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Case Analysis

Managing Diversity



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Introduction

Human resource management (HRM) sees human resources as valuable assets and a key source of competitive advantage. By making full use of its human resources through the extensive adoption of teamwork, careful recruiting and selection, commitment to training and development, a company will gain a competitive advantage (Legge, 1995). Over the last decade business literature has acknowledged that non-discrimination policies and a diverse workforce are good for business. This perspective on diversity and on the management of people in organizations has progressed along the same business-oriented lines. Therefore, there is an increasing role of organizations to develop human resource diversity programs in line with this new methodology. Since the main goal of human resource management is to get the best out of every member of the workforce taking the individual to ones full potential with the definitive aim of improving organizational performance. For that reason, it is essential to include all sectors of the workforce in your organization.

Human resource management and diversity management share a considerable common ground. HRM is concerned with the contribution of the personnel function to the competitive strategy of the business. And, so is diversity management. HRM takes into account individual differences and is concerned with the development and well being of each and every individual (Truss, Gratton, Hope-Hailey, McGovern & Stiles, 1997). So is diversity management. The most difficult issue for organizations is how to incorporate state of the art approaches to transform diversity into improved performance. The remainder of this analysis will focus on how human resource practices of five companies are used to leverage diversity in the workplace. The companies selected are among the industry leaders for diversity. Organizations evaluated include: Fannie Mae, Xerox, American Express, Hilton Hotel's, and Advantica. This study will further discuss issues

on how to plan and implement change to create a competitive advantage that translates into added profits.

Discussion/Analysis

The strategic opportunity to leverage diversity to increase performance advocates is growing. Among the companies selected for this analysis is Fannie Mae, ranking number two by Fortune magazine as the best companies for diversity. At Fannie Mae, they have discovered that when you broaden your employee base, you utilize that expanded pool of talent, experience, and insight, letting loose in your business a tremendous force for the creation of innovation and change. James A. Johnson (2002), Chairman of the Board and Chief Executive Officer, believes this experience leads to competitive advantages. In essence, diversity is a unique advantage one can use to create a positive impact on your markets and better capitalize on business opportunities. At Fannie Mae, they believe that the more their company reflects the marketplace in which they operate, the greater their competitive advantage will be. They further believe the productivity of diversity in their workplace stimulates the work environment and that, in turn, stimulates innovation. In addition, they encourage diversity in their customers and other business partners (Johnson, 2002).

The Fannie Mae organization has created human resource programs in line with these diversity initiatives. They have created HR programs in a variety of segments to promote diversity. With programs in place for employee feedback regarding the work environment, equal opportunity, tolerance, and equal access. Fannie Mae has also incorporated diversity programs in recruiting, that they feel, will make Fannie Mae a more competitive organization. Fannie Mae training is a critical tool to carry out their commitment to diversity. Human Resource activities improve education and training programs to accomplish their diversity and equal employment opportunity goals on a

continuing basis. Overall, Fannie Mae has created HR programs in training, recruiting, employee feedback, fairness and compliance, and mentoring programs, which they think will create a unique competitive advantage.

Another company that promotes diversity in their human resource programs is Xerox. Currently, Xerox holds the number six position for diversity by Fortune Magazine. Xerox is recognized as one of the most progressive companies in the world when it comes to diversity. They have received praise and numerous awards for their initiatives in building and maintaining an inclusive corporate culture.

The Xerox culture understands and utilizes employee individuality and diverse thinking to establish high performing teams and organizations that work together to achieve common business objectives. In the Diversity at Xerox article (2002), they translate diversity into a business opportunity—it is the acceptance of people of all ages with globally diverse backgrounds whose fresh ideas, opinions and borderless creativity enrich the lives of others. To be successful today, Xerox believes, a company needs creative, motivated employees with different backgrounds and perspectives, who can create innovative solutions. Xerox believes that in a business that runs on fresh ideas, diverse perspectives are a priceless resource.

Xerox describes their human resources activities in the following ways. Human resource programs have been created to educate and encourage diversity in the workplace. Xerox has established the Caucas Groups, diversity teams, which are instrumental in advocating openness, opportunity, and inclusion into the Xerox family. These groups provide advocacy, self-development and communication, and by acting as a catalyst for positive change contribute to the overall performance of Xerox.

The Xerox Company also believes in the value of diversity within their organization. Diversity provides them with the ability to be unique, individual, and original in are lines

of business. This in return provides a separate advantage in the industry. At Xerox, they welcome differences. They strongly believe that building a team with diverse people sparks creativity and vitality in the workplace. Their unique mix of different perspectives and ideas makes Xerox more than a stimulating place to work. It makes Xerox the leader in finding original industry solutions. From a corporate view, the article Diversity at Xerox (2002), states that diversity makes good business sense because it boosts their productivity and their bottom line. It gives them a real competitive advantage. From the employee's viewpoint, diversity guarantees that Xerox will always be the kind of place where individual expression is recognized and rewarded. This persona demonstrates the function of human resources plays in developing a diversified corporate culture.

American Express is another example of an organization that translates diversity into success. American Express' success is based on the corporation working together. They promote individuality. Their HR activities focus on professional development; they have commitment to employee satisfaction; and believe that their team members are their greatest assets. Because of their dedication to diversity, creativity and enthusiasm, they are able to maintain their competitive edge. American Express believes that diversity initiatives can improve the quality of organization workforce and can be the catalyst for a better return on your investment in human capital.

American Express deems every element of the pursuit for diversity as an investment. In order to get a healthy return on your investment (ROI), in human capital and maximize your competitive advantage, it is important to recognize that the workforce will grow in the number of women, people of color and immigrants each year. In What is the "Business Case" for Diversity (2002), American Express is portrayed as understanding that employees of all groups now expect more from organizations, from nondiscriminatory, hostile-free workplaces to flexible schedules and benefits, childcare and family friendly policies. American Express contents that an environment where all

employees feel included and valued, yields greater commitment and motivation.

American Express has designed human resource activities that educate and promote diversity.

Furthermore, American Express believes that recognized diversity initiatives and diversity results will attract the best and the brightest employees to a company. As the value of diversity continues to grow in the business community and elsewhere, recruiting and retaining talented potential employees who are diverse is becoming even more important to organizational success. American Express' human resource web site article entitled: Quality (2002), introduces that organizational future depends on the quality of their employees. Qualified and interested candidates are usually attracted to employers who are able to show that they are committed to developing and promoting a wider array of people. One way of doing this is to make the list that highlights America's best companies for diversity. A difficult task that American Express has completed, ranking number 33 among diverse companies to work for, by Fortune Magazine.

An additional example of a diverse company in the hotel industry is Hilton Hotel's. Hilton's diversity efforts started more than three years ago, and diversity continues to flourish through the commitment of Hilton's President and CEO, Stephen Bollenbach. In Hispanic Business Leaders (2002), the article describes how affirmative action plans for each of its hotels, all management team members from the property level to the corporate level, are aware of Hilton's common effort set forth to reach diversity goals. After the diversity initiatives were put in place internally, the company continues to expand diversity awareness and benefits through, a human resource established, team-member diversity training. Hilton's team of over 78,000 members will have participated in one of several diversity-awareness-training courses. Diversity at Hilton branches out from the internal embracing of their team, to vendors and suppliers, owners, and Hilton's customers.

In Hispanic Business Leaders (2002), Orr Rivero vice president of diversity at Hilton Hotels Corporation, strongly believes that the success of diversity in the best companies out there is mainly due to the commitment from the top officers of the company to set concrete initiatives and to build upon them. In order to be the employer of choice among the hospitality industry, Hilton believes that it is imperative to remember that people come to organizations when they are invited and stay because they feel welcomed. This is exceptionally important, not only of Hilton's guests worldwide, but also of its team members.

The Hilton Corporation also believes that those employees who mirror the customers they serve, by speaking their language, will benefit the organization. Diverse employees can understand your customers, identify their needs and suggest potential new markets (Rivero, 2002). In addition, potential customers often ask about an organization's diversity record before making a commitment to do business. Overall, Hilton's ability to capitalize on new markets is in part due to their diversity programs. Their human resources activities are educating and training on diversity at a rate equal to the diversity growth in their customers.

An additional company that has a considerable presence in the market, for diversity and ability to incorporate human resource activities in the organization, is Advantica Restaurant Group. Fortune Magazine has ranked Advantica/Denny's No.1 in its list of "America's 50 Best Companies for Minorities" two years in a row - 2000 and 2001. In Advantica's website an article on Diversity Programs (2002), provides a history of when Jim Adamson signed on as CEO of Advantica, the parent company of Denny's, the restaurant chain was fighting claims of discrimination that made national headlines and severely damaged its reputation. Today, Denny's is a model of corporate diversity.

In Diversity Programs (2002), the development of Advantica diversity programs can be traced to the settlement of two class-action discrimination lawsuits in May 1994 and the development of Denny's new culture which values and embraces racial diversity. Currently, the Advantica Restaurant Group has human resource programs for training and educating employees on diversity. The developments of these programs have created a unique corporate culture. From these programs they have capitalized on two important characteristics being: increased creativity and flexibility.

Jim Adamson CEO of Advantica believes that creativity is one result of capitalizing on differences in diversity. Within the organization, Advantica contends, that employees from varied backgrounds can bring different perspectives, ideas and solutions, as well as devise new products and services, challenge accepted views and generate a dynamic synergy that may yield new niches for business opportunity. In the article Diversity Programs (2002), Advantica addresses the importance of human resource training in diversity, requiring hard work, commitment to business ideals, and an ability to learn how to handle change by adapting to new situations and learn from people who are different from us. Because change is for certain, making adaptations required by diversity keeps an organization flexible and well developed. Strengthening the ability to respond to changing environments and demands is a strategic business that is critical to ensuring organizational viability.

Within a variety of industries human resource diversity programs are yielding similar results. Each human resource programs is designed to fit the corporate culture of the organization. However, each company's human resource diversity training is founded on the same belief: that diversity in the workplace will increase their organization performance. The methodology developed by each company varies, but the benefit is the same. The process of planning and implementation of diversity programs can be a difficult process. Below is a list of questions for establishing and implementing

organizational programs. Within these questions the synergistic relationship between HR managers and diversity managers is clearly revealed.

Questions

1. Does the organization have a commitment from the top (Chairman, CEO, and President) to implement and diversity programs?
2. Is your company's diversity commitment statement and philosophy shared with employees and reinforced on an ongoing basis?
3. What are the dedicated resources in departments for monitoring, overseeing, and development of diversity programs?
4. Does the company produce an information exchange in the form of an employee handbook? For example, providing information regarding the company, guidelines for ethics, diversity policies, career development, compensation, health benefits, financial benefits, and work/life programs.
5. Does the company have commitment from HR and diversity departments?
6. Does the organization have communication training and practices, internal dispute resolution system, and written ethics code?
7. Does the company have HR resources for information and consulting regarding workplace problems?
8. Does the organization have proper training and education programs? For example, required diversity programs for all employees that illustrate sensitivity, awareness, impact on your business, impact on individuals, application, and optional diversity enrichment programs.

9. What are some of the improvements the company can make in mentoring and career development programs?
10. What are some work/life programs your company can develop for a diverse workforce?

Summary

The role of human resources in developing diversity programs is the major factor for implementation by most organizations. Many of the most diversified companies believe that diversity initiatives can improve the quality of your organization's workforce and can be the catalyst for a better return on your investment in human capital. Also, many of the companies traced improvements in performance to customer bases becoming larger with a more diverse workforce. The ability of an organization to develop diversity in the organization can also lead to improved recruiting. And, recognized diversity initiatives and diversity results will attract the best and the brightest employees. Diversity among corporations leads to a flexibility or adaptation to ensure survival along with increased creativity. Overall, the development of diversity programs increased the performance and competitive advantage of the firm. Diversity planning and implementation questions were provided to demonstrate how human resource diversity techniques increased the performance of the firm. In conclusion, it is essential to observe that human resource management and diversity management share a common ground.

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