

Managing Diversity

Paradoxes and Dilemmas

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Abstract

Workforce diversity is becoming a top-level initiative around the world, as companies acknowledge the importance of a globalized marketplace, guaranteeing a talent pool for the future, legal compliance, and socially responsible and sustainable diversity and inclusion for the long term benefit of the company. A diverse and inclusive workforce fosters innovation and creativity, and encourages new product ideas and business strategies that can differentiate companies from competitors (Forbes Insights 2011, Hastings 2009). The purpose of this paper is to analyse the goals of diversity management policies and the relations between these different goals and the resulting managerial dilemmas and paradox, linked with history, cultural and societal contexts. Diversity is a recognizable source of creativity and innovation that can provide a basis for competitive advantage. On the other hand, diversity is also a cause of misunderstanding, suspicion and conflict in the workplace that can result in absenteeism, poor quality, low morale and loss of competitiveness. Firms seeking competitive advantage therefore face a paradoxical situation. If they embrace diversity, they risk workplace conflict, and if they avoid diversity, they risk loss of competitiveness. The advantages and disadvantages associated with workforce diversity put organizations in a position of managing a paradoxical situation. This article examines the nature of these paradoxes and dilemmas. Our study explores notions of diversity and diversity management with the goal to identify and understand the underlying logic of action, as well as their tensions and complementarities. By doing so, we attempt to highlight the importance of reconciling economic and social rationale and action. This integrated and systemic model allows avoidance of internal contradictions of each logic, rather than building upon their mutual complementarities

Text

For the last several decades in the United States and Canada and more recently in Europe, the notions of diversity management have impacted human resource management and labor policies, as well as marketing approaches. We define diversity management as the planning and implementation of organizational systems and human management policies that are able to produce a competitive advantage with workforce diversity and reduce discrimination and inequalities (Cox, 1993; Prasad, Pringle, & Konrad, 2006). Diversity management policies generally focus on gender, race and nationality, age and generation, disability, sexual orientation and reflect diverse objectives and goals (Klarsfeld, 2010, Prasad et al., 2006). These motivations and goals are italicised throughout the paper.

We propose to differentiate social and economic goals: social aims include the respect of laws, social responsibility policies, policies against discrimination and social exclusion; economic goals focus on the search for greater *effectiveness* (more market share, improvement of customer satisfaction) and *efficiency* (more worker satisfaction and innovation, best use of workforce competencies, etc.). The purpose of this paper is to analyze the relations between these different goals and the resulting managerial dilemmas and paradox, linked with history, cultural and societal contexts (Davel, Dupuis, & Chanlat, 2008; Klarsfeld, 2010).

This article is based on preliminary analysis of four in-depth Belgian case studies of organizations in different sectors and industries. We analysed diversity management policies of these firms over 2 years through interviews and consultancy work. We explain how some organisations and firms move from one goal to another, how these goals support each other but also how management is confronted with contradictions between these different goals. We identify proactive and adaptive attitudes, and diverse motivations and rationales, which produce paradoxical results in the companies.

The principal motivation of company A, a temporary work firm, was to conform to laws and avoid any legal proceedings (adaptive attitude), linked with some discrimination proceedings in other firms in Belgium and France. In doing so, they produced a discourse linked with social responsibility (proactive attitude) linked with their attitudes against discrimination in their agencies. Progressively, the firm became more and more popular: the discourse on firm diversity management policies were regularly quoted in the press and the diversity and the Corporate Social Responsibility (CSR) manager was invited to many symposiums and seminars about anti-discrimination and/or social responsibility. This was the beginning of diversity management policies in firms in Belgium and France, which resulted in several best practices (actions to advance women into top management, analysis of recruitment process and discrimination attitudes, age management policies). This campaign was very efficient, and the firm gained new markets. In other words, diversity management in this company, initiated for legal and social reasons, also produced economic results. However, personnel began to ask staff what they were doing for diversity management internally. Some remarked that even if the workforce was mostly female, they were only few women in staff and top management and only a few people of foreign origin, even in the region where that employee demographic was a majority of the labor market. The human resource manager initiated some policies to promote women in staff positions and recruit workers of foreign origin.

Organization B, a public service firm, would like its staff to be more representative of the population (social responsibility, based on a contingency discourse). While there were around 20% women they remained underrepresented in the higher levels; employees of foreign origin, particularly the ethnic groups with greater representation in the national population, were a minority at all levels. Human resource managers wanted to raise awareness among the staff of the added value of a diversified workforce. Moreover, acts of racism and homophobia, largely reported by the press, led management to remind everyone that any act of discrimination or rejection would be sanctioned (respect of the law). This was reinforced by the evolution of the organization's main mission increasingly, a humanitarian mission that required the ability to communicate and interact with cultures that were very different. The change was difficult: it was not only a matter of adapting recruitment procedures to attract a more diverse clientele; it also required vertical mobility for everyone through career management and managing more heterogeneous work teams. These policies around diversity significantly challenged the organizational culture. In fact, organization B is built on a culture of similarities and

homogeneity that had always been perceived as necessary for effective management. Using diversity as value added was a new challenge, and quite difficult for some managers.

Organization C, a public hospital in a large city, observed their patient base becoming increasingly ethnically diverse (Cornet & Fossi, 2004). This cultural and linguistic diversity created some significant communication problems with the patients resulting in medical (**mission goals**) and financial (**system goals**) impact. The nursing staff was confronted with difficulties in making diagnoses and having the treatments accepted (**effectiveness**), which had the effect of extending the duration of hospitalization (**efficiency**). To improve access to health care, the hospital launched a pilot project in intercultural mediation with a local association, a project that quickly integrated into the hospital as a full service with six mediators. These mediators intervened as translators and intercultural mediators to improve the relationship between patient and medical team. To fill in the gaps in languages covered by the mediation team, the hospital asked each member of staff consisting of all professions and mixed levels, to identify the languages or dialects in which he/she proficient and for which he/she would agree to occasionally act as translator. The mediation cell was thus able to build a database of 400 volunteer translators, covering over 40 languages and dialects, which could occasionally be called on when the cultural mediators did not have the requisite linguistic and cultural knowledge. This policy in competencies management was linked with hospital identity: a public hospital whose duty it is to take in all patients impartially with no regard for cultural differences. Thus the project, built initially on improvement of the care relationship (**effectiveness**), emerged with greater efficiency since it allowed for developing underutilized skills by the organization (**efficiency**). Adherence to the project was, moreover, deeply rooted in social responsibility to encourage a multicultural society) and public service through access to quality care for all.

Company D, a Logistics firm, had a group of unskilled employees from about thirty nationalities. The ethnic diversification was due to the kind of employment offered which was part-time nightshift work and attracted those who are most excluded from the job market. The company thus faced the need to consider this cultural diversity that it had not specifically sought. The challenge in terms of **efficiency** was all the more sensitive because of the type of tasks to be carried out which were essentially repetitive tasks, requiring little personal initiative; it was perceived that staff homogeneity was easier to manage than diversity. This organization accepted some accommodations in order to improve organizational climate. Thus, for example at Ramadan, breakfast was scheduled for 6am rather than 8am. The menus were put together to allow everyone to respect his/her beliefs and religion. Holidays were granted to allow some to make pilgrimages to Mecca. Furthermore, an internal regulation provides that any racist behaviours or words will be sanctioned immediately. To create team spirit, the company participated in various humanitarian actions for countries and regions from which the staff originate, in particular, in the event of natural catastrophes (e.g., earthquakes). The company invested in **social responsibility** in order to create a culture based on respect and tolerance. Various audits and certifications were set up within companies (Investor in People¹, European Foundation for Quality Management aka EFQM², ISO 26000 - Social responsibility³, ILO norms for equality treatment). These audits resulted in the creation of work procedures, norms and regulations based on non-discrimination, tolerance, and rejection of any racist act or words. Once again, social and economic rationales were being reinforced.

¹ <http://www.investorsinpeople.co.uk/Home/index.html>

² <http://www.efqm.org>

³ <http://www.iso.org/iso/home/standards/iso26000.htm>

Preliminary analysis of the cases shows firstly the limits inherent to each approach and the relevance of a systemic diversity management approach that links together economic and social goals. While the motivation to simplify and reduce rationale to either business or social motivations in order to explain diversity management policies is understandable, this analysis presents a more complex view. In the hospital and public service organizations the effectiveness argument aims for integration of diversified staff into the workforce. It is more difficult in the two other cases: for the temporary agency, diversity in the workforce could result in lost customer base due to loss of employees with same cultural backgrounds; for the transport firm, this diversity is a big challenge for managing a team with very standardised tasks. Thus it seems that the advantages of diversity are not always obvious for a company. These examples demonstrate the dangers of a unilateral goal approach: the effectiveness argument by itself offers a potential for integration and creation of value but the reverse is also possible through exclusion. Thus, some temp agencies understood what they could gain by not limiting themselves to the short-term rationale of the market to reject certain categories of temporary workers, but rather the importance of a social responsibility rationale that involves work with employees that reflect the customer base and the norms and values of its staff and customers.

Another challenge of an integrated approach to diversity is to articulate the goals that emerge from a process of organizational learning and shared skills and knowledge (Prasad et al., 2006). The risk is a restrictive approach of the skills and their use. Some diversity management policies are in fact based on a principle of separation with juxtaposition of the various groups without true interaction. People of foreign origin were assigned to interact only with people of the same ethnic group. The issue then becomes one of being able to set up organizational mechanisms that allow transfer of knowledge and organizational learning and progressively allow all members of staff to improve their relationships with customers and users.

In this scenario, the organization integrated diversified elements using an assimilation rationale. We therefore measure the degree of success of diversity from the fact that new employees model their behaviour on the existing majority culture. Nevertheless, assimilation is not always possible, particularly if it is rooted in identity strategies (Tatli & Özbilgin, 2012; Zanoni & Janssens, 2004). This diversity, perceived in another context as a possibility to create added value, is here an *efficiency* constraint with which the organization should learn to compromise. The word learning is not chosen at random. The results of organization D's actions show that we are in the process of discovering and researching solutions to problems that emerge daily with respect to cultural diversity of the workforce. Here also the organizational issue will be one of capitalizing the acquired knowledge and learning of these trial processes and of mistakes around the differentiated policies.

Previous research has demonstrated the value of intercultural and diversified teams to foster creativity and innovation. Nevertheless, if we are looking to maintain the status quo, homogeneous group offer more than stability and effectiveness. In other words, if management is seeking continuity, 'cloning', reproducing the existing in products and processes, diversifying one's staff is not necessarily accompanied by increased efficiency.

A great deal of research is needed to document the transformation rationale and benefits of diversity management policy, in particular in terms of *efficiency*, through staff satisfaction and involvement and *effectiveness* through expansion of customers and users, service and user improvement, and customer satisfaction. Moreover the ultimate link between economic and social rationales requires further scholarly inquiry. Most notably this would involve a review of the statistical criteria that allow quantitative evaluation of progress. These indicators remain

difficult to put together, in particular for ethnic diversity and may cause stigmatization (Simon & Clement, 2006; Zannad, Stone, & Cornet, 2013).

Finally, further work is necessary to document the processes for organizational learning and dissemination of diversity management knowledge and skills as well as the continuous improvement process. A key issue remains, which is to examine the conditions under which these projects are likely to transform organizations. Managers and those in charge of diversity management would benefit from awareness of these complex dilemmas and paradoxes to build effective and efficient strategic goals in these domains.

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