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What Is Organizational Behavior?

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LEARNING OBJECTIVES

After studying this chapter, you should be able to:
1. Demonstrate the importance of interpersonal skills in the workplace.
2. Define organizational behavior (OB).
3. Show the value to OB of systematic study.
4. Identify the major behavioral science disciplines that contribute to OB.
5. Demonstrate why few absolutes apply to OB.
6. Identify the challenges and opportunities managers have in applying OB concepts.
7. Compare the three levels of analysis in this text’s OB model.

★ 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 1 warm up.

You’ve probably made many observations about people’s behavior in your life. In a way, you are already proficient at seeing some of the major themes in organizational behavior (OB). At the same time, you probably have not had the tools to make these observations systematically. This is where OB comes into play. And, as we’ll learn, OB is much more than common sense, intuition, and soothsaying.
THE IMPORTANCE OF INTERPERSONAL SKILLS

Until the late 1980s, business school curricula emphasized the technical aspects of management, focusing on economics, accounting, finance, and quantitative techniques. Course work in human behavior and people skills received relatively less attention. Since then, however, business schools have realized the significant role understanding human behavior plays in determining a manager’s effectiveness. As the director of leadership at MIT’s Sloan School of Business stated, “M.B.A. students may get by on their technical and quantitative skills the first couple of years out of school. But soon, leadership and communication skills come to the fore in distinguishing the managers whose careers really take off.”

Incorporating OB principles into the workplace can yield many important organizational outcomes. For one, companies known as good places to work—such as Starbucks, Adobe Systems, Cisco, Whole Foods, Google, American Express, Amgen, Pfizer, and Marriott—have been found to generate superior financial performance. Second, developing managers’ interpersonal skills helps organizations attract and keep high-performing employees, which is important since outstanding employees are always in short supply and are costly to replace. Third, there are strong associations between the quality of workplace relationships and employee job satisfaction, stress, and turnover. One large survey of hundreds of workplaces and more than 200,000 respondents showed that social relationships among coworkers and supervisors were strongly related to overall job satisfaction. Positive social relationships also were associated with lower stress at work and lower intentions to quit. Further research indicates that employees who relate to their managers with supportive dialogue and proactivity find that their ideas are endorsed more often, which improves workplace satisfaction. Finally, increasing the OB element in organizations can foster social responsibility awareness. Accordingly, universities have begun to incorporate social entrepreneurship education into their curriculum in order to train future leaders to use interpersonal skills to address social issues within their organizations. This curriculum reflects a growing awareness of the need for understanding the means and outcomes of corporate social responsibility.

We understand that in today’s competitive and demanding workplace, managers can’t succeed on their technical skills alone. They also have to exhibit good people skills. This text has been written to help both managers and potential managers develop those people skills with the knowledge that understanding human behavior provides.

ENTER ORGANIZATIONAL BEHAVIOR

We’ve made the case for the importance of people skills. But neither this text nor the discipline on which it is based is called “people skills.” The term that is widely used to describe the discipline is organizational behavior.

Organizational behavior (often abbreviated OB) is a field of study that investigates the impact individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization’s effectiveness. That’s a mouthful, so let’s break it down.

Organizational behavior is a field of study, meaning that it is a distinct area of expertise with a common body of knowledge. It studies three determinants of behavior in organizations: individuals, groups, and structure. In addition, OB applies the knowledge
gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.

To sum up our definition, OB is the study of what people do in an organization and how their behavior affects the organization’s performance. And because OB is concerned specifically with employment-related situations, it emphasizes behavior as related to concerns such as jobs, work, absenteeism, employment turnover, productivity, human performance, and management. Although debate exists about the relative importance of each, OB includes these core topics:

- Motivation
- Leader behavior and power
- Interpersonal communication
- Group structure and processes
- Attitude development and perception
- Change processes
- Conflict and negotiation
- Work design

WATCH IT
If your professor assigned this, sign into mymanagementlab.com to watch a video titled Herman Miller: Organizational Behavior to learn more about this topic and respond to questions.

COMPLEMENTING INTUITION WITH SYSTEMATIC STUDY

Each of us is a student of behavior. Whether you’ve explicitly thought about it before, you’ve been “reading” people almost all your life, watching their actions and trying to interpret what you see or predict what people might do under different conditions. Unfortunately, the casual or commonsense approach to reading others can often lead to erroneous predictions. However, you can improve your predictive ability by supplementing intuition with a more systematic approach.

The systematic approach in this text will uncover important facts and provide a base from which to make more accurate predictions of behavior. Underlying this systematic approach is the belief that behavior is not random. Rather, we can identify fundamental consistencies underlying the behavior of all individuals and modify them to reflect individual differences.

These fundamental consistencies are very important. Why? Because they allow predictability. Behavior is generally predictable, and the systematic study of behavior is a means to making reasonably accurate predictions. When we use the term systematic study, we mean looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence—that is, on data gathered under controlled conditions, and measured and interpreted in a rigorous manner.

Evidence-based management (EBM) complements systematic study by basing managerial decisions on the best available scientific evidence. For example, we want doctors to make decisions about patient care based on the latest available evidence, and EBM argues that managers should do the same, becoming more scientific in how they think about management problems. A manager might pose a managerial question, search
for the best available evidence, and apply the relevant information to the question or case at hand. You might think it difficult to argue against this (what manager would say decisions shouldn’t be based on evidence?), but the vast majority of management decisions are made “on the fly,” with little systematic study of available evidence.8

Systematic study and EBM add to intuition, or those “gut feelings” about what makes others (and ourselves) “tick.” Of course, the things you have come to believe in an unsystematic way are not necessarily incorrect. Jack Welch (former CEO of GE) noted, “The trick, of course, is to know when to go with your gut.” But if we make all decisions with intuition or gut instinct, we’re working with incomplete information—like making an investment decision with only half the data about the potential for risk and reward.

Big Data

It is good news for the future of business that researchers, the media, and company leaders have identified the potential of data-driven management and decision making. While “big data”—the extensive use of statistical compilation and analysis—has been applied to many areas of business, increasingly it is applied to making effective decisions and managing human resources. Let’s discuss the roots of this new trend in management, which began over in the marketing department of some of the first online retailers.

It’s difficult to believe it now, but it was not long ago that companies treated online shopping as a virtual point-of-sale experience: shoppers could browse websites anonymously, and sales data were tracked only on what shoppers bought. Gradually, though, online retailers began to track and act upon information on customer preferences that was uniquely available through the Internet shopping experience, information far superior to data gathered in simple store transactions. This enabled them to create more targeted marketing strategies than ever before. The book selling industry is a case in point: Before online selling, brick-and-mortar bookstores could collect data about book sales only to create projections about consumer interests and trends. With the advent of Amazon, suddenly a vast array of information about consumer preferences became available for tracking: what customers bought, what they looked at, how they navigated the site, and what they were influenced by (such as promotions, reviews, and page presentation). The challenge for Amazon then was to identify which statistics were persistent, giving relatively constant outcomes over time, and predictive, showing steady causality between certain inputs and outcomes. The company used these statistics to develop algorithms that let it forecast which books customers would like to read next. Amazon then could base its wholesale purchase decisions on the feedback customers provided, both through passive methods and through solicited recommendations for upcoming titles.

The use of big data for managerial practices is a relatively new area but one that holds convincing promise. A manager who uses data to define objectives, develop theories of causality, and test those theories can determine which employee activities are relevant to the objectives.9 However, we’re not advising that you throw your intuition, or all the business press, out the window. In dealing with people, leaders often rely on hunches, and sometimes the outcomes are excellent. Other times, human tendencies get in the way. Research findings indicate we are likely to be biased toward information that we’ve heard most recently, that has been frequently repeated, or that is of personal relevance. While research findings should be viewed with the same discernment as data output, the prudent use of big data, along with an understanding of human behavioral
tendencies, can contribute to sound decision making and ease natural biases. What we are advising is to use evidence as much as possible to inform your intuition and experience. That is the promise of OB.

**DISCIPLINES THAT CONTRIBUTE TO THE OB FIELD**

Organizational behavior is an applied behavioral science built on contributions from a number of behavioral disciplines, mainly psychology and social psychology, sociology, and anthropology. Psychology’s contributions have been principally at the individual or micro level of analysis, while the other disciplines have contributed to our understanding of macro concepts such as group processes and organization. Exhibit 1-1 is an overview of the major contributions to the study of organizational behavior.
EXHIBIT 1-2

Employment Options


(continued)
Full-time—hours for full-time employment are established by companies, generally more than 30 hours per week in a set schedule, sometimes with salary pay and sometimes with hourly pay, often with a benefit package greater than that for the part-time employment category.

Part-time—hours for full-time employment are established by companies, generally less than 30 hours per week in a set schedule, often with hourly pay, often with a benefit package less than that for the full-time employment category.

Flex-time—an arrangement where the employee and employer create nonstandard working hours, which may be a temporary or permanent schedule; may be an expectation for a number of hours worked per week.

Job share—an arrangement where two or more employees fill one job, generally by splitting the hours of a full-time position that do not overlap.

Contingent—the workforce of outsourced workers (including professional service firms, specialized experts, and business consultants), these employees are paid hourly or by the job and do not generally receive any company benefits and are not considered as part of the company; contingent workers may be also temporary employees or independent contractors.

Independent contractor—an entrepreneur in essence, but often a specialist professional who does not aspire to create a business but who provides services or goods to a company.

Temporary—individuals who may be employed directly by the organization or through an employment agency/temporary agency; their hours may be fixed per week or vary, they do not generally receive any company benefits, and are not considered as part of the company; they are employed either for a short duration or as a trial for an organization's position openings.

Reduced-hours—reduction in the normal employee's work schedule by the employer, sometimes as a measure to retain employees/reduce layoffs in economic downturns as in Germany's Kurzarbeit program, which provides government subsidies to keep workers on the job at reduced hours; employees are only paid for the time they work.

Intern—short-term employment, often with an established term, designed to provide practical training to a pre-professional, either with or without pay.

Anchor—employed with an assigned office, cubicle, or desk space.

Floating—employed with a shared space workplace and no assigned working area.

Virtual—an employee who works through the Internet and is not connected with any office location.

Flexible—an employee who is connected with an office location but may work from anywhere.

Work from home—an employee who is set up by the organization to work from an office at home.

Local—employed in a resident location.

Expatriate—employees who are on extended international work assignments with the expectation that they will return (repatriate) after an established term, usually a year or more; either sent by corporate request or out of self-initiated interest.

Short-term assignee—employees on international assignments longer than business trips yet shorter than typical corporate expatriate assignments, usually 3 to 12 months.

FLEX-employee who travel for brief assignments across cultural or national borders, usually 1 to 2 months.

International business traveler—employees who take multiple short international business trips for 1 to 3 weeks.

Visa employee—an employee working outside of his or her country of residence who must have a work visa for employment in the current country.

Union—employee who is a member of a labor union, often by trade, and subject to its protections and provisions, which then negotiate with management on certain working condition issues, or an employee who works for a nonunion facility or who sometimes elects to stay out of membership in a unionized facility.

Salary—employee compensation based on a full-time workweek, where the hours are generally not kept on a time clock but where it is understood that the employee will work according to job needs.

Hourly—employee compensation for each hour worked, often recorded on time sheets or by time clocks.

Overtime—for hourly employees, compensation for hours worked that are greater than the standard workweek and paid at an hourly rate determined by law.

Bonus—compensation in addition to standard pay, usually linked to individual or organizational performance.

Contract—prenegotiated compensation for project work, usually according to a schedule as the work progresses.

Time off—either paid or unpaid; negotiated time off according to the employment contract (including vacation time, sick leave, and personal days) and/or given by management as compensation for time worked.

Benefits—generally stated in the employment contract or the Human Resources Employee Handbook; potentially include health insurance plans, savings plans, retirement plans, discounts, and other options available to employees at various types of employment.

### EXHIBIT 1-2

Employment Options (continued)
Responding to Globalization

Organizations are no longer constrained by national borders. Burger King is owned by a British firm, and McDonald's sells hamburgers in more than 100 companies in six continents. ExxonMobil, a so-called U.S. company, reported that less than 6 percent of its 2011 earnings were from gas and natural products sales in the United States. New employees at Finland-based phone maker Nokia are increasingly being recruited from India, China, and other developing countries—non-Finns now outnumber Finns at their renowned research center in Helsinki. And all major automobile makers now manufacture cars outside their borders; Honda builds cars in Ohio, Ford in Brazil, Volkswagen in Mexico, and both Mercedes and BMW in South Africa.

The world has indeed become a global village. In the process, the manager's job has changed. Effective managers will anticipate and adapt their approaches to the global issues we discuss next.

INCREASED FOREIGN ASSIGNMENTS If you're a manager, you are increasingly likely to find yourself in a foreign assignment—transferred to your employer's operating division or subsidiary in another country. Once there, you'll have to manage a workforce very different in needs, aspirations, and attitudes from those you are accustomed to back home. To be effective, you will need to understand everything you can about your new location's culture and workforce—and demonstrate your cultural sensitivity—before introducing alternate practices.

WORKING WITH PEOPLE FROM DIFFERENT CULTURES Even in your own country, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures.

What motivates you may not motivate them. Or your communication style may be straightforward and open, which others may find uncomfortable and threatening. To work effectively with people from different cultures, you need to understand how their culture, geography, and religion have shaped them and how to adapt your management style to their differences.

OVERSEEING MOVEMENT OF JOBS TO COUNTRIES WITH LOW-COST LABOR It is increasingly difficult for managers in advanced nations, where minimum wages are typically $6 or more an hour, to compete against firms that rely on workers from China and other developing nations where labor is available for 30 cents an hour. In a global economy, jobs tend to flow where lower costs give businesses a comparative advantage, though labor groups, politicians, and local community leaders see the exporting of jobs as undermining the job market at home. Managers face the difficult task of balancing the interests of their organizations with their responsibilities to the communities in which they operate.

ADAPTING TO DIFFERING CULTURAL AND REGULATORY NORMS "Going global" for a business is not as simple as typing in an overseas e-mail address, shipping goods off to a foreign port, or building facilities in other countries. To be successful, managers need to know the cultural norms of the workforce in each country where they do business. For instance, in some countries a large percentage of the workforce enjoys long holidays. There will be country and local regulations to consider, too. Managers of subsidiaries
abroad need to be aware of the unique financial and legal regulations applying to "guest companies" or else risk violating them. Violations can have implications for their operations in that country and also for political relations between countries. Managers also need to be cognizant of differences in regulations for competitors in that country; many times, the laws will give national companies significant financial advantages over foreign subsidiaries.

Managing Workforce Diversity

One of the most important challenges for organizations is workforce diversity, the concept that organizations are becoming more heterogeneous in terms of gender, age, race, ethnicity, sexual orientation, and inclusion of other diverse groups. Whereas globalization focuses on differences among people from different countries, workforce diversity addresses differences among people within given countries.

Workforce diversity acknowledges a workforce of women and men, many racial and ethnic groups, individuals with a variety of physical or psychological abilities, and people who differ in age and sexual orientation. Managing diversity is a global concern. Though we have more to say about workforce diversity later, suffice it to say here that diversity presents great opportunities and poses challenging questions for managers and employees in all countries. How can we leverage differences within groups for competitive advantage? Should we treat all employees alike? Should we recognize individual and cultural differences? How can we foster cultural awareness in employees without lapsing into stereotyped political correctness? What are the legal requirements in each country? Does diversity even matter?

Improving Customer Service

Service employees include technical support representatives, fast-food counter workers, sales clerks, nurses, automobile repair technicians, consultants, financial planners, and flight attendants. The shared characteristic of their jobs is substantial interaction with an organization’s customers. OB can help managers increase the success of these interactions by showing how employee attitudes and behavior influence customer satisfaction.

Many an organization has failed because its employees failed to please customers. OB can provide considerable guidance in helping managers create customer-friendly cultures in which employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what’s necessary to please the customer.

Improving People Skills

As you proceed through the chapters of this text, we’ll present relevant concepts and theories that can help you explain and predict the behavior of people at work. You’ll also gain insights into specific people skills you can use on the job. For instance, you’ll learn ways to design motivating jobs, techniques for improving your management skills, and skills to create more effective teams.

Working in Networked Organizations

Networked organizations allow people to communicate and work together even though they may be thousands of miles apart. Independent contractors can telecommute via computer to workplaces around the globe and change employers as the demand for their
services changes. Software programmers, graphic designers, systems analysts, technical writers, photo researchers, book and media editors, and medical transcribers are just a few examples of people who can work from home or other non-office locations.

The manager’s job is different in a networked organization. Motivating and leading people and making collaborative decisions online require different techniques than when individuals are physically present in a single location. As more employees do their jobs by linking to others through networks, managers must develop new skills. OB can provide valuable insights to help hone those skills.

**Enhancing Employee Well-Being at Work**

The typical employee in the 1960s or 1970s showed up at a specified workplace Monday through Friday and worked for clearly defined 8- or 9-hour chunks of time. That’s no longer true for a large segment of today’s workforce as even the definition of the workplace has been expanded to include anywhere a laptop or smartphone can go. Even if employees work at home or from half a continent away, managers need to consider their well-being at work.

One of the biggest challenges to maintaining employee well-being is that organizations are asking employees to put in longer hours, either in the office or online. Employees are increasingly complaining that the line between work and non-work time has become blurred, creating personal conflicts and stress. Second, employee well-being is challenged by heavy outside commitments. Millions of single-parent households and employees with dependent parents are significantly challenged in balancing work and family responsibilities, for instance.

As a result of their increased responsibilities in and out of the workplace, recent studies suggest employees want jobs that give them flexibility in their work schedules so they can better manage work-life conflicts. Organizations that don’t help their people achieve work-life balance will find it increasingly difficult to attract and retain the most capable and motivated employees. As you’ll see in later chapters, the field of OB offers a number of suggestions to guide managers in designing workplaces and jobs that can help employees reduce work-life conflicts.

**Creating a Positive Work Environment**

A real growth area in OB research is **positive organizational scholarship** (also called positive organizational behavior), which studies how organizations develop human strengths, foster vitality and resilience, and unlock potential. Researchers in this area say too much of OB research and management practice has been targeted toward identifying what’s wrong with organizations and their employees. In response, they try to study what’s good about them. Some key independent variables in positive OB research are engagement, hope, optimism, and resilience in the face of strain.

Positive organizational scholars have studied a concept called “reflected best-self”—asking employees to think about when they were at their “personal best” in order to understand how to exploit their strengths. The idea is that we all have things at which we are unusually good, yet we too often focus on addressing our limitations and too rarely think about how to exploit our strengths.
Although positive organizational scholarship does not deny the value of the negative (such as critical feedback), it does challenge researchers to look at OB through a new lens and pushes organizations to exploit employees’ strengths rather than dwell on their limitations.

**Improving Ethical Behavior**

In an organizational world characterized by cutbacks, expectations of increasing productivity, and tough competition, it’s not surprising many employees feel pressured to cut corners, break rules, and engage in other questionable practices.

Increasingly employees face ethical dilemmas and ethical choices, in which they are required to identify right and wrong conduct. Should they “blow the whistle” if they uncover illegal activities in their company? Do they follow orders with which they don’t personally agree? Do they “play politics” to advance their career?

What constitutes ethical behavior has never been clearly defined and, in recent years, the line differentiating right from wrong has blurred. Employees see people all around them engaging in unethical practices—elected officials pad expense accounts or take bribes; corporate executives inflate profits so they can cash in lucrative stock options; and university administrators look the other way when winning coaches encourage scholarship athletes to take easy courses. When caught, these people give excuses such as “Everyone does it” or “You have to seize every advantage nowadays.”

Determining the ethically correct way to behave is especially difficult in a global economy because different cultures have different perspectives on certain ethical issues. Fair treatment of employees in an economic downturn varies considerably across cultures, for instance. As we’ll see, perceptions of religious, ethnic, and gender diversity differ across countries. Is it any wonder employees are expressing increasing uncertainty about what is appropriate ethical behavior in their organizations?

Today’s manager must create an ethically healthy climate for employees where they can do their work productively with minimal ambiguity about right versus wrong behaviors. Companies that promote a strong ethical mission, encourage employees to behave with integrity, and provide strong leadership can influence employee decisions to behave ethically. In upcoming chapters, we’ll discuss the actions managers can take to create an ethically healthy climate and help employees sort through ambiguous situations.

**COMING ATTRACTIONS: DEVELOPING AN OB MODEL**

We conclude this chapter by presenting a general model that defines the field of OB and stakes out its parameters, concepts, and relationships. Through studying the model, you will have a good picture of how the topics in this text can inform your approach to management issues and opportunities.

**An Overview**

A model is an abstraction of reality, a simplified representation of some real-world phenomenon. Exhibit 1-3 presents the skeleton of our OB model. It proposes three types of variables (inputs, processes, and outcomes) at three levels of analysis (individual, group, and organizational). In the chapters to follow, we will proceed from the
individual level (Chapters 2 through 8) to group behavior (Chapters 9 through 14) to the organizational level (Chapters 15 through 17). The model illustrates that inputs lead to processes which lead to outcomes; we will discuss these interrelationships for each level of analysis. Notice that the model also shows that outcomes can influence inputs in the future, which highlights the broad-reaching effect OB initiatives can have on an organization’s future.

**SUMMARY**

Managers need to develop their interpersonal, or people, skills to be effective in their jobs. Organizational behavior (OB) investigates the impact that individuals, groups, and structure have on behavior within an organization, and it applies that knowledge to make organizations work more effectively.

**IMPLICATIONS FOR MANAGERS**

- Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous.
- Use metrics and situational variables rather than “hunches” to explain cause-and-effect relationships.
- Work on your interpersonal skills to increase your leadership potential.
- Improve your technical skills and conceptual skills through training and staying current with organizational behavior trends like big data.
- Organizational behavior can improve your employees’ work quality and productivity by showing you how to empower your employees, design and implement change programs, improve customer service, and help your employees balance work–life conflicts.
In Personal Inventory Assessment found in MyManagementLab take assessment:
Multicultural Awareness Scale

🌟 WRITING SPACE

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

I-1. How might managers overcome the challenges and opportunities of using OB concepts in the workplace?
Diversity in Organizations

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When you see this icon, visit www.mymanagementlab.com for activities that are applied, personalized, and offer immediate feedback.

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.8

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 serious negative
<table>
<thead>
<tr>
<th>Type of Discrimination</th>
<th>Definition</th>
<th>Examples from Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discriminatory policies or practices</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>Sexual harassment</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>Intimidation</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>Mockery and insults</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>Exclusion</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>Incivility</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>

EXHIBIT 2-1
Forms of Discrimination


The 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 surface-level characteristics that differentiate members of the workforce.
BIOGRAPHICAL CHARACTERISTICS

Biographical characteristics such as age, gender, race, disability, and length of service 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.\(^9\) 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.\(^10\)

Employers express mixed feelings about the older worker.\(^11\) 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.\(^12\) 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.\(^13\) 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.\(^14\)

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 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 combatting 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
Chapter 2 • Diversity in Organizations

...less this pers-gests that yeas, and roportion earn less is (giving in many allocated percent for ning they men and discrimi- nate feelings tion, and that com- parison likely to turnover ricularly medium- there are issue, but consistently, especially when highly structured methods of decision making reduce the opportunity for discrimination. Second, most research shows that members of racial and ethnic minorities report higher levels of discrimination in the workplace. 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. 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 than others. For instance, U.S. advertising and media organizations suffer a lack of racial diversity in their management ranks even though their client base is increasingly ethnically diverse.

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). 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.

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, so creating diverse work groups focused on mutual goals could be helpful, along with developing a positive diversity climate.

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. 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 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. 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.\(^43\) 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.\(^44\) 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.\(^45\)

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.\(^46\) 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.\(^47\) Tenure is also a potent variable in explaining turnover. The longer a person is in a job, the less likely he is to quit.\(^48\) 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.\(^49\)

Research indicates tenure and job satisfaction are positively related.\(^50\) 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
<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>

**EXHIBIT 2-2**

Dimensions of Intellectual Ability

Individuals. 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.\(^6\)

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.\(^6\) 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.\(^6\)

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.
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>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dynamic strength</td>
<td>Ability to exert muscular force repeatedly or continuously over time.</td>
</tr>
<tr>
<td>2. Trunk strength</td>
<td>Ability to exert muscular strength using the trunk (particularly abdominal) muscles.</td>
</tr>
<tr>
<td>3. Static strength</td>
<td>Ability to exert force against external objects.</td>
</tr>
<tr>
<td>4. Explosive strength</td>
<td>Ability to expend a maximum of energy in one or a series of explosive acts.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flexibility Factors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Extent flexibility</td>
<td>Ability to move the trunk and back muscles as far as possible.</td>
</tr>
<tr>
<td>6. Dynamic flexibility</td>
<td>Ability to make rapid, repeated flexing movements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Factors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Body coordination</td>
<td>Ability to coordinate the simultaneous actions of different parts of the body.</td>
</tr>
<tr>
<td>8. Balance</td>
<td>Ability to maintain equilibrium despite forces pulling off balance.</td>
</tr>
<tr>
<td>9. Stamina</td>
<td>Ability to continue maximum effort requiring prolonged effort over time.</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. Esey, 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 to supervisors is more important for
Chapter 2 • Diversity in Organizations

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.

PERSONAL INVENTORY ASSESSMENT

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

WRITING SPACE

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?