

Global Edition

Behavior in Organizations

Tenth Edition

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to qualified individuals belonging to groups that traditionally have been disadvantaged. The rationale is straightforward. By encouraging the hiring of qualified women and minority group members into positions in which they traditionally have been underrepresented two things occur. First, such individuals will be given opportunities that they historically have been denied in the past (an immediate benefit). Second, more people will come to see that women and members of minority groups are able to succeed in the workplace, leading them to perceive that their negative stereotypes were misguided. Then, eventually, as these stereotypes begin to crumble, discrimination will be reduced, along with the prejudicial attitudes on which it is based (a potential long-term benefit).

Over the years, some confusion has arisen with respect to the objectives of affirmative action, so let's clarify.²⁸ What the U.S. government had in mind may be referred to as **nonpreferential affirmative action**—efforts to get companies to conduct ongoing, conscious appraisal of their rules and procedures and to eliminate those that exclude women and members of minority groups without sufficient justification. Typically, this involves the following:

1. Taking steps to ensure that there is a diverse pool of applicants.
2. Based on the racial composition of this pool, predicting what the workforce would look like if the selection of employees were nondiscriminatory (this is the so-called *affirmative-action goal*).
3. Comparing results with goals and revising procedures and policies to alleviate the discrepancy.

Over the years, controversies emerged with respect to the ideal of affirmative action goals because the language of the law was misleading. Although a goal is something you aim at, this is not what the government intended. What they had in mind was not so much a finite number that had to be met (despite the language used) so much as an image of what things *should* be like. Despite this, courts interpreted the law literally and held companies to specific numeric goals. So if, say, 20 percent of a company's broad labor pool consisted of African Americans, then courts required it to hire this percentage of African Americans. This form of affirmative action, known as **preferential affirmative action**, is generally what the public has in mind when they think of affirmative action. Today, although some people are enlightened, many remain unaware of the spirit of the law.

After approximately 40 years of experience with affirmative action programs, major gains have been made in the opportunities available for women and members of minority groups. Indeed, most problems with affirmative action have occurred in its preferential form.²⁹ However, nonpreferential affirmative action policies have been effective in increasing the attraction, selection, inclusion, and retention of underrepresented group members.

Diversity Management: Orientation and Rationale

Over the past few decades, organizations have become increasingly proactive in their attempts to eliminate prejudice and have taken it upon themselves to go beyond affirmative action requirements. Their approach has involved not merely hiring a broader group of people than usual but creating an atmosphere in which diverse groups can flourish.³⁰ This is the idea behind **diversity management**.

ORIENTATION. Specifically, efforts to manage diversity are aimed at promoting supportive, not just neutral, work environments for women and minorities.³¹ Diversity management calls not for simply treating everyone alike and ignoring their differences, but recognizing and celebrating the differences between people with respect to the lifestyles and practices associated with their racial and ethnic heritages, their religions, their appearance, and so on. The notion of **inclusion** is key—that is, making people feel valued as worthwhile members of the organization. And when people feel that they are welcomed, accepted and valued instead of just tolerated, everyone benefits.³² Diversity management may be distinguished from affirmative action in four key ways, as summarized in Table 6.2.³³

THE BUSINESS CASE FOR DIVERSITY. One cannot deny that companies are interested in managing diversity so that they can avoid becoming defendants in lawsuits claiming illegal discrimination. However, this generally is not the main reason. Instead, the primary motive is a

nonpreferential affirmative action

Efforts to get companies to conduct ongoing, conscious appraisals of their rules and procedures and to eliminate those that exclude women and members of minority groups without sufficient justification.

preferential affirmative action

The practice of hiring women and members of minority groups in proportion to their representation in the population near organizations.

diversity management programs

Programs in which employees are taught to celebrate the differences between people and in which organizations create supportive work environments for women and minorities.

inclusion

Making people feel valued as worthwhile members of the organization.

TABLE 6.2 Affirmative Action Versus Diversity Management

Both *affirmative action* and *diversity management* are designed to promote positive attitudes and to reduce discrimination toward women and members of minority groups. As outlined here, however, their rationales and approaches differ with respect to several key dimensions.

Dimension	Affirmative Action	Diversity Management
Objective	Adherence to legal regulations and bureaucratic procedures	Systemic transformation of an organization's culture (see Chapter 14)
Focus	Avoiding penalties associated with discrimination	Positive images of people and celebration of what they can contribute to an organization
Motivation	Legal compliance	Belief that there's a good "business case" associated with promoting diversity
Groups targeted	Gender and race	Any and all differences between people (e.g., religion, sexual preference, etc.)

Source: Based on suggestions by Greene & Kirton 2009; see Note 33.

traditional one—to improve business. With this in mind, we ask an important question: Can a “business case” be made for having a diverse workforce? In other words, do organizations with diverse workforces have advantages over those that don't?

Several studies reveal that the answer is yes.³⁴ One investigation, for example, examined the financial success of banks that actively pursued a growth strategy (i.e., deliberate efforts to grow larger in size). Among these institutions, the more highly diverse their workforces, the better they performed financially.³⁵ This, in turn, added value to these banks, giving them advantages over their competitors.

Researchers conducting another study reasoned that when companies use their human resources effectively they can lower their costs and thereby perform better than their competitors.³⁶ To test this notion, they compared two groups of companies from 1986 through 1992. One group was composed of organizations that received awards from the U.S. Department of Labor for their exemplary efforts at managing diversity. The other group was composed of companies that had settled large claims against them for employment discrimination. To compare the performance of these organizations, the researchers relied on a key index of economic success—stock returns. Their findings were striking: Companies that made special efforts to use their diverse human resources were considerably more profitable than those that discriminated against their employees.

The researchers explained that organizations that capitalized on the diversity of their workforces were better able to attract and retain the talented people needed for them to thrive. Indeed, this seems to be a major key to diversity. Organizations that effectively manage diversity are successful because they are especially adept at attracting and retaining pools of talented people from diverse backgrounds.³⁷ And, of course, it comes as no surprise that having the best people is essential to the success of any business.

Clearly, managing diversity makes sense not only because it is the right way to treat people, but also because it is good business! With this in mind, it is not surprising that one consultant claimed that, “A corporation's success will increasingly be determined by its managers' ability to naturally tap the full potential of a diverse workforce.”³⁸ And, as a recruiter for an executive search firm emphasized, “There is a strong business case [for diversity]. A diverse workplace isn't a luxury, it's a necessity.”³⁹

Diversity Management: What Are Companies Doing?

Considering the practical value of diversity management, you probably won't be surprised that efforts to manage diversity are popular in today's organizations. This is evidenced in a survey revealing that the number of companies with diversity management policies in place has been growing rapidly, with 75 percent already having them and 14 percent planning to add them soon.⁴⁰ What exactly are these companies doing to promote diversity? We now identify four such tactics.

CONDUCT DIVERSITY TRAINING. Many companies conduct regular programs designed to develop people's skills with respect to managing diversity.⁴¹ The best such programs do more than simply raise employees' awareness about the nature and importance of diversity, but train them in ways to interact effectively with people who are different from themselves. The main techniques used for this purpose are as follows.⁴²

- **Cross-cultural understanding.** Understanding the cultural differences responsible for why different coworkers behave differently on the job.
- **Intercultural communication.** Learning to ensure that verbal and nonverbal barriers to communication across cultures are overcome.
- **Facilitation skills.** Training in how to help others alleviate misunderstandings that may result from cultural differences.
- **Flexibility and adaptability.** Cultivating the patience to take new and different approaches when dealing with others who are different.

As you might imagine, the nature and extent to which companies are involved in diversity management training vary widely. At some companies, training efforts are minimal and informal. However, others take diversity training very seriously and are highly methodical about assessing its impact. One such organization is Sodexo, the leading provider of food and facilities management services in North America (see Figure 6.5). For example, after the training has been conducted (which focuses on virtually all employees), the company administers a follow-up survey to assess the extent to which behavioral change is occurring (e.g., are members of minority groups being treated more respectfully?). The company also uses an extensive questionnaire known as the “Sodexo Diversity Index” to determine the extent to which its executives are demonstrating the company's diversity values. This measure assesses quantitatively and qualitatively both efforts and results (which, in turn, are used to determine compensation).

affinity groups

Informal collections of individuals who share a common identity with respect to such factors as race, ethnicity, or sexual preference.

USE LEADERS TO SEND STRONG MESSAGES ABOUT DIVERSITY. In many of the most diversity-minded companies, top leaders are involved actively in diversity management initiatives. For example, at the pharmaceutical giant Merck & Co., there are many different **affinity groups**—that is, informal collections of individuals who share a common identity with respect to such factors as race, ethnicity, or sexual preference (e.g., Asian American, African American, Hispanic, Native Indigenous, lesbian/gay/bisexual/transgendered people, and

FIGURE 6.5

Diversity Is Valued Highly at Sodexo

Sodexo's commitment to providing a workplace where everyone feels accepted and valued is reflected in the extensive diversity training programs it has for employees. And the company's successes in doing so has been recognized for many years by dozens of groups.



Newscom.

others). Acknowledging that understanding what people from different groups have to say is important. Chairman, President, and CEO Richard T. Clark personally meets with members of these groups.

At Capitol One Financial Corporation, Founder, Chairman, and CEO Richard D. Fairbank has been involved actively in the company's efforts to become a national leader in diversity. Among other things, he spearheaded the development of a set of company values in which diversity figures prominently (e.g., the company's "Best People" program requires employees to "value diversity of people") and takes the lead in promoting them. Not only are the actions of these leaders likely to be effective directly but indirectly too because of the strong messages they send about the importance of diversity in their companies.

REQUIRE SUPPLIERS TO PROMOTE DIVERSITY. Several companies are not only content to promote diversity within their walls, but also use their influence to get their suppliers to promote diversity. For example, FedEx awards contracts to suppliers that promote diversity. As a corporate member of the National Minority Supplier Development Council (NMSDC), FedEx requires all minority, woman, and small business suppliers to obtain certification from a recognized third party such as the Small Business Administration (SBA), a supplier development council, or a state or local body.

Starwood Hotels and Resorts expresses a commitment to diverse suppliers in its "Starwood Supplier Diverse Policy Statement." It defines diverse vendors as those certified to be 51 percent or more owned, managed, or controlled by one or more members of the following groups: African Americans, Asian Indian Americans, Asian/Pacific-Islander Americans, Hispanic Americans, persons with disabilities, Native Americans, U.S. veterans, disabled U.S. veterans, and women.

MAKE DIVERSITY A TOP PRIORITY. Being truly effective at managing diversity means far more than conducting some training programs and having executives talk to various people. To make everyone feel included and welcome in an organization, diversity must be made a top priority. This may be done in the following ways.

- **Use ongoing diversity teams.** Devoting permanent teams to diversity helps ensure that any gaps between diversity initiatives (e.g., multicultural skills learning, affinity groups, etc.) are filled. This enables a company's diversity principles to be satisfied (i.e., attracting, developing, supporting a diverse workforce). Consider, for example, Convergys Corporation, a firm that provides customer service solutions to large corporate clients. This organization has permanent "Diversity Action Teams" that strive to identify and recommend solutions to diversity-related issues that arise anywhere in the company.
- **Create reporting relationships that emphasize diversity.** At Johnson & Johnson, for example, the company's chief diversity officer reports directly to its chairman and CEO, William C. Weldon, assuring that it cannot get overlooked. At the pharmaceutical firm Abbott, each of the 13 people who report to the CEO is responsible for attaining diversity goals. By putting diversity at the top levels of these organizations, its high priority is assured.
- **Establish accountability.** If an organization is going to be serious about promoting diversity, then its key people need to be held accountable for it. An effective way of doing this is by using pay policies that reward accomplishments with respect to diversity. At IBM, for example, for a manager to receive the top performance evaluation, he or she must provide evidence of having fostered a spirit of inclusion among employees and of having promoted the company's diversity values. If you want to be promoted at IBM, then you obviously need to go out of your way to do something that promotes diversity.

As you might suspect, the companies that are involved most actively in promoting diversity do all these things plus a lot more. For a look at what's done at a one company whose commitment to promoting diversity has been well established, see the OB in Practice section on page 220.

OB in Practice

How the “Good Hands People” Use Diversity as a Competitive Weapon

Promoting diversity in an organization is a challenging and important objective that takes a considerable commitment from everyone. It doesn't just happen by itself. For some guidelines as to how to go about doing this, it's useful to benchmark the best practices from a successful firm, such as the Allstate Insurance Company, the “good hands people.”⁴³

Allstate is so committed to diversity that it uses the opportunity to promote diversity as a strategic weapon. The idea is straightforward: By reflecting the racial and ethnic diversity of its customers in its own workforce, Allstate can be sensitive to needs that otherwise may go unrecognized and, therefore, unfulfilled by a more homogeneous group of employees. In the words of one former Allstate CEO, “Our competitive advantage is our people and our people are diverse. Nothing less than an integrated diversity strategy will allow the company to excel.”⁴⁴

Allstate's diversity management program takes a broad perspective. Not limited only to gender and ethnicity, it also pays attention to diversity with respect to age, religion, and sexual orientation. Specifically, it promotes diversity along three major fronts.

- Allstate recruiters visit Historically Black Colleges and Universities to attract members of the African American community. It also recruits from schools in Puerto Rico in an effort to expand its Hispanic customer base. From the many awards it has received for its efforts in these areas (e.g., named one of the “Best Companies for Hispanics to Work”), such initiatives appear to be working. And the more such recognition the company receives, the easier it is for it to attract more individuals from these groups.

- Attracting recruits is half the battle, but retaining them is far trickier. With this in mind, Allstate carefully trains all its employees to know that they are expected to show no bias toward others. It also goes out of its way to encourage development of minority candidates by showing them the routes to promotion within the company. In fact, minority candidates are considered seriously when it comes time to plan for succession up the ranks.
- Within his or her first six months on the job, each new Allstate employee receives diversity training (about three-quarters of a million person-hours have been invested thus far). This consists of classroom training that encourages people to recognize the way they see themselves and others as well as ways of sustaining a trusting environment among people who are different. Refresher courses also are given to managers from time to time.

Allstate keeps careful statistical records of its diversity efforts and the company's financial success. Twice a year, the company's employees complete a questionnaire known as the “Diversity Index” asking them to indicate, among other things, the extent to which they witness insensitive or inappropriate behavior at work, the amount of dignity and respect they are shown, and their beliefs about the company's commitment to delivering services to customers regardless of their ethnic background.

Interestingly, the higher the overall score on the Diversity Index, the more managers are successful in promoting a diverse work environment, and the more satisfied they are. And the company's statistics show that when this happens, Allstate does a better job of satisfying and retaining its customers. Indeed, Allstate is the top insurer of lives and automobiles among African Americans and also ranks as the top insurer of homes and lives among Hispanic Americans. Clearly, at Allstate, “good hands” come in many different colors, and making this happen is a highly successful business strategy.

Job Satisfaction: Its Nature and Major Theories

Some of the most widely studied of all workplace attitudes are those assessing people's feelings toward their jobs, referred to as **job satisfaction**. In this section of the chapter, we will address some fundamental issues about job satisfaction and describe some of the major theories that have been used to explain it.

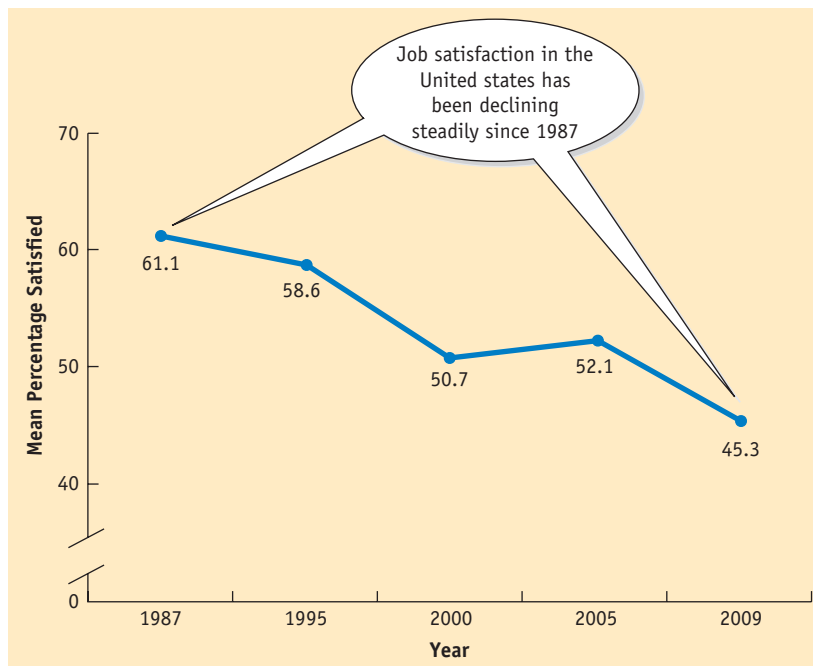
The Nature of Job Satisfaction: Fundamental Issues

Would you say you are satisfied with your job? When tens of thousands of American workers were asked much the same question in a multiyear survey conducted in 2009, fewer than half reported that they were, in fact, satisfied. This number has dropped steadily since 1987 and is now at its lowest level (see Figure 6.6).⁴⁵

How can this trend be explained? Although several factors may be responsible, two key ones appear to be involved. First, people's expectations have risen over the years, leading them to look for more and more from their jobs. And as the bar rises, it becomes increasingly difficult for companies to give employees what they want, resulting in dissatisfaction. Second, it's also likely that people find work less gratifying because the nature of jobs is changing.⁴⁶ In particular, many people find that their jobs have become so highly specialized and narrow that they are not

job satisfaction

Positive or negative attitudes held by individuals toward their jobs.

**FIGURE 6.6**

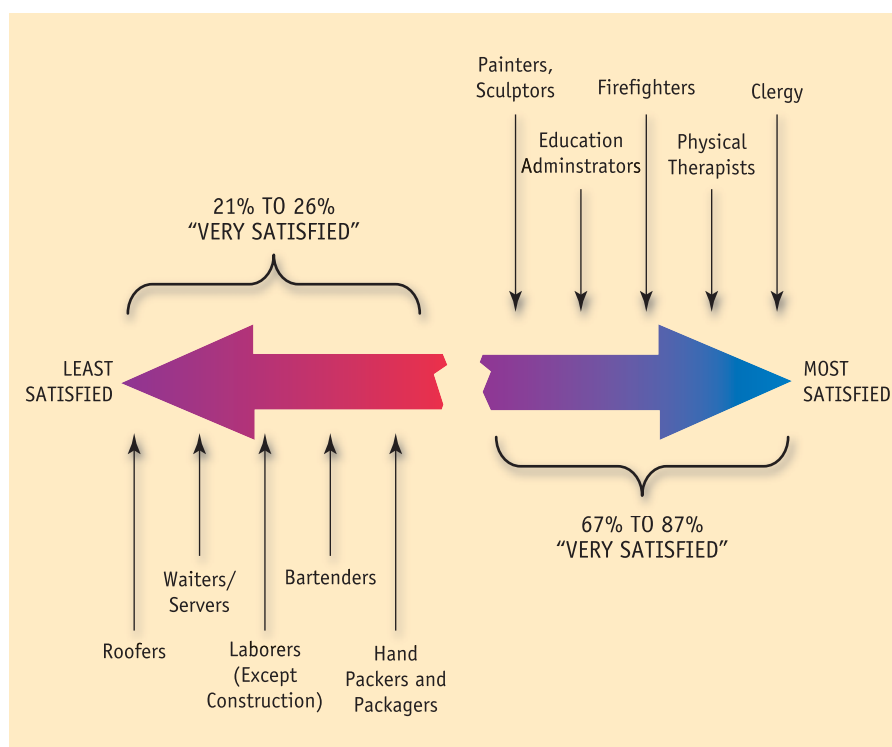
U.S. Job Satisfaction: Lowest Level in Over Two Decades

Systematic surveys of a broad spectrum of American workers have revealed that their job satisfaction has been declining regularly in recent decades. In fact, the current percentage who report feeling satisfied with their jobs is the lowest ever recorded in this survey.

Source: Based on data reported by Smith, 2009; see Note 45.

especially gratifying. Regardless of the underlying reason for this trend, it may be considered alarming in view of the adverse effects that result when people's job satisfaction levels are low.⁴⁷ We will discuss these consequences in the next section of this chapter.

As you might expect, the degree to which people are satisfied with their jobs also depends on exactly what those jobs are. For example, as you'll see in Figure 6.7, the percentages of people who consider their jobs to be very satisfying vary considerably.⁴⁸ Jobs that are the least satisfying tend to be ones that are low level and require the most rudimentary skills, whereas the ones that people find most satisfying tend to be more creatively fulfilling and allow workers to have a greater sense of accomplishment. This is only part of the story, however. Not

**FIGURE 6.7**

Who's Most and Least Satisfied with Their Jobs?

Systematic differences exist in the levels of job satisfaction expressed among people in different occupational groups. Those ranking highest and lowest in job satisfaction are shown here.

Source: Based on data reported by Smith, 2009; see Note 45.