

## Diversity in the Corporate Setting

Ali Algahtani

Edgewood College

1255 Deming Way, Madison, WI 53717, USA.

### Abstract

*Diversity has been an important part of life, and it can be a unique opportunity, as business globalized and the world gets more and more connected. However, building an inclusive diverse culture is a difficult task that requires long-term commitment. Diversity programs are essential to cope with rapid demographic changes in the global marketplace. The inclusive diversity implementation continues process which should contain a clear strategic plan, frequent evaluation, and must start from top leaders in any company to be effective. The purpose of this article is to write a review about the diversity in the corporate setting.*

**Key words:** Diversity, Corporate, Challenges, Benefits, and Strategies

### 1. Introduction

Diversity is a wide-ranging term, include racial, ethnic, socioeconomic, value, and any cultural or identity differences (University of Rhode Island, 2004). Moreover, Baldwin Wallace University defines diversity as “the ability to think critically while acknowledging and respecting different beliefs, practices, and norms.” (Baldwin Wallace University, 2013). Esty et al made the general definition of diversity in 1995 in which the definition of diversity as recognizing, understanding, accepting, appreciating, and enjoying peoples' differences like age, education, ethnicity, gender, disabilities, race, sexual orientation, and spiritual practice (Esty, et al., 1995).

Moreover, diversity was defined broadly as "human qualities that are different from our own and those of groups to which we belong; through which we manifest in other individuals and groups (Loden, M & Rosener, J; 1991, p. 18.). The Pillsbury Company defined diversity more broadly as differences in any way (Robinson & Dechant, 1997). Lopis refers diversity to embracement of differences (Llopis, 2011).

Diversity in the corporate setting refers to diversification in a corporate environment which is extensively used throughout any business settings (Wan, 2005). Workplace diversity includes several dimensions starting from the legal aspect, equal opportunity, and non-discrimination actions to other valued people's identities and perspectives (Marquis et al, 2008). Diversity is based on informational differences reflecting a person's education, experience, and generational differences form the differences that exist within the workplace as well as on values or goals that can influence what one perceives to be the mission of something as little as a single meeting or as big as a whole company (Kerby & Burns, 2012, Douglas, 2010).

### 2. Models of Diversifying

Altered models upgrade diversity in the corporate world. The first model found its base in the equal opportunity employment law (EEOC, 2009). The second model built on social justice provides the minorities with the same opportunities of the dominant group as the right thing from the social overview(Maiese, 2003). Nowadays, diversity model is not only covering the previous models, it appreciated the inclusive diversity (Harvey & Allard, 2012). Cox (2001) classified the workplaces into three types according to the organization development of cultural diversity. The monolithic organization has a minimal presentation of different cultural groups and the white males are the dominant group (Cox, 1991). The plural organization has a heterogeneous group. The multicultural organization has an inclusive heterogeneous group and values this diversity (Harvey, 2012).

### 3. Benefits of Corporate Diversity

Diversity is advantageous to both the business institute and its staff. A diverse workforce improves a company's performance and boosts its bottom line (Hubbard, 2004).

The employers receive the most skilled and the most qualified candidates as building blocks of their company when they hire the employees belonging to different cultural thoughts and varied backgrounds, the chances to hire the best and brightest from labor market also amplify after the workers are trained by diversity management trainers (Kerby & Burns, 2012). Pooling the diverse skills of culturally distinct workers benefits companies by strengthening the team's responsiveness to varying conditions (Woods et al, 2010). Diversity thus embraces difference of opinions, of feelings and of ideologies (Llopis, 2011). When done properly, diversity can influence the strengths and harmonize the weaknesses of each worker to make the impact of the workforce greater than the sum of its parts (Robinson & Dechant, 1997). Diversity welcomes individuals to adopt each other's peculiarities while observing a better understanding of the workplace (Llopis, 2011). Diversity will help companies to develop their own mirrors to reflect global demographic trends which may affect global market (Kwak, 2002; Rahim et al, 2003). Corporate diversity enlarges the dominance of the business and helps the prevailing target audience (Harvey and Allard, 2012). Minority employees might be better able to communicate with and understand the needs of minority consumers, thereby increasing the quality of customer service and relations (Clever, 2003).

Diversity will lead to innovation, outside-the-box thinking, better governance, enhanced decision making, enhanced problem solving skills (Manzoni et al, 2009; Richard, 2000; Harvey & Allard, 2012; Cox, 1991). It enhances the rate of creativity and innovation in the individual (Cox, 2001). Applying diversity program at the organization will open new grounds for the organization to compete in the international market (Fine, 1996). To be competitive today, businesses must maintain a cadre of personnel who are both highly qualified and highly diverse (Hubbard, 2004). Multi-generational work environments demonstrate that. While traditional-generation workers learn new technologies from young generation; younger generation employees learn from working with expert employees from the old generation (Douglas, 2010).

The presence of multiple generations in the workforce will not only help in information transformation but will promote cultural and social cohesiveness as well (Douglas, 2010). Corporate diversity promotes mutual respect between the corporate's employees which will work to lessen the degree of any conflict and or facilitates the resolution of any conflict (Lee, 2013). Workplace diversity makes the employees' relationships stronger and builds an excessive reputation for the company (Bear et al, 2010). Importantly, diversity in the corporate world will enhance the loyalty of customers who choose to do business only with companies whose business practices are socially responsible (Butler, 2006).

#### ***4. Challenges Faced in a Corporate Environment***

Workplace diversity is a complex task because there are many challenges to fostering an inclusive environment in the workplace. Previous literature showed that positive diversity outcomes in the business world depend on clear and effective diversity practices (Kochan et al., 2003; Riche et al., 2005). Cox (2001) terms diversity as a "double-edged sword" because it can enhance any corporate performance and at the same time it can be pricey. Riche and her colleagues (2005) showed that creative and innovative decisions usually made by heterogeneous teams. Richard et al, (2003) concluded that racial diversity plane should be built on a suitable setting to recognize its complete financial advantages.

An organization believing in the diversity of corporate business, must realize the tactful incorporation of assimilation and adaptation as two of the greatest challenges to be faced (Mumby, 1988). Assimilation is the tension which developed between the old dominant group and the new cultural diversity (Harvey and Allard, 2012; Allen, 1995). Assimilation will make different people more likely to give way, and it will reduce the organization's efficiency (Fine, 1996). Active communication, training, and management practices will help to implement diversity at the workplace (Hyter, 2003). In addition, the diversified corporate world becomes victim to conflict issues if employees lack the proper training to possess proper knowledge of their environment (Lee, 2013). If employees are trained in the perfect way, diversity training can decrease the interpersonal conflicts of the employees if the employees are trained in the perfect way (McElroy, 2013).

Management of a diverse population is another significant challenge (Black Enterprise, 2001). Leaders need special skills like effective communication, self-monitoring, empathy, and excellent strategies for decision-making to be able to manage diverse groups (Kerby & Burns, 2012; Harvey & Allard, 2012). The company's leaders should be mindful of their behavior and should be willing to change their behavior based on its influence. Moreover, leaders must consider the employee's spirits, values, assumptions, and needs (Brownell, 2003). Fundamental changes in organizational culture sustain diversity policies (Cox, 2001; Ely & Thomas, 2001).

In addition, diverse organization should be ready to hear the employee representative to gather mutual support and generate collective reasoning-making (Milliken et al, 2003). Marquis et al exploratory analysis (2007) of demographic diversity of large business Americas corporate showed that diversity plans and strategy's success varies according to a company's history, culture, and mission. Characteristics of a company (such as company type, a company's size, company's age, the company's location, company's history with diversity issues, and a company other characteristics) may influence its success with diversity (Marquis et al, 2007).

### **5. Corporate Diversity Strategies**

To create a successful diversity program, a set of important key components should be considered to support diversity utilization by the organization (Hyter, 2003). The diversity literature cites leadership several times as an important factor to build an effective diverse environment (Marquis et al, 2007). Corporate diversity management forms a critical aspect of running a business, and it should receive these differences in a positive and safe mode (Robinson & Dechant, 1997). The leadership of a corporation should implement the diversity principles in the company mission statement, integrate diversity into the corporate practices, and develop a set of diversity objectives linked to its business and operating goals (Naff and Kellough, 2003). Importantly, Leaders must model the expected behavior demonstrate how important diversity is to the organization and encourage employees to make a similar commitment (Cox, 2001; Hyter, 2003).

Diversity program should be a core level aim so it is important for the leaders to start by detecting diversity-related issues that need to be addressed (Hyter, 2003). Careful evaluation and excellent strategy development are essential. Each company should detect and address its unique needs to ensure a diversity program succeed (Hyter, 2003). Corporate diversity training sessions help to recognize the differences and implement diversity practices within any company (Hyter, 2003). Courses in generational differences help to overcome the gap between the baby boomers and the millennial age brackets. An internal marketing strategy including diversity newsletters, informational intranets, and seminars, are important to support managing diversity in the company (Hubbard, 2004).

Adding a category about performance on diversity initiatives in an employee's performance evaluation and tie it to employee benefits, promotion and bonuses, can help to reinforce any diversity program (Carter, Giber, and Goldsmith, 2001). Frequent evaluation of diversity programs by compiling data and conducting staff surveys about the level of communication, the frequency of conflict, the use of informal networks, power distribution, and the existence of stereotypes can help determine where diversity programs are most needed and what constitutes a reasonable diversity goal (Carter, fiber, and Goldsmith, 2001; Cox, 2001; Hubbard, 2004, p. 69; Morgan, 2002; McElroy, 2013).

Employing a diverse team of recruiters will enhance the diversity recruitment effort (Cole 2002). Incorporate a clear and a strong diversity recruitment and retention strategy is essential to implement any diversity program (Douglas, 2010). Partnership with colleges' and universities' career centers help to recruit potential employees (Douglas, 2010). Hosting a day to inspire a certain culture will enhance the corporate image of inclusiveness and it will encourage communication among the workforce to discuss the differences (Douglas, 2010). Building positive relationships with customers, employees and within the community is essential to the success of any company (Douglas, 2010).

There are three well known approaches towards corporate diversity management (Tatli, and Ozbilgin, 2009). The liberal approach recognizes free and equal opportunity for the entire employee in a company to have a fair labor market. This approach depends on a formal framework rules and policies against any kind of discrimination. The second approach is the radical change which focuses on the outcome and aims to achieve balanced workforces, and a reasonable reward distribution of the employees (Cockburn, 1989). The third approach is the transformational change which has a short and long term objectives. Equal opportunity is the short aim; however the long term aim is to transform the organization by valuing the diversity (Cockburn, 1989). This Diversity management should work to create an inclusive diverse culture.

### **6. Conclusion**

Since variability is part of the natural world, diversity has been an evident and crucial part of life. Both internal and external occurrences should experience diversity. All the qualities and aspects possessed by each individual have its own unique charms and significance that need to be celebrated. Building an inclusive diverse culture is a difficult task that requires long-term commitment.

However, it can be a unique opportunity, as business globalizes and the world gets increasingly connected, to create a truly diverse organizational culture that incorporates basic human principles and fosters human diversity. *Journal of Applied Behavioral Science*, C.L. Walck defines managing diversity in the workplace as a negotiating process between culture groups (Walck, 1995).

Diversity subjects are not fixed, but they will change over time according to the local and global dynamic conditions. Diversity programs are essential to cope with rapid demographic changes in the global market (Harvey and Allard, 2012). An inclusive diversity implementation must start from top leaders in any company to be effective. Diversity implementation continues process which should contain a clear strategic plan, and frequent evaluation (Harvey and Allard, 2012). In general, the diversity management literature consists of a laundry list of best practices that lack organization, prioritizing, or integration. Currently companies rely on beliefs not facts.

## 7. References

- Allen, B. J. (1995). Diversity and Organizational Communication. *Journal of Applied Communication Research* 23: 143–55.
- Baldwin Wallace University. (2013) Baldwin Wallace University Institutional Diversity Definition. Retrieved from <http://www.bw.edu/quickfacts/diversity/diversityaffairs/diic/definition/>
- Bear, S., Rahman, N., and Corinne Post. (2010). The Impact of Board Diversity and Gender Composition on Corporate Social Responsibility and Firm Reputation *Journal of Business Ethics* 97:207–221
- Black Enterprise. (2001). Managing a multicultural workforce. *Black Enterprise Magazine* 31 (12). Retrieved from <http://www.questia.com/library/1G1-75754166/managing-a-multicultural-workforce#articleDetails>
- Brownell, J. (2003). Developing Receiver-Centered Communication in Diverse Organizations. *Listening Professional*, 2 (1), 5-25.
- Butler, K. M. (2006). Workplace diversity can increase employee loyalty. *Employee Benefit News*; 20 (3), p16. Retrieved from <http://ebn.benefitnews.com/news/workplace-diversity-can-increase-employee-loyalty-39085-1.html>
- Carter, L., Giber, D., and Goldsmith, M. (Eds.). (2001). *Best Practices in Organization Development and Change Handbook: Culture, Leadership, Retention, Performance, and Consulting*. Jossey-Bass; Jossey-Bass, San Francisco, ISBN: 0787952370.
- Cockburn, C. (1989). Equal Opportunities: the short and long agenda. *Industrial Relations Journal*, 20 (3): 213-25.
- Cox, T., Jr. (1991). The multicultural organization. *Academy of Management Executive*, 5 (2), 34-47.
- Cox, T. Jr. (2001). *Creating the Multicultural Organization*, San Francisco: Jossey-Bass.
- Douglas, S. (2010). The Different Faces of Diversity: The Professional Principles of Recruiting and Retaining a Diverse Workforce. Retrieved from [http://www.workforcediversitynetwork.com/res\\_articles\\_differentfaces\\_douglas.aspx](http://www.workforcediversitynetwork.com/res_articles_differentfaces_douglas.aspx)
- Ely, R. and Thomas, D. (2001). Cultural Diversity at Work: The Effects of Diversity Perspectives on Work Group Processes and Outcomes. *Administrative Science Quarterly*, 46 (2), pp. 229–273.
- Esty, K., Griffin, R. Marcie S. Hirsch, M. and Schorr-Hirsh, M. (1995). *Workplace diversity. A managers guide to solving problems and turning diversity into a competitive advantage*. Avon, MA: Adams Media Corporation.
- Fine, M. G. (1996). Cultural Diversity in the Workplace: The State of the Field. *Journal of Business Communication*, 33 (4), 485-502.
- Harvey, C. P. (2012). *Understanding and Managing Diversity*. New Jersey: Pearson Education, Inc. pp. 41–47.
- Harvey, C. P. and Allard, M. J. (2012). *Understanding and Managing Diversity (5th Ed.)*. New Jersey: Pearson Education, Inc. pp. xii–393.
- Hubbard, E. (2004). *The Diversity Scorecard: Evaluating the Impact of Diversity on Organizational Performance*, San Francisco: Elsevier.
- Hyter, M. C. (2003). 10 Elements for Creating a World-class Corporate Diversity & Inclusion Program. *Diversity Journal* (January/February 2003), p. 49-51. Retrieved from [http://c.ymcdn.com/sites/www.fuelmilwaukee.org/resource/resmgr/diversity\\_toolkit/10\\_elements\\_mike\\_hyter.pdf](http://c.ymcdn.com/sites/www.fuelmilwaukee.org/resource/resmgr/diversity_toolkit/10_elements_mike_hyter.pdf)
- Kerby, S. & Burns, C. (2012). The Top 10 Economic Facts of Diversity in the Workplace. Center for American Progress, Page 1 & 2. Retrieved from [http://www.americanprogress.org/wp-content/uploads/issues/2012/07/pdf/diverse\\_workplace.pdf](http://www.americanprogress.org/wp-content/uploads/issues/2012/07/pdf/diverse_workplace.pdf)

- Kwak, M. (2002). Maximizing Value Through Diversification: Diversifying can be the best way for companies to match their capabilities to the marketplace. MIT Sloan Management Review.
- Lee, K (2013). Transforming Conflicts in Diverse Communities. Chapter 27. Cultural Competence in a Multicultural World; Section 9. Transforming Conflicts in Diverse Communities. The Community Tool Box is a service of the Work Group for Community Health and Development at the University of Kansas. Copyright © 2013 by the University of Kansas for all materials provided via the World Wide Web in the ctb.ku.edu domain [http://ctb.ku.edu/en/tablecontents/sub\\_section\\_main\\_1845.aspx](http://ctb.ku.edu/en/tablecontents/sub_section_main_1845.aspx)
- Llopis, G. (2011). Diversity Management is the Key to Growth: Make it Authentic. *Forbes*. Retrieved from <http://www.forbes.com/sites/glennllopis/2011/06/13/diversity-management-is-the-key-to-growth-make-it-authentic/>
- [http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2007/RAND\\_OP206.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2007/RAND_OP206.pdf)
- Maiese, M. (2003). Social Structural Change. Beyond Intractability. Beyond Intractability is a Registered Trademark of the University of Colorado. Retrieved from <http://www.beyondintractability.org/bi-essay/social-structural-changes>
- Manzoni, J., Strelbel, P., & Borsoux, J. (2009). Why Diversity can backfire on Company Boards. *Wall Street Journal*, page 1. Retrieved from <http://ebookbrowse.com/why-diversity-can-backfire-on-company-boards-doc-d214322954>
- Marquis, J.P. Lim, N. and Scott, L.M. Harrell, M.C. and Kavanagh, J. Managing. (2008). Diversity in Corporate America, an Exploratory Analysis. Corporation © Copyright 2008 RAND Corporation. Retrieved from
- McElroy, M. (2013). Diversity Programs Give Illusion of Corporate Fairness, Study Shows. Retrieved from <http://www.washington.edu/news/2013/04/03/diversity-programs-give-illusion-of-corporate-fairness-study-shows/>
- Milliken, F. J. and Morrison, E. W., and Hewlin, P. F. (2003). An Exploratory Study of Employee Silence: Issues that Employees Don't Communicate Upward and Why. *Journal of Management Studies* 40 (6): 1453–76.
- Mumby, D. (1988). *Communication and Power in Organizations*. New York: Ablex Publishing. pp. 1–210. ISBN 978-1-56750-160-5.
- Naff, K., and Kellough, E. (2003). Ensuring Employment Equity: Are Federal Diversity Programs Making a Difference? *International Journal of Public Administration*, 26 (12), pp. 1307–1336.
- Rahim, N, Ahmed, M & Uddin, M. (2003). The Market Impact of Changes in Corporate Diversification (Focus): Some New Evidence' *Journal of Academy of Business and Economics*, 1 (1), pp. 137 – 147.
- Richard, O. C. (2000). Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View. *Academy of Management Journal*, 43, pp 164-165. Retrieved from <http://amj.aom.org/content/43/2/164.full.pdf+html>
- Richard, O., McMillan, A., Chadwick, K., and Dwyer, S. (2003). Employing an innovation strategy in racially diverse workforces: Effects on firm performance. *Group and Organization Management*, 28 (3), pp. 107–126.
- Robinson, G. & Dechant, K. (1997). Building a Business Case for Diversity. *Academy of Management Journal*, 11, pp 21-23. Retrieved from <http://amp.aom.org/content/11/3/21.full.pdf>
- Tatli, A. and Ozbilgin. M. F. (2009). Understanding Diversity Managers' Role in Organizational Change: Towards a Conceptual Framework. *Canadian Journal of Administrative Sciences* 26 (3): 244–258.
- The U.S. Equal Employment Opportunity Commission (EEOC). (2009). Equal Employment Opportunity is the law. EEOC 9/02 and OFCCP 8/08 Versions Useable With 11/09 Supplement. Retrieved from [http://www.eeoc.gov/employers/upload/eeoc\\_self\\_print\\_poster.pdf](http://www.eeoc.gov/employers/upload/eeoc_self_print_poster.pdf)
- University of Rhode Island. (2004). Affirmative Action Sub-Committee's 2004 University Diversity Plan. Retrieved from [http://www.uri.edu/advance/climate\\_change/URI%20Diversity%20Documents\\_Plans.html](http://www.uri.edu/advance/climate_change/URI%20Diversity%20Documents_Plans.html)
- Walck, C.L. (1995). Editor's introduction: Diverse approaches to managing diversity. *Journal of Applied Behavioral Science*, 31, 119-123.
- Wan, W.P. (2005). Country Resource Environments, Firm Capabilities, and Corporate Diversification Strategies. *Journal of Management Studies*, 42 (1), pp. 161-182.
- Woods, S, Bormann, T. and Joseph, D, Schmidle, D. (2010). Workplace Diversity. Retrieved from <http://www.ilr.cornell.edu/library/research/subjectguides/workplacediversity.html>