UNIT 20   DIVERSITY MANAGEMENT

Objectives

After going through this unit, you should be able to:

l   understand and appreciate various aspects of diversity at organisational level;

l   identify the factors playing important role in the dynamics of diversity; and

l   develop matching Human Resource Development system to manage diversity.

Structure

20.1   INTRODUCTION

Managing diversity is currently enjoying a great deal of support from the world of business. Proponents of diversity in organizations have emphasized its benefits and managing diversity is portrayed as a product of enlightened corporate self interest. The future workplace, worldwide, will become increasingly more diverse, and this will be especially true in the economically most developed countries. The reasons are many.

Demographically, the populations of the developed countries are reaching a plateau, while those of the developing countries are increasing. Migration from the developing to developed areas of the world is likely to accelerate. This hydraulic model of population change suggests that the developed will accept those from the less developed so as to have services that only those from the poor parts of the world are willing to perform, and those from dense regions will move to the less dense to improve their standards of living. The pressure to do so can be seen in numbers; in the 18th century, the ratio of the gross national products per capita of the rich and poor nations was 2 to 1; in 1959, 40 to 1; in 1990, 70 to 1.

In addition, globalization means that professionals from the developed parts of the world will live among the workers from the less developed countries. At the same time, environment degradation will create environmental refugees. The United nations expects 20% of the population of the world to become environmental refugees by the year 2020 because of the deterioration of their physical environments, lack of water, and the like.

The design-production-distribution process of the 21st Century will involve extreme diversity. For example, the design of product may occur in Germany, financing might be obtained from Japan, execution of the Plans might be directed from the United States, the clerical work might be done in India, the manufacturing work in China, and the distribution may include a universalist sales force. The interfaces among those activities will require highly diverse workplaces.

In the developed countries, there will be shift from manufacturing to service and information economies will require that the sales force be as diverse as the population of customers.

This lesson examines the issues that will be faced by the managers of tomorrow in these diverse workplaces. It begins with definition of the meaning of culture, race, ethnicity, and nationality. It examines the changes in the workplace that diversity requires. Then it explores basic issues such as whether the melting pot or multiculturalism are desirable or possible direction or directions of social change, and the ways in which multiculturalism can be accommodated.

20.2 CULTURE AND DIVERSITY

Culture is to society what memory is to individual (Kluckhohn, 1954). In short, it consists of ways of perceiving, thinking, and deciding that have worked in the past and have become institutionalized in standard operation procedures, customs, scripts and unstated assumption that guide behaviour.

Culture consists of both objective elements (tools, roads) and subjective elements (concepts, beliefs, attitudes, norms, roles, and values Traindis, 1972). A culture must have been adaptive and functional at some point in the history of a group of people who spoke the same language so they could develop shared beliefs, attitudes, norms, roles, and values, and it got transmitted from one generation to the next. Members of a culture must have had a common language so as to communicate the ideas that were later shared, and must have lived during the same time period in areas that were geographically close enough to make communication possible. Thus language, time and place are three criteria that can be used to identify a culture.

There are many factors, in addition to language, that help communication. Living in the same neighbourhood, being members of the same physical type (colloquially called a race), having same occupation, same descent from particular ancestors (ethnicity), same gender, age, and so on provide opportunities to develop similar subjective cultures, reflected in similar attitudes and the like. A major dimension of cultural variation is between collectivist and individualist cultures.

20.3 IDEOLOGIES ABOUT DIVERSITY

Cultures emerge in different ecologies and are shaped in such a way that people can solve successfully the problems of existence (Berry 1967, 1976). The schedules of reinforcement that people experience in each ecology result in unique ways of perceiving the social environment (Triandis, 1972). These perceptions occur along dimensions that have a neutral point, called the level of adaptation. This point shifts according to the experiences that people have in particular environment. For example, in wealthy countries, the neutral point for financial compensation is much higher than in poor countries. A salary of $16,000 per year seems "low" in the United States, but its equivalent, 500,000 rupees per year, seems "high" in India. In short, the same stimulus has different meanings, depending on whether it falls above or below the level of adaptation, which shifts according to use experience that people have in a particular environment.

Two polar points of view have been proposed to deal with diversity. On the one hand, there is the melting pot conception, which argues that the best country has a singly homogeneous culture. Japan has refused to receive migrants, on the ground that this will reduce the quality of life in that society. On the other hand, there is a multiculturalism conception, which assumes that each cultural group should preserve as much of its original culture as is feasible, without interfering with the smooth functioning of the society. Canada has an official multicultural policy.

The multiculturalism viewpoint requires, ideally, that each individual does develop a good deal of understanding of the point of view of members of the other relevant cultures. One aspect of this understanding is that each person should give approximately the same meaning to observed social behaviour that the actor of this behaviour gives.

20.4   ETHNOCENTRISM

Most humans are ethnocentric (i.e., they judge events as good if they are similar to the events that occur in their own culture). That is inevitable, because we all grow up on specific cultures and view those cultures as providing the only "correct" answers to the problems of existence. As we encounter other cultures, we may become a less ethnocentric, but it is only if we reject our own culture that we can become nonethnocentric and that is relatively rare. Scholarly and practical knowledge is still evolving regarding the design and integration of specific HR policy, areas such as compensation or selection in support of the strategy for managing diversity. While race, ethnicity and gender are the most recognized form of diversity, there are other types of important implications for HR systems. These include disability, family structure, sexual orientation, ethnic culture etc to just to mention a few. Each of these potentially overlapping identity group memberships can affect an employee's attitudes and behaviours in the workplace as well as influence his or her ability to work well with other organizational members. New source of diversity from within the organization are likely to emerge as well, such as employees from nontraditional lines of business, functions that have historically had a subordinate role or a newly acquired subsidiary with a distinctive culture. Thus, we consider diversity to be not only derived from differences in ethnicity and gender but also based on differences in function, nationality, language, ability, religion, lifestyle as tenure.

20.5   WORK SPECIALIZATION AND ORGANIZATION LEVEL AS DIMENSIONS OF WORKFORCE DIVERSITY LEVEL

As a topic in the study of organizations, diversity research addresses the impact of differences in group identities of workers on the behaviour and performance of individuals, work identities of worker on the behaviour and performance of individual, work groups, and organizations. Previous literature on group-identities of worker on the behaviour has focused primarily on gender, race, nationality and age. However, writers recently have given attention to a broader set of dimensions such as work specialization and physical ability and to eclectic theoretical frameworks that are applicable across dimensions. This theoretical direction raises new empirical questions such as these: (a) Which of these additional dimension of difference provide important explanations of organizational experience? (b) To what extent do phenomena that have been observed for gender, race, nationality and age identity (such as stereotyping, ethnocentrism, and more negative career outcomes for members of minority groups) also occur for other dimensions of difference? An attempt here is made to provide some answer based on theoretical assumptions.

Theoretical Background

Interactional Model of Cultural Diversity

The international model of Cultural Diversity (IMCD), developed by Cox (1993), is shown in Figure 1. This model brings together learning's from a wide spectrum of previous work in psychology, sociology and organizational behaviour.

The framework suggests that a variety of phenomena related to differences in the group identities of workers combine to create potent effects on their career experience.

Specifically, the model in Figure 1. posits that four individual-level factors (personal identity structures, prejudice, stereotyping, and personality type), three intergroup factors (cultural differences, ethnocentrism, and intergroup conflict), and four organizational context factors (organizational culture and acculturation process, structural integration, informal integration, and institutional bias) collectively define the diversity climate of an organization.

The diversity climate may influence individual career experiences and outcomes in organizations in two ways. Affective outcomes refers to how people feel about their work and their employer. Thus in many organizations employee morale and satisfaction are related to identity group such as gender, racioethnicity, and so on. Second, the actual career achievement of individual as measured by such things as job performance ratings may be related to group identities in some organizations. These individual outcomes, in turn are expected to have an impact on a series of first-order organizational effectiveness measures such as work quality, productivity, absenteeism and turnover. For profit-making organizations these first-order measures ultimately translate into second-order results such as profitability and a market share. In nonprofit organizations individual contribution is still crucial in determining the extent to which organizational goals will be achieved.

Figure 1

In addition to these indirect effects of group identity, certain aspects of the diversity climate are thought to directly affect organizational performance. Specifically, the amount of diversity in both formal and informal structures or organizations will affect factors such as creativity, problem solving and intraorgnizational communications.

Cox (1993) argues that the basic relationships are relevant across many dimensions of group identification. One example is that added value to problem solving, creativity, and innovation in work groups work in much the same way that diversity of work function or organizational tenure does. A second example is that factors such as prejudice, stereotyping, miscommunication, and intergroup conflict, which have been observed to lead to differences in career outcomes based on differences of gender, race, or nationality, will sometimes operate in a similar manner based on other differences such as work specialization or organization level.

Review of Previous Research

Before reviewing previous research on work specialization and organizational level, it may be useful to briefly review some examples of previous work on the more traditional dimensions or workforce diversity. Although empirical support, in various quantities, exists for many of the relationships depicted in Figure1.

Gender, Race, Nationality and Age. Although some contrary data exist (e.g., Nkomo & Cox, 1989), research on gender effects on career outcomes has generally shown that women have less favorable career outcomes than men on measures of compensation and upward mobility (e.g. Cox & Harquail, 1991; Cox & Nkomo, 1991). Some research also suggests that women have lower job involvement than men and higher rates of absenteeism and turnover, two key indicators of organizational identification and commitment (Cox, 1993). Research has generally not shown gender effects on the career outcomes of satisfaction (e.g., Cox & Nkomo, 1991) and of job performance (e.g. Shore & Thornton, 1986).

The term racioethnic identity (Cox, 1990) has been used to label differences of physical and cultural background among members of the same national origin (e.g., African Americans in the United States). It is preferred to ethnic identity because the latter is customarily use to distinguish people within a race group (e.g., Euro-Americans of Irish versus German ancestry). Research on the link between racioethnic identity and career outcomes has generally shown that members or racioethnic minority groups have more negative career experiences than those of the majority groups.

There is some research on age that suggests that older workers are subject to the process of stereotyping and under valuation of ability that have often been attributed to women and non-Anglo men in majority. Anglo male organizations and the older workers have more negative career outcomes than their younger counterparts. For example, age tends to be negatively correlated with job performance ratings given by supervisors (Waldman & Avolio, 1986), and older workers tend to have lower ratings of promotion potential even when performance and job tenure are held constant (Cox & Nkomo, 1992).

Work Specialization. Several streams of past research on work specialization are relevant to contemporary thinking about diversity in organizations. One stream examines the impact of group heterogeneity on team and organizational effectiveness. In general, this research has shown that diversity in terms of functional background increases innovation creativity, problem solving and overall financial performance. Some of the research indicates that unmanaged diversity (i.e., where diversity exists in work group without any conscious effort to educate people about differences or how to leverage them) often leads to no improvement or even to unfavorable outcomes. For example, it has observed that team diversity brings more creativity to problem solving

and product development, but impedes implementation because there is less capability for teamwork than there is for homogeneous teams. They further note that teams need to find a way to garner the potential positive effects of diversity and to reduce the potential negative effects.

There are also some evidence that the effect of functional diversity in management terms on group and organization performance is a complex interaction of diversity and contextual factors such as the measure of performance and amount of change and competition that the firm faces. It is suggested that simply changing the structure of teams (i.e., combining representative of diverse function and tenure) will not necessarily improve performance.

A second stream of research suggests that work specialization is an important dimension of diversity because the various functional areas of firms tend to have their own distinctive cultures. For example, Hambrick and Mason (1984) note that marketing-oriented people have outlooks different than those with production backgrounds, and a recent book on organizational culture devotes an entire chapter to occupational groups as subcultures.

Finally, research suggests that work specialization/function may form the basis of ethnocentric behaviour in organizations. For example, Dearborn and Simon (1958) found that when a group of executives from different functional areas were presented with the same problem and asked to consider it from a company wide perspectives, they defined the problem largely in terms of the activities and goals of their own functional areas. When considered in the context of organizational power structures in which a particular work specialization may be dominant, this kind of parochialism may led to a devaluating of the contributions of persons from other work specializations.

Research on Organization Level. Some researchers have argued different levels of organizations represent different cultural constellation in much the same way that different work specialization do (Hood & Koberg, 1991; Reynolds, 1986). This is one of the ways in which organizational level may be said to operate as a dimension of diversity. However, a line of research demonstrated that person at lower organization levels tend to have different career experiences and to perceive their work settings very differently than people at higher levels in organizations. For example, in a study of 122 employees (89 males and 33 females) from eight large public accounting firms, Hood and Koberg (1991) investigated the relationship between hierarchical level and five dependent measures including job satisfaction, job involvement, and propensity to leave the organization. Results indicated that partners (the highest level) reported significantly higher job satisfaction and involvement and significantly lower propensity to leave the organization than either managers of senior staff members. It seems clear that these results, to some degree, simply reflect the greater stake that partners have in the success of the firm and their higher level of control over decision-making. Thus it seems that persons at lower levels will feel involved, satisfied, and willing to stay as long as their recognition and sense of being valued is viewed as appropriate to their level, not equal to people at higher level.

It is generally found that the notion that the higher one is in the organizational hierarchy, the more satisfaction one is with the firm and salary but the less satisfied one is with promotional opportunities, presumably because there are fewer of them.

When the relationship between organizational level and five job attitudes viz interest in work innovation, job motivation, acceptance of job changes, willingness to disagree with supervisors, and identification with the organization was examined it was found that persons at higher organizational levels reported significantly higher scores on three of the attitudes: interest in work innovating, job motivation, and willingness to disagree with supervisors.

Two studies in Indian context have been there containing results that contradicted the "higher-is-better" ideology. Both addressed job involvement among 100 supervisors and 100 workers. Results indicated no significant differences between job involvement scores of supervisors and those of workers. Singh, Anantharaman and Begum (1982) investigated the differences in job involvement among bank managers. They interviewed 10 managers, 50 officers (supervisors), and 100 clerks using the Lodahl and Kejner (1965) job involvement scale. These researchers found no differences in job involvement levels.

In is interesting to note that, although both the study by Anantharaman and Begum and that of Singh were conducted to India, neither addressed the issue of culture. Anantharaman and Begum suggest that their findings may be due to the fact that the working conditions, salaries and nature of the work for all subjects were similar. However, Singh investigated an industrial plant and also found no significant differences between job involvement scores of supervisors and those of workers. Though the authors, in each case, make no claims that cultural differences had an impact on findings, it is a reasonable to question the influence of culture norms. For instance, Hofstede's (1980, 1984) research on cross-national culture differences has shown that individuality is a strong culture norms is most Euro-Western organizations while Asian countries adhere to more collectivist cultural orientation. Such differences may translate into different perspective from which to assess equity of treatment and other factors related to affective responses to work. A recurring theme in the previous research-relating group identity to career outcomes is that member of the majority sociocultural group (in terms of numbers and/or power) tend to experience more positive outcomes than members of "minority" groups (groups of comparatively similar numbers and/or substantially less power). While this line of thinking is well established regarding differences of gender and racioethnic identity, the extent to which this is a general phenomenon of workforce identity groups needs further exploration.

20.6 A THEORETICAL MODEL FOR THE STRUCTURE OF DIVERSITY

Social scientists have been examining for a long time intergroup relations. There have been numerous studies and theoretical frameworks, but the relationships seem to be operating the way a balloon reacts: if you push in one place, you get change in many other places. To make sense of the differential relations that exists between the variables and how thy operate together as a system, one needs a theoretical framework that places the main variables in relation to each other. Traindis and others have made a proposal which helps to understand intergroup relations in situations where there is considerable "cultural distance" (differences in social class, language, religion, family structure or political systems). Figure: 2

20.7 DEFINING THE SIGNIFICANT CONCEPTS OF THE MODEL

History of Relationships

Each relationship has its own history. This history structures the meanings that people give to interpersonal contact. When history has been one of negative interactions (e.g. exploration) people tend to see the out group as enemy and are predisposed towards negative stereotyping, attitudes and behaviour.

Figure 2: A Theoritical Model for the Structure of Diversity

Source: Triandis

Cultural Distance

Cultures are similar or different (distant) to the similar or different elements. Such elements can be subjective or objective. Objective distance depends on the linguistic distance of the two cultures, and the differences in the social structure, religion and political and economic system in use. Subjective distance depends on the dissimilarity of the subjective culture of the two groups.

Many modern cultures are complex mixtures of the "basic cultures" that constituted them historically. For example, in the United States, the influences from the European cultures are very strong, but African and Asian elements can also be identified. There are also pockets of more and less "pure" cultures from all over the world, that have been transplanted in particular neighborhoods. Or, to take another example, in Mexico we see elements of the native American cultures mixed with the European cultural elements, in different degrees, according to region and social class. Other objective distances can be derived from religion (e.g., the different variety of Christianity or Buddhism are closer to each other than Christianity is to Buddhism), political system

(e.g.), those political systems where there is extensive participation of the population in policy formation are more similar to each other than they are political systems where only a few people or one person makes all the policies), and economics (those with similar income, such as the "jet set," are more similar to each other than to those with different incomes).

Subjective cultural distance can be measured by studying the attitudes, beliefs, norms, roles, values, and other elements of subjective culture that characterize a group of people who speak the same language and live in the same time period and geographical region. For example, one can administer a questionnaire, sampling such elements and correlate the responses of every person with the responses of every other person.

Roman (1994) has done numerous cluster and smallest space analysis of work-related attitudes and needs and has identified countries that emphasize the satisfaction of different needs through work. Two dimensions distinguish various samples: (a) individualism (emphasis on advancement, recognition, autonomy) versus collectivism (good relations with co-workers) versus material (benefits, earnings) rewards from working, Presumable, the most cultural distance would occur if two ethnic groups differ on both dimensions (e.g., individualist material versus collectivist, nonmaterial).

Other criteria can include sociological data, such as the frequency of intergroup marriages, as a measure of small cultural distance, or data about the frequencies and levels of success of business partnerships, on the assumption that the greater the cultural distance the less likely a partnership is to occur or succeed.

Empirical findings suggesting that cultural distance is an important variable. For example, there is a considerable literature concerning the adjustment of foreign students to the United States that indicated that those from Europe have less difficulty adjusting to the United States than those from Africa. Suicide rates among immigrants seem to reflect cultural distance It is found that U.S. personnel in managerial position abroad had less trouble adjusting to Europe than to non Western or Third World settings.

Culture distance increases intergroup anxiety Intergroup anxiety results attitudes towards the out-group. Intergroup (as opposed to interpersonal) contact also leads to anxiety, while high frequencies of contact and good quality contacts (equal, voluntary, intimate, cooperative), decrease anxiety.

Perceived Similarity

There is considerable research indicating that we are attached to those we see as similar. Perceived similarity can be obtained on simple rating scales or can be manipulated. It is obvious that culture distance is inversely related to the probability that others will be perceived as similar.

A critical question is whether perceived similarity will lead to the judgment that one is dealing with "one of us" (in-group) or "one of them" (out-group). This is especially important in the case of collectivist cultures group). This is especially important in the case of collectivist cultures where the distinction between behaviour toward in-groups and out-groups is much more pronounced than is the case in individualistic cultures.

In cosmopolitan environment, people who differ in language, clothing and even religion occur very frequently, and the level of adaptation moves in the direction of larger differences. Thus people who are different on many attributes may still be seen as "one of us." By contrast in homogeneous social environment, the level of adaptation is very close to the small differences point on the small-large difference dimension. Thus the same person who in the cosmopolitan environment is seen as "one of us" is likely to be seen in the noncosmopolitan environment as "one of them."

Kind of Contact

Frequency of Contact is Related to the Opportunity for Interaction. In different settings, there are variations in the opportunities for interaction. For example, neighbours are more likely to interact than are people who live far apart. In a particular job, this may be obtained by asking people in the particular context to judge how frequently they could interact with others, if they had the inclination to do so. The quality of contact reflects the extent to which the contact is equal status, voluntary, intimate, cooperative, and so on (Amir, 1969). Contact, as Amir has shown, is not effective by itself in improving intergroup relations. It is only effective if it results in rewarding experiences.

It is also useful to distinguish between threatening and nonthreatening contact. The threat may be symbolic or realistic. Threatening contact (e.g.) in restaurants, cafes, nightclubs, bars, streets, parks, open markets) has been found to increase anxiety about the intercultural contact, while nonthreatening contact (e.g. in cultural events, sporting events, movies, parties, schools, hospitals) has been found to decrease anxiety. Threat is linked to rejection of the other cultural group. When contact is rewarding, we have a situation in which the number of positive interactions is greater than the number of negative interactions. This understanding will facilitate the effectiveness of interpersonal relations in orgaizations.

Nevertheless, it seems safe to say that only when positive interactions are more frequent than negative ones, the relationship is likely to be accommodation of one group in the direction of the position of the other group. The intergroup versus interpersonal aspects is also important. Members of collectivist cultures have a tendency to see contact in intergroup terms. This is also the case when there is a history of conflict between two groups. When there is conflict over resources and there are incompatible goals, when members are strongly attached to their-in-group, and when there is anonymity and deindividuaition, the likelihood of organizational conflict increases.

Also, when people can move from one group to another with ease, such as happens when people move from the United States to Canada or vice versa, they are more likely to see others in interpersonal rather than in intergroup terms. Interpersonal perceptions have the advantage that they do not reflect stereotypes, ancient histories of conflict, and "us' versus "them" cognitions. Thus interpersonal perceptions are likely to lead to perceptions of similarity, and hence to interpersonal attraction.

Acculturation

Berry (1980) has described four ways for two cultures to relate to each other. One can try to maintain or not maintain one's own culture, and one can try to have or not to have contact with the other culture.

Integration is defined as the type of acculturation where each group maintains its culture, and also maintains contact with the other culture. It is the same as additive multiculturalism in which a person adds skills for interaction with the other culture, as opposed to negative multiculturalism, in which the person loses skills, perspective, or aspects of identity.

Assimilation occurs when a group does not maintain its culture but maintains contact with the other culture. It is a consequence of the "melting pot" ideology, Separation occurs when the group maintains its culture but does not maintain contact with the other culture. Finally, marginalization occurs when neither maintenance of own culture nor contact with the other culture is attempted.

If the person is contact with the other culture (i.e., in the case of integration or assimilation), a culture can move toward adopting some of the subjective culture of the out-group, Such movement is called *accommodation*.

However, in some cases such movement is quite extreme, so that there is overshooting. Finally, when a group attempts contact and is punished for such attempts, or is rejected due to discrimination, there is ethnic affirmation, in which the group becomes even more extreme in manifesting its original culture than group who have not attempt to relate to the other culture. For example, some African Americans dress and behave in ways that are more African than the Africans, and those African Americans who have little interest in contact with European Americans.

Sense of Control

People in some situation feel that they have no control over the course of action in a situation, and this lead to extremely uncomfortable feelings. In one way to measure this variable is to ask people to examine scenarios and to indicate what they would do in each of these situations and later ask what is the probabilities of successful outcomes would have low sense of control. The concept of self-efficacy is also related to this construct. It reflects the extend to which the person feels bale to obtain successful outcomes.

20.8 DIVERSITY, POWER AND MENTORSHIP IN ORGANIZATION

Deliberations on diversity in organizations can best be described as being in an early stage of theory construction. There have been few theoretical linkage between diversity and other established fields. There has been some discussion of the relationship between diversity and power and mentorship. Yet, power and mentoring may be viewed as both determinants and outcomes of effective management of diversity in organizations.

We now examine the relationships among diversity, power, and mentorship in organizations. A framework is briefly described and then used to establish and develop theoretical linkages among the diversity, power and mentorship literature.

Diversity theorists say that effective management of diversity requires organizational change (Cox, 1993; analytic framework for organizational change involving three levels of analysis: cultural, structural, and behavioral is prescribed here. These levels affect not only organizational change regarding diversity but also the relationship between diversity and the development of power and mentorship in organizations.

Cultural Level of Change

This level of analysis involves change that alters the organization's culture, which is defined as the basic assumptions, value beliefs, and ideologies that define an organization's view of itself and its environment. Culture is a vision, often unarticulated but shared by members of an organization. It is socially constructed reality, a historically determined phenomenon that is manifested in values, rituals, heroes, symbols, and practices.

Because values toward diversity are reflected in organizational culture, culture change is an integral part of an organization's transformation to pluralistic model that promotes diversity. According to Cox (1993), organizations with pluralistic cultures eschew assimilation and instead, support the interdependence and preservation of subcultures within the organization. Pluralistic cultures are characterized by a

tolerance for ambiguity, and acceptance of a wide range of work styles and behaviours and the encouragement of diversity in thought, practice, and action.

Although change in organizational culture is critical for effective management of diversity, cultural changes require intensive and long-term efforts aimed at understanding the implicit core assumptions regarding diversity. Effective cultural changes regarding diversity often result in changes in vision, traditions, symbols, management practices, and reward structures that value and promote diversity.

The structural level of analysis involved changes in the grouping of positions and departments within the organization. Structural changes in organizations involve changes in positions' formal reporting relationships, hierarchical level, span of control, task functions, and patterns of interaction with other positions.

Structural changes are necessary for the promotion of diversity in organizations. Women and racioethnic minorities face glass ceilings and walls that prevent them from gaining assess to positions of power in organizations. These groups are often tracked into powerless departments and positions with limited career paths. Given these structural barriers, Cox observe that structural integration is a necessary component for effective management of diversity. Structural integration within a diversity perceptive refers to the achievement of proportion heterogeneity in employment positions across rank, department, and specialization. In addition to access to power, structural integration may reduce stereotypes and prejudice by increasing contact among heterogeneous groups.

Behavioural Level of Change

This micro level of analysis refers to change in behaviours, attitudes, and perceptions among individuals and work groups. Stereotypes, attitudes, and attributions may combine on influence behaviour towards women and minorities by individuals and work groups. Stereotypes influence role expectations in work settings, and women and minorities may be rewarded for exhibiting behaviour that is congruent with role expectations but ineffective for promotion on career advancement.

Valuing diversity in organizations obviously requires changes in overtly racist, sexiest, and homophobic behaviours among members of the organization. However, there are other more insidious and subtle behaviours that may be even more destructive than overt acts. These subtle behaviours may or may not be international but have the effect of excluding and marginalizing women and minority groups and ultimately undermining their self-confidence, performance, and development of power. These behaviours, which are sometimes called "micro-inequities" include exclusion from informal peer support, networking, and mentoring: restricted information and a lack of feedback from supervisors and coworkers: inadequate or inaccurate performance appraisals by supervisors or work group; and inequitable delegation of tasks.

Behaviours and attitudes regarding diversity are reciprocally influenced by the culture of the organization and the climate of workgroup. Diversity climate is defined as the individuals perceptions and attitudes regarding the importance of diversity in the organization and the perceived qualifications of women and racioethnic minorities. Behaviour and attitudes towards diversity can create a chilly or receptive climate for women and minorities. Climate, in turn, can influence the attitudes and behaviours of organizational members.

Diversity and Change Propositions

A central proposition of this review is that effective management of diversity requires significant and inclusive change in cultural, structural and behavioral domains, and that change in one domain is insufficient for producing effective organizational change

with respect to diversity. For example, an organization may provide training aimed at altering the behaviours and attitudes of employees but may maintain structures that segregate women and minorities into powerless departments of positions.

A second proposition is that the scope of diversity efforts must be inclusive towards all groups for diversity efforts to be effective and maintained over time. An example of this is the case where the organization "complies with diversity initiatives" by instituting structural integration for racioethnic groups but maintains a culture that values and promotes homogeneity with respect to religions, sexual orientation, physical abilities, and political thought. The valuing and acceptance of diversity must be directed towards all groups, rather than a limited subset, for effective cultural change to occur.

The third proposition is that the cultural, structural, and behavioural levels are interdependent with respect to their influence, in that change in one domain synergistically affects other levels. By definition, attitudinal and behavioral changes in the individual and work group influence the culture of the organizations, and vice versa. Similarly, structural changes that place women and minorities in positions of leadership have a clear impact on the culture of the organization as well as on the attitudes and behaviours of the individual and work group.

20.9 DIVERSITY AND POWER

Definition of Power

Although there are a multitude of definitions of power, most fall into one of four categories. The first category views power as an individual's ability, or perceived ability, to influence other or change others' behaviours. The second category holds that power is part of the dynamic and reciprocal aspect of interpersonal relationships third category of power takes the view that power is a property of the structure of the organization and involves control over persons, information and resources. Finally, a sociopolitical perspective views power as the cause and outcome of racism, sexism, heterosexism, classism, and other form of group oppression in society. This perspective contends that groups with control over resources maintain and develop their power by isolating, dominating and controlling other groups and their access to power for the purpose of economic gain. While the societal perspective takes a more macro view. While the societal perspective takes a more macro view of power, unequal power relationships in society influence organizational, interpersonal and individual levels of influence and ultimately the ability of the individual to develop resources for power.

In the attempts to integrate the above perspectives, power is defined here as the influence of one person over others, stemming from and individual characteristic, an interpersonal relationship, a position in an organization or characteristic and interpersonal relationship, a position in an organization or membership in a societal group. The cultural, structural and behavioural influences on the development of power among diverse groups in organizations are discussed in the following sections.

Cultural Influences on Diversity and Power

The organization's culture has both a direct and an indirect impact on the allocation of power among diverse groups. The values and ideologies inherent in the organization's culture directly determine which behaviour and outcomes will be rewarded. The reward system, in turn, determines which groups are tracked into positions of power and leadership. Groups with power are invested in maintaining their influence and resources, and may do so by supporting policies, practices and prescriptions the exclude other groups from power.

Two forces affect cultural prescription regarding power and intergroup relations in organizations. First, organizational culture is shaped by the larger societal context in which the organization is embedded. Societal values, assumptions and beliefs regarding power relationship among group are internalized and reinforced by the organization. Societal culture sanctifies unequal power relationship among groups in organizations. This is most likely to occur in societies where status is salient and accorded on the basis of physical characteristics and in collectivist cultures in which strong distinctions are made between in-groups and out-groups.

Second organizational culture is shaped and supported by the power-holders of the organization. These individuals influence the values, assumptions and ideologies of the organization's culture. Power-holders use an ethnocentric perspective to define and develop criteria for successful performance. Because most power-holders in America are European American males, their experience is held to be the standard by which performance is evaluated and rewarded. Promotions and resources for power are therefore allocated to individuals who are viewed as being "appropriate" for leadership roles. One result of this is that individuals who share common physical characteristics or values with the power-holders are more likely to gain access to powerful positions than those who are different, thus perpetuating a cycle of exclusionary power relationship among groups in organizations.

Structural Influences on Diversity and Power

Structural differences in access to power contribute to unequal power relationships. There are three structural indicators of unequal power relationships among diverse groups in organizations: rank, department or career track, and positional power. These indicators reflect both causes and consequences of power differentials among groups in organizations and result in low-power groups being tracked into support substructures of organizations that operate to support and develop the resources of high-power groups.

Rank. Organizational rank is directly related to positional power and control over resources in organizations and is the most obvious structural indicator of power in organizations. One contributing factor to group differences in organizational rank is differences in performance appraisals than their white male counterparts, and these effects are amplified when the appraiser is of a different race of gender.

Career Tracks and Departments. In addition to differences in organizational rank, women and minorities tend to be segregated in staff positions in departments with little power and limited career paths. The power of a department influences the individual's ability to advance in organizations. Department power has a wide scope and may therefore be more important than positional power or rank in the development of an individual's power (Pfeffer, 1981). In short, a low-ranking position in a powerful department may be more influential than a high-ranking position in a powerless department

Women and minorities tend to be tracked into staff support departments, which generally have less power than production or line departments. Tracking occurs in recruitment, selection and training systems and results in women and minorities being assigned to positions with low power short career ladders, and restricted opportunities for promotion. As part of the process of differential tracking women and minorities may be denied access to managerial and technical training reserved for grooming White male counterparts for powerful positions.

Systemic group differences in positional power have significant implications for diversity and power in organizations. Positional power influence the development of future power in organizational, and differential access to resources and positional power may contribute to group differences in organizational rank and differential

career tracking. While structural integration has received considerable attention with respect to diversity, there has been little discussion of group differences in position power. Although structural integration is an important method for equalizing power across groups, systemic differences in position power may negative the benefits of structural integration; women and minorities may receive high-ranking positions in powerful departments, but may still lack the authority associated with the positions.

To summarize, one may say that structural differences in rank, department, career path, and positional power create and reinforce unequal power relationships among diverse groups in organizations. These differences are both created and reinforced by organizational structures that reflect power-holders values and attributes. The lack of structural integration and positional power-holders values and attributes. The lack of structural integration and positional power reinforces the cultural effects discussed previously and the behavioural effects.

Behavioural Influence on Diversity and Power

Behaviours, attitudes, and perceptions may all contribute to unequal power relationships among diverse groups in organizations.

Power Behaviors One explain for group differences in organizational power is that great groups differ in influence strategies and behaviours. However, this explanation has received relatively little support with respect to gender and limited support with respect to race culture.

Research on gender differences in power strategies suggests that observed differences may be due more to differences in rank than gender. Influence strategies were related to the relative power of the respondents and their targets of influence; use of more direct forms of influence increased with respondent's rank and power. Laboratory studies controlled for differences in power and found no gender differences in power-related behaviours.

It is important to recognize that if gender and racioethnic differences in power-related behaviours are found, they may reflect differences in organizational rank, positional power, and other situational factors. While it is necessary to conceptually disentangle these effects, structural segregation may still have a direct impact on power-related behaviours of women and minorities. If low-ranking group use more indirect and ingratiating influence strategies than high-ranking groups and women and minorities are found at lower ranks, differences in power-related behaviors should occur. As women and minorities advance in rank, their influences strategies should change to more directive and unilateral influence strategies that are associated with higher-ranking positions.

Power Perceptions and Attributes

It have been observed that the influence of sex role stereotypes on perceptions of power may be reduced in settings that provide subordinates with direct experience of managerial power over a period of time. One implication of this is that while stereotypes may guide perceptions of power at the beginning of a relationship, the impact guide perceptions of power at the beginning of a relationship, the impact of stereotypes may attenuate over the course of the manager-subordinate relationship.

Gender and racioethnic differences may also be found in power attributions. Power attributions refer to the reason given for complying with a manager's requests. These attributions may influence perceptions of power and the efficacy of power-related behaviour displayed of women and minorities. Gender and racioethnic differences in networks may also contribute to differences in perceived power. Network centrality is an important source of power in organizations, and group differences in access to networks may contribute to differences in perceived power.

Reactions to Power Even if women and minorities use the same power behaviour as their White male counterparts, and these behaviors are perceived accurately by their subordinates, there is still no guarantee that equivalent behaviour will lead to equivalent outcomes. Women and minorities may get penalized for using "majority" forms of power. It has been found that men received more positive evaluations for using expert power, whereas women received higher evaluation when using reward power, whereas women received higher evaluations when using reward power, and concluded that the adaptation of similar power strategies by men and women does not assure equivalent evaluation of their performance.

Negative reactions may be amplified when women and minorities use influence strategies that are inconsistent with group stereotypes. A meta-analysis of studies on gender and leader evaluation concluded that women in leadership positions were devaluated relative to their male counterparts when leadership was carried out in stereotypically masculine styles (i.e., autocratic of directive) and that the devaluation was greater when the leaders occupied male-dominant roles and when the evaluators were men. A related study on gender and group influence found that women in male-dominated groups has less influence on group decisions and were liked less when they used male-typed, internal rationales, such as their expertise, in their attempts to influence group decisions, rather than female-typed , external rationales based on the expertise of others.

Negative reactions to power behaviors are likely to be amplified when individual are tokens. According to Kanter (1977), token members of minority groups are faces with increased visibility and performance pressures as well as the potential for backlash and retaliation if their performance threatens the majority members. Research on reactions to tokens indicates that individuals are likely to devalue token performance and credibility particularly when the minority members are viewed as obtaining their positions because of affirmative action polices.

Negative reaction to the development of power by women and minorities can be characterized as a form of backlash. This may be called diversity backlash when applied to organizations, which occurs when minority members are perceived as attempting to develop power by individuals or collective means. Diversity backlash can be characterized as a preemptive strike against the development of power by groups lacking power in organizations. Typically, it occurs before power has actually been obtained by minority groups; it is a reaching to the threat of loss of power by the majority group. Diversity backlash may take a variety of overt and covert forms, and may include attempts to alienate and ostracize groups by stereotyping and accentuating differences, belittling attributes, and excluding individuals from formal and informal networks.

In sum, behavioural influence on the development of power include group differences in power behaviours, perceptions, attributions, and reactions to the use of power by women and minorities. Even when holding structural indices such as rank, department and positional power constant, women and minorities may not be perceived or expected to have power by their subordinates, managers, or coworkers. Moreover, they may encounter negative reactions or diversity backlash if they threaten majority members or are perceived as gaining too much power.

Summary of Power and Diversity Cultural structural and behavioral factors synergistically combine to influence the development of power among women and minorities in organizations. The organization's culture, which is shaped by societal culture and the organization's power-holders, determines the norms the values that define power relationships among groups in organizations. The organization's structure reflects and reinforces the culture by segregating women and minorities into low-power career tracks, departments, and positions. Behavioural factors influence

the perceptions and reactions to power, and serve to keep women and minorities "in their place." These factors combine to perpetuate and support exclusionary power relationships and the culture status quo.

It is clear now that, to equalize power relationships among groups, organizations need to direct their efforts towards all three levels of analysis: organizational, structural, and behavioural. The next section uses these three levels to examine the relationship among diversity, mentorship, and power in organizations.

Diversity and Mentorship

Definition of Mentors

Mentors generally are defined as individuals with advanced experience and knowledge who are committed to providing upward mobility and support for their protégés careers. Mentors provide two primary types of functions on roles. First, they provide career development roles, which involves coaching, sponsoring advancement, protecting protégés from adverse forces, providing challenging assignments, and fostering positive visibility. Second, mentors provide psychosocial roles, which includes such functions as personal support, friendship, acceptance, counseling and role modeling. Some research has found support for the two mentorship factors of career development and psychosocial functions, whereas other research found role modeling to represent a distinct factor that is separate from psychosocial support. While mentors may provide some or all of these functions, existing research suggests that the more functions the mentor provides, the greater the benefits accrued by the protégé.

Diversified Mentoring Relationships. The gender of racial composition of the mentoring relationships may differ for women and minorities in organizations. Given the glass ceiling and the demographic composition of male-dominated organization women and minorities are more likely to have mentor of a opposite sex or a different race than are majority members. To extend this concept to other groups, diversified mentoring will be defined here as mentoring relationships in which the mentor and protégé differ in race, gender ethnicity or other identity-group attributes.

Mentoring is related to the development of power in organizations in at least three ways. First, a consistent relationship has been found between mentorship and advancement; individuals with mentors receive more promotions, advance at a faster rate and receive greater compensation than those lacking mentors.

Third, mentors may help protégés develop interpersonal forms of influence and power by providing coaching, role modeling, and other mentoring functions. Mentors may help protégés recognize the importance of developing power bases in organizations and may provide insights into the development of political skills and strategies. By providing challenging assignments and placing protégés invisible positions, mentors help protégés develop expert power and obtain organizational visibility and influence. Kanter (1977) observes that mentors provide a form of "reflected power" for their protégés; the relationship signals to others in the organization that the protégé has the mentor's powerful backing and resources. By transmitting power, mentors can increase their protégés influence and buffer their protégés from adverse forces in the organization. It is thus clear that: (a) Mentors provide a variety of resources for power for their protégés and (b) the greater the mentor's power, the greater the potential for protégé's development of power.

20.10 HUMAN RESOURCE SYSTEMS TO MANAGE DIVERSITY

Many employers have acknowledged the importance of the increasing diversity in the labour force. They have begun to question the effectiveness of human resources (HR) systems that were largely designed for a more homogeneous workforce. Although researchers have made suggestions about how to adapt existing HR systems, these suggestions are often in general terms, such as the need to change culture (Cox, 1991). Scholarly and practical knowledge is still evolving regarding the design and integration of specific HR policy areas, such as compensation or selection, in support of a strategy for managing diversity.

One needs to consider the implications of diversity for development and synthesis of HR policy areas.

Why Adapt Human Resource Systems to Management Diversity?

Organizations are their cultures are a function of the kind of people in them, who are result of an A-S-A (attraction-selection-attrition) cycle. HR policies enable firms to attract, select, and retain different kinds of people, which is why various organizations act and feel as if they have different cultures. In effect, the people make the place and the design and administration of HR systems make the people. Individual are generally attracted to and selected by organizations to have members with values similar to their own; over time, employees who have not fit in well with the dominant culture eventually turnover from the firm. In the long run, a workforce historically can be characterized by more homogeneity than heterogeneity is social characteristics.

Organizations have traditionally had HR systems based on models of homogeneity; they promote similarity not diversity HR management models foster workforce homogenizations: recruiting practices emphasize hiring people from sources that have historically been reliable; selection practices stress choosing candidates similar to those who have been successful; training programs foster uniform ways of thinking: and policies are often designed to limit supervisor latitude in addressing employees unique needs. Similarly, decisions-makers have tended to hire, promote and evaluate people in terms of the degree to which they are like their own image. Such an approach has been coined "homosocial reproduction" by Kanter (1977), referring to the tendency of selection and promotion systems to allow only those employees to pass through who fit with the characteristics of the dominant coalition.

Limitations of Prevailing Approaches to Managing Diversity

Many employer benefits of managing diversity have been noted in the literature. At the individual level, for example, performance can be enhanced when negative diversity-related barriers to productivity are removed (Cox, 1993). When workgroup diversity is managed effectively, groups will develop processes that can enhance creativity, problem-solving, workgroup cohesiveness and communication. At the organizational level, performance may improve: marketing may be enhanced, since firms are hopefully able to better mirror and adapt to diverse markets: flexibility can be heightened; and improved recruitment of the best new labor force entrants can result (Cox, 1993).

Despite these reported benefits, their realization has remained elusive for most firms. This is because traditional HR strategies to manage diversity have largely been introduced piecemeal, lacking integration with other systems. Consequently, they do not change the culture to support the management heterogeneity; and they end up failing. The three predominant traditional HR approaches for managing diversity are diversity enlargement, diversity sensitivity and cultural audits.

Diversity enlargement approaches increase the representation of individuals of different ethnic and cultural backgrounds in an organization. The newly hired employees are expected to assimilate into the existing corporate culture. The goal of this strategy is to create diversity by changing an organization's demographic composition and increasing the numbers of people of color in the firm. Employers seem to assume (1) increasing diversity and exposure to minority employees will result in improved individual and organizational performance. (2) that little or no change needs to be made in organizational systems in order for minority employees to perform up to their potential. (3) diversity enlargement hiring strategies are viewed by some employers as being coerced by labor market demands and popular, "politically correct" state of art management sentiment, instead of being initiated voluntarily. Such faulty assumptions and resistance to what is perceived as forced change undermine the effectiveness of this approach.

Diversity sensitive approaches acknowledge and existence of cultural distance and attempt to teach individual members about cultural differences via training. Often training sessions are held to help/sensitise employees to stereotyped differences of various employee racioethnic and gender groups. The goal is to promote communication and understanding and to build relationship among members of different backgrounds.

Another strategy, the **cultural audit**, generally tries to determine what is blocking the progress of nontraditional employees. A consultant collects data via focus groups or surveys. These data are analyzed to assess various demographic groups identification of the major obstacles they face in the current culture. Members of diverse group backgrounds maybe asked to take about how the current culture, which generally is viewed as favoring white males, hurts the performance of white women and racioethnic minorities. For example, and increasing cadre of employees is no longer willing to suppress important cultural differences and those that do risk the potential costs of added stress and lower performance (Cox. 1993).

It can be assumed that it is appropriate to assess the current culture's effectiveness in allowing all employees to contribute to their fullest potential we believe that conducting cultural assessments as an isolated strategy is likely to fail. They rarely focus on the redesign of HR systems and practice such as pay and promotion systems, which give clear messages about what behaviour in the culture are valued. Managing diversity is a mutual process and the new culture must be designed to be inclusive to allow all members to contribute to their fullest potential. Culture audits not only need to focus on the differences between groups, but should also identify the similarities between groups that the culture and supportive HR systems can reinforce to achieve organizational objectives.

To summarise, there are several factors common to the three traditional diversity approaches—diversity enlargement, diversity sensitivity and cultural audits — which prevent firms from realizing the potential benefits to be gained from increased diversity in the workplace. First, these methods to not reinforce culture change. Second, they have the limitation of often being introduces as isolated strategies without being linked to other relevant HR subsystems. Third, they all assume in-group homogeneity. That is it is presumed that all members of a minority group be it women, racioethnic minorities or the differently abled, have the same HR needs.

Orienting Framework of HR Strategies for Managing Diversity

A framework is provided (Figure 3) for integrating a managing diversity strategy with HR policies areas and other strategic choices. This framework is designed to help decision-makers and scholars understand the linkages between environmental drivers, managing diversity and other organizational strategic choices, HR policy areas and

individual group and organizational outcomes. This orientation is offered to encourage managers and ends, not as an end in itself. It is based on the assumption that HR policies shape employees attitudes and behaviour and reinforce the organizational culture, thereby affecting the success of strategy implementation and the organization's ability to adapt to environmental change.

Environmental drives shape the strategic choices organizations have in designing their firms, including a strategy for managing diversity. Managers must identify the objectives of a managing diversity strategy and clarify their relevance to other strategic choices. These choices determine the design their relevance to other strategic choices. These choices determine the design of HR policy areas. Yet before an organization can redesign HR policy areas, it must first identify desired individual and organizational outcomes.

**Figure 3: Human Resource Strategies for Managing Diversity:
An Organisational Framework**

Kossek and Lobel

This analysis will then inform the ways in which these areas should be reshaped, since they drive key individual, groups and organizational outcomes. In effect, a firm must look ahead to the figure: desired outcomes, before it can take a step back and identify how existing HR systems need to reshaped, designed and re-integrated. Unfortunately, all to often companies identify HR strategies and policy actions – ranging from diversity training to a mentoring programme – without first clearly determining the strategic linkages or the desired results.

Figure 3 shows some of the key environmental drivers of a managing diversity strategy and other organizational strategic choices. Drivers include the well publicized labor-market demographic shifts, as well as the global economy, service industry shift, rising unionizations in industries with the most diverse labor force, enhanced quality focus, increasing technological complexity, legal and government forces, and pressures from more vocal organizational stakeholders, such as communities and shareholders.

It has been documented that the new entrants to the labour market are more ethnically and racially diverse. In addition, the family has changed dramatically. Increasingly, families consist of single parents of dual-career couples who are less likely to have the ability to desire to work the long hours that the organization man did in the past. The workforce also includes more long-term single persons who have needs that are not likely to be met by traditional company reward systems.

The disintegration of the Soviet Union and the conversion of its former Communist countries to capitalistic system provide significant opportunities for massive new foreign investment. Countries in the Pacific Asian Basin and China have also become major economic players. Foreign sourcing is on the rise and companies are increasingly dealing with these and other global partners. HR management in this global economy is clearly more complex. Not surprisingly, the chief causes of failure in multinational ventures often stem from a lack of understandings of basic differences in managing human resources at all level in foreign surroundings.

The major shift toward a service economy means that employees need to be able to "read" customers who are likely to be increasingly diverse. In addition, employees in service roles are likely to be self-monitors of their own behaviour, often taking on responsibilities that might be handled by a supervisor. The increasing diversity of the workforce means that there will be more variability regarding the notions of what constitutes "good service" and effective self-management. Clearly, managing diversity and other strategies must support the needed changes in socialization, training job design, compensation, performance and appraisal systems for this new work context.

The service economy shift also has implications for unionization. Currently, about 17 percent of the US workforce is unionized. The only reason for sector, is that the greatest job growth in new union members have been in service sectors such as health care, technical and office jobs and the government. Employees in these industries are much more likely to be female or minority than those in manufacturing. Clearly, unions and their increasingly diverse membership may be key factors to consider in developing a managing diversity strategy.

The widespread focus on improving total quality is another environmental driver of organizational strategy. Total quality management is a process of constant evaluation of systems to empower groups of employees to meet customers needs to the greatest extend possible at the lowest cost.

Since customers are becoming more demanding, and reflect a wider range of preference than in the past, an organization must design HR, systems to support customization for an increasingly diversity customers base. For example, systems need to be developed to reward flexibility in thinking and acting in order to make readjustments to meet a range of changing consumers demands.

Technology has made it possible for a more diverse group of people to work than in the past. Increasingly the disabled and other individuals are able to have their talents tapped due to opportunities from telecommuting, teleconferencing and computer technology advances. Technology also leads to an expanded base of sources of customer information. Increasingly diverse employees with varied capabilities will have greater access to more information more rapidly then ever before. Consequently, business and information management has become more complex. These trends,

coupled with growing labor shortages of critical skill, will increase an organization's need to consider the impact of technological change on different segments of the workforce.

Competitive advantages will come not from mere investments in new technologies, but from a firm's ability to apply new technologies more rapidly and more effectively than others. This ability depends on the skill and motivation of the workforce. Unfortunately, as the pace of technological change increases, it is likely that HR systems increasingly will be out of sync with technological demands. More and more there may be a lack of joint optimization between organizations' social/HR systems and production/technological systems.

Legal and government forces also have an impact on managing diversity and other organizational strategic choices. The Civil Rights Act of 1964 and the Executive Order which created affirmative action have been at the root of the managing diversity approach in many organizations. In recent years, a host of new legislation, relevant to diversity, has been enacted. For example the Family and Medical Leave Act requires employers of over 50 employees to provide 12 weeks of unpaid leave for family and medical emergencies.

A final environmental force pertains to be increased pressure from organizational stakeholders, who perceive they have a major role to play in the management of an organization. For example, shareholders are becoming increasingly vocal and involved in actual management of the business. The Ineffective management of diversity will have a negative impact on organizational performance a result of lowered productivity and morale, lawsuits and poor reputations. Therefore, we anticipate diversity to be of increasing interest to shareholders. There has also been a rise in shareholder interest in the social responsibility of the organization which has affected how and where a company can do business.

Local communities are an example of another stakeholder group that is becoming more powerful. Communities are increasingly vocal regarding their expectations that firms be good corporate citizens and provide jobs to the individuals who live in the neighbourhood. As communities become more diverse, it necessarily follows that firms will face increasing pressure to try to hire and mirror the market that surrounds them.

Organizational strategic choices

Strategy is a logic for how to achieve movement in some direction. Strategy determines how tasks, technology and people should be organized to enable the organization to meet desired global objectives.

Articulating a managing diversity strategy The analysis of environmental drivers will help an organization determine its objective for a managing diversity strategy. Unfortunately, most organizations have not been clear about the specific benefits they seek to gain, it is critical for organization to delineate the goals of such a strategy.

For some firms, increasing diversity is viewed as an end in itself, that is as a way to respond to environmental drivers, such as legal mandates or changing demographics. Managers are not completely sure of the organizational objectives they hope to achieve by enhancing diversity; they just know that they should, or by virtue of what is available in the labor market have to have a more diverse workforce. If this is the view, then a managing diversity strategy needs to focus on how the firm can increasing diversity without losing benefits of organizational homogeneity, such as consistency in organizational values, current productivity and quality levels to increase productivity and quality. When managing diversity is seem as a mans to attain organizational objectives.

Other strategic choices A managing diversity strategy must fit with the mission and values of the firm. An organizations' mission pertains to it basic reasons for being and its identity. Defining a mission involves such questions are : "Who are we?" "What do we want to be?" and "How will we survive and grow in our environment?" A firm's mission and values help develop a shared mindset and a common understanding about how the work is done.

Shared mindsets and mission statements are increasingly likely to reflect an acceptance of diversity and the need to honor varied interests of organizational constituents. More and more, it is likely that higher-performing organizations will have value systems that emphasize caring about all constituents: they will strive for fairness to everyone, and ignore no one. Mission statements that incorporate diversity and articulate the desire for shared valued explicitly recognize the link between the HR strategy and the bottom line.

It may be argued that diversity strategy should be integrated with business strategies, such as globalizations, cost, innovation, speed, quality, and customer service. Effective HR management is increasingly becoming recognized as a major source of competitive advantage in globalization. For example, rather than limit training to cross-cultural knowledge, as has traditionally been done, current emphasis is on developing multicultural teams and networks. In selection instead of merely ascertaining managers' abilities for cross-cultural adoptions, now the emphasis is on selecting managers capture of designing supportive HR systems for a multicultural workforce.

Some companies seek to gain competitive advantage with a business strategy that emphasizes being a low-cost producer. From an HR perspective, this means that labor costs should be kept law relative to one's competitors. If a firm has much higher turnover than its competitors or is unable to differentiate itself from other employers in order to attract the top talent, it will face increased costs. Polities, such as flexible work hours to accommodate school and personal scheduling needs, good health benefits, child care assistance, and tuition reimbursement, might help a firm gain a competitive edge in attracting and retaining employees from nontraditional groups.

As new markets open up, the speed with which a firm is able to get a market may be another source of competitive advantage. Successful implementation of this business strategy will be dependent on the ability to buy talent with unique skills. For example, a company that wishes to enter markets such as Mexico or countries of the former Soviet Union must be able to attract new members who may come from these cultures and/or have knowledge of these foreign markets. The inability to attract and retain individuals with foreign know-how may mean that a firm will be unable to get to a market quickly enough and may miss critical opportunities.

Similarly, a given that the customer mix is changing, it may be beneficial for firms to hire talent that mirrors the market and that will be sensitive to the needs of new customers groups. This will enable the organization to implement a business strategy of providing excellent customer service.

Many firms pursuing a quality enhancement strategy rely on teams to a greater extent than in the past. Since this strategy holds that all parts of the organization must collaborate to enhance a product, interventions that improve collaboration across and within diverse groups are relevant here. Quality has been linked to morale indices of cooperation, communication and interpersonal relationships, which are all likely to be enhanced by diversity interventions. To successfully produce world class products of the highest quality, a firm must create an atmosphere where all employees regardless of their source of diversity, are involved to the fullest of their abilities, feel they are treated fairly and believe that their ideas will be listened to when they speak candidly.

The technology task and structural vision is another area which the organization makes strategic choices. Current technologies, tasks and structures are antiquated in many organizations. Traditional assembly lines will increasingly be abandoned as the workplace (which may include the home as an alternative workplace) is redesigned to support teams, greater worker control and multitasking.

Although many companies are choosing to make terms a fundamental organizing tool, few have affectively used their HR strategies and policy areas to support the team concept. In order for teams to be successful members empowerment and risk-taking must be sanctioned. HR policies must manage intergroup dynamics related to workgroup diversity in: (1) personal demographics: (2) performance competencies: (3) values beliefs and attitudes: (4) personality, cognitive and behavioural styles and (5) organizational demographics. Diversity in each or these areas may influence team outcomes. Diversity in values, which may be linked to functional membership, may affect the degree to which one can get consensus on group goals. As another example, research has shown that difference in age, education and industry tenure predict turnover in top management teams.

Technology heightens disparities in needed skills increasingly the best-paying jobs will require greater knowledge of and computer literacy than even before and jobs that traditionally demanded manual, clerical or repetitive skills now will require more cognitive, intellectual, and self-initialing abilities. Workers need to be increasingly multiskilled as there will be few single-skill jobs. Constant, rapid technological change necessitates ongoing training to help workers adapt to the new technology. HR systems, such as those related to training or career development, will have to be adapted to be more individualized and flexible in assessment.

HR policy areas

It is critical to see whether the existing mix of HR practices reinforces the skills attitudes and behaviours necessary to implement the strategy.

Individual, groups and organizational outcomes. Before a firm can determine how to redesign HR systems, it must identify preferred performance outcomes. The main outcomes achievable by HR policies relate, at the first level, to attitude and behaviours of employees and groups of employees, and at a second level, to economic and organizational issues. We must examine outcomes at the individual and group level which include: (1) commitment; (2) competence; (3) perceived equity; (4) communication; and (5) performance.

When determining whether an HR policy is effective, a key question involves commitment: "To what extend does the policy motivates employees to work together toward the achievement of common organizational goals". Beer and his co-authors maintain that HR policies promote commitment if they are designed not only to enhance performance, but also to promote individual identity, psychological involvement and self-worth. Commitment as an outcome of managing diversity effectively means that all individuals will be committed to organizational goals and will be motivated to perform to the best of their abilities.

Competence pertains to this question: "Do our human resource practices enable us to attract, develop and retain the right mix of skill, talents and capabilities needed at the right place and the right time?" Competence as an outcome of managing diversity effectively means that a firm will have representatives from diverse groups throughout the organization. In other words, hiring and promotion patterns should be examined not just in terms of numerical representation, but also across functions and levels. In support of this approach, research shows that lacking of diversity at the lower levels.

A perception of equity is an important individual and group-level outcome of HR policies. An equity challenges in managing diversity relates to the assumption that

what is provided to one employee must be offered to all. Managers need HR systems that will allow them to feel comfortable saying yes to one employee and no to another and will still enable their decisions to be viewed as fair. The paramount standard to be used might be the application of what researchers refer to as the performance effectiveness goal. By this standard, individuals and groups will receive outcomes consistent with the quantity and quality of the results they produce. Since implementing this standard will be difficult is suggested that firms have procedure for handling disagreements over fairness of outcomes. For example HR outcomes are more likely to be viewed as fair if there is: (1) representative member diversity at all decision-making level: (2) an opportunity for appeal to a principal actor regarding HR decisions: and (3) a limit right of review for yours who may want to challenge a decision (Sheppard et al., 1992).

Improved communication among members of different cultures is an other important HR-related outcome. As and executive from Xerox noted at a recent conference on diversity: "If there is a hostile work environment, employees who are members of minority cultural groups will feel more threatened and more likely to have a need to cling on more tenaciously to what they consider to be important," It is argued that people are more likely to reach out to others if they feel that their own needs are not being ignored.

The most critical goal of HR policies is to enhance performance of Individuals and teams. Accountability should go beyond current practices. Such as holding managers responsible for the statistical representation of different groups across levels or functions, turnover and promotion rates and representation in high-potential programs and key positions. Managers should also be held accountable for using individuals and groups capabilities to their fullest potential to enhance performance.

Economic and organizational outcomes Some key organizational and economic outcomes from designing HR systems to manage diversity are profitability, adaptive/ flexible systems, multicultural balance and increased effectiveness.

Enhanced profitability is likely to accrue from cost savings and increased productivity. Reduced turnover is the saving most easily calculated from managing diversity. When turnover occurs, the firm is likely to incur the costs of recruiting and selection a new individual and of lowered productivity from having a position empty or filled by a less experienced employee.

Although less easily calculated than turnover, the positive financial benefits of having more favorable employee attitudes can also be estimated via behavioural costing. For example, employees will be less likely to be absent if they have high satisfaction and they will b e more likely to exert higher effort and choose more effective performance strategies. Although not yet applied to improved attitudes from managing diversity, behavioural costing has been used to calculate the effects of attitudinal improvement on absences and illnesses, voluntary turnover and mistakes that cost the firm money. Behavioural costing represents a potentially fruitful approach for calculating the benefits of enhancing diversity climate.

Profitability can also result from increased productivity due to innovation and enhancing access to new markets. A key benefit from managing diversity relates to the fostering of adaptive and flexible organization systems, which can be a source of competitive advantage in an environment of changing market conditions. In addition firms that possess healthy multicultural environments will be much more likely to be able to respond to new pressures. Such firms will also be more likely to avoid the view that there is only one best way to achieve success. Multicultural balance, by definition, means that one group's needs are not being met at the expense of others'.

20.11 SUMMARY

Owing to the advent of globalisation, the cross cultural interaction has significantly increased, leading to long gestation teething troubles for the organisation. Managers need to have specific input and training to understand and handle the dynamics of diversity. To understand various facets of cultural ideologies and work out a system which may take up the challenges of ideological and workout a system which may take up the challenges of ideological differences and conflicts. This unit deals with the dynamics of power, mentorship and diversity to cope with the problems of cross-cultural conflicts and dynamics.

20.12 SELF ASSESSMENT QUESTIONS

1) Describe the relation between culture and diversity with certain examples.

2) How can work-force diversity be managed at organisational level?

3) Discuss diversity with reference to power and mentorship in organisation.

4) How do Human Resource Systems help in managing diversity? Discuss.

20.13 FURTHER READINGS

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