

Instructor's Manual

Organizational Behavior 2.0

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Chapter 2

Managing Demographic and Cultural Diversity

OPENING NARRATIVE: QUESTIONS TO CONSIDER

1. IBM has been championed for its early implementation of equality among its workforce. At the time, many of these policies seemed radical. To IBM's credit, the movement toward equality worked out exceptionally well for them. Have you experienced policy changes that might seem radical? Have these policies worked out? What policies do you feel are still lacking in the workforce?
2. If you or your spouse were currently employed, how difficult would it be to take time off for having a child?
3. Some individuals feel that so much focus is put on making the workplace better for underrepresented groups that the majority of the workforce becomes neglected. Do you feel this was the case at IBM? Why or why not? How can a company ensure that no employee is neglected, regardless of demographic group?
4. What types of competitive advantages could IBM have gained from having such a diverse workforce?

I. Discussion Questions

A. DEMOGRAPHIC DIVERSITY

1. **What does it mean for a company to manage diversity effectively? How would you know if a company were doing a good job managing diversity?**

A number of indicators would hint that the company is doing an effective job with diversity management. Here are some examples:

- Diversity among employees (this will be evaluated compared to the diversity of the labor pool). For example, if only three percent of the employees in a company are African American, does this mean that the company is not diverse? This would depend on the diversity of the area population. The situation would be more suspect and there would be more reason for concern if the area population were ten

percent African American as opposed to two percent African American.

- Diversity at all levels. This means we would expect diversity not at the lower levels, but all the way up to the top management team.
- Do most employees feel satisfied and perceive fairness? This means that regardless of their demographic traits, employees feel that they are fairly treated and believe that there is a positive work environment.
- Do they follow the law? If they have been sued or received a large number of complaints, this may be the first hint that they may not be doing a good job managing diversity effectively.

2. What are the benefits of effective diversity management?

When companies have a diverse workforce and do a good job managing diversity effectively, some benefits that they experience are

- higher creativity in decision making
- better customer service
- higher job satisfaction and lower employee turnover as a result
- higher stock prices
- lower litigation expenses
- higher company performance

3. How can organizations deal with the “similarity/attraction” phenomenon? Left unchecked, what are the problems this tendency can cause?

Employees are more likely to be attracted to people who are similar to them. This means that they may communicate with, befriend, and interact with those in the organization who are similar in gender, race, age, or other demographic traits. While this situation may be perfectly normal, there are some unintended consequences. For example, in a company where upper level management consists mostly of males, women who mostly interact with other women may not benefit from the mentoring a powerful upper level individual may provide. Similarly, something as simple as having lunch with similar others may mean that some people gain an advantage over others by being updated about organizational changes, or by informally influencing important decisions.

Organizations may tackle this issue by having organizationally sponsored mentoring programs. While employees may naturally gravitate toward similar others, being encouraged or assigned to interact with others may short-circuit this process, giving employees a chance to build relationships with those different others.

Simply bringing all employees together through events like a company picnic may not be of much help, because often people divide along demographic lines in these events. Instead, structured activities encouraging people to interact with specific others may be helpful. When organizing activities, it also makes sense to find activities that will not divide people along gender, age, or race lines.

4. What is the earnings gap? Who does it affect? What are the reasons behind earnings gap?

Earnings gap refers to the gap between average earnings of men, women, and minorities. For example, the median earnings of women who worked full time in 2014 were 81 percent of men working full time. Similarly, in 2008, for every dollar a Caucasian male employee made, an African American male made around 79 cents, while a Hispanic employee made 64 cents. Here are some potential explanations:

- These figures often aggregate across different occupations, industries and positions. Therefore, part of the explanation is that women are found in lower-paying occupations such as childcare as opposed to construction or manufacturing jobs.
- Differing levels of education are often proposed as part of the reason for the earnings gap between Caucasians and minorities.
- Women are more likely to take time off to raise small children, which affects earnings.
- Differences in likelihood and ability to negotiate partly explain the gap.
- While all of the above contribute to the earnings gap, they do not completely account for the difference. Stereotypes and prejudices continue to hurt women and minorities, keeping them in less visible positions with smaller chances for promotions. Studies show that candidates with African-American-sounding names are less likely to get callbacks.

5. Do you think that laws and regulations are successful in eliminating discrimination in the workplace? Why or why not?

While the passing of EEOC (Equal Employment Opportunity Commission) guidelines definitely increased awareness of prejudices and discrimination, and went a long way in educating employees and organizations, they are unlikely to provide the ultimate solution. For one thing, employees who hold prejudices and discriminatory attitudes may have become aware that it is unacceptable to overtly discuss these feelings and thus become better at hiding their attitudes and prejudices. For example, instead of openly claiming that a candidate is too old for the position, they may be framing the candidate as “a poor fit with the company culture.” Second, many forms of discrimination are not a result of bad intentions. When considering the best

candidate for an overseas assignment, a manager may think about a young male employee who does not have kids as opposed to a more qualified female employee with two children, assuming that the latter employee would be less interested in uprooting her family. The expatriate assignment may serve as a stepping-stone for the male candidate in question, grooming him for future leadership positions. While the action of the manager in question is probably not illegal per se, the outcome would be discriminatory.

B. CULTURAL DIVERSITY

1. What is culture? Do countries have uniform national cultures?

Culture is a form of human expression, in nearly every aspect of life (art, food, religion, daily routines). Culture usually originates in a specific geographic region, which can then be practiced in other parts of the world. While in some countries, there is a uniform national culture, culture is not universal in the United States, and for that reason it is important for people to respect the culture of others, including in the workforce.

2. How would you describe your own home country's values on the four dimensions of culture?

Geert Hofstede defines the four main dimensions of culture as:

- Individualism vs. Collectivism
- Masculinity vs. Femininity
- Power Distance
- Uncertainty Avoidance

The United States is an individualist and masculine nation. Its power distance is very high (a large gap between the wealthy and the poor – 1%), and generally has a high uncertainty avoidance – stressing precision and efficiency in the workforce

3. Reflect on a time when you experienced a different culture or interacted with someone from a different culture. How did the cultural differences influence your interaction?

Depending on the diversity of the class, this question may generate lively discussion. Students usually are eager to describe the cultural differences they might have noticed if they have ever been abroad. You may ask them about their experiences interacting with someone from a different culture while in their local country. If you have international students in your class, you may ask them to share their early experiences interacting with locals.

4. How does culture influence the proper leadership style and reward system that would be suitable for organizations?

The appropriate leadership style seems to depend on the cultural context. For example, in highly power distant cultures, paternalistic leaders—a leader who is authoritarian but makes decisions while showing a high level of concern toward employees as if they were family members—may be preferred. In collectivistic societies, there may be greater expectations of

informing employees about important decisions. In cultures high in uncertainty avoidance, the level of change-oriented and transformational leadership behaviors tends to be less frequent.

In terms of reward systems, employees in collectivistic cultures may appreciate rewards targeting the whole family, such as parties where employees can attend with their family members. In power distant societies, rewarding managers with visible status signs such as a company car or a nice office may be expected. In highly uncertainty-avoidant cultures, having a large percentage of an employee's paycheck as base pay as opposed to commissions may motivate employees more. Finally, in feminine cultures, employees may value paid vacations while in masculine cultures more material rewards may be more desirable.

5. Imagine that you will be sent to live in a foreign country different from your own in a month. What are the types of preparations you would benefit from doing?

The answer should also depend on how long the assignment is. For long assignments, longer and more detailed preparations would be helpful. You may want to remind students that in longer assignments, preparing the family members who will accompany the expatriate is essential for the success of the assignment. Many expatriate assignments fail because the spouse feels lonely, bored, or is otherwise unable to adjust.

Learning about the country's work culture as well as cultural aspects that affect daily life would be useful. Some basic language training would be very useful for more effective communication, as well as demonstrating to new colleagues the expatriate's high level of motivation.

The expatriate would benefit from a social network. Trying to establish this network before departing would be helpful. Contacting future colleagues in advance may help in getting ready as well as creating the early interactions on which future relationships would be built.

You may want to remind students that even when going to countries where the same language is spoken and the culture is similar, such as an American employee assigned to the United Kingdom or Australia, doing advance planning would be useful to adjust sooner and perform better.

C. THE ROLE OF ETHICS AND NATIONAL CULTURE

1. Do you believe that multinational companies should have an ethics code that they enforce around the world? Why or why not?

While having a global code of ethics should be useful in highlighting the business practices the organization wants its employees to live by, it is

important to craft this ethics code while considering the different local environments the organization is going to operate in. If the MNC's ethics code contradicts national values and is regarded as ethnocentric, it is likely to be ignored altogether. Instead, it seems important to draft an ethics code that resonates with employees from different parts of the world. For example, having an ethics code that prohibits hiring family members of employees to prevent nepotism may be challenged in a collectivistic culture, where it would go against strong family-oriented values. Similarly, having policies against accepting gifts may be admirable for preventing bribes, but in cultures where gift giving is important, such global guidelines will be challenging to enforce. In summary, crafting codes of ethics while considering local values, and higher-level values instead of specific practices, which may vary across different locales, may be advisable.

2. How can organizations manage a workforce with diverse personal ethical values?

Dealing with this tricky issue is one of the reasons that companies devise codes of ethics. Having a code of ethics shows employees the types of behaviors desirable in a given company. In addition to having written statements, training employees in a company code of ethics may be useful. This could take the form of presenting employees with scenarios and then providing the “right” answer, or the way in which the organization wants such situations to be handled. Indoctrinating new employees in the code of ethics starting from early days may help employees understand how their personal ethics may differ from company ethics and show them acceptable actions. Finally, when an employee is observed to be demonstrating behaviors that do not fit with the company's ethical values, reinforcing the correct behaviors while discouraging future occurrences of undesired behaviors may be useful.

D. DOING GOOD AS A CORE BUSINESS STRATEGY: THE CASE OF GOODWILL INDUSTRIES

1. What are Goodwill's competitive advantages?

Goodwill has maintained their mission for over 110 years. “The organization has maintained its core mission to respect the dignity of individuals by eliminating barriers to opportunity through the power of work.” Goodwill is so successful because they put 82% of their revenue back into programs to create employment opportunities, meaning that every 33 seconds of every business day, a new person is employed and becomes one step closer to economic stability.

2. Goodwill has found success in the social services. What problems might result from hiring and training the diverse populations that Goodwill is involved with?

“If you walk into a local Goodwill retail store you are likely to see employees from all walks of life, including differences in gender and race, physical ability,

sexual orientation, and age. Goodwill provides employment opportunities for individuals with disabilities, lack of education, or lack of job experience”. While this is an excellent approach in many ways, it could be the cause of workforce conflicts - strong disagreements of beliefs/ opinions / lifestyles...etc.

3. Have you ever experienced problems with discrimination in a work or school setting?

Student’s answers will vary. Some may not have experienced or witnessed any discrimination. Others will have, however the discrimination may be different (due to race, gender, religious beliefs, sexual preference) etc.

4. Why do you think that Goodwill believes it necessary to continually innovate?

This question will generate answers that may lead to more general discussions of US industries and business tactics. Students will discuss the continual innovations and advancements in today’s society, and that Goodwill too needs to innovate to keep up with our fast paced society.

II. End of Chapter Materials

A. ETHICAL DILEMMA

You are working for the police department of your city. When hiring employees, the department uses a physical ability test where candidates are asked to do 30 push-ups and 25 sit-ups, as well as climbing over a 4-foot wall. When candidates take this test, it seems that about 80% of the men who take the test actually pass it, while only 10% of the female candidates pass the test. Do you believe that this is a fair test? Why or why not? If you were asked to review the employee selection procedures, would you make any changes to this system? Why or why not?

B. INDIVIDUAL EXERCISE

A colleague of yours is being sent to India as a manager for a call center. She just told you that she feels very strongly about the following issues:

- a) Democratic leaders are the best leaders because they create a more satisfied workforce.
- b) Employees respond best to individual-based pay incentives and bonuses as tools for motivation.
- c) Employees should receive peer feedback about their performance level so that they can get a better sense of how well they are performing.

After doing some research on the business environment and national culture in India, how would you advise your colleague to behave? Should she try to transfer these three managerial practices to the Indian context? Why or why not?

C. GROUP EXERCISE

Diversity Dilemmas

Imagine that you are working in the HR department of your company. You come across the following scenarios in which your input has been sought. Discuss each scenario and propose an action plan for management.

1. Aimee is the mother of a newborn. She is very dedicated to her work but she used to stay for longer hours at work before she had her baby. Now she tries to schedule her work so that she leaves around 5:00 pm. Her immediate manager feels that Aimee is no longer dedicated or committed to her work and is considering passing her over for a promotion. Is this decision fair?
2. Jack is a married male, while John is single. Your company has an assignment in a branch in Mexico that would last a couple of years. Management feels that John would be better for this assignment because he is single and is free to move. Is this decision fair?
3. A manager receives a request from an employee to take off a Wednesday for religious reasons. The manager did not know that this employee was particularly religious and does not believe that the leave is for religious reasons. The manager believes that the employee is going to use this day as a personal day off. Should the manager investigate the situation?
4. A sales employee has painful migraines intermittently during the workday. She would like to take short naps during the day as a preventative measure and she also needs a place where she can nap when a migraine occurs. Her immediate manager feels that this is unfair to the rest of the employees.
5. A department is looking for an entry-level cashier. One of the job applicants is a cashier with 30 years of work experience. The department manager feels that this candidate is overqualified for the job and is likely to be bored and leave the job in a short time. Instead, they want to pursue a candidate with 6 months of work experience who seems like a better fit for the position. Is this fair? Why or why not?

III. Exercise Solutions and End of the Chapter Role Plays

A. ETHICAL DILEMMA

While being a police officer can be physically intensive, it is important to consider if passing the physical test will determine a candidate's ability to be an effective officer. For example, the test does not measure a candidate's endurance. What good is being able to climb a wall if an officer cannot run three blocks to catch a criminal? Additionally, one may argue that a certain amount of strength is necessary to be a police officer in order to restrain an uncooperative suspect. While this may initially seem valid, it is important to

remember that there are a variety of tools and methods at the disposal of officers to assist in that exact situation. A stun gun can subdue most individuals, and hand-to-hand combat training would allow even the smallest and weakest of individuals to effectively perform police duties. In other words, the organization will need to determine the exact level of endurance or other physical abilities police officers will need to demonstrate on a daily basis. If the criteria are set arbitrarily, they may be unfairly excluding some candidates.

B. INDIVIDUAL EXERCISE

There are several factors that will contribute to the three ideas failing to work in India. The first idea your colleague feels strongly about is that a democratic leader is better for employees. While this may be the case in the United States, India is a highly collectivist culture with a strong family focus. Children will often defer to their family to determine what organization they should work for. Because of this comfort with a clearly hierarchical power structure, employees may feel uncomfortable with a democratic leader.

While pay can be a great motivator, India's collectivist culture may not coincide with singling out an individual for a raise or bonus. Because individuals in India focus more on team performance than individual contribution, a team-based incentive would likely work better.

Also related to collectivist culture is the idea of peer review. In more individualistic societies such as the United States or Australia, peer review can be an effective feedback tool. In collectivist and high power distant societies such as India, peers may not be comfortable providing feedback for other employees. Additionally, any feedback received may not be accurate, because of Indian employees' tendency to focus on team contribution.

In general, a management style more suited for a collectivist, high power distant society would be more effective than a style representative of successful managers in the United States. You may advise your colleague to examine the company culture before implementing any major changes.

C. GROUP EXERCISE

1. No. The first thing to consider is that staying extra hours is not mandated by Aimee's job description, it was just something she would do anyway. Second, it would be reasonable to assume that she is organizing her schedule to accommodate her new child rather than losing her dedication to work. Third, if Aimee's performance while at work merits a promotion, then she deserves the promotion regardless of her schedule outside of work. Finally, Aimee's child will not be an infant forever. There is a very good chance that once the child is a bit older, Aimee will return to her previous schedule. With this in mind, passing over Aimee for a promotion

would not only be potentially illegal, but also foolish. Instead, management should discuss the nature of the promotion with Aimee. It is entirely possible that the extra obligations associated with a promotion would be too much for Aimee at this time. She may be more comfortable remaining in her current position for the time being.

2. No. Organizational decisions should be based on performance at work and employee preference. It is not the organization's job to make decisions about the nature of an employee's outside relationships or obligations. Perhaps Jack's wife is from Mexico, and Jack has been looking for a way to move his family to Mexico for a few years. Additionally, John has just purchased a home and is in no position to move any time soon. In this case, Jack would be the better candidate. Management should present the opportunity to the employee that is the best fit for the position and try to get an idea of how a transfer would affect personal obligations. If Jack is the better candidate, offer it to him first. Let him weigh the pros and cons and make a decision himself.
3. No. Religion is a touchy subject for many people and an "investigation" would probably not go over well with other employees. Instead, the organization could consider having something like flexible time off. In this case, all employee time off is pulled from the same pool. If employees of different religions want to take time off for religious purposes, it would be the same as taking a day off to go on vacation or even for being sick. In this type of environment, a day off is a day off, regardless of circumstance.
4. This situation encroaches on the idea of accommodation without "undue burden". For example, if many employees were packed into already cramped space, with no room to spare, it would be extremely difficult to accommodate the employees' needs. At the same time, if space were plentiful, it may seem distinctly unfair that one employee gets to take naps during the day. In the latter scenario, perhaps it would be a good idea to create a nap room for all employees. Several studies have shown that taking a short nap during the day can reduce stress and increase productivity. Maybe the employee suffering with migraines would be a good candidate for telecommuting, as long as other employees were given the opportunity as well.
5. While it is possible that an overqualified employee may become bored at an entry level job, an employee with only six months of work experience might be just as likely to leave. There is a good chance that the older employee with more experience is looking for a simple job to make extra money whereas the less experienced person is looking for a job while looking for a better position. It would be good idea to determine the intentions for each potential employee before deciding which candidate would be a better fit.

IV. Bonus Material

A Rose by Any Other Name...

Names tend to carry a great deal of meaning for individuals. Dale Carnegie wrote the following advice in his book “Remember that a person's name is to that person the sweetest and most important sound in any language.” To start them sharing, ask students to add the following points to the conversation- their formal name, the meaning/origin of their name (if they know it), and any other insights/opinions they have about their name.

V. Relevant TED Talks for bringing course concepts to life

A. Title: Can we all “have it all”? by Anne-Marie Slaughter

http://www.ted.com/talks/anne_marie_slaughter_can_we_all_have_it_all

Synopsis: Anne-Marie touches on her previous research and talks on women’s rights in the workplace, but in this talk expands these concepts to both women and men, and explains how shifts in work culture, environment and policies can lead to equality in the workforce.

B. Title: How to overcome our biases? Walk boldly toward them by Vernā Myers

http://www.ted.com/talks/verna_myers_how_to_overcome_our_biases_walk_boldly_toward_them

Synopsis: Vernā attempts to show how we do have biases while we try to overlook them. She talks about how we subconsciously have stereotypical attitudes towards people who are different from you, and how we should go away from our comfort and experience diversity for ourselves.

Additional Readings

Michàlle E. Mor-Barak (2006). *Managing diversity: Toward a globally inclusive workplace*. Thousand Oaks, CA: Sage Publications.

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Ellen Ernst Kossek and Sharon A. Lobel (1996). *Managing diversity: Human resources strategies for transforming the workplace*. Cambridge, MA: Blackwell Business.

R. Roosevelt Thomas, Jr. (1992). *Beyond race and gender: Unleashing the power of your total workforce by managing diversity*. NY: American Management Association.

R. Roosevelt Thomas, Jr. (1996). *Redefining diversity*. NY: American Management Association.

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