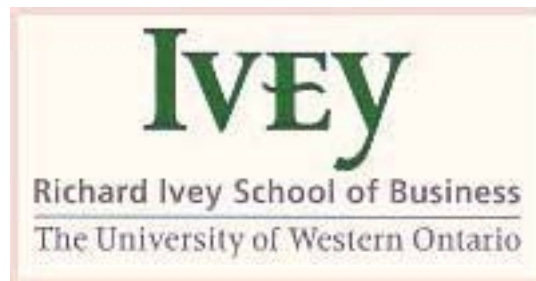


Dr. Jeffrey Gandz, Professor

**A Business Case
for Diversity**



(with the research assistance of
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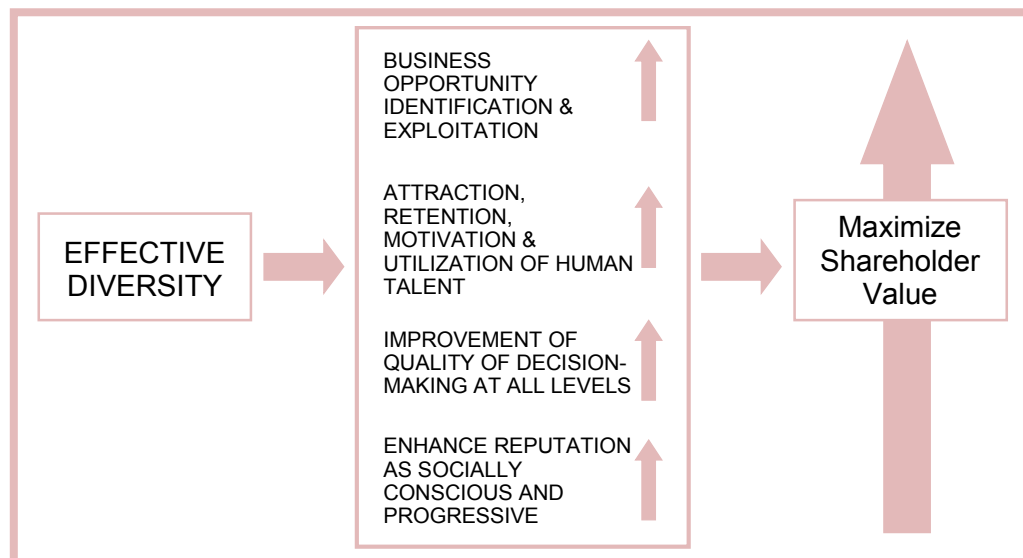
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EXECUTIVE SUMMARY

Both private and public sector organizations are under continuing pressure to improve their bottom lines. For private sector organizations this is profit and profitability; in the public sector it is the efficient delivery of services for all members of society.

The business case for diversity will be different for each enterprise but there is a compelling generic business case for achieving and managing diversity in the workplace. Diversity can help organizations: identify and capitalize on opportunities to improve products and services; attract, retain, motivate and utilize human resources effectively; improve the quality of decision-making at all organizational levels; and reap the many benefits from being perceived as a socially conscious and progressive organization. These benefits should be manifested in an improved bottom line and maximization of shareholder value.



However, diversity must be both achieved and managed effectively if its benefits are to be achieved. This requires leadership commitment, the establishment of priorities and realistic objectives, the assessment and development of policies and practices to meet the particular diversity needs of the organization, including accommodation needs, and the provision of management and employee training and support processes.

As research and experience tell us -- and in this case, it is mainly what American literature tells us since it is still at the moment the most extensive source of information available -- there is increasing evidence that such an emphasis on diversity pays off on "the bottom line" in the form of enhanced corporate profits or greater taxpayer satisfaction with government services.

While additional research, and particularly of the Canadian experience, would be indicated in order to obtain more conclusive evidence of the impact on the bottom line, waiting for empirical evidence could well put organizations at a competitive disadvantage. The rapid globalization of business and the changing demographic characteristics of the population suggests that the pursuit of diversity in the workplace should be the concern of everyone, now!

WORKPLACE DIVERSITY TODAY

The opportunity for all employees to achieve their maximum potential at work is now widely recognized as a fundamental human right. Over the last few years, it has also become clear that organizations must pursue workplace diversity as a competitive necessity. The threat of the "big stick" of legislation has given way to the realization that it is only through valuing and pursuing workplace diversity and managing it well that organizations can attract, retain and encourage the contributions from the people they need to delight customers, work effectively with partners and suppliers, and satisfy shareholders. The pursuit of workplace diversity is a strategic organizational response to the globalization of business activities and the growing multiculturalism of workforces and marketplaces¹.

This concept of diversity goes well beyond the historical employment equity legislation enacted in both federal and provincial jurisdictions. It calls for the recognition of the contributions that individuals can make as individuals, not just as members of legislatively designated groups. It calls for management of organizations to be totally inclusive, not just tolerating those who are different but celebrating those differences. It calls for the opening of non-traditional occupations to men and women of all creeds, colors, religions, races and social groupings and for making reasonable accommodations the workplace and worklife to enable this to happen. It calls for diversity beyond just gender, race, or physical and intellectual abilities to include diversity in opinions, sexual preferences, social customs and mores, and other aspects of the variations in lives and lifestyles.

The new concept of diversity rejects the concept of quotas, mandated targets, or much of the legislative and regulatory framework that accompanied the affirmative action, equal employment opportunity and employment equity legislation of the last two decades. It does not diminish their historical contribution to getting toward this new paradigm but it rejects their continued utility in the present day. Diversity in the future will be driven by the imperatives of competitiveness, demography, immigration, and globalization and these will supersede the social activism and legislative interventions of the past.

THE BENEFITS FROM DIVERSITY

The business case for diversity in the workplace rests on the premise that organizations need well-managed diversity if they are to meet or exceed the expectations of key stakeholder groups: shareholders or taxpayers, customers and clients, employees, suppliers, and the communities and societies within which they operate. Further, at the level of public policy development, there is a clear recognition that workplace diversity is a critical variable in developing harmonious, stable, and progressive societies.

Anticipating and Responding to Customer Needs

Increasingly diverse workforces are required to understand and respond to the needs and aspirations of increasingly diverse customers. Diversity in the workforce, at all levels, is essential if these customer needs are to be translated into products and services which can be effectively, efficiently and -- in the case of private sector organizations -- profitably marketed. The increasing diversity of the taxpayer base demands that public sector organizations can effectively identify and serve the taxpayer community of today.

In recent years, organizations have recognized that they serve customers in many different markets. One estimate is that visible minorities possess \$76 billion worth of combined purchasing power in Canada². By 2001, visible minorities should form 48 percent of the consumer market in Toronto, 20 percent in Montreal and 39 percent in Vancouver³. Even if the home base of an organization is located in a culturally and ethnically homogenous market, it may have very substantial numbers of customers who are located in other communities, in its home country or abroad.

This "responsiveness to customer needs" occurs at three levels: the service level at point-of-contact between organization and customer or client; the design level where product or service design decisions are made; and at the strategy level where fundamental decisions about markets and entry strategies are made.

On one level -- **the service level** -- organizations have concluded that they need employees drawn from different backgrounds and groups within their customer base in order to understand and serve their customer needs better. At its most simplistic this may require Mandarin or Gujarati-speaking customer service representatives in bank branches in Chinese or East Indian communities; it may require young people to serve customers in music stores and senior citizens to act as tour guides or hosts on Caribbean cruises. At this level it all seems so much common sense and it is in these areas that we are clearly seeing the most progress being made toward workplace diversity.

- A Petro-Canada site in Vancouver's Chinese community posted signs in English and Mandarin, was officially blessed and was graced with a performance of a dragon dance in an effort to increase the centre's profile within the community. A true connection was not made, however, until the team of sales associates assembled to market to this community realized that attracting new guests wasn't enough, they had to be able to speak their language. Some of the sales associates were realigned to serve distinctive ethnocultural communities. An increase in sales was the result. Between 1991 and 1994, kiosk sales increased by 15% and gasoline sales rose from 2.7 million litres to 3.1 million litres at the Main and Terminal station.

- The Bank of Montreal, which has won several awards for its overall Workplace Equality Program has increased its business by hiring Chinese-speaking employees who are better able to communicate with Chinese customers and build a rapport which raises the Bank's esteem in the Chinese communities it hopes to serve. Peggy Sum, vice-president of Asian markets, says that diversity has been able to add such details to the branches as changing the bank's corporate colors to red in Chinese branches-blue and white are associated with death and funerals. These details have accumulated in the form of a 400 percent increase in Chinese business at the bank in the last five years⁴.

- National Grocers diversity initiatives have also focused on customer relations and have been reflected in their bottom line. At a Loblaw's location in Toronto the potential customer base had shifted as the area had seen an influx of Mandarin and Cantonese-speaking immigrants. The store advertised for a pharmacist who spoke both languages, filled the position and immediately saw revenues increase significantly⁵.

- The Mouvement des caisses Desjardins, a community-centered network of financial institutions in Quebec, offers service in nine languages and select marketing and promotional material has been produced in these languages. According to Diane Deslauriers "If we had not been valuing diversity we would have lost market share" ... "Obviously, if you're not able to understand the community you're serving, then the customers will go elsewhere-to where they are understood."⁶

- There are many other examples of customer-focused diversity benefits. DuPont has benefited from the diversity of its workforce to the tune of at least \$45 million. A multicultural team increased their business by that amount world-wide when they changed the way DuPont develops and markets decorating materials like its Corian countertops. The team recommended an array of new colours that appealed to overseas customers. Another group of African-American workers recently opened up promising new markets for DuPont's agricultural products by focusing on an untapped market of black farmers. McDonald's actively recruits older workers for management jobs and also employs thousands of older workers in its restaurants. CEO Edward Rensi says: "We finds these people to be particularly well motivated, with the sort of discipline and work habits hard to find in younger employees." Ohio auto-parts giant Dana Corp. agrees with that statement to the point that they have been exploring ways to entice experienced retirees back to the job (Fortune September 9, 1996).

At another level -- **the design level** -- organizations which have diverse workforces that extend into management positions, engineering groups, marketing departments and other operational groups -- have discovered that gender, ethnocultural or other diversity can help them design and deliver products in ways which appeal to diverse customer segments.

- Design may be as vital as the name on the product. When Chevrolet launched the Nova into Latin America, perhaps Hispanic managers might have pointed out that "No va" in Spanish means "doesn't go!"
- It may be labelling. The baby food company which changed the white baby's face on its bottle to black, for an African introduction of the product, was not sensitized to the fact that the norm in Africa is put on the label what is inside the package. It did not sell!
- Frito-Lay Inc. vice-president of human resources Dennis Zeleny says diversity of backgrounds yields a diversity of ideas, which is key to creating the best marketing strategies. "Smart, good consumer-packaged goods companies in particular, if they're going to continue to be successful, are involved and supportive (of diversity) because it's the right business thing to do. How could you not have women, for example, involved in all aspects of the operation when half of your customers are women?⁷

At the very highest level -- **the strategic level** -- we have organizations that are so attuned to their marketplaces that they make fundamental strategic decisions based on an in-depth understanding of how different groups of customers perceive the world, perceive their organizations, and how they feel about doing business with those who may not understand or empathize with their needs.

- The efforts by major Canadian banks to develop specialized aboriginal and first nations banking operations reflect, at least in part, their recognition of the enormous business potential that communities will develop as a consequence of impending land claims settlements and of the need to get into a position to serve the potential affluent communities effectively⁸.
- The decision by the boards of such companies as General Electric and Procter and Gamble to add non-American directors reflected its recognition that diversity at the board level was essential to developing the corporation from a US-based multi-national into a truly global entity⁹.
- The Richard Ivey School of Business diversified its Advisory Council when it recognized the need to globalize its programs, adding members from the US and Asia to help develop its new strategic thrusts. The payoff was immediate as it recognized that programs which were very popular in Canada would simply not be viable in Hong Kong but that there were enormous opportunities for a business school prepared to tailor an MBA program to the Southern China/Hong Kong market.

Coca-Cola feels the key to its success is its commitment to having a workforce that reflects the consumers it serves. Diversity in employees means diversity in talent and strategic thinking, thinking which leads to shrewd marketing practices generally and successful targeting of specific cultural groups¹⁰.

Supplier Relationships

Effective working relationships with suppliers are increasingly being identified as critical success factors for businesses as they seek to maximize the effectiveness and efficiency of all linkages in the value-chain.

Supply-chain management is emerging as one of the key areas in which companies can gain competitive advantage. While customers are often the primary focus of diversity competitiveness, it is no less important for an organization to maintain excellent relationships with suppliers. Whether buying fashions in China, beef in Argentina, or machine tools in Germany, the ability to deal with suppliers in their own language, in appropriate behavioral manners, and to conduct successful negotiations may be critical dimensions of competitive advantage. In many cases this involves actively seeking alliances, partnerships and supply arrangements with "minority suppliers" who can give non-diverse companies a starting base for diversifying their operations.

What many companies have found, is that to reach these markets companies need input from members of those groups, whether in the design, production or marketing phases, or whether it is achieved internally, through diversifying their workforce, or externally, by hooking up with minority-owned and operated suppliers.

Focus on Employees

In an era of critical skills shortages, organizations are finding that they must attract, retain, motivate and utilize their valuable human assets effectively if they are to be competitive. Diversity management can reduce unwelcome turnover, reduce absenteeism and be a powerful magnet in recruitment.

David Williams, president of National Grocers Co. Ltd., Loblaw's Supermarkets Ltd., states, quite succinctly, that "My competitors can duplicate our technology, systems and equipment. What they cannot duplicate are our people."¹¹ The challenge for most organizations is to develop a workforce with the right number of people, with the right skills and abilities, who are committed to the goals and objectives of the organization. In a work world characterized by downsizing, rightsizing, reengineering and a pervasive feeling of job insecurity, this is no small challenge.

At the intuitive level it is clear that well-managed diversity can be a source of satisfaction for employees of all backgrounds, races, creeds, genders, sexual orientation and levels of physical abilities. However, it must be equally apparent that when diversity is poorly managed it can be source of frustration, anger, fear about personal security, and concerns for one's future.

The Society of Management Accountants study, along with many others, has drawn causal relationships between diversity programs and absenteeism, turnover, commitment to the organization, and general satisfaction levels¹². While all of these relationships have some basis of support, it must also be recognized that those companies who do an excellent job of managing diversity also do other human resource tasks pretty well. Attributing outcomes to diversity, which might be explained by other human resource policies and practices, may be overstating the case.

Despite worldwide high levels of unemployment, there are often acute labor shortages in key areas. Organizations are realizing that they need to tap the talents and capabilities of all segments of the labor force to achieve the levels of human resources they need¹³. In Canada, immigration has historically played a pivotal role in the composition of the labor force. In 1957 80 percent of Canadian immigrants came from The United Kingdom and mainland Europe and white, able-bodied males made up 80 percent of the workforce¹⁴. However, since immigration laws were expanded in 1967, 80 percent of Canadian immigrants are non-white and by the year 2000, white, able-bodied males are expected to comprise only 20 percent of the workforce¹⁵. In the next ten years Canada's Chinese population is projected to increase by 130 percent, South Asian by 120 percent and Black by 90 percent. By the year 2001 70 percent of the labor force will be comprised of women and visible minorities¹⁶. Organizations that require people with skills and commitment cannot ignore the potential contributions of people because they are of any one gender, age, ethnocultural group, or sexual orientation¹⁷.

Investment

The achievement of a good reputation for diversity and intolerance of racism is one factor in attracting foreign investors.

Most developed countries require substantial levels of foreign investment in order to achieve satisfactory economic growth. Canada has the highest level of foreign investment of any of the G-7 countries and, in recent years, has benefited particularly from Asian investment. But there are problems. Philip Barter, a senior partner in the Vancouver office of Price Waterhouse, contends that there have been several cases of Japanese or Asian investors who have shied away from putting their money in Canada because of what they perceive as increasing racism¹⁸. One such case involves a \$1.3 billion high-tech project which would have created over 3,000 jobs for British Columbia; the investors chose California instead, citing newspaper reports they had read of racism.

California is not only a favorite with foreign investors but also the number-one export state in the U.S. Exporters point to California's diversity when trying to sell to foreign countries, a quality which is attractive and lucrative; 1.2 million jobs were provided by the export business in 1991 and 500,000 jobs were related to direct foreign investment in that same year¹⁹. ("Why Manufacturers are choosing California" World Trade. Patrice D. Raia. Jun. 1992). South Florida enjoys similar benefits from its embrace of diversity, 75 percent of the 97 international companies surveyed in Florida have established operating units or headquarters in South²⁰. By contrast, the state of Georgia is experiencing problems similar to those of B.C. The perception among national and international companies that some Georgia communities are inhospitable to transferring women and minorities is discouraging native and foreign companies from settling there. Nancy Nolan, the Atlanta Chamber of Commerce's economic development director describes the situation: "Decision makers are increasingly diverse, so when they come into a community, it means a lot to them to see a diverse leadership. They feel more comfortable."²¹

Globalization

Workforce diversity -- from customer service clerks through to the board of directors -- is a critical dimension for those companies seeking to establish themselves as global enterprises.

Management and leadership teams, which lack diversity, cannot possibly comprehend and respond to the issues that organizations must deal with in a multi-cultural world. Diversity is critical to organizational leadership, strategic responsiveness and management effectiveness. Effective working relationships with suppliers are increasingly being identified as critical success factors for businesses as they seek to maximize the effectiveness and efficiency of all linkages in the value-chain. As business is done more and more through partnerships, joint ventures and strategic alliances, so an ability to relate to other cultures becomes a key organizational requirement. It is simply inconceivable that organizations seeking to become global players could do so without achieving high levels of diversity in their workforces.

- Melinda Wolfe, director of diversity strategy and programs at Merrill Lynch argues, "You cannot run a global company on a set of solely U.S.-based values. People need to be sensitive to cultural norms. It's hard to get your arms around global diversity issues; the issues are complicated."²²
- The Conference Board of Canada released a study last year which concluded that having an ethnically diverse workforce can make a company more profitable²³. Gaining the global advantage was the theme of the report, which predicted that if Canadian businesses continue to rely heavily on traditional markets, our export growth and standard of living will "be relegated to the slow lane of international commerce."²⁴ The key to entering international markets, it is implied, is gathering an "international" employee base to serve as a natural bridge and help Canadian firms penetrate those emerging markets.

The struggle to achieve diversity is a necessity as domestic and foreign firms are increasingly interdependent on markets, sourcing and manufacturing, and customers.

- Northern Telecom expects that over half of its total revenue will come outside North America by the year 2000.
- Ford has manufacturing, assembly and sales facilities in 34 countries and distributes its vehicles through a network of more than 10,500 dealers in more than 200 countries. Alex Trotman, chairman and CEO of Ford Motor Company argues "it's very important for our product people to understand the different consumer tastes around the world. people in China don't like exactly the same products as people in India. Our performance is global and our workforce has to be global. We have to be very understanding of the issues of the world."
- Helmut Eppich, founder and Chairman of Ebco Industries, makes the following statement: "The world is forcing us to think more globally, more internationally, and this requires an international focus. You need to understand what makes people tick... This is why I think the focus on multiculturalism that Ebco has taken is critically important."²⁵

Overcoming language barriers, grasping various cultural nuances, attracting the best employees in a changing demographic and establishing good faith with foreign investors are important for a diverse workforce in the cultural microcosms of Canada or the United States, but are survival tactics for firms seeking a global presence. Sandra Wilking, the special advisor to the Asia Pacific Foundation of Canada is cited in a recent Conference Board of Canada study saying that many mainstream Canadian business people aren't pursuing opportunities in the Asia Pacific region because of their concerns about differences in language, culture and business practices²⁶. With the sheer number of highly qualified Canadians and landed immigrants from all parts of Asia, this is a tremendous wasted opportunity.

Good Corporate Citizenship

There are both tangible and intangible benefits and costs associated with being a good corporate citizen and an organization's performance in developing a diverse workforce is one key element in obtaining such a profile.

Achieving a reputation as a "good" or "poor" corporate citizen may be valued either for itself or for what is assumed to depend on such reputation.

Perhaps nowhere is this more important as in the high-growth, high technology industries in which companies must recruit large numbers of highly educated and trained individuals, from a wide variety of ethno-cultural backgrounds. To be known as a great place to work, with an open and inclusive environment, may be a critical factor in attracting and retaining new employees and, therefore, a critical success factor in the pursuit of profitable growth.

- All the "programs", "policies", "committees", "councils" and "advisories" favored by executives at Ford and Chrysler testify to their strong belief in the returns all their efforts will bring. The notion of being seen as a good corporate citizen seems to prevail over other benefits of diversity in the car industry, perhaps because becoming "world-class", as Chrysler executive Michael Jessamy puts it, in an industry which relies on the customer's inherent faith in the product means that the company must return that good faith in every possible way. Maintaining an image of commitment to the safety and satisfaction of drivers, in the 1990's has simply become synonymous with embracing the increasing diversity of those drivers; the impact of a positive reputation that demonstrations of commitment to diversity can bring cannot be underestimated in these highly politically sensitive times.
- The Canadian Chamber of Commerce has published a booklet for small businesses instructing them on how to make their buildings accessible to persons with disabilities. Timothy Reid, the president, contends that "particularly when you go into smaller communities, the company that goes into that community and tries to break down the myths will see the benefits. Word gets around the community that this is a good employer, this is a good corporate citizen."²⁷

Legal Costs

While avoidance of legal costs might not be a primary reason for pursuing diversity, the legal costs associated with ignoring it can provide some unpleasant surprises.

In many jurisdictions, including the Province of Ontario, legal sanctions for NOT pursuing employment equity have given way to encouragement and providing assistance to organizations in their pursuit of diversity. However, for organizations with operations in other Canadian jurisdictions, the United States and often other countries, they have to face the very real possibility of legal pressure and sanctions for non-compliance. Also in Ontario, employees claiming discrimination can file a claim with the provincial Human Rights Commission and any resulting investigations or litigation can be very costly and time consuming.

The cost to an organization of an unhappy employee can go far beyond low productivity, high turnover or absenteeism: discriminatory practices are resulting more and more in lengthy and very public court battles. In the U.S. in 1990, the Office of Federal Contract Compliance Programs performed audits on 6022 organizations and collected \$32.7 million in fines²⁸. This probably reflected a small portion of the actual costs involved in legal fees, employee time spent defending against accusations, negative public relations, and others.

Resolving a single complaint of inequity or unfair practice, such as a harassment complaint taken through the courts or the human rights commission could cost the organization more than \$50,000.

While sanctions may have given way to other, less draconian approaches to encouraging diversity, they remain a potent consideration in the minds of private and public sector leaders. Some would argue that they have served their purpose in waking people up to the social imperatives of achieving diversity. As often happens, these social forces have been overtaken by the imperatives of the marketplace and a more demanding public.

Diversity and Society

Apart from organizational benefits to diversity there are the social benefits that most organizational leaders value highly.

Clearly the initial impetus for forcing business and public sector organizations to pursue workplace diversity was the achievement of social objectives. The initial affirmative action (EEO) legislation in the United States was part of the "Great Society" initiatives under the Kennedy and Johnson administrations whereas the push in Canada and the United Kingdom was largely a result of political pressure from the women's movement in pursuit of gender equality, reinforced by groups representing people of color, aboriginals, people with disabilities, and others.

One need only look to countries farther behind on the evolutionary road of legislation to valuing diversity such as China, South Africa and Kuwait for evidence that a lack of diversity puts an organization at a disadvantage and will eventually affect the entire economy. Both China and Kuwait are suffering from a bias against women in the workplace: Kuwait is constrained by its small population and is being forced to look to its female population to stay competitive²⁹. Chinese women earn 60 percent of what their male counterparts do and only recently have Chinese businesses realized that in order to attract good workers, many of whom are women who have long been ignored as a labor resource, they must offer equal pay and benefits³⁰.

In South Africa, affirmative action to increase diversity in the workplace is described as being necessary to the political and economic well-being of the country, soothing old wounds and consequently building morale among the working class, thereby boosting productivity and strengthening the country's economic stability³¹. The racism against blacks is taking an economic toll, as it is in many countries which will be discussed later, as an untapped labour force is putting a strain on government aid and hindering the growth of South Africa's business community. Affirmative Action in South Africa is being implemented now as part of an economic recovery initiative in addition to its ethical imperative: ideally it will bolster the flagging economy, ease tension within the country which will also stabilize the economy, and make South Africa much more attractive to foreign investors³².

Political and business leaders in countries such as Japan and Malaysia are also beginning to realize that diversity is critically important. For example, in an article entitled "The Malaysian Economy in 2020" it is stated that: "To ensure that Malaysia is able to develop competitive industries and increase overall economic resilience, certain underlying socio-economic qualities must prevail. Political stability and social justice operating within a generally accepted institutional framework will ensure dissensions caused by political, class or ethnic differences do not result in open conflict which disrupts economic activities." The initiative born of Malaysia's desire to become competitive is strikingly ahead of the North American norm as far as newly implemented equity programs go; already included in their notion of diversity are "political, class or ethnic differences". Although the program is meant to stave off "open conflict", much like South Africa's, Malaysia is clearly aware that diversity is inclusive, about everyone, in and out of the workforce.

Even unequal economic powers such as the United States, Canada and Malaysia are heading towards a common goal. The diversity of the marketplace through the globalization of businesses, immigration's impact on the workforce and changing values have forced this new concept of diversity to the forefront in ways that social activists who developed and proposed affirmative action and, employment equity and equal opportunity employment could only have dreamed about.

Many organizations recognize multiple benefits to diversity. For example, the Canadian Institute of Chartered Accountants contends that diversity is particularly critical to accounting because it is a service profession and also due to its goal of staying accessible and attractive to "capable, ethical and motivated individuals" and tapping into an increasingly diverse talent pool. The demographic of potential recruits as well as customers, is changing, and the CICA recognizes that the two are not mutually exclusive. The CICA feels that without profession-wide change, the CA profession will: continue to lose, or be unable to recruit, valuable resources, not only in public practice but also in the governance of the profession; compromise its ability to add value in a diverse marketplace; suffer perhaps irreparable harm to its image and position, by being perceived as insular, old-fashioned, outdated and comprising only those individuals who look, think and act the same; and cease to be a vibrant, dynamic leader in the accounting field.

ACHIEVING DIVERSITY

There are two aspects to achieving diversity. The first is getting there: moving from a non-diverse to a diverse workforce. The second is managing diversity, ensuring that the benefits are realized while the costs are minimized.

Achieving diversity does nothing for an organization unless that diversity is managed effectively. It is not a natural thing for people of different cultural backgrounds, religious or moral upbringings, cognitive styles, or even genders, to communicate effectively, appreciate what shapes each others' viewpoints, debate with each other without giving offense, or otherwise get along together. When a manager says "this diversity thing would be easy if only everyone reacted and behaved the same way" or "I must be totally consistent in what I do; surely I should be expected to treat everyone the same" then he or she is reflecting the real challenge of managing diversity. Equality in the context of managing diversity means treating each person's needs with an equal amount of respect and attention³³.

The "teamwork" research done over the years indicates that diverse teams are capable of developing higher quality "solutions" to tasks which are "unstructured" in that there is no single, deterministic solution to the task. Under such circumstances, the variety of inputs and perspectives -- often amounting to parts of a "puzzle" -- that diverse members of a team can bring to bear are extremely valuable. Maximizing this potential means recognizing "those differences based on any characteristic that helps shape a person's attitudes, behaviors and perspective, such as age, ethnocultural background, socio-economic status, sexual orientation, religion, education, marital status, etc."³⁴ and then making the management moves necessary to ensure that the value of the differences are not outweighed by the problems that those differences can create. Managers must work with employees to ensure that any obstacles standing in the way of individuals maximizing their performance are removed while, at the same time, ensuring that organizational performance is maximized.

Analysis of many reported studies of organizations which have achieved diversity and benefited from it suggest that there are many things that must be done well - there is no, one "silver bullet" which guarantees success. Each company can develop their own approach which suits their business needs and realities. Experience does tell us however that there are some recurring themes.

Leading from the Top

Leading "from the top" in the form of unequivocal statements about the value of diversity and actions by the executive group to show that they are walking the talk.

Increasingly the leadership literature is beginning to focus on the critical requirement for organizational leaders to "...bring people of diverse backgrounds and interests together in ways that provide fair and equitable opportunities to contribute their best, achieve personal goals, and realize their full potential."³⁵ This requires sensitivity to ethnic, cultural, gender, sexual orientation, religious and other differences within the workforce and a commitment to develop organizational cultures, systems, processes, practices, procedures and policies which reflect this sensitivity and remove the obstacles to achieving diversity. The motivation to do this stems from a commitment of the leader to forge links between the organization and the community within which it operates either because it is "good business" to do this or because the leader has values which drive these behaviors.

The "leader of the future" is described as an inclusive leader, one who believes in people even when they don't fit into neat, conventional categories. Such leaders will not just be tolerant of others but will actively seek out leaders from non-traditional groups and challenge the stereotypes that tend to restrict leadership candidates to members of traditionally privileged groups³⁶.

The Importance of Words

One critical requirement in achieving diversity is a clear, unequivocal statement by organizational leaders of the importance of doing so. This must be so clear that it can be used as a microscope under which organizational and individual actions can be examined and assayed. Consider this statement by Louis Gerstner of IBM³⁷:

"IBM's employees represent a talented and diverse workforce. Achieving the full potential of this diversity is a business priority that is fundamental to our competitive success. A key element in our workforce diversity programs is IBM's long-standing commitment to equal opportunity, a commitment based on sound business judgement and a fundamental belief in respect for the individual.

Business activities such as hiring, training, compensation, promotions, transfers, terminations and IBM-sponsored social and recreational activities are conducted without discrimination based on race, color, religion, gender, sexual orientation, national origin, disability, age or either Vietnam-era or Special Disabled veteran status. These business activities and the administration of IBM benefit plans comply with all applicable federal, state and local laws, including those dealing with equal

opportunity. IBM also makes reasonable accommodation for disability and religious observance.

To provide equal opportunity and affirmative action for applicants and employees, IBM carries out programs on behalf of women, minorities, people with disabilities, Vietnam-era veterans and Special Disabled veterans. This includes outreach as well as human resource programs that ensure equity in compensation and opportunity for growth and development.

In addition, the IBM work environment must be free from harassment based on sex or sexual orientation, race or ethnic origin, religion, age, disability or veteran status. In respecting and valuing the diversity among our employees and all those with whom we do business, managers are expected to ensure a work environment free of all forms of discrimination and harassment.

Effective management of our workforce diversity is an important strategic objective. Every manager in IBM is expected to abide by this policy and uphold the company's commitment to workforce diversity."

Could anything be more clear?

The Importance of Public Commitment

There is some well-deserved derision directed at many corporate mission and values statements, especially when there are obvious gaps between the espoused and enacted values. However, such statements are valuable in providing the kind of public commitment that can be used to assess subsequent performance. When the Chairman of Royal Dutch Shell makes public statements in Shell's Business Practices Framework that the company intends "to make the most of diversity in people" and to ensure that "...the full potential of individuals is developed and their talents and contributions unleashed" it is a siren call for action. It empowers others who hold similar views and aspirations to start to take appropriate actions, believing that they have top management support.

Walking the Talk

Needless to say, leadership goes well beyond words. When Earl Orser of London Life personally led the Women in Management Program at London Life he made a clear statement as to its importance. He followed up with a program to set divisional objectives for recruiting and promoting women. The appointment by Holger Kluge of CIBC of two female executive vice-presidents to head major components of the Personal and Business Bank gave clear statements to everyone about how much he valued diversity. When Courtney Pratt of Noranda assigned the responsibility for conference and events coordination to a woman who was visually impaired then people

understood that senior executives in that organization were serious about pursuing employment diversity. When the Committee of Managing Directors at Royal Dutch Shell made the achievement of diversity a key corporate objective and constituted a task force charged with developing an implementing specific actions, then it was "walking the talk."

The Cost of Visible Commitment

Of course, when a commitment is made, follow-up is mandatory! When, for example, the Committee of Managing Directors at Royal Dutch Shell made this commitment to diversity throughout the corporation, they exposed their own composition as white, male, middle aged Anglo-Dutch executives. This fact - known by all but seldom the subject of conversation - immediately became the focus of much discussion within the corporation and calls, most often fairly muted, for reform at the very top of the organization. When one leads, there is often a price to be paid!

Benchmarking

Learning from others what contributes to success and how to avoid pitfalls in diversity management.

The value of benchmarking cannot be overemphasized, particularly for organizations which are about to set out on an active diversity management process. Learning from the best, about the best practices, about the things that work and the things that should be avoided, is critically important if many of the pitfalls of diversity management are to be avoided.

There is one, often mistaken, view of "benchmarking" that must be addressed. Just looking at one's direct competitors is a myopic view of the benchmarking process. After all, the objective is to beat one's competitors. The focus should be on the best, anywhere. By doing this, and then by thinking of those elements can be achieved in your own organization, you may well set new industry benchmarks that will take some time for others to emulate giving you a temporary, but useful, time advantage.

Such benchmarking against "non-competitive" enterprises is usually easier than trying to gain access to direct competitors. It may be done either directly (ask!) or indirectly through intermediaries such as consultants or The Conference Board.

Setting Objectives, Evaluating Progress and Rewarding Success

Developing realistic diversity objectives to meet the organization's particular priorities, evaluating progress of diversity efforts over time and rewarding those who successfully achieve diversity objectives.

No single area in the field of diversity management is more sensitive than the topic of establishing quantitative goals. While many governments have expressly rejected quotas, objectives, targets or other numeric measures of diversity - they have some value when established by organizations themselves, consistent with organizational objectives and strategies. Furthermore, it is a cardinal principle of management that people do what is objectified, measured and rewarded and the more diversity management is seen to be a mainline business practice, as opposed to an externally imposed requirement, the greater the chance of success will be.

- "Just as we track revenue and profits in the business, Xerox has a system to monitor diversity results," explains then former president and CEO of Xerox Canada Diane McGarry. "We track head count, staff levels, and the diversity mix so we know when we're closing the gaps. We also provide feedback to senior management on what we're doing well and what we're not."
- Prudential Life Insurance Company in the US is involved in measuring management's performance in relation to diversity benchmarks and making compensation decisions based on that performance, arguing that when you pay people to achieve a goal the odds are better that it will become a priority³⁸.
- London Life's Women in Management Program required each divisional executive to establish reasonable goals for improving gender diversity within the division and to establish strategies for achieving those goals. Success was to be reported back to top management alongside other business goals³⁹.
- Sara Lee Corporation quantified diversity as a business initiative because they felt "what gets measured, gets done". Reporting annually to their board of directors on their progress keeps managers motivated and allows employees to include their opinions on how diversity is affecting them⁴⁰.

Shelia D. Gray, in her report on measuring, assessing and evaluating diversity, recommends focusing on perception and reality when attempting to measure diversity in an organization⁴¹. Perception, encompassing the perspective people have about their reality, and reality, being factual things that occur and can be documented. Measuring perception is a large-scale task as one needs to consider how consumers view the product, the company, the service and how employees view the company, the system, the company's appraisal of that system, and so on. It is important to reveal these perceptions as they can present barriers to the way a company wants to operate; "if individuals strongly view certain

issues as being related to and based on diversity, then it becomes a self-fulfilling reality for them."

Many European companies produce an annual "social" report that includes data on employment and value added by employees which acts as a supplement to their financial report⁴². Such a report might well be a source of pride to employees and also provide meaningful information to shareholders.

Measuring "reality" perhaps requires less interpretation than perception but can be equally as elaborate; reality includes the employment process, location of offices and marketing strategies. A company would need to keep track of recruitment statistics, retention rates, promotions and the impact of all three on the business. Have any changes adversely affected one group of people more than any other? Keeping track of the criteria for receiving rewards for diversity efforts may also help a company gauge how well they measure up. Objective reviews of current practices, as they relate to a benchmark, will determine the gap between the current situation and the best practices in place⁴³.

While organizations that have had the most success with diversity claim that measuring results and holding managers accountable are fundamental in establishing diversity as an organizational and business value⁴⁴, there are numerous potential snags inherent in such a transition and companies must monitor every aspect of the business that could be affected by diversity, not only to measure increased profits, but also to make sure that they are on the right track with their efforts.

- McEnrue's research on Los Angeles businesses uncovered a host of management errors, the bulk of which were related to a lack of top-level commitment and the approach to diversity as a short-term program. Most of the companies had not included incentives or rewards in their managing diversity efforts, resulting in employees with little inducement for behaving differently than in the past. However, rewards systems must be carefully designed or they will backfire: one firm that tied manager's bonuses to minority recruiting numbers but not to retention rates found themselves with a severe problem in keeping black employees long enough to see them in district level positions. Clearly, the absence of a comprehensive effort, where bonuses are tied to an encompassing management strategy, resulted in a resource-draining "revolving door" effect⁴⁵.

Recruitment, Promotion and Retention

Increasing the applicant pool to recruit and promote the best suited and most qualified individuals for the job.

If every company accepted the proposition that a diverse workforce was a source of competitive advantage, there would be a severe shortage of qualified people in some segments of the workforce. Indeed, this is sometimes seen now in some jurisdictions which mandate quotas or numeric objectives. This competition for scarce resources

requires active recruitment efforts as well as accommodations designed to both attract and retain those who are recruited.

- BC TEL has paid particular attention to recruiting from different groups. When hiring for any temporary position, efforts are made to target the designated groups. They hire specific language skills according to their needs for customer service. BC TEL liases with many designated group organizations in the community. Over the years, BC TEL has established mutually beneficial relationships with such groups as IAN Cares, First Nations Focus, Women in Trades and Technology, and the Western Institute for the Deaf and Hard of Hearing. By co-sponsoring and participating in the Native Education Centre's Career Fair, BC TEL was able to raise its profile in the community and encourage students to submit their resumes.
- The Bank of Montreal realizes that one can never start early enough to attract potential employees. The Leadership for Tomorrow, Today is the bank's attempt to attract diversity for their future workforce. Two days a week, 15 students from Toronto and 12 from Montreal work at the bank. Students are assigned hands-on duties and mentors who educate them about the working world. The partnership with the Black Business & Professional Association Learning and Resource Center and the City of York Board of Education, which is responsible for this program, will help the Bank of Montreal cultivate future workers, some of whom may be-come bank employees or customers.
- Bayer A.G., the German-based pharmaceutical company recruits around the world for multi-lingual high-potential managers to join its global country manager development program. It plans to post these people to countries other than their own country of origin, believing that such moves will enhance the total diversity within the corporation as well as create managers who are highly sensitive to the issues of managing diversity no matter in which culture they operate.
- Prudential Life Assurance Company in the U.S. has stressed recruiting as a necessity in order to have the best workforce in a rapidly changing workforce. They work at recruiting women and minorities on college campuses and through the National Association of Professional Sales Women⁴⁶.
- Chase Manhattan made building strong relationships with historically black colleges a priority and recruits actively from them. They also began a scholarship program called "Start Smart" which provides New York City high school students from diverse backgrounds with full four year scholarships and part time employment at Chase⁴⁷.
- Metropolitan Life also recruits aggressively by sponsoring a summer intern program for minority students and offering an entry-level management associate program for new graduates⁴⁸. It believes that companies that promote themselves as valuing diversity by reaching out to diverse groups at the college level stand the best chance of attracting strong employees and in addition reap the word of mouth benefits promoting the company as a model employer and in turn a model insurance candidate.

- PepsiCo differs from most organizations that are actively recruiting diverse employees in that it solicits employees already working at rival companies rather than students on campus or minority placement agencies. In two years KFC went from having no minority or female senior U.S. managers to having seven, results which are better than most U.S. corporations who are recruiting through minority-group job fairs, diversity consultants and minority placement agencies. The notion of recruiting minorities who are already established in solid consumer products fields also helps prevent a backlash among white workers seeking their own promotions. Their strategy seems to be the most effective and KFC's belief in their diversity goal is fuelled by its drive to be number one in a diverse customer marketplace⁴⁹.

In general, companies wishing to actively recruit a more diverse workforce can take a number of actions:

- They can advertise in ethno-culturally focused media
- They can establish relationships with community-based ethno-cultural organizations
- They can advertise and recruit at colleges, universities and schools with high minority enrolments
- They can ensure that recruiting materials reflect diversity in illustrations, photography, and even style of language
- They can use specialized recruitment agencies, databases and services
- They can provide internships and other workplace introductions to members of communities from which they wish to recruit
- They can train people in cross-cultural interviewing skills so that they don't screen out potential recruits because of biased selection methodologies
- They can review their recruitment and selection processes for such biases
- They can ensure that recruitment material is available in different languages and, that it is written in ways that will appeal to minority groups
- They can mobilize current employees from different backgrounds in a program to increase recruitment and selection
- They can develop specific accommodations, such as child-care or literacy programs which would make them attractive to potential employees with special needs⁵⁰

There are cases of organizations which are extremely effective in recruiting a diverse workforce but may be less successful in retaining it. The problem may be that they can't move them fast enough up the organization: after all, if there is competition for talent, particularly for top-talent which would add to diversity, then other organizations will be trying to recruit someone who feels that they are undervalued.

To minimize the probability of this happening, organizations must carefully track the progress of high potential people; good mentoring, regular discussions about careers and progress, careful monitoring of the environment as perceived by members of minority groups, are all essential actions by managements seeking to build a diverse workforce.

Selection and Promotion

It is not unusual to see organizations in which the vast majority of employees are female and women are grossly under-represented in supervisory and management ranks. The reasons are many: lack of formal educational qualifications, lack of expressed ambition to move upwards, unwillingness to make the commitment to extended and uncertain hours of work, unwillingness to accept postings which require changing home locations, and many others. Some of these are factual and may not be capable of change -- the BC regional sales manager must be prepared to locate in BC. But in many cases they may represent traditional stereotypes held by one group about another. "She won't want to move because her husband has a good job here" or "he is an elder in his temple and would not want to leave this community" may both rest on assumptions which may be based on stereotypes of groups but are simply incorrect when applied to individuals.

Similarly, "qualifications" may be nowhere near as relevant to performance in the required task as senior management think they are or as formal "job descriptions" assert them to be. Indeed, many degrees and diplomas are used as proxy variables for required knowledge and skills and, as with many proxy variables, they may not be reliable and valid measures of the required variable. Where lack of credentials is stopping the development of diversity, it behooves the organization to examine the need for those credentials and to determine if the person has the skills rather than the "paper."

Nowhere is this problem seen more clearly than in the disqualification of immigrants who may possess diplomas, degrees or professional designations which are not recognized in Canada. Recent initiatives have been taken in Ontario to examine this situation and provide for expeditious recognition of such qualifications and/or expeditious upgrading of qualifications where required.

Where credentials are important, or where apparent lack of ambition stops people putting themselves forward for promotion, companies must decide if they are prepared to do something about upgrading people. Training and development activities, paying for educational upgrading, offering in-company assertiveness development programs, and other activities may contribute to turning these deficiencies around and developing

a candidate pool with people who might, in time, become future supervisors, managers and leaders.

Retention

In recent years there has been increasing attention paid to the issue of retaining employees who were aggressively recruited to increase diversity in organizations. In some cases this has meant making accommodations for families through job sharing or flexible work hours; providing for extended leaves for people who require extensive trips back to their countries of origin for family or religious reasons; offering the right to return to employees who feel that they need to sever the employment relationship because of personal or family obligations, and so on. The fact is that if achieving diversity through costly recruitment programs is necessary, having good retention programs only makes sense.

Human Resources Management

Responding to the needs of a diverse workforce and providing opportunities for maximizing employees' potential and productivity through the provision of workplace accommodations.

When a company does pursue diversity, then it is compelled to look at many other aspects of the way in which it manages people through human resource policies, practices and processes. When a company hires people of different religions it must examine its vacation and "time-off" from work policies. When it hires women it must address questions of flexible hours for family care reasons but, in the process of doing so, may well find that more flexible hours benefit male employees as well as women employees and may benefit the organization as well. When an organization has many employees who do not speak English that well, it must be taken into consideration when providing safety policies; often such a review makes an organization realize that its safety policies are not even comprehensible in English - and they are re-written in "plain language" or, rather, "plain languages."

Historically, many employers have been reluctant to make changes to their organizations in order to accommodate people with different needs, values, lifestyles or capabilities. The attitude has often been "our work, our way". But if diversity and its benefits are to be achieved, then some reasonable accommodations must be made.

Needs, Values and Lifestyles

Valuing diversity requires making accommodations for the needs, values, beliefs and lifestyles which will characterize a more diverse workforce. There are many such accommodations that may be required, from the obvious, such as widened doorways for

people in wheelchairs, to the more subtle such as more coaxing of responses from people whose cultural upbringing discouraged active participation in discussions.

- Key areas of accommodation which are currently being made by companies include:
 - Flexible scheduling to accommodate religious practices, child-and elder-care, or health issues
 - Telecommuting to accommodate family responsibilities
 - Child-care facilities on-premises or subsidization of childcare in nearby facilities
 - Job-sharing to adjust to the dual challenges of parenting and career building

In the crucial planning stage of a diversity program, companies are taking into account not only how human resource policy and management changes will affect their bottom line, but also they are finding that to attract the best of a diverse pool, they must offer benefits and programs geared toward those groups. In addition to programs encouraging diversity at the level of employee productivity and cooperation, companies that expect growth in those areas must address the needs of a diverse workforce.

- J.C. Penney decided to display its level of commitment to its diversity program by instituting flexible staffing, career paths and a state-of-the-art home office child care facility. Such efforts also contribute to the increase in employee loyalty and morale that they predict will lead to higher returns⁵¹.
- Chase Manhattan has also added diversity-sensitive services to its diversity program: they believe access to quality child care promotes "a culture sensitive to the pressures of balancing work and home life", and therefore set up a full-time center and two months of free on-site care for parents returning to work after the birth or adoption of a child⁵².
- Blue Cross and Blue Shield of Massachusetts BCBSMA was cited in October 1995's edition of "Working Mother" magazine as one of the 100 best companies for working mothers-providing the important element of good public relations and also attracting a superior workforce through exemplary Equity services such as child-care and flexible hours.

Accommodating Disabilities

One of the most pressing social issues has been to find meaningful work for people with disabilities, especially when those disabilities affect intellectual functioning. There are, however, many success stories⁵³ & ⁵⁴. IBM worldwide has one of the most comprehensive programs for employing people with disabilities, identifying on their website the following:

- Architectural modifications and computer adaptations for the mobility impaired
 - Electronic bulletin boards to aid employees with visual or mobility impairments
 - Publications on audiocassettes for the visually impaired, and software and printers or Braille translations
 - Sign language interpreters, captioned videotapes and telecommunications devices for the hearing impaired
- IBM Canada provides high quality jobs for people with varying degrees of intellectual impairment in a sheltered data processing environment.
- When Embassy Suites realized that they had many jobs that persons with disabilities could do, they also had to make some accommodation such as widening bathroom doors for wheelchair access. They found that hiring and accommodating persons with disabilities had financial benefits. The most obvious was that an accessible place invites business from the clients with disabilities and that the presence of such employees makes such clients more comfortable and can also help the organization stay aware of possible barriers to service. But they also had to teach other employees to be sensitive to those with disabilities.
- Minnesota Diversified Industries, a \$6.3 million enterprise in St. Paul, employs over 500 people, more than half of whom have "developmental" disabilities. Their duties include assembling and testing mechanical and electrical components, packaging commercial items, and sorting commemorative stamps-all of which is considered to be detail-oriented, repetitive work.

Custom Manufacturing Services in Louisville, hires persons with "developmental" disabilities to make wood pallets, light gauge metal products and wire chenille products. "Although disadvantaged workers' productivity is often lower, affirmative business managers maintain competitiveness by organizing work teams that capitalize on varied skill levels. Many draw on federal, state and local subsidies, and private donations during their growth years."⁵⁵

Accommodation Fallacies

There are many fallacies which surround making accommodations. One of these is that it is only "others" who require accommodations to be made. Anyone who has tried to operate a plant in rural Ontario understands that the first day of the pickerel season, or the start of hunting season may require reasonable accommodation for the attendance of employees on those days! Indeed, and of course, we make accommodations for Christians by not scheduling work on Sundays and it may not be too far a stretch to suggest that we could make accommodation for Muslims on Fridays and Jews on Saturdays.

It should not be assumed that because someone is part of some clearly distinguishable group, they require accommodations to be made. There is no more reason to believe that someone from a Muslim background requires special arrangements for Ramadan any more than to assume that someone from a Catholic background may require special arrangements for Lent. Neither may be practicing their religions and may not require such accommodations.

It is sometimes assumed that accommodations will be costly whereas careful examination might indicate that there are benefits beyond the encouragement of diversity. For example, providing child care facilities has been associated with reduced absenteeism and higher employee retention rates, both of which have positive cost impacts on organizations.

Training and Education

Training, which communicates the organization's commitment to achieving diversity and which enables to effectively understand, support and achieve diversity initiatives provides employees with the skills to work in or manage diverse work teams.

Almost every account of organizations which have been successful in developing effective diverse workforces emphasizes the amount of training, both initial and ongoing, that goes into the effort.

The Purpose of Training

Training serves multiple purposes:

- It is the clearest, most visible manifestation of what management is serious about. When management exhorts people to do something to "get diversity in our workplace" it is simply ignored unless there are clear follow-up actions. Training -- because it takes time, money and the involvement of senior organizational management -- is the evidence that management wants something to happen...really!
- Training develops the appreciation of the need for diversity and the skills to cope with diversity, maximizing the benefits while minimizing the potential costs
- Training makes people from non-traditional employee backgrounds feel that the organization is serious about developing them to their maximum potential because they are prepared to invest in them and in developing the people with whom they will work

Forms of Training

Diversity training takes many different forms. Sensitization to diversity is a key theme of training programs. In many cases this involves learning what others cultures are about, the norms of behavior that exist within a culture, the nuances of language and mannerisms and their meaning in various settings.

- Safeco Insurance of Seattle implemented in-house diversity training in the form of employee seminars focusing on describing how diversity can affect the company's bottom line. Safeco spokesman Raphael Madison says the training enabled the company to expand its market base in Texas, California and Florida, where they had sought out the Latino market.
- A Marriott in San Francisco includes a "World's Fair" day as part of their diversity management strategy, which exposes employees to the cultural roots of their co-workers. Week-long diversity training seminars are also part of the Hotel's plan for creating "a positive work environment for all employees" says their director of Human Resources⁵⁶.

Collaborative conflict resolution also forms a key part of training. People must be sensitive to the existence of conflict, even when it is not openly expressed since in certain cultures it is not appropriate to express conflict even when it is felt.

- CIBC is one of many organizations which invest heavily in seminars which are intended to get men and women in the organization to understand each other better. These sessions -- which surface recurrent issues in communication between the genders -- have been cited as extremely helpful in assisting the bank to develop more effective, collaborative relationships in mixed-gender teams.

People often have to be taught how to use the benefits of diverse perspectives and approaches once they realize that they exist. Building on ideas, extending others' approaches without appropriating ownership, and techniques of lateral and creative thinking are all important skills which can maximize the diversity payoffs.

In order to make any of this work, people have to be trained to approach diversity with a positive frame of mind and a motivation to seek payoffs; they must be able to "decenter", that is see things from others' points of view and make appropriate external attributions rather than blaming others for situations. Finally, they must be able to "recenter" -- harness the different perspectives, ideas and approaches and develop a shared view of a situation or course of action and some broadly shared and accepted norms of behavior. There has been an extensive amount of research on decision-making in diverse groups and the evidence is conclusive: homogenous groups make better decisions than diverse groups unless the diverse groups are trained in how to maximize the benefits of diversity⁵⁷.

Training may need to focus on some misconceptions about diversity as well as to focus on the "business benefits" of pursuing diversity. In some cases it may also need to address how to overcome opposition to diversity programs and initiatives.

- The University of Western Ontario has taken steps to educate people on the backlash to Equity by producing a series of videos describing the backlash and detailing steps that are being taken against it⁵⁸.

Some training efforts focus on the interpersonal skills required to operate in diverse workplaces.

McEnrue's experiences with the businesses she surveyed after the Los Angeles riots led her to conclude that the individuals chosen to lead diversity efforts must "possess the personal qualities associated with effective cross-cultural communication." such as: the capacity to accept the relativity of one's own knowledge and perceptions; the capacity to be non-judgmental; tolerance for ambiguity; the capacity to appreciate and communicate respect for other peoples' ways, backgrounds, values, and beliefs; the capacity to demonstrate empathy; the capacity to be flexible; a willingness to acquire new patterns of behavior and belief; and the humility to acknowledge what one does not know⁵⁹.

Training Dos and Don'ts

Training is not a "quickie", one-shot solution to achieving diversity, as Ellis and Sonnenfeld pointed out in an article based on several case studies⁶⁰.

In these studies they indicated a broad range of approaches to training, from "quickie" one-day sessions to extended, multi-session workshops, from mandated attendance in one company to a purely voluntary attendance at another, from using expert facilitators to using managers who had been through some training themselves. They examined cases which only focused on "diversity" extracted from day-to-day business activities to a case in which "diversity" was only one element in improving overall team effectiveness. They looked at cases which were not followed-up and those which were carefully monitored.

Their case studies and analysis of these various approaches make compelling reading. They concluded that there are certain pitfalls to avoid when managing diversity and many of these involve errors in training approaches. Overall, they advise that training should:

- Foster respect for employees as individual actors rather than members of groups with easily categorized differences;
- Offer an orchestrated seminar series rather than a one-shot information blizzard;

- Be led by carefully selected discussion leaders carefully, not randomly;
- Be tailored to fit the firm's individual culture;
- Be monitored carefully.

Whether a diversity effort focuses on awareness of policy changes or increasing sensitivity to diversity, there are several ways that programs can go wrong.

- If trainers are usually women or ethnic minorities, the group that is being trained may feel ignored. While there is a logical usefulness to having personal experience when trying to teach white, able-bodied males learn about what its like to be female in a male-dominated group, it is equally important that the trainers connect with all the trainees. It is essential that the trainers acknowledge that they themselves are not free of prejudice - no one is - in order to increase their credibility and that of the program.
- Overemphasizing the sensitization of members of dominant groups, such as the white male manager as the focus of the program sends the wrong message: it is just as important that members of minority groups, such as a black female manager be aware of how she may be affecting a white male subordinate as it is vice versa. The stress should be on the fact that the effort is going to affect everybody, not just one segment.
- When a program reflects a specific set of values, endorsing a philosophy of right and wrong, an emphasis on changing people's attitudes so as to be politically correct can result. This is not only impractical but to create an environment that subtly or directly punishes a view that deviates from the trainer's or the program's values destroys the credibility of the program. Employees whose views differ from the politically correct company line will be loathe to speak up and silencing an individual may be mistaken for having converted them.
- Diversity training that has diversity awareness as its sole theme is divorced from real life. To deal with diversity out of context lets you know what is needed but rarely how it can be best accomplished. The people who work together should be trained together and should encompass other organizational needs such as team-building or leadership.
- Guilt-driven programs, where white males are taught to think of themselves as "oppressors" or "recovering racists" blocks the goals of the training program, turning it into a game of "who's the most hard-done-by", a whining contest which devolves into "get the White Able-Bodied Males". Attempts to make people feel guilty will only inspire defensiveness and resistance to anything that is said. It must be established that each person should take responsibility for his or her own actions, and nothing else.
- When and how a thing is said becomes more important than what is said or intended, people start looking for insult or insensitivity where none was intended. The attention paid to misuse of words in diversity training can be overdone resulting in a loss

of humour, which is underrated as a tool in diversity training and in a loss of clarity, where the language itself is neutralized.

- Diversity training which focuses only on the ills of the past and the goal for the future misses present reality, how people are, how to make it safe to work now⁶¹.

Some care should be taken to ensure that training does not cause more problems than it cures!

Consider the case of Lucky Stores, a Dublin, California-based grocery chain, where managers attended diversity-training workshops which identified common stereotypes of women and minorities to help the managers recognize their potential prejudices and deal with employees more effectively. One manager's notes, taken during the seminar and including such statements as "black females more aggressive" and "women cry more" were found by an employee, who concluded that these were reasons why those groups were not being promoted more frequently. Employees then sued the company for intentional discrimination, and won! Such eventualities can, and should be guarded against.

Support

Providing socio-emotional and practical support for individuals who may be the target of negative reactions to diversity initiatives.

Many organizations have found it very useful to encourage and provide resources to support groups of individuals who may have difficulty by themselves in finding appropriate role models, handling some of the reaction to diversity programs, or being assertive in the pursuit of personal growth opportunities, coping with ignorance, bigotry or harassment, and other needs.

- Sun Microsystems has demonstrated its value of diversity by managing focus groups such as Society of Latinos; Sun Net, the African American group; Sun Able, made up of disabled employees; GLAF, Gaylesbian and Friends; and a few women's interest groups. Sun also holds classes on strength through diversity, diversity issues and appropriate conduct in a given cultural context⁶².
- Blue Cross and Blue Shield of Massachusetts have also developed internally an African American network and Blue Pride (a gay, lesbian and bisexual network) which were designed to help employees feel more comfortable in their work environments, which will ideally lead to higher morale, productivity, loyalty and better service⁶³.
- IBM, as well as many other companies, provides mentoring for employees. This formalized mentoring program is seen as a key factor in assisting employees develop within the corporation and assisting IBM in attracting and retaining members of minority groups so that the company can achieve its diversity goals.

- Prudential Life Insurance diversity initiatives began with internal networking groups, such as the Women's Executive group and Black Executive Forum. Such groups foster an open and positive environment where employees feel they are being valued for the unique perspective they can bring to the company⁶⁴.
- The Seattle Times has appointed a reporter as both a diversity reporter and diversity coach to other journalists. This has given them greater insight to the cause of various events, such as ethnic clashes, where other papers just report the facts.

Addressing Concerns

Addressing the concerns of those who may have negative reactions to diversity initiatives and learning how to manage these situations effectively.

It must be clearly recognized that not everyone gains when organizations undertake programs in pursuit of a diverse workforce and when preferential treatment in employment, promotion, admission to universities or even training programs is perceived to be given to members of one group at the expense of another. The backlash against quotas, even when presented as "objectives", is being felt across North America and has resulted in the repeal of some numerically-based affirmative action legislation in some jurisdictions, including the province of Ontario.

Unfortunately there are incidents in which individuals are told: "You are the wrong age, the wrong gender and the wrong color to be promoted within this organization." More often, people read into recruitment, selection and promotion decisions an unseated bias toward people from groups who may well have been discriminated against for many, many years. The backlash to employment equity and affirmative action is understandable, even if it is sometimes ill-informed.

This backlash may be manifest in many ways. Sometimes it is vocal and "out in the open" -- clearly stated opposition to anything that smacks of affirmative action involving "reverse discrimination." Sometimes it is quiet, as those affected realize that there is danger in opposing corporate policies and programs in such sensitive areas and that they may be better off being seen as supporters rather than as opponents. Sometimes it is reflected in humour or in excessive attempts to frame everything in "politically correct" terms.

Dealing with this backlash must be of concern to everyone interested in developing workplace diversity programs. The keys to managing it are these:

- Acknowledge that it exists --- get it out into the open.
- Emphasize, through training, communication and actions, that diversity is an inclusive concept and does not see one group benefiting at the expense of

another. Be explicit in stating that there will be no reverse discrimination ... and then ensure that there is none!

- Make sure that there are no "token" appointments, that the search for qualified candidates is inclusive, and that the best person for the job is appointed.

Implementing Diversity

Keys to a successful diversity implementation process, as experienced by various organizations and employers.

The most successful efforts at establishing diversity are characterized by dealing with diversity as a strategic business issue and approaching it as one would any business planning task.

The key step in implementing any diversity thrust is the preparation of the business case itself. This involves, at a minimum, determining organizational unit strategies, examining how increased diversity can further the attainment of those strategies; and doing the traditional "cost/benefit" analysis.

Companies with successful diversity management practices adopt processes that enable them to meet their particular business needs. However, there seems to be a number of recurring themes, such as: establishing task forces, gathering information, planning, benchmarking, determining time-specific objectives, monitoring, training and evaluating. These differ from one company to another as the following examples illustrate:

- Royal Dutch Shell established a multi-nationality, multi-functional task force reporting to the Committee of Management Directors (CMD) after the CMD had identified the achievement of diversity as one of the firm's half-dozen strategic objectives. This task force did extensive research within Royal Dutch Shell, benchmarked other leading organizations, and then developed and proposed a set of objectives and recommendations for each operating division and business unit within this vast, multinational organization to implement at the local level. These were accompanied by several corporate-level recommendations, including some directly affecting the structure and processes of the CMD itself!
- William Brooks, vice-president of corporate relations at General Motors Corporation, says they followed a systematic course, mapping out the company's specific needs and then striving to reach them through management practices. "It's a five-phase process: one, identify the business rationale for engaging in a diversity effort and understand its principles; two, analyze the culture; three, understand the barriers and where you want to be, and develop action plans to remove the barriers; four, implement action plans to address the barriers; and five, evaluate progress and continuous improvement. In the

short time that we've initiated phase one, we're shocked at the results. It's doing exactly what we wanted it to do. We can see real progress."⁶⁵

Other companies have engaged in substantial research before setting their diversity programs in motions. The companies that have reported the greatest success with their diversity programs point to the fact that they have undertaken such a host of programs inside the organization and have also reached out to external support and monitoring groups to advise them in their endeavour.

- Polaroid Corp. is similar to Ford in that they are more concerned with maximizing the potential of their already diverse workforce and have therefore invested in employee organizations that monitor corporate policies and work with community groups⁶⁶.

Also cited as essential measures in ensuring a smooth and effective transition to diversity is extensive research, before any changes occur, on what areas in the company could possibly benefit from diversity.

- Nestle Beverage Co. conducted a research study to help them design their diversity program which included interviewing 28 employees chosen for their variety in age, ethnic background and equal gender representation. The research helped Nestle focus their effort on areas that would most benefit the company; they found that performance management, informal networking and maintaining product competitiveness were areas that could be enhanced through formal diversity training and awareness⁶⁷.

Owens Corning conducted a "cultural assessment" in 1994 to identify what some of the obstacles may be in achieving diversity. They hired consultants who found that each racial and gender group had their own concerns about the company addressing diversity as a business issue: the white males were concerned about quotas, women were concerned that they would be promoted on the basis of their gender rather than merit, people of color felt there were double standards still in existence and resented racial jokes and older workers felt they were not as valued as younger employees. The assessment set in motion the process of tailoring a definition of diversity relevant to the needs of the company and its employees designing a program with goals which address each of those needs. Owens Corning also set up awareness workshops to keep track of how their employees are responding to the company's diversity efforts and they report that the workshops have decreased the number of employees who questioned corporate commitment by 25 percent and have inspired people to ask about how they can use diversity to improve teamwork and increase productivity⁶⁸. The definition of managing diversity that Owens Corning came up with, "respecting individual dignity", is an objective that everyone can benefit from, and the steps taken to pinpoint what their objective should be are as an important part of a diversity effort as the process of reaching that goal.

Resource Allocation

Taking into consideration the allocation the resources to develop, lead and focus diversity efforts in view of achieving long term benefits.

Managing diversity can be costly, although overall figures are hard to come by. Costs are measured in both time and out-of-pocket terms and fall into a number of areas:

- Costs associated with assessing diversity within the organization, setting up priorities for improvement, evaluating progress and rewarding success.
- Costs of benchmarking against other leading organizations so that appropriate diversity attainment models can be developed.
- Costs associated with hiring from a diverse applicant pool which may not be approachable through conventional hiring practices.
- Costs of accommodating the various needs and behaviors of the diverse workforce, whether this is providing different workstations for people with disabilities, or providing alternate working arrangements for people who have religious holidays to observe, or even rescheduling operations when substantial numbers of the workforce require this to be done.
- Costs associated with designing, developing and implementing new policies, practices and procedures -- including the training and development time required to ensure that they are implemented effectively.
- Cost of expanded benefits systems which acknowledge diverse needs
- Costs of establishing and running special organizations such as support groups, diversity councils, advisory committees and other teams and task forces.
- Costs of dealing with opposition to diversity including, perhaps, the cost of separating people who cannot or will not reconcile themselves to the decisions that must be taken -- in hiring, promotion, succession, etc. -- to achieve the multi-level diversity needed in the organization

A recent study found that nearly 3/4 of the 50 biggest firms in America had diversity managers or directors (Economist. "Affirmative Action: A Strong Prejudice". June 17, 1995) and many companies allocate substantial resources to running diversity councils. Benchmarking exercises, the design of surveys and questionnaires, the modification of data bases, the administration of forums and support groups, the training, to implement diversity efforts (see below) all require resourcing with good leaders and budgets to achieve meaningful differences.

Nothing gives the lie to the sincerity of the workplace diversity effort as a failure to allocate the resources. Under-resourced efforts will fail; more critically, perhaps, such efforts create a pervasive sense of cynicism which may well do more damage than doing nothing at all.

THE "BOTTOM LINE"

Any organization -- public or private sector -- has to be concerned with "the bottom line", although the definition of that may vary from one to another. The benefits of diversity must be weighed against the costs.

Many opinion leaders are now convinced of the relationship between diversity and the bottom line, for many of the reasons identified earlier in this paper. In Canadian financial institutions, the Canadian Bankers Association has clearly endorsed this relationship⁶⁹.

Much of the attractiveness of workplace diversity comes from the impact on the "top-line" --- increased sales through better customer service, more appealing products, opening new markets, and so on. There have been relatively few studies done of the impact on "the bottom line". One such study reports that "the favourable market reaction may be a response to the probability that such firms have better reputations with their diverse customers or more creative cultures; or they may be better problem solvers or more adaptable to external environmental changes."⁷⁰ The results show that companies recognized for their diversity efforts such as Glaxo, Motorola, Xerox and General Mills experience an increase in investment returns and that supports the conjecture that being seen as a "good corporate citizen" is also profitable.

Many American companies have stated that, although Affirmative Action legislation may have introduced them to the concept of diversity, it is now a vital part of their competitive strategy which they would continue to pursue, law or no law. Mobil Corporation makes the equation: "diverse workforce=good reputation=shareholder returns". They claim that diversity helps them attract the talent they need for the future and that they will not be affected by any attempts to eliminate Affirmative Action regulations because they are woven into their competitive strategy. Chairman Lucio Noto says erasing the oil industry's reputation as a white male club is necessary in order to enter a global marketplace and their efforts to hire diverse workers are strategically driven, not legislatively⁷¹. General Motors also talks of record profits in 1995--success which cannot be seen as mutually exclusive from their newly diverse workforce. GM believes that increased diversity will help them compete globally and enhance their product-making decisions⁷².

It will be many years before there is clear, unequivocal empirical support for the proposition that "diversity pays". For the moment the evidence is mainly anecdotal, although there are some empirical studies beginning to be published. But this should not deter either private or public sector managers. The logic behind the pursuit of diversity is clear and persuasive and the success stories are beginning to mount. By the time all the evidence is in to convince the skeptics, the race for competitive advantage and organizational survival may well be lost.

A Critical Perspective

Case studies and articles on diversity overwhelmingly endorse its importance for both public and private sector organizations. But, in a world in which organizational panaceas are promulgated at an extraordinary rate, there is value in standing back and taking a critical perspective.

Many discussions of diversity are based on rhetoric rather than cool, reasoned argument. The rhetoric comes from many that have strong advocacy positions for people who identify themselves as members of groups who have suffered from discrimination in opportunities in the workplace. Their views are sincere and they must be respected.

But rhetoric seldom advances a business case. If workplace diversity is to be advanced as a business case it must view the claims for diversity, as well as the costs of diversity, objectively and rationally. There is nothing to be gained by either exaggerating the benefits or diminishing the difficulties. All that such overblown advocacy does is to lessen the effectiveness of the advocate.

The Research Challenges

A reading of the literature on workplace diversity shows that it is rich in anecdotal experiences suggesting associations between good outcomes for organizations and diversity. Deeper analysis reveals that there are, however, relatively few systematic, scientific studies which would suggest a "cause and effect" relationship between diversity and performance. There are several reasons for this:

Some writers in this field are declared advocates for diversity; other writers and researchers may have a social philosophy or ideology which influences them in writing about this topic; others may subconsciously self-censor because of concerns of exposure to personal criticism.

Doing good empirical research in this field, as in other fields relating to organizational effectiveness, is both difficult and expensive requiring large samples of companies to be able to use the sampling and multivariate statistical techniques which would be required to identify that diversity contributed significant amounts to variance in performance.

While the views of the advocates and vested interests should not be rejected, particularly where there is substantial face validity to the relationship between effectiveness and diversity, there is a need for more carefully controlled scientific research, and research which relates to the Canadian experience.

This is not to say that organizations should cease to pursue diversity while these studies are done! It is possible to research a moving target and the relationships between diversity and various desirable outcomes have some considerable face validity.

What form should this research take? The study of Maznevski and Distefano⁷³, cited earlier in this article, gives some direction. It carefully lays out hypotheses, tests them in multivariate frameworks using appropriate experimental designs, and establishes some of the key contingent relationships between diversity and performance. Similarly, studies such as those by Schotter and Weigelt⁷⁴ are "good science" as opposed to "good polemics." While such "lab" studies are, admittedly, abstracted from "the real world" they are valuable in identifying the limits and qualifications on conventional wisdoms and "politically correct" assertions.

Why is it important to do this kind of research? The field of management is littered with fads and movements, things that were supposed to have worked and never really did - at least under a wide range of conditions. Every time an organization pursues something - reengineering, empowerment, management by objectives, TQM, or many other approaches - with the expectation of payoffs and, instead, encounters disappointment, something good is thrown out with the bad. They "turn-off" to the possibilities of some good things coming from their efforts as they abandon their approach and search for the next quick fix.

This should not happen with diversity - there is too much potential to ruin the effort on unrealistic expectations. Both practitioners and researchers must put in the hard work required to demonstrate the conditions under which diversity impacts performance positively, the conditions under which it may have some negative consequences, and the key variables that influence the diversity-performance linkage. That is the best way of ensuring that the move toward diversity in the workplace becomes a significant trend rather than another 90-day wonder.

CASE STUDIES IN DIVERSITY MANAGEMENT

The Case of Toronto Hotels

HR Directors of six of Toronto Hotels were interviewed about their diversity practices. They cited the following as positive effects of work-force diversity⁷⁵.

- The new immigrant groups provided a large source of potential labour;
- The work environment was enriched by multiple cultures;
- The hotels were better able to meet the needs of a diverse group of customers;
- New market segments were attracted to culturally diverse hotels.

One problem that all of the respondents cited was the fact that enclaves of certain cultural groups would be formed in certain departments, such as exclusively Chinese laundry departments and strictly West Indian cafeteria staff. However, front offices and executive dining room staff is usually white Canadian. Reasons given for the creation of these concentrations include the fact that it is easier to train someone if people within the department speak their language fluently, supervisors prefer to hire people with whom they are most comfortable, departments with high turnover tend to reflect the current labour pool, and the fact that the concentration of employees reflects the demographics of job applicants, for instance, one manager noted that "of those who apply for housekeeping jobs, 80 percent are black, and for the switchboard, 85 percent are black." However, these types of enclaves are an example of diversity working to a business' disadvantage. Communication problems arise between departments as concentrated groups of a certain culture tend to speak their native language, a practice which also results in supervisors, other employees and guests feeling uncomfortable and less incentive for those employees to learn English or French, which impedes the department's effectiveness.

Language and cultural barriers to communication create problems as simple as employees being unable to read messages posted on bulletin boards-the most common form of communication between management and employees at these hotels-to the more complex issue of management style itself. One respondent contends, "The European (autocratic) management style assumes that your motivating factor is that you have a job, and that by virtue of your position the staff should respect you. North Americans, on the other hand, need to know what's in it for them." Differences in subordinate styles also have implications for management, said the Hotel directors, one commenting that " Some groups feel it is inappropriate to challenge a superior's assessment, and yet some supervisors may interpret silence as agreement."

Differences in behavioral styles can also affect how employees get along. One European chef's dissatisfaction with the quality of a product resulted in a tantrum wherein he threw a plate of food at the purchasing agent along with a spew of verbal abuse. His behavior was excused as part of a culturally ingrained, and therefore acceptable, mode of behavior. This is an example of mismanagement of diversity in the extreme: poor performance should not be attributed to or accepted as part of cultural background, just as outstanding performance should not. Diversity can be effective only when such stereotypical assumptions or excuses are eliminated and differences are first recognized and then capitalized upon or addressed in a manner which benefits an organization.

Hotels that had tried implementing English as a Second Language (ESL) courses as part of their diversity effort often failed due to a lack of management commitment. At one hotel where employees were not paid for attending the classes and would be pulled from them if they were needed for work, the result was a lack of motivation and commitment on the part of employees as well. Management should pay for at least part of employee attendance and reward employees for successful completion of an ESL course. The benefits of ESL programs for the Hotel, such as increased flexibility in scheduling, easier implementation of new programs, achievement of increased service levels and increased number of job applicants need to be recognized by management and employees alike if they are to be attained.

One of the Hotels stressed fostering a company culture that is supportive of all employees as the backbone of their diversity program. They hoped to do this by focusing on attitudes and communication issues. Senior management set the tone through its own interactions, through sharing the credit with all employees when a job was well done, and scheduling regular employee get-togethers. The extent of training relating specifically to cultural differences in the participants' hotels ranged from none at all to fairly extensive. The major stumbling block seemed to be convincing management at all levels that the training had benefits beyond those of breaking the language barrier. Above all, the experience of Toronto's Hotels indicates that concentration of ethnic groups in particular departments is counterproductive to diversity goals and, if ignored, conflicts will continue to emerge, prohibiting the hotels and employees from reaching their true potential.

Reebok

Although Reebok did not realize it at the time, the breakthrough they experienced in the early 80's which transformed them from a \$12 million-a-year shoe company to a \$3 billion powerhouse was largely a result of their diversity of perspectives. A group of women in the company bemoaned the fact that they could not find a good aerobic shoe, aerobics being a fitness craze at that time. Reebok latched onto that concern, began marketing aerobic shoes and within two years arrived at the forefront of the athletic shoe competition. Since then Reebok has recognized diversity as a key managerial strategy and their management practices have evolved along with the times and needs of the company.

CEO Paul Fireman concedes that there is initially a lot of discomfort at wading into unfamiliar territory and that overcoming that unease was difficult at a company where "Ten years ago, if you saw a black man, you knew there was an athlete visiting for the day." Fireman approached diversity at the management level with a sports-minded logic, contending that a team that has the vision to produce innovations and make them work "cannot be a team of clones. If you put five centers on the basketball court, you're going to lose the game." Accordingly, Reebok sought to introduce diversity at every level. Says Fireman, "If you want to get from here to diversity, you have to seek out, at every level of employment, the people who have new and different stories to tell. And then you have to make real room for them, you have to learn to listen closely to their stories. It accomplishes next to nothing to employ those who are different from us if the condition of their employment is that they become the same as us. For it is their differences that enrich us, expand us, provide us the competitive edge."⁷⁶

Timberland

This New Hampshire-based \$700 million-a-year outdoor apparel manufacturer, has taken a highly unique approach to managing the diversity within their organization⁷⁷. CEO Jeffrey Swartz rejected consultants and training programs in favor of building a "synergistic relationship" with a non-profit group called City Year. The group enrolls more than 200 young people from a variety of racial, cultural and socio-economic backgrounds into a program where they serve the community for a year and are paid a \$100 a week stipend. At the end of a year they receive a \$5,000 scholarship.

Along with sponsoring the program, Timberland actively involves its own employees with City Year's "Team Timberland". The idea is to bring diverse employees together to work with a diverse youth group to accomplish a common goal, hopefully fostering teamwork and an appreciation for diversity. Says Swartz, "Working with City Year is a very different mode of problem solving than the traditional business manager is used to. A cross-function team-where we are stuck together, and we may be of different ranks, but it doesn't matter, it's a very uncomfortable position for some people to be in." He goes on to say that the City Year model of people of all walks working together to achieve a common goal is "extraordinarily educational to the Timberland people." Human Resources head Richard Morgan concurs, "If you could spend a day with a team of people at City Year, that is one of the best pieces of empirical evidence of diversity working, how it gives you an advantage." That advantage, absorbed by employees through this unconventional management strategy, has been incorporated into Timberland's corporate philosophy and has translated into huge profit gains. Their 1993 profits rose more than 60 percent to \$21 million on sales of \$410 million, a 41 percent increase.

Exxon Chemicals

At Exxon Chemical's 2,000 employee plant in Baytown, Texas, the challenge of managing diversity, says plant leader Raymond Floyd, is to understand why people are different, not to ignore differences, and to use that understanding to foster a climate that enhances the prospects for personal growth and business success.

Floyd cites the key components of their diversity effort, initiated in 1988.

- Awareness and understanding of how cultural values influence one's approach to conducting business transactions. Exxon formed a group called Diversity Pioneers, which encourages employees (70 percent have participated in the training program) through exercises and activities to "seek out and understand the differences in the people around them.";
- Providing support for people undergoing change. In order for the training to be effective, the issues underlying the change must be recognized in advance and dealt with, otherwise the tensions that are brought to the surface during the training will "rub raw against the same old organizational behavior." Floyd suggests either reuniting training groups periodically to share their experiences with the change or to create single culture support groups.
- Making diversity real in the workplace by adopting concrete policies and practices. Floyd notes that Exxon's hiring policies were always fair and Exxon prided itself on bringing "people of difference" into the plant. They did not, however, have any policies on the things that can help those same hires move up in the plant such as temporary assignments and special opportunities. The Diversity Pioneers effort has a policy subcommittee that has implemented a new process for choosing first-line supervisors from the ranks of technicians and hourly employees. An employee who applies for a supervisor or special-assignment opening must be kept informed about the status of the selection process. And if a candidate fails to advance at any stage of the process, he or she must be given an explanation. Floyd believes these measures convey the message that senior management is serious about the diversity effort, which is crucial to its success throughout the ranks of employees.
- Demonstrating that management is serious also includes letting employees know what consequences they can expect if they choose to test the new system. At a bare minimum, Floyd suggests strong basic harassment policies.
- Celebrating shared successes through recognition and rewards. It is easy for employees to become overwhelmed with the scope and continuous nature of an ongoing diversity program and this can lead to frustration or losing sight of the ultimate goal. Managers at Exxon frequently intervene and recognize accomplishments with special events to celebrate progress and salute employees who have been nominated by their peers as having made a special contribution to the organizations goals⁷⁸.

BUSINESS CASE TOOLKIT

This section contains a number of references which readers may find useful as well as the references to this article.

Books and Monographs of Particular Value

Mastering the Diversity Challenge: Easy on the Job Applications for Measurable Results, by Fern Lebo is a 150 page volume designed for managers embarking on a diversity program. It contains step-by-step instructions, meeting worksheets, practice employee surveys and team-building exercises. (St. Lucie Press, 1996. Florida.)

Developing Diversity in Organizations: A Digest of Selected Literature, is a guide designed for managers which features a compilation of articles written on corporate diversity initiatives. It has a section of case studies and general resources which attempts to show which methods worked for individual organizations and which practices to avoid. (Ann M Morrison and Kristen M Crabtree. CCL 1993. USA.)

Cultural Diversity in the Workplace: Issues and Strategies by George Henderson. Quorum Books, 1994. London is also an excellent source of useful insights into the issues in managing diversity.

Employment Equity: Cooperative Strategies for Organizational Change by Carol Agocs, Catherine Burr and Felicity Somerset (Prentice-Hall Canada Inc. 1992, Toronto) is a somewhat dated but very useful book describing Canadian initiatives to achieve employment equity. It does take an "advocacy" stance as do many books in this field. Chapter 3: Employment Equity: The Benefits for Your Organization is a particularly good chapter.

Designing and Implementing Successful Diversity Programs, by Lawrence M. Baytos focuses on practical exercises that managers can use in designing their diversity efforts. Of particular note is chapter 3, titled "How to Develop the Business Rationale to Drive Diversity Commitment", an issue which is key to employee acceptance and loyalty to a diversity program and one which the other books do not focus as specifically on. (Prentice Hall, 1995. New Jersey).

Diversity in the Workplace by Clayton P. Alderfer et al. (1992. The Guildford Press. New York.) is a compilation of 21 papers detailing managerial strategies, challenges and case studies related to workplace diversity.

Differences That Work: Organizational Excellence Through Diversity is another compilation of 15 authors whose papers present arguments for workforce diversity through case studies, personal experience and anecdotes. (Ed. Gentile, Mary C. Harvard Press. 1994. U.S.A.) Dr. Gentile is also the author of Managing Diversity:

Making Differences Work (Harvard Business School Publishing, 1995) Managerial Excellence through Diversity (Richard D. Irwin, 1995).

Implementing Diversity by Marilyn Loden is a strong and exhaustive exploration of diversity in three broad sections: 1) Going Back to Basics, which discusses how diversity can be defined and implemented as well as profiles of how several business attitudes would be affected by diversity (the innovator, the pragmatist, the skeptic); 2) Barriers to Implementation, which discusses the possibility of backlash and awareness training; and 3) Accelerating Change, which provides successful case histories as examples to follow and gives advice on laying the groundwork for change. (Irwin Publishing, 1996. New York.)

Dimensions of Diversity in Canadian Business: Building a Business Case for Valuing Ethnocultural Diversity is a study conducted by The Conference Board of Canada in 1994. It is full of examples of companies who have launched successful diversity initiatives including Petro-Canada, Warner-Lambert Canada, Ebco Industries, Bank of Montreal and Mouvement des caisses Desjardins. It emphasizes two key drivers of diversity: the increased ethnoculturalism of Canadian markets and the globalization of businesses.

Measuring the Impact of Diversity is an informative and detailed "handbook" produced and distributed by the Society of Management Accountants of Canada in 1996. Full of excellent advice about diversity programs and making many elements of the business case developed in this website, it is a "must read" for people thinking about developing diversity programs.

"Managing Diversity in the Late Twentieth Century: Some Macroeconomic Considerations" by Sheila D. Collins is an essay which documents the history of diversity in a business context. It describes the results of employment equity and affirmative action initiatives in many countries.

Key Articles

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