



PARTNERS IN BUSINESS & COMMUNITY



Understanding



Resources Available on Diversity in the Workplace

By

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Introduction

The purpose of this summary paper is to highlight key learnings drawn from our review of the academic and practitioner literatures on workplace diversity. In each section, we have summarized key points, and we encourage readers who are interested in these summaries to follow-up with the reference in the attached appendix for more detail (and the original source itself).

Our focus in approaching this literature review has been on how diversity can be leveraged to be an asset for an organization. As Tsui & Gutek (1999, p. 179) write, “whether demographic diversity is a liability or an asset depends on the willingness of people in organizations to develop an understanding of demographic dynamics and on the initiative of people to take actions to capitalize on the resources that diverse individuals can bring.” Interestingly, the literature concludes that there is no definitive business performance advantage to conducting workplace diversity initiatives. What is clear, however, is that there are a myriad of practical, moral, and contextual reasons for incorporating a workplace diversity awareness and culture within organizations.

Whether or not the business case for diversity exists, the reality is that businesses in Canada will need to adapt to an increasingly diverse labour force. In a 2008 report, the BC Chamber of Commerce estimates that by 2015 there will be one million new job openings in BC; however given current birth and immigration rates, there will be a labour shortfall of 350,000. By 2030, the Chamber expects 100% of net labour force growth will be through immigration and that Canada will need to increase immigration three-fold for the next fifty years in order to meet this labour force demand (BC Chamber of Commerce, 2008). In light of these dramatic statistics, the debate surrounding the business case for diversity seems inconsequential: in the near future diversity will likely be an unavoidable reality of conducting business in BC and organizations ought to be prepared to adapt. Since there is no evidence suggesting a link between diversity and improved organizational performance, diversity should be viewed as “a labour market imperative, a societal expectation and value” (Kochan et al., 2003 p. 18).

More specifically in Surrey, the following statistics indicate that within BC, Surrey will face rapid and province-leading shifts in the cultural composition of the city (Multicultural and Immigration Branch, BC Government, February 2008):

- The total population in Surrey is growing rapidly, with an increasing immigrant and non-immigrant population.
- The immigrant population is growing faster than the non-immigrant population, 31.0% compared to 4.6% over the past five years.
- Immigrants' share of total population increased from 33.2% in 2001 to 38.3% in 2006.
- In Surrey, the total population growth rate is closely connected to the growth rate of immigrants with more than ten years of Canadian residency.
- During the last ten years, Surrey had the fastest-growing immigrant population (67.0%)

- In the past five years, Surrey and New Westminster were the only two cities in Metro Vancouver that had an increase in the number of immigrants with less than five years of Canadian residency.
- In 2006, one in five immigrants living in Surrey had less than five years of Canadian residency.

In the following sections, we outline how organizations may most effectively frame and implement diversity workplace programs. We begin with defining diversity, followed by sections on the business case for diversity, best practices for implementing diversity strategies, identifying barriers to diversity initiatives, and finally, suggestions for how to best measure and monitor diversity efforts. Our discussion is aimed directly at business operations and organizational development; however, learnings presented here are also relevant to government programs and community agencies that deal with immigrant and cultural diversity issues at the community level.

Definition of Diversity

The term ‘diversity’, when applied to human populations can have a myriad of meanings. For example, Tsui & Gutek (1999, p. 131) use the term demographic diversity to mean “any characteristic that can serve as a basis for social categorization and self-identification.” Similarly, for Lumby (2009, p. 356) diversity “signif[ies] inclusion in a population of those deemed to be ‘other’ than the majority or dominant group.” Within this broader understanding of diversity as “other”, several types of diversity can be distinguished. For Tsui & Gutek (1999) an important distinction is between visible and non-visible types of diversity. ‘Visible diversity’ includes characteristics such as age, skin colour, language, physical disability, or gender, while ‘non-visible diversity’ includes religion or educational background (i.e. characteristics about a person that can only be discovered after either written or oral communication). Lumby (2009) also recognizes these two types of diversity but refers to them as ‘observable’ and ‘non-observable characteristics’, pointing out that immediately detectable characteristics are “likely to be the most influential in that they are discerned immediately and tend to cement often stereotypical assumptions which are then not easily shaken” (p. 356).

Pelled (1996) usefully distinguishes between ‘less job-related diversity’ and ‘highly job-related diversity’. The former tends to be those characteristics which are immediately discernible, such as age, gender, or race but have no bearing on a person’s technical skills or ability to perform a task. Highly job-related diversity is not visibly obvious and includes education and functional background diversity (e.g. past job experience), which are more likely to have an impact on job performance. For the purposes of this paper, we will focus on less job-related diversity, including race, gender, religion, and age - from now on to be referred to as ‘demographic diversity’ or simply ‘diversity’.

The Case for Diversity

While many reports and studies refer to the business case for diversity either explicitly or implicitly, actual evidence that shows a direct correlation between increased diversity

and improved organizational performance is minimal at best. Whether or not implementing diversity policies has a direct impact on the bottom line, there are still compelling arguments for adopting diversity policies and practices, including practical responses to various issues as well as social justice and moral arguments. This section will briefly outline the benefits to organizations of adopting diversity policies and practices, and will briefly summarize several studies that found no evidence for the existence of a business case. A later section will demonstrate the importance of thoughtfully and comprehensively introducing diversity strategies to an organization in order to realize the most benefit.

Kirton & Greene (2005) distinguish between the business case for diversity and the social justice, or moral case for diversity. From a social justice/moral perspective, employers are seen to have a duty to increase diversity within their organizations in order to reduce disadvantages experienced by some social groups. In contrast, the business case focuses on how workforce diversity can further organizational objectives. While both views have legitimacy, organizations that embrace diversity by linking the two cases will realize advantages associated with conducting ethical business practices. This legitimacy is necessary if an organization is to flourish in the long term (Kirton & Greene, 2005). Similarly, Özbilgin, Mulholland, Tatli, & Worman (2008) believe that “separating legal obligations and behaving morally from the business case is pedantic nonsense” (p. 9). Instead, organizations should concentrate on “introducing techniques and interventions that enable people to work better because of their diversity and not in spite of it” (p. 6).

Knouse and Dansby (1999) hypothesize that there are several reasons why an organization may realize a business case for diversity, such as increased synergy among staff, varied network contacts, and staff taking on varied roles and tasks. Weiner (1997) summarizes the business case for diversity, stating that, “valuing diversity means recognizing that differences are not absolute but are variable and that differences enable an organization to be more effective because it can capitalize on the heterogeneity of perspectives and talent to find the superior solution for each particular situation” (p. 6).

According to Tsui & Gutek (1999) organizations that embrace diversity will realize three main benefits. First, if an organization seeks to attract diverse applicants, it will be drawing from a larger talent pool. Diversity may also be seen as an intellectual resource in that people with different backgrounds will have a different way of perceiving, analyzing, and understanding a problem, which may create opportunities and options for the organization. Finally, diversity is a social resource, enriching the social environment of the workplace (Tsui & Gutek, 1999).

Organizations that adopt diversity policies and integrate diversity into their organizational culture should see decreased costs in terms of lower worker turnover (Wilson, 1997; Strandberg, 2009; Baklid, Cowan, MacBride-King, & Mallett, 2005). In research conducted by Strandberg (2009), it was found that the average cost for replacing a worker is \$50,000 due to lost output, recruitment, and training (although this

figure drops to \$3500 for an \$8/hour employee). Baklid et al. (2005) see employees with diverse backgrounds as bringing stronger client relationships and expanded business opportunities to an organization, along with enhanced creativity and decision-making. Further, organizations with greater staff diversity will be able to tap into new markets more effectively (Wilson, 1997; Tsui & Gutek, 1999); enjoy marketing advantages (Weiner, 1997); generate more innovative ideas (Wilson, 1997; Tsui & Gutek, 1999) and be regarded as socially conscious and progressive (Baklid et al., 2005).

Despite the above compelling arguments for the existence of a business case, studies that have attempted to find conclusive evidence that increasing diversity does improve organizational performance have yielded limited results (Mannix & Neale, 2005; Webber & Donahue, 2001; Kochan et al, 2003). Hartenian & Gudmundson (2000) found only weak support for a positive link between workforce diversity and organizational performance. An extensive literature review performed by Shoobridge (2006) found that few studies have actually been done that focus exclusively on the link between workforce diversity of an organization and business performance. Instead, the majority of literature looks at human resources indicators (such as job satisfaction, employee turnover, average salaries, etc.) that do not demonstrate how diversity management strategies can have a positive effect on the bottom line of an organization. However, of the few studies that did focus on the link between workforce diversity of an organization and business performance, a positive impact was found that could be measured at both managerial and organizational levels. No in Shoobridge's review linked ethnicity to characteristics related to business strategy (Shoobridge, 2006).

Research by Mannix & Neale (2005) shows that diversity can have negative effects on various aspects of an organization, including poor social integration, communication difficulties, and increased group conflict, all of which can lead to poorer performance and lower overall levels of satisfaction for group members. From a psychological perspective, greater diversity in work groups may lead to poorer performance as members may feel that adequate commonalities required for cohesion are absent: this could potentially lead to intra-group conflict (Knouse & Dansby, 1999). Although Webber and Donahue (2001) find no evidence in their study that diversity will affect group cohesion or performance, the authors point out that organizational context (e.g. an organization's culture) was not taken into account and may have an influence.

In a study conducted by Kochan et al. (2003), gender and racial diversity had neither a positive nor negative effect on business performance. Some firms exhibited negative effects of racial diversity but these were allayed through training initiatives. The study also found that racial diversity may enhance an organization's performance if the environment of that organization promotes learning from diversity. Therefore, the study concludes that organizations should focus on the conditions that leverage benefits from diversity. Kochan et al. (2003) summarize their study by stating, "The simplistic business case of the past is simply not supported in our research. Our experience and findings in these companies suggest that those who want to invoke a business case to advance the cause of diversity need to modify the way they frame the argument" (p. 17).

For example, instead of focusing on the traditional case for diversity, organizations should instead view diversity as,

...an opportunity for everyone in an organization to learn from each other how better to accomplish their work and an occasion that requires a supportive and cooperative organizational culture as well as group leadership and process skills that can facilitate effective group functioning. Organizations that invest their resources in taking advantage of the opportunities that diversity offers should outperform those that fail to make such investments (Kochan et al., 2003, p. 18).

In research that investigated the diversity training initiatives of 53 corporations, Davidson (1999) discovered that diversity initiatives are undertaken because of a perceived business case for diversity. However, among four hundred Fortune 500 companies with diversity programs, only 26 per cent of executives considered diversity as very important, leading Davidson (1999) to conclude that there is a difference between what companies say they are motivated by and what is actually the impetus for initiating diversity programs. If not for improving the bottom line, there are several alternative explanations for why organizations may institute diversity policies, for example: in response to problems that have arisen; in order to keep up with other organizations that have implemented similar policies; and in order to appeal to broader society which may feel that diversity policies are a measure of fairness and justice (Davidson, 1999).

This section has demonstrated that diversity will not lead to improved business performance in a simplistic way. However, as proceeding sections will make clear, carefully implementing diversity policies, initiatives, and strategies can ensure that diversity becomes an asset to an organization. As Cunningham (2009) concludes, while there may not be an automatic link between diversity and business performance, "the business case for diversity is likely to be realized when diversity is ingrained into the fabric of the organization, its mission, policies and practices; when diverse persons hold positions of power; and when all people, irrespective of their individual differences, contribute to the organization's success" (p. 1456).

Implementing Diversity Strategies: Best Practices

Realizing the benefits from a diverse workforce requires a thoughtful and rigorous diversity management strategy. An effective diversity strategy is one that constructs links between relevant diversity issues and key business objectives (Wilson, 1997). Not only should diversity initiatives be long-term in scope but they also need to go beyond dealing with isolated disputes (Weiner, 1997; Davidson, 1999). As Davidson (1999) succinctly states, "conceiving of diversity change initiatives merely as tools to repair or pre-empt an episodic crisis fails to capitalize on the impact of diversity change efforts have on the broader organization and the way business is conducted." While many different guidelines and frameworks have been proposed in the literature about how to build an inclusive workplace, the general recommendations are all similar. We have

compiled and summarized research on how to best implement diversity strategies (i.e. best practices) as well as various guidelines and frameworks.

Davidson (1999) proposes several tactics for designing diversity change initiatives. First an assessment should be done which looks at the dimensions of diversity specific to that organization. Research should be undertaken which seeks to understand the experiences of minority groups within the organization and how the culture and systems of the organization might be modified in order to improve these experiences. Oppression and privilege identified within the organization must be addressed directly and both parties must find creative ways to solve the problems collaboratively (Davidson, 1999).

The North Shore Multicultural Society's (NSMS) *Guidebook for Diversity and Organizational Change* (n.d.) suggests four stages for organizations that want to implement diversity-related organizational change. Stage one, "Define", occurs when people within the organization decide it is time to initiate change. At this stage, organizations need to investigate the issue of diversity and determine which aspects are relevant to them. This entails looking at the demographics of the surrounding community and deciding if the organization is representative. At this stage organizations may also consider the Hastings Institute Model for Organizational Change and Working Towards Cultural Competence (outlined within the North Shore Multicultural Society guide), which offers nine stages of cultural competence.

Stage two in the NSMS *Guidebook* is "Discover", where organizations conduct organizational assessments to understand what people within and outside the organization need so that the organization can respond effectively, including setting priorities and making long- and short-range plans. NSMS includes an organizational assessment template tool in its guidebook to help organizations through this stage. Stage three, "Discuss", encourages organizations to improve communication with stakeholders affected by the implementation of the new diversity strategies. Stage four, "Develop", is the final implementation stage, where the organization develops a vision and an overall framework for developing goals and specific actions (NSMS, n.d.).

According to McMahon (2006), several factors should be considered when initiatives are reviewed for adoption. First, it is important that initiatives are system-wide, tied to an explicit mission or vision statement, and are clearly communicated to clients and employees. It is important to consider the language that is used to communicate diversity initiatives, as positive goals can sometimes be met with negative reactions if not communicated properly: "When organizations frame many initiatives for their external advantage, language variations and internal inconsistencies are likely. This can lead to a sense of cynicism about those initiatives" (McMahon, 2006).

Baklid, Cowan, MacBride-King, & Mallett, 2005 identify what they call 'critical actions' which drive diversity and create an inclusive work environment. 'Communicating' is the first critical action, where management should communicate to all staff members the value of diversity to the organization, including the organization's diversity policies and programs. Baklid et al., (2005) suggest that organizations do this through hosting town

hall meetings or via newsletters brochures, or internal listserves. The next critical action organizations can undertake is to provide diversity training that serves to achieve several goals: promoting a positive attitude towards diversity, improving organizational and financial performance, and improving employee satisfaction. Another critical action for organizations is to become more accommodating to a diverse workforce, through actions such as providing flexible work arrangements or prayer rooms (Baklid et al., 2005).

The Role of Management in Implementing Diversity Strategies

One of the most critical aspects of building an inclusive organization is ensuring that management is highly committed to the initiative and can effectively work with staff from diverse backgrounds. Senior leaders are the ones that “hold the reins in the drive to cultivate inclusive workplace cultures. Their sustained support for diversity is the linchpin in the move toward full equity for visible minorities” (Baklid et al., 2005, p. 57). Senior leaders can communicate and stress the importance of diversity to their organization, to employees and to the general public. Senior leaders can also build diversity results into accountability and performance reviews for all employees (Baklid et al., 2005; Weiner, 1997) and ensure that there are adequate human and financial resources to carry out diversity initiatives, thereby demonstrating that diversity is a business imperative (Baklid et al., 2005).

Managing a diverse staff requires a certain knowledge base and specialized skills and competencies that need to be learned. According to Özbilgin, Mulholland, Tatli, & Worman (2008) some of these include: up-to-date knowledge of the latest diversity management techniques; an in-depth understanding of the business case for diversity; the ability to communicate effectively and share knowledge about internal and external diversity issues; and access to various networks to build on this knowledge and share experiences. Although managing diversity is in its infancy, it is clear that organizations must move beyond implementing obvious diversity-related policies like recruiting and retaining diverse employees and begin to introduce new management techniques that will enable people to work better because of diversity and not in spite of it (Özbilgin et al, 2008).

Day (2008) recognizes that managing a multicultural team can be challenging and proposes a set of guidelines designed to maximize the productivity and input of each team member. First team managers should approach diversity using a developmental approach, recognizing that those with different cultural backgrounds have different expectations, assumptions, values, and behaviors and that these differences should be viewed as an opportunity rather than a hindrance. Secondly, team managers should work to improve communication among team members through creating a work environment where differences are acknowledged. Day (2008) suggests that training should be interactive and that trainees are given the opportunity to share impressions, experiences, and problems with each other. Managers should help team members understand the cultural logic behind various behaviours (Day, 2008).

Strategic Diversity Management (SDM) is one technique for helping leaders and others

“make quality decisions in situations where there are critical differences, similarities, and tensions” (Thomas, 2006, p. 103). Cunningham (2009) emphasizes the importance of using a well-considered diversity management strategy and assessing how that strategy will work with the particular diversity situation within the organization, writing that positive effects will result if diversity is coupled with a proactive diversity management strategy. A proactive diversity management strategy is one that will realize the benefits of diversity through encouraging active debate of issues, cooperation, and freedom to express doubt (Cunningham, 2009).

Thomas (2006) identifies five fundamental components of SDM. The first component involves developing a shared understanding of core diversity concepts and principles. The next component includes determining critical diversity issues – those that make a compelling business case – and deciding how best to respond to them. Third, diversity efforts must be ‘requirements driven’ and focus intently on how to accomplish the organization’s mission, vision, and strategy. The fourth component of SDM encourages decision makers to consider the diversity aspirations of individuals within the organization as they may differ from the goals of the organization and may undermine diversity initiatives. Lastly, since SDM must be applied universally across an organization in order to be most effective, practice sessions are necessary to prepare everyone within the organization for the full adoption of diversity strategies (Thomas, 2006).

In addition to identifying the fundamental components of SDM, Thomas (2006) lays out a five-step framework for using SDM within an organization. Step one of the framework asks decision-makers to examine the context in which decisions are being made, such as the mission and vision of the organization as well as its external environment. The next step is to identify the differences and similarities among diverse staff as well as clarify the agendas and priorities of each. Third, decision-makers need to understand the tensions that have arisen as a result of this diversity. Decision-makers should uncover the nature of the tensions, their sources and causes, and assess if the tensions are affecting the ability of good decisions to be made. Step four encourages decision-makers to identify their desired end state and imagine the factors that would hinder or help achieve this end state. Finally, step five offers suggestions on how to deal with conflict, including taking into account previous responses to similar problems and the benefits/drawbacks that resulted as well as options that have the greatest likelihood of gain, such as third-party interventions (Thomas, 2006).

In terms of human resource (HR) management, HR managers should focus on developing a workplace culture that views diversity as a positive. This can be done through adopting a more analytical approach, through linking HR practices to business performance, supporting experimentation and evaluation, and offering training to build group skills (Kochan et al., 2003). Kirton & Greene (2005) suggest several areas where HR managers can integrate diversity policies. In recruitment and selection processes, an application form can be used instead of a CV, which will allow for standardized information to be collected. Organizations should avoid word-of-mouth methods of advertising job openings, which will limit the number of diverse applicants. Instead job advertisements should be placed where they will reach the largest number of diverse

applicants. In training and development exercises, HR managers should clearly communicate diversity policies and instruct managers and employees of their related roles and duties. Training and development exercises can be excellent spaces to dissolve instances of segregation and build a more cohesive workforce. Finally, HR managers can review the terms and conditions of employment to ensure that they are equitable (Kirton & Greene, 2005).

Diversity Training

It has been noted in diversity literature that little research has been done to assess whether information learned in training workshops is transferred back to the work setting (Combs & Luthans, 2007; Roberson, Kulik & Pepper, 2001; Weithoff, 2004). Yet a number of observers have stressed that diversity training is an imperative to building culturally diverse organizations (Chrobot-Mason & Quiñones, 2002; Weiner, 1997; Baklid et al., 2005). As Combs and Luthans (2007) write, "diversity training seeks to promote a positive diversity climate by influencing actual and intended interactions of employees with diverse coworkers, and clients." (Combs & Luthans, 2007, p. 92).

Weiner (1997) suggests that diversity training should focus on helping employees develop cultural literacy skills and that the focus of training sessions should be on differences, not on past instances of discrimination. When first embarking on diversity training, sessions should be slowly integrated into other training modules and should not necessarily be mandatory. Instead, managers should frame diversity training as a key part of succeeding in the organization. (Weiner, 1997)

In an effort to integrate research findings in the training literature with diversity training in practice, Chrobot-Mason & Quiñones (2002) propose a diversity training framework. The framework includes four phases with steps to accomplish in each phase. In phase one, 'Preparing for Diversity Training', organizations assess the nature and severity of their diversity problems in order to design appropriate content and training delivery mechanisms. In this phase organizations should undertake an organizational analysis and a personnel analysis to determine goals, challenges, internal and external constraints to effective diversity training, as well as who in the organization needs training and how that training should be conducted. Clear training objectives should be developed in this phase and should be accompanied by specific skill- and awareness-building goals and action-planning targets (Chrobot-Mason & Quiñones, 2002).

Phase two of Chrobot-Mason & Quiñones' (2002) diversity training framework is 'Developing Training Content and Process'. In this phase, organizations focus on achieving the goals and targets set out in phase one. Trainees are educated and informed about inappropriate behaviors and negative consequences of bias and discrimination; develop the necessary skills to change their behavior; and commit to organizational and personal change. Organizations critically examine their organizational processes, policies, and practices to determine where bias and discrimination occurs and seek input from trainees on the kinds of changes that might be required (Chrobot-Mason & Quiñones, 2002).

'Planning for Success' is the third phase of the diversity training framework. Here, Chrobot-Mason & Quiñones (2002) stress that there must be buy-in from management in order for diversity initiatives to be implemented. If management does not show commitment to diversity, employees are less likely to value diversity initiatives; in turn, this could alienate minority employees who may feel betrayed if promises made by the organization are not kept. It is important as well that key stakeholders understand their role in supporting diversity and that there is an organization-wide philosophy that supports and enforces diversity efforts. Diversity training should be organized so that everyone in the organization is included and that training groups include balanced numbers of minority and non-minority employees (Chrobot-Mason & Quiñones, 2002).

Finally, phase four of the diversity training framework, 'Evaluation and Maintaining the Intervention' encourages organizations to develop measurable evaluation criteria to assess the effectiveness of diversity initiatives. Such evaluation may include 360 degree feedback, completion rates of action plans, and employee satisfaction evaluations, etc. It is suggested that positive diversity behaviors are incorporated into performance appraisals and that employees are allowed time off for refresher courses (Chrobot-Mason & Quiñones, 2002).

In order for diversity training to be effective, organizations must have buy-in from all employees (Holladay, Knight, Paige & Quiñones, 2003). Weithoff (2004) uses the theory of planned behavior (TPB), which supposes that behavioral intentions are the main determinants of behavior, to explain why and how adult learners are motivated to learn diversity-friendly behaviors. Combining this theory with her own research, Weithoff (2004) proposes several hypotheses, including that employees who perceive their workplace as highly diverse will be more motivated to learn than those who do not; that employees who believe that their immediate supervisor supports diversity training will report higher motivation to learn than will employees who do not; and that employees who have experienced diversity related difficulties on the job will report higher motivation to learn than those who have not.

As Davidson (1999) has observed, immediately after diversity change training sessions, participants report experiencing transformative personal change. However, in the long run, not much changes in the way diversity is managed in an organization, despite resources invested and widespread agreement as to the importance of diversity. In their research, Roberson, Kulik & Pepper (2001) ask if the composition of training groups has any bearing on the effectiveness of diversity training. Their conclusions are that training group composition "had no main effect on any cognitive, attitudinal, or behaviour outcomes" (p. 879) but that trainees who have had previous experience with diversity training have better learning outcomes if they are placed in culturally homogeneous groups. This is because those with prior diversity training experience will want to focus on developing their skills, which is best done in homogeneous groups. However, this does not hold true if trainees are already very comfortable with each other (Roberson, Kulik & Pepper, 2001). Holladay, Knight, Paige & Quiñones (2003) have also investigated various factors that may have an impact on diversity training learning outcomes. One of their findings was that men often perceive diversity training initiatives

as an attack on them and so are more likely to react with backlash and feel that the training is of no benefit to them. A proposed solution to this problem is to focus the training more broadly so as to be more inclusive, which has the dual benefit of being more appealing to women (Holladay et al., 2003).

In small and medium-sized enterprises (SMEs), MacPherson & Jayawarna (2007) found that informal training (e.g. coaching, informal seminars and meetings) tends to take priority over formal training (e.g. courses run by outside providers, distance learning courses). Because of their size, more informal, “on-the-job” training is perceived as being more relevant for SMEs, especially given the fact the less time and resources are required for informal vs. formal training. However, MacPherson & Jayawarna (2007) caution that there will be times when SMEs may be better served by undertaking formal training, in order to learn specific skills. Such situations cannot be generalized and depend instead on various factors such as the size of the firm, organizational conditions, and the market, etc. (MacPherson & Jayawarna, 2007).

SMEs may have unique experiences in implementing diversity initiatives. Unlike their counterparts in larger companies, owners and operators of SMEs have often not had the opportunity to undertake formal management training and so often don't have the capacity to design strategic planning. SMEs also do not have the time and resources required to implement initiatives. On the other hand, unlike larger companies SMEs view themselves as integral to their local communities and so may be more compelled to engage in initiatives that reflect community views on diversity. Research has shown that SMEs will be more likely to engage in diversity management initiatives when it is seen to be cost-effective, practical, non-bureaucratic, and integrated into traditional SME development resources (Pinto, 2002).

Barriers and Challenges to Implementation of Effective Diversity Strategies

Why do some diversity initiatives fail even when they are well designed and delivered? Davidson (1999) has found that motivations for diversity initiatives “rarely incorporate the interplay between the need to deal constructively with disenfranchised members and the need to deal effectively with privileged members of the organization” (p. 171). Specifically, correcting imbalances within an organization will result in those with privilege needing to yield some of their benefits to others. This can be difficult for those with privilege as they may be reluctant to acknowledge that they may have received those benefits based on their gender or race (Davidson, 1999). Another reason according to Davidson (1999) as to why diversity initiatives may fail is that those promoting the organizational change (either internal or external to the organization) may be members of disenfranchised groups and so may not be able to effectively incorporate the perspectives of non-disenfranchised groups. This results in an inability for those leading diversity change to motivate individuals within non-disenfranchised groups (Davidson, 1999).

Chrobot-Mason & Quiñones (2002) have found four reasons why diversity training

initiatives may not lead to competitive advantages for organizations. First, objectives of the training may not be clear to employees and employees may not know what is expected of them. Second, training may lead to prejudices and stereotypes becoming more prevalent when programs focus too much on increasing awareness of group difficulties. Third, many diversity training programs are too short-term in focus and there is no follow-up. Finally there may be a lack of evaluation and feedback mechanisms (Chrobot-Mason & Quiñones, 2002).

One way to overcome barriers to implementing effective diversity strategies is to incorporate diversity self-efficacy (DSE) techniques into diversity training courses. DSE is defined as, “the perception and belief (confidence) that one can marshal the necessary motivation, cognitive resources, and courses of action to change behaviors and successfully attain desired diversity goals and initiatives in the workplace” (Combs & Luthans, 2007, p. 92). Since personal biases and stereotypes towards certain groups may be more subtle than overt, they may not necessarily become obvious in a training environment. DSE recognizes this reality as a barrier to the implementation of effective diversity initiatives and works to develop trainees’ confidence, motivation, and cognitive resources to engage in positive diversity initiatives and behaviors back in the work environment. Research suggests that diversity training which incorporates self-efficacy results in trainees successfully carrying out specific diversity initiatives and promoting a positive diversity climate upon returning to work (Combs & Luthans, 2007).

Measuring and Monitoring for Effective Implementation and Follow-Up

To be successful in influencing diversity progress, organizations need to be able to show that what they do makes a difference and adds real value. Collecting data on an organization’s current diversity-related practices can serve to inform diversity strategies that are being planned, but also serve as feedback mechanisms to determine if a current diversity strategy is effective. As was mentioned in an earlier section, the North Shore Multicultural Society’s (NSMS) Guidebook for Diversity and Organizational Change (n.d.) recommends conducting organizational assessments for several reasons, including to gauge public opinion, help decision-makers set priorities, and help define and solve problems.

According to Weiner (1997) there are three sets of data to collect in order to inform the design, implementation, and monitoring of diversity programs. The first set of data is information about the culture, employment systems, and management practices of the organization. The next set of data is related to employee perceptions of the organization’s culture and systems, in order to determine what is perceived to be happening. Third, actual workforce demographics – both internal and external – need to be collected. This demographic information should be compared to organizations within the same industry and the general labour market (Weiner, 1997).

Conducting a cultural audit is one way to gain an understanding of the different values and norms in an organization (Baklid et al., 2005) and to get an understanding of what is happening in the organization and the perceptions of different groups (Weiner, 1997).

Factors to consider when conducting such an audit include the skills and experiences that employees have, employee turnover rates, and sickness statistics (Kirton & Greene, 2005). This information can be gained by conducting surveys and interviews with current employees and employee network members, performing exit interviews, and forming focus groups (Baklid et al., 2005; Weiner, 1997). However, Özbilgin et al., (2008) caution that while many employers use employee attitude surveys as well as complaint, grievance, and labour turnover rates, few use tools like balanced score card and impact assessments “which can show the links between diversity management and customer satisfaction and business performance” (p. 14). There is still value in collecting data such as turnover rates, as these are indicators that can demonstrate the positive impact of diversity management strategies on the bottom line of an organization (Shoobridge, 2006).