Chapter 13

EEO and the Management of Diversity

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13.1 Introduction

Human resource management of Equal Employment Opportunity (EEO) and workforce diversity involves the development and implementation of employer policies and practices that not only create a diverse workplace, but foster a supportive culture to enable individuals from different backgrounds to be able to productively work together to achieve organizational goals.

Ensuring EEO, and the creation of a work environment that capitalizes on the benefits of a diverse workforce, are of growing importance for organizational effectiveness. Most employees around the globe work in organizations with a diversity and multicultural dimension to their business. They work with customers, co-workers, suppliers, and business units with many different cultural and social identities, ethnicities, and nationalities. The ‘flattening’ of the economic work world and growing widespread Internet access (Friedman 2005) have heightened the multiculturalism of many workplaces. New and evolving virtual work systems are developing around the globe. Reduction of employment and national trade barriers between nations in the European Community and among the former
Soviet states illustrate social and political changes towards increasing levels of workplace diversity within and across continents. These external environmental shifts have created such mega-trends as: the emergence of new and expanded roles for women, people of color, immigrants, and offshore workers; heightened work–life stress from a 24/7 work day; and growing cultural clashes over workplace values.

The objective of this chapter is to discuss the HRM perspective regarding EEO and diversity. Towards this end, we define core concepts, and then examine labor force shifts and other rationales for managing EEO/diversity. We conclude by discussing ‘how’ firms are managing these issues. Future research implications are integrated at the end of relevant sections.

The HRM perspective assumes that along with financial, physical, and technological resources, employees represent another set of important organizational resources—its human resources (Tayeb 1995). Consistent with other chapters, we see managing human resources as requiring employment policies and practices to attract, retain, develop, and reward individuals so that they perform tasks efficiently and effectively to meet job objectives and organizational goals. A key aspect of HRM is an increased focus on how to secure employees’ commitment and dedication to the firm’s goals via practices that jointly enhance employee job satisfaction and performance (Guest 1999).

Historically, HRM systems were designed to promote homogeneity such as selecting individuals similar to those who have been successful in the past or assuming that individuals would have similar career paths and motivations (Jackson 1992). Emphasizing EEO and diversity management requires employers to re-view existing practices in new ways to effectively support a more heterogeneous population. These goals require a fundamental philosophical and practical shift in HR strategies to account for more variance and openness to diversity in employee characteristics and ways of working than when members’ demographic backgrounds are highly similar. HRM policies affect the degree of indirect and direct employment discrimination by regulating the fairness of under-represented groups’ (1) access to organizational opportunities and rewards, and (2) treatment as organizational members (Gelfand et al. 2005). Fairness has two dimensions: (1) procedural fairness (the same procedures are followed in recruitment, selection, and development), and (2) outcome fairness (majority and minority groups receive equal pay and promotion). Below we define core concepts underlying HRM to promote fairness and equal treatment in employment.

13.2 EEO and Diversity Core Concepts

In this section, we define the following key concepts: discrimination, EEO, affirmative action, diversity, inclusion, and multiculturalism.
13.2.1 EEO Concepts

Employment discrimination is defined as unjust actions against individuals or groups that deny them equality of treatment in employment (Dovidio and Hebl 2005). It can involve processes of prejudice, defined as attitudinal biases; and stereotyping, defined as cognitive distortions and ascription of characteristics to persons or groups who differ from one's own (Dipboye and Colella 2005). EEO activities focus on preventing job-related discrimination, prejudice, and stereotyping.

For exemplary purposes, we draw on definitions from the USA, as it was one of the earliest countries to pass comprehensive anti-discrimination legislation. The USA was also an early adopter of diversity initiatives that first became widespread in the late 1980s. The overall goal of equal employment opportunity policies and practices is to prevent job discrimination at all stages of the employment relationship including recruitment, hiring, promotion, and lay-offs. For example, the main Equal Employment Opportunity Law in the USA is Title VII. Found in the 1964 Civil Rights Act, Title VII makes workplace discrimination illegal on the basis of sex, age, race, color, religion, and national origin. Although no direct definition of discrimination is actually found in Title VII, the courts have defined it in two main ways (Wolkinson 2000): adverse treatment and impact. Disparate or adverse treatment involves unequal treatment of a person on the basis on their race, sex, national origin, age, or religion. Also referred to as direct discrimination, here the employer in some way treats minority members of protected classes differently from majority members. In the USA, the plaintiff has the burden of proving intentional direct discrimination. Evidence might include statements made that reference an individual’s demographic background as in some way being linked to their qualifications to do the job. An example is job advertisements that expressly require an applicant to be a certain gender or age, a practice that is legal in some countries unlike the USA and UK (Lawler and Bae 1998). The 1973 US Supreme Court ruling in McDonnell Douglas v. Green codified the conditions needed to establish a prima facie case of disparate treatment. First, the individual must be a member of a protected class and be qualified for the job for which she or he applied. Second, the position must have remained open with the employer continuing to take applications from people with qualifications similar to the rejected applicant.

The second main type of employment discrimination under Title VII is disparate or adverse impact. Also referred to as indirect discrimination, adverse impact occurs when seemingly neutral organizational policies, requirements, or practices that are not inherently job related have a disproportionately negative effect on employment access or outcomes of protected groups. For example, if a firm has a culture of only promoting managers who are able to participate in regular early morning golfing outings, it may find fewer qualified working parents with young school-age children to promote. This practice in and of itself would not be illegal,
unless the practice was shown to have adverse impact on a protected class, such as more adversely affecting women than men; and such a practice was shown to not be inherently job related in order to be a good manager. There need not be employer intent to discriminate to prove adverse impact. In the 1971 US Supreme Court case that developed this principle, *Griggs v. Duke Power*, the company required first-line supervisors to have a high school diploma and pass some additional employment tests (Wolkinson 2000). Although these selection tools disproportionately eliminated more African Americans than other individuals, the company did not validate these selection criteria as being predictive of supervisor performance.

Several years after Title VII was passed, Executive Order 11246 was adopted mandating that US government contractors take *affirmative action* to hire and promote a workforce that mirrored relevant labor markets. Affirmative action requires employers who have contracts with the federal government to take action to reduce historical discrimination barriers, identify job groups where members of protected classes are underutilized or under-represented in comparison to labor market prevalence, and to formulate timetables and goals forremediying barriers and underutilization. Examples of practices might include designating positions to be targeted to members of specific demographic groups, or giving temporary ‘plus factors’ in hiring evaluations if certain groups have been severely under-represented in jobs compared to their representation in the labor market. Such remedies must be temporary.

It should be noted that many other nations and NGOs have adopted legislation and practices that are similar to US EEO concepts. For example, the UK enacted the Equal Pay Act in 1970 and the Race Relations Act in 1976, and also established a Commission for Racial Equality and the Equal Opportunities Commission (Goodman et al. 1998). Ratified in 2003, the European Union has adopted an equal treatment directive that delineates a binding framework for prohibiting racial and gender discrimination in employment (Diamantopoulou 2001). The International Labor Organization’s Discrimination (Employment and Occupation) Convention 1958 (No. 111) prohibits direct and indirect employment discrimination similar to the EEO concepts described under Title VII. In addition to race, color, sex, religion, and national origin, it also protects political minorities and has been ratified by nearly all of the 178 countries in the ILO (Tomei 2003).

A key issue for multinationals to determine is how to implement EEO systems that legally comply with the specific laws of the many countries of operation. As a rule of thumb, employers generally should follow local laws. For example, Savage and Wenner (2001) note that globalization has dramatically increased the number of foreign employers operating in the USA and that, despite some exceptions, US anti-discrimination laws generally apply to foreign companies and their subsidiaries. Similarly, Posthuma et al. (in press) develop guidelines for multinationals to
use to help determine when US employment laws apply when operating across national boundaries. Based on a review of federal court cases, they identify key factors such as whether the location of work is inside or outside the USA, the employer’s home country and number of employees, whether the employee is a US citizen or authorized to work in the USA, and international law defenses. Overall, US multinationals should be concerned about US anti-discrimination laws applying abroad to US citizens and foreign companies should be concerned about US laws when operating within the boundaries of the USA. Although the USA is used as an example here, these same types of analyses could be conducted for multinationals of other nations around the globe.

13.2.2 Creating Diversity, Inclusion, and Multicultural Organizations

In the late 1980s and early 1990s, as firms increased global operations and national workforces became more diverse, many leading multinationals began to realize that complying with legal mandates was not enough; getting people of many different backgrounds in the employment door was only the first step. Organizations that had HR systems designed to manage a generally white male employee population needed cultural change to better integrate women and racial and ethnic minorities (Kochan et al. 2003). Management of diversity, multiculturalism, and workforce inclusion strategies are viewed as a proactive approach to EEO management. EEO historically has been more focused on legal compliance, or reacting to remedying past discrimination.

The fundamental challenge employers face in implementing EEO practices is to not only ensure legal compliance but also to foster productivity, and to effectively link EEO activities to environmental changes such as demographic labor market shifts, globalization, and strategic business goals. This entails developing and implementing HRM initiatives that not only (1) increase and retain the numerical representation of historically excluded groups for legal compliance; but (2) manage diversity to ensure the inclusion of a diverse workforce throughout the firm, and (3) create a positive multicultural social system where members of different backgrounds participate fully in decision-making (Kossek et al. 2006).

Workforce diversity is defined as variation of social and cultural identities among people existing together in a defined employment or market setting (Cox 1993). It is important to note that a firm can be diverse–have numerical representation of individuals from different backgrounds–but not necessarily be inclusive or multicultural. An inclusive workplace is one that values individual and group workforce differences, cooperates by addressing the needs of disadvantaged groups in the
surrounding community, and collaborates with other entities across national and cultural boundaries (Mor Barak 2005). These attributes build on each other to develop a higher stage of inclusion. An employer’s capability to develop EEO strategies that foster an ‘inclusive workplace’ is the current trend in fostering diversity effectiveness. Kossek (2006) argues that the objective is ‘how do we enable each employee to bring the best of themselves to work when they are there, feel like they are included in the workplace culture, and able to focus and care about work outcomes?’

Cox (1993, 2001) holds that there are six characteristics of a multicultural organization that distinguish this type from firms that are monolithic (homogeneous) or only heterogeneous in representation, merely tolerating diversity. His characteristics include: (1) pluralism, where socialization is a two-way process that enables minorities to shape organizational norms and values; (2) full structural integration, where key labor market groups are represented at all levels of the organization; (3) integration in informal networks, where all members have access; (4) absence of cultural bias, where discrimination and prejudice in the workplace is eliminated; (5) widespread organizational identification, which enables all to be equally committed to and identify with the firm; and (6) minimal inter-group conflict due to different identity group memberships. His definition provides concrete measures that scholars and employers can use to measure the effectiveness of HRM strategies.

Some studies have looked at Cox’s criteria separately, such as Ibarra’s (1995) research on the degree to which minorities had equal opportunity to be integrated into informal managerial networks, or Ely’s (1995) study on how the lower structural integration and representation of senior women leaders negatively affected gender relations and climate at lower organizational levels. Future research should not only include studies that examine these as individual criteria in cross-sectional studies, but should examine them longitudinally in an integrative fashion. Studies should also look at effective employer practices promoting inclusion for emerging forms of diversity that merit protection. This might include studies of domestic partner benefits for individuals of varying sexual orientations or studies of flexibility to care for one’s family without facing backlash or hurting job security, or promotion prospects. Like Equal Employment Opportunity research on the adverse impact of seemingly neutral employment practices on classes protected under Title VII and similar legislation, employers can help foster an inclusive workplace by conducting an audit of the adverse impact of seemingly ‘neutral’ employment policies and job conditions on these new diversity groups.

In the next two sections, we discuss the growing importance for employers not only to hire a diverse workforce but to develop HR systems that foster formal and informal equal workplace opportunity.
13.3 International Labor Force Trends

A critical rationale for employers to implement EEO and diversity management strategies emanates from dramatic shifts in labor force demographics.

Across a wide majority of nations, women’s workforce participation rates continue to increase. In 2000, female labor force participation rates were 63 percent in the USA and averaged 45 percent in Europe, although with high variation across countries (UN 2000). In the USA, the participation rate of women is expected to grow faster than that of men over the period from 2002 to 2012: a 1 percent increase in the representation of women compared to a 1 percent decline for men (Labor Force 2003). In developing nations, however, lower educational opportunities for women remain barriers to higher labor force participation (Weichselbaumer and Winter-Ebmer 2003).

In the USA and other developed countries, the problem of reconciling work and family life is a growing issue affecting both men and women’s employment experiences. Employers will need to be able to move beyond adopting formal work and family policies to create cultures that allow for workers with caregiving demands to be included in mainstream corporate cultures (Kossek 2006).

Although workforce diversity will increase for employers in both developing and developed countries, the nature and sources of diversity will generally differ. Riche and Mor Barak (2005) note that, overall, in developed countries, increased workforce diversity will largely come from the ageing of the population, and the increased hiring of minorities and immigrants. For example, in the USA from 2002 to 2012, the labor force participation of Hispanic or Latino workers is predicted to grow by 33 percent—three times faster than the growth rate for all non-Hispanic workers. Participation rates of Asians are also expected to increase dramatically—by 51 percent—making them the fastest-growing labor force group. Labor force participation rates for white non-Hispanics are expected to decrease, while those for blacks are expected to rise slightly (BLS 2005; Toosi 2004). In contrast, in developing countries, increased diversity will largely emanate from foreign employers seeking to hire unemployed and under-employed native workers. Employers who can effectively manage the distinct EEO and diversity issues related to demographic shifts in different labor markets in their domestic and global operations are likely to be regarded as employers of choice and attract the best talent.

Variation in labor shortage rates will differentially affect employers’ EEO recruitment efforts in developed and developing countries. In general, less developed countries are experiencing a proportional and absolute jump in their working-age (15–64) populations, while industrialized countries are experiencing a slowing or even a decline (Riche and Mor Barak 2005). For example, statistics show that the
The population growth rate of North America is expected to decrease from 2005 to 2025, while the population growth rate of Africa is expected to rise significantly in the same period (UN 2005). Riche and Mor Barak (2005) argue that employers in countries with shortages of young people will need to use immigration and the employment of non-traditional workers (such as older workers, women, and minorities) in order to maintain healthy ratios between workers and retirees. Healthy ratios imply there are sufficient numbers of workers in the labor force to support pensions and health care and other social programs for retirees. While some scholars have argued that these demographic shifts will create a severe labor shortage in developed countries like the USA, others contend that the ageing of the US workforce, increased life expectancy, and delayed retirement will largely prevent such a shortage, as many older workers will remain active in the labor force (Cappelli 2003).

In developed nations, low rates of population increase among nationals have resulted in migrants making a significant contribution to national population growth. The UK, the USA and Japan, in particular, are increasingly dependent on immigrant labor to fill labor shortages, both in high- and low-skilled jobs (The Economist 2000). Since the 1990s, the USA has steadily increased the amount of H1–B visas granted, including a 67 percent annual jump in 2001 just prior to 9/11. The UK has similarly relaxed recruitment requirements for foreign-born employees in certain high-skill industries. OECD member countries have witnessed a substantial increase in foreign-born temporary workers in the agricultural, household services, and other low-wage sectors (OECD 2003). Immigrants from Latin America and Asia currently make up the bulk of recent immigrants to what are referred to as ‘settlement countries’ (e.g. Australia, Canada, the USA and New Zealand) (OECD 2003). While these population trends have been effectively documented at the labor market level, future research should be focused on assessing the effectiveness of employer HRM practices in providing EEO in this context. For example, studies should examine effective strategies for integrating immigrants.

13.4 HRM Benefits of Managing EEO and Diversity

Besides adapting to labor market developments in order to attract and retain necessary talent, there are many other employer benefits from managing EEO well. The challenge for employers is to be able to link EEO objectives to HR strategies being enacted at different levels of the firm, and to goals that are widely valued for organizational effectiveness. For illustrative purposes, Table 13.1 provides
<table>
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<tr>
<th>HRM activity and strategy</th>
<th>Level of HRM strategy</th>
<th>Definition</th>
<th>Desired outcome</th>
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| HR and organizational vision, mission and goal alignment | Organizational        | The ideal reason that the organization exists and the HR roadmap for how HR activities will fulfill its stated reason for existence in consideration of EEO | • Organizational unity and commitment and productivity  
• Employee focus on organization's goals |
| Organizational learning | Organizational        | Shared organizational vocabulary, practices and venues that encourage open discussion among employees of different backgrounds, training and orientation programs, mentoring programs, conflict management programs, resources and materials that are adapted to workers of many backgrounds | • Increased understanding of how EEO and diversity issues affect organizational effectiveness  
• Enhanced interpersonal relations among employees  
• Enhanced learning among employees and organizational groups  
• Increased number of employees across demographic backgrounds ready for advancement |
| Organizational inclusion and culture change toward multiculturalism | Organizational        | Organizational norms espousing equality, collectivism, the value of human resources, flexibility, creativity, and participation | • Organizational unity and commitment  
• Cooperation |
| Team-building            | Group                 | Integration of traditional power holders in the organization with non-traditional workers from different backgrounds who are emerging as leaders | • Enhanced interpersonal skills  
• Enhanced integration of diverse points of view into organization's processes and decisions |
| HR planning              | Individual            | Procedures designed to recruit and select women and people of color, clear articulation of the organization's recruitment and selection processes based on job-related criteria, clear articulation of organization’s commitment to diversity in recruitment and selection | • Increased representation of women and people of color  
• Perceptions of fair procedures by all employees  
• Employee support of organization |
| Individual learning and mentoring strategies | Individual            | Individuals are paired with others who are dissimilar in one or more characteristics | • Enhanced interpersonal understanding  
• Eradication of entrenched stereotypes  
• Develop talent pool depth |

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examples of some general HR strategies and activities, ranging from organizational learning to team-building. These HR strategies have particular objectives, such as promoting organizational unity and commitment to organizational goals or greater employee involvement in organizational decision-making. Some of these strategies are directed primarily at the organizational level; others primarily target groups or individuals within the organization. In order for EEO activities to be effective, it is critical to clearly identify benefits and outcomes from HR strategies such as those depicted in Table 13.1, and assess the organizational implications of EEO and diversity activities and linkages to general HR strategies (Kossek and Lobel 1996).

Figure 13.1 shows three ways to directly link EEO strategies to organizational effectiveness. Building on work by Kossek et al. (2006), the first objective of many EEO practices is to jointly increase the capability of employees and the actual diversity of the employee population. For example, one study recently found that if employers emphasize promotion and developmental opportunities for all workers as part of efforts to create a learning organization, there is also an increase in the representation of women in the organization as a whole (Goodman et al. 2003).

Increasing the diversity of the workforce, fostering creativity, reducing daily conflict, improving attitudes, commitment, and the cultural experiences of members are what employers should view as process-oriented or intermediate outcomes. These should be considered as intermediate outcomes in order to emphasize the importance of employers recognizing that they should not stop with the creation of diversity or the reduction of conflict as the only end products of EEO strategies. As the second link in Fig. 13.1 suggests, it is equally critical for employers to learn how to effectively link the presence of diversity and positive

### Table 13.1 (continued)

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<th>HRM activity and strategy</th>
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| Widespread employee participative management and involvement | Individual and group | Employee meetings, employee committees, suggestion boxes, climate surveys, open-door policies, grievance procedures. Although these are tailored to address core workplace issues, the degree to which employees of all backgrounds are integrated fosters an inclusive workplace. | ● Employee participation and voice  
● Employee involvement in organizational decisions  
● Creative approaches to organizational opportunities  
● Improved organizational processes and performance |

Source: Adapted from Kossek et al. 2006.
social processes, such as the increased representation of many viewpoints, to key organizational outcomes (cf. Cox 1993, 2001; Kossek and Lobel 1996). These include being an employer of choice, increased cost effectiveness from reduced lawsuits and turnover, increased market share, enhanced capability to enter new markets, positive corporate reputations from being viewed as socially responsible, and higher productivity. A key challenge for employers is to actually evaluate the effectiveness of specific HR practices relative to these outcomes. Employers are sometimes reluctant to open up EEO and diversity activities to formal scrutiny given the sensitivity and important legal ramifications of these initiatives.

One exception is research by Rynes and Rosen (1995) on diversity training activities which finds that while diversity training is effective in improving intermediate outcomes, enhancing positive attitudes towards those who are different, training activities did not produce lasting change and were not well linked to organizational outcomes.

Employer objectives and rhetoric regarding EEO and diversity activities evolve over time and can be classified across stages of development. Early on in EEO efforts, most employers focus on compliance with legal mandates. Then, leading firms move on to more progressive goals, embracing diversity as a moral perspective. Beyond legal and moral imperatives, progressive employers eventually recognize that they need to learn how to leverage increased diversity to promote a competitive advantage over other businesses (Cox 2001; Tayeb 1995). Focusing on competitive advantage moves the effective implementation of EEO and diversity management into the strategic HRM domain, where policies and practices are linked to an organization’s strategic goals in order to improve business performance. The SHRM argument derives from resource-based theory: employers with
a more diverse workforce have the advantage of being able to better mirror increasingly diverse markets, and unique social resources to enhance capability in competitive business environments (Richard 2000). Studies have related the presence of a diverse labor force to customer demand for products and services (Richard et al. 2002).

Yet many firms are still striving to better link EEO efforts to organizational performance. Currently, there is a spectrum of employers’ levels of development. Some are still responding to, or minimally complying with, legal mandates. Other firms focus efforts on incremental programs and policies as discrete ends. Yet, as the research reviewed in the next section shows, some studies have shown that employers can link EEO to clear outcomes, and organizational change and effectiveness. As Thomas and Ely (1996) note, under this later stage, employers are not only successful in making the unitary change of hiring employees who mirror customers’ demographics, but they also are able to achieve an interactive organizational change toward greater multiculturalism and learning. At these higher stages of sophistication, employers have majority members who value learning from minority employees, and a culture that fosters interactive adaptation and learning. Thus, organizational change is ongoing and dynamic, involves mutual ongoing learning and adaptation where individuals not only adapt to the corporate culture, but the organizational culture is also receptive to adaptation and learning from these newer members. Thus, the assimilation process is not just one way, where individuals must always adapt to the dominant corporate culture, but is generally collaborative—the corporate culture changes and is shaped as well by the heterogeneous workforce.

13.5 Best Practices and Strategies

Table 13.2 summarizes some of the research on ‘best practices’ in EEO strategies with future research implications. We have organized these studies into three groups: practices that promote perceptions of organizational inclusion and justice, practices that reduce discrimination through HR practices, and practices that improve financial competitiveness. Workplace inclusion is most enhanced when targeted recruitment and selection efforts incorporate multiple methods. By this we mean that recruitment objectives are not just based on any single recruitment method, in order to limit the risk of overly relying on a method that does not effectively tap into ethnically and racially diverse talent pools. For example, if one only advertised in the New York Times, perhaps one might not reach as many members of under-represented groups as if one advertised on the Internet and
Table 13.2  EEO HR practices and organizational effectiveness: representative studies

<table>
<thead>
<tr>
<th>EEO practice</th>
<th>Representative studies</th>
<th>Research findings</th>
<th>Organizational implications</th>
<th>Future research</th>
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<tbody>
<tr>
<td>Targeted recruitment</td>
<td>Highhouse et al. (1999) Kim and Gelfand (2003) Rau and Adams (2005) Thomas and Wise (1999)</td>
<td>Minority candidates and other targeted group members are more attracted to firms with minority recruiters and firms with an EEO/diversity statement, which can be affected by the presence of other supportive organizational policies.</td>
<td>Targeted recruitment should focus on the combined, mutually reinforcing effects of recruiter characteristics and organizational policies on applicant attraction.</td>
<td>Past research has often used student subjects in experimental laboratory research. This could be extended to field research using more relevant samples.</td>
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<td>Affirmative action in hiring</td>
<td>Heilman et al. (1992) Heilman et al. (1997)</td>
<td>Individuals hired through affirmative action programs (AAPs) are rated as less competent because they are perceived to be hired on the basis of their identity group membership, not qualifications. This effect is mitigated only when explicit performance information is available.</td>
<td>Organizational practices intended to benefit underrepresented groups may actually have unintended negative consequences. In order to remediate negative stigmas attached to beneficiaries, management can disseminate information about merit components of AAPs.</td>
<td>The effects observed in these studies are robust and replicable across student and managerial samples. Research could investigate predictors of positive associations with AAP in organizations, and management strategies for preventing stigmatization.</td>
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<td>Focusing EEO on formalized affirmative action policies</td>
<td>Leck and Saunders (1992) French (2001)</td>
<td>More formalized AA policies were found to be more effective in improving the representation of women, disabled persons, and minorities in Canada. Australian employers with AA were the most effective in increasing diversity, compared to other EEO policies.</td>
<td>Organizations should be open to using formal AA programs when informal methods are ineffective and severe under-representation exists of members of protected classes.</td>
<td>Studies need to identify how to help firms make the transition from formalized AA to non-mandated approaches over time, and understand how to reduce backlash against AA recipients, as well as identify new emerging diversity groups that could benefit from AA.</td>
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<tr>
<td><strong>Structured interviews</strong></td>
<td>Chapman and Zwieg (2005)</td>
<td>Although use is limited in practice, selection interviews generally increase in validity with increased structure. While structured interviews have been found to have no impact on procedural justice perceptions, they have been linked to an effective defense against discrimination litigation.</td>
<td>Structured interviews can facilitate selection of high-performing candidates and can also increase legal defensibility.</td>
<td>Since interviewee reactions to structured interviews are often negative, and use varies by training of HRM practitioners, more research is needed into the conditions under which structured interviews have high acceptability and legal effectiveness.</td>
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<td><strong>EEO socialization, training and appraisal practices to reduce discrimination</strong></td>
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<td><strong>Non-discrimination policy</strong></td>
<td>Morrison and Von Glinow (1990)</td>
<td>The communication of a non-discrimination policy stating employment discrimination is prohibited reduces perceptions of discrimination among minorities, both visible and invisible.</td>
<td>A non-discrimination policy can indirectly lead to improvements in job attitudes among minority group members.</td>
<td>While a non-discrimination policy acts as a signal, research is needed to establish the effectiveness of such policies for reducing actual discrimination.</td>
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<td><strong>Due process performance appraisal</strong></td>
<td>Folger et al. (1992)</td>
<td>Due process performance appraisal results in more favorable reactions (e.g. perceptions of fairness of appraisal procedures) among both managers and employees even when ratings are lower.</td>
<td>Reactions to performance appraisal and general job attitudes among employees can be improved through implementing due process performance appraisal.</td>
<td>Research could examine alternative outcomes beyond perceptions of appraisal fairness, such as turnover, performance improvement, and satisfaction.</td>
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<td><strong>Diversity training</strong></td>
<td>Hanover and Cellar (1998)</td>
<td>Research indicates that participants have generally favorable reactions towards diversity training, but productivity effects are</td>
<td>Diversity training can raise cultural awareness as well as awareness of inclusive organizational policies and practices. Management</td>
<td>More research is needed which examines the effects of diversity training on transfer of training to the job, actual behavioral change</td>
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radio and other more widely accessible sources. Similarly, selection decisions should not be made on the basis of performance in a single selection method, which may have adverse impact against a particular group. It is far better to make decisions based on good performance as evinced from several selection data sources. In this way, one does not weed out a member of a protected class simply because of a lower performance on a single method that may not be all that predictive of on-the-job performance.

There are many 'best practices' in developing a selection and recruitment process that promotes diversity and EEO effectiveness. Some examples are using minority recruiters who mirror a more diverse applicant pool. Structured interview protocols are also effective because they ensure procedural consistency in the data collected from each applicant, and similarity in the interview experience. Publicizing statements of an organization’s commitment to diversity in recruitment materials is also important to send a message of openness to individuals of many

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<tr>
<td>Hersh (1991)</td>
<td>Announcements of award-winning AAPs are related to short-run stock price increases, whereas announcements of guilty discrimination verdicts are related to short-run decreases in stock price.</td>
<td>Financial losses associated with the announcement of an EEO violation can be extensive. Effective diversity management may be a source of competitive advantage.</td>
<td>Implication that investors attribute awards and settlements to effective human resource management needs further investigation. Researchers caution that using secondary media sources may overestimate financial losses.</td>
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<td>Pruitt and Nethercutt (2002)</td>
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<td>Wright et al. (1995)</td>
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**EEO practices and financial effectiveness**

- Financial losses associated with the announcement of an EEO violation can be extensive. Effective diversity management may be a source of competitive advantage.
- Implication that investors attribute awards and settlements to effective human resource management needs further investigation. Researchers caution that using secondary media sources may overestimate financial losses.
backgrounds. In order to prevent stereotyping of hires under affirmative action, it is critical to show explicit performance information indicating the competence of hires. Formal affirmative action programs have also been shown to be more effective than less formal efforts in countries ranging from Australia to the USA and Canada (Leck and Saunders 1992). This finding holds up as long as these policies are sincerely backed by management cultural support.

Regarding preventing discriminatory practice, one particularly effective practice is using due process performance appraisals. These aim to ensure that employees experience fair and structured procedures in evaluation. Making selection and evaluation processes transparent and allowing for voice can increase perceptions of fairness of hiring activities and reduce lawsuits and perceptions of injustice. Anti-discrimination policies can decrease discrimination not only for visible minorities (e.g. those associated with gender, race, or ethnicity), but also invisible minorities (e.g. those associated with sexual orientation or religion).

One of the most popular HR strategies, diversity training, has been found to be most effective when not only linked to general attitudinal change, such as understanding and valuing diversity, but also operationalized in terms of specific HR practices such as interviewing techniques or performance appraisals. Other effective practices include visible Diversity Advisory Committees comprised of respected leaders, mandatory training, and targeted communications to specific minority members (Jackson 2002).

One particularly effective practice involves mentoring programs that enable formal and informal knowledge to be shared and support leadership development socialization processes. Same-race and gender mentoring programs have the advantage of enabling individuals of similar background to share common workplace experiences and learn about what works well in the particular organizational culture. Cross-gender and race programs serve different goals. When, for example, a Hispanic female new college hire is paired with a senior vice president who is a white male, the new recruit is aided by having greater high-level visibility and also increased access to important tacit knowledge—things that a new hire may find difficult to obtain on their own. One caveat, however, for mentoring programs is that they should not be forced (e.g. mentors and mentees should have some choice in the matching process), and there should be mutual rewards for participation.

As Table 13.2 notes in the third section, studies have shown that not only can EEO activities lead to the creation of a workforce mirroring increasingly diverse labor markets, but having award-winning affirmative action programs is associated with short-run stock price increases.

One particularly promising area for future research and practice involves the development of statistical measures that enable researchers and firms to empirically investigate relationships between anti-discrimination policies and employment-related outcomes across international contexts. Some studies suggest that MNCs are attracted to low-regulation countries with good workforce skills (Cooke and
Noble 1998): for example, a study by Bognanno et al. (2005) who use restrictions on lay-offs as proxies for the measurement of labor standards. Other studies find contradictory evidence. For example, the ILO’s Institute of Labor Studies has used the language of conventions 100 and 111 to develop five measures of gender discrimination (Kucera 2001, 2002). Three of the discrimination measures involve wage discrimination, whereas the other measures involve occupational and skill attainment. These measures have been used to assess relationships between discrimination at the national level and foreign direct investment. While ‘conventional wisdom’ would suggest that foreign direct investment would tend to flow into countries with lower labor standards, no such relationship was found in a cross-country analysis of 127 countries (Kucera 2002). Rather, the data indicated that countries with greater worker rights received more FDI, which is consistent with research that has found ratification of ILO standards to be positively related to FDI (Cooke 1997): for instance, a positive relationship between FDI and gender equality, although this relationship is partly dependent on which regions of the world are analyzed. It is important that future studies investigate different ways of capturing labor regulation and employment policy progressiveness across countries and firms. Additional analyses need to be conducted across minority groups to assess progress, the degree of policy implementation, and at the employer level, to assess profitability, growth, and productivity.

A final growing area for study of best practices emanates from comparative studies of EEO practices across countries. Far more research on HR strategies to manage EEO and diversity has been conducted in Western and developing countries than in developed and Eastern cultures. As the economic fulcrum shifts toward the new markets and labor forces in such countries as China, India, Latin America, and Africa, it will be increasingly critical to triangulate studies on national culture with studies of employer practices and organizational cultural implementation (see this Handbook, Chapter 25). For example, Ryan et al. (1999) sent surveys to several hundred employers in twenty-two countries. Employers in countries higher on uncertainty avoidance tended to use more selection tests and use them more frequently, conducted more interviews for a position, were more likely to use standardized interview questions, and more frequently audited selection processes than countries low on uncertainty avoidance. Organizations in countries higher on power distance were less likely to use peers as interviewers. This study suggests major barriers to implementing HR practices that have been shown to reduce discrimination in cultures low on uncertainty avoidance or high on power distance. It also underlines the importance of studying linkages between organizational and cross-cultural behavior and preferences for EEO and HR practices in the same study.

Similarly, Lawler and Bae (1998), in a study of Thailand where gender discrimination is legal, found that national culture had effects on the recruitment practices of multinational corporations. They investigated the relationship between
economic growth, factors related to national culture, and the discriminatory nature of job advertisements for professional jobs. Multinationals from countries that were more individualistic were less likely to require that job applicants be male and were more likely to use gender-neutral advertisements. Economic growth was not related to whether or not job advertisements were discriminatory.

Both of these studies suggest that national culture has a strong influence on the discriminatory behavior of multinational corporations when operating in foreign countries. The degree to which the national culture is open to valuing heterogeneity may have an influence on the degree to which selection and recruitment and other EEO practices are implemented in a non-discriminatory fashion.

13.6 Conclusion

In this chapter, we have defined core concepts in EEO and diversity management, and employer rationales, HR strategies, and outcomes from these activities. Because workforce diversity management, discrimination, and EEO involve different meanings and assumptions across countries and cultures, employers in different countries often define EEO and diversity differently (Wrench 2003). Variation in how diversity management is socially constructed may lead to different HR strategies to solve different types of perceived problems and affects the perceived valence of preferred solutions. The research reviewed in this chapter suggests that EEO ‘best practices’ tend to involve clear and transparent HR procedures and decision-making processes, which are grounded in the core concepts of prevention of adverse treatment and impact. We argue that such goals are universal ones that should be aspired to across employment settings.

We have also argued that adopting EEO policies to comply with legal standards is a critical first step in effective diversity management. However, at the same time, the presence of policies on paper does not necessarily foster deep cultural change and commitment to widespread implementation and integration of diversity initiatives with other HR and business systems without top management commitment and leadership. Leaders must buy into the belief that effective EEO management is not only the socially responsible thing for employers to do; it is critical for organizational effectiveness, learning, and productivity. Employers accrue the greatest benefits from EEO activities the more that they learn to hire, effectively develop, and utilize the potential of individuals from the many different backgrounds that mirror the increasing diversity of the labor markets in which they operate, linking these HR initiatives to their overarching strategic and business objectives.
REFERENCES


