

# Chapter 2

## Diversity in Organizations

### Chapter Overview

PPT 2.1

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

### Chapter Objectives

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

1. Describe the two major forms of workforce diversity.
2. Recognize stereotypes and understand how they function in organizational settings.
3. Identify the key biographical characteristics and describe how they are relevant to OB.
4. Define *intellectual ability* and demonstrate its relevance to OB.
5. Contrast intellectual and physical ability.
6. Describe how organizations manage diversity effectively.

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### Suggested Lecture Outline

#### I. INTRODUCTION

- A. In this chapter, we look at the two major forms of workforce diversity, recognize stereotypes and their influence in organizational settings, define intellectual capability and explore its relevance in OB, and discuss how to manage a diverse workforce effectively.

#### II. DIVERSITY

- A. Demographic Characteristics of the U.S. Workforce
  1. A change has occurred in the formerly predominantly white, male managerial workforce. Today's workforce is gender-balanced and multiethnic.
    - a. Compared to 1976, women today are much more likely to be employed fulltime, have more education, and earn wages comparable to those of men.
    - b. In addition, over the past 50 years, the earnings gap between Whites and other racial and ethnic groups has decreased significantly; past differences between Whites and Asians have disappeared or been reversed.
  2. This permanent shift toward a diverse workforce means organizations need to make diversity management a central component of their policies and practices.

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3. A survey by the Society for Human Resource Management shows some major employer concerns and opportunities resulting from the demographic makeup of the U.S. workforce.
- B. Levels of Diversity PPT 2.4
1. Demographics mostly reflect surface level diversity, not thoughts and feelings, and can lead employees to perceive one another through stereotypes and assumptions.
  2. However, evidence has shown that as people get to know one another, they become less concerned about demographic differences if they see themselves as sharing more important characteristics, such as personality and values, that represent deep-level diversity.
    - a. Individual differences in personality and culture shape preferences for rewards, communication styles, reactions to leaders, negotiation styles, and many other aspects of behavior in organizations.
- C. Discrimination PPT 2.5
1. Although diversity does present many opportunities for organizations, effective diversity management also means working to eliminate unfair discrimination. Exhibit 2.1
    - a. To discriminate is to note a difference between things, which in itself isn't necessarily bad.
    - b. Noticing one employee is more qualified for making hiring decisions, noticing another is taking on leadership responsibilities exceptionally well is necessary for making promotion decisions.
      - 1) Usually when we talk about discrimination, though, we mean allowing our behavior to be influenced by stereotypes about groups of people. Rather than looking at individual characteristics, unfair discrimination assumes everyone in a group is the same.
    - c. As Exhibit 2-1 shows, discrimination can occur in many ways, and its effects can be just as varied depending on the organizational context and the personal biases of its members.
      - 1) Some forms, like exclusion or incivility, are especially hard to root out because they are impossible to observe and may occur simply because the actor isn't aware of the effects of his or her actions.
    - d. Whether intentional or not, discrimination can lead to serious negative consequences for employers, including reduced productivity and citizenship behavior, negative conflicts, and increased turnover.
    - e. Unfair discrimination also leaves qualified job candidates out of initial hiring and promotions.
      - 1) Even if an employment discrimination lawsuit is never filed, a strong business case can be made for aggressively working to eliminate unfair discrimination.
- III. BIOGRAPHICAL CHARACTERISTICS PPT 2.6
- A. Diversity is a broad term, and the phrase workplace diversity can refer to any characteristic that makes people different from one another.
1. Biographical characteristics such as age, gender, race, disability, and length of service are some of the most obvious ways employees differ.
- B. Age. PPT 2.7

1. The relationship between age and job performance is likely to be an issue of increasing importance during the next decade for at least three reasons.
    - a. First, belief is widespread that job performance declines with increasing age.
    - b. Second, the workforce is aging.
    - c. The third reason is U.S. legislation that, for all intents and purposes, outlaws mandatory retirement.
  2. What effect does age actually have on turnover, absenteeism, productivity, and satisfaction?
    - a. The older you get, the less likely you are to quit your job.
    - b. In general, older employees have lower rates of avoidable absence than do younger employees. However, they have equal rates of unavoidable absence such as sickness absences.
    - c. Reviews of the research find that age and job task performance are unrelated and that older workers are more likely to engage in citizenship behavior.
    - d. The evidence is mixed regarding age and job satisfaction. Satisfaction tends to continually increase among professionals as they age, whereas it falls among nonprofessionals during middle age and then rises again in the later years.
  3. Combating age discrimination may be associated with higher levels of organizational performance.
- C. Sex.
- PPT 2.8
1. Few issues initiate more debates, misconceptions, and unsupported opinions than whether women perform as well on jobs as men do.
  2. The best place to begin to consider this is with the recognition that few, if any, important differences between men and women affect job performance.
    - a. Psychological studies have found women are more agreeable and willing to conform to authority, whereas men are more aggressive and more likely to have expectations of success, but those differences are minor.
    - b. Given the significantly increased female participation in the workforce over the past 40 years and the rethinking of what constitutes male and female roles, we can assume no significant differences in job productivity between men and women.
  3. Unfortunately, sex roles still affect our perceptions.
    - a. Women who succeed in traditionally male domains are perceived as less likeable, more hostile, and less desirable as supervisors.
    - b. Working mothers are more likely to prefer part-time work, flexible work schedules, and telecommuting in order to accommodate their family responsibilities.
    - c. Women also prefer jobs that encourage work-life balance, which has the effect of limiting their options for career advancement.
  4. What about absence and turnover rates?
    - a. Evidence from a study of nearly 500,000 professional employees indicates significant differences with women more likely to turn over than men.
    - b. Women also have higher rates of absenteeism than men.
    - c. The most logical explanation is that the research was conducted in North American, and North American culture has historically placed home and family responsibilities on women.

5. Again, it is worth asking what the implications of sex discrimination are for individuals.
  - a. The evidence suggests that combatting sex discrimination may be associated with better performance for the organization as a whole.
- D. Race and Ethnicity.
  1. Race is a controversial issue. In many cases, even bringing up the topic of race and ethnicity is enough to create an uncomfortable silence.
  2. Most people in the United States identify themselves according to racial groups. The U.S. Bureau of the Census classifies individuals according to seven broad racial categories.: American Indian and Alaskan Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Some Other Race, White, and Two or More Races.
    - a. An ethnicity distinction is also made between native English speakers and Hispanics: Hispanics can be of any race.
    - b. We define race in this book as the biological heritage people use to identify themselves; ethnicity is the additional set of cultural characteristics that often overlap with race.
  3. Race and ethnicity have been studied as they relate to employment outcomes such as hiring decisions, performance evaluations, pay, and workplace discrimination. We can summarize a few points.
    - a. In employment settings, individuals tend to slightly favor colleagues of their own race in performance evaluations, promotion decisions, and pay raises, although such differences are not found consistently, especially when highly structured methods of decision making are employed.
    - b. Substantial racial differences exist in attitudes toward affirmative action, with African Americans approving of such programs to a greater degree than Whites.
    - c. African Americans generally fare worse than Whites in employment decisions.
    - d. Employers' major concerns about using mental-ability tests for selection, promotion, training, and similar employment decisions is that these tests may have an unnecessary negative impact on racial and ethnic groups, discriminating against employees whom they consider qualified.
  4. Does racial and ethnic discrimination lead to negative workplace outcomes?
  5. The evidence isn't entirely clear. Considerable evidence suggests that diversity tends to interfere with group cohesion and decision-making, at least in the early stages of group formation.
  6. On the other hand, some research suggests that having a positive climate for diversity overall can lead to increased sales.
  7. For many employers, diversity is a value imperative – they believe they must increase the diversity of their workforce for legal or ethical reasons.
- E. Disability.
  1. With the passage of the Americans with Disabilities Act (ADA) in 1990, representation of individuals with disabilities in the U.S. workforce rapidly increased.
  2. Making inferences about the relationship between disability and employment outcomes is difficult because the term disability is so broad.

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3. One of the most controversial aspects of the ADA is the provision that requires employers to make reasonable accommodations for people with psychiatric disabilities.
  4. The impact of disabilities on employment outcomes has been explored from a variety of perspectives.
    - a. On the one hand, a review of the evidence suggests that workers with disabilities receive higher performance evaluations, whether or not the evaluations would be considered objective.
    - b. This same review found that despite these higher performance ratings, individuals with disabilities tend to encounter lower performance expectations and are less likely to be hired.
    - c. Several studies have examined participants who received resumes that were identical, except that some mentioned a disability.
    - d. The resumes that mentioned mental illness or a physical disability were associated with much lower ratings for perceived employability, especially in jobs requiring a great deal of personal contact with the public.
    - e. Contrast these selection-oriented results with studies showing that the accomplishments of those with disabilities are often rates as more impressive than the same accomplishments of people without disabilities.
- F. Other Biographical Characteristics: Tenure, Religion, Sexual Orientation, and Gender Identity.
1. Tenure. Except for gender and racial differences, few issues are more subject to misconceptions and speculations than the impact of seniority on job performance.
    - a. If we define seniority as time on a particular job, the most recent evidence demonstrates a positive relationship between seniority and job productivity.
    - b. So tenure, expressed as work experience, appears to be a good predictor of employee productivity.
    - c. Studies consistently show seniority to be negatively related to absenteeism.
    - d. Tenure is also a potent variable in explaining turnover.
  2. Religion. Perhaps the greatest religious diversity issue in the United States today revolves around Islam.
    - a. Nearly four in ten U.S. adults admit they harbor negative feelings or prejudices toward U.S. Muslims, and 52 percent believe U.S. Muslims are not respectful of women.
    - b. Faith can be an employment issue when religious beliefs prohibit or encourage certain behaviors.
  3. Sexual Orientation and Gender Identity.
    - a. Employees differ widely in their treatment of sexual orientation.
    - b. Federal law does not prohibit discrimination against employees based on sexual orientation, though many states and municipalities do.
    - c. Many organizations have implemented policies and procedures protecting employees on the basis of sexual orientation, and some companies have put policies in place to protect transgender employees.

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## IV. ABILITY

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

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## H. Intellectual Abilities

1. Intellectual abilities are abilities needed to perform mental activities – thinking, reasoning, and problem solving.
2. Most societies place a high value on intelligence, and for good reason.
3. Smart people generally earn more money and attain higher levels of education.
4. They are also more likely to emerge as leaders of groups.
5. As shown in Exhibit 2-2, the seven most frequently cited dimensions making up intellectual abilities are number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory.
  - a. Intellectual dimensions are positively related, so if you score high on verbal comprehension, for example, you're more likely to also score high on spatial visualization.
  - b. The correlations aren't perfect, meaning people do have specific abilities that predict important work-related outcomes when considered individually.
  - c. However, they are high enough that researchers also recognize a general factor of intelligence, general mental ability (GMA).
  - d. Evidence strongly supports the idea that the structures and measures of intellectual abilities generalize across cultures.
  - e. There is some evidence that IQ scores vary to some degree across cultures, but these differences are much smaller when we take into account educational and economic differences.
6. Jobs differ in the demands they place on intellectual abilities.
  - a. The more complex a job in terms of information-processing demands, the more general intelligence and verbal abilities will be necessary to perform successfully.
  - b. Where employee behavior is highly routine and there are few or no opportunities to exercise discretion, a high IQ is not as important to performing as well.
7. Interestingly, while intelligence is a big help in performing a job well, it doesn't make people happier or more satisfied with their jobs.

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Exhibit 2.2

## I. Physical Abilities

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

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Exhibit 2.3

## J. The Role of Disabilities

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

#### V. IMPLEMENTING DIVERSITY MANAGEMENT STRATEGIES

V. Diversity management makes everyone more aware of and sensitive to the needs and differences of others.

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

VI. Attracting, Selecting, Developing, and Retaining Diverse Employees

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- i. One method of enhancing workforce diversity is to target recruiting messages to specific demographic groups underrepresented in the workforce.
  1. This means placing advertisements in publications geared toward specific demographic groups; recruiting at colleges, universities, and other institutions with significant numbers of underrepresented minorities, and forming partnerships with associations like the Society for Women Engineers or the Graduate Minority Business Association.
- ii. The selection process is one of the most important places to apply diversity efforts.
  1. Managers who hire need to value fairness and objectivity in selecting employees and focus on the productive potential of new recruits.
  2. Fortunately, ensuring that hiring is bias-free does appear to work. Where managers use a well-defined protocol for assessing applicant talent and the organization clearly prioritizes nondiscrimination policies, qualifications become far more important in determining who gets hired than demographic characteristics.
- iii. Organizations that do not discourage discriminatory behavior are more likely to see problems.
- iv. Similarity in personality appears to affect career advancement.
  1. Those whose personality traits are similar to those of their co-workers are more likely to be promoted than those whose personalities are different.
- v. In collectivistic cultures, similarity is more important for predicting advancement, whereas in individualistic cultures, similarity to peers is more important.
- vi. Research shows that all managers, African-American, Hispanic, and White, prefer an organization that values diversity.

VII. Diversity in Groups

- i. In some cases, diversity in traits can hurt team performance, whereas in others it can facilitate

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- it.
  - ii. Whether diverse or homogenous teams are more effective depends on the characteristic of interest.
    - 1. Demographic diversity (in gender, race, and ethnicity) does not appear to either help or hurt team performance in general.
    - 2. Teams of individuals who are highly intelligent, conscientious, and interested in working in team settings are more effective.
  - iii. Groups of diverse individuals will be much more effective if leaders can show how members have a common interest in the group's success.
  - iv. Transformational leaders (who emphasize higher-order goals and values in their leadership style) are more effective in managing diverse teams.
- VIII. Effective Diversity Programs
- i. Effective, comprehensive workforce programs encouraging diversity have three distinct components.
    - 1. First, they teach managers about the legal framework for equal employment opportunity and encourage fair treatment of all people regardless of their demographic characteristics.
    - 2. Second they teach managers how a diverse workforce will be better able to serve a diverse market of customers and clients.
    - 3. Third, they foster personal development practices that bring out the skills and abilities of all workers, acknowledging how differences in perspective can be a valuable way to improve performance for everyone.
  - ii. Most negative reactions to employment discrimination are based on the idea that discriminatory treatment is unfair.
  - iii. Regardless of race or gender, people are generally in favor of diversity-oriented programs, including affirmative action, if they believe the policies ensure everyone a fair opportunity to show their skills and abilities.
    - 1. Research shows that organizations that provide diversity training were not consistently more likely to have women and minorities in upper management positions than organizations that did not.
    - 2. While these results might seem surprising, experts have long known that one-shot training sessions without strategies to encourage effective diversity management back on the job are not likely to be effective.
  - iv. Researchers suggest that diversity experiences are more likely to lead to positive adaptation for all parties if
    - 1. (1) the diversity experience undermines stereotypical attitudes,
    - 2. (2) if the perceiver is motivated and able to consider a new perspective on others,

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3. (3) if the perceiver engages in stereotype suppression and generative thought in response to the diversity experience, and
4. (4) if the positive experience of stereotype undermining is repeated frequently.
- v. Organizational leaders should examine their workforce to determine whether target groups have been underutilized.
- vi. If groups of employees are not proportionally represented in top management, managers should look for any hidden barriers to advancement.
  1. They can often improve recruiting practices, make selection systems more transparent, and provide training for those employees who have not had adequate exposure to certain materials in the past.

### III. IMPLICATIONS FOR MANAGERS

- A. Most research shows fairly minimal effects of biographical characteristics on job performance.
- B. An effective selection process will improve the fit between employees and job requirements.
- C. Promotion and transfer decisions affecting individuals already in the organization's employ should reflect candidates' abilities.
- D. To accommodate employees with disabilities, managers can improve the fit by fine-tuning the job to better match an incumbent's abilities.
- E. Group management, recruiting, hiring, retention, and development practices can all be designed to leverage diversity for the organization's competitive advantage.
- F. Policies to improve the climate for diversity can be effective, so long as they are designed to acknowledge all employees' perspectives.

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### IV. SUMMARY

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### Discussion Questions

1. Describe the two main levels of diversity. Give an example for each.  
**Answer:** Surface-level diversity is reflected in demographics like age, race, and gender. It can lead employees to perceive one another through stereotypes and assumptions. Over the course of a relationship, this type of diversity becomes less important. Deep-level diversity is reflected in an individual's personality and values. This type of diversity becomes more important over the course of a relationship.  
 Examples will vary. Ensure the key ideas of superficial differences versus fundamental deeper differences are clearly stated.
2. What is the role of stereotypes in an organization?  
**Answer:** Employees use stereotypes to make assumptions about groups of people based on surface-level diversity. Instead of considering individual characteristics, an individual may assume everyone in a group is the same. This type of behavior can lead to unfair and potentially harmful discrimination in an organization.
3. List and describe key biographical characteristics. How are they relevant to OB?  
**Answer:** Age, gender, race, disability, and length of service are some of the more important biographical characteristics. Other biographical characteristics include tenure, religion, sexual orientation, and gender identity. It is important to

- understand how biographical characteristics influence employee productivity, absence, turnover, deviance, citizenship, and satisfaction. For example, compared to younger workers, older employees are less likely to quit their jobs, have lower rates of avoidable absence, and are often more productive.
4. Define intellectual ability. What is the relevance of intellectual ability to OB?  
**Answer:** Intellectual ability is the thinking, reasoning, and problem solving ability needed to perform mental activities. The seven most frequently cited dimensions that make up intellectual ability are number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory. People with higher levels of intellectual ability are more likely to emerge as leaders of groups, attain higher levels of education, and earn more money.  
In the workplace, their skills are valuable especially for jobs that require high levels of information-processing because these jobs require higher levels of intellectual ability. Keep in mind though that the correlation between intelligence and job satisfaction is about zero.
  5. Compare and contrast intellectual and physical ability.  
**Answer:** Ability refers to an individual's current capacity to perform the various tasks in a job. Intellectual abilities are the abilities needed to perform mental activities, while physical abilities refer to the basic abilities needed to perform physical tasks. Jobs that involve intellectual ability place a premium on thinking, reasoning, and problem-solving skills. Jobs that demand physical abilities use any of nine basic skills: dynamic strength, trunk strength, static strength, explosive strength, extent flexibility, dynamic flexibility, body coordination, balance, and stamina.
  6. How can organizations effectively manage diversity?  
**Answer:** Diversity management makes everyone more aware of and sensitive to the needs and differences of others. Diversity programs are more likely to be successful when more individuals believe that they are likely to benefit from the program. Diversity programs that are comprehensive are more likely to be successful, whereas one-shot efforts tend to be less effective. Successful diversity management also requires ongoing commitment across all levels of the organization. Diversity management should be incorporated in group management, recruiting, hiring, retention, and development practices.

### Exercises

1. **Self-analysis.** What is your position on diversity in the workplace? How would you describe your attitude toward diversity? Be detailed in your analysis.
2. **Web Crawling.** Find and present an online article on diversity in a country other than the United States. What commonalities are exposed and what differences are shown to exist?
3. **Teamwork.** In small groups meet and discuss diversity. Ask each group to prepare a list of metrics designed to measure progress in an organization towards diversity management. Each group should develop metrics to measure progress for both short-term and long-term objectives, and each group should develop metrics for upper, middle, and lower level employees. Then, as a class, discuss the metrics each group has developed. Look for the common ideas and discuss why they are

- important. Next, explore the lists for each employee level and discuss how and why they should be different
4. **Analyzing Your Organization (Cumulative Project).** Ask students to brainstorm three diversity scenarios that could be encountered in an organization. For example, one scenario could involve two individuals who are up for a promotion. One is a white male, the other a Hispanic woman. The team making the decision is led by a white male. The team promotes the white male. Then, ask students to meet with different members of their organization to discuss their views on the scenarios and how they perceive how the situation was handled. Students should try to meet with as diverse a group of individuals as possible, perhaps including individuals of different ages, races, genders and so on. What conclusions can be drawn from these responses regarding the effectiveness of their organization's diversity management program? Keep in mind that this could be a very sensitive task, and instructors should review the need for anonymity and sensitivity in situations such as these.

**Suggested Assignments:**

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