

# Chapter 2

## Diversity in Organizations

### Chapter Overview

PPT 2.2

This chapter examines individual characteristics, including age, gender, race, ethnicity, and abilities, and how they influence employee performance; how managers can increase their awareness of these characteristics, and better manage a diverse workforce.

### Chapter Objectives

After studying this chapter, the student should be able to:

1. Describe the two major forms of workforce diversity and give examples of how workplace discrimination undermines diversity effectiveness.
2. Identify the key biographical characteristics and describe how they are relevant to OB.
3. Define *intellectual ability* and demonstrate its relevance to OB.
4. Contrast intellectual and physical ability.
5. Describe how organizations manage diversity effectively.

PPT 2.3

### Suggested Lecture Outline

#### I. INTRODUCTION

- A. In this chapter, we look at the two major forms of workforce diversity, identify the key biological characteristics, and describe their relevance to OB, define intellectual capability and explore its relevance in OB, and discuss how to manage a diverse workforce effectively.

#### II. DIVERSITY

##### A. Demographic Characteristics of the U.S. Workforce

1. A change has occurred in the formerly predominantly white, male managerial workforce. Today's workforce is gender-balanced and multiethnic.
  - a. Compared to 1950, women today are much more likely to be employed full time, have more education, and earn wages comparable to those of men.
  - b. In addition, over the past 50 years, the earnings gap between Whites and other racial and ethnic groups has decreased significantly; past differences between Whites and Asians have disappeared or been reversed.
2. This permanent shift toward a diverse workforce means organizations need to make diversity management a central component of their policies and practices.

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3. A survey by the Society for Human Resource Management shows some major employer concerns and opportunities resulting from the demographic makeup of the U.S. workforce.

B. Levels of Diversity

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1. Demographics mostly reflect surface level diversity, not thoughts and feelings, and can lead employees to perceive one another through stereotypes and assumptions.
2. However, evidence has shown that as people get to know one another, they become less concerned about demographic differences if they see themselves as sharing more important characteristics, such as personality and values, that represent deep-level diversity.
  - a. Individual differences in personality and culture shape preferences for rewards, communication styles, reactions to leaders, negotiation styles, and many other aspects of behavior in organizations.

C. Discrimination

PPT 2.6

Exhibit 2-1

1. Although diversity does present many opportunities for organizations, effective diversity management also means working to eliminate unfair discrimination.
  - a. To discriminate is to note a difference between things, which in itself isn't necessarily bad.
  - b. Noticing one employee is more qualified for making hiring decisions, and noticing another is taking on leadership responsibilities exceptionally well is necessary for making promotion decisions.
    - 1) Usually when we talk about discrimination, though, we mean allowing our behavior to be influenced by stereotypes about groups of people. Rather than looking at individual characteristics, unfair discrimination assumes everyone in a group is the same.
  - c. As Exhibit 2-1 shows, discrimination can occur in many ways, and its effects can be just as varied depending on the organizational context and the personal biases of its members.
    - 1) Some forms, like exclusion or incivility, are especially hard to root out because they are impossible to observe and may occur simply because the actor isn't aware of the effects of his or her actions.
  - d. Whether intentional or not, discrimination can lead to serious negative consequences for employers, including reduced productivity and citizenship behavior, negative conflicts, and increased turnover.
  - e. Unfair discrimination also leaves qualified job candidates out of initial hiring and promotions.
    - 1) Even if an employment discrimination lawsuit is never filed, a strong business case can be made for aggressively working to eliminate unfair discrimination.
  - f. Discrimination is one of the primary factors that prevent diversity, whether the discrimination is overt or covert.
    - 1) Recognizing diversity opportunities can lead to an effective diversity management program and ultimately to a better organization.

III. BIOGRAPHICAL CHARACTERISTICS

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- A. Diversity is a broad term, and the phrase workplace diversity can refer to any characteristic that makes people different from one another.
  - 1. Biographical characteristics such as age, gender, race, disability, and length of service are some of the most obvious ways employees differ.
- B. Age. PPT 2.8
  - 1. The relationship between age and job performance is likely to be an issue of increasing importance during the next decade for many reasons.
    - a. The workforce is aging.
    - b. There is U.S. legislation that, for all intents and purposes, outlaws mandatory retirement.
  - 2. Employers express mixed feelings about the older worker.
    - a. They see a number of positive qualities older workers bring to their jobs, such as experience, judgment, a strong work ethic, and commitment to quality. But older workers are also perceived as lacking flexibility and resisting new technology.
  - 3. What effect does age actually have on turnover, absenteeism, productivity, and satisfaction?
    - a. The older you get, the less likely you are to quit your job.
    - b. In general, older employees have lower rates of avoidable absence than do younger employees. However, they have equal rates of unavoidable absence such as sickness absences.
    - c. Reviews of the research find that age and job task performance are unrelated and that older workers are more likely to engage in citizenship behavior.
    - d. The evidence is mixed regarding age and job satisfaction. Satisfaction tends to continually increase among professionals as they age, whereas it falls among nonprofessionals during middle age and then rises again in the later years.
  - 4. Combatting age discrimination may be associated with higher levels of organizational performance.
- C. Sex. PPT 2.9
  - 1. Few issues initiate more debates, misconceptions, and unsupported opinions than whether women perform as well on jobs as men do.
  - 2. The best place to begin to consider this is with the recognition that few, if any, important differences between men and women affect job performance.
    - a. There are no consistent male-female differences in problem-solving ability, analytical skills, competitive drive, motivation, sociability, or learning ability.
  - 3. Unfortunately, sex roles still affect our perceptions.
    - a. Once on the job, men and women may be offered a similar number of developmental experiences, but females are less likely to be assigned challenging positions by men, assignments that may help them achieve higher organizational positions.
    - b. Women who succeed in traditionally male domains are perceived as less likeable, more hostile, and less desirable as supervisors.
    - c. Women still earn less money than men for the same positions, even for traditionally female positions.

- d. Working mothers also face “maternal wall bias” by employers, meaning that they often are not considered for new positions after they have children, and both men and women face discrimination for their family caregiving roles.
  - 4. Research has shown that workers who experience the worst form of overt discrimination, sexual harassment, have higher levels of psychological stress, and that these feelings in turn are related to lower levels of organizational commitment and job satisfaction, and higher intentions to leave.
    - a. Research continues to underline that although the reasons for employee turnover are complex, sex discrimination is detrimental to organizational performance particularly for intellectual positions, for managerial employees, in the United States, and in medium-size firms.
  - 5. Again, it is worth asking what the implications of sex discrimination are for individuals.
    - a. The evidence suggests that combatting sex discrimination may be associated with better performance for the organization as a whole.
- D. Race and Ethnicity.
- 1. Race is a controversial issue.
    - a. We define *race* as the biological heritage people use to identify themselves; *ethnicity* is the additional set of cultural characteristics that often overlaps with race.
  - 2. Most people in the United States identify themselves according to racial groups. The U.S. Bureau of the Census classifies individuals according to seven broad racial categories: American Indian and Alaskan Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Some Other Race, White, and Two or More Races.
    - a. An ethnicity distinction is also made between native English speakers and Hispanics: Hispanics can be of any race.
  - 3. Race and ethnicity have been studied as they relate to employment outcomes such as hiring decisions, performance evaluations, pay, and workplace discrimination. We can summarize a few points.
    - a. In employment settings, individuals tend to slightly favor colleagues of their own race in performance evaluations, promotion decisions, and pay raises, although such differences are not found consistently, especially when highly structured methods of decision making are employed.
    - b. Substantial racial differences exist in attitudes toward affirmative action, with African Americans approving of such programs to a greater degree than Whites.
    - c. African Americans generally fare worse than Whites in employment decisions.
    - d. Employers’ major concerns about using mental-ability tests for selection, promotion, training, and similar employment decisions is that these tests may have an unnecessary negative impact on racial and ethnic groups, discriminating against employees whom they consider qualified.
  - 4. Does racial and ethnic discrimination lead to negative workplace outcomes?
  - 5. The evidence isn’t entirely clear. Considerable evidence suggests that diversity tends to interfere with group cohesion and decision making, at least in the early stages of group formation.

PPT 2.10

6. On the other hand, some research suggests that having a positive climate for diversity overall can lead to increased sales.
  7. Evidence suggests that some people find interacting with other racial groups uncomfortable unless there are clear behavioral scripts to guide their behavior, so creating diverse work groups focused on mutual goals could be helpful, along with developing a positive diversity climate.
- E. Disability.
1. With the passage of the Americans with Disabilities Act (ADA) in 1990, representation of individuals with disabilities in the U.S. workforce rapidly increased. PPT 2.11
  2. Making inferences about the relationship between disability and employment outcomes is difficult because the term disability is so broad.
  3. One of the most controversial aspects of the ADA is the provision that requires employers to make reasonable accommodations for people with psychiatric disabilities.
  4. The impact of disabilities on employment outcomes has been explored from a variety of perspectives.
    - a. On the one hand, a review of the evidence suggests that workers with disabilities receive higher performance evaluations, whether or not the evaluations would be considered objective.
    - b. This same review found that despite these higher performance ratings, individuals with disabilities tend to encounter lower performance expectations and are less likely to be hired.
    - c. Negative employment situations are prevalent for individuals with mental disabilities, and there is some evidence to suggest mental disabilities may impair performance more than physical disabilities.
  5. In sum, the treatment of the disabled workforce has long been problematic, but the recognition of the talents and abilities of disabled individuals has made a difference toward reducing workplace discrimination.
    - a. In addition, continuing technology and workplace advancements have greatly increased the scope of available jobs for those with all types of disabilities.
- F. Other Biographical Characteristics: Tenure, Religion, Sexual Orientation and Gender Identity, and Cultural Identity PPT 2.12
1. Tenure. Except for gender and racial differences, few issues are more subject to misconceptions and speculations than the impact of seniority on job performance.
    - a. If we define seniority as time on a particular job, the most recent evidence demonstrates a positive relationship between seniority and job productivity.
    - b. So tenure, expressed as work experience, appears to be a good predictor of employee productivity.
    - c. Studies consistently show seniority to be negatively related to absenteeism.
    - d. Tenure is also a potent variable in explaining turnover.
  2. Religion. Perhaps the greatest religious diversity issue in the United States today revolves around Islam.
    - a. There are nearly 2 million Muslims in the United States, and across the world Islam is one of the most popular religions. Yet, there is evidence that people are discriminated against for their Islamic faith.

- b. Faith can be an employment issue when religious beliefs prohibit or encourage certain behaviors.
- 3. Sexual Orientation and Gender Identity.
  - a. Employees differ widely in their treatment of sexual orientation.
  - b. Federal law does not prohibit discrimination against employees based on sexual orientation, though many states and municipalities do.
  - c. Many organizations have implemented policies and procedures protecting employees on the basis of sexual orientation.
- 4. Cultural Identity.
  - a. Many people carry a strong cultural identity, a link with the culture of family ancestry or youth that lasts a lifetime, no matter where the individual may live in the world.
  - b. People choose their cultural identity, and also how closely they observe the norms of that culture.
  - c. Cultural norms influence the workplace. Organizations must adapt.
  - d. Today's global companies do well to understand and respect the cultural identities of their employees, both as groups and as individuals.

#### IV. ABILITY

- A. Ability is an individual's current capacity to perform the various tasks in a job. Overall abilities are made up of two sets of factors: intellectual and physical.

PPT 2.13

- B. Intellectual Abilities

- 1. Intellectual abilities are abilities needed to perform mental activities – thinking, reasoning, and problem solving.
- 2. Most societies place a high value on intelligence, and for good reason.
- 3. Smart people generally earn more money and attain higher levels of education.
- 4. They are also more likely to emerge as leaders of groups.
- 5. As shown in Exhibit 2-2, the seven most frequently cited dimensions making up intellectual abilities are number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory.
  - a. Intellectual dimensions are positively related, so if you score high on verbal comprehension, for example, you're more likely to also score high on spatial visualization.
  - b. The correlations aren't perfect, meaning people do have specific abilities that predict important work-related outcomes when considered individually.
  - c. However, they are high enough that researchers also recognize a general factor of intelligence, **general mental ability (GMA)**.
  - d. Evidence strongly supports the idea that the structures and measures of intellectual abilities generalize across cultures.
  - e. There is some evidence that IQ scores vary to some degree across cultures, but these differences are much smaller when we take into account educational and economic differences.
- 6. Jobs differ in the demands they place on intellectual abilities.

PPT 2.14

Exhibit 2-2

- a. The more complex a job in terms of information-processing demands, the more general intelligence and verbal abilities will be necessary to perform successfully.
- b. Where employee behavior is highly routine and there are few or no opportunities to exercise discretion, a high IQ is not as important to performing as well.
- 7. Interestingly, while intelligence is a big help in performing a job well, it doesn't make people happier or more satisfied with their jobs.

#### C. Physical Abilities

- 1. Though the changing nature of work suggests intellectual abilities are increasingly important for many jobs, physical abilities have been and will remain valuable.
- 2. Research on hundreds of jobs has identified nine basic abilities (see Exhibit 2-3) needed in the performance of physical tasks.
- 3. Individuals differ in the extent to which they have each of these abilities.

PPT 2.15

Exhibit 2-3

#### D. The Role of Disabilities

- 1. The importance of ability obviously creates problems when we attempt to formulate workplace policies that recognize diversity in terms of disability status.
- 2. As we have noted, recognizing that individuals have different abilities that can be taken into account when making hiring decisions is not problematic.
- 3. However, it is discriminatory to make blanket assumptions about people on the basis of a disability.

### V. IMPLEMENTING DIVERSITY MANAGEMENT STRATEGIES

#### A. **Diversity management** makes everyone more aware of and sensitive to the needs and differences of others.

- 1. Diversity is much more likely to be successful when we see it as everyone's business than if we believe it helps only certain groups of employees.

PPT 2.16

#### B. Attracting, Selecting, Developing, and Retaining Diverse Employees

- 1. One method of enhancing workforce diversity is to target recruiting messages to specific demographic groups underrepresented in the workforce.
  - a. This means placing advertisements in publications geared toward specific demographic groups; recruiting at colleges, universities, and other institutions with significant numbers of underrepresented minorities, and forming partnerships with associations like the Society for Women Engineers or the Graduate Minority Business Association.
    - 1) The selection process is one of the most important places to apply diversity efforts.
      - a) Managers who hire need to value fairness and objectivity in selecting employees and focus on the productive potential of new recruits.
      - b) Fortunately, ensuring that hiring is bias-free does appear to work. Where managers use a well-defined protocol for assessing applicant talent and the organization clearly prioritizes nondiscrimination policies, qualifications become far more important in determining who gets hired than demographic characteristics.

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- 2) Organizations that do not discourage discriminatory behavior are more likely to see problems.
- 3) Similarity in personality appears to affect career advancement.
  - a) Those whose personality traits are similar to those of their co-workers are more likely to be promoted than those whose personalities are different.
- 4) In collectivistic cultures, similarity is more important for predicting advancement, whereas in individualistic cultures, similarity to peers is more important.
- 5) Research shows that all managers prefer an organization that values diversity.

## 2. Diversity in Groups

- a. In some cases, diversity in traits can hurt team performance, whereas in others it can facilitate it. PPT 2.18
  - 1) Whether diverse or homogenous teams are more effective depends on the characteristic of interest.
    - a) Demographic diversity (in gender, race, and ethnicity) does not appear to either help or hurt team performance in general.
    - b) Teams of individuals who are highly intelligent, conscientious, and interested in working in team settings are more effective.
  - 2) Groups of diverse individuals will be much more effective if leaders can show how members have a common interest in the group's success.
  - 3) Transformational leaders (who emphasize higher-order goals and values in their leadership style) are more effective in managing diverse teams.

## 3. Effective Diversity Programs

- a. Effective, comprehensive workforce programs encouraging diversity have three distinct components. PPT 2.19
  - 1) First, they teach managers about the legal framework for equal employment opportunity and encourage fair treatment of all people regardless of their demographic characteristics.
  - 2) Second, they teach managers how a diverse workforce will be better able to serve a diverse market of customers and clients.
  - 3) Third, they foster personal development practices that bring out the skills and abilities of all workers, acknowledging how differences in perspective can be a valuable way to improve performance for everyone.
  - 4) Most negative reactions to employment discrimination are based on the idea that discriminatory treatment is unfair.
  - 5) Regardless of race or gender, people are generally in favor of diversity-oriented programs, including affirmative action, if they believe the policies ensure everyone a fair opportunity to show their skills and abilities.
    - a) Research shows that organizations that provide diversity training were not consistently more likely to have



- women and minorities in upper management positions than organizations that did not.
- b) While these results might seem surprising, experts have long known that one-shot training sessions without strategies to encourage effective diversity management back on the job are not likely to be effective.
- 6) Researchers suggest that diversity experiences are more likely to lead to positive adaptation for all parties if:
    - a) the diversity experience undermines stereotypical attitudes,
    - b) the perceiver is motivated and able to consider a new perspective on others,
    - c) the perceiver engages in stereotype suppression and generative thought in response to the diversity experience, and
    - d) the positive experience of stereotype undermining is repeated frequently.
  - 7) Organizational leaders should examine their workforce to determine whether target groups have been underutilized.
  - 8) If groups of employees are not proportionally represented in top management, managers should look for any hidden barriers to advancement.
    - a) They can often improve recruiting practices, make selection systems more transparent, and provide training for those employees who have not had adequate exposure to certain materials in the past.

#### VI. IMPLICATIONS FOR MANAGERS

- A. Understand your organization's antidiscrimination policies thoroughly and share them with your employees.
- B. Assess and challenge your stereotype beliefs to increase your objectivity.
- C. Look beyond observable biographical characteristics and consider the individual's capabilities before making management decisions.
- D. Fully evaluate what accommodations a person with disabilities will need and then fine-tune the job to that person's abilities.
- E. Seek to understand and respect the unique biographical characteristics of your employees; a fair but individualistic approach yields the best performance.

PPT 2.20

#### VII. SUMMARY

PPT 2.21

#### Discussion Questions

- 1. Describe the two main levels of diversity. Give an example for each.  
**Answer:** Surface-level diversity is reflected in demographics like age, race, and gender. It can lead employees to perceive one another through stereotypes and assumptions. Over the course of a relationship, this type of diversity becomes less important. Deep-level diversity is reflected in an individual's personality and values. This type of diversity becomes more important over the course of a relationship.  
Examples will vary. Ensure the key ideas of superficial differences versus fundamental deeper differences are clearly stated.

2. What is the role of stereotypes in an organization?

**Answer:** Employees use stereotypes to make assumptions about groups of people based on surface-level diversity. Instead of considering individual characteristics, an individual may assume everyone in a group is the same. This type of behavior can lead to unfair and potentially harmful discrimination in an organization.

3. List and describe key biographical characteristics. How are they relevant to OB?

**Answer:** Age, gender, race, disability, and length of service are some of the more important biographical characteristics. Other biographical characteristics include tenure, religion, sexual orientation, and gender identity. It is important to understand how biographical characteristics influence employee productivity, absence, turnover, deviance, citizenship, and satisfaction. For example, compared to younger workers, older employees are less likely to quit their jobs, have lower rates of avoidable absence, and are often more productive.

4. Define intellectual ability. What is the relevance of intellectual ability to OB?

**Answer:** Intellectual ability is the thinking, reasoning, and problem-solving ability needed to perform mental activities. The seven most frequently cited dimensions that make up intellectual ability are number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory. People with higher levels of intellectual ability are more likely to emerge as leaders of groups, attain higher levels of education, and earn more money.

In the workplace, their skills are valuable, especially for jobs that require high levels of information processing, because these jobs require higher levels of intellectual ability. Keep in mind, though, that the correlation between intelligence and job satisfaction is about zero.

5. Compare and contrast intellectual and physical ability.

**Answer:** Ability refers to an individual's current capacity to perform the various tasks in a job. Intellectual abilities are the abilities needed to perform mental activities, while physical abilities refer to the basic abilities needed to perform physical tasks. Jobs that involve intellectual ability place a premium on thinking, reasoning, and problem-solving skills. Jobs that demand physical abilities use any of nine basic skills: dynamic strength, trunk strength, static strength, explosive strength, extent flexibility, dynamic flexibility, body coordination, balance, and stamina.

6. How can organizations effectively manage diversity?

**Answer:** Diversity management makes everyone more aware of and sensitive to the needs and differences of others. Diversity programs are more likely to be successful when more individuals believe that they are likely to benefit from the program. Diversity programs that are comprehensive are more likely to be successful, whereas one-shot efforts tend to be less effective. Successful diversity management also requires ongoing commitment across all levels of the organization. Diversity management should be incorporated in group management, recruiting, hiring, retention, and development practices.

## Exercises

1. Self-analysis. What is your position on diversity in the workplace? How would you describe your attitude toward diversity? Be detailed in your analysis.

2. Web Crawling. Find and present an online article on diversity in a country other than the United States. What commonalities are exposed and what differences are shown to exist?
3. Teamwork. In small groups meet and discuss diversity. Ask each group to prepare a list of metrics designed to measure progress in an organization toward diversity management. Each group should develop metrics to measure progress for both short-term and long-term objectives, and each group should develop metrics for upper-, middle-, and lower-level employees. Then, as a class, discuss the metrics - each group has developed. Look for the common ideas and discuss why they are important. Next, explore the lists for each employee level and discuss how and why they should be different.
4. Analyzing Your Organization (Cumulative Project). Ask students to brainstorm three diversity scenarios that could be encountered in an organization. For example, one scenario could involve two individuals who are up for a promotion. One is a white male, the other a Hispanic woman. The team making the decision is led by a white male. The team promotes the white male. Then, ask students to meet with different members of their organization to discuss their views on the scenarios and how they perceive how the situation was handled. Students should try to meet with as diverse a group of individuals as possible, perhaps including individuals of different ages, races, genders, and so on. What conclusions can be drawn from these responses regarding the effectiveness of their organization's diversity management program? Keep in mind that this could be a very sensitive task, and instructors should review the need for anonymity and sensitivity in situations such as these.

### Suggested Assignments

1. In 2012, Diversity Inc. recognized eight companies for their efforts at diversity management. Divide the class into small groups and ask each group to go to the following website:  
<http://www.diversityinc.com/diversity-events/2012-special-awards-what-makes-these-8-companies-best-at-diversity-management/>
2. Ask each group to watch the clips of the award recipients and identify the common themes on successful diversity management. How has each award recipient approached diversity management?
3. After the small group work, have the students write up the findings and the potential impact of those general findings for the firms involved. Discuss the lessons that can be learned from these organizations.