CHAPTER 3

TRAVERSING THE SOCIETAL-ORGANIZATIONAL CULTURAL DIVIDE

Social Capital and Organizational Diversity in the United States and the European Union

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As both societies undergo tremendous demographic shifts, a key challenge facing the United States and the European Union is maintaining social unity while integrating diverse workers into society and organizations. Equal employment and organizational diversity efforts address different aspects of this challenge, although it is only through serious and concerted diversity management efforts, which are not compliance related, that real progress can be made. This chapter proposes a social capital framework as a useful way to understand both representational and pluralistic diversity in organizations, and to effectively address these issues.

One of the key challenges facing organizations in the United States and the European Union (EU) is the issue of social unity among diverse citizens

and workers. As both U.S. and EU societies become more culturally diverse, one important human resource management (HRM) challenge will be the effective management of diversity. In both societies, the management of organizational diversity has been accepted, at least rhetorically, as one way to enhance business performance. This "business case" for diversity suggests that organizations need a diverse workforce to capitalize upon new market opportunities stemming from diverse consumer demographics, and to enhance competitiveness and value creation.

On the other hand, some have argued that such an approach can effectively pigeonhole employees of particular identity groups, effectively limiting their ability to participate more widely in organizational efforts that are not directly related to diversity (Thomas & Ely, 1996). The implication of this is stalled career progression, or the so-called "concrete ceiling." Thus, a broader, more inclusive approach to diversity is desired, wherein the different worldviews brought by diverse employees has the capacity to fundamentally change, beneficially, the way the organization conducts its business in order to enhance effectiveness (Thomas & Ely, 1996).

In fact, a distinction can be made between *representational* and *pluralistic* diversity—the former concerns the tracking of numbers of workers from various underrepresented racioethnic/cultural groups for equal employment purposes, and the latter emphasizes the inclusion or integration of these diverse workers (and their worldviews) into the organization's core activities and processes through the building of mutually respectfully relationships (Weisinger & Salipante, 2005). In the United States, contemporary management researchers and consultants have been careful to conceptually distinguish diversity from equal employment opportunity (EEO), in part because EEO is based upon a legal compliance imperative, while diversity is not. In practice, however, many organizations roll their diversity and EEO efforts together. Further, many diversity detractors suggest that the term diversity is but a "codeword" for EEO, or even more insidiously, for the preference of "minority" workers over majority workers. However, pluralistic diversity moves beyond equal employment tracking and towards efforts to include and reflect diverse employees into the organization's culture and ways of working.

Organizational diversity efforts can include many aspects such as mentoring and development, newsletters, town hall meetings, and most centrally, diversity training (Jayne & Dipboye, 2004). But many of these efforts have fallen short of delivering on promised benefits, and in fact, in most U.S. organizations, these benefits are not systematically measured. Some organizations have created new positions such as chief diversity officer or vice president for diversity. But a recent conference board study points out that "[t]hough many businesses know that they want someone in charge of diversity efforts, they're not necessarily sure what they want

her to actually do" (Liberman, 2006, p. 18). The author goes on to state that another problem is that diversity officers should be spending more time actually *making* the business case for diversity, rather than "moralizing" the issue. Interestingly, a recently published longitudinal study on the workforces of over 700 private sector firms between 1971 and 2002 found that "responsibility structures" (such as affirmative action plans, diversity committees and diversity staff positions, such as those referred to earlier) were actually associated with increased managerial diversity, while programs such as diversity training were not (Kalev, Dobbin, & Kelly, 2006). However, there is admittedly much more to managing diversity, and while that study provides a more systematic look at diversity results, it still views outcomes in terms of representational diversity—which is only a part of the whole diversity picture.

This critique notwithstanding, diversity training, sensitivity training and other more traditional diversity approaches do tend to be short term oriented and typically do not engender any lasting commitment to longer term effective work relationships among diverse individuals and groups. In fact, such training can actually backfire, causing a backlash because such training is ill-conceived (Mobley & Payne, 1992) and/or results in disparaging majority group participants while reinforcing biases and stereotypes of minority group participants (Hemphill & Haines, 1998; Nemetz & Christensen, 1996). A pluralistic diversity approach is instead focused on long term relational processes that can be developed through a focus on collaboration around core organizational activities and the mission; in this sense, learning how to work effectively with diverse others occurs tacitly (Weisinger & Salipante, 2005), rather than explicitly as is proffered in most diversity training programs.

In both the United States and in the EU, the tension between multiculturalist and assimilationist views of culture underlie much of the debate about diversity and its role in society, as well as in organizations. The unasked questions are: How much diversity is too much? When does a multicultural society lose its national identity? This latter question is one that is particularly relevant in the EU, wherein member states that have heretofore enjoyed unique cultural identities now find themselves amidst a significant demographic transition, as well as a major institutional transition brought about by the formalization of the EU. Further, both societies are struggling with balancing the uniqueness of diverse social groups with a broader common identity.

Thus, human resource managers both in the United States and in the EU face considerable hurdles in terms of traversing the terrain between rapidly shifting demographic forces within broader society and strategic imperatives within organizations. This challenge might be framed in terms of incorporating both representational *and* pluralistic diversity.

However, it is the underemphasized pluralistic diversity that has the capacity to leverage diversity for organizational and social advantage. A potentially useful concept for accomplishing this balance is that of social capital. Adler and Kwon (2002) define social capital as follows:

> Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor. (p. 23)

Thus, one approach to balancing representational and pluralistic diversity involves developing social capital among individuals and groups. This chapter explores the role that building social capital can play in effecting both representational and pluralistic diversity in organizations, in particular the relationship between bonding social capital, reflecting strong ties within social groups, and bridging social capital which reflects weaker ties across them (Putnam, 2000).

EQUAL EMPLOYMENT VERSUS DIVERSITY

The EU is facing what Kwasniewski (2005) calls "unparalleled demographic changes that will have major implications for prosperity, living standards and relations between the generations" (p. 54). While the author was citing an EU green paper on diversity that centered on age disparities within the European population (by 2030 the working age population will have decreased by nearly 7%, while the over-65 age group with increase some 52%), another prominent issue within the EU and the United States has to do with cultural diversity.

In 2000, the EU's equal treatment directive—Article 13—was adopted by the European Commission's Employment & Social Affairs unit to be implemented in two phases in 2003 and 2006. Legal experts at the time suggested that companies begin to revise their recruitment practices in order to be in compliance with the new directive, including reviewing the sorts of questions asked in interviews that may give rise to charges of direct or indirect discrimination (Taylor, 2000). The original equal treatment initiative was adopted in 1976 and banned indirect or direct discrimination based on sex, especially with regard to marital or family status. The 2000 equal treatment initiative extended this ban to include race and ethnicity, and later, sexual orientation, disability, religion or belief, and age. It is important to note that many EU member states already had antidiscrimination legislation before the EU directives were passed.

In the United States, the original employment legislation banning discrimination and more generally ensuring civil rights in the workplace was passed in 1964 and protected employees of a vast number of U.S. companies from discrimination on the basis of national origin, religion, color, race, and sex. This Act was amended in 1991 to include U.S. companies operating abroad, among other provisions. In the United States, it has already become standard practice in many HRM textbooks to discuss the kinds of questions that should/should not be asked in the recruitment and selection process in order to avoid discrimination charges.

However, many U.S. management researchers distinguish between equal employment and diversity. Equal employment refers to organizational compliance with aforementioned antidiscrimination laws, while "diversity," at least conceptually, typically refers to the degree of acceptance or inclusion of people from diverse backgrounds into organizations (or into society). Thus equal employment is a legal imperative while diversity is largely voluntary. In fact, a recent report on diversity that was published by the European Commission (2003) describes organizational diversity policies as "voluntary initiatives by businesses to recruit, retain and develop employees from diverse social groups" (p. 3). These voluntary efforts may be called diversity, inclusion, pluralism, or the preferred term here, *pluralistic diversity* (Weisinger & Salipante, 2005).

In practice, however, "diversity" still often refers to "headcounts" of employees, especially those from "underrepresented" groups. The term used in this chapter for this is *representational diversity* (Weisinger & Salipante, 2005). Such groups are defined in the United States in part through "affirmation action" efforts by organizations (medium and large U.S. organizations are typically included) to recruit, hire, and promote members of statistically underrepresented groups to remedy past discrimination against them. These groups reflect classes of workers protected from discrimination by EEO laws. In the United States, such groups include women, certain racioethnic minorities, and those with disabilities (who are covered under the separate Americans with Disabilities Act, passed in 1990). It also refers to those protected from discrimination on the basis of religion and age. There is no federal government discrimination protection in the United States for employees on the basis of their sexual orientation or gender identity, although various state laws do afford such antidiscrimination protections.

Although it is recognized that certain aspects of diversity, such as age diversity, have become more salient in both societies, the focus in this chapter is on cultural diversity, centered on race and ethnicity. The current EU population level is being sustained by immigration (Kwasniewski, 2005). This has led to significant challenges within various member states related to social cohesion, which refers to the goal of balanced

development within the EU through reduced structural disparities and the promotion of equal opportunities for all (EUROPA, 2007). In the United States, it is estimated that somewhere between 7 and 12 million undocumented immigrants live and work there, a figure that does not include legal recent, second and third generation immigrants, as well as more established social identity groups such as African Americans, Native Americans, and some Latino populations. These demographics have posed considerable hurdles for society as well as for organizations in terms of achieving pluralistic diversity.

THE BUSINESS CASE FOR DIVERSITY

In the United States, diversity is a generally accepted concept for increasing business results, particularly through increasing growth and market share by accessing previously underserved populations ("new markets"). For example, many "mainstream" U.S. organizations have begun to recognize the significant purchasing power of African Americans and Latinos, and thus now do targeted marketing to those communities, and concomitantly, hire more marketing and other professionals from these communities to enhance these efforts. However, if one moves beyond the marketing or customer service functions per se, there is much less agreement, theoretically speaking, on the value of diversity. In fact, similar to the EU, there is much conflict and debate about its value in society and in organizations. Despite the fact that organizations make the business case for diversity, there has been little empirical evidence documenting these benefits.

The European Commission has also made a strong business case for diversity, asserting that social protection and economic growth are "not only compatible, but mutually reinforcing" (Sinclair, 2000). Further, in a recent EU press release, the Commissioner responsible for Employment, Social Affairs and Equal Opportunity reinforces the notion that diversity and equality initiatives are good for business by stating that:

> The growth of such initiatives is to be welcomed, not only for ethical rea
> sons, but also because improving diversity in recruitment and retaining a
> skilled workforce leads to the enrichment of a business's human capital.
> (Špidla, 2006)

However, a 2003 report on the benefits and costs of diversity published by the Employment and Social Affairs unit indicates that despite said benefits, which also include intangible assets such as organizational, human

and knowledge capital, investments in workforce diversity are nonetheless "embryonic and fragmented" (European Commission, 2003).

Thus, while a business case for diversity can be made, real, documented and measured efforts to realize such benefits are found lacking in both the United States and the EU. Furthermore, there are different ways of conceptualizing diversity. One such view is the multicultural view, which typically means that social identity groups retain their ethnic/cultural identities while also becoming integrated into society as a whole. Rocca (2006), in his article profiling the multicultural environment at the College of Europe in Belgium, the premier graduate training ground for future EU officials, states that Europe is moving away from a "melting pot" view of diversity to one where "conserving national identity" is important. Similarly, in the United States, diversity proponents have moved away from the "melting pot" metaphor for diversity and towards a more multicultural one, sometimes characterized by various terms such as "mixed salad," "stew," and other food-related metaphors designed to give the impression that distinct, diverse elements are needed in order to create an effective whole.

Opponents of this view claim that multiculturalism erodes the fabric of society by allowing differences to keep people apart (i.e., reducing some aspects of social cohesion). Thus, in the United States as well as in EU, the tension between unity and diversity has become prominent as significant demographic changes have forced both societies to confront their views on what best contributes to social cohesion and effective management of diversity in organizations.

SOCIAL NETWORKS AND DIVERSITY

Social capital is an appropriate concept for studying these diversity issues because it focuses on the value inherent in social networks that link people together. The concept has gained traction in the organizational studies field over the past decade. While there is still significant debate about some aspects of its definition and operationalization, researchers generally consider the concept to have some value. In their review article on social capital research in organizations, Adler and Kwon (2002) recount the findings from empirical studies showing social capital to have played a significant role in areas such as career success and executive compensation; job finding and recruitment, the creation of intellectual capital and cross-functional team effectiveness, entrepreneurship and the foundation of start-up companies, and strengthening supplier networks, among others (p. 17).

Like physical, human, and financial capital, social capital is presumed to have value. Its value, following Putnam (2000), lies in "connections among individuals," that is, in their social networks and in the "norms of reciprocity and trustworthiness that arise from them" (p. 19). Further, Putnam distinguishes between bonding and bridging social capital. The bonding form is exclusive, reflective of strong social ties among those in a social network. Such bonding social capital relies upon the presumption that contact among similar people occurs at a greater rate than for those who are dissimilar, more commonly known by the phrase, "birds of a feather flock together" (McPherson, Smith-Lovin, & Cook, 2001). While certainly such bonding can occur along many dimensions, for example, family ties, in a diversity sense, bonding often occurs among those of the same race, ethnicity, or culture, particularly in contexts where members of particular identity groups may find themselves in the minority. On the other hand, bridging social capital is more inclusive, and serves to link people across these diverse social groups. Thus, it is the development of bridging social capital that is most promising in terms of addressing pluralistic diversity and for promoting greater social cohesion. Thus, the bonding and bridging aspects of social capital parallel the unity-diversity tension afflicting both societies.

The two-pronged diversity framework proposed by Weisinger and Salipante (2005) centers around the development and leveraging of both bonding and bridging social capital to achieve representational and pluralistic diversity. However, that study was conducted using the case of a large national nonprofit organization in which bonding social capital was found to be instrumental in increasing the numbers of underrepresented members (especially volunteers). This is because volunteers tend to use their strong tie networks to attract similar others to the organization, and diverse volunteers were equally attracted to the organization's mission and core values. Within the context of business organizations, it is less clear that bonding social capital can play a similar role because bridging social capital, developed through weak ties (Granovetter, 1973), is typically most effective in job finding and recruitment efforts, and thus has the greatest potential of increasing representational diversity in these organizations. Also, within the context of a business organization, individuals' motivations to join are likely to vary much more widely than those in a voluntary association.

The original assumption underlying this diversity framework is that once representational diversity efforts have been successful, the emphasis then must be placed on developing bridging social capital among these diverse employee groups. However, unlike traditional diversity efforts, which explicitly focus on cultural differences between social identity groups, the approach proposed here suggests that a more implicit

approach would be more effective. By structuring opportunities that emphasize relational development among diverse employees, which should lead to increased trust and reciprocity, organizations are actively developing bridging social capital among employees that can be leveraged for organizational advantage. Returning to the example of the extremely diverse student body at the College of Europe, Rocca (2006) makes the following point: "The students' most intense exposure to other cultures naturally happens in their informal contact with each other." Thus, a more informal or tacit cultural learning process may hold some value that has not been realized in traditional cross-cultural training models.

Such an approach recognizes that relational development is a *process*, and as such, is unlikely to be accomplished through one-time or even occasional diversity or cross-cultural training events. In essence, developing bridging social capital among diverse employees is an ongoing, long-term process. This relational development occurs within the context of employees' working on core organizational activities and in support of the organization's mission. Through these ongoing interactions, participants develop a "practical consciousness" (Giddens, 1984, pp. 5-7) of how to interact with diverse others. Cross-cultural learning is thus tacit, rather than explicit. (This approach presumes some individual affiliation with, and commitment to the organizational mission, which is admittedly a huge assumption.) It is the ongoing exposure of diverse employees to one another, while engaged in collective practices that allows them to sustain their relations with each other to develop bridging social ties, which can be leveraged into bridging social capital to benefit the organization, and more broadly, the society.

CONCLUSION: IMPLICATIONS FOR HRM

The aforementioned social capital approach to developing representational and pluralistic diversity is a departure from traditional notions of managing diversity in organizations. First, this approach is long-term, rather than short-term. Second, it presumes that developing effective relationships among diverse employees is the best way to ensure effective pluralism in organizations. Third, it also suggests that implicit cross-cultural learning, through this relational development process, will be more effective than more explicit cross-cultural/diversity training approaches typically used in organizational diversity efforts.

Diversity researchers have increasingly recognized the value of a more relational approach to organizational diversity. For example, Jayne and Dipboye (2004) suggest that diversity initiatives have a greater chance of succeeding when employees identify with their teams and organizations

(p. 415). Moreover, in one study, HRM practices such as coaching, development, interactive listening and communication led to lower negative effects on "constructive group processes" (Kochan et al., 2003, p. 9). Foldy (2004) also asserts that "focusing on *how* groups can learn from and across differences" is a key to successful diversity efforts (pp. 535-536, emphasis added). If one looks at any contemporary ranking of the "best" organizations to work for (leaving aside for the moment various criticisms of these types of rankings), what is clear about many of these organizations is that employees do not leave them because the work environment is supportive, respectful, and conducive to learning and development. Thus, a relational approach to diversity essentially seeks to develop that same kind of organizational culture, one reflecting the same core values that can be seen in these 'best' companies (which are not, to be sure, always very diverse ones).

While the original two-pronged diversity approach suggests a sequential process involving achieving some level of relational diversity before addressing pluralistic diversity, it is more realistic, or even perhaps desirable, to view these processes as occurring simultaneously. Nonetheless, however promising this approach might be, it poses significant challenges for HRM, as indicated by the following questions:

> How can organizations achieve relational development?
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> What kind of organizational structures need to be put in place to support such a process?
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> What will be the stated focus/foci of such efforts, and how will outcomes be measured?
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> Who gets to participate in such a process? Should it be mandated or voluntary?
>
> How will core organizational activities be defined?
>
> How will the extent to which coworkers "share" the organization's mission be determined?
>
> What is the role of the HR department, line managers, and diversity leaders, in this process?
>
> Does such a process replace traditional diversity training?
>
> How will the effects of such an approach on business results be measured?
>
> Who will evaluate the process?

The foregoing questions suggest that much more is to be worked out with respect to this proposed diversity approach using social capital to leverage pluralistic diversity. It is certain that such an approach will at first appear to be "fuzzy" to managers and workers, as well as to researchers

and consultants. However, cultural change is difficult and slow, and this also applies to changing the way organizations conceive of, and manage, diversity, both in the United States and in the EU. Future exploration of this issue should involve fieldwork in organizations to observe and interview employees regarding issues and challenges with organizational diversity broadly speaking, and with a relational approach in particular.

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