

9.2: Employee Diversity

Learning Objectives

- Explain the concept of diversity within organizations.
- Explain the advantages of employee diversity within organizations.
- Explain the challenges of employee diversity within organizations.

What Is Diversity in the Workplace?



A manager who oversees a diverse workforce may find certain advantages and challenges in her job.

Until the 1950s and 1960s, diversity was not associated with the workplace in the United States. In general, people were hired based on their gender, race, social status, and religion. Women were often asked to leave their jobs if they married or became pregnant. No accommodation was made for disability except by special arrangement.

But there were a few exceptions, particularly in fields in which qualified employees were scarce. The computer industry was one such field.

IBM, one of the most strait-laced companies in the United States, was also one of the most diverse. In 1953, for example, IBM's president wrote a letter to his managers stating: "It is the policy of this organization to hire people who have the personality, talent and background necessary to fill a given job, regardless of race, color or creed." Even in the Deep South, where segregation was a reality in restaurants, hotels, and even at water fountains, IBM employees of all races and backgrounds ate together in the cafeteria.

Fast-forward to the twenty-first century, and diversity in the workplace is not just a matter of ethics. Diversity is required by law and is a recommended strategy. Federal protected classes include race, color, religion or creed, national origin or ancestry, gender, age, disability, veteran status, and, in two cases, genetic information. The law creates a minimum response to discrimination, but diversity is also an asset in running a business.

Many experts, including the Boston Consulting Group, recommend diversity as a long-term strategy. They use a broader meaning of diversity, which adds personality, cognitive style, education, social background, and more. For example, the largest companies make a point of hiring from many colleges. Even if Harvard produced the best individual candidates, companies would still hire from many colleges. The diversity of training and connections are strengths, not shortcomings.

A diverse workplace isn't always easy to achieve, as some locations, industries, and positions tend to attract people of certain backgrounds. To diversify the workplace, some companies make a significant effort to reach out to diverse communities. For example, they might reach out to the veterans community, which includes thousands of individuals of all backgrounds, many of whom have solid training and experience.

The explosive growth in global trade means that large corporations began sending more Americans abroad, outsourcing work to other countries, and hiring non-American workers to come to the United States. Meanwhile, changing norms and laws improved the status of women in the workplace, and made it both acceptable and legal to be out, gay, and married. Finally, the Americans with Disabilities Act made it necessary for businesses to accommodate individuals with disabilities through the addition of elevators, ramps, Braille signage, flexible work settings and hours, and more.

With so many requirements for diversity, most US businesses now employ a very wide range of people. A diverse workplace brings both challenges and opportunities.

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Advantages of Employee Diversity

The Boston Consulting Group, a management consulting firm, takes an approach to diversity that borrows from ecology. First, diversity builds resilience. Enduring systems comprise a broad variety of agents, which behave and respond to external stimuli in varying ways. As a result, a challenge to the system is less likely to break it. Second, diversity is the basis of adaptiveness. Diversity of problem-solving heuristics and behavior permits a system to evolve and learn from experience. Internal variety—diversity—provides the grist for the system to test ideas and actions and select the most effective in each environment.^[1]

When a workplace employs only people of similar background, education, and lifestyle, it's easy for employees to reinforce one another's preconceptions and prejudices. When people of different cultures and backgrounds are valued and heard, however, new ideas and opportunities emerge. The Peterson Institute for International Economics studied the impact of female executives in ninety-one countries and almost twenty-two thousand firms. The firms with more women in corporate leadership did better.^[2] A study of this kind cannot determine cause and effect. For example, better performance may result from the nondiscrimination policies and a more open culture, but diversity is a winning strategy either way. Here are some ways that diversity can positively impact an organization:

- **Diversity enhances creativity.** People from different places, ethnicities, and lifestyles can bring fresh ideas to an older corporation. Could a product be made to appeal to a whole new demographic? How might a particular service be advertised to a new ethnic market or the disabled community? By including people of different backgrounds in the conversation, managers get valuable insights into different points of view.
- **Diversity enhances image.** Today's marketplace is diverse; so, too, are customers. When a company can present itself as diverse, clients and buyers respond positively.
- **Diversity improves outreach.** Employees from different parts of the world or different communities can help a corporation to understand and reach out to new markets.
- **Diversity improves morale.** When employees of all backgrounds and abilities feel valued, they are more likely to be loyal, engaged, and productive. Employees are also more likely to feel a sense of pride and belonging when they are associated with an employer that clearly cares about the well-being of all.

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Challenges of Employee Diversity

Differences fuel battles and even wars. That's true in the political arena, and it can also be true in the workplace. Problems that can arise with a diverse workplace include difficulty with communication, different work styles or work ethics. Small issues, such as different smells in the lunchroom, can quickly escalate if not managed appropriately.

Differences in culture can also lead to miscommunication. For example, Americans value eye contact—even with members of the opposite sex. But in many Asian and Middle Eastern countries, direct eye contact is considered to be disrespectful. Direct eye contact with someone of the opposite sex may even be seen as flirting. It's very important, therefore, to provide diversity training to avoid serious social gaffes and challenges.

Work styles can also vary from culture to culture. Although many Asians and Central Americans work in groups and value consensus, most Germans and Americans prefer to work independently. Some cultures place a high value on order, organization, and method whereas others emphasize spontaneity and flexible thinking.

Another serious challenge lies in diversity in management. Typically, top leadership is white and male whereas lower level workers may be female or nonwhite. To be seriously considered for promotion to a top-level management position in many US companies, individuals must assimilate to the point where they are virtually indistinguishable from existing leadership. This, of course, negates the advantages of diversity—and raises the bar for promotion.

Fortunately, many of the challenges of employee diversity can be foreseen and managed through employee training and diversity-oriented company policies. It's important, however, for management to think ahead rather than assume that a diverse workforce

will work well without any intervention.

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1. Miki Tsusaka et al., “Diversity at Work,” Boston Consulting Group, 2017, http://image-src.bcg.com/Images/BCG-Diversity-at-Work-July-2017_tcm9-165880.pdf↵
2. “New Peterson Institute Research on over 21,000 Companies Globally Finds Women in Corporate Leadership Can Significantly Increase Profitability,” Feb. 8, 2016, accessed Aug. 8, 2017, <https://piie.com/newsroom/press-releases/new-peterson-institute-research-over-21000-companies-globally-finds-women>↵

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