

Contributed Article

The Holistic Approach to Diversity Management: HR Implications

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High involvement work systems today reflect inclusiveness and diversity, which have emerged in contemporary literature due to effects of globalization. Trends like outsourcing, off shoring, mergers and acquisitions, have led to a migratory workforce resulting in diversity in organizations. Moving from affirmative action, which was perceived as creating a stigma, organizations have embarked on diversity management, a more inclusive approach. This approach focuses on the unique strengths of people besides giving each individual an equal opportunity. Organizations worldwide, in their attempt at diversity management, have faced problems, as stereotypes are deeply rooted in one's culture and there are resistances to change. This paper tries to highlight the definition of diversity, the issues associated with it, different initiatives taken by organizations worldwide and the implications for organizations.

Importance of Diverse Workforce

Globalization has led to a lot of activity across borders of countries leading to a mobile workforce, which has intensified the diversity related interventions in organizations. Literature in the West is replete with data on the increase of non-whites that is Hispanics and African-Americans and also women entering the workforce. The nations' answer to this growing multiculturalism was to provide equal opportunities to the minorities and that involved having a quota for them. Organizations normally adhered to this, to satisfy the legal requirements. However it was a very reactive and contingent approach and did not and still does not have any support, even among the

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minorities. Today organizations world-wide are realizing the importance of a diverse workforce as a source of competitive advantage. Donkin (2007: 18) articulates it, “the popular argument I have encountered time and again is that, diversity is good for business,” nothing much is however done in organizations. The author asserts that workplace diversity will actually help reduce the unconscious bias and prejudices. Organizations are realizing the benefits of a diverse workforce with respect to access to a wide range of information, better decisions, better problem solving and more innovation. They are seeing a direct impact on the bottom line, besides the fact that it increases the brand image of the organization.

Diversity Management Defined

Many definitions of diversity and diversity management exist. Miller and Rowney (2005) have cited the definition of a diverse workforce, provided by the Canadian Institute of Chartered Accountants and Society of Management Accountants of Canada (1996:307) as “a workforce made . . . distinct by the presence of many religions, cultures or skin colours, both sexes (in non-stereotypical roles), differing sexual orientations, varying styles of behaviour, differing capabilities, and usually, unlike backgrounds”. Douglas (2008) has described what diversity in the US stands for and what it strives for and stresses that “the goal is inclusion, a systematic business strategy to make certain that everyone in an organization shares the same advantages: a voice that is heard,

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access to the information necessary for success, productive links to other co-workers and management, the chance to contribute, and the opportunity to advance professionally” (in press). White (2000: 2-3) uses the metaphor “creating a level playing field” elaborating that it is necessary to create an environment where each individual has the same opportunity “to score”. Respect for employees, customers, communities, dealers, and suppliers; appreciation of differences and inclusion of every person and every perspective has been described as diversity. Hewlett, Luce and West (2005) have stressed on the need to redefine diversity, broaden the definition from just inclusion, to creating a culture of which the minority groups feel a part of and can express themselves freely. They suggest innovative policies to meet this end. “Diversity management is a voluntary corporate approach to dealing with increasing demographic diversity in the workplace” (Ng & Burke 2005: 1196). It is suggested by Robinson and Dechant (1997:22) that a lot of companies prefer using a broad definition of diversity to include, “differences in gender, race-ethnicity, age, physical abilities, qualities, and sexual orientation, as well as differences in attitudes, perspectives and background”. Vedpuriswar (2008: 76) defines diversity as the “variety arising

out of the educational, cultural, racial, ethnic, age, religious and gender differences”.

Scholars and practicing managers alike have tried to differentiate between the policy of affirmative action and providing equal opportunity, with managing diversity. Diversity management allows organizations to leverage the diversity, accruing benefits from it, besides organizations embark on it voluntarily as compared to affirmative action (Ng & Burke 2005). Groschl and Doherty (1999) have differentiated between the two, citing Kandola & Fullerton (1994) who have stated that the former two, are both driven by the need to satisfy the law whereas the latter is to improve organizational performance. They have extended the differentiation on the basis of the assumptions underlying the two; the former is aimed at disadvantaged groups, the latter believes everyone is unique. Affirmative action is assumed to stigmatize the

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minorities and thus, they have detached themselves from it (Ng & Burke 2005). Diversity management thus involves more than just providing equal opportunities to men and women (Sub & Kleiner 2008). Diversity management can be a

useful tool to better organizational performance, provided the top management of the organization is convinced of its benefits (Robinson & Dechant 1997).

Scope of Diversity

There are many different groups that come under the umbrella of diversity. While gender, race, disability, ethnicity, language, and age are commonly known, religion, sexual orientation, education, experience are becoming more important. It may be seen that the emphasis in organizations may vary from country to country. For example in India most company policies are focused on gender and disability. However in the US, besides gender and disability, race, ethnicity and sexual orientation are given importance. There are differences even within a particular group. Even within gender as a type, one must not assume that one policy is suitable for all. Syed (2007) brings out an interesting aspect of the discrimination of the minority ethnic woman as compared to the mainstream woman in a study in Australia. Recently there has been a spate of literature on a different kind of diversity, namely relational diversity (Chan & Wu 2008). While relational demography is found to increase interpersonal attraction, trust and the liking of their supervisor; other managerial literature suggests that the effects on performance outcomes are only at the surface level or short term. Chan & Wu (2008) investigated the mechanism of relational demography in the supervisor-subordinate dyad by examining the mediating role of

communication satisfaction. Results demonstrate that communication satisfaction fully mediates the relationship between hometown similarity, (but not age or gender similarity) and satisfaction towards supervisor. In the beginning of the relationship, hometown similarity acts as a step-stone to enhance their relationship through easy communication. Such effects can be short-term and may diminish over time. In the long run when supervisor and subordinate interact with each other and know each other better, it is the communication satisfaction, which serves as a deep level factor, increasing the satisfaction towards supervisor. The results provide useful knowledge to both researchers and managers in managing workforce diversity especially in multinational corporations. Guillaume, Brodbeck and Riketta (2008) found in their study using meta-analytic and structural equation modelling techniques, negative effects of surface and deep-level relational diversity on social integration. Moreover, social integration mediated the overall negative effects of surface-level relational diversity on individual effectiveness (lower task and contextual performance, higher turnover), but suppressed the overall positive effects of deep-level relational diversity (higher task and contextual performance, lower turnover).

Some of the reasons that cause organizations to embark on diversity management include shortage of skill or talent, (Devine 2007), globalization, high turnover (Robinson & Dechant

1997), competition (White 2000) lawsuits (Robinson & Dechant 1997) and the management style of the CEO (White 2000). Sometimes it takes just one incident, like when an employee confronted a CEO about her problems in the organization and when women began to leave as a result of being bypassed (White 2000).

Organizational Consequences

Organizations where diversity is not managed or even recognized, are ones where minorities feel cut off from the social network (Heames, Harvey & Treadway 2006, Bryan 2000) are discriminated in terms of the kind of jobs and compensation, leading to increased absenteeism and turnover (Robinson & Dechant 1997, Tsui, Egan & O'Reilly 1992). When the African Americans felt that there was no importance given to the concept of diversity in the organization, absenteeism was higher and it was especially so when the superior was of the same race (Avery et al 2007). Buttner, Lowe & Harris (2008) demonstrated that when employees perceived a breach in the psychological contract pertaining to promises made, with respect to diversity, they showed lower commitment and higher intentions to leave. The above study also showed the effect of the interaction of procedural justice and the implementation of diversity practices, indicated by organizations on the commitment of employees.

There is also creation of an in group, out group divide and stereo-typing,

leading to lower communication and creativity (Cox & Blake 1991). It has been suggested that employees may experience stress as they try to “fit in” and this may lead them, to act, involving behaviours like, bullying and others (Heames, Harvey & Treadway 2006: 349). It is seen that most employees come into the organization with preconceived notions of other groups, as a result of their experiences in the diverse neighbourhoods in which they live (Brief et al 2005). Many women, due to the predominant “hidden bias” in organizations, are suspicious of their employers and are unable to share information about their lives (Hewlett, Luce & West 2005:77). A Sears executive interviewed by the authors, indicated that minority women, tend to “deny their authenticity” so as to remain inconspicuous and merge with the stereotypical white model (Hewlett, Luce & West 2005: 78). This leads to missing out on crucial information of one’s employees with respect to their talents and skills. A different set of issues crop up with respect to transsexuals. The person concerned, experiences fear and a lack of trust and this may be justified, as they are most often ostracized, laughed at and taunted (Barclay & Scott 2005). All the above mentioned causes a lower level of psychological attachment in employees (Tsui, Egan & O’Reilly 1992) and lower level of satisfaction with regard to the organization and the work (Nyambegera 2002, Tsui, Egan & O’Reilly, 1992). Prejudice leading to discrimination while recruiting, results

in a loss of talent (Donkin 2007, Nyambegera 2002, Bryan, 2000 Cox & Blake 1991).

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Source of Competitive Advantage

Organizations have realized that managing diversity creates a competitive advantage (Cox & Blake 1991). Having a diverse workforce enables the organization to be representative of the customers’ in the market, leading to the advantage of meeting the needs of a large and diverse customer base (Thomas & Kanji 2004, Allen et al 2004, Groschl & Doherty 1999, Robinson & Dechant 1997, Cox & Blake 1991). Having a diverse workforce and diverse teams leads to multiple perspectives (Taylor & Greve 2006; Dahlin et. al 2005, Allen et al, 2004) leading to better decisions (Dahlin et. al 2005, Van Der Vegt et al, 2005, Allen et al 2004, Groschl & Doherty 1999, Cox & Blake 1991) more innovative ideas (Vedpuriswar 2008, Dahlin, Weingart & Hinds 2005, Allen et al 2004, Groschl & Doherty, 1999, Cox & Blake 1991) quality improvement (Groschl & Doherty 1999) increased productivity (Groschl & Doherty 1999) and thus better performance and growth in business (Robinson & De Chant 1997). Yang (2008) demonstrated that while there is a positive relationship between the proportion of white women

and innovation there is also a positive relationship between the non-white women and innovation, provided they have greater participation and engagement in the activities than their

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white colleagues. Chief diversity officers have now moved from only managing diversity to overlooking innovation efforts in companies (Johansson 2005). Including diversity practices as part of the definition of high performing work systems was associated positively with employee productivity and innovation and negatively with turnover (Amstrong et al 2008).

Studies have shown that top management composition has implications for organizations. Cannella, Park and Lee (2008) found that the location of offices of the top management team and the environmental uncertainty moderated the relationship between the functional diversity in the TMT team and firm performance, with the relationship becoming more positive with increasing proximity. They also found that as environmental uncertainty increases, the effect of intrapersonal functional diversity becomes more positive. Richard & Shelor (2002) demonstrated that low and moderate age heterogeneity lead to increase in sales. Top management diversity is positively

related to the “competitive strategy and financial effectiveness” (Robinson & Dechant 1997:27). Dahlin, Weingart and Hinds (2005) differentiated between educational diversity and national diversity, indicating that the former leads to positive outcomes while the latter to both positive and negative. Ng & Burke (2005) cite Cable and Judge (1996) and Judge and Cable (1997) to show that if the espoused diversity values of the organization match those of the individual, then they will be attracted to the organization. The person- organization fit can prove beneficial to organizations in the form of increased commitment and reduced turnover (Saks & Ashforth 1997). Companies whose practices reflect diversity management and those who publicize it are considered more appealing to potential employees (Sub & Kleiner 2008, Ng & Burke 2005). The companies who successfully carry out diversity initiatives obtain the respect of people and have a higher standing among their business counterparts. With the business landscape being so turbulent and uncertain, diversity management is seen to support talent management (Robinson & Dechant 1997, Groschl & Doherty 1999, Forbes 2008). Managing diversity is also financially beneficial for the company as it reduces cost due to turnover (Sub & Kleiner 2008, Groschl & Doherty 1999, White 2000; Cox & Blake 1991, Robinson & Dechant 1997) and law suits (Groschl & Doherty 1999). High performance work systems that incorporate diversity practices are said to impact efficiency and innovation (Flood et al 2008).

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Today stress levels in organizations are high, with long hours and hyper-competition. In the midst of this, discrimination and the consequences of it, are an added stressor, thus an inclusive culture will help deal with this. Vedpuriswar (2008) stresses on moving beyond the surface, to focus on more enduring values, beliefs and viewpoints and understanding the similarities that are hidden behind the varying external characteristics. Being aware of biases and appreciating diversity is the key to global harmony.

Barriers to Diversity Management

While organizations are becoming more aware of the impact of diversity management on every aspect of their business, they also realize that it is not an easy task to bring about change. There are resistances to diversity initiatives and these may occur in the form of “stereotypes and prejudices” (Bryan 2000:14) that exist in the minds of people. The stigma attached to affirmative action, where women are perceived to have lower capability and skill (Heilman 1997, Heilman et al 1997) also evokes resistance. This leads to criticism from those who feel sidelined as a result of favouritism to the minority groups (Miller & Roney 1999). There appears a tendency in organizations where “men prefer men’s work” to that

of women and thus hire only male candidates (Nieva & Gutek 1980) as cited by Ng & Burke (2005:1196). Sometimes the organizational culture and subcultures prevent the realization of HR policies and practices (Palthe & Kossek 2002). However other researchers like Barclay and Scott (2005) indicate that the very practice of diversity management may actually cause divisions or reinforce the divide between groups. Stevens, Plaut & Burks (2008) have identified the two most frequently used diversity initiatives in the US as colourblindness and multiculturalism, cautioning that while these have benefits, they also lead to certain organizational members feeling excluded.

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Though organizations profess that they value diversity, their actions do not reinforce it and there appears to be large gaps between espoused beliefs and practices and what really occurs (Johnson & Avery 2006). Sub and Kleiner (2008:44-45) indicate how some large organizations profess diversity management as a “façade of legitimacy” as it is expected of them. There are others who are unable to consider diversity issues and their resistance (Miller & Roney 1999). This could also be because these organizations do not perceive direct effects on their performance (Robinson & Dechant 1997).

Worldwide Initiatives

At the individual level, the focus is on improving emotional intelligence and interpersonal skills in managers. Many organizations have a mentoring programme (White 2000). Earley & Mosakowski (2004:139) go one step further and suggest training and developing cultural intelligence in managers and leaders. This they refer to as the ability to judge “unfamiliar and ambiguous gestures” in the way somebody of that person’s culture would. They suggested getting minority people in contact with boards of non-governmental organizations, so that they can develop leadership skills. Hewlett, Luce and West (2005) discovered that minority employees take part in many activities outside their work life, in their

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communities, which help them learn new skills and hone their abilities. They have recommended that minorities should mentor professionals of their community to gauge their talent and leadership abilities. Women have twice as many responsibilities, so flexi-timing (Hewlett, Luce & West 2005, Cox & Blake 1991) and telecommuting, (Hewlett, Luce & West 2005) as benefits, should be provided to them in order to reduce absenteeism. In-house day care centres are another women friendly policy that

organizations have resorted to (Youngblood & Cook 1984) as cited by (Cox & Blake 1991). A leader’s strategies can create a culture where different ethnic groups can feel more comfortable and overcome their mistrust (Forbes 2008). As a result of globalization, today’s leaders have to lead employees who come from diverse backgrounds and cultures. Weber & Sadri (2008) have explored the relationship between the ratings of employees, based on their perceptions of how their leader values differences and the rating of their leader’s boss on the latter’s performance. They have also examined the effect of performance orientation, the GLOBE cultural dimension, on this relationship.

At the group level, developing diversity related HR practices is needed (Ng & Burke 2005). Bryan (2000) stresses the importance of including people with disabilities, in training programs. He recommends the need to challenge categorizations in the workplace and create a team environment where people work together. Cox and Blake (1991) suggest the use of focus groups to identify problems and get different perspectives. Women leave due to the culture of the organization, thus most companies have formed committees (White 2000), task forces (Thomas & Kanji 2004; White 2000) and councils (White 2000) to understand their issues better and deal with them. This has led to the empowerment of women and the creation of a culture more suitable to them (Thomas & Kanji 2004). Kossek, Markel and McHugh (2002) give an

example of an organization that rewarded those departments that encouraged multiculturalism. Their study also implied that HR's attempt at developing diversity strategies in isolation may not bring about the desired changes, if they do not take into account the "group tipping points".

At the organizational level, it is important that the top management be convinced about the relevance and importance of managing diversity. Employees' perception of diversity in the top management and the non-management levels is positively related to perceptions of organizational performance (Allen et al 2008). The next step in the process would be to commit resources to the diversity management programme, so that they can be carried out without obstacles (Sippola & Smale 2007). It is important to create a culture of inclusion where the minority groups can feel comfortable and included. Avery, McKay, Wilson and Volpone (2008) have attempted to solve the problem of not having enough time to forge relationships with employees due to job hopping. They have demonstrated that a feeling of inclusiveness moderates the effect of seniority (the tenure) and is positively related to organizational attachment.

Advertising (Avery 2003), employment messages (Ng. & Burke 2005, White 2000, Bryan 2000) and internal newsletters (White 2000) reflecting the diversity that exists in the organization are important, as it indicates to the employees that the organization does not

discriminate between people. Ng & Burke (2005) have cited literature to reinforce this importance especially for women, as this may be their only access to information about the company due to reduced opportunities through referrals (Kirnan et al 1989, Giscombe & Mattis, 2002). This also gives them an idea of what can be expected in the organization in terms of culture (Rafaeli & Oliver 1998). In a study it was shown that women and ethnic minority applicants accepted offers and applied to those organizations that were perceived as diverse and high performing individuals and new immigrants, rated such organizations as attractive (Ng & Burke 2005). Avery (2003:675) however indicates that the "other group orientation" needs to be considered, as in their study, African – Americans who perceive this, tend to be attracted to organizations that do not advertise a diverse workforce.

Having intercultural events at the workplace, sends out a message of commitment to diverse cultures. This was the suggestion given by migrants in the hospitality sector in Ireland, as a result of a study done by Devine et al (2007). Chase Manhattan Bank focuses on what they refer to as "micro-inequities" – "subtle messages that devalue and impair performance and cumulatively affect self esteem and lead to loss of productivity" (White 2000:3). In order to reinforce the right kind of attitudes towards diversity among the employees, organizations need to link compensation, to the extent that managers recruit minority talent

(Hewlett, Luce & West 2005, Allen et al 2004, Avery 2004), meet diversity management objectives and reward egalitarian behaviours, thus making managers accountable (White 2000). Lastly it is important to check periodically if the initiatives are on the right track and are having the right effects (Avery 2004). Some companies have developed a diversity scorecard (Hallman 2007, White 2000) and others do research and collect data (Cox & Blake 1991). Cox and Blake (1991) emphasize the need to have a regular cultural management audit. Mastercard has an “Open door” process to handle all issues pertaining to diversity initiatives (White 2000:5). For MNC’s, it is also important to have integrating mechanisms and adopt a multi-domestic approach with respect to the policies and initiatives related to diversity

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management (Sippola & Smale 2007). Stevens, Plaut & Burks (2008) discovered that certain diversity initiatives can go against the very reason they were instituted and lead to feelings of exclusion in the beneficiaries and thus recommend an All- Inclusive Multi-culturalism(AIM) model. This they indicate, will serve as a mechanism for positive organizational change by encouraging positive relationships at work and the development of people so that they can maximize their potential.

Bryan (2000:19) cites Cook (1978) to list the important factors that must occur at the organization level for diversity management to be a success. They are “equal status, interdependence, norms that indicate egalitarianism, approval by top management and high acquaintance potential”. Organizations (Bryan 2000, Hewlett, Luce & West 2005) and especially leaders (Cox & Blake 1991) need to be committed and walk the talk with respect to the diversity initiatives. In order for diversity initiatives to succeed and be sustainable, it needs to be incorporated as part of the strategy of the company (Forbes 2008, Kossek, Markel & McHugh 2002). In Allen et al (2004) study of 396 employees, 68% viewed diversity as a long term strategy of the company. Making business students ‘diversity competent’ is extremely important considering the organization’s workforce is only becoming more diverse (Avery & Thomas 2004: 392). More recently there has been research which looks beyond just the impact of initiatives, to the attributes and processes that make them effective (Akinola & Thomas 2008). The above study explores the reasons behind why the minorities are not retained and promoted.

Phases of Diversity Management

Many researchers have proposed stages that an organization should go through to transcend from a traditional to a multicultural one. Richardson and Skinner (1991) stress on three stages, “the reactive, strategic, and adaptive stages to become multicultural organi-

zations”, cited by Moore, Parkhouse & Konrad (2004:305). Others like Cox and Blake (1991:52) have suggested that “Leadership, Training, Research, Analysis and Change of Culture and Human Resource Systems and Follow up” are important. Chrobot et al (2007) have listed four strategies, de-categorization, re-categorization, sub-categorization and crosscutting that a leader must embark on to create a multicultural organization.

Role of HR in Managing Diversity

As globalization and diversity increases, HR policies must change to take advantage and leverage these differences (Fujimoto & Hartel 2006). For HR professionals, managing diversity is the biggest challenge (Benschop 2001). Chiu & NG (2001) have indicated that HR in organizations should be sensitive to the different needs of single and married women employees, while devising policies. In order to create

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a positive climate for diversity in the organization, Kossek, Markel and McHugh (2002:347), suggest that the number of women hired in the organization should reach a ‘critical mass’ for some change to occur and that this critical mass should also be maintained at senior positions. Bacharach, Bamberger and Vashdi

(2005:619) have demonstrated that an increase in the percentage of dissimilar others, did not increase supportive relations in groups especially if they were from different races. They refer to

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this as the “homophily effect”. Konrad, Yang & Maurer (2008) have confirmed that customization of institutionalized diversity practices to one’s firm, such that it has been strategically linked to the organizational strategies, will lead to better firm performance. They also suggest that those firms that have institutional diversity structures fare worse than distinct firms with a few or no diversity initiatives.

HRM practices of the MNC subsidiaries seem to be affected by the country of origin of the firm’s parent company and also by the local environment of the host country. Hence there is a need to study and incorporate the latter’s effect on international management and HRM studies (Bae et al. 1998). Research has shown that HRM practices differ across countries. In a study done in India and China, it was seen that while these two countries are similar in some ways, they also differ on economic development, rules, policies, religion, language, gender policies etc. All of these will affect the extent to which organizations look at diversity and

its management (Cooke & Saini 2007). It was found that India focused more on diversity management than China. The “beneficial effects of demographic diversity is culturally bound,” (Van Der Vegt, Van De Vliert & Huang 2005:1180), impacting human resource management in multinational organizations. Scholars all over the world are now criticizing the “convergence hypothesis” and are looking at the effect of the societal/national culture on the organizational culture and the need to develop suitable actions (Bae et al. 1998). In a study of job satisfaction among employees working in Mainland China, in companies whose origin is Taiwanese and Taiwanese employees, it was seen that there were considerable differences between the two, reinforcing the need for different HRM strategies for different countries (Wu & Chiang 2007). Another study demonstrated that the power distance of a society moderated the relationship between demographic diversity and innovation in organizations (Van Der Vegt, Van De Vliert & Huang 2005).

Robinson and Dechant (1997) suggest that HR personnel need to present a case for diversity, projecting the impact and the competitive advantage, of maximizing the potential of a diverse workforce. They have identified four steps in this regard: a) determining business objectives and needs, b) identifying actions for each objective and need, c) conducting a cost benefit analysis, and d) developing tracking mechanisms to assess progress and financial impact. Indian organi-

zations are far behind their US counterparts with respect to incorporating diversity initiatives and there are organizations in India where women are still not found in the top management. Working women in some organizations are still struggling with their commitments, as their companies have not provided child care or flexible work hours (Vedipuriswar 2008). It appears that there is a lack of studies demonstrating the usefulness and success of certain diversity management initiatives, thus the lack of guidelines for HR professionals while they are designing them (Curtis & Dreachslin 2008).

SHELL Diversity Management

Mahajan (2006:178) illustrates the “Group Diversity Framework” created by SHELL with six main components that support their diversity management efforts. In order to inculcate and transfuse inclusiveness across the organization, SHELL has “Diversity and Inclusiveness” as one of the important values in the organization. Across all their companies worldwide they have set up a Group Diversity and Inclusiveness Standard to enable them to have a more organized approach to diversity management. The components of the framework include the following:

Leadership Commitment and Accountability for Change: The entire organization from the leader down to the supervisors is accountable to bring about the change towards inclusiveness. It is a collective effort and creates a dynamic

culture towards diversity management.

Standard Development and Governance: The diversity standard created by the company provides the framework for the diversity practices. The company has set up diversity councils that have senior representation and teams comprising employees across countries and businesses, towards a dedicated effort to diversity management.

Strategic Plans and Objectives: The diversity plans are charted out from the organizational strategic plans and are an important component of the latter.

Supporting Systems and Resources: Investment in the form of either time, money or people is expected towards creating a diverse workforce and a culture of exclusivity by all SHELL group companies. Systems and teams have been set up to guarantee focus and smooth execution of the plans.

HR System Integration: HR has a major role to play in this endeavour. There is a strong diversity focus in all the HR practices and processes.

Monitoring Performance, Communicating Results and Continuous Learning: An audit is conducted on all the efforts toward diversity management so as to understand the impact and evaluate the performance. This is communicated to all the employees and also the public.

SHELL also believes in practicing

what they preach. At every meeting a “Meeting Inclusiveness Checklist” is used, where every employee present, anonymously rates the level of inclusiveness perceived during the meeting. This helps inculcating a tradition of inclusivity and acceptance among employees. By focusing on diversity, SHELL has ensured sustainable growth and development.

IBM Case

Another company, long known for its diversity focus, is **IBM** (Thomas & Kanji 2004). From its onset IBM hired women and black employees and in 1914 it hired its first disabled employee setting the stage of creating a culture of inclusion. Right from the beginning, IBM’s top management promoted equal opportunity. IBM’s commitment to diversity can be understood by the number of awards it has received over the years, 1989 National Society of Black Engineers Employer of Choice Award, 2003 New Freedom Initiative Award for innovative effort towards disability employment. The management soon realized that they had not leveraged it. The title of Office of Equal Opportunity was renamed as Office of Workforce Diversity as early as 1991.

The company set up eight executive level task forces that included, Asian Black, Gay, Lesbian, Hispanic, Native American, People with Disabilities, White men and women. Senior leaders were given responsibility for the smooth functioning of these groups. The task force consisted of employees belonging

to the constituency but from across different divisions. While initially people did not take it seriously, over time they realized the benefits of it. The task forces contributed to work-life strategies for men and women, mentors for black employees for development, Domestic Partner benefits for gays, lesbians and bisexuals etc. A number of projects based on the needs of the different constituencies resulted from this effort. This promoted inclusiveness and allowed the company to focus on the needs of every group. This not only helped IBM create an inclusive culture but also reach out to more customers in each constituency based on recommendations from the members. IBM is a very successful company today and is a case of diversity management making business sense.

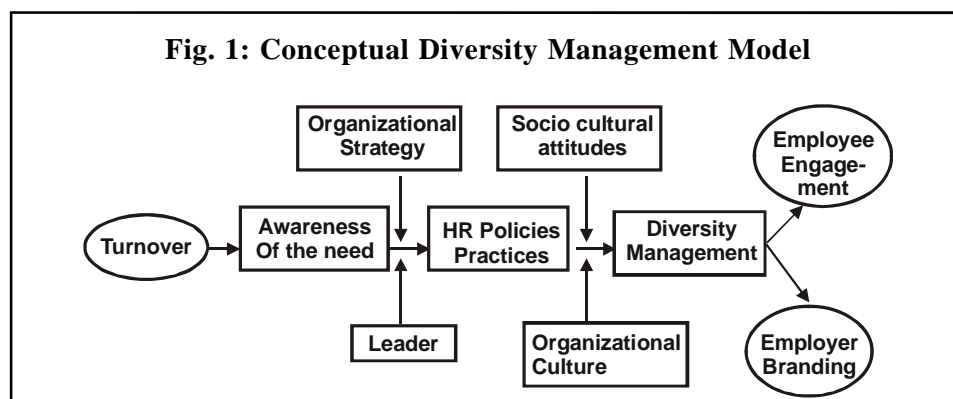
Conclusion

Due to the changing business landscape, the demographics of the workforce is changing. It is imperative for organizations to understand this shift and take proactive steps to leverage it, as it can be their source of competitive

advantage. Managing diversity is important and should be part of the strategy of the company, as it has an indirect and a long term effect on the bottom line. While many organizations profess their priority to diversity, very few walk the talk for attracting and retaining the elusive talent of today. A holistic approach to diversity management needs to be established, where not only are initiatives introduced but attitudes to them and the people are also managed. A new trend is visible in organizations in India, with a few beginning to focus on diversity management. However we have a long way to go.

Fig. 1 presents the process of diversity management .

Once the leader becomes aware of the need for diversity management, with the help of the HR function, he can cull out practices and policies (based on the organizational strategy) for the same. However the success of these practices depends on the existing culture of the organization and the prejudices people have as a result of their cultural



background. If the company is successful in managing this diversity and creating a culture of inclusion it will not only result in employee engagement but also employer branding, helping to retain as well as attract competent employees.

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