Diversity management is an organizational strategy which emphasizes the need to recognize ethnic, cultural, gender and other differences between groups of employees and clients and make practical allowances for these in organizational policies. The ‘main message’ of the approach is that organizations must see the human diversity within them as a strength rather than as a problem.

Private sector companies and public sector organizations alike have become increasingly interested in techniques of the management of diversity. The increasing demographic diversity of populations and labour markets, and political demands for equality and fairness in employment, have stimulated organizations to experiment with new human resource policies. In this context diversity management has come to the fore as a strategy to get excluded minorities and under-represented social groups, including women, better represented in employment. The term diversity management came commonly into use in the 1980s in the USA; the practice was adopted first in the USA, Canada and Australia, and started to be considered seriously in some countries of Europe in the 1990s.

Diversity management is said to be significantly different from previous employment equity approaches, such as equal opportunity policies and affirmative action, in a number of ways. For one thing, its rationale is primarily one of improving organizational competitiveness and efficiency, driven by business purpose and market advantage. One definition of diversity management is as follows:

The basic concept of managing diversity accepts that the workforce consists of a diverse population of people. The diversity consists of visible and non-visible differences which will include factors such as sex, age, background, race, disability, personality and workstyle. It is founded on the premise that harnessing these differences will create a productive environment in which everybody feels valued, where their talents are being fully utilised and in which organisational goals are met.

(Kandola and Fullerton 1998: 8)
**New metaphors**

Advocates of diversity management have a tendency to draw on positive metaphors to explain its advantages, and these metaphors differ from those of previous approaches. For example, the old idea of an organization as a ‘melting pot’, with its overtones of assimilation and ‘sameness’, is replaced with that of the ‘mosaic’, where ‘Differences come together to create a whole organization in much the same way that single pieces of a mosaic come together to create a pattern. Each piece is acknowledged, accepted and has a place in the whole structure’ (Kandola and Fullerton 1998: 8). Metaphors such as ‘the salad bowl’ and ‘the patchwork quilt’, like ‘the mosaic’, are all part of what one American critic called the ‘celebratory and harmonious imagery’ and aim to convey how the whole is ‘enriched by the differences of its component parts’ through a diversity approach (Kersten 2000: 242).

**Primary and secondary dimensions**

There are differences as to which particular dimensions of diversity are perceived as important by practitioners. Some use narrow definitions which reflect equal employment laws, and define diversity in terms of ‘race’, gender, ethnicity, age, national origin, religion and disability, whereas others define diversity more broadly as simply ‘All the ways in which we differ’ (Hayles 1996: 105). Griggs (1995) classifies diversity into primary and secondary dimensions. Primary dimensions of diversity are those human differences that are inborn and/or that exert an important impact on early socialization and have an ongoing impact throughout life. The six primary dimensions are seen as:

1. age,
2. ethnicity,
3. gender,
4. physical abilities/qualities,
5. race,
6. sexual/affectional orientation.

According to Griggs, these primary dimensions are unchangeable; they shape our basic self-image and have great influence on how we view the world. Secondary dimensions of diversity are defined as those that can be changed, and these might include educational background, income, marital status, parental status, religious beliefs and so on (Wentling and Palma-Rivas 1997a: 2). Whilst diversity management is by definition multi-dimensional, the dimensions of gender and ‘race’/ethnicity have generally been near the top in priority for managers in US organizations, and were also the dimensions which stimulated the original interest in the subject by practitioners and policy makers in Europe.

**Differences from earlier approaches**

There are differences between managing diversity approaches and equal employment opportunity/affirmative action (EEO/AA) approaches, common in the USA. In a managing diversity approach, top management plays a leading role, it is a strategic element of the business plan, it is linked to managerial performance evaluations and rewards, it is long term and it is inclusive of all employees, rather than simply focusing on excluded groups (Wentling and Palma-Rivas 1997a). Diversity management implies a systemic transformation of the organization as
opposed to the singular emphasis on recruitment/selection that was characteristic of earlier equality approaches. It is presented as a voluntary effort on the part of the organization, and justified with economic rather than legal arguments (Kersten 2000).

An advantage of diversity management is said to be its more positive approach, rather than the negative one of simply avoiding transgressions of anti-discrimination laws. It is said to avoid some of the ‘backlash’ problems associated with affirmative action, as, unlike previous equality strategies, diversity management is not presented as a policy directed solely towards the interests of excluded groups or under-represented minorities. Rather, it is seen as an inclusive policy, which therefore encompasses the interests of all employees, including white males.

The benefits of diversity management

Across the diversity management literature, case studies of private companies and public sector organizations describe the benefits that diversity initiatives have provided to their organization. The most commonly stated can be summarized as follows (Wrench 2007: 10f.):

- using the skills and talents of the workforce appropriately, and ensuring that recruitment and selection decisions are based on rational criteria;
- avoiding internal problems such as conflicts and misunderstandings, grievances, higher absenteeism, greater staff turnover and damage to staff development;
- making products or services more attractive to multi-ethnic customers and clients;
- increasing creativity, innovation and problem solving through the inventiveness of diverse work teams;
- stimulating more flexible working practices through responding to the needs of a diverse workforce. This flexibility itself can enhance the creativity and efficiency of the organization;
- accessing international markets with more success, in particular when a diverse workforce allows a company to draw on the skills or connections of employees to reach new markets;
- avoiding the costs of racial discrimination, such as damage to the organization’s image through adverse publicity and/or the financial penalties resulting from legal cases;
- enhancing the likelihood of winning contracts in situations where national or local government authorities operate a system of ‘contract compliance’ regarding equality and anti-discrimination issues;
- enhancing the likelihood of winning contracts through the positive image of a diverse sales team, or winning sales from corporate clients who themselves put a high priority on the diversity policies of their suppliers or partners;
- improving the image of the company in the eyes of potential investors who choose to invest in companies demonstrating practices of corporate social responsibility.

The origins of diversity management in the USA

American accounts generally agree on the factors which caused the shift in thinking towards diversity management at the end of the 1980s.

Demographic developments

One of the most cited references in this respect has been Johnston and Packer’s (1987) book *Workforce 2000: Work and Workers for the 21st Century*. This and other reports made it clear that
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Dramatic changes were to be expected in the composition of the US workforce over the coming decades:

...the demographic change will be away from the European-American male and more towards an increasingly diverse and segmented population. This population will include women and men of all races, ethnic backgrounds, ages, and lifestyles. It will include people of diverse sexual/affectional orientations, religious beliefs, and different physical abilities, who will need to work together effectively.

(Wentling and Palma-Rivas 1997a: 3)

Thus it was argued that if managers did not find some way to accommodate this change, by recruiting, managing and retaining a diverse body of employees, the competitiveness of their organization would suffer.

The growth in minority communities as markets

As the workforce is becoming more heterogeneous, so is the domestic market becoming more ethnically diverse. The implication for businesses and service providers is that the employment of a diverse workforce and the proper management of this diversity will be increasingly necessary in order to be able to compete effectively in selling goods and services in these markets.

The growth in the service sector

The shift from a manufacturing-based economy to a service economy and the fact that the majority of jobs in the USA are now in the service sector provides a stimulus to diversity management practices. This is because, in the service area, interpersonal skills of employees have a greater intrinsic importance, with potential direct effects on the quality of service provision, and interactions between employees and clients have a direct bearing on business success.

Globalization and the increasing importance of foreign markets

US companies have been increasingly buying companies in other parts of the world, and foreign companies are increasingly buying US companies. The North American Free Trade Agreement, the consolidation of the European Union single market and the disintegration of the former Soviet Union all had implications in the 1990s for the internationalization of organizational practices in the context of new opportunities for foreign links, investments and markets. The increasingly international way that organizations operate means that companies are faced with the need to manage diversity both at home and with their global partners (Kandola and Fullerton 1998: 30). Amongst other things, this means that US corporations need a more multicultural perspective to be able to relate to employees, suppliers and customers abroad, and must develop appropriate human resource practices to reflect this.

Two further factors were suggested by a telephone survey of diversity experts from across the United States (Wentling and Palma-Rivas 1997b). One was the growth in ‘identity politics’ in the USA, whereby in the increasingly diverse US workforce, people are ‘more comfortable being different’. In the words of the authors of the report:
These people bring to the workplace a variety of experiences, values, cultures, physical abilities, religions, work styles, and so forth. They are no longer willing to deny their differences in order to assimilate into the organization’s mainstream.

(Wentling and Palma-Rivas 1997b: 4)

A second mentioned factor was the pressure of US equal employment opportunity and affirmative action programmes. As Mor Barak (2005) observes: ‘Equal rights legislation and affirmative positive action policies are prerequisites for the development of diversity management because they create the social, legal, and organizational environment on which diversity management initiatives can be based’ (ibid.: 212).

Over the 1990s and 2000s, surveys pointed to the growing ‘normality’ of diversity management in the USA. In 1992 a Conference Board survey found that three-quarters of America’s biggest firms had a diversity manager, and by 1994 more than two-thirds of Fortune 50 companies had diversity initiatives. In a 2002 survey of 829 US firms, the number with ‘diversity performance evaluations for managers’ grew from 4 per cent in 1985 to nearly one in five by 2002 (Kalev et al. 2006). Diversity innovations were spearheaded by the biggest firms in the US, later spreading to smaller companies. In a national sample of US firms, 40 per cent of medium sized and large firms had a diversity mission statement by 2002 (Dobbin 2009: 144).

The first diversity management policies were seen in European countries during the 1990s. Two EU reports in the early 2000s found evidence of a growing awareness of the strategy among employers, with ‘good practice’ examples identified in the UK, Germany, Spain, Belgium, France, the Netherlands and Sweden. The reported business benefits included overcoming labour shortages, reducing absenteeism, attracting and retaining qualified staff, improving staff motivation, enhancing customer satisfaction, improving innovation and creativity and accessing new markets (European Commission 2003, 2005).

Critiques of diversity management

The logic of diversity management would seem to imply that workplace struggles for equality are set to become a thing of the past. Organizations now have the motivation voluntarily to mainstream policies for the fair and equal inclusion of female, minority ethnic and immigrant workers, for reasons of self-interest and business efficiency. No longer will they need to be persuaded by arguments of morality, or threatened by anti-discrimination laws. However, not everyone has been convinced by this logic, and many have raised critical questions on a number of grounds regarding the growing popularity of diversity management strategies in business. Examples of such critiques are as follows.

Diversity benefits overstated

One claim of diversity management practitioners which has come under critical focus is the assumption that a diverse workforce automatically brings benefits to the organization in terms of, for example, increased productivity or creativity. An American review of the literature (Williams and O’Reilly 1998) concluded that the ‘diversity is good for organizations’ mantra has been overstated. They argue that, in contrast, the preponderance of empirical evidence suggests that diversity is just as likely to impede group functioning, and they conclude:

Simply having more diversity in a group is no guarantee that the group will make better decisions or function effectively. In our view, these conclusions suggest that diversity is a
mixed blessing and requires careful and sustained attention to be a positive force in enhancing performance.

(ibid.: 120)

The implication is that diversity management techniques need to be applied to counteract these effects, given the evidence that, by itself, diversity may have negative rather than positive effects on group performance. Yet the evidence for the effectiveness of diversity management techniques themselves has been called into question by some critics. In theory, an evaluation of beneficial effects for an organization could include an analysis of measurable variables such as levels of job satisfaction, labour turnover, absenteeism, productivity and profitability. However, in reality it is very difficult to attribute tangible changes in these indicators to be primarily the result of the introduction of diversity management, because of all the other factors and variables which affect an organization over the time period studied (Fischer 2009: 103). Most commonly, the evidence on the benefits of diversity management is rooted simply in qualitative data, often taken from interviews with managers, carried out in company case studies.

There have been studies examining whether particular diversity strategies increase workforce diversity. For example, a study of 708 private sector organizations in the US (Kalev et al. 2006) concluded that affirmative action plans, diversity committees and diversity staff positions are more effective in increasing diversity than, for example, training programmes that target managerial bias, because the former initiatives assign responsibility for change (Benschop 2011: 24). Nevertheless, as Dobbin notes, although the workplace has become markedly more diverse since the early 1960s, it is still not possible to say how much of that is due to the particular programmes initiated by the human resources profession (Dobbin 2009: 232).

**Diversity management as a sectional interest**

In the view of Dobbin (2009), the reason diversity management was so readily adopted in the USA, despite the paucity of tangible and reliable evidence on benefits, was that it served the interests of a particular occupational group. Kelly and Dobbin (1998) trace the development of diversity management in the USA in the 1980s in the context of the political assault on equal employment opportunities/affirmative action (EEO/AA). They outline four stages in American employers’ response to AA and EEO law. First, in the 1960s, the ambiguity and weak enforcement of these laws led to few changes in employers’ practices. Then, between 1972 and 1980, increased federal enforcement led employers to pay closer attention to anti-discrimination law, and during this period they started to hire EEO/AA specialists to devise strategies to comply with the law. In so doing, ‘employers created internal constituencies that championed EEO/AA measures’. The third stage was a time of ‘backlash’ in the early 1980s when the Reagan administration began to criticize EEO/AA programmes and curtail enforcement. However, despite this undermining of EEO/AA, many employers continued with the anti-discrimination practices that they already had in place, and EEO/AA specialists began to emphasize the efficiency gains that had followed the adoption of these practices. Fourth, after 1987, when the legal future of affirmative action remained uncertain and courts continued to ‘chip away’ at the law, EEO/AA specialists transformed themselves into diversity managers and promoted a range of human resource practices aimed at maintaining and managing diversity in the workforce (Kelly and Dobbin 1998: 963).
Diversity management is a soft option

One reason why equal opportunities activists are sometimes suspicious of diversity management has been the fear that diversity management might be used to prioritize ‘soft’ rather than ‘hard’ equal opportunities practices. The problem is that diversity management in practice can mean many things. It can be little more than a desire to celebrate cultural diversity, or it can incorporate the full range of previous equal employment opportunities and affirmative action measures. We can conceive of a range of different levels of anti-discrimination and equal opportunities measures in organizations, with at the ‘soft’ end measures such as the recognition of cultural differences at work, and at the ‘harder’ end the setting of targets, the use of positive action or even the adoption of some forms of preferential treatment. It is possible that diversity management could be used to give the impression that an organization is doing something for excluded groups whilst avoiding many of those aspects of anti-discrimination and equal opportunities activities which are likely to be less popular with employers. For example, employers might be more receptive to the provision of ‘cultural awareness training’ and less receptive to positive action measures such as targets to produce a workforce which reflects the ethnic make-up of the locality, anti-discrimination training to modify the behaviour of white managers and employees or strong internal anti-harassment initiatives. If a diversity management approach consists of little more than celebrating cultural diversity, it will sidestep many of the ‘harder’ elements which have existed within a broader equal opportunities and affirmative action approach.

Diversity management dilutes the ethnicity/gender focus

Another concern amongst some equal opportunities activists has been that diversity management dilutes policies against ethnic and gender discrimination by mixing them with policies relating to too many other groups. Sometimes the extension and inclusiveness of the diversity concept is taken so far that it becomes almost meaningless. Mor Barak (2005) notes that many diversity trainers as well as human resource managers have readily embraced the ‘broad’ approach ‘because it allows them to pull everyone in the organization under the “diversity umbrella”, thus avoiding the controversial process of identifying groups with or without power, those who are discriminating and those who are discriminated against . . .’ (ibid.: 130). Mor Barak describes how, during a diversity seminar in California, she observed a diversity trainer enthusiastically encouraging participants to identify the qualities that made them ‘diverse’, which included not only characteristics such as race, gender, age, sexual orientation and disability, but also attributes such as the region where they grew up, the high school they attended and even their hair colour and taste in clothing and foods (ibid.: 121). For Mor Barak, this approach represents a common confusion between benign differences and differences that have practical or even detrimental consequences in people’s lives. By including all types of individual differences as ‘diversity’, the implication is that all differences are equal. Mor Barak argues for the importance of employing categories of distinction that have a perceived commonality within a given cultural or national context and that have an impact on potentially harmful or beneficial employment outcomes such as job opportunities, treatment in the workplace and promotion prospects, irrespective of job-related skills and qualifications. Such a definition emphasizes the consequences of the distinction categories, which overcomes the problem of over-broad definitions of diversity that include ‘benign and inconsequential’ characteristics in their diversity dimensions (ibid.: 130, 132).
The reliance of diversity management on business arguments

One of the most profound criticisms of diversity management is that it removes the moral imperative from equal opportunities actions. Arguments for the introduction of equal opportunities and affirmative action policies relate to equality, fairness and social justice. Critics argue that diversity management has moved equal opportunities away from a moral and ethical issue to a business rationale. Whilst this development is seen as an advantage by many people, in that it increases the likelihood of the adoption of the policies by employers, others see it as a long-term weakness. The problem is that fighting racism and discrimination will now only be seen to be important if there is seen to be a business reason for doing it. With a diversity management approach, racism is indeed argued to be unacceptable, but only when it is recognized that the outcome of such racism leads to inefficiency in the utilization of human resources. If a change in market conditions means that racism and discrimination do not lead to inefficiency, then there will be no longer any imperative to combat it. In the American context, Kelly and Dobbin warn:

Perhaps diversity management will succeed in winning over middle managers because it embraces an economic, rather than political, rationale. But precisely because it is founded on cost-benefit analysis rather than on legal compliance, perhaps diversity management will come under the ax of budget-cutters when America faces its next recession.  

(Kelly and Dobbin 1998: 981)

For some critics, serious questions must be raised about whether individuals within organizations pursuing private preferences constrained by the market can be left to be the custodians of employment equity practice. Noon (2007: 776–9) warns that the ‘business case’ relies on a cost–benefit analysis to indicate the advantages of investing in equality initiatives, and yet such advantages might not be readily apparent – managers might judge the costs of pursuing equality initiatives to be greater than the benefits. It may be that the true benefits of equality initiatives are only evident five or ten years in the future, whereas managers are required to focus on short-term benefits. This is a particular problem since, as discussed earlier, the benefits of diversity management are not easily measured. Noon concludes:

The traditional moral case for equality remains the strongest foundation for underpinning equality of opportunity. The business case might rest upon this by providing an additional economic rationale, but in the absence of such a rationale . . . the moral base remains firm. The argument for the moral case based on the human rights of all employees and job seekers must not be abandoned for the current fashion of diversity and the business case.  

(Noon 2007: 781)

In conclusion, it is clear that diversity management can take different forms. Some forms may operate with a singular emphasis on the business rationale coupled with an individualizing view of human diversity, which can thus be criticized for sidestepping the consequences of prejudice and discrimination experienced on a group basis, and defusing the stronger forms of equality struggles. However, there is no necessary contradiction between the business and moral arguments for diversity management. Other diversity management policies may emphasize the primary dimensions of diversity, encompassing those groups which have historically suffered exclusion and under-representation, operating with a genuine desire to increase both business efficiency and equality and human dignity at the workplace. It is quite possible for diversity
management policies to grow from and strengthen existing equality strategies rather than replace them.

References


