of inhuman treatment and second class citizenry of people of color and women. example, women, blacks and Indians were excluded from the right to vote when the U.S. Constitution was drafted in 1787. The importation and enslavement of African citizens was not abolished in the United States until twenty one years after the U.S. Constitution was ratified in 1789. The U.S. constitution further allowed blacks to be counted as threefifths of a person for representational and tax purposes, however, they were not considered citizens of the United States. The Naturalization Act of 1790, which allowed foreigners to be admitted as citizens, contained the phrase 'free white person', preventing persons of African decent and American Indians from becoming naturalized citizens until after the Civil War. Although they occupied the United States when Europeans arrived. American Indians were not granted citizenship until the Indian Citizenship Act of 1924.

Passage of laws such as the Chinese Exclusion Act of 1882 and the Immigration Quota Act of 1924 limited naturalized citizenship to 'white' persons. These acts effectively prevented people of Asian decent from becoming citizens until the passage of the McCarran-Walter Act in 1952 (McClain and Stewart, 1995). The list of inhuman treatment against minorities and women is extensive and cannot be covered completely in this study. Minorities and women have been enslaved, denied the right to vote, denied the right to own property, denied the right to enter into a contract, have been designated as wards of the country and denied citizenship through naturalization granted to free whites. Blacks, Indians and women have in some instance been denied the basic right to be called a human being and was instead viewed as property or chattel. Their masters who were frequently white males were, by law, allowed to beat, mutilate and even kill them with out fear of punishment.

America's leaders have struggled with race and gender problems for centuries. After years of struggle, Title VII of the Civil Rights Act of 1994 was enacted to prohibit employment discrimination based on race, color, sex, religion or national origin (Cameron, 1989, p. 225). Because of the modest gains by women and minorities in employment there is a growing belief that laws designed to provide access to employment and prevent discrimination are no longer required. The National Employment Lawyers (NELA) opposes the elimination of Affirmative Action Laws and suggests that: "Much of the debate regarding affirmative action is based on the misperception that discrimination no longer exists, or that if it does, simple legal prohibition will suffice. Nothing could be further from the truth. Notwithstanding the substantial gains achieved

by women and people of color in the labor market, discrimination remains a stark reality" (NELA, 1996, p. 2).

"The Glass Ceiling Initiative" (1991) and Morrison's research supports NELA's claim that discrimination exists in the workplaces of America and that America is still very color and gender conscious.

#### **Approach To The Research**

This case study will review and evaluate recent management research on the effects of race and gender in groups at various organizational levels including executive, director, management and work groups. It will also examine research and examples of diversity initiatives in organizations and the impact of external influences such as social conditioning, informal networks and groups on diversity programs. The study will make recommendations for other areas of research along with a proposal for a diversity initiative.

#### Limitations On The Study

There is little empirical research on the effectiveness of diversity programs. Because of the highly sensitive nature of the subject, American corporations are reluctant to invite in-depth research on diversity practices and initiatives. While preparing for a 1996, Black Enterprise "Special Report on Diversity Programs," Shari Caudron and Cassandra Hayes sought the assistance of companies with successful diversity initiatives. The results were disappointing, said the authors: "Many declined to cooperate when we requested more detailed information than what was contained in their diversity press kit. One company even declared the it was not prepared to give out that kind of information" (Caudron & Hayes, 1987, p. 124). There is a plethora of books on diversity. However,

because diversity initiatives should be designed to address specific problems and goals of an organization, these references do not offer specific plans for implementing a diversity initiative. Research for this study relies heavily on research studies and theories of specialists in group dynamics and organizational culture and behavior. This is due to the lack of available empirical data on diversity programs and initiatives used by organizations.

Diversity initiatives are generally part of Human Resources and/or Equal Employment Opportunities departments and are a high risk area. Key data such as retention, hiring and promotional rates that could document the effectiveness of diversity programs and initiatives are closely guarded. The reporting of specific practices, procedures, hiring and retention information, could result in increased government intervention and legal action against corporations. Therefore, few organizations will discuss openly the success or failures of their diversity initiatives. Research indicates that data are limited, and there is no consistent method of measurement available to evaluate the effectiveness of diversity initiatives. As a result, no published empirical data exist on the effectiveness of diversity programs and initiatives.

## Questions And Issues This Study Will Not Address

This study will not evaluate the effectiveness of affirmative action programs or their benefits. Diversity initiatives are frequently associated with affirmative action and hiring quotas. However, the intent of affirmative action is to provide equal access to

employment. Diversity initiatives are concerned with improving interpersonal and organizational efficiency and effectiveness of diverse work groups. Affirmative action plays an important role in diversity initiatives and may be a component of an effective diversity initiative, but the two are distinctively different.

The study will not attempt to evaluate all diversity initiatives or make recommendations for specific diversity programs. Diversity initiatives are designed to meet the individual needs and goals of organizations. While there are common components in diversity initiatives, no one program fits the needs of all organizations. An attempt to evaluate all diversity initiatives would provide information on the various approaches being used in organizations but will not bring us closer to the determining the effectiveness of diversity programs and initiatives.

As stated above empirical data on the effectiveness of diversity programs and initiatives are limited. To compensate for the lack of empirical data, research on diversity and multicultural influences on organizations and group behavior is frequently used to determine the effects of diversity initiatives in organizations. As a result knowledge specific to the effectiveness of diversity initiatives is largely anecdotal and theoretical. The research for this study is limited to a review of available research studies and theories on the effect of diversity on organizational culture and behavior and group dynamics. In addition data from books, magazine and newspaper articles will also be examined.

#### Ethical Concerns

There are two ethical concerns associated with this study. The first is the collection and publication of numerical data. Diversity initiatives are closely associated with the hiring and promotional practices of organizations. Publication of specific affirmative action goals and the success of organizations in meeting or not meeting those goals can result in government intervention and legal action by employees. Therefore, this study will not include sensitive data that might result in harm to organizations.

The second ethical concern is researcher bias. It is impossible to totally prevent bias in qualitative research. Bias may be reduced by the researcher's ethical obligations to conduct research in accordance with established guidelines.

#### **Definition of Terms**

A brief definition of the terms used in this study will be provided when the term is introduced. A full definition of all terms can be found in Appendix I.

#### Assumptions

There are eight assumptions with respect to this research study on the success of and the continuation diversity initiatives in American corporations.

The first assumption is that workforce diversity will be driven by changing demographics. If the predictions of *Workforce 2000* are true, then the American

workforce as we know it will change dramatically over the next five to ten years. Minorities, women and immigrants will comprise 50 percent of the workforce and the fastest growing group in the workforce will be older workers (Cook, 1993).

The second assumption is American corporations will diversify their workforce to compete in a global environment. Corporations have found that they can better serve diverse markets by hiring a workforce that is reflective of the markets they serve.

The third assumption is white non-Hispanic males will continue to dominate top leadership positions in American corporations over the next ten years. (Cook, 1993). Change in the current practices, policies and beliefs about diversity can only come about through the support of those in influential and decision making positions. White males in leadership positions in business, political and economic arenas must be intricately involved in the promotion and implementation of diversity initiatives in order for these programs to succeed.

The fourth assumption is that workforce diversity is an evolutionary on-going process. Corporations have gone through a number of steps in the evolutionary process, cultural awareness, legal awareness, sensitivity training, understanding differences and managing diversity. As the needs of the organization change, the process will continue to evolve (Nemetz and Christensen, 1996).

The fifth assumption is that a true definition of diversity must be defined by each organization. This definition should be determined based upon an assessment of the organization and the organization's diversity vision.

The sixth assumption is that diversity initiatives must be framed in the proper context. Organizations that fail to conduct an assessment of their organization and identify achievement goals will produce diversity initiatives that fail. All aspects of structure, policy and procedures, formal and informal structures that contribute to discriminatory practices must be identified and addressed.

The seventh assumption is that diversity initiatives do not occur in a vacuum. Social, individual, formal and informal influences can negatively and positively influence the success or failure of diversity initiatives (Nemetz and Christensen, 1996).

The eighth assumption is that diversity will be treated as a serious issue only if it is a business imperative and is tied to the organization's strategic plan and goals (Gordon, 1992).

#### **Brief Review Of Literature On Diversity**

The amount of literature available on the effectiveness of diversity programs and initiatives is limited. There are, however, a number of recent research studies and emerging theories on the effects of diversity in organizations, small groups and communication among members of diverse groups (Barry and Bateman, 1996; Denison, 1996; Schultz, 1996; Milliken and Marten, 1996). Many of these research studies and theories are based upon the works of specialists in group dynamics and organizational culture and behavior. Tsui, Egan and O'Reilly, 1992; Greenhaus, Parasuraman and Wormley, 1990; Sackett and DuBois, 1991; and Cox, Lobel and McLeod, 1991, are only a few of the sources that have been used to develop theories on behavior in culturally diverse groups and organizations. Few of the theories on culturally diverse groups and organizations have been tested. So there is no proof that these theories are valid assessments of the diversity programs and initiatives operating in American corporations A number of studies have been conducted by psychologists on minority and dominate culture group perceptions of discrimination, prejudice, and stereotyping (Ruggiero and Taylor, 1997; Henderson-King and Nisbett, 1996; Blair and Banaji, 1996).

In addition to research studies, there is a wealth of information and books on institutional racism, affirmative actions, black and white relationships, and black women and feminism (Knowles, and Prewitt, 1969; Chideya, 1995; Silberman, 1964; Hooks, 1981; Thomas, 1991; Morrison, 1992, Hall, 1956 and Sharp, 1993). Frederick Lynch recently published a book that provides an overview of affirmative action programs and

their link to diversity initiatives (Lynch, 1997). Hall's works explores the foundation of western cultural beliefs. He examines the impact of high and low content cultures and the role that time, language and organizational patterns play in interaction between the two types of cultures (Hall, 1956, 1976). McClain and Stewart's work provides and fascinating overview of the impact of race in American politics. The book provides valuable insight into the conflict and coalitions developing among racial and ethnic groups in contemporary America politics (McClain & Stewart, 1995). Morrison's GOLD research project is perhaps the most comprehensive work on the subject (Morrison, 1992). Although a number of publications such as Time, US News, Managing Diversity and The Wall Street Journal, have printed articles on diversity, Black Enterprise appears to be the single business publication that offers consistent information on diversity related issues.

The research on the effectiveness of diversity initiatives and programs is a piecemeal approach at best. There have been a number of research studies, books and articles written about the various dimensions of cultural diversity and diversity initiatives. However, there are few pieces of literature that directly address diversity initiatives and their effectiveness.

#### **Analysis**

Corporate America has been implementing diversity programs and initiatives since the 1980s. Frederick Lynch suggests that diversity programs are a repackaged form of affirmative action programs developed during the early 1960s. In his research, Lynch traces the progress of these programs and their developers from the 1960s through the 1990s. "In the 1970s and 1980s, early individual pioneers incubated basic concepts and some techniques of what would become known as valuing diversity or managing diversity. In the late 1980s, a sense of crisis urgency, and purpose for policies was provided by the Hudson Institute's *Workforce 2000* report" (Lynch, 1997, p. 9). "By the 1980's, there was a slow and growing institutional migration of consultants carrying blame-the-system liberalism from academe and a powerful civil rights establishment into business" (Lynch, 1997, p. 40).

Since the arrival of diversity initiatives in the business community, millions of dollars have been spent to implement programs to counter the effects of costly litigation, to meet changing consumer demographics and markets and to avoid government intervention. "In 1995, U.S. employers budgeted \$52.2 billion for formal employee training. Diversity training was one of the hotter topics provided by 53 percent of firms with over 100 persons" (Lynch, 1997, p. 195). After years of work, and an investment of millions of dollars, organizations and researchers still cannot offer proof of the

effectiveness of diversity programs. One explanation for the lack of data is that it is difficult to measure what diversity initiatives are designed to address: the attitude, acceptance, optimism and enthusiasm that comprises the organizational atmosphere. The concept of pouring dollars into programs that do not produce concrete results is contradictory to the principles of contemporary business practices. If a product or service does not produce results, it is generally eliminated. Diversity initiatives do not appear to fall under the basic concepts of contemporary business practices. Therefore, it is unlikely that diversity initiatives will be eliminated. There are two primary reasons for this phenomenon: (1) legal pressure to provide equal access to all citizens and, as Lynch suggests (2) they are too embedded in American corporate culture. Lynch states, "diversity policy architects have not fully institutionalized their programs, but they have moved it beyond faddish 'flavor-of-the-month' status." He goes on to illustrate the hold that diversity has in organizations by quoting James Pinkerton, "Multiculturalism, as an economic and aesthetic value, seems to be permanently embedded in U.S. corporate culture" (Lynch, 1997, p. 326).

Lynch and Pinkerton may be correct in their assumptions, however, there is growing opposition to affirmative action programs. California voters spoke out against "preferential treatment" by passing Proposition 209. Proposition 209 is a prohibition against discrimination or preferential treatment by state and other public entities. The text of the proposal states that, (the proposition) "prohibits the state, local government, districts, public universities, colleges, and schools, and other governmental instrumentalities from discriminating against or giving preferential treatment to any

individual or group in public employment, public education, or public contracting on the basis of race, sex, color, ethnicity, or national origin. The proposition does not prohibit reasonably necessary, bona fide qualifications based on sex and actions necessary for receipt of federal funds. It further mandates enforcement to the extent permitted by federal law. It requires uniform remedies for violations and provides severability of provisions if invalid" (CA Secretary of State, 1996, p. 1).

Newt Gingrich's, 1996 Republican Contract with America was also a strike against affirmative action programs. The contract called for "a national renewal to restore the bonds of trust between the people and their elected representatives. The ten acts of the contract include provisions for reduced social spending, increased law enforcement and reasonable limits on punitive damages" (House Government, 1996, pp.1-2). These acts suggest that some Americans feel that laws to ensure equal access and/or prevent future discrimination are no longer required. If this is a reflection of the growing sentiment among Americans, then what will be the fate of diversity initiatives?

It is difficult to determine whether Lynch and Pinkerton are correct in stating that these programs are permanently embedded in American corporate culture. The recent elimination of the Virginia minority contractors program indicates that, on a small scale at least, the programs may not be permanently embedded in American corporate culture. While this is only one incident, it is an example of the potentially negative impact of eliminating programs aimed at providing equal access. When the state of Virginia eliminated a program designed to increase minority contractors on state construction projects, it resulted in a decrease of minority contractors hired from twenty to five percent

(Bell, 1997, Lecture). Although this is only one example, it may well reflect the changing attitude in American society and illustrate the impact of eliminating programs designed to provide equal access to women and minorities. At present affirmative action programs are under review; if they are eliminated, then diversity initiatives may not be far behind. Research indicates that while the implementation of diversity hiring initiatives contribute to the creation of a diverse workforce that is reflective of a global customer base, the impact of these initiatives are difficult to measure. A workforce that reflects the corporation's customer base can provide valuable insight into cultural preferences and taboos. It also creates the perception among diverse groups that the organization is sensitive to the needs of their customers. It implies that these organizations are aware of and are sensitive to factors such as differences in oral and written communication and an understanding of cultural differences. It further implies that these organizations are flexible and open to change in order to attract and keep customers. These factors can increase the effectiveness of American corporations competing in an increasingly competitive global market place. I have, however, found no empirical data to support the effectiveness of diversity initiatives in the global market place or specific data on how they contribute to the bottom line.

The impact of a diverse workforce appears to be largely intangible. For example a corporation hires Spanish speaking employees to work in a grocery store located in a Hispanic community. At the same time they expand their product line to include fresh Cilantro, a popular herb in Spanish, Latino and Caribbean cuisine. Sales increase by more than twenty percent and the store undergoes extensive renovation to accommodate

the increase in traffic. As a result of the store's increased sales corporate officials attempt to identify and reproduce the factors contributing to the success of the grocery store in other locations. During the analysis process they discover that sales increased when a new restaurant opened in the community and purchased the bulk of their raw materials from the store. Fifty people moved into the community and a competing grocery store moved out. Any or all of these factors could lead to increased sales. No irrefutable correlation can be drawn between the hiring of Spanish speaking employees and increased sales. Spanish speaking employees may have an influence on customers selecting one store over another. However, it is not the only contributing factor in increased sales. This example illustrates the difficulty organizations face in isolating and measuring the effect of diversity initiatives on the bottom line and/or profit.

Another reason that it is difficult to identify the effectiveness of diversity programs is the lack of a consistent definition of diversity. Morrison points out, "the meaning of diversity fluctuates partly because the concept is still evolving, and under rather difficult conditions" (Morrison, 1992). Other researchers point out, "diversity is often used as a synonym for EEO or Affirmative Action Programs" (Gordon, 1992, p. 24-25; Milliken and Martins, 1996, p.442). Thomas states "some researchers attempt to clarify the difference between affirmative action and diversity programs, treating them as two pieces of a total package" (Thomas, 1991, p. 23). Consequently, corporations have treated diversity as a Human Resources issue, not as a function of the "real" organization.

The broad definition of diversity is "any collective mixture" (Thomas, 1997, lecture). This definition can be further defined by distinguishing between "observable or

readily detectable attributes such as race or gender and non-observable attributes such as education, technical abilities and tenure in a group or organization" (Milliken and Martins, 1996, pp. 403-404). American corporations have expanded the definition of diversity to include a broad variety of attributes that include nations, people, systems, actions, lines of business, philosophical positions, ways of thinking, etc. Other dimensions of diversity include, but are not limited to, race, ethnicity, gender, lifestyle, age, education and physical disabilities. However, diversity is overwhelmingly viewed by organizations as a cultural, race and/or gender issue. This study will examine two dimensions of diversity, gender and race.

Experts in diversity suggest that diversity programs are focused on the wrong things. Thomas believes that managing diversity is a management issue. He states, "managing diversity is not primarily about ethics or social responsibility or doing the right thing. It's about human performance. It's about making a profit. It's about remaining competitive. The 'managing' is more important that the diversity, because if managers are really managing, diversity will take care of itself" (Gordon, 1992 pp. 24&29). Thomas suggests that the traditional approach to diversity has created a "cycle of crisis, action, relaxation and disappointment" that is repeat over and over without achieving the desired result. Thomas provides a detail explanation of the traditional affirmative action cycle in his book *Beyond Race and Gender* stating, "The cycle begins with recognition of a problem, a crisis: excessive turnover, inadequate upward mobility, or disproportionately low morale. The initial affirmative action is recruitment, a frantic search to hire the 'right kind of person.' 'Qualified'(people) turn into those individuals

who are most likely to mesh with the corporation's current culture. After the recruitment periods, everyone experiences a period of high expectations. Unfortunately, however, hiring the 'right' woman or minority doesn't necessarily solve the original problem. The newly hired employees don't progress as expected. White males complain about preferential treatment and reverse discrimination. Minorities and women feel uncomfortably aware of the stigma of affirmative action activities. Everybody's unhappy. Employees feel 'stuck' and frustrated. Managers still have the original problem. In addition, they're not given credit for a good faith effort. Discouraged, they quit trying. The relaxation stage sets in. Affirmative action is on the back burner. This stage continues until the next crisis prompts action, and the cycle begins again" (Thomas, 1991, pp.21-23).

The scarcities of meaningful documentation on diversity programs and initiatives appear to support Thomas' cycle of failure theory since corporations are less likely to publish information on costly programs that have failed. It is also unlikely that American corporations will report information on failed diversity initiatives that could invite the scrutiny and intervention of government agencies or class action lawsuits by employees.

The controversy surrounding affirmative action and the perception that diversity programs and initiatives are a form of affirmative action and quotas further muddies the water. Corporations do not have a clear understanding of diversity, its costs or its relationship to their bottom line. As a result, many companies are unclear on how to approach diversity and diversity related issues. The confusion appears to revolve around the question of whether diversity is a social, moral or business issue. Corporations are

uncertain how to provide equal access and promotional opportunities without artificial systems that create preceived bias for one group over another. This has resulted in what Barry and Bateman refer to as a diversity trap. "Like social traps, diversity traps (a) often require organizational members to make behavioral choices that place self-interest and the group interest in conflict, (b) often challenge decision makers to manage inconsistencies between long-term and short term consequences of the choices they make, c) may compel choice making without the benefit of explicit knowledge of the conflict of interests and of the consequences of the choices to be made, and (d) typically involve social issues having substantial societal implications" (Barry and Bateman, 1996, pp.758-759).

Diversity traps are based upon the Social Trap Theory, and involve situations where "decision problems involve conflicts between the individual or near-term outcomes and collective or long-term consequences" (Barry and Bateman, 1996, p. 758). theory is based upon Garrett Hardin's (1968) article "The Tragedy of the Commons," which examines the dilemma that arises when herdsmen graze cattle in a common pasture. The individual attempts to maximize their gain by increasing the number of cattle on the land the result is overgrazing. The self serving act of the individual or group results in a long-term negative impact. A parallel can be drawn to the management of diversity issues. A manager fails to discipline employee "A" for sexually harassing employee "B". Employee "B" files and wins a lawsuit against the organization for sexual harassment. In this example, the manager does not want to damage his relationship with employee "A" and engages in self serving behavior that

leads to a long-term negative impact for the organization. Barry and Bateman suggest that "Some of the costs or damages associated with self serving behavior occur beyond the person's purview, and they either don't know or don't care about them" (Barry & Bateman, 1996, p.761 -762).

It is difficult to imagine, in light of the heightened awareness related to diversity, that managers "do not know or care" about the associated costs. Yet, we see examples daily of the costs associated with self serving decisions. In November 1996, Texaco paid a \$176 million cash settlement to a group of African American employees and their lawyers who filed a class action lawsuit for employment discrimination. The company settled the lawsuit after a secretly taped meeting of senior executives was disclosed to the press. The executives were recorded in 1993, while discussing the destruction of documents pertaining to discriminatory practices. The executives were also recorded using racially derogatory comments while discussing blacks. They referred to blacks as "jelly beans, stuck at the bottom of the jar" (Eichenwald, 1996, p.3). The use of the term black jelly beans in this instance is interesting. R. Roosevelt Thomas Jr., a noted diversity expert, uses the example of jelly beans in a jar to explain his theory on diversity (Thomas, 1997, Lecture). The executives of Texaco regarded diversity as a joke, not as a serious issue. To be effective, diversity initiatives must be supported by top management. Employees who, through formal or informal messages, believe that diversity is not a serious issue will continue to practice behaviors to maintain the status This further supports Barry and Bateman's Diversity Trap Theory. The quo. executives at Texaco apparently did not realize "the costs or damages associated with

self serving behavior" (Barry and Bateman, 1996, p. 761). It could be argued that Texaco and its executives were victims of their industry. The oil industry is traditionally a white male industry. It could also be argued that they continued to hire employees who reflect their customer base. However, Texaco is an international crude oil, natural gas and petrochemical company. It has more than 13,550 retail outlets in the U. S. and 8,500 retail outlets in Europe, Central and South America, the Caribbean and West Africa. They are expanding their markets and investments in the Asian Pacific region, the Middle East, Southern Africa, the UK North Seas, Southeast Asia and Columbia. The markets served by Texaco clearly reflect a population that is not exclusively white male. (Texaco, Com.Compinfo/whatwedo.htm. 1997)

In early 1996, a Department of Labor review found a wide disparity between the promotion rate of minorities and non-minorities at Texaco. The review found that "minority group accountants took 6.1 years to gain their position while whites were named after 4.6 years" (New York Times, 1996, p. 5-6). Prior to the settlement of the lawsuit, Texaco implemented a diversity training program for its managers. Texaco also increased its recruitment of minorities and women between 1989 and 1994 (New York Times, 1996, p. 5). The training program and recruitment efforts appear to have had little effect on the attitudes of the executive group and this is reflected in the conversations on the tapes. Within two days of the publication of the tapes Texaco's stock dipped and the company lost millions of dollars. It appears that Texaco has learned the costs or damages associated with what Barry and Bateman refer to as "self serving behavior" the hard way (Barry & Bateman, 1996, pp.761 -762). This example

supports Thomas and Hayles' theories that diversity must be tied to business strategy (Gordon, 1996, p. 29). It further supports the concept that until diversity traps are identified, acknowledged and solutions are put in place, organizations will continue to repeat the cycle of crisis, action, relaxation and disappointment identified by Thomas (Thomas, 1992, p. 21).

Research has shown that there are underlying reasons why behavior such as that of the Texaco executives occur in organizations. People, whether they hold top positions or low level positions in organizations, are products of their environment and their life experience. Humans have learned to "prejudge" certain information so it can be processed quickly and an appropriate response can be initiated. The ability to take in and process information quickly is part of the human survival mechanism. A person does not have to be run over by a car twenty times in order to learn that, if a car is speeding towards them, they should move out of the way. There is nothing wrong with grouping information so it can be processed quickly. The process takes on a negative dimension when it is used to prejudge others and adjustments to initial perceptions are not made. The negative prejudging of people, beyond the initial point of contact, can be detrimental when interacting with diverse people. This form of prejudging is referred to as stereotyping. Daniel Goleman (1995) points out, "Prejudices are a kind of emotional learning that occurs early in life, making these reactions especially hard to eradicate entirely, even in people who as adults feel it is wrong to hold them" (Goleman, 1995, p. 157). This explains why southern whites who are taught as children that blacks are inferior have a difficult time seeing blacks as equals. These types of biases are not

limited to Southern whites. It extends to all groups of people, white, black, Asian and Hispanic. Americans regardless of their racial or ethnic background have been socialized to believe that minorities are inferior to whites. Within minority groups there is further division as one group perceives another group as inferior to their own. For example Asians may view blacks as inferior and Hispanics may view American Indians as inferior (McClain & Stewart, 1995). This creates a hierarchy of bias within American dominant and minority societies. This bias takes on a different dimension when people hold positions of power over others. In our society white males are the dominant group. Their biases have historically been used in hiring and promotion decisions that favor white males over women and minorities.

In their discussion on politics in the workplace Fink, Ferris, Dharm, Jing & Gilmore use the works of J. P. Fernandez (1993) to support their findings. "Fernandez (1993) reported on the results of a 1992 *Time* magazine survey which showed that blacks and Asians believe discrimination to be more prevalent today than in the past, that race relations in the U. S. today are generally bad, that people of color have a more difficult time finding mentors or sponsors than do whites and that they are excluded from informal networks by whites" (Fink, Ferris, Dharm, Jing & Gilmore, 1996, p. 25). This is synonymous to Halls concept of overt and covert culture. Overt culture being those things that are visible and easy to describe; covert culture is not visible and is virtually unexplainable even to trained experts. (Hall, 1959, p. 61) Researchers suggest that differences in the treatment of blacks and women in dominant culture organizations include political exclusion, lack of support by managers, challenge to authority, early

plateauing, lower salaries, isolation and social exclusion. This falls under Hall's definition of covert culture. White women and minorities both experience these barriers, but early experiences and membership in the white dominant culture allow white women to develop skills to circumvent barriers such as isolation and social exclusion. White women are exposed to and socialized to understand the overt and covert aspects of the dominate culture and can more readily identify patterns of behavior that are acceptable. Many blacks and other minorities are exposed later in life to the covert aspects of the dominate culture and often have difficulty identifying correct patterns of behavior and appropriate responses. When these patterns of behavior are discriminatory in nature they affect the ability of blacks and other minorities to operate and lead effectively in white dominated organizations.

Blacks tend to be slower in developing basic management skills, in understanding and utilizing organizational politics, and utilizing formal and informal networks. They are also less likely to be selected for fast tracks leading to upward mobility. Fink's study on organizational politics offers some insight. "Political skills in organizations reflect the subtleties of organizational life. Insiders show newcomers the ropes and educate them on rules of the game. Denial of access to this information creates a 'political skill deficiency' among blacks preventing progression which is frequently dependent upon an understanding of how the organization operates" (Fink, Ferris, Dharm, Jing & Gilmore, 1996, p. 27). Skin color may heighten the awareness of blacks as outsiders in the insider/outsider networking system. For example, a Hispanic who looks white and who has the appropriate educational background may be viewed as white or an insider. He/she

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would not automatically be labeled as an outsider. He/she would be accepted as an insider and would be shown the ropes and educated in the rules of the game. Unless he/she identified themselves as a minority, the group would continue to work under the premise that they are white or an insider.

To offset the handicap that skin color may have in insider/outsider selection and to enhance their ability to function in white dominated organizations, some blacks develop a unique set of skills to manage racism. These additional skills include "developing or adopting a strong strategic approach to development and growth, higher levels of interpersonal skills, practicing strong ethics, exercising a cautious paranoia, adopting a rule oriented behavior and subscribing to the 'black tax'. The black tax is a perception held by blacks that they must work harder, work longer hours and produce a higher quality of work than whites" (Olson, 1995. P 11). Although blacks adopt skills that are often valued in leaders, such as interpersonal skills, these characteristics do not appear to improve their success in organizations. Studies have also shown that performance appraisal systems designed to identify leadership talents are frequently misused in evaluating blacks. For example assertive behavior among white males is perceived as positive; among black women it is perceived as negative aggressive In the first instance it is used as a reason to promote the employee; in the behavior. second it is used as a reason not to promote the employee.

Promotion in organizations is linked to job performance. Many performance appraisal systems are subjective and rely on the supervisor's interpretation of how well the employee performs their job. Managers who are biased are unable to evaluate fairly

the performance of black employees. For example, Olson says, "In the hands of a manger who is biased, performance appraisals used to identify potential leaders are frequently used to evaluate the ability of blacks to conform to the dominant culture rather than actual performance" (Olson, 1995, p. 12). Milliken and Martins agree with Olson's findings that blacks are evaluated on subjective criteria and are rated lower than their white peers (Milliken & Martins, 1996, pp. 405-406; Olson, 1995, p.12). The Corporate Council Leadership's study on Successful Blacks and Hispanic professionals indicate that results oriented performance is the preferred method of evaluation among minorities. It is perceived as " ... the protector of minority managers, it is safer and stronger than mentors, networks and special status" (Olson, 1995, p.12). Olson reports that minorities interviewed for the study feel that qualitative results show that their performance is evaluated based on the quantity and quality of the work they perform. While characteristics such as leadership are dependent upon the evaluator's definition and are often difficult to define and measure.

Blacks who must manage racism and discrimination in order to function in white dominated organizations tend to practice higher levels of ethical behavior and adaptive managerial and leadership styles to survive. Dickens and Dickens in their study on black managers identify four stages of development that all black managers experience. Their research indicates that blacks go through all four stages (Dickens & Dickens, 1982).

## 1. Entry No movement, little or no direction, feelings of "I've got it made" - over getting the job, contained anger, reserved behavior.

## 2. Adjustment - Dissatisfaction - Frustration

- *Dissatisfaction* negative reaction to whites, low self-confidence, beginning to see inequalities, negative reaction to seeing white peers promoted and given more responsibility.
- Frustration inability to contain rage, verbal interpersonal fighting with whites, no movement in personal or job growth, no increased job results, increased vocalization of inequities.

## 3. Planned Growth

Management of rage, style and behavior changes and becomes smoother more cooperative, start to move toward goals, career plan established, establish firm goals, and during rough periods may slip back to frustration stage.

## 4. Success

Basic goals are met and progress is seen, new and harder goals are set, a management style is developed and confidence is high. High quality results are produced, the need for strokes become less important, results become more important, success positively affects—self-confidence (Dickens & Dickens, 1982, p. 16-19).

Research indicates that black leaders face challenges that are not faced by women and leaders of the dominant culture (Olson, 1995, Dickens & Dickens, Morrison, 1992). Blacks have a heightened awareness of their differences when interacting with members of the dominate culture. This awareness is referred to as the black factor. (Latimer, 1997) The black factor is the recognition that one is black in a white dominated culture or organization and that being black influences interactions with others, behavior and the perceptions that others have of you (A. Latimer, informal conversation, 1997). While interaction with the dominant culture is not always hostile, black leaders have developed coping skills that allow them to function when the environment is hostile. According to Bowser, hostile environments are rooted in slavery. "As long as slavery was practiced, it regulated the status of blacks. Once slavery was abolished the belief system that

justified it stayed in place. New forms of regulation became institutionalized in their (blacks) daily life, marriage, religion, education and work" (Bowser, p.108). He continues by stating "After the violence of the 1960's, American leaders thought that blacks had to be brought into white dominated organizations to bring about racial tranquillity. To a certain degree this strategy has been effective. Government intervention, through affirmative action programs, however, has not changed institutional racism and discriminatory practices that exist in organizations. It has not helped blacks to understand how to navigate effectively through the culture of white dominated organizations" (Bowser, p.108). Bowser's findings are similar to Dickens and Dickens, Morrison, Fink, Ferris, Dharm, Jing and Gilmore. Blacks appear to have a more difficult time navigating in white dominated cultures.

In their article "Searching for Common Threads," Frances Milliken and Luis Martins examine the effects of diversity in groups at various organizational levels. They found that "people react differently to observable diversity attributes, such as race, gender, age, ethnic back ground, and non-observable diversity attributes such as education, technical abilities, tenure" (Milliken & Martins, 1996, p. 403-404). Milliken and Martins draw upon the works of Tsui and O'Reilly. Tsui and O'Reilly's research explored the extent of commitment by people working in organizations where they represent a demographic minority. Their research indicates that "the more different people were from their co-corkers the less committed they were to the organization, the less interested they were in continuing their employment and the greater the frequency of absenteeism" (Greenberg and Baron, 1995, p. 185-186). Milliken and Martins contend

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that "when attributes are visible, responses are likely due directly to biases, prejudice or stereotypes." They further suggest that "observable attributes have a negative impact on commitment to the organization, retention and absenteeism" (Greenberg and Baron, 1995, p. 185-186).

Low commitment, retention and absenteeism among women and minorities may also be attributed to "perceptions of lower acceptance by the group/organization and perceptions of having less discretion than whites and males in the same organization" (Milliken & Martins, 1996 p. 405). Hall asserts that the most damaging thing to someone is the inability to fulfill their full potential. This failure creates a myriad of emotions including an emptiness, a longing, frustration and displaced anger. This displaced anger can be turned internally or focused outwardly, eventually creating destructive results. (Hall, 1976). Hall, Milliken and Martin's assessment of the negative impact of observable and non-observable diversity attributes are further supported by Henderson-King & Nisbett who conducted research studies on anti-black prejudice as a function of exposure to negative behavior of a single black person. Their findings suggest "that individual-to-group generalizations has the potential to initiate a destructive cycle of intergroup interaction. Such a cycle may be initiated when whites observe the negative. stereotype related behavior of a black person and consequently minimize intergroup contact and perceive blacks more negatively" (Henderson-King & Nisbett, 1996, p. 663). When there has been negative exposure, there is a greater likelihood that the negative exposure will influence future interaction with individuals from an associated group. Blair and Banaji's (1996) research on automatic and controlled processes in stereotype

priming, suggests that "automatic processes may be involved in stereotyping . . . Such processes reveal the potential to perpetuate prejudice and discrimination independently of more controlled and intentional forms of stereotyping" (Blair & Banaji, 1996, p. 1159). This research suggests that people with observable diversity attributes are stereotyped by associated groups. When the exposure is negative then stereotyping behavior is automatic. As a result people must work at both a conscious and unconscious level to combat bias to observable diversity attributes.

Research in the field of psychology suggest that there are other underlying factors that contribute to the biased behavior of individuals. Benjamin P. Bowser, for example examines the thought process and behavior of the racist as a mental illness. Bowser's work draws upon Maslow's model to identify motivations for racist behavior. Bowser found that "It (racist behavior) comes from the second level needs - those involved with maintaining a sense of security and self esteem ... It appears that racism is a functional behavior disorder that are themselves the outcome of a long series of negative social interactions in which the racist reach a point where they cannot successfully negotiate at Maslow's level of universal motivations and resorts instead to extreme coping behaviors to defend the vestiges of security and self-esteem" (Bowser, p. 109). Bowser's theory is based upon a comparison of The American Psychiatric Association (1997) DSM-II classification of mental illness and characteristics of racist behavior. "The American Psychiatric Association (1997) in the DSM-II classifies mental illness in three major categories: organic brain disorders, functional disorders and mental deficiencies. The first (two) are described as being most often the effects of toxins, direct damage to the

nervous system or neural disorders ... The third group, mental deficiencies, are attributed to heredity, poor pre- or postnatal nutrition or the interaction of the two. If racism is to be viewed as a mental health problem, it would fit best as a functional disorder, or better still as the expression of a variety of such disorders. From what we know of racism and racist behavior, it is unlikely that it is caused by neural disorder or mental deficiency – more likely it is a cognitive or behavioral disorder.... On close examination there are symptoms among both psychotic and psychoneurotic behavioral disorders that come close to our over view of racism. These symptoms are described as distortions in the content of thinking or systematic irrationalities which take the form of persistent unwanted thoughts, (obsessions), irrational and obsessive fears (phobias), or false beliefs inconsistent with one's experience and knowledge (delusions). The last group delusions, are remarkable in their similarity to the rationalizing behaviors of the varied forms of racism. Some of these delusions are false ideas about a person or group, including the idea that it has power or potential power and control over oneself' (Bowser, p.109).

Bowser's research, when compared to research by Henderson-King and Nisbett and Blair & Banaji, show that reactions to observable diversity traits and automatic stereotyping and racist behavior are interconnected. This linkage suggests that the problem is more serious than Americans are willing to admit and that visions of a colorblind society is not a reality. A colorblind society is a society where members are treated equally without regard to race, color or creed (Lynch, 1997, p. 326).

Bowser's theory, when coupled with the recent downsizing and merger trend in corporate America and the resulting insecurity among American workers may be another

reason for the undermining of diversity programs and initiatives. Between 1990 and 1993, 1.5 million blue collar jobs and 700,000 management jobs were eliminated due to the 1990 recession and layoffs (Cook, 1993, p. 1.10-1.12). As available positions decrease, coping behaviors among workers include attempts to defend security and selfesteem. The race card played by politicians in recent years has increased the usage of this type of coping behavior among workers competing for jobs. Playing the race card means to associate negative or anti-social behavior of one member of one racial group to the whole race to gain the support of and/or instill fear among another racial group. For example during the 1992 presidential campaign, George Bush's media advisors featured an ad on the release of a prisoner, Willie Horton, and the subsequent murder of a white woman to gain favor among voters for stronger law enforcement. Behavior of this nature suggests that politicians may be intentionally using examples of negative behavior by a single black person to create "individual-to-group generalizations." Henderson-King and Nisbett have shown through their research that this can initiate a destructive cycle of intergroup interaction in which intergroup contact is minimized and perpetuate a negative perception of blacks (Henderson-King & Nisbett, 1996, p. 663).

Henderson-King, Nisbett and Bowser's findings assist us in understanding the heightened attacks on programs designed to equalize access to employment opportunities for women and minorities. Bower's theory of racism as a functional behavior also provides a better understanding of the behavior of the Texaco executives. Because Texaco executives, like Robert Ulrich, the corporate treasurer whose voice was captured on the 1993 tape, were at the top of their organization. It is unlikely that their actions

were based entirely upon the need to maintain a sense of security and self esteem. Their behavior is more likely a result of social conditioning that is rooted in the white male paradigm that minorities and women are inferior. One of the accepted social norms of this paradigm is that minorities and women can be treated as second class citizens. paradigm is defined by Thomas Kuhns as "the entire constellation of beliefs, values, techniques and so on shared by the members of a given community" (Kuhn, 1996, p. 175). Bowser's theory offers further explanation for the behavior of employees at various restaurants in the Denny's chain that denied service to blacks and other discrimination based claims. "The antiblack prejudice throughout the Denny's restaurant chain, a pattern that resulted in a \$54 million settlement of a class-action suit on behalf of thousands of black customers. Customers who were ignored and refused service included seven African-American Secret Service agents who sat waiting for an hour for their breakfast while their white colleagues at the next table were served promptly " (Goldman, 1995, p.155). Other cases include "State Farm Insurance which settled a class-action suit for \$300 million, General Motors' \$40 million class-action case, Northwest Airline's racial discrimination case for \$1.2 million, a sexual harassment suit that cost K Mart almost triple that (amount), ... and a class-action settlement directed at Pillsbury cost \$1.76 million" (Gordon, 1992, pp. 26-27).

If Bowser is correct in his argument that racist behavior is more likely a cognitive or behavioral problem, then it could be argued that diversity training programs similar to the one attended by the Texaco executives, did not make the executives more sensitive and aware of the impact of their behavior as it should have.

There are six major types of training. Each one is designed to address different needs and organizational problems (Nemetz and Christensen, 1996).

(1) Ethnic, Black or Female Studies

Is an academic in-depth analysis to review the status of minority groups in dominate society (Nemetz and Christensen, 1996)

(2) Psychotherapeutic Approaches A type of group therapy involving groups experiencing conflict (Cullen, 1993).

(3) Sensitivity Training A method of sensitizing individuals to feelings provoked by discrimination (Smith, 1990; Spokesman Review, 1993).

(4) Dissonance Creation Is used to purposely create cognitive dissonance in order to change attitudes (Leippe and Eisenstadt, 1994).

(5) Cultural Awareness The Exploration of culture or gender differences (Gordon, 1992).

(6) Legal Awareness and
Organizational Policy
Explaining discrimination laws.
Implementation of policies and procedures that support diversity in organizations.
(Voluntary Affirmative Action Plans, provision of resources, inclusion of diversity in the corporate strategy, Zero Tolerance statements etc.) (Cox, 1991; (Nemetz and

Christensen, 1996, pp. 445-446).

Unfortunately, the training that the executives received did not appear to be effective in preventing the behavior captured on tape. Yet, many organizations, like Texaco, continue to view diversity programs and initiatives as a short term solution to a bothersome problem. David Kerns, the 1992 chairman of Xerox, recognizes the short coming of this approach and states, "It's just not realistic to think that a day and a half of training will change a person's thinking after 30 or 40 years" (Gordon, 1992, p. 115).

Nemetz and Christensen point out that "Corporate public relations officers and media sources have provided a barrage of information to promote efforts to 'value diversity' ... Well intentioned exhortations to diversify the workplace seem somewhat inadequate, given the confusion of the surrounding 'multiculturalism.' Well intentioned statements may simply serve to attenuate underlying conflicts without adequately addressing the racial tensions and cultural alienation inflicting the nation and its institutions" (Nemetz and Christensen, 1996, p. 434). These examples illustrate that an approach of "token" attention through training fails to address other factors such as informal influences that impact the effectiveness of diversity initiatives. Discrimination at Texaco and in other organizations appears to be deeply rooted in the culture of the organization and may be a reflection of the larger American society.

It is important to stay grounded in the understanding that organizations reflect the power structures of the society in which they operate. If minorities and women are viewed by the controlling group in our society, white males, as second class citizens, then organizations supported by society will reflect a similar societal distribution of power and authority. Therefore, employee communication and relationship patterns in organizations will reflect patterns of the larger society. People in the larger society have a broad freedom of choice in the kinds of political, social and religious groups with which they are affiliated. According to Nemetz and Christensen (1996), "Informal influence is that which is not sanctioned by formal authority, organizational policy or certified expertise....Informal influence often involved the search for a common understanding of acceptable behavior, communication with similar people, and an acknowledgment of

roughly the same problems" (Nemetz and Christensen, 1996, p. 449). These informal influences can be both positive or negative. For example, an employee who is a member of the Ku Klux Klan may be strongly against any form of race mixing. Formal diversity programs would have little or no affect on the employee's beliefs or behavior. If formal diversity initiatives, implemented by organizations, fail to take into account informal influences, such as group association, on employee behavior when programs are designed, then they will be less effective. A number of theories and empirical studies have shown that informal influence is important in shaping the views of the individual through the social identification process. This indicates that although employees may receive formal diversity training, they may not accept or use the message delivered in the training. If informal influences, like social groups, support the employee's initial negative views of diverse people, then that employee is less likely to change behaviors. Diversity training is most effective when the employee is in favor of, or has neutral attitudes toward, diversity issues.

Linda Kathryn Larkey's (1996) research examines organizational influences on work group conditions. Her work is based on research of other theorists such as Cox, 1993; Loden & Rosener, 1991; and Thomas, 1991. Drawing from Cox's theory of organizational design and behavior (1993), Larkey suggest that organizations can be classified into three types that reflect their level of integration of diverse populations the monolithic organization, the plural organization and multicultural organization (Larkey, 1996, p.467).

Monolithic Organization

The monolithic organization is nearly homogenous, with a limited number of minority employees, less than 20%. These organizations may have Affirmative Action plans, but they are subtly resisted and not enforced. The organization pressures minorities to conform or assimilate into the mainstream culture. Employees appear to be insensitive to cultural differences because they have not been exposed to other cultures.

Plural Organization

The plural organization has a moderate representation of minorities in lower level jobs. Policies and practices are in place to increase minority hires, but these employees are expected to conform to organizational norms. The presence of people from diverse groups in the organization are a substitute for formal, informal and attitudinal integration. Discrimination is less intense in these organizations, but it still exists.

Multicultural Organization

The multicultural organization is ideal in its integration of diverse employees. Minorities populations are at 20% or above and are represented at all levels of the organization. Expressions of cultural ways of thinking and working are encouraged rather than suppressed. Prejudice and discrimination is virtually eliminated. (Larkey, 1996, p.467-468)

Both Cox and Larkey acknowledge that these descriptions of the three organizational types are broad generalizations, and it is possible for wide variations to appear within each type. For example a multicultural organization may have segregated groups that exhibit behaviors found in monolithic organizations. It is, therefore, suggested that "organizational types be viewed as if they are on a continuum. Organizations move or progress along the continuum from monolithic to plural and finally to multicultural" (Larkey, 1996, p.467).

This concept is similar to life cycles in organizations. "Progress along the continuum may be triggered by a change in policy, procedure, structural integration or diversity issues" (Larkey, 1996, p.467). This concept further supports Thomas' theory on the traditional affirmative action—cycle of crisis, action, relaxation and disappointment (Thomas, 1991, p. 21). As organizations go through the cycle, they could also be moving along the continuum. Each cycle can be viewed as a short term fix. Each repeated cycle moves the organization to a new point on the continuum. The target goal is a multicultural organization. By reframing the processes, the continuum and the cycle, it becomes clear why Hayles and Thomas's suggest that diversity programs and initiatives are a long term process (Gordon, 1992, p. 23-29). The question at this point is: How can organizations redirect their diversity focus from short term to long term so they progress through the continuum at a faster pace? The answer to this question may be found by examining the organizational diversity climate.

Research has shown that the concentration of minorities at lower levels in organizations, with little or no representation at the middle and upper management level, can promote a negative diversity climate. Research also indicates that "there is a high correlation between culture group membership and organizational status when minorities are unevenly integrated in the organizational structure. Uneven integration results in power differences, and conflict in organizations is perpetuated. It has also been found that in organizations with token minority representation, (0-20%), the awareness that minorities are different from the dominant group is heightened "(Larkey, 1996, p.472). This creates and/or increases "in group - out group" behavior that excludes minorities and

women from important communication, social and organizational networks (Larkey, 1996, p. 474). This may in part explain why there is growing evidence of "ethnic drift" within organizations. Ethic drift occurs when there is a disproportionate representation of minorities in certain departments—such as Human Resources, Equal Employment Opportunity and Diversity Programs. Further research indicates that the slow introduction of minorities into dominate culture organizations increases insecurity among white males. These findings are supported by Morrison's GOLD research project which list the number one barrier to women and minorities in organizations as "white men are already in place and keep others out because of a) greater comfort with one's own kind, b) prejudice, c) threaten by non-traditionals, and d) sensitive or arrogant behavior" (Morrison, 1996, p. 291).

Although the handwriting is on the wall in terms of changing demographics, it appears that diversity programs and initiatives face a tremendous challenge in their attempt to change American corporations. American corporations are made up of people who see the world from diverse perspectives. There is fierce competition for available positions as downsizing and layoffs increase. As downsizing and layoffs increase, there is a greater potential for self serving decision making on diversity related issues. Poorly designed and implemented diversity initiatives can have a far reaching effect on the cost of doing business. Unless American corporations begin to create multicultural type organizations, the diversity struggle and costs associated with it will continue to escalate. Tsui and O'Reilly's research on employee satisfaction can be used to show this connection. Tsui and O'Reilly conducted a survey of over 1,700 employees

in three organizations to determine the extent of commitment by people working in organizations where they represent a demographic minority. Results indicated that the more different people were from their co-corkers the less committed they were to the organization, the less interested they were in continuing their employment, and the greater their frequency of absenteeism. (Greenberg and Baron, 1995) These in turn hit the corporation bottom line, profit. In 1993, the US Chamber of Commerce reported that companies spent more money for time not worked than for group insurance plans. Costs included; paid sick time, overtime, temporary help, increased supervisory time, decreased morale, lower productivity, lost revenue and customer dissatisfaction when service quality deteriorated (Cook, 1993). These studies further support the concept that diversity initiatives and the ability to manage diversity are bottom-line issues for organizations.

Opponents of diversity initiatives point to examples of the negative consequences of diversity such as reverse discrimination and increased tension in the work place. While diversity may initially increase tension in the workplace, NELA reports that "charges of 'reverse' discrimination represent only about 1.7% of all complaints filed with EEOC. A 1995 Department of Labor study revealed that out of 3,000 reverse discrimination lawsuits filed by white men between 1990 and 1994, only six claims were found to be valid" (NELA, 1997, p.2).

Diversification of the workforce can also produce a number of positive effects.

The greatest benefit of diversity in the workforce is that it allows organizations to maximize their most valuable asset, human resources. True diversity in the workforce

and internal structural barriers. Providing diversity training to employees will increase acceptance of diverse groups among employees who are open or neutral to diversity issues. Strong corporate policies and procedures driven by top management and enforced throughout the organization will help resistant employees to understand that discrimination will not be tolerated in the work environment. Internal structural barriers can be torn down by evaluating organizational policies and procedures. Old policies and procedures should be replaced by ones that promote openness and acceptance of diverse people and non traditional management styles. Finally the new policies and procedures must be disseminated to everyone in the organization. There must be a concerted effort to create organizational environments where employees can contribute to the best of their abilities. Corporations can develop more effective marketing strategies and increase profits in emerging international markets by using employees from diverse groups to identify cultural norms and bridge the language barrier that has resulted in million dollar Organizations can also increase the effectiveness, mistakes in other organizations. creativity and innovation in cross functional teams by incorporating people from diverse cultures and backgrounds into these teams. Research indicate the diverse teams produce a higher quality and more creative ideas than homogeneous group. Above all, as Thomas and others point out, managing a diverse workforce may be a matter of training managers to manage, and allowing diversity to take care of itself.

number of hires. While this is a step in the right direction, other indicators need to be incorporated into the formula for measuring the effectiveness of their diversity initiatives.

To capture a more realistic picture of the effectiveness of diversity initiatives, hire rate, retention rate, employee satisfaction and the number of EEO complaints should be incorporated into the measurement for diversity initiatives. Corporations which believe and continue to use the numbers game to prove "good faith efforts" in hiring diverse employees have missed the boat. For example, during its affirmative action cycle, Corning, found it difficult to claim success in its diversity efforts when employees were leaving at rates higher than the hire rate. "The company had higher attrition rates for minorities and women than for white males, which meant that investments in training and development were being wasted" (Thomas, 1990, p. 110) Digital also used numbers as a measurement of diversity effectiveness. However, they too realized that "it would take more than recruitment to make Digital the workforce they (company leaders) wanted it to be." (Thomas, 1990, p. 111) Organizations which continue to measure the effectiveness of their diversity initiatives by the number of women and minorities hired are perpetuating what may be a failing system. It appears, in some instances, that corporations are choosing to use self serving behavior to navigate through diversity traps and are failing. (Barry & Bateman, 1996, p. 758-759)

Research indicate that to build adaptable and flexible organizations that can respond to global competition, American corporations must adopt new techniques for managing diversity in the workplace. This can be accomplished by addressing the controllable barriers identified by the Glass Ceiling Commission, societal, governmental

are driven from the top of the organization. They have also employed the formula for workforce diversification.

## Access + Awareness + Opportunity + Retention = Diversification

These organizations appear to be working towards creating an environment where employees can contribute to the best of their abilities. They are moving along the organizational continuum by transforming affirmative action programs developed in the 1960s and 1970s into effective diversity initiatives. They realize that focusing on the number of minorities and women hired is not enough. They have initiated valuing diversity and awareness training programs and have identified policies and procedures that worked against minorities and women. As a result they have developed diversity initiatives that meet the organizational needs. The diversity programs implemented by these organizations are an acknowledgment that there are common treads that make diversity initiatives effective. The common treads for effective diversity initiatives appear to be "(1) the initiatives are driven by top executives in the organization, (2) diversity is incorporated in the overall business strategy and (3) mandatory diversity training is conducted for employees at various levels in the organization" (Thomas, 1990, pp. 107-117).

Some of these organizations use profit as one of the tool to measure their success. Although it is unlikely that the organizations can demonstrate that diversity alone is the reason for increased profits, measurement by profit is a tremendous shift from the traditional tools used for measuring the effectiveness of diversity programs,

minorities into key positions previously held by all successful managers. The third piece is focused on developing basic management. Xerox found that many of their managers didn't know enough about how to manage anyone, let alone people from diverse backgrounds" (Thomas, 1990, p. 115). "Procter and Gamble's program also focus on recruitment, hiring and upward mobility for women and minorities" (Thomas, 1990, p. 113). "Digital's initial diversity initiative focused on numbers. In an effort to move beyond the numbers game, Digital implemented a two component program revolving around valuing differences. The first component used sensitivity, awareness and cultural differences training to help people get in touch with their stereotypes and false assumptions. The second component focused on promoting openness to individual differences, encouraging managers to commit to the goal of diversity and sponsoring frequent events to celebrate racial, ethnic and gender differences" (Thomas, 1990, p. "Corning recognized that it was in a cycle of recruitment, confidence, 111) disappointment, embarrassment, crisis and more recruitment. To break the cycle the company established two quality teams, headed by top executives, one each for black and women's progress. A two day mandatory sensitivity and awareness training was implemented. The company increased communication by printing regular articles and stories about the diverse workforce in their internal newspaper. A career planning system was implemented for all employees. Corning increased its recruitment opportunities by established nation wide scholarships and grants for students and established formal recruiting contacts with minority and women's groups" (Thomas, 1990, p. 110). These organizations have been successful because their diversity initiatives

diverse groups also tend to produce a higher quality of ideas in brainstorming tasks than homogeneous groups. Groups with gender diversity are more likely to be more creative. Robert Hayles, vice president of cultural diversity for Grand Metropolitan Food Sector offers further support of the effectiveness of diverse groups. "Hayles maintains that differences get in our way. They cost us time, effort and money. But if we deal with them skillfully, differences can be turned into a powerful advantage. 'I begin with the egg and the sperm, when the sperm tries to fertilize an egg and the genetic material is too Similarly heterogeneous groups of people, when well similar, the egg rejects it. managed, can out perform homogeneous groups 'in both quality and quantity" (Gordon, 1992, p. 115). Korn, Milliken and Lant (1992) found that functional diversity among the top management teams was associated with positive performance returns. Diversity in organizational decision-making appear to lead to higher quality decisions because the group tends think more realistically and is able to deal more effectively with complex situations. Diverse groups also appear to demonstrate effective communicate skills and perform better in boundary spanning roles (Milliken & Martins, 1996).

Organizations such as Xerox, Corning, Digital and Proctor and Gamble have implemented successful diversity initiatives. David T. Kerns, chairman of Xerox, stated "Xerox is committed to affirmative action. It is a corporate value, a management priority and a formal business objective" (Thomas, 1990, p. 115) Kerns goes on to describe Xerox's three piece balanced workforce strategy. "The first piece establishes goals in recruitment and hiring and holds managers responsible for achieving these goals. The second piece is focused on pivotal jobs. Goals are set for placement of women and

saved General Motors the expense of trying to market the Chevy Nova in Mexico with a name that could never flourish in a Spanish culture since 'No Va' means 'won't go' in Spanish. With more intercultural savvy, the Gerber Baby food division would have known that marketing their products in Africa would not be as simple as changing the picture of the white baby on the jar to a black baby. It is customary in Africa for the label to show a picture of the product, not the intended customer. In addition to recalling and re-labeling a lot of jars, Gerber had to apologize to its customers for suggesting they were cannibals." (Gordon, 1996, p.26) Diversity can provide valuable insight into customer preferences, customs and lifestyle. All of these added benefits could generate profits and/or increase brand and customer loyalty.

As organizations increase the number of cross functional teams to accomplish work assignments, they may find diverse groups very beneficial. Research by experts such as Ely, 1994; Kanter, 1977; Hoffman and Maier, 1961; Milliken and Martins, 1996; and Cox, Lobel and McLeod (1991) indicate that diverse groups make more cooperative choices and produce a higher quality of ideas than homogeneous groups. Milliken and Martins' conclusions are based upon studies on the effects of ethnic and racial diversity of group level cognitive outcome conducted by Cox, Lobel and McLeod (1991). Milliken and Martins report that "Cox, Lobel and Mcleod (1991) found that ethnically diverse groups made more cooperative choices than all- Anglo groups in a two-party prisoner's dilemma game. These findings suggest that homogeneous groups tend to be more individualistic in orientation, whereas diverse groups tend to be more collective in their orientation" (Milliken and Martins, 1996, p. 406). Studies further indicate that

Diversification of the workforce can also produce a number of positive effects. The greatest benefit of diversity in the workforce is that it allows organizations to maximize their most valuable asset, human resources. True diversity in the workforce means creating environments where every employee can contribute, to the best of their ability, to the success of the organization (Gordon, 1992, p. 24). Rosabeth Moss Kanter in her book the Change Masters (1983) describes a study that indicates that "organizations with 'progressive human resources practices' such as affirmative action and participatory management show unusually high profitability and financial growth over a 25 year period" (Gordon, 1992, p.29). Diverse representation at top levels in the organization also create a symbolic benefit for both internal and external stake holders. Tsui and O'Reilly provides an example of the impact of the symbolic benefits for internal stake holders. Employees who perceive that they have access to power and opportunity behave differently from employees who feel that they do not have support or opportunities for advancement (Greenberg and Baron, 1995, 185-186). Tsui and O'Reilly found that when employees perceive that they have access to power and opportunity job satisfaction variables such as commitment, retention increase and absenteeism decreases"

External stake holders demonstrate the effect of symbolic benefits through the use of their purchasing power. Profits can be increased if external stake holders perceive that the organization values diversity and hires people who understand their needs. This is especially important as American corporations expand into international markets. Hayles points out that, "A single Spanish speaker in the decision making loop could have

#### **SUMMARY**

This study has reviewed issues critical to the effectiveness of diversity initiatives in organizations. Research from a variety of sources such as literature by diversity experts, research studies in organizational behavior and literature in the effects of multiculturalism on organizational communication has been used to examine various aspects of diversity in organizations. Although there is a scarcity of data on the effectiveness of diversity initiatives, the available data indicate that workforce diversification is a complex issue.

There is a growing awareness among human resources and management experts of the fact that the American workforce is becoming more diverse. American corporations are finding that they are competing in an increasingly global business environment that reflect these changing demographics, markets and customer needs. To compete more effectively American corporations must adopt new approaches to remain competitive. As American corporations attempt to operate in an environment where they face global competition, they must learn to balance internal social, moral and business issues related to diversity. In the background, artificial barriers such as societal, government and internal structure exacerbate their efforts to provide both access and opportunity to all of America's available workforce. These barriers are perpetuated and supported by remnants of historical and societal systems where racism and discrimination flourished unchecked for years.

In the 1960s laws were enacted to provide access to employment for women and minorities in American corporation. However, the laws failed to create organizational

environments where women and minorities were accepted and promoted beyond entry level positions. Affirmative action laws enacted to create access to employment also created a system where employers were required to increase representation of women and minorities without creating an adverse impact on other groups. Affirmative action programs now reside side by side with diversity initiatives. Diversity initiatives and programs are focused on creating environments where all people, regardless of race, gender, national origin or disability, can contribute to the best of their ability to the organization.

While diversification is generally considered to be the morally and ethically right thing to do, it has not traditionally been viewed as a business imperative. Scarcities of empirical and quantitative data on the effectiveness of diversity initiatives make it difficult to formulate sound business reasons to support such programs. As a result American corporations are uncertain on how or why they should diversify their workforce. R. Roosevelt Thomas has identified a traditional affirmative action cycle of crisis, action, relaxation and disappointment that corporations find themselves repeating over and over. Thomas suggests that this cycle is a result of a lack of a clear understanding of what diversity is and how it relates to organizational goals (Thomas, 1991). Organizations faced with decision on diversity issues find themselves navigating through diversity traps and making decisions that are often self serving and focused on short term solutions (Barry & Bateman, 1996). It seems somehow unfair to expect American corporations to have all the solutions to diversity issues when they have had few diverse organizational models to work from. Larkey's research on organizational

types is encouraging because it provides a model for organizational and workforce diversity. Other researchers have offered valuable information on factors that influence the effectiveness of diversity initiatives such as motivation for racist behavior, the negative impact of observable attributes, stereotyping and external social influences (Milliken and Martins, 1996; Tsui & O'Reilly; Bowser). Examination of the literature has help to clarify both the problem and the issues surrounding the effectiveness of diversity initiatives.

After an in-depth examination of the factors that influence diversity initiatives, we appear to be no closer to determining how successfully corporate America has dealt with the diversification of its workforce. Or, if there is no legal requirement to do so, will the progress made towards diversifying the American workforce continue? Lynch suggests that diversity is so embedded in corporate culture that there is little chance that it will be eliminated (Lynch, 1997). Yet, state laws such as Proposition 209 suggests that there are pockets in American society that would eliminate programs and initiatives designed to provide access to all citizens. There is no definitive answer to the question of whether diversity initiative will survive if there is no legal pressure to provide access to employment for all Americans.

The research also indicates that corporate America is mired in confusions over diversity and has no clear concept of how to meet the challenge of a rapidly changing global business environment. Some corporations such as Xerox, Corning, Digital and Proctor and Gamble organization have successfully incorporated diversity and affirmative action programs and initiatives into their business strategy. By doing so they have

provided a clear signal to all stakeholders (employees, stockholders, customers and vendors), that diversity is an important business issue. These organizations use increased profit as one tool for measuring the success of diversity in their organization. This has created a tremendous shift from the traditional tools used for measuring the effectiveness of diversity programs, which is the number of hires. Although adding profit as a tool for measuring success is a step in the right direction, other indicators should be incorporated into the formula for measuring the effectiveness of their diversity initiatives. example, hire rate, retention rate, employee satisfaction and number of EEO complaints filed will provide a comprehensive snapshot of the effectiveness of diversity initiatives. Corporations which believe and continue to use the numbers game (number of hires), to prove "good faith efforts" in hiring diverse employees, do not have a clear understanding of diversity related issues in their organization. They are perpetuating a system that fails to empirically demonstrate how diversity initiatives contribute to the success of the organization. It is impossible to claim success in an effort if employees are leaving at rates higher than the hire rate. Failure to implement effective measurement systems for diversity initiatives suggest that corporations have chosen to perpetuate what may be a failing system.

American corporations appear to want to hold on white male dominant paradigms. The resistance to change is apparent in the fact that ninety-five percent of top management positions are still held by white males. The reluctance to move women and minorities into pipeline positions of authority in organizations suggest that some white males have not seriously considered the fate of leadership in corporate America.

They appear to be holding firmly to the white male paradigm and are unwilling to share and develop leadership roles with women and minorities. The Texaco case is a striking example that at least some executives believe that diversity is something that does not need to be taken seriously. The solution to the problem appears to be throw a few dollars at the symptoms, smile and pretend that you are working on the problem, and observers will believe that the problem is solved.

This may have worked in the past, but increased exposure to diversity misdeeds like those committed by Texaco, Inc., Denny's, State Farm Insurance, General Motors, K Mart, Pillsbury, and Northwest Airlines will continue to surface if present policies continue. Gordon reminds us that the average discrimination case settlement costs a company about \$75,000 (Gordon, 1992, pp. 26-27). Until the leaders of American corporations decide to embrace a new paradigm, where equal opportunity for all aspects of leadership are open to all people without regard to race, gender, age, national origin or lifestyle, they will continue the cycle of crisis, action, relaxation and disappointment identified by Thomas. (Thomas, 1992) In addition these corporations expose themselves to costly discrimination law suits, negative customer perception and possible loss in profit. Those corporations, who believe they have broken the cycle, may be considered the role models for the rest of corporate America. These companies appear to be moving along the continuum without repeating the cycle, however, they have not published empirical data on their programs and initiatives. This implies that while their initiatives are leading the diversity revolution, they may not be as effective as they are reported to be.

Generally speaking, American corporations appear to be sleeping through their wake-up call. They are either unaware of the costs and damages associated with their decisions and approach to diversity or they just don't care. My hope is that this is a situation of lack of awareness versus a situation of not caring. The research on the effectiveness of diversity programs do not appear, on the surface, to be promising. It is difficult to determine the effectiveness of diversity initiatives when there is no consistent method of measurement and no empirical data to demonstrate the success of these programs. Paradigms that support discrimination appear to be flourishing in American corporations. Citizens are speaking out against preferential treatment based on race, ethnicity and gender. Corporations appear to be trapped in an affirmative action cycle and are unclear on how to handle diversity related issues.

The future of American corporations as a dominant and viable player in the global economy depends on corporations being responsive to their changing environment. Failure to recognize the coming demographic changes and preparing for it through effective diversity initiatives, will result in the decline of America as a leading player in global business arena. Researchers and experts in the field of business and diversity agree that diversity goals should be linked with business strategy. (Gordon, 1992, p. 29) Thomas and Hayles have provided what appears to have a sound approach to handling diversity issues. Both agree that diversity should be treated as a business issue, that managers need to be trained to develop and use their human resources to achieve business objectives and goals, and that diversity should be linked with the business strategy.

This is supported by research that indicate that organizations do gain some

important benefit from the diversification of their workforce. These benefits include more creativity, a higher quality of ideas, more collaborative work groups, and are able to make more realistic decision. In addition diverse work groups that reflect the organization's customer base may influence buying decisions, save companies millions in marketing decisions and operate more effectively in boundary spanning roles. most important business aspect of a diverse workforce may very well be intangible and cannot be measured or assigned a dollar value. These intangibles include but are not limited to customer satisfaction, brand and organizational loyalty. Diversification of America's workforce appears to be "right thing to do"; it is both a legal requirement and a sound business strategy. However, the answers to the questions: How successfully has corporate America dealt with the diversification of its workforce? And, If there is no legal requirement to do so, will the progress made toward diversifying the American workforce continue? cannot be answered at this time. Until empirical data are available to measure the effectiveness of diversity initiatives and the American society at large makes a paradigm shift, we will be unable to provide a definitive answer these questions.

### **Recommendations For Diversity Initiatives**

The lack of empirical data on the effectiveness of diversity initiatives is a major problem in determining the effectiveness of these programs. While diversity falls into a sensitive area, (1) a standard of measurement must be defined to assist corporations in determining if they are moving forward in their diversity efforts. Criteria like those established by Larkey and Cox, assist organizations in defining what type of organization they are and establish a starting point for moving from one organizational type to another. For example, if an organization has less than a twenty percent minority population, then it has characteristics of a monolithic organization. From that point, the organization can determine where they are on the organization type continuum and the next logical step in the process towards diversifying their workforce. Organizations can then develop a plan based on what they can realistically accomplish during a one - three- five year strategic diversity plan.

In addition (2) researchers should be invited to conduct studies in organizations to determine the effectiveness of programs implemented under diversity initiatives. If awareness and sensitivity training are ineffective, then other types of training can be identified to move organizations along the organizational type continuum. Further research also should be conducted on communication and interaction of diverse group members. Each component of diversity should be examined and analyzed in order to improve diversity not only in organizations but in American society at large.

(3) Commitment to diversity needs to be stated and supported through policy, procedure, enforcement and visible commitment by leaders. Gandhi offers guidance in this area when he stated "A person cannot do right in one department whilst attempting to do wrong in another department" (Covey, 1990, p. 323). Corporate leaders cannot say that they support diversity, then participate in behavior that sends contradictory messages through informal systems. This practice must change if we hope to reach the goal of diversifying America's Workforce.

These recommendations are will fail unless the leaders of organizations make the decision to support the inclusion of diverse people in their organizations, social and political groups. Effective diversity initiates have some common threads that can be used to develop effective programs. Appendix II is an example of one approach to a diversity initiative.

#### APPENDIX I

# The Definition of Terms

Black Factor The recognition that one is black in a white dominated

culture or organization and that being black influences' interactions with others, behavior and the perceptions that others have of you (Latimer, 1997, informal conversation).

Black Tax The perception that blacks must work harder, longer

hours and produce a higher quality of work than whites

(Olson, 1996, p. 12).

<u>Colorblind Society</u> A society where members are treated equally without

regardto race, color or creed (Lynch, 1997, p. 326).

<u>Conservatives</u> / Those who tend to maintain existing views, habits,

<u>Neoconservatives</u> conditions or institutions (Merriam Webster, 1986. p.483).

Neoconservatives are Americans dedicated to upholding the

sanctity of American values in the eighteenth and

nineteenth sense of Anglo-Saxonism / Aryanism and the

belief of manifest destiny (Hudson, 1995, p. 19).

<u>Corporate Atmosphere</u> Corporate atmosphere like organizational culture is

attitudes of acceptance, optimism and enthusiasm of

employees in the corporation.

<u>Corporate Culture</u> A cognitive framework consisting of attitudes, values,

behavioral norms, and expectations shared by organization

members (Greenberg and Baron, 1995, p. 539).

Developmental Model A model of behavior identified by Dickens and Dickens

that all black mangers experience in white dominated

organizations: Entry Phase, Adjusting Phase

(dissatisfaction/frustration), Planned Growth Phase,

Success Phase. (Dickens & Dickens, 1982)

<u>Discrimination</u> The according of differential treatment to persons of an

alien race or religion as by formal or informal restrictions imposed in regard to housing, employment, or use of public

community facilities.

## Diversity

The broad definition of diversity is "Any collective mixture." This definition can be further defined by distinguishing between observable or readily detectable attributes such as race or gender and non-observable attributes such as education, technical abilities and tenure in a group or organizations. American corporations have expanded the definition of diversity to include a broad variety of attributes that include; Nations, people, systems actions, lines of business, philosophical positions, ways of thinking, etc., (Thomas, 1991) Other dimensions of diversity include but are not limited to: race, ethnicity, gender, lifestyle, age, education and physical disabilities. Diversity is overwhelmingly viewed by organizations as a cultural, race and/or gender issue. This study examines two dimensions of diversity, gender and race.

## **Diversity Initiatives**

Programs, policies and procedures designed and implemented to increase cultural awareness, valuing differences, and/or increase the representation of diverse groups in the workplace. There are six major types of training. Each one is designed to address different needs and organizational problems. (Nemetz and Christensen, 1996)

Ethnic, Black or Female Studies - An academic in-depth analysis to review the status of minority groups in dominate society.

Psychotherapeutic Approaches - Group therapy involving groups experiencing conflict. (Cullen, 1993)

Sensitivity Training - Sensitizing individuals to feelings provoked by discrimination. (Smith, 1990; Spokesman Review, 1993)

Dissonance Creation - Purposely creating cognitive dissonance in order to change attitudes. (Leippe and Eisenstadt, 1994)

Cultural Awareness - Exploration of culture or gender differences. (Gordon, 1992)

Legal Awareness - Explaining discrimination laws.

Organizational Policy - Implementation of policies and procedures that support diversity in organizations. (Voluntary Affirmative Action Plans, provision of resources, inclusion of diversity in the corporate strategy, Zero Tolerance statements etc.) (Cox, 1991)

Ethnicity

Generally means the grouping of people on the basis of learned characteristics often associated with national origin. (McClain and Stewart, 1995)

Ethnic Drift

Ethnic drift occurs when there is a disproportionate representation of minorities in certain departments for such as Human Resources, EEO and Diversity Programs.

Informal Influence

Informal influence is that which is not sanctioned by formal authority, organizational policy or certified expertise. Informal influence often involved the search for a common understanding of acceptable behavior, communication with similar people, and an acknowledgment of roughly the same problems" (Nemetz and Christensen, 1996, p. 449).

<u>Institutional and</u> Cultural Racism Forms of racism that are ingrained in the fabric of an institution or culture and impacts economic conditions and social relations. "Institutional racism is overt and originates in the operation of established and respected forces of society." (public and private organizations, churches etc.) (Knowles and Prewitt, 1969)

Minority Groups
People of Color

A group differing from the predominate section of a larger group in one or more characteristics and as a result is often subjected to differential treatment and especially discrimination ( Merriam Webster, 1986, p.1440). Minority groups have been primarily identified by racial grouping and population size. According to McClain and Stewart the division of minorities by race- (in America was) initially viewed in terms of white, black and Indian. (McClain and Stewart, 1995) As immigrants from counties throughout the world have come to America, the term has been expanded to include Latino and Hispanic and Asian Americans.

Black and African American - Americans from Africanorigin populations. (McClain and Stewart, 1995)

Latino and Hispanic - Americans from Spanish-origin populations. (McClain and Stewart, 1995)

Indian People, American Indian and Native American - Indian peoples born in the Americas. This group encompass a variety of tribes, each with its own history and different structural relationship with the U.S. Government. (McClain and Stewart, 1995)

Asian American - Americans from a multiplicity of ethnic or origin groups - Japanese, Koreans, Chinese, Filipinos, Southeast Asians, Pacific Islanders, and East Indians. (McClain and Stewart, 1995)

## Organizational Types

The monolithic organization is nearly homogenous, with a limited number of minority employees, less than 20%. These organizations may have Affirmative Action plans, but they are subtly resisted and not enforced. The organization pressures minorities to conform or assimilate into the mainstream culture. Employees appear to be insensitive to cultural differences because they have been exposure to other cultures.

The plural organization has a moderate representation of minorities in lower level jobs. Policies and practices are in place to increase minority hires, but these employees are expected to conform to organizational norms. The presence of people from diverse groups in the organization are a substitute for formal, informal and attitudinal integration. Discrimination is less intense in these organizations, but it still exists.

The multicultural organization is ideal in its integration of diverse employees. Minority populations are at 20% or above and are represented at all levels of the organization and expression of cultural ways of thinking and working are encouraged rather than suppressed. Prejudice and discrimination are virtually eliminated (Larkey, 1996, p.467-468).

### People of Color

See Minority Groups.

Race

A division of mankind possessing traits that are transmissible by descent and sufficient to characterize it as a distinct human type. A group of human beings

recognizing a common history and a common culture, assuming common habits and generally attached to a specific piece of the earth's surface (Merriam Webster, 1986. p.1870). Race -- initially construed in terms of white, black and Indian – has never been a benign concept in the United States. (McClain and Stewart, 1995)

Race Card

Playing the race card means to associate negative or antisocial behavior of a member of one racial group to gain the support of and/or instill fear among another racial group.

Racism

Racism is the belief or set of beliefs that one's race is superior to others. Racism is both overt and covert. It takes two forms: individuals acting against individuals of another race, and acts by one community against another community of a different race. "The difference between individual and institutional racism is not a difference of intent or visibility. Both occur without the presence of conscious bigotry, and both my be intentionally or innocently masked." (Knowles and Prewitt, 1969)

# **APENDIX II**

# ABC CORPORATION DIVERSITY INITIATIVE PROPOSAL

The attached diversity initiative proposal is based upon information from the College Relations and Recruiting Institute, Cornell University, 1996, and the 1996 Recruiting Workshops, Duke University, and the Diversity Strategy and Inclusive Workforce Recruitment Strategy prepared for NWA and readings (see references)

# Proposal for ABC Diversity Initiative

## Step I Pre-Planning

- 1. Identify a consultant to assist ABC in developing a diversity initiative
- 2. Set up a meetings with key corporate stakeholders and consultant
  - b. Identify goals
  - c. Identify roles and responsibilities
    - Key corporate stakeholders must be fully committed to the process
    - Determine accountability

## **Step II Problem Identification**

- 1. Identify organizational problems
  - a. Collect formal and informal data
  - b. Review policies and procedures and make required changes
  - c. Identify perceived problems
  - d. Report progress to key corporate stakeholders

# Step III Communication

1. Develop and communicate diversity Vision, Mission, Goals and Guiding Principles.

# Step IV Strategic Planning

- 1. Plan training program (s)
- 2. Develop diversity strategy
  - a. Advertising
  - b. Organizations
  - c. University Relations
  - d. Recruitment
  - e. Corporate relations
  - f. Employee development programs
- 3. Report progress to key corporate stakeholders

# **Step V** Implement the Strategic Plan

- 1. Conduct training
- 2. Implement diversity strategy
- 3. Develop support groups
  - Diverse Workforce Council
  - Employee networks such as, African American, Gay and Lesbian, People with Disabilities, Women in Business etc.
- 4. Evaluate and make changes as required

# **Stage VI** Evaluation Process

- 1. Evaluate programs implemented
  - a. Collect and analyze data
    - focus groups
    - -employee surveys
  - b. Develop recommendations
- 4. Analyze data and report to key corporate stake holders
  - b. Make recommendations and gain approval for changes
  - c. Revise and communicate changes (Cross and White, 1996)

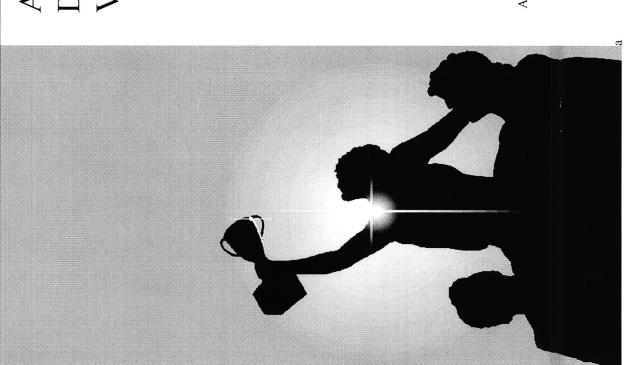
<sup>&</sup>lt;sup>1</sup> Adapted from a Diversity Strategy developed for NWA

# ABC DIVERSITY MISSION STATEMENT

ABC, recognize that achieving diversity among our stakeholders is an evolutionary process. We accept the demands and challenges that are required to achieve the diversity vision of our organization.

- We are committed to creating an environment that support our diversity vision
- We are committed to reflecting the diversity of our markets and community in our workforce
- We want to create an environment where all stake holders can contribute to the best of their ability, support one another while supporting the company goals of people, service and profitability.<sup>2</sup>

<sup>&</sup>lt;sup>2</sup> Adapted from the IDS Benchmarking Report to Partners (1993) Minneapolis, Minnesota



# ABC's DIVERSITY VISION

"To build a high performing environment where individual differences and contributions of shareholders are respected and valued."

Adapted from an Inclusive Workforce Recruitment Strategy prepared for NWA

# DIVERSITY

# CREATING AN ENVIRONMENT WHERE DIVERSITY IS AN INTREGAL PART OF THE ABC CULTURE AND BUSINESS STRATEGY

Adapted from the College Relations and Recruiting Institute Seminar and 1996 Recruiting Workshop Seminar

# **EXECUTIVE LEADERSHIP**

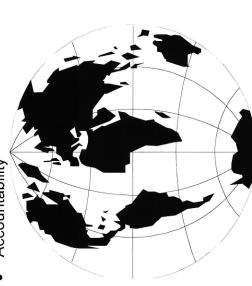
- Walk The Talk: Commitment
- Personal Action: Leadership By Example
- Intervention
- Accountability

Linked To Top Management

HR LEADERSHIP

Functional Role Modeling

Implementation Personal Actions



# EMPLOYEE PARTNERSHIPS

- Inclusiveness
- Networks, Self-help, Skill Development
- Consultation on Business Issues

# **CUSTOMER EXPECTATIONS**

- Meet Customer's Expectations
- Capitalize On Customer's Demographic Shift
- Capitalize On Diversity Sensitive Markets
- Women and Minority Vendor Programs

# PROFILE IMPROVEMENT

- Recruiting and Staffing
  - Promotion
- Inclusive Representation
- Succession Planning

# **AWARENESS AND UNDERSTANDING**

- Understanding and Appreciating Each Other
- Ongoing Training in Leadership, Diversity and Management Skill Development



# **ABC** Diversity Initiative Strategy

| EMPLOYEE<br>PROGRAMS                        | Career Resource Center Career Planning Skill Development sses ns   |
|---|--|
| CORPORATE<br>RELATIONS                      | Community Events C. Minority Vendors C. Minority Businesses Sl. Women-owned Businesses Professional Conventions Professional Conferences   |
| EXECUTIVE RECRUITING INTERNATIONAL NETWORKS | Employee Referral Program Employee Networks InternetWeb Professional Conferences Professional Organizations College Relations  |
| UNIVERSITY RELATIONS                        | Consortium for Grad Studies Employee Referra- Minority Student Career Fairs Employee Networ SHPE Internet/Web Internet/Co-op Programs Professional Conf College University Resume Books Professional Orga University Faculty Relations Program College Relations Recruitment Relationships HBCU Advisory Boards Is Internet/Web BEEP Society  tors   |
| ORGANIZATIONS                               | Black Engineer of the Year Awards Consortium for National Black MBA Society of Women Engineers National Council of LaRaza Organization of Chinese Americans Organization of Chinese Americans National Society of Black Engineers National Urban League National Urban League National Urban League National Urban League National Association of Black Accountants Internet/Web Black Data Processing Association NAHMBA American Indian Science and Engineering Society National Black Coalition ISA NAI National Association of Minority Contractors National Council of Black Lawyers Black Human Resources Network National Sales Network In-Roads Diversity Career Fairs |
| ADVERTISING OR                              | Black Collegian Minority MBA NSBE Journal Hispanic Engineer Graduating Engineer Careers for the Disabled Hispanic Business Convention Brochures Career Fair Brochures AISES  |

\*Adapted from the College Relations and Recruitment Institute seminar, the 1996 Recruiting Workshop and An Inclusive Workforce Strategy developed for NWA

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