Chapter 2: Diversity

Chapter Overview

Diversity is much more than demographics and can reflect combinations of characteristics in addition to a single attribute. There are many types of diversity, including surface-level and deep-level diversity. Diversity can be examined as a group characteristic or as an individual characteristic. Diversity affects individual and organizational outcomes through processes including social integration, differences in status and power, task conflict, relationship conflict, inclusion, and information processing. Organizations promote diversity through top management commitment, staffing, training, and mentoring.

Societal culture reflects language, politics, religion, and values. Societal cultures can differ on a variety of characteristics, including collectivism, power distance, future orientation, and gender egalitarianism. It is important to develop cultural awareness and understanding of how culture influences interpretations of others, personal behavior, and how people from other cultures see others. Creating a culture of inclusion and hiring, training, and rewarding employees for inclusive behaviors takes advantage of the positive potential of diversity and minimizes the potential for negative outcomes.

Organizations care about diversity for legal reasons, but also because it has the potential to improve organizational performance. In this chapter, you will learn about why diversity can be both good and for business, different types of diversity, and barriers to diversity. You will also learn about some tools to use in managing diversity, and why societal culture is an important diversity issue for organizations today.

Learning Objectives

After studying this chapter, you should be able to:
1. Describe the difference between surface-level and deep-level diversity.
2. Describe how diversity can benefit organizations.
3. Describe how diversity can have negative effects in organizations.
4. Explain various barriers to creating inclusive organizations.
5. Give examples of several diversity assessment methods.
6. Explain how societal culture affects how people interpret others and how others interpret them.
7. Describe the role of cultural competence in organizations.

Key Terms

Diversity: the variety of observable and unobservable similarities and differences among people.

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Surface-level diversity: observable differences in people, including race, age, ethnicity, physical abilities, physical characteristics, and gender.

Deep-level diversity: individual differences that cannot be seen directly, including goals, values, personalities, decision-making styles, knowledge, skills, abilities, and attitudes.

Relational demography: a single group member's similarities to and differences from other group members.

Token: being in the numerical minority in a group based on some unique characteristic and being assumed to fully represent that minority group.

Separation: differences in position or opinion among group members reflecting disagreement or opposition- dissimilarity in an attitude or value, for example, especially with regard to group goals or processes.

Variety: differences in a certain type or category, including group members' expertise knowledge or functional background.

Disparity: differences in the concentration of valuable social assets or resources- dissimilarity in rank, pay, decision-making authority, or status, for example.

Faultlines: separation based on the existence and strength of subgroups due to the composition and alignments of different group member characteristics.

Social integration: when members feel they are a core part of the group.

Task conflict: conflict over task issues, such as goals, deadlines, or work processes.

Relationship conflict: interpersonal conflict including personality clashes.

Inclusion: the sense of being safe, valued, and engaged in a group regardless of their similarities to or differences from other group members.

Information processing: a change in the way groups integrate information and reconcile different perspectives to make decisions or take action.

"Like me" bias: a bias resulting from people's preference to associate with other people who they perceive to be like themselves and an unwillingness to employ people unlike themselves.
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Social categorization theory: similarities and differences among people form the basis for sorting self and others into similar in-group members and dissimilar out-groups.

Stereotype: a belief about an individual or a group based on the idea that everyone in that particular group will behave the same way.

Ethnocentrism: the belief that one's own language, native country, and cultural rules and norms are superior to all others.

Organizational networks: patterns of task and personal relationships among employees.

Reciprocal mentoring: matches senior employees with diverse junior employees to allow both people to learn more about a different group.

Power distance: the degree of inequality that exists and that is accepted among people with and without power.

Individualism: the strength of the ties people tend to have with others in their community—high individualism reflects loose ties with others, greater valuation of people's time, and need for freedom whereas lower individualism places value on harmony and intrinsic rewards.

Masculinity: how much a society values and exhibits traditional male and female roles and expects them to be distinct.

Uncertainty avoidance: the degree of anxiety members feel in uncertain or unfamiliar situations.

Long-term orientation: reflects a focus on long-term planning, delivering on social obligations, and avoiding "losing face."

Expatriate: person temporarily or permanently living in a country other than that of legal residence.

Cultural competence: the ability to interact effectively with people of different cultures.

Real World Challenge: Creating a Climate for Diversity at the ConAgra Foods

Summary: ConAgra Foods is the leading food company in North America. Many of the brands you already know such as Healthy Choice, Hunt's and Orville Redenbacher's are ConAgra brands. ConAgra values many types of diversity in their employees believing that diversity will strengthen ConAgra's relationship with their customers.

Real World Challenge: How can ConAgra utilize diversity to become a more inclusive organization?

Real World Response: Having a diverse culture brings to ConAgra a wide variety of perspectives and talents that strengthen its ability to better serve customers and consumers.   By creating an inclusive culture that leverages the diversity of its employees, ConAgra empowers its talent to grow to their fullest potential.

Annotated Chapter Outline

I. WHAT IS DIVERSITY?

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Q: What does it mean to be diverse?

    A. **Diversity** refers to the variety of observable and unobservable similarities and differences among people.

        1. Differences such as gender, race, and age are diversity characteristics.

        2. Diversity can include life experience, educational background, and an individual's country of origin.

    B. Diversity is more than demographics and can reflect combinations of characteristics rather than a single attribute.

    C. Understanding diversity can help you to be a more effective employee and manager.

II. TYPES OF DIVERSITY

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Q: *Have you ever met someone who seemed different but, in fact, had a lot in common with you?*

  A. **Surface-level diversity** refers to observable differences in people, including race, age, ethnicity, physical abilities, physical characteristics, and gender.

  B. **Deep-level diversity** refers to individual differences that cannot be seen directly, including goals, values, personalities, decision-making styles, knowledge, skills, abilities, and attitudes.

  1. These characteristics have stronger effects on group and organizational performance than surface-level characteristics.

  2. Physical appearance is less important to individual and group performance than characteristics such as knowledge, abilities, and attitudes.

SO WHAT?
What people look like is much less important to individual and group performance than their deeper characteristics like knowledge, abilities, and attitudes.

  C. Relational demography refers to a single group member's similarities to and differences from other group members.

D. **Token** refers to being in the numerical minority in a group based on some unique characteristic and being assumed to fully represent that minority group.

   1. Motivation is reduced if the person feels included only because of the differentiating characteristic.

   2. Research shows that racial minorities experience lower perceived justice and lower job satisfaction.

E. Harrison and Klein identified other types of deep-level diversity:

   1. *Separation*: differences in position or opinion among group members reflecting dissimilarity in an attitude or value.

   2. *Variety*: differences in a certain type or category, including group members' expertise, knowledge, or functional background.

   3. *Disparity*: differences in the concentration of valuable social assets or resources—dissimilarity in rank, pay, decision-making authority, or status.

   4. Table 2-1 summarizes the five types of diversity.

SO WHAT?
When building a workgroup or team, it is important to attend to many different types of diversity to ensure the team has what it needs to succeed.

III. BUSINESS CASE FOR DIVERSITY

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Q: *Why should we care about diversity?*

A. Performance Benefits

1. Research shows that performance increases when employees have more positive attitudes toward diversity.

2. Diversity contributes to a firm's competitive advantage when all employees contribute their talent and motivation.

3. Diversity and inclusion are critical to competing successfully in the global marketplace.

B. Diversity as a Source of Competitive Advantage

1. Studies show that culturally diverse work teams make better decisions than homogeneous teams.

2. Diverse groups develop a more comprehensive view of a problem and a broader list of solutions.

3. The social network of diverse employees offers a wider variety of information and expertise.

4. Diversity creates a competitive advantage for creativity and innovation.

C. Legal Issues

1. Title VII of the Civil Rights Act prohibits intentional discrimination and practices that discriminate against individuals because of race, color, national origin, religion, or sex.

2. Other laws protect employees with disabilities and workers older than age 40.

3. The Civil Rights Act of 1991 allows monetary damages in cases of intentional employment discrimination.

IV. DIVERSITY TRENDS

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Q: *How is the ethnic and cultural mix of the U.S. workforce changing?*

 A. The ethnic and cultural mix of the U.S. workforce is changing.

   1. By 2020, the U.S. workforce will consist of 62.3 percent White non-Hispanics, 18.6 percent Hispanics, 12 percent Blacks and 5.7 percent Asians.

   2. Non-whites will make up half of the working-age population in 2039.

   3. Table 2-2 shows the change in the working population by race between 2008 and 2050.

 B. Projections show an increase in older workers and a decline in younger workers (Fig. 2-1).

   1. Succession planning is necessary to ensure the continuity of leadership.

   2. Firms are considering how workers of different ages work together.

 C. Many countries and regions face talent shortages and gaps will worsen.

   1. By 2040, Europe will have a shortfall of 24 million workers age 15 to 65.

    2. Talent shortages are forecast to rise globally.

    3. Recruiting and retaining a diverse workforce is a competitive business issue.

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│ SO WHAT?                                                                  │
│ Increasing diversity can improve organizational performance and manage    │
│ talent shortages, but only if it is properly managed.                     │
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V. POTENTIAL DOWNSIDE OF DIVERSITY

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Q: *What is the downside of diversity?*

   A. Downside of Diversity

      1. Diversity can cause: misunderstanding, suspicion, conflict.
      2. Diversity can result in: absenteeism, poor quality, low morale, loss of competitiveness and cohesiveness.

      3. Diverse groups are less able to provide for members' needs.

      4. Diverse groups have less integration and communication.

   B. Research on the effects of diversity:

      1. Mixed evidence that age diversity positively affects group processes—communication, conflict, and cohesion.

      2. Age differences that violate social status norms associated with age have a negative impact.

      3. No direct effect on team cohesion or performance but affects levels of conflict.

4. Costs associated with mismanaging diversity: reduced motivation, increased turnover, absenteeism, lawsuits.

C. The effects of relational demography:

1. Workgroup members of the same race show higher productivity, higher commitment, and better perceptions of opportunities.

2. Non-whites are unaffected by being different, whereas white team members are negatively affected.

D. Subgroups influence the group's performance:

1. **Faultlines** refer to separation based on the existence and strength of subgroups because of the composition and alignments of different group member characteristics.

2. Faultlines in groups can break them into multiple subgroups.

E. People sometimes discriminate against people similar to them.

VI. HOW DOES DIVERSITY INFLUENCE INDIVIDUAL AND ORGANIZATIONAL OUTCOMES?

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Q: *What are the processes through which diversity has its effects?*

A. Processes of diversity

1. **Social integration** occurs when members feel they are a core part of the group.

2. **Task conflict** refers to conflict over task issues, such as goals, deadlines, or work processes.

3. **Relationship conflict** refers to interpersonal conflict including personality clashes.

SO WHAT?
Conflict is not always bad, and can enhance performance if it helps groups generate better ideas or find better ways of doing things.

B. Surface-level diversity affects relationship conflict, while diversity in job-related characteristics affects task conflict.

SO WHAT?
Don't rush to judge other people—over time, surface-level characteristics become less important and deep-level diversity becomes more important to conflict, cooperation, and performance.

C. Task conflict likely has a curvilinear relationship with team performance and member satisfaction (Fig. 2-2).

1. Collaborative problem solving can reduce the negative effects of task conflict and help teams translate diversity into innovation.

2. Having diverse employees does not guarantee that a firm treats all of its employees equally.

    a. **Inclusion** refers to the sense of being safe, valued, and engaged in a group regardless of their similarities to or differences from other group members.

SO WHAT?
To capitalize on the potential advantages of diversity, take the time to enhance the inclusion of all group members.

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    b. Perceptions of discrimination lead to negative organizational and personal outcomes.

3. Leveraging diversity is about developing an organization that includes the contributions of all of its members.

a. **Information processing** refers to a change in the way groups integrate information and reconcile different perspectives to make decisions or take action.

b. Table 2-3 summarizes the ways diversity can affect individual and organizational outcomes.

VII. BARRIERS TO INCLUSION

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Q: *What prevents companies from becoming inclusive and making the most of their diversity?*

A. **The "Like Me" Bias** (see Table 2-4)

1. **"Like me" bias** refers to a bias resulting from the preference to associate with other people who they perceive to be like themselves and an unwillingness to employ people unlike themselves.

2. **Social categorization theory** states that similarities and differences among people form the basis for sorting self and others into similar in-group members and dissimilar out-groups.

B. **Stereotypes**

1. A **stereotype** is a belief about an individual or a group based on the idea that everyone in that particular group will behave the same way.

2. Stereotypes can reduce inclusion opportunities for minorities, women, persons with disabilities, and older workers.

C. **Prejudice**

1. Bigotry still occurs for or against a targeted group, despite Title VII.

2. Organizations can reduce prejudice by carefully selecting and training managers and employees, evaluating their inclusion behaviors, and tracking the promotion rates of diverse employees.

D. Perceived Threat of Loss

1. As efforts are made to promote inclusion, members of the predominant employee group may grow anxious or angry.

2. If they perceive a direct threat to their careers, they may protect their own prospects by impeding the prospects of others.

E. **Ethnocentrism**

1. **Ethnocentrism** is the belief that one's own language, native country, and cultural rules and norms are superior to all others.

2. Education and experiences that promote cross-cultural awareness can promote cultural diversity.

F. **Unequal Access to Organizational Networks**

1. **Organizational networks** are patterns of task and personal relationships among employees.

2. Research has associated male domination at the upper ranks of a firm with female executives' reports of barriers to advancement and exclusion from informal networks.

VIII. MANAGING DIVERSITY

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Q: *Why is top management support for diversity and diversity initiatives important?*

A. Tools

1. The foundation for effective diversity management is top management support and hiring people likely to succeed in an inclusive organization.

2. **Reciprocal mentoring** matches senior employees with diverse junior employees to allow both people to learn more about a different group.

3. It is important to make sure that highly qualified job candidates are diverse.

4. Diversity training and education need to communicate that bias is a part of being human.

5. Firms should involve everyone in diversity initiatives, not just minorities, to maximize participation and commitment.

SO WHAT?
Involve everyone in diversity initiatives, not just minorities, to maximize participation and commitment.

B. Understand Yourself Feature: Diversity Awareness Self-Assessment

This chapter's Understand Yourself feature will help students understand their own level of diversity awareness.

Understand Yourself Feature: Diversity Awareness Self-Assessment

Students learned about the effects of diversity in organizations. Diversity awareness helps managers lead more effectively, and to more accurately interpret and understand the behaviors of others. To get some insight into their own diversity awareness, which is the first step in improvement, they are to indicate how often they do the behaviors described in nine statements using the rating scale. Then they score their responses.

Scoring:
● *Between 12 and 20*: Diversity awareness is low. This could reflect a lack of information or an unwillingness to take risks and experience new or unfamiliar situations.

●*Between 21 and 28*: A moderate degree of diversity awareness. It would be beneficial to practice "putting yourself in others' shoes."

●*Between 29 and 36*: You have high diversity awareness, and are comfortable with many different types of people and in many different situations.

   C. **Case Study: Diversity at Johnson & Johnson**
      This chapter's Case Study describes the many diversity activities and programs at Johnson & Johnson.

Case Study: Diversity at Johnson & Johnson

Summary: J&J has a strong commitment to diversity. As J&J's CEO Weldon states, "Diversity and inclusion are part of the fabric of our businesses and are vital to our future success worldwide. The principles of diversity and inclusion … enhance our ability to deliver products and services."

1. **How do J&J's diversity programs help it to better compete?**
   Diversity drives J&J's innovation and performance, which allows J&J to compete globally. As one vice president stated, "We recognize that diversity leads to innovation and innovation leads to business success, which in turn, leads to fulfilling opportunities for our employees."

2. **Which of the programs described in the case study do you think would be most effective at promoting and leveraging diversity at J&J?**
   I think that linking managers' bonuses to diversity results is the most effective program for promoting and leveraging diversity because it shows top management's commitment to diversity. CEO Weldon is leading by example. He received a perfect score for diversity commitment from *Diversity, Inc.* magazine. He meets regularly with employee groups, his chief

diversity officer reports directly to him, and he ties more than 6 percent of his direct reports' bonuses to diversity results.

3. **Do you think diversity can lead to negative outcomes at J&J? If so, which outcomes and why?**
   Yes, diversity can lead to negative outcomes at J&J. Diversity can cause misunderstanding, suspicion, and conflict that can result in absenteeism, poor quality, low morale, and loss of competitiveness as well as lowered cohesiveness. The reason for these outcomes is that diverse groups are less able to provide for all of their members' needs and tend to have less integration and communication and more conflict than do homogeneous groups.

IX. THE ROLE OF SOCIETAL CULTURE

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Q: *Why is understanding societal culture important?*

  A. A society's culture is comprised of assumptions that become taken for granted by its members.

   1. Culture is passed from generation to generation through stories, activities, and by observing family, friends, teachers, and others.

   2. Culture influences the diverse values, customs, language, and expectations brought to work.

  B**. Hofstede's Cultural Values**

   1. Hofstede identified five dimensions that tend to distinguish cultures across countries.

      a. **Power distance** refers to the degree of inequality that exists and that is accepted among people with and without power.

b. **Individualism**: the strength of the ties people tend to have with others in their community—high individualism reflects loose ties with others, greater valuation of people's time, and need for freedom whereas lower individualism places value on harmony and intrinsic rewards.

c. **Masculinity** refers to how much a society values and exhibits traditional male and female roles and expects them to be distinct.

d. **Uncertainty avoidance** refers to the degree of anxiety members feel in uncertain or unfamiliar situations.

e. **Long-term orientation** reflects a focus on long-term planning, delivering on social obligations, and avoiding "losing face."

2. Understanding a society's culture helps managers and employees to be more effective.

a. In a high-power distance culture, acknowledge the leader's power; in a low-power distance culture, use teamwork.

b. In a highly individualistic culture, encourage the expression of ideas; in lower individualistic cultures, work harmoniously with others.

c. In cultures higher in masculinity, there is possible bias concerning appropriate male and female roles; in cultures lower in masculinity, men and women are treated equally.

d. In high uncertainty avoidance cultures, set clear goals and expectations; in lower uncertainty avoidance cultures, minimize structure.

e. In cultures with a longer-term orientation, reward loyalty and perseverance; in cultures with a shorter-term orientation, employees will be more innovative.

C. **The GLOBE Project**

1. A study of global leadership effectiveness investigated the leadership beliefs of people in 61 different societal cultures.

2. A goal of the Global Leadership and Organizational Effectiveness (GLOBE) Research Program is to develop measures of culture and leader attributes appropriate to use across all cultures.

3. Cultural dimensions studied by the GLOBE project:

a. *Assertiveness*: How confrontational and aggressive should people be in social relationships?

b. *Uncertainty avoidance*: How much should social norms, rituals, rules, and bureaucratic practices be relied on to limit unpredictability?

c. *In-group collectivism*: How much pride and loyalty should individuals have for their family or organization?

d. *Institutional collectivism*: How much should leaders reward and encourage collective distribution of resources and collective action rather than the pursuit of individual goals?

e. *Performance orientation*: How much should people be rewarded for improvement and excellence?

f. *Future orientation*: How much should people delay gratification through planning for the future and saving?

g. *Power distance*: How unequally should power be distributed in organizations and in society?

h. *Humane orientation*: How much should society encourage and reward kindness, fairness, generosity, and friendliness?

i. *Gender egalitarianism*: How much should gender role differences be minimized?

4. Table 2-5 shows a summary of the effect of culture on perceptions of leaders' attributes.

5. **Expatriate** refers to a person temporarily or permanently living in a country other than that of legal residence.

D. **Cultural Competence**

1. **Cultural competence** refers to the ability to interact effectively with people of different cultures.

SO WHAT?
People from different cultures often have different interpretations of the same event—don't assume that everyone shares your views.

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2. Four components of cultural competence:

    a. Awareness of our own cultural world view and of our reactions to people who are different,

    b. Our attitude toward cultural differences,

    c. Knowledge of different world views and cultural practices, and

    d. Cross-cultural skills.

3. The key to cross-cultural success is awareness of how culture influences your interpretations of others, your behavior, and how people from other cultures see you.

4. Cultural awareness can improve performance in culturally diverse organizations.

C. **Improve Your Skills Feature**: Understanding Your Culture

This chapter's Improve Your Skills feature will help students understand some characteristics of their own culture that differ in other areas of the world.

Improve Your Skills Feature: Understanding Your Culture

Cultural competence requires an awareness of your own cultural practices and world view. This worksheet helps students analyze some of the features of their own societal culture. For each cultural feature, students will identify an example that represents most of the people in their primary culture. Then they reflect on how other cultures might differ, and how these differences might lead to a misunderstanding.

D. **Global Issues Feature**: **Cultural Etiquette Quiz**

Students should take the Cultural Etiquette Quiz in this chapter's Global Issues feature to see how much they know about working and doing business in other cultures.

Global Issues Feature: Cultural Etiquette Quiz

Successfully managing or conducting business across cultures involves knowing what to say, when to arrive for meetings, what to wear, what gifts are acceptable, and what greeting to give, among many other things. It takes a continued effort to recognize and appreciate the other party's expectations and business practices. This quiz will give students an idea of how aware they are of the business cultures of other areas of the world. The answers are at the bottom of the quiz.

E. Summary and Application

Discussion Questions

1. Which do you think is more important to team performance, surface-level or deep-level diversity? Why?

Surface-level diversity refers to observable differences in people, including race, age, ethnicity, physical abilities, physical characteristics, and gender. Deep-level diversity is more important to team performance because it includes goals, values, decision-making styles, knowledge, skills, abilities, and attitudes. These dimensions directly affect team performance.

2. How can diversity create a competitive advantage for a firm?

Diversity can enhance a firm's competitive advantage because it enables all employees to contribute their full talents and motivation to the company. Effectively managing diversity brings out the best in employees, allowing them to contribute maximally to the firm's performance. Diversity can improve decision making, enhance creativity, and enable a company to better relate and respond to its customers.

3. How can managers help teams to overcome the potential negative effects of diversity?

Managers can help teams overcome the negative effects of diversity through top management support for diversity and diversity initiatives. If top managers do not promote inclusion and respect diversity, lower-level managers and employees are not likely to do so. In addition, enhancing all employees' cultural awareness and empathy through diversity training, and giving all employees equal access to mentors creates a more inclusive environment. Establishing fair company policies and practices that give all employees equal access to performance feedback, training and development, and advancement opportunities is also critical. Diverse team members who feel included and respected are more likely to share ideas, be committed to group goals, and feel engaged.

4. If a subordinate came to you and said that they felt that the company's new diversity hiring initiative was unfair and would compromise their well-deserved opportunities for advancement, how would you respond?

I would say that the company makes sure that highly qualified job candidates are diverse. Then, I would point out that the company focuses on being a meritocracy, promotes awareness of how different groups communicate, and ensures that the assessment and promotion process does not misinterpret those styles. Finally, I would add that the company ensures that the promotion process proactively identifies diverse candidates to prevent inadvertently overlooking them.

5. How can white males be effectively included in diversity initiatives?

Diversity and inclusion efforts are leaving out white men, and as a result, creating a culture of *exclusion.* When the subject is race, the experiences of people of color are discussed; when the issue of gender arises, the experiences of women are examined. As a result, white men feel alienated, angry, or indifferent to diversity efforts, because their companies offer something for everyone except white men. To remedy this situation, companies should involve white men in diversity initiatives, not just minorities. Inclusion in diversity initiatives will maximize participation and commitment.

6. What can leaders do to be effective when different team members are from different cultures and have different expectations about how the leader should behave?

Leaders can develop cultural awareness. This requires honestly examining their prejudices and biases, actively developing cross-cultural skills, learning from role models, and having a positive attitude about cultural issues. The key to cross-cultural success is awareness. A leader must be aware of how culture influences his or her interpretations of others, his or her behavior, and how people from other cultures see the leader.

Exercises

Organizational Competitive Advantage Exercise: What Does Culture Mean to You?

Learning Objective: Explain how societal culture affects how people interpret others and how others interpret them.

This exercise is done as a class, and the instructor plays the role of class secretary. First working alone, students think about what "societal culture" means. For 5 minutes, they think about their own culture. They define a word and then write down the cultural dimensions to describe it. After 5 minutes, students share their ideas, which the instructor records. Students identify categories for placing the ideas. They then answer the following questions as a class:

1. How might multiculturalism create a competitive advantage for an organization?
2. What categories are the most important to teams working in organizations?
3. What categories are the least important to teams working in organizations?
4. What does your list suggest that managers wanting to promote a multicultural workplace might do?

Diversity at Microsoft

Learning Objective: Describe how diversity can benefit organizations.

Diversity is not only a legal or ethical necessity, it can also improve business results. Microsoft believes that diversity enriches its products and engages in many activities to promote inclusion. Students will explore the information at: http://www.microsoft.com/about/diversity/default.mspx.

Questions

1. **In what ways does Microsoft seem to define diversity?**

   Microsoft defines diversity as a major element of its business strategy, which is strongly supported by top management. As a senior manager explains, "Diversity and inclusion are part of Microsoft's long-term business strategy. Because our leadership team is deeply committed to this effort, we've developed a comprehensive plan to promote and integrate diversity at every level within our organization and in everything we do as a company. Building the best software means recognizing the diverse needs of our customers and partners."
    Microsoft strives to:

   ● understand and value the differences in all parts of the globe;

   ● respect the values of every culture and country;

   ● and give back to the diverse communities in which we work, live, and do business.

2. **Which of Microsoft's diversity programs and initiatives do you feel are most important to the company's future success? Why?**

   I prefer Microsoft's Law Firm Diversity Program, which is a new initiative that uses a "pay for performance" approach to promote increased diversity in the legal profession. Microsoft launched this initiative because it believes that diversity in its legal teams is a business necessity. Under this plan, seventeen Premier Preferred Provider (PPP) firms are eligible for a rate increase on legal fees of up to 3 percent, but they can earn an additional 2 percent bonus by achieving concrete diversity results. This program is important because Microsoft cannot be effective if it cannot understand and appreciate the interests and needs of the diverse individuals who make up its stakeholder groups. Microsoft recognizes a historical imbalance has existed for diverse lawyers at most major law firms, particularly at the senior levels. This program is designed with this imbalance in mind.

3. **After exploring Microsoft's website, how do you evaluate it as a potential employer? Why?**

   I think Microsoft is an excellent employer because its programs carry out the company mission to give employees, suppliers, and customers many opportunities: "Our mission is to help people and businesses throughout the world realize their full potential. This drives our business and guides our corporate citizenship work." As the world's largest software company, we help create social and economic opportunities wherever we work, live, and do business. Our

technology innovations, our people, our partnerships, and our day-to-day business make a meaningful contribution to the prosperity of communities and the sustainability of the planet.

Video Cases

Now What?

Imagine trying to write a project status report for Happy Time Toys with three other team members when an older team member tries to take the project over, believing that you're too inexperienced to do a good job. *What do you say or do?* Go to this chapter's "Now What?" video, watch the challenge video, and choose a response. Be sure to also view the outcomes of the two responses you didn't choose.

OB Concepts Applied: surface-level diversity; relational demography; managing age in the workplace; effects of age differences that violate social status norms; diversity as a source of competitive advantage; relationship conflict; inclusion; information processing; social categorization theory; stereotypes; culture of inclusion

Discussion Questions and Suggested Answers

1. What type(s) of conflict is (are) this group experiencing?

   Relational demography refers to a group member's similarities to and differences from other group members. Bill is older and more experienced than Allison and Alex and perceives himself to be different from them. This awareness leads to a haughty attitude.   "I know a lot more than you do, and I've written many of these—You kids can get back to your regular work." In fact, Bill feels like a token because he is in the numerical minority in a group based on the characteristic of age.

   The group is experiencing task conflict which refers to conflict over issues, such as deadlines and work processes. Educational diversity is associated with greater task conflict (incorrect response #1). Bill feels that his experience gives him superior skills in writing reports. "I've written many of these—I'll have no problem getting it done." Alex and Allison feel more qualified to write the report and try to exclude Bill. "We came out of the best universities and have more current knowledge than you do."

   Other sources of conflict include both surface-level diversity, visible differences in people, including age and deep-level diversity, invisible differences such as knowledge. Bill is much older than Alex and Allison, but they have greater expertise in marketing and sales.

2. How can diversity be a source of competitive advantage for this group?

   Diversity can be a source of competitive advantage because group members can use their diverse backgrounds to develop a more comprehensive view of a problem, create a broader list of possible solutions, and offer a wider variety of information and expertise.

Alex suggests that the group divides up the report based on each member's area of expertise. Allison drafts the sales section, Alex drafts the marketing and financials sections, and Bill handles competitor analysis. Research shows that innovative companies intentionally use heterogeneous teams to solve problems.

3. If you were the CEO of Happy Time Toys, how would you create a culture of inclusion to help your company realize the benefits of diversity?

If diverse employees are excluded from decision making or are marginalized (incorrect response #2), their potential contributions are not realized. Alex says to Bill, "You do have more experience than we do writing this report. It probably will be better if you write it." However, Bill didn't have a good mastery of the marketing plan and couldn't finish the report on time. As a result, all three group members received disappointing performance evaluations because the report was supposed to be a team effort.

Inclusion refers to the sense of being safe, valued, and engaged in a group regardless of differences from other group members. To create a culture of inclusion, Happy Time Toys should highlight the strengths of each employee through increased involvement. Alex could further develop marketing and financial expertise through seminars, continuing education and challenging assignments.

It is essential that the company avoid barriers to inclusion such as stereotyping others based on age. Bill thought Alex and Allison were "kids" who didn't know anything. Alex and Allison thought Bill's knowledge was dated because they perceived him as an old person. Stereotypes are both negative and erroneous— as new graduates from the best universities, Alex and Allison knew more than Bill about marketing, finance, and sales, but Bill knew more about writing the report. Happy Time Toys should also avoid the barrier to inclusion called "a perceived threat of loss." Since Bill has been the predominant employee for years, he feels angry if he perceives that younger employees pose a direct threat to his career opportunities. He wanted to do write the report himself because he felt the need to protect his career by impeding the careers of Alex and Allison (incorrect response #1). Ultimately, the three employees collaborated on the report and achieved inclusiveness.

Workplace | Evo: Managing in a Global Environment

Discussion Questions and Suggested Answers

1. How might globalization affect Evo's commitment to diversity?

As Evo goes global, employees must deal with people from diverse countries and backgrounds. Going global means interacting with a world of new stakeholders, suppliers, financial institutions, and government agencies. To manage its overseas business dealings, Evo needs to be familiar with the customs, languages, and cultures of its international partners. The easiest way to gain this familiarity is by hiring employees with diverse national and cultural backgrounds. As it strives to manage diversity, Evo can expect to encounter barriers to diversity, including stereotypes, prejudice, the "like me" bias, perceived threat of loss, and ethnocentrism.

2. What are the advantages and disadvantages of diversity for Evo's business?

A commitment to employee diversity can help Evo maximize performance, creativity, problem solving, innovation, and recruitment. In addition, managing diversity is a legal necessity in some countries; Title VII of the Civil Rights Act of 1964 prohibits employment discrimination based on race, color, religion, sex, or national origin. Despite its potential for delivering positive outcomes, diversity also has downsides. Diversity can cause misunderstanding, suspicion, and conflict in the workplace. This in turn can lead to absenteeism, poor quality, low morale, loss of competitiveness, and low workgroup cohesiveness. Diverse groups are also less able to provide for all of their members' needs and therefore encounter more conflict than homogeneous groups.

3. What cultural differences should Evo and evoTRIP managers pay attention to when traveling abroad?

Though cultural distinctions exist everywhere, cultural differences are subtle in some countries and more striking in others. As a result, Evo's managers must develop "cultural competence," or the ability to interact effectively with people of different cultures. Managers should be especially aware of Hofstede's five dimensions of cultural distinction (power distance, individualism, masculinity, uncertainty avoidance, and long term orientation).

Managers who plan evoTRIP (the company's popular travel package) must find ways to introduce customers to the rich cultural heritage of popular travel destinations. For example, in Bali, one of Evo's travel destinations, it's likely that collectivism is valued more than individualism. Japan is an Evo destination where travelers typically find greater gender differentiation than in the U.S.—including a strong emphasis on masculinity. These countries are also likely to have different approaches to power differences.

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