Proceedings of the 7th International Conference on Economic Management and Green Development
DOI: 10.54254/2754-1169/37/20231871

The Evolution of Diversity Management in Business Practice

Peiru Peng[1,a,*]

[1]*Edinburgh Futures Institute, University of Edinburgh, Scotland, UK, EH8 9YL*
a. Pengpeiru0330@gmail.com
**corresponding author*

Abstract: Diversity and inclusion are among the most essential issues for modern labour, with millennials emerging as the largest group in the workforce. Through the definition of diversity management and the use of examples, this paper demonstrates the function of diversity management in contemporary business environments. This paper explores, through case studies and critical analysis, the benefits and drawbacks of diversity management in corporate practise. This essay uses the examples of IBM and McDonald's to demonstrate how diversity management may be used effectively. This essay makes the case that in order to accomplish varied management and practise, any organisation must identify workable solutions that are appropriate for its size and manner of operation. In order to implement diversity management intervention programmes, human resource departments can use this paper as a guide.

Keywords: diversity management, business practice, human resource management

1. Introduction

Diversity has taken on more significance in organisational settings, and the majority of these settings wish to investigate the connection between diversity, culture, and performance. Over 92 percent of individuals in executive positions think that diversity management and practises have a direct impact on how well an organisation performs[1]. According to a report by the executive search firm Kearney, 72% of the top 50 American corporations have diversity initiatives. Recent research have, however, called into question the importance of diversity management. Diversity management, according to some academics, can raise spirits and boost output. However, Prasad and Mills raise concerns about the paucity of rigorous academic studies on the feasibility and actual management of diversity. As a result, this essay will first discuss the significance of equality, diversity, and inclusion (EDI) or diversity management in an organisation before outlining the benefits and drawbacks of putting EDI into practise using diversity management strategies and real-world business examples. Human resource managers will receive guidance from the study on how to implement diversity management intervention strategies.

2. Diversity Management Evolution

Numerous academics expected that demographic shifts would result in an increase in the diversity of the workforce in the late 1980s and early 1990s. Some companies have developed a human resource

© 2023 The Authors. This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (https://creativecommons.org/licenses/by/4.0/).

DOI: 10.54254/2754-1169/37/20231871

strategy around diversity management in order to better manage a workforce that is becoming more diverse. Affirmative action and equal opportunity were part of the original diversification management. Organisations must now better optimise their management development methods and structures as the globe evolves towards increased democratisation, liberalisation, and integration with the global economy. In this instance, a few academics suggested the EDI criterion as a fresh application of diversity theory. The EDI idea prioritises inclusion, diversity, and equality[2]. Diversity management's goal is to question management practises so that every employee may achieve by being themselves, not to make sure that ethnic minorities blend in with the dominant culture. Additionally, it has been demonstrated that varied management promotes better client interactions, which in turn improves the company's image and reputation and raises shareholder value. It follows that the value of varied management to an organization's operations is obvious. However, examples from some modern businesses, like Home Depot's $925,000 settlement of a class-action disability discrimination lawsuit brought by deaf employees, also demonstrate the detrimental effects of ignoring diversity management. In addition, CH Robinson paid $15 million in 2006 to create an environment hostile to women that was deemed sexist. Coca-Cola also consented to pay $192.5 million in damages after being sued by the Federal court for racial discrimination in 2000 [3]. In this circumstance, more and more organisations are starting to understand that diversity management should be put into practise and is not only a theoretical concept. This paper will discuss the challenges of transforming the practice into theory in the following part.

On the theoretical objectives and practical strategies of diversity management, the wide range of theoretical and practical specialists are still at odds [4]. There is dispute over the processes that define diverse workforce practises as a result. For instance, despite the fact that most businesses recognise the value of diversity management, they also struggle to discover any fundamental guidelines. Setting standards for projects connected to diversity and creating best practises for diversity management are part of the diversity management strategy. Additionally, some academics recommend that organisations conduct diversity management in accordance with several best practises. There are numerous organisations that attempt or use diversity management, though, both in Europe and the US. For instance, both the private and public sectors are making an effort to diversify management, including the computer industry, public administration, retail, hotels and restaurants, finance and accounting, newspapers, and even federal agencies in the US and the energy sector. This demonstrates that the diversity management approach is not universal because different organisations of various sizes and types are faced with various circumstances. Because of this, some diversity management professionals, like Thomas, advise that an equal/equity programme should diversify the workforce at all levels; however, some academics are critical of such plans. Diversity management has always been a contentious practise because it frequently takes race or gender preference into account during the hiring process, which could conflict with performance selection and recruitment, making it impossible to fairly choose the best candidates. Companies that pay above-market rates or provide non-material benefits, however, might also attract top talent. In this instance, there is no code of conduct that the various organisations must abide by. In other words, rather than mindlessly adopting the theories of earlier researchers, organisations can only discover their diverse management practises through their practises. The justification for certain unsuccessful diversity management strategies sometimes consists of slogans or guiding ideas rather than the critical experience of other businesses. In this situation, the organisation might need to invest a lot of effort in researching appropriate theoretical foundations and operational strategies.

According to the debate above, the most effective universal technique to fit the majority of organisational practises has not been discovered by prior studies on diversity management. In this situation, a lot of businesses started to change in order to successfully employ varied management practises. Diversity management is applied in this process on a number of levels, including the

DOI: 10.54254/2754-1169/37/20231871

strategic, political, and operational levels. Everyone participates in the process. Olsen and Martins emphasise that the degree of integration between a diversity management practise and other organisational components (internal and external) as well as its constituents determines how effective the practise will be. However, diversity management is frequently criticised as a "double-edged sword" because it can benefit an organisation in a number of ways, including higher productivity and the retention of outstanding staff.

On the other hand, unsuccessful practises may encourage unfavourable outcomes within the organisation, such as inequality and prejudice[4]. Some businesses are dedicated to finding and hiring women employees and sensitive minorities from a big and diversified talent pool, as well as to hiring lots of people with the necessary abilities for jobs that are advantageous to the business. In this situation, these organisations can guarantee the long-term retention of talented and potential workers by minimising or doing away with workplace discrimination. Additionally, organisations offer employment possibilities to a diversified workforce, enabling workers to approach problems from several angles. Therefore, a number of studies demonstrate that diversity management considerably boosts employee performance and productivity through equality and inclusion, enhancing organisational profits and competitive advantage. Because an organization's management costs are constrained, not all sizes of organisations can fully apply this approach [5]. Reduced team loyalty, more planning and organisation, higher conflict management, overcoming cultural change opposition, and financial pressure to deploy new solutions are just a few of the costs of diversity management. In this situation, some small and medium-sized businesses lack the financial capability and resources necessary to carry out a thorough change process. In other words, the application of varied management may not yield the expected outcomes for small and medium-sized businesses. In this situation, the adoption of diverse management practises by small and medium-sized businesses through modifications may have the opposite result, having an impact on how the business is run. Therefore, when implementing a change to achieve varied management, organisations need to take into account their size and operational state. Large organisations may generally be more thorough and successful in carrying out the reform process. Small and medium-sized businesses, on the other hand, may be unproductive and impair the management and internal operations of the organisation if they lack the capacity to implement the reform technique.

With more than 398,000 employees working in more than 170 countries, IBM is a multinational corporation that was a pioneer in valuing its diverse workforce. In this situation, IBM must hire the diverse population of the world. Because of this, succeeding IBM presidents have successfully handled diversity and considered it to be a top corporate priority. Thomas Watson, the CEO of IBM, advocated for equal pay for equal labour and passed the Equal Pay Act to uphold this pledge [6]. The business hired its first female vice president in 1943. But when Louis Gerstner took over as CEO in 1993, he discovered that the senior management team at IBM still had a gender culture that was predominantly male-dominated. Given this situation, Gerstner made the decision to develop the Diversity Working Group Programme, a change in diversity management that eventually became the focal point of IBM's human resources strategy. Eight diversity work teams focused on women and men, as well as a number of racial and ethnic groups, including LGBT (lesbian, gay, bisexual, and transgender) people, Hispanic Americans, Native Americans, and employees with disabilities, were established by Gerstner in 1995. However, one of the main barriers to IBM's diversity is the underrepresentation of minorities in the fields of computer science and engineering[7]. For instance, only 4% of Hispanic students have degrees in computer science. To address these issues, IBM is collaborating with institutions to increase the number of Hispanic applicants for these programmes. Talented middle school kids are gathered by IBM for a week-long project as part of the EXCITE programme (Exploring an interest in Technology and Engineering) [7]. The program's goal is to cultivate future workers by teaching math and science in a friendly environment with female IBM

DOI: 10.54254/2754-1169/37/20231871

engineers. More than 3,000 girls have participated in the programme thus far. However, IBM today is significantly dissimilar from IBM in 1995. Worldwide, IBM has seen a 370% increase in the proportion of female executives. Minority executives who were born in the US surged by 233% [6]. Additionally, IBM's financial report demonstrates how advances in diversity management have raised women's position and boosted workplace flexibility and balance. Following the implementation of its diversification adjustments, IBM saw a 50% rise in its global market share [6]. Therefore, a variety of evidence demonstrates that IBM's reform and recruitment plans, which were implemented in the practise of varied management, have greatly improved the organisation.

The degree of diversity within an organisation and the level of tolerance for various working groups, working styles, and cultural differences are both determined by diversity management [8]. Diversity management in this situation could entail a programme to educate people about cultural differences. Simlin's research also demonstrates that as people get older, their perception of diversity and cultural openness declines. It is crucial to help older employees realise the value and necessity of diversity and openness in workplaces by using training techniques like seminars and group discussions (again). In other words, diversity management's training mode involves educating staff members about cultural differences. Senior managers typically appoint human resource managers or diversity managers to create training plans when applying this strategy. As part of these plans, employees will receive training on cultural differences and business practises in the nations where foreign branches are located as well as training on the cultures and business practises of the nations to which they will be assigned. Encourage staff to take on assignments and give them language instruction [8]. The researchers also contend that diversity enhances performance by enlarging a team's vantage point. Strong empirical data support the relationship between effective inclusive training strategies and increased organisational performance. Although organisations create creative and engaging programmes to promote inclusion and diversity, their efficacy suffers when these training initiatives are not in line with the organization's basic objectives and strategic plan. For instance, a minority programme might offer staff members of an organisation a valuable training opportunity to combat bias. However, the influence on employee training may be restricted as opposed to on the minority group as a whole when unconscious biases are not addressed in talent management, performance, and prospective evaluation (ibid.). It is challenging to choose which training programmes should be kept and abandoned in this situation since the organisation lacks a clear assessment of the efficacy of diversity management initiatives. Therefore, the training program's alignment with the organization's strategy is necessary for this theme to become a reality. It is simpler for the organisation to create a training plan that is in accordance with the strategic strategy, which boosts commitment and gives workers and managers a foundation for action.

McDonald's has been quite successful in growing its many companies over the past 54 years while adopting a free-standing management style for its international workforce. As a result, McDonald's has expanded in size and market share, now serving over 55 million customers daily from more than 32,000 outlets spread throughout 118 nations. McDonald's needs to strengthen its diverse management and development structure in order to maintain the organization's long-term competitive advantage. In order to adopt diversity management, McDonald's is running training programmes [9]. The diversity training programmes at McDonald's are split into awareness-based training and skill-based training. Increasing employees' knowledge and sensitivity to issues related to diversity is referred to as awareness-based training. For instance, McDonald's human resources managers periodically teach staff members and evaluate how well they comprehend racial and religious bias. Giving employees a set of skills that will help them deal with the variety of the workplace is referred to as skills-based training. Because of its scale and the number of branches it has around the world, McDonald's, for instance, has a variety of cultures within the company. Because all employees are trained to execute particular jobs, all branches in the home nation are organised into various functional

divisions, each of which has employees who have received specialised training to carry out particular tasks[9]. As a result, the administration of the department gave them space to do their work. McDonald's offices in some domestic branches support cultural diversity and encourage all employees of all races and cultures to collaborate as a team[9].

3. Conclusion

This paper focuses on how diversity management has changed over time and how it is used to organise a case study in order to demonstrate how diversity management can be used to effectively manage human resources. In conclusion, some academics and organisations have acknowledged the value of EDI or diversity management. Many academics, though, still lack a unifying theory. In this instance, the organisation lacks a theoretical foundation to which it can fully turn in order to support the realisation of varied management and practise. In order to attain different management practises, organisations often utilise transformation, recruitment, and training strategies. This essay examines the benefits and drawbacks of these strategies. While there are financial and resource pressures in small and medium-sized organisations, change and recruitment are more convenient and effective in large organisations. The organisation must make sure that its strategic planning is consistent with the idea that diverse management practises can be realised through training. Case studies may have some limitations as this research covers the progress of diversity management over the last 30 years. The report does not employ particular industries as research subjects because the modern workplace environment has undergone fundamental changes. Future researchers will be able to perform more in-depth research based on various businesses and eras.

References

[1] *Metcalfe, B. D., & Woodhams, C. (2008). Critical perspectives in diversity and equality management. Gender in Management: An International Journal.*

[2] *Aigner, P. (2014). Ethnic diversity management in theory and practice. Journal of Diversity Management (JDM), 9(2), 111-120.*

[3] *Riccò, R., & Guerci, M. (2014). Diversity challenge: An integrated process to bridge the 'implementation gap'. Business Horizons, 57(2), 235-245.*

[4] *Lorbiecki, A., & Jack, G. (2000). Critical turns in the evolution of diversity management. British journal of management, 11, S17-S31.*

[5] *Ivancevich, J. M., & Gilbert, J. A. (2000). Diversity management: Time for a new approach. Public personnel management, 29(1), 75-92.*

[6] *IBM (2005) IBM annual report. Avaliable at: https://www.ibm.com/impact/be-equal/ [Accessed 20th November 2021].*

[7] *Childs Jr, J. T. (2005). Managing workforce diversity at IBM: A global HR topic that has arrived. Human Resource Management, 44(1), 73-77.*

[8] *Patrick, H. A., & Kumar, V. R. (2012). Managing workplace diversity: Issues and challenges. Sage Open, 2(2), 2158244012444615.*

[9] *Mcdonald(2021) Diversity, Equity & Inclusion. Avaliable at: https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/jobs-inclusion-and-empowerment/diversity-and-inclusion.html [Accessed 29th November 2021].*