Diversity in society and in organizations is complex. In this chapter, we look at how organizations work to maximize the potential contributions of a diverse workforce. We also show how demographic characteristics such as ethnicity and individual differences in the form of ability affect employee performance and satisfaction.

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Describe the two major forms of workforce diversity and give examples of how workplace discrimination undermines diversity effectiveness.
2. Identify the key biographical characteristics and describe how they are relevant to OB.
3. Define intellectual ability and demonstrate its relevance to OB.
4. Contrast intellectual and physical ability.
5. Describe how organizations manage diversity effectively.

Chapter Warm-up

If your professor has chosen to assign this, go to www.mymanagementlab.com to see what you should particularly focus on and to take the Chapter 2 warm up.

Diversity in society and in organizations is complex. In this chapter, we look at how organizations work to maximize the potential contributions of a diverse workforce. We also show how demographic characteristics such as ethnicity and individual differences in the form of ability affect employee performance and satisfaction.
DIVERSITY

We aren’t all the same. This is obvious enough, but managers sometimes forget they need to recognize and capitalize on differences to get the most from their employees. Effective diversity management increases an organization’s access to the widest possible pool of skills, abilities, and ideas. While diversity can be a great asset, managers also need to recognize that differences among people can lead to miscommunication, misunderstanding, and conflict. In this chapter, we’ll learn about how individual characteristics like age, gender, race, ethnicity, and abilities can influence employee performance. We’ll also see how managers can develop awareness about these characteristics and manage a diverse workforce effectively.

Demographic Characteristics of the U.S. Workforce

In the past, OB textbooks noted that rapid change was occurring as the predominantly white, male managerial workforce gave way to a gender-balanced, multiethnic workforce. Today, that change is no longer happening: It has happened, and it is increasingly reflected in the makeup of managerial and professional jobs. In 1950, for instance, only 29.6 percent of the workforce was female. By 2010, it was 46.7 percent. Women today are much more likely than ever before to be employed full time, have an advanced education, and earn wages comparable to those of men, both in the United States and abroad. In addition, over the past fifty years the earnings gap between Whites and other racial and ethnic groups has decreased significantly, while differences between Whites and Asians have fluctuated. By 2020, Hispanics will grow from 14.8 percent of the workforce in 2010 to 18.6 percent, blacks will increase from 11.6 to 12 percent, and Asians from 4.7 to 5.7 percent. Workers over the age of fifty-five are an increasingly large portion of the workforce as well. The 55-and-older age group, 19.5 percent of the labor force in 2010, will increase to 25.2 percent by 2020. This shift toward a diverse workforce means organizations need to make diversity management a central component of their policies and practices.

A survey by the Society for Human Resources Management shows some major employer concerns and opportunities resulting from the demographic makeup of the U.S. workforce. The aging of the workforce is consistently one of the most significant concerns of HR managers, along with the loss of skills resulting from the retirement of many baby boomers, increased medical costs, and the need to enhance cross-cultural understanding. Other issues include increased global competition for talent and the complexity of meeting legal HR requirements.

Levels of Diversity

Although much has been said about diversity in age, race, gender, ethnicity, religion, and disability status, experts now recognize that these demographic characteristics are just the tip of the iceberg. Demographics mostly reflect surface-level diversity, not thoughts and feelings, and can lead employees to perceive one another through stereotypes and assumptions. However, evidence has shown that as people get to know one another, they become less concerned about demographic differences if they see themselves as sharing more important characteristics, such as personality and values, that represent deep-level diversity.
To understand the difference between surface- and deep-level diversity, consider a couple of examples. Luis and Carol are managers who seem to have little in common at first glance. Luis is a young, recently hired male college graduate with a business degree, raised in a Spanish-speaking neighborhood in Miami. Carol is an older, long-tenured woman raised in rural Kansas, who started as a customer service trainee after high school and worked her way up the hierarchy. At first, these coworkers may notice their surface-level differences in education, ethnicity, regional background, and gender. However, as they get to know one another, they may find they are both deeply committed to their families, share a common way of thinking about important work problems, like to work collaboratively, and are interested in international assignments in the future. These deep-level similarities will overshadow the more superficial differences between them, and research suggests they will work well together.

As a second example, Steve and Dave are two unmarried, White, male college graduates from Oregon who recently started working together. Superficially, they seem well matched. But Steve is highly introverted, prefers to avoid risks, solicits the opinions of others before making decisions, and likes the office quiet. Dave is extroverted, risk-seeking, assertive, and likes a busy, active, and energetic work environment. Their surface-level similarity will not necessarily lead to positive interactions because they have fundamental, deep-level differences. It will be a challenge for them to collaborate regularly at work, and they’ll have to make some compromises to get things done together.

Throughout this text, we will encounter differences between deep- and surface-level diversity in various contexts. Individual differences in personality and culture shape preferences for rewards, communication styles, reactions to leaders, negotiation styles, and many other aspects of behavior in organizations.

**Discrimination**

Although diversity presents many opportunities for organizations, effective diversity management also means working to eliminate unfair discrimination. To discriminate is to note a difference between things, which in itself isn’t necessarily bad. Noticing one employee is more qualified than another is necessary for making hiring decisions; noticing an employee is taking on leadership responsibilities exceptionally well is necessary for making promotion decisions. Usually when we talk about discrimination, though, we mean allowing our behavior to be influenced by stereotypes about groups of people. Rather than looking at individual characteristics, unfair discrimination assumes everyone in a group is the same. This discrimination is often very harmful to organizations and employees.

Exhibit 2-1 provides definitions and examples of some forms of discrimination in organizations. Although many of these actions are prohibited by law, and therefore aren’t part of almost any organization’s official policies, the practices persist. Tens of thousands of cases of employment discrimination are documented every year, and many more incidents go unreported. As discrimination has increasingly come under both legal scrutiny and social disapproval, most overt forms have faded, which may have resulted in an increase in more covert forms like incivility or exclusion.

As you can see, discrimination can occur in many ways, and its effects can be varied depending on the organizational context and the personal biases of its members. Some forms, like exclusion or incivility, are especially hard to root out because they are difficult to observe and may occur simply because the actor isn’t aware of the effects of her actions. Whether intentional or not, discrimination can lead to actions negative...
consequences for employers, including reduced productivity and organization helping or so-called citizenship behavior, negative conflicts, and increased turnover. Unfair discrimination also leaves qualified job candidates out of initial hiring and promotions. Even if an employment discrimination lawsuit is never filed, a strong business case can be made for aggressively working to eliminate unfair discrimination.

Discrimination is one of the primary factors that prevent diversity, whether the discrimination is overt or covert. On the other hand, recognizing diversity opportunities can lead to an effective diversity management program and ultimately to a better organization. Diversity is a broad term, and the phrase workplace diversity can refer to any characteristic that makes people different from one another. The following section covers some important organizational behaviors that differentiate members of the workforce.

### EXHIBIT 2-1

Forms of Discrimination


<table>
<thead>
<tr>
<th>Type of Discrimination</th>
<th>Definition</th>
<th>Examples from Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discriminatory policies or practices</strong></td>
<td>Actions taken by representatives of the organization that deny equal opportunity to perform or unequal rewards for performance.</td>
<td>Older workers may be targeted for layoffs because they are highly paid and have lucrative benefits.</td>
</tr>
<tr>
<td><strong>Sexual harassment</strong></td>
<td>Unwanted sexual advances and other verbal or physical conduct of a sexual nature that create a hostile or offensive work environment.</td>
<td>Salespeople at one company went on company-paid visits to strip clubs, brought strippers into the office to celebrate promotions, and fostered pervasive sexual rumors.</td>
</tr>
<tr>
<td><strong>Intimidation</strong></td>
<td>Overt threats or bullying directed at members of specific groups of employees.</td>
<td>African-American employees at some companies have found nooses hanging over their work stations.</td>
</tr>
<tr>
<td><strong>Mockery and insults</strong></td>
<td>Jokes or negative stereotypes; sometimes the result of jokes taken too far.</td>
<td>Arab-Americans have been asked at work whether they were carrying bombs or were members of terrorist organizations.</td>
</tr>
<tr>
<td><strong>Exclusion</strong></td>
<td>Exclusion of certain people from job opportunities, social events, discussions, or informal mentoring; can occur unintentionally.</td>
<td>Many women in finance claim they are assigned to marginal job roles or are given light workloads that don’t lead to promotion.</td>
</tr>
<tr>
<td><strong>Incivility</strong></td>
<td>Disrespectful treatment, including behaving in an aggressive manner, interrupting the person, or ignoring varying opinions.</td>
<td>Female lawyers note that male attorneys frequently cut them off or do not adequately address their comments.</td>
</tr>
</tbody>
</table>
Biographical characteristics are some of the most obvious ways employees differ. Let’s begin by looking at factors that are easily definable and readily available—data that can be obtained, for the most part, from an employee’s human resources (HR) file. Variations in surface-level characteristics may be the basis for discrimination against classes of employees, so it is worth knowing how closely related these surface-level characteristics actually are to important work outcomes. Many are not as important as people believe, and far more variation in work outcomes occurs within groups sharing biographical characteristics than between them.

Age

The relationship between age and job performance is likely to be an issue of increasing importance during the next decade for many reasons. For one, the workforce is aging worldwide; by projections, 93 percent of the growth in the labor force from 2006 to 2016 will be from workers over age fifty-four. For another, U.S. legislation has, for all intents and purposes, outlawed mandatory retirement. Most workers today no longer have to retire at age seventy, and 62 percent of workers aged forty-five to sixty plan to delay retirement.

Employers express mixed feelings about the older worker. They see a number of positive qualities older workers bring to their jobs, such as experience, judgment, a strong work ethic, and commitment to quality. But older workers are also perceived as lacking flexibility and resisting new technology. When organizations are actively seeking individuals who are adaptable and open to change, the perceived negatives associated with age clearly hinder the initial hiring of older workers.

Now let’s take a look at the evidence. What effect does age actually have on turnover, absenteeism, productivity, and satisfaction? The relationships may surprise you. Based on studies of the age–turnover relationship, the older you get, the less likely you are to quit your job. This shouldn’t be too surprising. As workers get older, they may have fewer alternative job opportunities because their skills may have become more specialized to certain types of work. There is also an incentive for older workers to stay in their current jobs: Longer tenure tends to provide higher wage rates, longer paid vacations, and more attractive pension benefits.

It may seem likely that age is positively correlated to absenteeism, but this isn’t true. Most studies show that older employees have lower rates of avoidable absence versus younger employees and equal rates of unavoidable absence, such as sickness absence. In general, the older working population is healthier than you might expect. Recent research indicates that, worldwide, older workers do not have more psychological problems or day-to-day physical health problems than younger workers.

Many people believe productivity declines with age. It is often assumed that skills like speed, agility, strength, and coordination decay over time and that prolonged job boredom and lack of intellectual stimulation contribute to reduced productivity. The evidence, however, contradicts those assumptions. Reviews of the research find that age and job task performance are unrelated and that older workers are more likely to engage in organization helping behavior.
Our final concern is the relationship between age and job satisfaction, where the evidence is mixed. A review of more than 800 studies found that older workers tend to be more satisfied with their work, report better relationships with coworkers, and are more committed to their employing organizations. Other studies, however, have found a U-shaped relationship, meaning that job satisfaction increases up to middle age, at which point it begins to drop off. It may well be that the relationship is complex and depends on job type. When we separate the results by job type, we find that satisfaction tends to continually increase among professionals as they age, whereas it falls among nonprofessionals during middle age and then rises again in the later years. Thus an employee’s enjoyment of a service-industry position or one involving manual labor may be affected by age differently than her satisfaction with a professional position.

If age has some positive and few negative effects on work effectiveness, what are the effects of discrimination against individuals on the basis of age? The indications are that age discrimination negatively affects organizational culture and overall company performance. One study of more than 8,000 employees in 128 companies found that an organizational climate favoring age discrimination was associated with lower levels of overall employee commitment to the company. This lower commitment was, in turn, related to lower levels of organizational performance. Such results suggest that combating age discrimination may help achieve higher levels of organizational performance.

In sum, we can see that the surface-level characteristic of an employee’s age is an unfounded basis for discrimination, and that a workforce of age-diverse employees is a benefit to an organization.

**Sex**

Few issues initiate more debates, misconceptions, and unsupported opinions than whether women perform as well on jobs as men do.

The best place to begin to consider this is with the recognition that few, if any, important differences between men and women affect job performance. In fact, a recent meta-analysis of job performance studies found that women scored slightly higher than men on performance measures (although, pertinent to our discussion on discrimination, men were rated as having higher promotion potential). There are no consistent male–female differences in problem-solving ability, analytical skills, competitive drive, motivation, sociability, or learning ability.

Unfortunately, stereotypic sex roles still have a detrimental effect for women. For example, while women earn 60 percent of the bachelor’s degrees in the United States, one recent study found that science professors still view their female undergraduate students as less competent than males with the same accomplishments and skills. Research also indicates that female students are unfortunately prone to accept occupational stereotypes, and often perceive a lack of fit between themselves and traditionally male roles.

In the hiring realm, research indicates that managers are still influenced by gender bias when selecting candidates for certain positions. A recent study reported that once on the job, men and women may be offered a similar number of developmental experiences, but females are less likely to be assigned challenging positions by men, assignments that may help them achieve higher organizational positions.
succeed in traditionally male domains are perceived as less likable, more hostile, and less desirable as supervisors, although women at the top have been reporting that this perception can be countered by effective interpersonal skills. Research also suggests that women believe sex-based discrimination is more prevalent than do male employees, and these beliefs are especially pronounced among women who work with a large proportion of men.

Sex discrimination has a pervasive negative impact. Notably, women still earn less money than men for the same positions, even for traditionally female positions (giving rise to the term “the glass escalator,” meaning men receive faster promotions in many female-dominated occupations). In a recent study, experienced managers allocated 71 percent of available pay raise funds for male employees, leaving only 29 percent for females. Working mothers also face “maternal wall bias” by employers, meaning they often are not considered for new positions after they have children, and both men and women face discrimination for their family caregiving roles.

Research has shown that workers who experience the worst form of overt discrimination, sexual harassment, have higher levels of psychological stress, and these feelings in turn are related to lower levels of organizational commitment and job satisfaction, and higher intentions to leave. As with age discrimination, the evidence suggests that combating sex discrimination may be associated with better performance for the organization as a whole, partially since employees who are discriminated against are more likely to leave. Research continues to underline that although the reasons for employee turnover are complex, sex discrimination is detrimental to organizational performance particularly for intellectual positions, for managerial employees, in the United States, and in medium-size firms.

As with the surface-level characteristic of employee age, we can see that there are many misconceptions about male and female workers. Discrimination is still an issue, but there is strong support among many organizations for a diverse workforce.

Race and Ethnicity

Race is a controversial issue in society and in organizations. We define race as the biological heritage people use to identify themselves; ethnicity is the additional set of cultural characteristics that often overlaps with race. These definitions allow each individual to define his race and ethnicity.

Race and ethnicity have been studied as they relate to employment outcomes such as hiring decisions, performance evaluations, pay, and workplace discrimination. Most research has concentrated on the differences in outcomes and attitudes between Whites and African Americans, with less study of issues relevant to Asian, Native American, and Hispanic populations. In the United States, the Bureau of the Census classifies individuals according to seven broad racial categories: American Indian and Alaska Native, Asian, Black or African American, Native Hawaiian and Other Pacific Islander, Some Other Race, White, and Two or More Races. An ethnicity distinction is also made between native English speakers and Hispanics: Hispanics can be of any race.

Let’s summarize a few points from the research literature. First, in employment settings, individuals tend to slightly favor colleagues of their own race in performance evaluations, promotion decisions, and pay raises, although such differences are not found
consistently, especially when highly structured methods of decision making reduce the opportunity for discrimination.\textsuperscript{34} Second, most research shows that members of racial and ethnic minorities report higher levels of discrimination in the workplace.\textsuperscript{35} Third, African Americans generally fare worse than Whites in employment decisions. They receive lower ratings in employment interviews, receive lower job performance ratings, are paid less, and are promoted less frequently.\textsuperscript{36} Yet there are no statistically significant differences between African Americans and Whites in observed absence rates, applied social skills at work, or accident rates. African Americans and Hispanics also have higher turnover rates than Whites. Finally, some industries have remained less racially diverse in their management ranks even though their client base is increasingly ethnically diverse.\textsuperscript{37}

As we discussed before, discrimination—for any reason—leads to increased turnover, which is detrimental to organizational performance. While better representation of all racial groups in organizations remains a goal, recent research indicates that an individual of minority status is much less likely to leave her organization if there is a feeling of inclusiveness (a positive diversity climate).\textsuperscript{38} Some research suggests that having a positive climate for diversity overall can also lead to increased sales, suggesting that there are organizational performance gains associated with reducing racial and ethnic discrimination.\textsuperscript{39}

Along with age and sex discrimination, we can thus conclude that discrimination based on race/ethnicity is ungrounded and destructive to individuals and organizations. How do we move beyond racial and ethnic discrimination? The answer is in understanding one another’s viewpoint. Evidence suggests that some people find interacting with other racial groups uncomfortable unless there are clear behavioral scripts to guide their behavior,\textsuperscript{40} so creating diverse work groups focused on mutual goals could be helpful, along with developing a positive diversity climate.

\textbf{Disability}

With the passage of the Americans with Disabilities Act (ADA) in 1990, the representation of individuals with disabilities in the U.S. workforce rapidly increased.\textsuperscript{41} According to the ADA, employers are required to make reasonable accommodations so their workplaces will be accessible to individuals with physical or mental disabilities. The U.S. Equal Employment Opportunity Commission (EEOC), the federal agency responsible for enforcing employment discrimination laws, classifies a person as \textit{disabled} who has any physical or mental impairment that substantially limits one or more major life activities. Examples include missing limbs, seizure disorder, Down syndrome, deafness, schizophrenia, alcoholism, diabetes, and chronic back pain. These conditions share almost no common features, so there’s no generalization about how each condition is related to employment. Some jobs obviously cannot be accommodated to some disabilities—the law and common sense recognize that a blind person could not be a bus driver, for instance. One of the most controversial aspects of the ADA is the provision that requires employers to make reasonable accommodations for people with psychiatric disabilities.\textsuperscript{42} Due to negative employer biases, many who suffer from mental illnesses are reluctant to disclose their status, which compounds the problem.
The impact of disabilities on employment outcomes has been explored from a variety of perspectives. On the one hand, when disability status is randomly manipulated among hypothetical candidates, disabled individuals are rated as having superior personal qualities like dependability and potency. Another review suggested workers with disabilities receive higher performance evaluations. However, this same review found that individuals with disabilities tend to encounter lower performance expectations and are less likely to be hired. Negative employment situations are prevalent for individuals with mental disabilities, and there is some evidence to suggest mental disabilities may impair performance more than physical disabilities: Individuals with such common mental health issues as depression and anxiety are significantly more likely to be absent from work.

In sum, the treatment of the disabled workforce has long been problematic, but the recognition of the talents and abilities of disabled individuals has made a difference toward reducing workplace discrimination. In addition, continuing technology and workplace advancements have greatly increased the scope of available jobs for those with all types of disabilities. Managers need to be attuned to the true requirements of employee jobs and match the skills of the individual with the requirements of the job, providing accommodations when needed for qualified disabled individuals.

Other Biographical Characteristics: Tenure, Religion, Sexual Orientation and Gender Identity, and Cultural Identity

The last set of biographical characteristics we’ll look at includes tenure, religion, sexual orientation and gender identity, and cultural identity. As with the surface-level characteristics we can learn from an employee’s human resources file, these biographical characteristics illustrate differences that provide opportunities for workplace diversity as long as discrimination can be overcome.

TENURE Except for gender and racial differences, few issues are more subject to misconceptions and speculations than the impact of seniority and tenure, meaning time spent in a job, organization, or field.

Extensive reviews have been conducted of the seniority–productivity relationship. If we define seniority as time on a particular job, evidence demonstrates a positive relationship between seniority and job productivity. So tenure, expressed as work experience, appears to be a good predictor of employee productivity.

The research relating tenure to absence is quite straightforward. Studies consistently show seniority to be negatively related to absenteeism. Tenure is also a potent variable in explaining turnover. The longer a person is in a job, the less likely he is to quit. Moreover, consistent with research suggesting past behavior is the best predictor of future behavior, evidence indicates tenure at an employee’s previous job is a powerful predictor of that employee’s future turnover.

Research indicates tenure and job satisfaction are positively related. In fact, when age and tenure are treated separately, tenure appears a more consistent and stable predictor of job satisfaction than age.

RELIGION Not only do religious and nonreligious people question each other’s belief systems; often people of different religious faiths conflict. There are few—if any—countries in which religion is a nonissue in the workplace. U.S. federal law prohibits
employers from discriminating against employees based on their religion, with very few exceptions. Some other countries have similar regulations, although many have few regulations to protect individuals with minority religious viewpoints.

Perhaps the greatest religious diversity issue in the United States today revolves around Islam. There are nearly 2 million Muslims in the United States, and across the world Islam is one of the most popular religions. Yet there is evidence that people are discriminated against for their Islamic faith. For instance, research found that U.S. job applicants in Muslim-identified religious attire who applied for hypothetical retail jobs had shorter, more interpersonally negative interviews than applicants who did not wear Muslim-identified attire.51

Faith can be an employment issue wherever religious beliefs prohibit or encourage certain behaviors. The behavioral expectations can be informal, such as a common practice of employees leaving early on Christmas Eve. Or they may be systemic, such as the Monday to Friday workweek, which accommodates a Christian belief of not working on Sundays and a Jewish belief of not working on Saturdays. Religious individuals may also feel they have an obligation to express their beliefs in the workplace, and those who do not share those beliefs may object. Perhaps as a result of different perceptions of religion’s role in the workplace, religious discrimination claims have been a growing source of discrimination claims in the United States, and an issue around the world.

SEXUAL ORIENTATION AND GENDER IDENTITY While much has changed, the full acceptance and accommodation of gay, lesbian, bisexual, and transgender employees remains a work in progress. A recent Harvard University study investigated this issue with a field experiment. The researcher sent fictitious but realistic résumés to 1,700 actual entry-level job openings. The applications were identical with one exception: Half mentioned involvement in gay organizations during college, and the other half did not. The applications without the mention received 60 percent more callbacks than the ones with it.52 For states and municipalities that protect against discrimination based on sexual orientation, roughly as many sexual orientation discrimination claims are filed as for sex (gender) and race discrimination.53

Federal law does not prohibit discrimination against employees based on sexual orientation, though 21 states and more than 160 municipalities do. Recent regulatory developments suggest, however, that we may be on the cusp of change. The federal government has prohibited discrimination against government employees based on sexual orientation. The EEOC has recently held that sex-stereotyping against lesbian, gay, and bisexual individuals represents gender discrimination enforceable under the Civil Rights Act of 1964.54 Finally, pending federal legislation against discrimination based on sexual orientation—the Employment Non-Discrimination Act (ENDA)—continues to receive more and more support in Congress.55

Even in the absence of federal legislation, many organizations worldwide have implemented policies and procedures protecting employees on the basis of sexual orientation.

Surveys indicate that more than 90 percent of the Fortune 500, for example, have policies that cover sexual orientation. As for gender identity, companies are increasingly putting in place policies to govern how their organizations treat transgender employees. In 2001, only eight companies in the Fortune 500 had policies on gender identity. By 2013, that number had increased to roughly half. Ken Disken, former senior vice president...
of defense contractor Lockheed Martin (one of the top companies in the Fortune 500), justified the firm’s pro-tolerance policies as follows: “Lockheed Martin is committed to providing the most supportive and inclusive environment for all employees. Ensuring a positive, respectful workplace and robust set of benefits for everyone is critical to retaining employees and helping them develop to their fullest potential.”

Among the Fortune 1000, some noteworthy companies do not currently have domestic-partner benefits or nondiscrimination clauses for gay employees. These include ExxonMobil, Gannett, Goodrich, H. J. Heinz, Kohl’s, Liberty Mutual, Lowe’s, Nestlé, the New York Stock Exchange (NYSE), Philip Morris, RadioShack, Sherwin Williams, SYSCO, TRW, Tyson Foods, and The Washington Post. Recently, the National Football League (NFL) acquired some unwanted publicity when it was revealed that during the NFL combine, as college players were assessed before the draft, several NFL teams inquired about players’ relationships with women seemingly to ascertain the players’ sexual orientation.

Thus, sexual orientation and gender identity remain individual characteristics that receive very dissimilar treatment by governments and are accepted quite differently in organizations. It is the managers’ responsibility to know the policies for their organizations and to take measures to reduce discrimination.

**CULTURAL IDENTITY**

We have seen that people define themselves in terms of race and ethnicity, for instance. Many people carry a strong cultural identity as well, a link with the culture of family ancestry or youth that lasts a lifetime, no matter where the individual may live in the world. People choose their cultural identity, and they also choose how closely they observe the norms of that culture. Cultural norms influence the workplace, sometimes resulting in clashes. Organizations must adapt.

Workplace practices that coincided with the norms of a person’s cultural identity were commonplace years ago when societies were less mobile. People looked for work near familial homes, managers thus shared the cultural identity of their employees, and organizations established holidays, observances, practices, and customs that suited the majority. Workers who struck out for other locales either looked for groups and organizations that shared their cultural identity, or they adapted their practices to the norms of their new employers. Organizations were generally not expected to accommodate each individual’s preferences.

Thanks to global integration and changing labor markets, today’s global companies do well to understand and respect the cultural identities of their employees, both as groups and as individuals. A U.S. company looking to do business in, say, Latin America, needs to understand that employees there expect long summer holidays. A company that requires employees to work during this culturally established break will find that resistance among employees is strong.

National labor markets are changing for many reasons, many economic. In Italy, for example, guaranteed jobs, pensions, and benefits used to be the norm. Thus, while older workers hold solid contracts providing benefits for life, the crippled economy has meant younger workers are able to find only temporary jobs despite attaining higher education levels than their parents. The financial provision that was part of the cultural identity of Italy’s citizens is thus now creating a generational divide.

A company seeking to be sensitive to the cultural identities of its employees should look beyond accommodating its majority groups and instead create as much of an individualized approach to practices and norms as possible. Often, managers can provide the bridge of workplace flexibility to meet both organizational goals and individual needs.
WATCH IT
If your professor assigned this, sign in to mymanagementlab.com to watch a video titled Verizon: Diversity to learn more about this topic and respond to questions.

Ability

We’ve so far covered surface characteristics unlikely, on their own, to directly relate to job performance. Now we turn to deep-level abilities that are closely related to job performance. Contrary to what we were taught in grade school, we weren’t all created equal in our abilities. Most people are to the left or the right of the median on some normally distributed ability curve. For example, regardless of how motivated you are, you may not be able to act as well as Scarlett Johansson, play basketball as well as LeBron James, or write as well as Stephen King. Of course, just because we aren’t all equal in abilities does not imply that some individuals are inherently inferior. Everyone has strengths and weaknesses that make him relatively superior or inferior to others in performing certain tasks or activities. From management’s standpoint, the issue is not whether people differ in terms of their abilities. They clearly do. The issue is using the knowledge that people differ to increase the likelihood an employee will perform her job well.

What does ability mean? As we use the term, ability is an individual’s current capacity to perform the various tasks in a job. Overall abilities are essentially made up of two sets of factors: intellectual and physical.

INTELLECTUAL ABILITIES

Intellectual abilities are abilities needed to perform mental activities—thinking, reasoning, and problem solving. Most societies place a high value on intelligence, and for good reason. Smart people generally earn more money and attain higher levels of education. They are also more likely to emerge as leaders of groups. However, assessing and measuring intellectual ability is not always simple. People aren’t consistently capable of correctly assessing their own cognitive ability. IQ tests are designed to ascertain a person’s general intellectual abilities, but the origins, influence factors, and testing of intelligence quotient (IQ) are controversial. So, too, are popular college admission tests, such as the SAT and ACT and graduate admission tests in business (GMAT), law (LSAT), and medicine (MCAT). These testing firms don’t claim their tests assess intelligence, but experts know they do.

The seven most frequently cited dimensions making up intellectual abilities are number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory. Exhibit 2-2 describes these dimensions.

Intelligence dimensions are positively related, so if you score high on verbal comprehension, for example, you’re more likely to also score high on spatial visualization. The correlations aren’t perfect, meaning people do have specific abilities that predict important work-related outcomes when considered individually. However, the correlations are high enough that researchers also recognize a general factor of intelligence, general mental ability (GMA). Evidence strongly supports the idea that the structures and measures of intellectual abilities generalize across cultures. Someone in Venezuela or Sudan, for instance, does not have a different set of mental abilities than a U.S. or Czech
individual. There is some evidence that standard IQ scores vary to some degree across cultures, but those differences are much smaller when we take into account educational and economic differences.\(^{64}\)

Jobs differ in the demands they place on intellectual abilities. The more complex a job in terms of information-processing demands, the more general intelligence and verbal abilities will be necessary to perform successfully.\(^{65}\) Where employee behavior is highly routine and there are few or no opportunities to exercise discretion, a high IQ is not as important to performing well. However, that does not mean people with high IQs cannot have an impact on traditionally less complex jobs. Research consistently indicates a correlation between cognitive ability and task performance.\(^{66}\)

It might surprise you that the intelligence test most widely used in hiring decisions takes only twelve minutes to complete. It’s the Wonderlic Cognitive Ability Test. There are different forms of the test, but each has fifty questions and the same general construct. Here are a few questions:

- When rope is selling at $0.10 a foot, how many feet can you buy for $0.60?
- Assume the first two statements are true. Is the final one:
  1. True.
  2. False.
  3. Not certain.
    a. The boy plays baseball.
    b. All baseball players wear hats.
    c. The boy wears a hat.

### Exhibit 2-2
Dimensions of Intellectual Ability

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
<th>Job Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number aptitude</td>
<td>Ability to do speedy and accurate arithmetic.</td>
<td>Accountant: Computing the sales tax on a set of items.</td>
</tr>
<tr>
<td>Verbal comprehension</td>
<td>Ability to understand what is read or heard and the relationship of words to each other.</td>
<td>Plant manager: Following corporate policies on hiring.</td>
</tr>
<tr>
<td>Perceptual speed</td>
<td>Ability to identify visual similarities and differences quickly and accurately.</td>
<td>Fire investigator: Identifying clues to support a charge of arson.</td>
</tr>
<tr>
<td>Inductive reasoning</td>
<td>Ability to identify a logical sequence in a problem and then solve the problem.</td>
<td>Market researcher: Forecasting demand for a product in the next time period.</td>
</tr>
<tr>
<td>Deductive reasoning</td>
<td>Ability to use logic and assess the implications of an argument.</td>
<td>Supervisor: Choosing between two different suggestions offered by employees.</td>
</tr>
<tr>
<td>Spatial visualization</td>
<td>Ability to imagine how an object would look if its position in space were changed.</td>
<td>Interior decorator: Redecorating an office.</td>
</tr>
<tr>
<td>Memory</td>
<td>Ability to retain and recall past experiences.</td>
<td>Salesperson: Remembering the names of customers.</td>
</tr>
</tbody>
</table>
The Wonderlic measures both speed (almost nobody has time to answer every question) and power (the questions get harder as you go along), so the average score is quite low—about 21 of 50. Because the Wonderlic is able to provide valid information cheaply (for $5 to $10 per applicant), more companies are using it in hiring decisions. The Factory Card & Party Outlet, with 182 stores nationwide, uses it. So do Subway, Peoples Flowers, Security Alarm, Workforce Employment Solutions, and many others. Most of these companies don’t give up other hiring tools, such as application forms or interviews. Rather, they add the Wonderlic for its ability to provide valid data on applicants’ intelligence levels.

While intelligence is a big help in performing a job well, it doesn’t make people happier or more satisfied with their jobs. The correlation between intelligence and job satisfaction is about zero. Why? Research suggests that although intelligent people perform better and tend to have more interesting jobs, they are also more critical when evaluating their job conditions. Thus, smart people have it better, but they also expect more.67

PHYSICAL ABILITIES

Though the changing nature of work suggests intellectual abilities are increasingly important for many jobs, physical abilities have been and will remain valuable. Research on hundreds of jobs has identified nine basic abilities needed in the performance of physical tasks.68 These are described in Exhibit 2-3. Individuals differ in the extent to which they have each of these abilities. Not surprisingly, there is also little relationship among them: a high score on one is no assurance of a high score on others. High employee performance is likely to be achieved when management has ascertained the extent to which a job requires each of the nine abilities and then ensures that employees in that job have those abilities.

<table>
<thead>
<tr>
<th>Strength Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dynamic strength</td>
</tr>
<tr>
<td>2. Trunk strength</td>
</tr>
<tr>
<td>3. Static strength</td>
</tr>
<tr>
<td>4. Explosive strength</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flexibility Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Extent flexibility</td>
</tr>
<tr>
<td>6. Dynamic flexibility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Body coordination</td>
</tr>
<tr>
<td>8. Balance</td>
</tr>
<tr>
<td>9. Stamina</td>
</tr>
</tbody>
</table>

EXHIBIT 2-3
Nine Basic Physical Abilities
The Role of Disabilities

The importance of ability at work obviously creates problems when we attempt to formulate workplace policies that recognize diversity in terms of disability status. As we have noted, recognizing that individuals have different abilities that can be taken into account when making hiring decisions is not problematic. However, it is discriminatory to make blanket assumptions about people on the basis of a disability. It is also possible to make accommodations for disabilities.

IMPLEMENTING DIVERSITY MANAGEMENT STRATEGIES

Having discussed a variety of ways in which people differ, we now look at how a manager can and should manage these differences. Diversity management makes everyone more aware of and sensitive to the needs and differences of others. This definition highlights the fact that diversity programs include and are meant for everyone. Diversity is much more likely to be successful when we see it as everyone’s business than if we believe it helps only certain groups of employees.

Attracting, Selecting, Developing, and Retaining Diverse Employees

One method of enhancing workforce diversity is to target recruiting messages to specific demographic groups underrepresented in the workforce. This means placing advertisements in publications geared toward specific demographic groups; recruiting at colleges, universities, and other institutions with significant numbers of underrepresented minorities; and forming partnerships with associations like the Society of Women Engineers or the National Minority Supplier Development Council.

Research has shown that women and minorities do have greater interest in employers that make special efforts to highlight a commitment to diversity in their recruiting materials. Diversity advertisements that fail to show women and minorities in positions of organizational leadership send a negative message about the diversity climate at an organization. Of course, in order to show the pictures, organizations must have diversity in their management ranks. Some companies have been actively working toward recruiting less-represented groups. Google, for instance, has been making sure female candidates meet other women during interviews and offering family benefits that may appeal to them. Etsy, an online retailer, hosts engineering classes and provides grants for aspiring women coders, then hires the best. McKinsey & Co., Bain & Co., Boston Consulting Group, and Goldman Sachs Group have been actively recruiting women who left the workforce to start families by offering phase-in programs and other benefits.

The selection process is one of the most important places to apply diversity efforts. Managers who hire need to value fairness and objectivity in selecting employees and focus on the productive potential of new recruits. When managers use a well-defined protocol for assessing applicant talent and the organization clearly prioritizes nondiscrimination policies, qualifications become far more important in determining who gets hired than demographic characteristics.

Similarity in personality appears to affect career advancement, and those whose personality traits are similar to those of their coworkers are more likely to be promoted than those whose personalities are different. There’s an important qualifier to these findings. In collectivistic cultures, similarity in superiors is more important for
predicting advancement, whereas in individualistic cultures, similarity to peers is more important. Either way, managers need to create a diversity climate where individuals look beyond surface-level characteristics to find deep-level personality similarities.

Individuals who are demographically different from their coworkers may be more likely to feel low commitment and to turn over, but a positive diversity climate can be helpful. Many diversity training programs are available to employers, and research efforts are focusing on identifying the most effective initiatives. It seems that the best programs are inclusive of all employees in their design and implementation, rather than targeted to special groups of employees. What we know is that a positive diversity climate should be the goal. All workers appear to prefer an organization that values diversity.

**Diversity in Groups**

Most contemporary workplaces require extensive work in group settings. When people work in groups, they need to establish a common way of looking at and accomplishing the major tasks, and they need to communicate with one another often. If they feel little sense of membership and cohesion in their groups, all group attributes are likely to suffer.

Does diversity hurt or help group performance? The answer is “yes.” In some cases, diversity in traits can hinder team performance, whereas in others diversity can facilitate performance. Whether diverse or homogeneous teams are more effective depends on the characteristic of interest. Demographic diversity (in gender, race, and ethnicity) does not appear to either hurt or help team performance in general. On the other hand, teams of individuals who are highly intelligent, conscientious, and interested in working in team settings are more effective. Thus, diversity on these variables is likely to be a bad thing—it makes little sense to try to form teams that mix in members who are lower in intelligence, lower in conscientiousness, and uninterested in teamwork. In other cases, differences can be a strength. Groups of individuals with different types of expertise and education are more effective than homogeneous groups. Similarly, a group made entirely of assertive people who want to be in charge, or a group whose members all prefer to follow the lead of others, will be less effective than a group that mixes leaders and followers.

Regardless of the composition of the group, differences can be leveraged to achieve superior performance. The most important factor is to emphasize the similarities among members. Groups of diverse individuals will be much more effective if leaders can show how members have a common interest in the group’s success. Evidence also shows leaders who emphasize goals and values in their leadership style are more effective in managing diverse teams.

**Effective Diversity Programs**

Organizations use a variety of efforts to capitalize on diversity, including recruiting and selection policies, as well as training and development practices. Effective, comprehensive workforce programs encouraging diversity have three distinct components. First, they teach managers about the legal framework for equal employment opportunity and encourage fair treatment of all people regardless of their demographic characteristics. Second, they teach managers how a diverse workforce will be better able to serve a diverse market of customers and clients. Third, they foster personal development practices that bring out the skills and abilities of all workers, acknowledging how differences in perspective can be a valuable way to improve performance for everyone.
Much concern about diversity has to do with fair treatment. Most negative reactions to employment discrimination are based on the idea that discriminatory treatment is unfair. Regardless of race or gender, people are generally in favor of diversity-oriented programs, including affirmative action, if they believe the policies ensure everyone a fair opportunity to show their skills and abilities.

A major study of the consequences of diversity programs concluded that organizations with diversity training were not consistently more likely to have women and minorities in upper management positions than organizations that without diversity training. Why might this be? Experts have long known one-shot training sessions without strategies to encourage diversity management back on the job are not likely to be very effective. Ongoing diversity strategies should include measuring the representation of women and minorities in managerial positions, and holding managers accountable for achieving more demographically diverse management teams. Researchers also suggest that diversity experiences are more likely to lead to positive adaptation for all parties if (1) the diversity experience undermines stereotypical attitudes, (2) the perceiver is motivated and able to consider a new perspective on others, (3) the perceiver engages in stereotype suppression and generative thought in response to the diversity experience, and (4) the positive experience of stereotype undermining is repeated frequently. Diversity programs based on these principles are likely to be more effective than traditional classroom learning.

Organizational leaders should examine their workforce to determine whether target groups have been underutilized. If groups of employees are not proportionally represented in top management, managers should look for any hidden barriers to advancement. Managers can often improve recruiting practices, make selection systems more transparent, and provide training for those employees who have not had adequate exposure to certain material in the past. The organization should also clearly communicate its policies to employees so they can understand how and why certain practices are followed. Communications should focus as much as possible on qualifications and job performance; emphasizing certain groups as needing more assistance could well backfire. Research indicates a tailored approach will be needed for international companies. For instance, a case study of the multinational Finnish company TRANSCO found it was possible to develop a consistent global philosophy for diversity management. However, differences in legal and cultural factors across nations forced TRANSCO to develop unique policies to match the cultural and legal frameworks of each country in which it operated.

**SUMMARY**

This chapter looked at diversity from many perspectives. We paid particular attention to three variables—biographical characteristics, ability, and diversity programs. Diversity management must be an ongoing commitment that crosses all levels of the organization. Policies to improve the climate for diversity can be effective, so long as they are designed to acknowledge all employees’ perspectives.

**IMPLICATIONS FOR MANAGERS**

- Understand your organization's antidiscrimination policies thoroughly and share them with all employees.
Assess and challenge your stereotype beliefs to increase your objectivity.

Look beyond readily observable biographical characteristics and consider the individual's capabilities before making management decisions.

Fully evaluate what accommodations a person with disabilities will need and then fine-tune the job to that person's abilities.

Seek to understand and respect the unique biographical characteristics of each individual; a fair but individualistic approach yields the best performance.

In Personal Inventory Assessment found in MyManagementLab take assessment:
Intercultural Sensitivity Scale

If your professor assigned this, sign in to mymanagementlab.com for Auto-graded writing questions as well as the following Assisted-graded writing question:

2-1. How might managers maximize workplace diversity and minimize workplace discrimination?