

CHAPTER TWO: Managing Diversity: Releasing Every Employee's Potential

LEARNING OBJECTIVES



See Slides 2-2, 2-3

When you finish studying the material in this chapter, you should be able to:

- Define diversity and review the four layers of diversity.
- Explain the difference between affirmative action and managing diversity.
- Explain why Alice Eagly and Linda Carli believe that a woman's career is best viewed as traveling through a labyrinth.
- Review the demographic trends pertaining to racial groups, educational mismatches, and an aging workforce.
- Highlight the managerial implications of increasing diversity in the workforce.
- Describe the positive and negative effects of diversity by using social categorization theory and information/decision-making theory.
- Identify the barriers and challenges to managing diversity.
- Discuss the organizational practices used to effectively manage diversity as identified by R Roosevelt Thomas Jr.

CHAPTER SUMMARY

Chapter 2 defines diversity and discusses the various layers of diversity. This chapter builds the business case for managing diversity by discussing the trends contributing to increasing diversity, by exploring the managerial implications of diversity and by identifying the positive and negative effects of diversity. Barriers and challenges associated with managing diversity are described. Finally, organizational practices used to effectively manage diversity are discussed.

Diversity represents the multitude of individual differences and similarities that exist among people. Diversity results from variables that can potentially differentiate between people and encompass the collective mixture of differences and similarities. Diversity may be divided into four layers: personality, internal, external, and organizational dimensions. Personality represents a stable set of characteristics that is responsible for a person's identity. Internal dimensions include age, race, ethnicity, gender, physical ability, and sexual orientation. External dimensions are personal characteristics that can be changed. They include religion, income, work experience, geographic location,

marital status, parental status, personal habits, recreational habits, appearance and educational background. Organizational dimensions include seniority, job title, work location, work content, work department, union affiliation and management status.

Affirmative action is an outgrowth of equal employment opportunity legislation. It is an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mistake, or outright discrimination that occurred in the past. Although affirmative action programs created opportunities for women and minorities, they are perceived negatively by white males and have been found to negatively affect women and minorities. In contrast, managing diversity enables people to perform up to their maximum potential. Managing diversity entails recognition of the unique contribution every employee can make. Effectively managing diversity requires organizations to adopt a new way of thinking about differences among people. Successful diversity management focuses on altering an organization's culture and infrastructure to enable people to perform up to their maximum potential. Successful management of diversity requires education, enforcement, and exposure to others.

Several demographic trends are creating an increasingly diverse workforce. First, more women are breaking through the glass ceiling, the barrier or roadblock that prevented women from advancing to higher level positions, but must now navigate a labyrinth with twists, turns, and obstructions on their path to career success. Second, racial groups are encountering a glass ceiling and perceived discrimination. Third, there is a critical mismatch between workers' educational attainment and occupational requirements. Finally, there are generational differences in the workforce and the workforce is getting older. Generational differences between the Traditionalists, Baby Boomers, Gen Xers, Millennials and Gen 2020 are summarized in Table 2-1. These diversity trends carry distinct managerial implications. To attract the best workers, companies must adopt policies that meet the needs of diverse workers.

Research shows that there are both positive and negative effects of diversity on important work outcomes. There are two major theoretical approaches that help us understand the effects of diversity in the workplace. Social categorization theory holds that similarities and differences are used as a way to categorize people into groups. People tend to favor in-groups relative to out-groups. The social categorization model supports the idea that group homogeneity is better than group heterogeneity in terms of affecting work-related attitudes, behavior, and performance. In contrast, information/decision-making theory predicts the opposite and contends that diversity leads to better task-relevant processes and decision making. Interestingly, research supports both theories. Research shows there can be a negative relationship between diversity dimensions and the quality of interpersonal processes and group dynamics but a positive relationship between diversity dimensions and task-relevant processes and decision making. Figure 2-3 further explores the relationship between diversity and important work outcomes.

Organizations encounter a variety of barriers when attempting to implement diversity initiatives. The most common barriers to successful implementation of diversity

programs are: inaccurate stereotypes and prejudice, ethnocentrism, poor career planning, a negative diversity climate, an unsupportive and hostile working environment, lack of political savvy, difficulty balancing career and family issues, fears of reverse discrimination, diversity not seen as an organizational priority, the need to revamp the organization's performance appraisal and reward system, and resistance to change. R Roosevelt Thomas Jr. identified eight generic action options that can be used to address diversity issues including: include/exclude, deny, assimilate, suppress, isolate, tolerate, build relationships, and foster mutual adaptation. Exclusion, denial, assimilation, suppression, isolation, and toleration are among the least preferred options while inclusion, building relationships, and mutual adaptation are the preferred strategies.

LECTURE OUTLINE

I. Defining Diversity

i) Diversity Overview

(1) Diversity: the multitude of individual differences and similarities that exist

among people.  **See Slide 2-4**

(2) Diversity pertains to the host of individual differences that make all of us unique and different from others.

ii) Layers of Diversity

(1) A team of diversity experts identified four layers of diversity to help distinguish the important ways people differ, as shown in **Figure 2-1: The**

Four Layers of Diversity:  **See Slide 2-5**

(i) Personality is at the center of the diversity wheel since it is a stable set of characteristics that is responsible for a person's identity.


(ii) The next layer consists of a set of internal dimensions that are referred to as the primary dimensions of diversity, including age, gender, sexual orientation, physical ability, ethnicity, and race.


(iii) The next layer of diversity is composed of external influences which are referred to as secondary dimensions of diversity, including geographic location, income, religion, and marital status.

(iv) The final layer includes organizational dimensions such as seniority, job title and function, and work location.

iii) Affirmative Action and Managing Diversity

(1) Affirmative Action

(a) Discrimination: occurs when employment decisions about an individual are due to reasons not associated with performance or are not related to the job.  **See Slide 2-7**


(b) Affirmative action: an artificial intervention aimed at giving management a chance to correct an imbalance, an injustice, a mistake, or outright discrimination that occurred in the past.  **See Slide 2-6**

(c) Affirmative action does not legitimize quotas. Quotas are illegal unless imposed by the courts in certain situations.

(d) Although affirmative action created opportunities for women and minorities, it does not foster the type of thinking that is needed to effectively manage diversity.

(e) Affirmative action programs can negatively affect the women and minorities expected to benefit from them.

(2) Managing Diversity

(a) Managing diversity: creating organizational changes that enable all people to perform up to their maximum potential.  **See Slide 2-8**

(b) Managing diversity focuses on changing an organization's culture and infrastructure such that people provide the highest productivity possible.

(c) The **Real World/Real People: Sodexo Ranked as Best Company for Managing Diversity** profiles Sodexo which has been honored for how it manages diversity.

(d) Research by Ann Morrison identified three strategies for successfully managing diversity, including education, enforcement and exposure.

II. Building the Business Case for Managing Diversity

i) Building the Business Case Overview **See Slide 2-9**


(1) The primary reason for managing diversity is the ability to grow and maintain a business in an increasingly competitive marketplace.

(2) Organizations cannot use diversity as a strategic advantage if employees fail to contribute their full talents, abilities, motivation, and commitment.

ii) Increasing Diversity in the Workforce **See Slide 2-11**

(1) Increasing Diversity in the Workforce Overview

(a) Workforce demographics: statistical profiles of the characteristics

and composition the adult working population.  **See Slide 2-10**

- (b) Workforce demographics enable managers to anticipate and adjust for surpluses or shortages of appropriately skilled individuals.
- (c) General population demographics give managers a preview of the values and motives of current and future employees.

(2) Women Navigate a Labyrinth After Breaking the Glass Ceiling

 **See Slides 2-13, 2-14, 2-15**

- (a) **Glass ceiling:** an absolute barrier or solid roadblock that prevented

women from advancing to higher level positions.  **See Slide 2-12**


- (b) There are a variety of statistics that support the existence of a glass ceiling, but recent research shows that women have finally broken through the glass ceiling.
- (c) There are now more female CEOs and more women in managerial, professional, and related occupations.
- (d) Women have made great strides in terms of educational attainment, holding seats on boards of directors of Fortune 500 firms, obtaining leadership positions in educational institutions, and receiving federal court appointments.
- (e) Women's careers have become far more successful than they were in the past but a woman's career may follow a pattern characteristic of traveling through a labyrinth, with the path to success containing twists, turns, and obstructions.

(f) The Real World/Real People: CareFirst BlueCross BlueShield

Helps Employees Move Up the Career Ladder profiles the actions of one firm to help women navigate their way through the maze of career success.

(3) Racial Groups are Encountering a Glass Ceiling and Perceived

Discrimination  **See Slide 2-16**

(a) Figure 2-2: Percentage Change in US Population by Race shows the percentage change in US population between 2000 and 2050 by race.  **See Slide 2-17**

(b) The so-called minority groups will constitute approximately 55% of the workforce in 2050 according to the Census Bureau.

(c) Minority groups are experiencing their own glass ceiling.

(i) Minorities are advancing even less in the managerial and professional ranks than whites.

(ii) The number of race-based charges of discrimination that were deemed to show reasonable cause by the U.S. Equal Employment Opportunity Commission increased dramatically from 1995 to 2008.

(iii) Minorities tend to earn less personal income than whites.

(iv) A number of studies showed that minorities experienced more perceived discrimination, racism-related stress, and less psychological support than whites.

(4) Mismatch between Educational Attainment and Occupational Requirements

(a) Three trends suggest a mismatch between educational attainment and the knowledge and skills needed by employers:

(i) College graduates, while technically and functionally competent, are lacking in terms of teamwork skills, critical thinking, and analytic reasoning.

(ii) There is a shortage of college graduates in technical fields related to science, math, and engineering.

(iii) Organizations are finding that high school graduates working in entry-level positions do not possess the basic skills needed to perform effectively.

(b) Illiteracy costs corporate America around \$60 billion a year in lost productivity.

(c) The mismatch between educational attainment and occupational requirements has both short- and long-term implications for organizations and countries alike.

(5) Generational Differences in an Aging Workforce **See Slide 2-18**

(a) America's population and workforce are getting older.

(b) In 2011, half of the U.S. workforce was over 50 years of age, and 80% will be over 50 by 2018.

(c) An aging population in the United States underscores a potential skill gap in the future as employers lose the skills, knowledge, experience, and relationships of retired employees.

(d) The **Real World/Real People: CVS Caremark Implements**

Programs to Retain and Transfer Knowledge of Older Employees

profiles the actions taken by CVS Caremark to keep older employees from retiring and to transfer their knowledge to other employees.

(e) Multiple generations of employees are working together and managers must deal effectively with generational differences in values, attitudes, and behaviors.

(f) **Table 2-1: Generational Differences** presents a summary of generational differences that exist across commonly labeled groups of people: Traditionalists, Baby Boomers, Gen Xers, Millennials also

knows as Gen Ys, and the forthcoming Gen 2020 group.  **See**

Slide 2-19

(g) Conflicting traits across the generational groups are likely to create friction, such as how the workaholic and competitive nature of Boomers is likely to conflict with the entitled and work-life balance perspective of Millennials.

(h) The results of two recent meta-analyses suggest that older employees can make valuable contributions in today's organizations.

iii) Managerial Implications of Demographic Diversity

(1) Managerial Implications of Demographic Diversity Overview

- (a)** It is important for organizations to draw the best talents and motivation from employees given the globally based and technologically connected nature of business.
- (b)** Organizations need to hire, retain, and develop a diverse workforce that provides a deeper pool of talent and unique perspectives that help the organization identify and meet the needs of a diverse customer base.
- (c)** To attract and retain the best workers, companies need to adopt policies and programs that meet the needs of all employees.
- (d)** Day care, elder care, flexible work schedules, and benefits such as paternal leaves, less-rigid relocation policies, concierge services and mentoring programs are likely to become more popular.

(2) Managing Gender-Based Diversity **See Slides 2-20, 2-21**

- (a)** Special effort is needed to help women navigate through the labyrinth of career success.
- (b)** Organizations can provide women the developmental assignments that prepare them for promotional opportunities.

(3) Managing Racially Based Diversity **See Slides 2-22, 2-23**

- (a)** Organizations are encouraged to educate employees about negative stereotyping regarding people of color, particularly when it comes to selecting and promoting leaders.
- (b)** Managers should consider progressive methods to recruit, retain, and integrate racial minorities into their organizations.

(4) Managing Education-Based Diversity

- (a)** The mismatches between the amount of education needed to perform current jobs and the amount of education possessed by members of the workforce will create a shortage of qualified people in technical fields.
- (b)** Underemployment among college graduates threatens to erode job satisfaction and work motivation.

(5) Managing Age-Related Diversity

- (a)** Organizations can take advantage of the human and social capital possessed by older employees by implementing programs that encourage employees to stay employed and transfer their knowledge to others.
- (b)** The **Real World/Real People: BMW Effectively Redesigns Its Plant in Bavaria** profiles the actions of one company to help older employees cope with the demands of physically demanding jobs.

(c) To motivate and retain an aging workforce, organizations can:



See Slides 2-24, 2-25

- (i)** Provide challenging work assignments that make a difference to the firm.
 - (ii)** Give the employee considerable autonomy and latitude in completing a task.
 - (iii)** Provide equal access to training and learning opportunities when it comes to new technology.
 - (iv)** Provide frequent recognition for skills, experience and wisdom gained over the years.
 - (v)** Provide mentoring opportunities whereby older workers can pass on accumulated knowledge to younger employees.
 - (vi)** Ensure that older workers receive sensitive, high-quality supervision.
 - (vii)** Design a work environment that is both stimulating and fun.
- (d)** Generational differences can affect employee motivation and productivity.
- (i)** Traditional and Boomer managers are encouraged to consider their approach toward managing the technologically savvy Gen Xers and Gen Ys.
 - (ii)** Restricting access to social media will not work in the long run if an employer wants to motivate younger employees.

- (e) The shortage of skilled employees in the future underscores the need for organizations to recruit Millennials.

iv) The Positive and Negative Effects of Diverse Work Environments



See Slides 2-28, 2-29

(1) Social Categorization Theory

- (a) **Social categorization theory:** contends that similarity leads to liking

and attraction.



See Slide 2-26

- (b) Social categorization theory holds that similarities and differences are used as a basis for categorizing self and others into groups and individuals are categorized as in-group members or members of out-groups.
- (c) People tend to like and trust in-group members more than out-group members and thus generally tend to favor in-groups over out-groups.
- (d) Social categorization theory supports the idea that homogeneity is superior to heterogeneity in terms of affecting work-related attitudes, behavior, and performance.

(2) Information/Decision-Making Theory

- (a) **Information/decision-making theory:** contends that diversity leads to

better task-relevant processes and decision making.



See Slide 2-

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(b) This perspective contends that diverse groups should outperform homogenous groups since diverse groups are more likely to possess a broader range of task-relevant knowledge, skills, and abilities that are distinct and nonredundant and to have different opinions and perspectives on the task at hand.

(c) Research supports the notion that diversity can promote creativity and improve a team's decision making.

(3) Reconciling the Effects of Diverse Work Environments


(a) Diversity is associated with both positive and negative outcomes.

(b) **Figure 2-3: A Process Model of Diversity** summarizes the process underlying both the positive and negative effects associated with

diversity.  **See Slide 2-31**

(c) There seems to be a negative relationship between diversity dimensions and the quality of interpersonal processes and group dynamics.

(d) In contrast, there seems to be a positive relationship between diversity dimensions and task-relevant processes and decision making.

(e) **Demographic fault line:** a hypothetical dividing line that splits groups into demographically based subgroups.  **See Slide 2-30**

(f) To reduce the potential negative effects of diversity:

- (i) Organizations can target training to improve the inherent negative relationship between a work group's diversity and its interpersonal processes and group dynamics.
- (ii) Managers can seek ways to help employees ease the tensions of working in diverse groups.
- (iii) Steps could be taken to reduce the negative effects of unconscious stereotyping and increase the use of group goals in heterogeneous groups.

III. Barriers and Challenges to Managing Diversity



See Slides 2-32, 2-35, 2-

36

- i) Organizations encounter a variety of barriers when attempting to implement diversity initiatives.
- ii) Common barriers to implementing a successful diversity program include:
 - (1) Inaccurate stereotypes and prejudice.
 - (2) Ethnocentrism.
 - (3) Poor career planning.
 - (4) A negative diversity climate.
 - (a) **Diversity climate:** Employees' aggregate perceptions about an organization's policies, practices, and procedures pertaining to diversity.
 - (5) An unsupportive and hostile work environment for diverse employees.



See Slide 2-34

- (6) Lack of political savvy on the part of diverse employees.
- (7) Difficulty in balancing career and family issues.
- (8) Fears of reverse discrimination.
- (9) Diversity is not seen as an organizational priority.
- (10) The need to revamp the organization's performance appraisal and reward system.
- (11) Resistance to change.

IV. Organizational Practices Used to Effectively Manage Diversity

- i) **R Roosevelt Thomas Jr's Generic Action Options**  See Slides 2-37, 2-39

(1) Option 1: Include/Exclude

- (a) Primary goal is to either increase or decrease the number of diverse people at all levels of the organization.

(2) Option 2: Deny

- (a) Denying that differences exist.

(3) Option 3: Assimilate

- (a) Believing all diverse people will learn to fit in or become like the dominant group.

(4) Option 4: Suppress

- (a) Differences are squelched or discouraged.

(5) Option 5: Isolate

- (a) Maintains the current way of doing things by separating the diverse person.

(6) Option 6: Tolerate

- (a) Entails acknowledging differences but not valuing or accepting them.

(7) Option 7: Build Relationships

- (a) Addresses diversity by fostering quality relationships.

(8) Option 8: Foster Mutual Adaptation

- (a) People are willing to adapt or change their views for the sake of creating positive relationships with others.

- (b) The **Real World/Real People: UnitedHealthcare Fosters Mutual Adaptation** provides an example of this approach.

(9) Conclusions about Action Options

- (a) Exclusion, denial, assimilation, suppression, isolation, and toleration are among the least preferred options.
- (b) Inclusion, building relationships, and mutual adaptation are the preferred strategies.
- (c) Mutual adaptation is the only approach that unquestionably endorses the philosophy behind managing diversity.
- (d) Choosing how to best manage diversity is a dynamic process that is determined by the context at hand.

BACK TO THE CHAPTER-OPENING CASE

1. Which layers of diversity from Figure 2-1 contributed to the sexual harassment experienced by Michelle Barfield?
 - a. *The internal dimension of gender was one layer of diversity evident in this case. Work location is another layer of diversity. All of the individuals involved worked in a maximum-security unit in Florence, a small Arizona town on the outskirts of Phoenix. This male-dominated profession and the rural location probably contributed to inappropriate views of women working in the correctional facility. Finally, race played a role once Michelle's colleagues became aware of her interracial marriage.*
2. Which of the potential causes of discrimination played a role in Barfield's experience at the Arizona Department of Corrections?
 - a. *One potential cause of discrimination that likely played a role is the negative stereotypes about female corrections officers held by Michelle's colleagues and by the male inmates. Females in this male-dominated profession likely encounter more obstacles to their leadership and authority than men. In addition, fewer women in this profession probably also made it difficult for Michelle to build a solid personal network of colleagues who she could trust. It was likely difficult for her to develop social capital at this employer.*
3. Based on the process model of diversity, what should management at the Arizona Department of Corrections do to reduce future incidents of sexual harassment?
 - a. *According to the process model of diversity, managers should seek to avoid the in-group thinking that leads to poor interpersonal processes and ineffective group dynamics but seek to exploit the gains that diversity can provide for task-relevant processes and decision making. The male employees of the Arizona Department of Corrections likely viewed Michelle and any of her female colleagues as out-group members and not part of their in-group. The Arizona Department of Corrections should use training to help employees to understand demographic differences based on gender. The goal should be to develop interpersonal skills that foster integrative and collaborative behavior. The process model would also contend that it would be important to reward groups for accomplishing group goals, as this would encourage group members to focus on their common objectives rather than their demographic differences.*

4. Which barriers and challenges to managing diversity played a role in what happened to Michelle Barfield?
 - a. *Several of the barriers and challenges to managing diversity seem to be present. Barrier #11: Resistance to Change is likely present. Though certainly not all, there are likely some corrections officers who do not want women to serve as corrections officers. By fostering anti-female sentiments, fewer women would be likely to pursue corrections as a career option. Barrier #4: An Unsupportive and Hostile Working Environment For Diverse Employees is also present. Barrier #1: Inaccurate Stereotypes and Prejudice is also likely present if male corrections officers believe that women lack the strength or physical presence to be effective as corrections officers.*

To gain further insight and knowledge about Arizona Department of Corrections, visit its website: <http://www.azcorrections.gov/> and explore the content in the “Employment” section.

OB IN ACTION CASE STUDY: LeasePlan Effectively Manages Diversity

1. What is the business case that is driving LeasePlan’s interest in managing diversity? Discuss.
 - a. *At the root of this case is competitive advantage. LeasePlan does not “make” anything and so its competitive advantage is in its people, most of whom are female. To maintain a competitive advantage LeasePlan worked to increase its utilization of its female workers and to support its rise into the higher echelons of the organization. This has resulted in higher employee satisfaction. In addition, most of the company’s top customers are female. Having more female executives may allow the firm to better serve its customers if the executives can better understand the needs of customers.*
2. Compare and contrast the extent to which LeasePlan is using principles from affirmative action and managing diversity. Explain your rationale.
 - a. *Affirmative action focuses on achieving equality of opportunity in an organization. Managing diversity is creating organizational changes that enable all people to perform up to their maximum potential. By focusing on gender in its training and counseling efforts, LeasePlan is working to manage the diversity not of the organization as a whole but to ensure gender diversity at the highest levels of the company. Although the company may have engaged in affirmative action principles by removing the “old-boy network” that hindered the advancement of women, it seems*

more focused on the principles of managing diversity by focusing on skill development and creating a collaborative corporate culture.

3. To what extent are LeasePlan's efforts consistent with recommendations derived from Alice Eagly and Linda Carli? Discuss.
 - a. *Eagly and Carli discuss the "labyrinth" waiting for women even if they get through the glass ceiling. LeasePlan offers counseling and a helping hand for women advancing in the organization to facilitate their success after reaching higher levels. LeasePlan has followed recommendations derived from Eagly and Carli's research by developing policies, procedures, and programs aimed at helping women to navigate their way through the maze of career success.*
4. Which of R Roosevelt Thomas Jr's eight generic diversity options is LeasePlan using to manage diversity? Explain.
 - a. *LeasePlan is working to include more women at higher levels of the organization. This approach focuses on Option 1: Inclusion. The firm is utilizing Option 7: Build Relationships by sponsoring networking events and panel discussions with female executives from other firms. There is also some evidence that the firm uses Option 8: Foster Mutual Adaptation because it does seem like management was open to change and Mike Pitcher was willing to adapt or change his views.*
5. While LeasePlan's diversity initiative is clearly working, what recommendations would you make for improving their program? Explain.
 - a. *Answers to this question will vary according to students' perceptions and preferences.*

LEGAL/ETHICAL CHALLENGE: Should Joseph Casias Be Fired by Walmart?

What Would You Do if You Were an Executive at Walmart?

1. Give Casias his job back. He is a great employee and is not violating state law about using marijuana for medical conditions.
2. Zero tolerance should be applied, and he should be fired. Regardless of what state law says, it is illegal under federal law to use marijuana. Standards for marijuana should be the same as any other drug.
3. He should be fired because he presents a safety hazard to himself and others. The company must protect all employees from people who use drugs.

4. Invent other options. Discuss

Discussion:

Employers are increasingly likely to find themselves in similar situations as Walmart with more states passing legislation to de-criminalize medical marijuana use. Currently, 16 states have laws allowing the use of medical marijuana and protect legal users from criminalization, and more states are considering passing legislation. These state laws protect legal marijuana users from arrest and criminal prosecution. However, not all state laws protect users from termination by their employers and the law in Michigan does not protect people who use it at work. A district judge recently ruled that Michigan's medical marijuana law does not regulate private employment, and therefore the firing of Casias was legal. There is a quandary for employers because federal law, which supersedes state law on the issue, does not allow for medical marijuana use, but the Obama administration has indicated that it will not seek to prosecute marijuana users who are in compliance with state law.

As more states allow for medical marijuana use and specifically preclude employers from firing employees for using it, employers are left with little guidance. Employers do have an obligation to protect their customers and employees from harm, and thus it is reasonable for firms to require medical users of marijuana not to be under the influence of the drug while at work. However, it is evidently difficult to test for impairment from marijuana rather than just to identify that someone has recently used the drug. Although firms may face some backlash from the community, there are still plenty of people who would support an employer's decision to strictly comply with federal law and refuse to hire any applicant and fire any employee who uses medical marijuana, regardless of state policies. Federal law as of 2011 is clearly on the side of any employer who wanted to take that position.

If there is an employee who operates in a position that poses little to no harm to others because the person works alone and does not operate any machinery, employers might want to consider treating medical marijuana just like any other pain medication. Employees would be allowed to use medical marijuana, but could not be under the influence while performing their job duties. Public opinion seems to be shifting toward more tolerant views of medical marijuana and there are many in the community who would celebrate a firm's progressive stance on the issue. Whatever an employer's policy, the policy would need to be consistently applied. It would likely create additional legal challenges if a firm fired poor performance employees for medical marijuana use but allowed good performers to keep their jobs. Consistent policies should be used and those policies should not depend on the "seriousness" of the employee's underlying ailment or his or her previous job performance. If a medical user of marijuana has poor job performance, the employer must use its policies and procedures for disciplining and firing a poor performer rather than utilize the use of medical marijuana as its justification for firing, unless it is willing to fire all users of medical marijuana.

INTERNET EXERCISE

<http://www.mcdonalds.com/corp/values.html>

This chapter examined approaches for effectively managing diversity. *Black Enterprise* magazine published its 7th annual “40 Best Companies for Diversity” list in July 2011. The ranking for the 40 best firms was based on four components of diversity: Supplier, Senior Management, Board of Directors and Employee Base. McDonald’s is a firm that has made the “40 Best Companies for Diversity” list for seven consecutive years and it is regarded as strong in all four components of diversity. The purpose of this exercise is to explore the webpage for McDonald’s to see what you can learn about the firm’s approach to managing diversity.

Go to the “Values in Practice” page of McDonald’s at <http://www.aboutmcdonalds.com/mcd/csr.html>. Click on the “Employee Experience” section and then read the “Inclusion & Diversity,” “Employment Value Proposition,” and “Talent Management” sections. There is also a 3 minute video clip posted on YouTube by McDonald’s entitled “Managing Success” that is insightful. You can access it from the “Videos” list on the “Values in Practice” page or directly from YouTube at <http://www.youtube.com/watch?v=O3htuyS1D34>.

Questions:

1. Why do you think McDonald’s corporation has made *Black Enterprise*’s “40 Best Companies for Diversity” list seven years in a row? Discuss what evidence you found that makes the firm deserving of this award.
2. Chapter 2 describes eight diversity initiatives. What initiatives are being implemented by McDonald’s?
3. What barriers and challenges do you think McDonald’s experiences in managing its diversity?
4. With its emphasis on using part-time workers, McDonald’s employs a variety of age groups ranging from teenagers to older employees. What challenges does the firm likely face with generational differences and how can the firm best draw upon the strengths of each generational cohort described in Table 2-1?

INSTRUCTIONAL RESOURCES

1. Multiple self-assessment and group exercises are provided in “*An Instructor’s Guide to an Active Classroom*” by A. Johnson and A. Kinicki, (McGraw-Hill/Irwin, 2006).

2. A series of activities designed to help students develop diversity awareness is discussed in "The Personal Map: A Lesson in Similarities, Differences, and the Invisible" by D. Litvin and B. Betters-Reed in *Journal of Management Education*, Vol. 29(2), pp. 199-217.
3. An exercise designed to facilitate awareness of unconscious biases prejudices and assumptions that influence judgment is found in "Musavi-Lari: An Experiential Exercise in Diversity Awareness" by N. Berger in *Journal of Management Education*, 2001, Vol. 26(6), pp. 737-745.
4. A special issue entitled "Teaching Diversity in the Management Classroom: Perspectives, Challenges, Approaches, and Tools" was published in *Journal of Management Education*, 1998, Vol. 22(2).
5. This book expands on some of the most important themes of the chapter and can be used to expand this discussion in the classroom: *Race, Ethnicity, Gender, and Class: The Sociology of Group Conflict and Change* by Joseph F. Healey (Pine Forge Press, 2009).
6. The sometimes controversial issues surrounding diversity management is discussed in "Seizing the Moment: Talking about the 'Undiscussables'" by A. Baker in *Journal of Management Education*, 2004, Vol. 28(4), pp. 693-706.
7. The impact of gender and age on perceptions of career outcomes is discussed in "Gender, Age, and the MBA: An Analysis of Extrinsic and Intrinsic Career Benefits" by R. Simpson et al. in *Journal of Management Education*, 2005, Vol. 29(2), pp. 218-247.
8. The impact of intragroup diversity on learning outcomes is described in "A Fair Go for All? The Impact of Intragroup Diversity and Diversity-Management Skills on Student Experiences and Outcomes in Team-Based Class Projects" by J. Shaw in *Journal of Management Education*, 2004, Vol. 28(2), pp. 139-169.
9. Effectively managing diversity in the classroom is discussed in "High-Performance Classrooms for Women? Applying a Relational Frame to Management/Organizational Behavior Courses" by E.H. Buttner in *Journal of Management Education*, 2002, Vol. 26(3), pp. 274-290.
10. The overlap (or lack thereof) between diversity issues taught in the classroom and diversity needs of organizations is the topic of "Teaching Diversity: A Study of Organizational Needs and Diversity Curriculum in Higher Education" by N. Day and B. Glick in *Journal of Management Education*, 2000, Vol. 24(3), pp. 338-352.

TOPICAL RESOURCES

1. A modern perspective on the glass ceiling can be found in *Newsweek's* "There's No Glass Ceiling for People Who Are Good" by T. Dokoupil, 2009, Vol. 153(14), p. 9.
2. The impact of global heterogeneity in the workplace is examined in "Managing Diversity: Toward a Globally Inclusive Workplace" by C. Barzantny in *Academy of Management Learning & Education*, 2007, Vol. 6, pp. 285-286.
3. Gender diversity in groups and group identification is examined in "Why Does Dissimilarity Matter? Exploring Self-Categorization, Self-Enhancement, and Uncertainty Reduction" by P. Chattopadhyay et al. in *Journal of Applied Psychology*, 2004, Vol. 89(5), pp. 892-900.
4. The power of cultural values is examined in "The Impact of Cultural Values on the Acceptance and Effectiveness of Human Resource Management Policies and Practices" by D. Stone et al. in *Human Resource Management Review*, 2007, Vol. 17(2), pp. 152-165.
5. An interesting account of the glass ceiling effect can be found in "*Through the Labyrinth: The Truth about How Women Become Leaders*" by A. Eagly and L. Carli (Harvard Business School Press Books, 2007).
6. A new twist on the "old boys network" can be found in "The New Girls Network" by J. Roberts. *Forbes*, 2007, Vol. 179(10), pp. 116-118.

VIDEO RESOURCES

1. More information on diversity in the workplace can be seen in the video "*Multicultural Workplace*" (Phoenix Learning Group, Inc.).
2. Educational mismatches are explored in the film "*Career Escalator: Education and Job Competition*" (Learning Corporation of America).
3. The problems facing female managers are analyzed in the film "*Women in Management*" (CRM/McGraw-Hill).
4. Factors influencing behavior and perceptions in a diverse workforce are covered in the film "*Managing Diversity*" (CRM).
5. Building effective working relationships between men and women is the focus of the film "*Men and Women: Partners at Work*" (CRM).

6. A comprehensive series exploring gender, sexual orientation, race, ethnicity, language, religion, age, and physical ability issues is presented in "*Diversity Series*" (CRM).
7. Diversity as a competitive advantage is covered in the film "*Dynamics of Diversity*" (American Media Incorporated).
8. "*The Mosaic Workplace*" is a 10-part series on diversity (Films for the Humanities & Sciences).
9. "The Diverse Workplace" is covered in eight videos by Insight Media.
10. In September of 2010, the CBS news program "CBS Sunday Morning" aired a profile of how the Germany automotive company BMW is changing its production processes to address its aging workforce. As of August 2011, a link to the video was available at:
<http://www.cbsnews.com/stories/2010/09/05/sunday/main6837469.shtml>

DISCUSSION QUESTIONS

1. One of the fastest growing demographic groups in the United States is the Hispanic population. Discuss how companies might need to adjust their business strategies to target the Hispanic consumer population and to effectively manage the diversity of their Hispanic workforce.
2. As women continue to break the glass ceiling and move into all levels of management, what skills do they need to navigate the labyrinth that awaits them?
3. Discuss how companies can effectively manage diversity when employees from the four generational cohorts currently in the workforce discussed in Table 2-1 must work together.
4. What can be done to fill the predicted shortage of skilled and managerial talent?
5. Discuss what firms can do to effectively tap the benefits that diversity can provide while avoiding the negative outcomes of diversity.

SUPPLEMENTAL EXERCISE 1 - HIRING TIME

APPLICATION

This exercise puts students in the role of either an individual on the job market or of an employer looking to hire. This exercise is dynamic and interactive. Conceptually, this

gives you the opportunity to introduce issues such as diversity management and realistic job previews (including misconceptions about what the job offers) in an interesting and engaging way. To prepare, reserve a number of breakout rooms (or any smaller spaces that provide some privacy). You will need 1 space for every 6 students in your class. In a pinch, this can be done by moving students around to the corners of the classroom or the hallway. Assign half the class to the role of "applicant" and the other half to the role of "employer." Applicants will interview, one at a time, with the employer team to which they're assigned. Employers will work together in teams of three. This exercise is designed for an 80 minute class session but can easily be modified to accommodate other situations.

* * *

Information and Instructions for Applicants:

You are looking to get hired at a small investment bank. You are one of only three or four potential job applicants to this firm (at least for this round of hiring). You are a "green" recruit straight out of college with only the skills and qualifications you truly possess (that is, you aren't role playing another person, you are just role playing the situation as yourself given this set up). Although you know that the firm will not be making any offers today (today is just a first interview screening process) you've heard through the grapevine that this firm typically pays new recruits up to \$80,000 their first year (plus a possible bonus).

1. Take 15 minutes to generate your resume (this will be used only to communicate with the hiring agents, they won't see what you have written directly). How will you market yourself? What makes you unique? How will you add to the diversity of the organization? What are the questions that you expect to be asked and what will constitute good answers?
2. Wait outside your breakout room door until you are called in to interview by the employers.
3. Interview
4. When you finish interviewing, step out of your role as an applicant. Assess how well the hiring team did. Did they ask valuable questions? Did they use their limited time with you well? Were they professional in their demeanor? Were you treated with respect? Do you feel that they could make an educated decision with the information they gathered from you? Did you feel that they valued your potential contribution to their organization's diversity?

Information and Instructions for Employers:

You are part of the HR staff at a small investment bank. You will be working in a group of three to evaluate a number of potential applicants to your firm. You are interested specifically in hiring "green" recruits straight out of college due to the fact that they are

very enthusiastic, generally do what they're told, and work for cheap. You need workers with people skills and general business savvy but you aren't looking for people from any given business discipline (i.e., you don't care whether your applicants come from finance, marketing, etc.) because your firm has needs in all areas. Although you will not be making any offers today (today is just a first interview screening process) you know that you can pay your new recruits up to \$60,000 their first year (plus a possible bonus) but would prefer to get them for closer to \$45,000.

1. Take 15 minutes to generate your hiring criteria as a group. What are you looking for? What are the questions that you will ask and what will constitute good answers?
2. Call in your first job applicant. Interview this person for 12 minutes, recording your impressions of his or her interviewing skill and qualifications. This is a verbal interview, do not ask to look at the applicant's resume. Thank your applicant and dismiss him or her.
3. Repeat this process until you have interviewed all of your applicants (typically 3 people).
4. What is your hiring recommendation? Did the applicant's potential contributions to the diversity of your organization influence your judgments?

SUPPLEMENTAL LECTURETTE 1 - DIVERSITY DEVELOPMENT¹

APPLICATION

This lecturette may be used to supplement the chapter's coverage of managing diversity. It provides suggestions for implementing successful diversity programs.

* * *

Developing and implementing a successful diversity program is a daunting task. The steps described below help managers conceive and answer the appropriate questions that need to be addressed when formulating and carrying out a diversity plan. They are:

Discover diversity problems in your organization. Obtaining current, accurate information regarding diversity issues is the first step toward finding effective solutions. Substituting hard data for assumptions helps ensure the appropriate solutions are sought. Although statistical data are ultimately necessary, they only represent part of the picture. Perceptions are important too. Perceptions help managers discover problems and possible solutions. Surveys, interviews, and focus groups are three principle methods by which one can investigate employees' perceptions. For example, when Wisconsin Power & Light surveyed employees, it discovered employees didn't understand WP&L's definition of diversity or the company's expectations from them

¹ Adapted from Ann M. Morrison, *The New Leaders: Leadership Diversity in America*, 1996, Jossey-Bass Publishers: San Francisco; Nancy L. Mueller "Wisconsin Power and Light's Model Diversity Program," March 1996, *Training & Development*, Vol. 50 No. 3, pp. 57-60.

regarding diversity. In response, the definition and expectations were incorporated into the diversity training program and highlighted in internal corporate communications.

A team or task force is generally put in charge of the investigation, and must start off by making a several key decisions. For example, they must decide whether to gather information using internal staff or outside professionals (employees may feel more comfortable talking with outsiders) and whose opinions will be solicited (when in doubt, survey a base that's too broad rather than too narrow).

Strengthen top-management commitment. Top management must view diversity as a key business issue. That is, recognize that diversity is an important aspect of the organization's ability to successfully compete in today's and tomorrow's business environment. Top managers can demonstrate their commitment by allocating sufficient resources to diversity issues, recognizing that diversity is a long-term effort, reminding managers to focus on diversity goals, and meeting with diverse employee groups. Finally, top managers must realize that diversity progress rests not only upon their efforts, but on efforts throughout the organization. This entails making diversity a pervasive part of the organizational culture.

Choose solutions that fit your organizational strategy. A vast array of diversity practices exist. Deciding which practices best meet the needs of your organization is difficult and complex. For example, if the primary diversity goal is that of leadership development, a different solution is likely necessary than if the primary goal is targeted recruitment of nontraditional managers. Solutions must match the organization's data and culture. Without a careful match, potential solutions may be too general, or spread too thin to accomplish results. The chosen solutions should incorporate all three components of a diversity strategy: education, enforcement, and exposure. Education is geared toward increasing the sensitivity of majority group members and also to better prepare nontraditional managers for career advancement. Enforcement of standards helps ensure that at least the most blatant forms of differential treatment will be quickly addressed. Exposure involves interaction among traditional and nontraditional peer employees within the organization. Such exposure helps some traditional managers overcome stereotypic beliefs. Finally, when agreeing upon the appropriate solutions, the diversity task force should consider the need to reach as many employees as possible with each solution and provide training and preparation for each solution.

Demand results and revisit goals. Numerical goals and objective measures are needed to encourage managers to focus on results instead of effort or intent. Of course, the statistical measures can be supplemented with other outcome measures such as employee attitudes and perceptions. The demands placed on managers should be concordant with the control they have over outcomes.

Use building blocks to maintain momentum. Top management should plan beyond the short-term impact of diversity practices. Building on progress already made can accelerate the implementation of diversity practices. Although race and gender may be the most commonly addressed diversity dimensions, a strong diversity program can extend diversity and incorporate other relevant primary or secondary diversity dimensions.