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 **Abstract**

Using data from a 1998 SHRM survey, this study examines the prevalence and nature of diversity initiatives in Fortune 500 companies. The rhetoric of diversity in industry suggests that a diverse workforce is good for business. Diversity is typically defined in terms of such demographic factors as race, age, gender, ethnic background, and, to a lesser extent, sexual orientation. Our analysis shows that most Fortune 500 companies have some diversity initiatives, but that these initiatives are disproportionately aimed at certain minority groups. Thus, there appears to be a political economy of diversity in which some categories of diversity are valued over others. We place this analysis within the larger context of a changing economic, occupational and political factors affecting the diversity movement.

Keywords:

Affirmative Action; Corporations; Employment; Ethnicity; Gender; Policy; Race

 **Introduction**

1.1

What manager at the end of the twentieth century could, at least publicly, *not* support workplace diversity and survive? It seems as though CEO's everywhere have espoused the diversity credo. As stated by Lewis B. Campbell, Chairman and CEO of the Textron Corporation:

Inclusion and diversity are critical to all of us in the business world as we approach the new millennium. By the year 2000, it is estimated that women and ethnic and cultural minorities will comprise 80% of new employees. Because of that we know that we must view diversity -- both at home and abroad -- not as a compliance issue or as a problem to contend with. Instead, we should see it as an opportunity to be seized and embraced. (no date)

1.2

Likewise, Tony Early ([Fortune 1999](#): S4), CEO of Detroit Edison, gives his support for his company's diversity program:

We are creating a people strategy for the 21st century. It is not just a human resource initiative. Our diversity strategy is integrated into our business imperative.

1.3

Dr. Jeffrey [Gandz \(1998\)](#), Professor and Associate Dean of the Richard Ivey School of Business at The University of Western Ontario, Canada, puts part of the case for diversity this way:

Increasingly diverse workforces are required to understand and respond to the needs and aspirations of increasingly diverse customers. Diversity in the workforce, at all levels, is essential if these customer needs are to be translated into products and services which can be effectively, efficiently and--in the case of private sector organizations--profitably marketed.

As these comments suggest, the idea, if not the practice, of diversity is becoming mainstream.

1.4

A 1998 Ford Foundation poll of registered voters ([Marklein 1998:12A](#)) found that 94 percent of the respondents believed that the growing diversity of the population 'makes it more important than ever for all of us to understand people who are different from ourselves.' In the same survey 66 percent believed that 'colleges should take explicit steps to increase diversity in higher education.' Reflecting this mainstreaming, *Books in Print*, at the time of this writing, carries 127 titles under the subject 'workplace diversity.' Titles such as *The Diversity Advantage* (Billings-Harris 1998), *Workplace Diversity/a Manager's Guide to Solving Problems and Turning Diversity into a Competitive Advantage* ([Esty et al.1995](#)), are typical of a large number of these books calling for a need to 'manage' diversity and linking diversity to organizational and personal success.

1.5

Our basic question is whether corporate America is simply uttering a rhetoric of diversity or whether the rhetoric is backed up by actual programs designed to increase diversity through recruitment and retainment. In this study we use data from a survey of Fortune 500 companies to explore that question by examining: (1) the degree to which diversity programs are in place in Fortune 500 companies; (2) the nature of those programs (e.g. management or employee training, recruitment programs, mentoring programs etc.); and (3) the types of groups targeted by recruitment and retention programs. We examine these questions in the context of the changing demographics of the work environment and the history and discourse of the diversity movement.

The Changing Labor Force

2.1

The most obvious reason for the expanding discourse of diversity is that the workplace has become, and is still becoming, much more diverse. For example, in 1975, women 16 years and older made up approximately 40 percent of the workforce ([Carnevale and Stone 1995:38](#)). As indicated in [Table 1](#), by 1986 this figure had increased to 44.5 percent, and by 1996 it had risen to 46.2 percent. The projection for the year 2006 is that about 47.4 percent of the workforce will be female. Thus the workforce is becoming more gender diverse, although males continue to be the majority of workers and the rate of change is slowing.

2.2

[Table 2](#) shows the participation of Blacks, Asians and Hispanics in the civilian labor force over time. While there has been a large increase in the presence of Asians and Hispanics in the workforce, Whites continue to be the dominant group, comprising over eighty percent of the total. The number of Whites in the labor force is projected to change very little by 2006. However, with an overall expansion of the U.S. workforce, and with minorities constituting most of that increase, Whites will constitute a smaller percentage of the employed.

Managing Diversity

3.1

The growing diversity of the workforce, coupled with a tight labor market, the growth of ethnic marketing, and globalization helps explain the emphasis on 'managing' diversity. Despite the rhetoric, however, there is conflicting evidence on diversity's effect on

productivity and profits. For example, a 1995 Conference Board study of multinational U.S. companies ([Wheeler 1995](#)) concluded that market diversity and globalization of the economy were key justifications for diversity programs, but that 'there is little proof or supportive research of how corporate diversity initiatives affect the bottom line (7)'. Likewise, [Pelled et al. \(1999\)](#) point out, the effects of diversity on actual performance are unclear with some studies showing a positive effect and others showing a negative effect. In their study, Pelled et al found a positive relationship between *functional* diversity (organizational position) and task conflict (conflict over how to best do a task). Task conflict can be positively related to performance if the outcome is an improved process. However, racial diversity and diversity in organizational tenure were positively related to *emotional* conflict which, in turn, was negatively related to performance. In their study gender diversity had no effect. Undoubtedly, gender, racial, ethnic and sexual politics all potentially complicate social relationships and thus require some level of management. However, the results of these studies highlight the complexity of the diversity/performance relationship - a complexity that often seems lost in the rhetoric of diversity.

A Short History of Diversity Programs

4.1

If the economic payoffs from workplace diversity are unclear, why then the widespread embracement of diversity within the business community? [Kelly and Dobbin \(1998\)](#) outline the history of anti-discrimination law in the workplace, and, in particular, the evolution from affirmative action to diversity programs. In doing so, the authors suggest that, despite the rhetoric, there is more to the diversity movement than the attempt to increase corporate profits.

4.2

The civil rights movement produced two federal efforts that attempted to redress employment discrimination. The first was President Kennedy's Executive Order 10925 of 1961 which required federal contractors to take "affirmative action" to end discrimination. The second was Title VII of the Civil Rights Act of 1964 outlawing employment discrimination. However, [Kelly and Dobbin \(1998\)](#) argue that, due to vague wording and weak enforcement, these laws had little impact on employers.

4.3

During the 1970s, with increased enforcement of the Civil Rights Act by the Nixon and Carter administrations, it became expedient for employers to develop signs of compliance. Given the ambiguity in the meaning of anti-discrimination statutes, the most common strategy was to develop structural indicators of willingness to comply ([Edelman 1992](#)). This response to anti-discrimination policy was aided by the active promotional efforts initiated by personnel and affirmative action professionals to encourage the establishment of EEO/AA rules and offices. The two predominant themes of this discourse were: (1) That such policies would protect organizations from legal challenges and (2) that such policies would increase productivity primarily by reducing discrimination-based reductions in the recruitment pool. [Edelman \(1992\)](#) contends that it was the latter argument that did the most to lessen employer opposition to EEO/AA policies.

4.4

The 1960s and the 1970s were times of rapid growth in the development of EEO/AA offices and rules. By the 1980s they were firmly established in corporate America. For example, the results of a 1989 mail and telephone survey ([Edelman 1992](#)) of a national probability sample of 346 organizations (248 private, 50 colleges, 48 government agencies) indicated that 87 percent of the businesses surveyed had EEO/AA rules in place by 1989, and 12 percent had lodged those rules in an EEO/AA office. Eighty percent of those offices and 66 percent of the EEO/AA rules had been created in the 60s and 70s. Edelman argues that establishing an actual office requires a higher organizational investment than does the establishment of rules only. Not surprisingly, those companies who were most at risk of negative legal or normative sanctions, for example, contractors doing business with the Federal Government, and firms in unionized industries, were most likely to make actual

structural changes in order to signal compliance.

4.5

The Reagan and Bush years of the 1980s saw a movement away from government support for EEO/AA programs. However, the establishment of EEO/AA rules and offices continued. [Kelly and Dobbin \(1998\)](#) hypothesize that the presence of such measures had by now become normative and EEO/AA personnel had become firmly entrenched in organizations. They argue further that active or apparent involvement in EEO/AA practices carried some symbolic and practical benefits for employers, despite a seeming lack of enthusiasm for such measures on the part of the voting public.

4.6

Finally, in the 1990s, the Clinton administration both cut budgets for federal EEO/AA programs and stepped up enforcement. However, a series of court decisions in the 1980s served to undercut the legitimacy of traditional EEO/AA efforts. [Kelly and Dobbin \(1998\)](#) argue that the loss of legal and public support for traditional EEO/AA efforts led directly to efforts by stakeholders, especially EEO/AA personnel, to recast these policies in terms of 'diversity.' A major proponent and organizer of this transition was the Society for Human Resource Management (SHRM), the largest professional organization representing human resource professionals. Not surprisingly, a central component of the new diversity movement was that it was not simply enough to recruit diverse employees, but rather that this diversity needed to be managed through various support programs and diversity training. Practical benefits of this approach for organizations are that a demographically diverse workforce may indeed require greater managerial skills, and it is important to do something to increase the retention of effective workers in a tight labor market. The practical benefit for human resource workers is that diversity programs provide justification and opportunities for their work.

This Study

5.1

In 1998 *Fortune* magazine and the Society for Human Resource Management (SHRM) undertook a study of diversity programs in Fortune 500 companies. SHRM contracted with the authors of this paper to conduct a telephone survey of those Fortune 500 companies employing SHRM members. SHRM developed the survey instrument. In the spring of 1998, 491 companies were contacted by telephone. Representatives from human resource departments in 179 companies agreed to participate, yielding a response rate of 36 percent. The results of that study initially appeared as part of a special diversity supplement in the July 6, 1998 issue of *Fortune* magazine. A more comprehensive analysis was contained in a report *SHRM Survey of Diversity Programs* (SHRM 1998). The present study presents a large amount of data and analysis not previously reported.

5.2

The analysis of the SHRM data presented here examines the extent to which diversity programs have been implemented in the Fortune 500 companies in the sample, and looks at the groups for whom these programs have been implemented. More specifically, we are interested in two questions: (1) Are organizations interested in increasing diversity, at least as reflected in the establishment of diversity programs? And (2) If so, what kinds of diversity do corporations seem to be most interested in? Are all diversity valued equally?

Results

6.1

The SHRM survey reveals that nearly 75 percent of the organizations surveyed reported having a diversity program in place, and another 8.9 percent were planning to institute a program (see Table 3). Only 16.2 percent did not have a program and had no plans to institute one. The mean length such programs had been in place was just over six years (S.D.=5.88, not shown in table). Nearly 75 percent of programs have been in place less than 10 years, supporting [Kelly and Dobbin's \(1998\)](#) notion that diversity programs came

into vogue with the decline of political and legal support for EEO/AA programs.

6.2

These numbers seem to indicate a major increase in programs in the 1990s. In an earlier study ([Rynes and Rosen 1994](#)), surveys were mailed to a random sample of non-consultant, non-self-employed SHRM members. There were 785 respondents (response rate not provided). According to the authors, 32 percent of the responding firms provided some sort of diversity training. In 1994 this was seen as an emerging trend, since, as Rynes and Rosen report, just six years earlier, in 1988, diversity was not listed among the top 40 training topics.

6.3

While most organizations have a diversity program, such programs may not be formal components of the organizational structure. Respondents were not directly asked if there was a separate diversity office, but 57 percent of the respondents whose companies had diversity programs indicated that their company had staff dedicated exclusively to the program. As can be seen in [Table 4](#), of those companies 60 percent had diversity staff who report to the Director or Vice-President of Human Resources, 8 percent had diversity staff who report to the President or CEO and 32 percent had diversity staff who report to some other supervisor. The 'other' category contained 24 responses of which 4 (17%) indicated the existence of a separate diversity office. This would suggest that most diversity personnel are attached to Human Resource offices, rather than being structurally distinct entities within the organization.

Characteristics of Diversity Programs

7.1

Diversity programming interventions can be in the form of hiring programs, retention programs, management and/or employee training programs, affinity groups, employee mentoring programs, or any combination of these.

7.2

Hiring for Diversity. Respondents were asked if their diversity initiatives included attempts to hire for diversity. Of the 179 companies represented in the sample, 158 (88%) reported that they attempt to hire for diversity in some way. [Table 5](#) presents data on the groups for whom there were recruitment programs, ranked from highest prevalence to lowest prevalence. The table shows dramatic differences in the prevalence of recruitment programs for various minority groups. At the high end, nearly 98.7 percent of the companies that had recruitment programs said they actively recruited African Americans, 96.8 percent said they actively recruited women, and 89.2 percent said they actively recruited Hispanics. At the low end were recruitment efforts for workers over 50 (51.3 percent), workers who had English as a second language (44.3 percent) and gay and lesbian workers (29.7 percent).

7.3

Retention. Another thrust of diversity programs is the retention of minority workers already employed. Numerous authors have suggested that minority workers encounter special problems in the workplace that may impact their job performance and retention (for a summary of this literature, see [Carnevale and Stone 1995](#)). Respondents were asked for which minority groups they had retention programs. As shown in [Table 5](#), there is a hierarchy in retention efforts, with 98.6 percent of the organizations responding to this question saying they actively try to retain African Americans, 97.9 saying they actively try to retain women and 95.7 percent saying they actively try to retain Hispanics. However, organizations are relatively less likely to attempt to retain the disabled (82.3 percent) Native Americans (77.3 percent), older workers (75.9 percent), workers with English as a second language (62.4 percent) and, especially, gay and lesbian workers (51.8 percent). Asians are in a sort of middle range at 89.4 percent. No doubt these data are affected by the perceived level of representation of these groups within the various organizations, but the distribution is similar to that of the recruitment efforts, which again suggests a rank order of diversity preferences.

7.4

Training. One hundred twenty-four, or 93 percent of the responding organizations that have diversity programs say they provide training on diversity issues. Table 6 shows who conducts training sessions for these organizations. HR staff conduct the training 52.4 percent of the time, while consultants conduct the training 31.5 percent of the time. These figures indicate either an increase in the use of outside diversity consultants since Rynes and Rosen's 1994 study where it was reported that 17 percent of the training was conducted by outside consultants. An alternative interpretation is that, since the earlier study included non Fortune 500 companies, there might be a greater propensity by Fortune 500 companies to use outside consultants for diversity training. In either case, diversity training is undoubtedly a lucrative business for consultants, with [Rynes and Rosen \(1994\)](#) reporting that diversity experts cost an average of \$2,000 per day.

7.5

As indicated in [Table 7](#), hours of training are spread fairly evenly across organizational positions, with top-level executives receiving an average of 7.3 hours of training, middle management receiving 8.63 hours, and non-managerial employees receiving 5.3 hours. However, the standard deviations are quite large indicating considerable variation in the hours of training for each position across organizations. Seventy-five companies (42 percent) provided information on who is trained, and, of those respondents, 55 (73 percent) companies train at all three levels, 5 (6.6 percent) train middle managers and non-managerial employees, and 15 (20 percent) train executives and managers only. No company in our sample trains only non-managerial workers (See [Table 8](#)).

7.6

Affinity, Career Development, and Mentoring groups. It is sometimes suggested that employers institute affinity groups or career development groups in an effort to retain minority workers. In the SHRM study, only 36 percent of the respondents (N=65) report that they sponsor employee affinity groups for minorities. [Table 5](#) shows the prevalence of affinity groups for various minorities within those companies that provide such groups. As indicated in the table, of those companies with affinity groups, 80 percent report having groups for women and 69.2 percent have such groups for African Americans. The numbers then drop off rapidly until only 21.5 percent have groups for workers over 50 and 20 percent have groups for workers with English as a second language.

7.7

Similarly, while only 24 percent of the organizations surveyed provide career development groups, 86 percent of these organizations sponsor the groups for women and 79.1 percent for African Americans (see [Table 5](#)). Conversely 26.2 percent have such groups for Native Americans, 39.5 percent for older workers and 34.9 percent for workers who have English as a second language.

7.8

Finally, the table shows that 55 companies offer mentoring groups to their employees. Again, the majority of the companies offering such programs do so for female (72.7 percent), African-American (70.9 percent), and Hispanic (60 percent) employees. As with the other diversity interventions, fewer companies offer mentoring groups for Asians (49.1 percent), Native Americans (45.5 percent), and the disabled (36.4 percent). Fewer than one-third of those companies that offer mentoring groups have such programs for workers over 50 years old, those whose native language is not English, and Gay or Lesbian employees.

7.9

Perceived Acceptance and Effectiveness. Respondents were asked about the degree to which management and workers support diversity programs. As indicated in [Table 9](#), 84 percent of human resource professionals surveyed believe that their CEOs consider diversity programs important. The respondents believe that 82.7 percent of employees agree. Seventy-eight percent stated that employees had responded positively to diversity initiatives (not shown in table).

7.10

According to the human resource respondents, not only are diversity programs well received, they are effective. Nearly 77 percent of the respondents said that diversity programs are effective, while only 9 percent disagreed. One measure of effectiveness is change in workforce composition. [Table 10](#) reports the perceived changes in employee composition. With the exception of changes in the percentage of Native American workers and the percentage of workers over 50 years old, a majority of the respondents believed that their corporations were becoming more diverse. However, a problem with these data is that human resource workers have a vested interest in promoting diversity programs. Since most diversity programs are located in human resource offices, the portrayal of diversity programs as effective and widely supported is not unexpected.

7.11

The Political Economy of Diversity

7.12

As noted above, in recent years we have seen a greatly expanded rhetoric favoring workplace diversity. At the same time, public opinion polls suggest a general mainstreaming of the diversity concept. These changes have been propelled, in part, by such factors as the increasing diversity of the U.S. workforce, the rise of globalization and global marketing, and the erosion of support for affirmative action programs. This study shows that diversity programs have flourished in Fortune 500 companies. However, the data also shows that most minority recruitment programs, as well as most retention programs, are targeted at females and Blacks. This targeting occurs despite the explosive growth in the presence of Asians and Hispanics in the workforce. Likewise, older workers, disabled workers, Native Americans, workers with English as a second language and gay workers have far fewer recruitment and support programs available. The numbers for retention, affinity, career, and mentoring programs, with the exception of programs for older workers, generally reflect the percentages in the workforce. However, recruitment programs also seem to focus on those groups already most represented in the workplace.

7.13

This pattern is also evident in [Table 11](#) which summarizes the total number of corporations with various types of diversity programs for each minority group. Although all types of diversity are applauded rhetorically, it is clearly apparent from [Table 11](#) that women, African-American, and Hispanic workers are better supported by diversity programs, while Native-American, workers over age 50, those with English as a second language, and Gay and Lesbian workers are less supported. Asian and disabled workers are in the middle range of support. Only 5.6 percent of those corporations responding to the survey have no programs for women and African-Americans. Over forty-percent, however, have three or more programs for these groups. Conversely, over one-fifth (27.9 percent) have no programs for workers over 50, one-third (36.3 percent) have no programs for those whose native language is not English, and nearly one-half (47.5 percent) have no programs for gay or lesbian workers. This general patterns holds with very few exceptions.

7.14

[Table 12](#) reports the mean number of programs for each minority group. Again, a clear hierarchy emerges with women (2.46 programs per organization), African-Americans (2.42), and Hispanics (2.19) being the most supported groups. Again, those over 50 (1.43), whose native language is not English (1.25), and gay and lesbian workers (1.07) are the least supported. [Table 12](#) also reports the results of a series of T-tests that compared the mean number of programs across different combinations of groups. There is no significant difference in the mean number of programs targeted at women and African-Americans ($t = 0.411$; $p = .660$). However, the mean number of diversity programs targeted at African-Americans is significantly higher than the number of programs aimed at assisting Hispanic workers ($t = 2.669$; $p = .008$). Notice that with the exception of disabled and Native-American workers, who do not differ with respect to the average number of programs, each group differs significantly from the group immediately above and below it.

Discussion

8.1

From these data, it is apparent that not all types of diversity are equally valued within organizations. Contrary to the rhetoric of diversity, those groups who previously benefited from EEO/AA policies are most likely to be the targets of current recruitment and retention programs. These groups, Blacks and women, are also among the largest minority groups in the workforce and have the greatest political visibility. It is also true that these groups represent large markets that companies must penetrate to remain profitable. Thus, a strategy of selective diversity, where some minority groups are "valued," in the sense that programs for these groups have a higher level of expediency, more than others, seems to have replaced the preferential homogeneity hiring policies White males have long enjoyed in the corporate world.

8.2

There are, of course, several possible reasons for this change in strategy-including actual need, politics, and markets. Still, policies and programs need legitimating arguments to garner and retain support. Once a policy is framed and implemented, its survival 'depends, to a large extent, on policy makers constructing and >selling= a problem and policy to deal with the problem' ([Boxill and Unnithan 1995](#), p. 74). Those policies whose rhetorical justifications do not match the empirical facts are less likely to be supported (see [Boxill and Unnithan 1995](#); also see [Foss et al., 1985](#); [Carmines and Stimson 1993](#)). Thus, the rhetorical justifications for diversity are important to consider, especially in light of empirical evidence about the extent to which and for whom these programs have been implemented.

8.3

With respect to diversity programs, we have seen that there are several plausible legitimating arguments. These include, (1) diversity programs increase corporate profits and productivity; (2) diversity programs reflect a corporation=s need to hire a reasonably representative workforce to increase its cultural capital and promote market expansion; (3) diversity is morally correct or legally mandated; and (4) diversity programs have become embedded in organizations and reflect the occupational concerns of human resource professionals. The first two legitimating arguments represent 'diversity is good business' position. The third and fourth arguments are more politically charged and have little to do with business, per se.

8.4

The first and most common argument in the corporate world is that diversity increases productivity and profits. However, as stated before, there is little empirical evidence to support this claim (see [Pelled et al. 1999](#)).

8.5

A second legitimating argument is that of 'need.' It would seem logical that companies would concentrate recruitment efforts on groups particularly under represented in the workforce. For example, Black unemployment remains a major problem. In 2001 the seasonally adjusted rate hovered around 8 percent, more than 2 times the rate for Whites. Thus, the emphasis on Black recruitment is clearly warranted. However, the unemployment rate for women in 2001 was slightly lower than the rate for men. And since only 11.3 percent of Fortune 500 executives are female ([Grey 1999](#)), career development programs for women are needed and easily justifiable. However, a comparison of the rank order presented in Table 5 with actual levels of employment for the various groups indicates that other less- supported groups have equal and greater needs.

8.6

First, depending on the location, unemployment of Native Americans has been estimated in the 50 to 80 percent range ([The Economist, 1992](#); [Vollers 1996](#)). In the 1999 Fortune magazine survey of the Fortune 1000 companies and the 200 largest privately held companies in the US^[1] ([Robinson and Hickman 1999](#)), the overall employment of Native Americans as a percentage of the workforce was .72 percent or slightly less than the

projected year 2000 population percentage (.9 percent) of Native Americans. While the overall percentage of Native American representation in the Fortune '50 best companies for Asians, Blacks and Hispanics' approaches the population percentage, this is primarily the result of the efforts of a few companies. In fact, only 9 of the companies on the Fortune list have workforces that are .9 percent Native American or higher. In contrast, 28 of the 50 companies have workforce percentages of Asians/Pacific Islanders matching or exceeding the projected population percentage of 4.1 percent, 16 companies have percentages of Blacks matching or exceeding the projected population percentage of 12.9 percent, and 11 companies have percentages of Hispanics matching or exceeding the projected population percentage of 11.4 percent. Yet, in this study, Native Americans rank only sixth in the hierarchy of recruitment programs, and last among all of these groups.

8.7

Or, for example, note that in a study on the labor force participation of disabled individuals ([Trupin et al 1997](#)) the researchers found that while overall the level of employment for the disabled increased in the 1980s, and remained static in the 1990s, the labor force participation rate of men aged 18 to 44 with disabilities actually worsened relative to that of their non-disabled counterparts during that same period. For moderately disabled individuals of both sexes 21 to 64 years of age the employment rate was 77 percent and for the severely disabled, only 26.1 percent (U.S. [Bureau of the Census Survey of Income and Program Participation 1998](#)). Furthermore, the overall labor force participation rate of younger men and women with disabilities was still more than 20 percentage points lower than those of their non-disabled peers. Statistics such as these were the basis of President Clinton's call in October, 1999 for greater efforts to employ the disabled. Yet, as shown in Table 5, while some Fortune 500 companies have hiring programs for the disabled, this group is nowhere near the highest priority for the companies in our sample.

8.8

Related to the second legitimating argument for increasing workplace diversity is the idea that workers are needed who, in some way, represent particular markets. This argument often neglects to highlight the social construction of markets. That is, markets just don't happen but rather are enacted by organizations, which, as it turns out, are often mistaken in their assessments. The literature is full of examples of mistaken notions of market but, to cite just one example, think of the widely held belief in the television industry in the early 1980s that White audiences would not watch a situation comedy that featured Black actors. This perception of market caused both the ABC and CBS television networks in the U.S. to turn down *The Cosby Show* before it was picked up by NBC ([Ryan and Wentworth 1999](#)). The show went on to become the number one rated show of its era and grossed \$130 million in advertising revenue in a single season.

8.9

This example takes on meaning when we see that, for example, according to the 1997 Population Profile of the United States, 54 million Americans, over 20 percent of the population, are classified as having a disability.^[2] According to the report, among those aged 45 to 54, 23 percent had some form of a disability and 14 percent had a severe disability.^[3]

8.10

While most companies have not defined this group as an emerging market, thinking of the disabled in such a way is not out of the realm of possibility.^[4] And, in the U.S., The Americans with Disabilities Act of 1990 seeks to protect the disabled from job discrimination. Nevertheless, despite government efforts and a growing disability rights movement, the disabled are underrepresented in the US workforce ([Fleischer and Zames 2001](#)). But, as noted above, only 69.6 of companies with special recruitment programs have programs focusing on the disabled.

8.11

Or, consider the rapidly expanding proportion of the population aged 65 and older. In 1996 this group was 12.6 percent of the population and are expected to increase to 20 percent in

2030. Yet this data does not suggest a rush to recruit and hold on to workers over the age of 50. SHRM has also noted the need for diversity programs for older workers ([Steinhauser 1998](#)) and has suggested enhancing these efforts.

8.12

A similar argument can be made for those whose native language is not English. If greater diversity is indeed an attempt to understand non-English speaking markets, why are there not more programs aimed at recruiting and retaining workers who are embedded in these cultures? After all, it is likely that a Hispanic person whose native language is Spanish is more 'in touch' with Hispanic culture than a second or third-generation Hispanic American who may or may not speak Spanish. If it is truly 'cultural diversity' that corporate America is after, recruiting non-English speakers would achieve this more.

8.13

In addition, despite often being included in the rhetoric of diversity, homosexual workers have comparatively few programs available. The lack of programs for these groups is most likely not the result of a lack of need. It is clear that women ([Peterson and Morgan 1995](#); [Marini and Fan 1997](#); [Maume, 1999](#)) and Blacks ([Cohn and Fossett 1995](#)) continue to face a variety of forms of discrimination in the work place. But this is also true for other minorities. For example, [Carnevale et al. \(1995\)](#) report high rates of self-reported victimization in both the harassment of, and discrimination against, gay and lesbian workers. Part of the difficulty in establishing groups for gay and lesbian workers is fear of public disclosure and increased likelihood of harassment. However, with increased public acceptance of homosexuality^[5], the emergence of a highly educated, high income gay market, and the emergence of a gay activist movement it is unlikely that fear of participation completely explains the lack of programs. Another possible explanation is the lack of federal support for anti-discrimination measures based on sexual orientation. If this is the explanation for the lack of programs, then it points to a gap between the rhetoric of diversity and actual practice.

8.14

Consequently, while the 'diversity for need' argument applies to women, African-Americans, and Hispanics, the lack of programs for other minority groups relative to their 'need' and potential market undermines the utility of this reasoning for legitimating diversity programs. Based on demographic and market trends, unemployment rates, and differential career opportunities, these programs are needed for all of the minority groups discussed in this paper.

8.15

A third legitimating argument for diversity programs is the moral argument that diversity represents equal opportunity and equal opportunity is a 'right thing to do.' Although this position can certainly be supported morally, it is not an empirical argument that can be supported by fact. It is therefore politically dangerous. This was the legitimating argument used to support Affirmative Action programs during the 1960s and 1970s. Although these programs had political support and enjoyed legal protection during the 'liberal court' years, moral positions, and the legal positions that derive from them, are subject to the political whims of the time. As has been documented elsewhere (see [Kelly and Dobbin 1998](#)), support for EEO/AA policies eroded in the 1980s with the 'new conservatism' of the Reagan and Bush administrations. Legitimating diversity programs solely on moral or legal arguments would place these programs in a similar precarious position. Like their EEO/AA forerunners, morally legitimated diversity programs could be jeopardized by changes in the political and moral climate of the nation.

8.16

With the standard legitimating arguments for diversity being undermined by the data, it appears that a political economy of diversity efforts, with some groups being more highly valued than others, has emerged in corporate America. Thus, as [Kelly and Dobbin \(1998\)](#) contend, the diversity movement in industry has been driven, at least in part, by occupational concerns of human relations workers. The diversity movement may therefore

have less to do with the changing demographic composition of the workforce or considerations of corporate profit than it does with traditional bureaucratic concerns. Once offices have been created, staffed, and financially supported, they are difficult to eliminate ([Morgan 1999](#)). Evidence of the 'bureaucratic lock' human resource professionals had achieved prior to the rhetorical switch from affirmative action to diversity is presented in Table 13. According to U.S. Department of Labor statistics, there were 420,120 human resource professionals in 1984. With the Supreme Court decisions that threatened Affirmative Action programs, one would expect these numbers to decrease. Instead, the number of human resource professionals continued to increase. By 1990, there were 524,882 HR professionals, an increase of 24.9% over the six years. With the recession of the early 1990s, the rate at which the number of human resource workers grew slowed. Yet the declining rate was accounted for entirely by a decrease in employment interviewers. Personnel, training, and labor relations managers and specialists continued to grow at impressive rates (a growth rate of 8.8% for managers and 2.0% for specialists between 1990 and 1992). With the economic recovery, the number of human resources professionals continued to increase.

8.17

As a legitimating ideology, however, the bureaucratic protection of 'turf' and one's job is not politically viable. Thus, to avoid eliminating positions, HR professionals changed their organizational mandate and legitimating arguments. As [Kelly and Dobbin \(1998\)](#) point out, it appears these changes occurred when EEO/AA programs lost political support. Moreover, it appears their strategy was successful as evidenced by the projected 23.7% increase in the total number of HR workers from 1994 to 2005. This increase is almost double the 13.9% projected increase for all occupations.

8.18

The continued success of this strategy, however, is dependent upon the continued acceptance of the 'bottom line' justification for diversity. This continued acceptance, however, may be problematic given the lack of evidence that diversity is positively related to productivity. Although promoting diversity solely on legal or moral grounds may place such programs in political danger, other legitimating arguments, such as those based on 'bottom line' decisions, do not withstand critical scrutiny based on empirical evidence. From the standpoint of human relations professionals, it may be a better strategy to justify diversity programs on moral grounds, despite the potential lack of support from a conservative administration or public. This is an empirical program that needs to be explored further.

8.19

Future research should examine the argument that 'inclusion benefits everyone.' Similarly, although there is still debate over the profitability of corporate social responsibility and financial performance, a growing body of research indicates that socially responsible corporations enjoy higher levels of worker morale ([Council on Foundations 1996](#)), better reputations among consumers ([Verschoor 1997](#)), and profitability ([Cochran and Wood 1984](#); [Russo and Fouts 1997](#)). It is important to learn whether enhancing diversity can be seen, and rhetorically justified, in terms of corporate responsibility.

8.20

However those who argue for a more diverse workforce choose to legitimate their programs, the 'moral strategy' is more likely to succeed than the current strategy of offering a legitimating argument that is not supported by data. Diversity may indeed be 'the right thing to do.' If it is, it is more likely to be for moral, not business, reasons. If there are 'bottom line' benefits from diversity, they, like those of corporate responsibility in general, are probably complex and indirect.

Table 1: Civilian labor force participation of individuals 16 years of age and older by sex, 1986, 1996, and projections for 2006 (Numbers in Thousands).

Group	Level	Percent Change	Percent of Total					
	1986	1996	2006	1986-1996	1996-2006	1986	1996	2006
Males	65,422	72,087	78,226	10.2	8.5	55.5	53.8	52.6
Females	52,413	61,857	70,620	18.0	14.2	44.5	46.2	47.4

Source: November 1997 Monthly Labor Review

Table 2: Civilian labor force participation of individuals 16 years of age and older by race, and Hispanic Origin, 1986, 1996, and projections for 2006 (Numbers in Thousands).

Group	Level	Percent Change	Percent of Total					
	1986	1996	2006	1986-1996	1996-2006	1986	1996	2006
White	101,801	113,108	123,581	11.1	9.3	86.4	84.4	83.0
Black	12,654	15,134	17,225	19.6	13.8	10.7	11.3	11.6
Asian and Other	3,371	5,703	8,041	69.2	41.0	2.9	4.3	5.4
Total						100	100	100
Hispanic Origin	8,076	12,774	17,401	58.2	36.2	6.9	9.5	11.7

Source: November 1997 Monthly Labor Review (Note: categories do not add to 100 percent because Hispanics

Table 3: Fortune 500 Companies with Diversity Programs.

Diversity Program?	Percent	N
YES	74.9	134
NO, BUT PLANNING	8.9	16
NO	16.2	29
Total	100.00	179

Source: SHRM Survey of Diversity Programs (1998), page 5.

Table 4: Personnel to whom diversity staff report.

Personnel	%	N
V.P. or Director Human Resources	60	45
President or CEO	8	6
Other	32	24
Total	100	75

Table 5: Prevalence of special programs by group (percents).

Group	Recruit N=158	Retain N=141	Affinity N=65	Career N=43	Mentor N=55
AFRICAN AMER.	98.7	98.6	69.2	79.1	70.9
WOMEN	96.8	97.9	80.0	86.0	72.7
HISPANICS	89.2	95.7	56.9	60.5	60.0
ASIANS	76.6	89.4	36.9	60.5	49.1
DISABLED	69.6	82.3	29.2	41.9	36.4
NATIVE AMER.	67.7	77.3	26.2	26.2	45.5
OVER 50	51.3	75.9	21.5	39.5	32.7
SECOND LANG.	44.3	62.4	20.0	34.9	30.9
GAYS	29.7	51.8	29.2	37.2	29.1

Table 6: Who Conducts Training Sessions.

TRAINER	%	N
HR Staff	52.4	65
Legal Staff	8.9	11
Training Rotates	4.8	6
Consultant	31.5	39
Don=t Know	2.4	3
Total	100.00	124

Table 7: Mean hours of diversity training by organizational position.

Position	Mean	S.D.
Top Level Executives	7.30	9.30
Middle Management	8.63	8.51
Non- Managerial Employees	5.30	6.00

Source: SHRM Survey of Diversity Programs (1998), page 9.

Table 8: Who receives mandatory training?

Trainees	%	N
Middle Mangers + Non-Managerial	6.6	5
Top & Middle Management	20.0	15
All Three	73.0	55
Total	99.6	75

Table 9: Perceived Importance of diversity management to top-level executives and to employees.

	Executives		Employees	
	%	N	%	N
IMPORTANT	84.4	151	82.7	148
UNDECIDED	7.3	13	8.4	15
NOT IMPORTANT	8.3	15	8.9	16
TOTAL	100.00	179	100.00	179

Source: SHRM Survey of Diversity Programs (1998), page 8.

Table 10: Perceived change in numbers of minorities in organization (percents)

	Women	Afric. Amer.	Hispanics	Asians	Nat. Amer.	50+ Disabled	2nd Lang.	Gays	White Males	
Increased	84.3	68.9	67.8	66.9	28.1	42.1	52.6	57.7	30.8	32.7
No	13.1	25.2	30.1	28.9	66.9	40.5	47.4	38.7	69.2	33.3

Change

Decreased	2.6	6.0	2.1	4.2	5.0	17.4	0	3.6	0	34
Total	100	100.1	100	100	100	100	100	100	100	100

Table 11: Number of Programs offered to Various Minority Groups

GROUP	0 PROGRAMS	1 OR 2 PROGRAMS	3 - 5 PROGRAMS
Women	5.6	50.3	44.1
African-American	5.6	53.6	40.8
Hispanic	8.4	58.6	33.0
Asian	15.6	59.2	25.1
Disabled	19.6	60.3	20.1
Native-American	24.6	54.7	20.7
Over 50	27.9	57.0	15.1
English: 2 nd language	36.3	50.8	12.8
Gay or Lesbian	47.5	39.1	13.4

Table 12.

Table 12: Mean Number of Programs offered to Various Groups

GROUP	MEAN NUMBER OF PROGRAMS	T-VALUE (COMPARED TO)	P VALUE
Women	2.46	0.411 (African-Am.)	.660
African-American	2.42	2.669 (Hispanic)	.008
Hispanic	2.19	2.974 (Asian)	.003
Asian	1.93	2.549 (Disabled)	.012
Disabled	1.70	0.114 (Native-Am.)	.909
Native-American	1.69	2.651 (Over 50)	.009
Over 50	1.43	2.075 (English 2 nd)	.039

English as second language	1.25	2.076 (Gay / Lesbian)	.039
Gay or Lesbian	1.07		

Table 13: Number of Hr Managerial Occupations Vs. Non-Hr Managerial Occupations 1984-2005*

	1984	1986	1988	1990	1992	1994	Projected 2005*
TOTAL HR MANAGERIAL OCCUPATIONS	420,120	441,387 5.1%	488,698 10.7%	524,882 7.4%	542,322 3.3%	590,000 8.8%	730,000 23.7%
TOTAL NON-HR MANAGERIAL OCCUPATIONS	8,335,708	8,802,036 5.6%	10,007,293 13.7%	10,247,119 2.4%	10,108,952 (1.4%)	12,313,000 21.8%	14,341,000 16.5%
TOTAL HR MANAGERIAL OCCUPATIONS AS A PERCENTAGE OF ALL MANAGERIAL OCCUPATIONS	5.0%	5.0%	4.9%	5.1%	5.4%	4.8%	5.1%

*Projections based on a moderate growth scenario that assumes an approximate average annual GNP growth rate of 2.0%. Note: Percentages show percent change over previous two year period. Source: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Survey

Notes

¹. The response rate for this study was only 11 percent so these results must be viewed with caution.

². The Population profile of the United States is a publication of the U.S. Census Bureau. The primary sources for this report are the Census Bureau's Decennial Census of Population and Housing, the Current Population Survey (CPS), the American Housing Survey (AHS), and the Survey of Income and Program Participation (SIPP). This latter survey is the primary source of data on disabilities.

³. The census considers an individual to be severely disabled if he or she Uses a wheelchair, cane, crutches, or a walker, or has a mental or emotional condition that seriously interferes with everyday activities, or receives federal benefits based on the inability to work. In addition, a person is considered severely disabled if he or she is unable to perform and needs help in performing such activities as seeing, hearing, speaking or performing physical activities. Also included in the definition are people who are unable or need help in getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating or toileting. The inability to work around the house or at a job is also a

criteria for being classified as severely disabled.

⁴. For example, a UK firm Xtreme Marketing has focused on developing products for young disabled people.

⁵. Based on General Social Survey data (1973 - 1997), from 1973 through 1991, between 70.1% - 78.2% of the adult population said that homosexual relations were always wrong. This percentage decreased to 66.3% by 1993 and 60.4% by 1996. In 1996, over one-quarter (28.2%) of the population thought that homosexual relations were not wrong at all.

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