Defining the Attributes and Processes that Enhance the Effectiveness of Workforce Diversity Initiatives in Knowledge Intensive Firms

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Running head: Workforce Diversity Initiatives
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### Abstract

Workforce diversity continues to be a key focus for organizations, driven by globalization of the U.S. economy and the desire for organizations to more accurately reflect the demographic diversity of the US population. Yet, most research on diversity in organizations has focused on the outcomes associated with workforce diversity and not on the processes that can enhance diversity in organizations. We address this limitation by developing a conceptual model and propositions that highlight the attributes of effective workforce diversity initiatives and the process through which workforce diversity initiatives become effective. We focus on knowledge intensive work and argue that in this context, the nature of the work is directly tied to societal stereotypes of underrepresented minorities, making knowledge intensive firms a rich environment to examine diversity initiatives and explore the dynamics that hinder retention and promotion for underrepresented minorities in these firms. We close by discussing directions for future research on workforce diversity initiatives.

# The Diversity Challenge

Workforce diversity has continued to grow in importance to organizations. This increased focus has been driven by globalization of the US economy, the growing demographic diversity in the US population, and greater knowledge of the benefits that can ensue from effective management of diversity. To reap these benefits, efforts to increase diversity in the corporate sector have been underway for more than two decades (Thomas & Ely, 1996). Yet, despite these efforts, minorities continue to be underrepresented in upper-management ranks in organizations. There are four black, four Hispanic, and five Asian CEOs of Fortune 500 companies, and it is estimated that only 10% of corporate officers in Fortune 500 companies are minorities (Catalyst, 2002; Fortune, 2007; Diversity Inc, 2007). These bleak statistics are often attributed to the challenges organizations face in attracting, retaining, and promoting a diverse workforce (Thomas & Gabarro, 1999).

In an effort to address these challenges, it is estimated that large corporations spend billions of dollars on diversity training and devote resources to a variety of diversity-related initiatives such as hiring diversity management staffs, establishing corporate-sponsored affinity groups, and sponsoring programs aimed at attracting and retaining a diverse workforce (Corporate Leadership Council, 2003; Hansen, 2003). Given these substantial investments in diversity initiatives, it becomes important to understand the degree to which these investments yield the desired outcome of increasing diversity within organizations.

Organizational scholarship has devoted little attention to understanding the attributes and processes that are required for diversity initiatives to foster greater diversity in organizations.

Since the presence of diverse employees in organizations has been found to lead to a number of challenges, including increased intergroup conflict, and constrained communications (Pelled & Adler, 1994; Cox, 1991), research on diversity in organizations has focused on exploring how

workforce diversity influences organizational life (Jehn, Northcraft, & Neale, 1999; Williams & O'Reilly, 1998). Organizational scholars have placed emphasis on better understanding the intricacies of cross-race and cross-gender dynamics and on delving into the barriers diverse individuals can face within organizations (Kanter, 1977; O'Neill, Horton, & Crosby, 1999; Thomas, 1993; Thomas & Kram, 1988; Thomas & Gabarro, 1999). This emphasis has left a gap in organizational scholarship on diversity, as we have vast knowledge of the organizational outcomes that can stem from diversity, but little knowledge about the processes and practices that foster greater diversity.

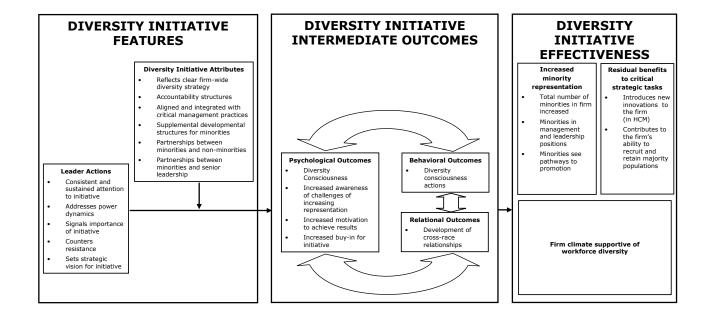
This paper offers insight into how organizations can more effectively recruit and retain a diverse workforce and highlights the elements that must be in place for diversity initiatives in organizations to achieve sustained success. We focus on knowledge intensive firms and assert that in domains in which the primary activity is the acquisition, creation, packaging, and distribution of knowledge (Davenport, Jarvenpaa, & Beers, 1996), critical processes must be in place to prevent the traditional barriers that hinder the progression of racial minorities in these environments from stymieing the diversity initiative. We present a conceptual model (Figure 1) and propose key features that workforce diversity initiatives must possess in order to be effective and highlight the process through which these features can result in increased minority representation and other key measures of a diversity initiative's effectiveness. By diversity initiative features, we refer to core attributes of workforce diversity initiatives that can facilitate the initiative's effectiveness. We assert that diversity initiatives that achieve sustained success are often propelled by clear actions that the CEO takes to institute the initiative and that the aforementioned diversity initiative attributes serve as moderators allowing the organization to achieve intermediate outcomes, in the form of the behavioral norms and perspectives, which mediate and precede the initiative's effectiveness. We argue that for a diversity initiative to achieve sustained success, each element in this model must be in place working in a symbiotic

fashion reinforcing the others. Where most organizations fail in their diversity initiatives is in having one or two of these elements in place, which presents the perception of a diversity initiative, but does not yield the desired outcome of increasing minority representation as there is an absence of a holistic view of how all elements are necessary and serve a reinforcing function enhancing the initiative's effectiveness.

In this paper, we first define workforce diversity initiatives and discuss the challenges that knowledge intensive firms (KIFs) face in attracting, retaining, and promoting minorities. We then present metrics used to define the effectiveness of workforce diversity initiatives in KIFs and offer six propositions that we argue contribute to the effectiveness of a workforce diversity initiative. These propositions outline the actions leaders should take to mobilize the diversity initiative and present design features that should be present in diversity initiatives, each of which set the foundation for the diversity initiative's effectiveness by serving as a catalyst for psychological, behavioral, and relational changes among employees within the firm with regard to diversity. Finally, we conclude by identifying future directions for research on workforce diversity initiatives.

# FIGURE 1

# Factors Influencing the Effectiveness of Workforce Diversity Initiatives in Knowledge Intensive Firms



# **DIVERSITY INITIATIVES**

We are defining diversity initiatives as the collection of activities that an organization has implemented to increase the presence of underrepresented minorities (i.e. blacks, Hispanics, and Asians) in the organization. The prevalence of workforce diversity initiatives in many organizations can be attributed to the challenges organizations face in attracting, retaining, and promoting underrepresented minorities (Thomas & Gabarro, 1999). These challenges include: a limited talent pool for underrepresented minorities, biased hiring processes and practices that can limit entry into the organization for underrepresented minorities, and scant career resources that hinder the progression of underrepresented minorities once in the firm.

Limited talent pool. Minorities comprise only 20-35% of the student population at the top 10 professional schools, with blacks accounting for 5-10%, Hispanics accounting for 5-10% and Asians accounting for 10-15%. Organizations face the challenge of attracting the best and brightest of these candidates which can be a competitive process. Schneider's (1987) "Attraction-Selection-Attrition" theory suggests that applicants who consider themselves to have similarities with individuals within an organization to which they are applying are more likely to be attracted to the organization. Given the lack of diversity in the firms at which underrepresented minorities at top professional schools seek employment, it becomes important for organizations to generate novel ways to increase their attractiveness to potential minority hires. These innovations are often generated through diversity initiatives which focus on attracting and recruiting underrepresented minorities.

Biases in recruitment and selection. Despite this focus on trying to attract underrepresented minorities, both implicit and explicit biases can surface in the recruitment and selection processes in organizations that can stymie the recruitment and retention of top minority candidates. Social identity theory suggests that managers are likely to use salient social categories as an indicator of similarity and thus are likely to prefer individuals with whom they

share category membership (Kanter, 1977; Tajfel & Turner, 1979). Thus, in the hiring process, managers may be more likely to select applicants similar to themselves. Research on selection processes in organizations has supported this theory using a variety of methodologies (Goldberg, 2005; Graves & Powell, 1995; Lewis & Sherman, 2003). Some studies have even demonstrated that simply having an African-American-sounding name can affect the number of callbacks received for job interviews compared to having a White-sounding name (Bertrand & Mullainathan, 2004).

Limited career resources. Once in the organization, underrepresented minorities face significant barriers to career progression. In diverse organizations, informal coalitions develop around shared category membership (e.g. race and gender), resulting in critical information bypassing formal networks of reporting relationships in favor of informal networks based on functions or social categories (Schneider & Northcraft, 1999). Individuals left out of these informal networks have difficulty succeeding in organizations (Brass, 1985; Ibarra, 1993; Kanter, 1977; Lincoln & Miller, 1979). Research has indicated that minorities are often excluded from majority informal social networks often impeding their ability to succeed (Bartol, 1978; Ibarra, 1993; Kanter, 1977; Lincoln & Miller, 1979; Morrison & Von Glinow, 1990; Northcraft & Gutek, 1993). Exclusion from informal networks limits the mentoring received by underrepresented minorities which can hinder career progression. The support and coaching offered through mentoring relationships provides a vehicle for feedback on performance and career coaching which can be a valuable resource for career advancement. Underrepresented minorities not only have fewer mentoring relationships but also have an in increased likelihood of failed cross-race mentoring relationships which can have negative repercussions for career development (Thomas, 1993, 2001).

In sum, to address the aforementioned challenges organizations face in attracting, hiring, and promoting underrepresented minorities, many organizations establish workforce diversity initiatives.

#### THE DISTINCTIVENESS OF KNOWLEDGE INTENSIVE FIRMS

The challenges organizations face in attracting, hiring, and promoting underrepresented minorities are magnified in firms that are knowledge intensive. Consistent with Drucker's (1969) definition of the knowledge worker, we define knowledge intensive firms (KIFs) as firms that employ individuals who add value in the workplace by processing existing information to create new information which can be used to define and solve problems (Davenport, Jarvenpaa, & Beers, 1996). Personnel in KIFs possess a high degree of expertise, education or experience and the primary purpose of their jobs involves the acquisition, creation, packaging, and distribution of knowledge. One key differentiator between KIFs and traditional firms lies in the significance and centrality of knowledge in the production processes of these firms (Alvesson, 2004). In KIFs, knowledge is both an input used to create products and services, and an output, which is characterized by a high degree of knowledge content. The work in these firms is complex and non-routine, with significant variety. Examples of knowledge workers include product developers, advertisers, lawyers, and analysts. Examples of KIFs include: professional service firms, high technology firms, educational institutions, and R&D firms.

We focus on workforce diversity initiatives in KIFs because the nature of the work in these firms presents a unique challenge for underrepresented minorities which we assert has an influence on retention and promotion for underrepresented minorities in these firms. KIFs, particularly professional service firms, tend to be the least racially diverse compared to non-knowledge, more mainstream firms. In many of these firms, attrition for blacks and Hispanics is higher than that of other minority groups and women, and minorities are often underrepresented

at senior levels (Minority Law Journal, 2007; The CPA Journal, 1999). We argue that for firms in which the nature of the work is directly tied to societal stereotypes of underrepresented minorities, these stereotypes will manifest themselves in the retention and promotion dynamics surrounding underrepresented minorities in these firms.

Stereotypes of Underrepresented Minorities in KIFs. The preponderance of stereotypes surrounding the intelligence of blacks and Hispanics coupled with the significance and centrality of knowledge in KIFs makes blacks and Hispanics in these environments particularly susceptible to identity threats such as the threat of being misjudged as less intelligent than their white counterparts due to their group membership (Foley, Kidder, & Powell, 2002; Heilman, Block, & Lucas, 1992; Kirschenman & Neckerman, 1991; Sanchez & Brock, 1996). These stereotypes, often unconsciously held by majority power holders in KIFs, can result in selection biases that favor white over black and Hispanic knowledge workers and can have implications for recruiting and retaining these employees.

Likewise, Asian Americans face identity threats related to leadership ability. Personality and behavioral stereotypes asserting that Asians are "submissive," "humble," "passive," "quiet," "compliant," and "obedient" make Asian Americans vulnerable to being viewed as lacking key leadership traits, placing them at a disadvantage when being considered for management positions (Lee, 1994,1996; Yeh, 2001). Though protected by their model stereotype which posits that Asian Americans have certain characteristics deemed important for success in organizational environments (e.g. academic ability, work ethic), Asian Americans remain underrepresented at top management levels in KIFs, despite being the largest minority group represented at junior levels of these firms (Gilbert, Carr-Ruffino, Ivancevich, Lownes-Jackson, 2003).

A third stereotype faced by black, Hispanic, and Asian knowledge workers relates to their ability to connect with and generate business from majority populations. Since the core work of

senior executives in KIFs, particularly those with partnerships structures, is to generate business from "clients", the preponderance of which are led by majority populations, underrepresented minorities fall victim to the misperception of being less able to bring in business with majority populations. This misperception can have implications for promotion to the partner level for underrepresented minorities, with few advancing to this level.

Culture and Organization of KIFs. The long term success of KIFs is contingent on the ability of senior partners to identify, attract and retain superior professionals (Lorsch & Tierney, 2002; Maister, 1997). Using the example of professional service firms, the majority of professional service firms utilize flat/hierarchical structures with a high ratio of junior to senior professionals. Thus, skill development and career progression for junior professionals revolves in large part around the degree to which they are invested in by senior professionals who serve as mentors and coaches. In these apprenticeship businesses, senior professionals can create the conditions that can guide high rates of skill development, motivation, and commitment from junior professionals, each of which influence the retention of superior professionals. However, the time constraints faced by senior professionals, who must balance revenue generating, client-building activities with these crucial mentoring and coaching activities for junior professional retention, can create a disincentive to invest in junior professionals (Wilkins & Gulati, 1996).

Senior professionals therefore selectively offer coaching and mentoring for junior professionals who are considered "stars", those junior professionals with the highest future value to the firm (Lorsch & Tierney, 2002). Speed of learning and demonstrative competence are critical for being identified as a star in KIFs. Some studies have demonstrated that it typically takes longer for underrepresented minorities, particularly blacks, to look like stars, which decreases the likelihood that they will be invested in by senior professionals (Williams & Gulati, 1996). In these environments that rely on information transfer as a means of getting work done (Ancona & Caldwell, 1992; Reagans & Zuckerman, 2001), this lack of investment can result in

exclusion from both professional and informal social networks, thus underrepresented minorities experience marginalization and have fewer resources to progress professionally.

The cultural context of KIFs, when combined with the societal stereotypes of underrepresented minorities, helps to illuminate the unique challenges that underrepresented minorities in KIFs face in progressing through these firms and offer insight into the low numbers of underrepresented minorities in management positions in KIFs. These examples help answer the question of *why* the statistics are bleak. We offer insight into *how* organizations can begin to change these dynamics and create effective workforce diversity initiatives that achieve the goal of increasing underrepresented minority representation and combat some of these forces.

In the next section of this article, we discuss the metrics we are using to define the effectiveness of workforce diversity initiatives in KIFs.

# FOUR COMPONENTS OF EFFECTIVE WORKFORCE DIVERSITY INITIATIVES

We define the effectiveness of workforce diversity initiatives in KIFs based on four elements: 1) Increased minority representation via recruitment, 2) Increased minority representation via promotion, 3) Firm diversity climate, and 4) Residual benefits emerging from the initiative.

Increased Minority Representation via Recruitment. KIFs typically seek talent from the top 10-20 undergraduate and graduate schools in the US. For instance, sixty-five percent of MBAs at top graduate business schools begin their careers at professional service firms and 75% of JDs at top graduate law schools begin their careers in corporate law firms (Lorsch & Tierney, 2002). On average, minorities represent 35% of the student population at the top 10 US undergraduate institutions, 24% of the student population at the top 10 US business schools, and

33% of the student population at the top 10 US law schools.<sup>1</sup> These percentages further narrow if we focus on those pursuing careers in KIFs compared to the numerous other career options available. Given these statistics, it is expected that a KIF that has experienced success in recruiting underrepresented minorities is one whose ratio of underrepresented minority professionals as a percentage of total professionals will be comparable to the statistics seen in educational institutions. However, relying solely on one metric does not fully capture the year to year fluctuations that can occur in diversity recruiting. As a result, in defining effectiveness we also include industry averages across firms and year over year increases in both the number of underrepresented minority professionals at the firm.

Increased Minority Representation via Promotion. The majority of KIFs have clear role progressions from entry level to leadership positions. Depending on the type of firm, every two to five years there is a step function increase in the roles and responsibilities of client-facing employees, which often includes a formal promotion. The two critical promotion points include promotion to manager or team leader and promotion to the partnership, both of which entail a significant responsibility shift in the areas of client management and firm management. We therefore define firms with effective diversity initiatives as those that have underrepresented minorities in management positions. In addition, we expect to see year over year increases in the number of underrepresented minorities in management positions in firms with effective diversity initiatives.

Diversity Climate. We also take into consideration underrepresented minorities' perspectives on career progression and their experiences as minorities in the firm in defining effective diversity initiatives. While there may be minorities in management positions in each

<sup>&</sup>lt;sup>1</sup> Statistics have been generated from school websites and US News and World Report rankings of top undergraduate institutions, law schools, and business schools.

firm, it is also important that junior level employees see pathways to opportunity within the firm and feel that they their race does not place them at a clear disadvantage in promotion decisions (Thomas & Gabarro, 1999). Given these criteria, we define firms with effective diversity initiatives as those whose population of underrepresented minorities experience the firm climate as being open to diversity and feel as if their race will not hinder them from career progression.

Residual Benefits. In addition, we consider the residual benefits that can accrue to the firm as a whole from these initiatives in defining effective workforce diversity initiatives. We argue that effective diversity initiatives are aligned and fully integrated into the organization's fundamental business practices and that organizations with peripheral initiatives that serve almost as stand-alone initiatives, separated from the core functioning of the organization, will be ineffective. Underlying this concept is that idea that diversity initiatives that are well-aligned with management practices may not only generate performance improvements in the area of diversity, but may also generate performance improvements in broad management practices (Ely & Thomas, 2001; Thomas & Ely, 1996). For instance, using the example of the management practice of recruiting, building capabilities that strengthen an organization's ability to recruit minorities may also strengthen the organizations ability to recruit non-minorities. Improvements in the selection of diverse individuals may strengthen the firm's overall ability to select individuals whose values and skills are compatible with the firm if the practice of recruiting minorities is well-aligned and integrated with organizational practices. Thus, we define an effective workforce diversity initiative as one that generates residual benefits for the organization's critical management practices.

In sum, we have presented several metrics that we are using to define the effectiveness of diversity initiatives in KIFs. We believe that KIFs that have achieved sustained success in their diversity initiatives will show evidence of more of these effectiveness criteria relative to their peers in the same industries. In the next section, we present six propositions that highlight the

actions and attributes that are necessary for the effectiveness metrics we have defined to be achieved. We propose that these effectiveness metrics are a function of leadership actions that prioritize and signal the importance of the diversity initiative. These actions are then supplemented by the initiative itself possessing core design features that prevent it from being a sidelined activity in the firm. Collectively, these leader actions coupled with initiative design features work in concert to create intermediate outcomes in the form of psychological, behavioral, and relational processes which contribute to the initiative's effectiveness.

# **DIVERSITY INITIATIVE FEATURES**

Leadership Involvement as Agents of Change

To better understand the critical role that leadership plays in diversity initiatives in KIFs, we first revisit the barriers that organizations face in their efforts to increase diversity. Research on workforce diversity has highlighted that minorities in organizations face the following barriers: lack of mentors and role models (Ragins & Cotton, 1996; Thomas & Gabarro, 1999), exclusion from informal networks of communication (Giscombe & Mattis, 2002; Ibarra, 1993; Kanter, 1977), stereotyping and preconceptions of roles and abilities (Bertrand & Mullainathan, 2004; Waters, 1992), and lack of significant line experience, visible and/or challenging assignments (Hurley, Fagenson-Eland & Sonnenfield, 1997; Thomas, 2001). These barriers can hinder career progression and prevent organizations from moving forward in their efforts to maintain a diverse workforce.

To overcome these barriers, structural, cultural, and behavioral changes are required within organizations (Ragins, 1995). Structural change focuses on change within the formal systems that guide and control the work of the organization (Holvino, Ferdman, & Merrill-Sands, 2004). Cultural change, on the other hand, refers to the values, beliefs and ideologies of the organization, particularly as they relate to informal norms or mental models that support or

hinder diversity (Senge, Kleiner, Roberts, Ross, & Smith, 1994). Behavioral change refers the behaviors, attitudes, and perceptions within and between individuals and workgroups that support or hinder the goals of diversity. Leadership can play a key role in propelling changes in these three areas, which can influence the effectiveness of a diversity initiative. How is it then that leaders bring about this structural, cultural, and behavioral change and what implications does the process used have for the outcome of the diversity initiative?

Ely & Meyerson (2000) assert that the kinds of actions required to reduce gender inequities (and presumably racial inequities) in organizations involve challenges to existing power relations and the dismantling of practices that have long been institutionalized as rational approaches to the organization's work. Thus, support from leadership, and the way in which this support is enacted, can help counter resistance from traditional power holders. For instance, through proactive actions such as the development of new baselines in policies, practices and structures (e.g. institutionalizing equitable performance structures and advancement systems which help to remove "glass ceiling barriers"), leaders can demonstrate their support for diversity initiatives. Thus, policies can be one source of performance differentials across firms (Miller & Katz, 2002). Leaders provide support for initiatives through symbolic actions that legitimate the diversity initiative, which in turn differentiates effective from less effective initiatives (Thomas & Gabarro, 1999). Another area of support lies in the provision of resources needed to implement initiatives. We argue that variability in support from leadership from a resource allocation standpoint can serve as a differentiator between effective and less effective workforce diversity initiatives.

These actions that the leader of the KIF undertakes signal the importance of the diversity initiative and allow the initiative to be viewed as a key priority within the firm. Once this signal is transmitted to employees, they are more motivated to buy-into the initiative and actively participate in it, which can enhance the diversity initiative's effectiveness. We consider this buy

in and motivation among employees to be an intermediate psychological outcome which we will elaborate upon in the section that follows. This assertion brings us to the following proposition regarding effective diversity initiatives:

Proposition 1: Consistent and sustained attention and investment from the senior leaders of the organization will have a positive impact on psychological outcomes for employees which will increase the effectiveness of a workforce diversity initiative

Proposition 1a: Having leaders who proactively address the power dynamics that hinder progression for racial minorities in the firm will have a positive impact on psychological outcomes for employees which will increase the effectiveness of a workforce diversity initiative

Proposition 1b: Having leaders who signal the importance of the initiative to the firm will have a positive impact on psychological outcomes for employees which will increase the effectiveness of a workforce diversity initiative

Proposition 1c: Having leaders who counter resistance that can occur in reaction to the diversity initiative will have a positive impact on psychological outcomes for employees which will increase the effectiveness of a workforce diversity initiative

We have highlighted the role leaders play to ensure that the diversity initiative undertaken by their firm is effective. In the next section, we focus on the intermediate outcomes that these leader actions create when coupled with a diversity initiative with specific design features that allow it to thrive in a KIF.

# INTERMEDIATE OUTCOMES OF EFFECTIVE DIVERSITY INITIATIVES

There are critical intermediate outcomes that account for the relationship between the actions a leader takes to establish a diversity initiative and the initiative's effectiveness, and thus help explain why organizations that receive consistent and sustained attention from their leaders and incorporate key design features into their initiatives are able to achieve sustained success in their diversity initiatives. Specifically, we argue that psychological, behavioral, and relational outcomes mediate the effects of leader actions on a diversity initiative's effectiveness.

# Psychological Outcomes

In proposition 1, we highlighted the importance of leaders investing in the diversity initiative and giving it sustained attention. Leadership commitment helps to signal the importance of the initiative and links the initiative to organizational objectives. We argue that this commitment creates the psychological outcome of motivating individuals in KIFs to participate the diversity initiative. From a psychological standpoint, it is important that employees feel a sense of motivation and personal commitment to accomplish the goal that the diversity initiative is intended to achieve as this motivation can contribute to the diversity initiative's effectiveness on a variety of dimensions.

First, motivating and engaging employees in diversity efforts can create a sense of empowerment and ownership for the initiative at all hierarchical levels (Guinier & Torres, 2002). This empowerment is critical given that implicit in the barriers are embedded hierarchies of privilege in organizations. Guinier and Torres (2002) therefore suggest that through innovative power sharing and democratic engagement, these barriers can be more effectively addressed. Enlisting those of differing ethnic, racial, and gender backgrounds to tackle the process of increasing diversity can be thought of as a methodology that facilitates the process of diagnosing barriers and collectively organizing to address these barriers. Furthermore, it has been suggested

that organizations are able to better reap the benefits of demographic diversity by creating a sense of collectivism (Chatman, Polzer, Barsade, & Neale, 1998). Therefore, organizations that engage the employee base in the diversity initiative by utilizing partnerships and positioning the initiative as a collective effort, in which employees should behave in accordance, will be more likely to have an effective diversity initiative. Multiple partnership mechanisms symbolize support for the initiative, allow innovations to arise in the initiative as various individual and cultural perspectives are incorporated into the initiative, and create a sense of empowerment and ownership for the initiative, all of which contribute to a diversity initiative's effectiveness.

Second, we contend that employee buy-in, motivation, and involvement in the diversity initiative create what we will refer to as a "Diversity Consciousness" among employees. "Diversity Consciousness" can be defined as the act by which individuals (or an aggregate of individuals) apply a diversity perspective or lens to thoughts, feelings, and actions. In the context of organizations, diversity consciousness can be thought of as a psychology of race in an individual's mind that motivates the individual to facilitate the organization becoming more diverse and enables successful relationships across lines of difference. There is a spectrum of diversity consciousness that an individual can possess. At the most basic level is a general awareness that race can influence organizational dynamics; that organizations privilege some groups over others which can influence individuals' experiences in the firm. At the extreme end of diversity consciousness is the idea that diversity is a valuable resource that organizations can use primarily to rethink and reconfigure their primary tasks. This perspective assumes that cultural differences result in diverse life experiences, knowledge, and insights among organizational members which informs alternative views about the work content and how to best accomplish the work at hand.

This concept of diversity consciousness is aligned with research on racial identity development. Racial identity development describes an individual's psychological development

in response to their environment (Helms, 1984, 1995). Racial identity development has typically been thought of as a staged process through which individuals progress to develop attitudes and beliefs toward their own racial groups and other groups (Rowe, Bennett & Atkinson, 1994). Some research has suggested that since upper management positions in American companies tend to be dominated by majority group members, white managers with higher racial identity development may be more effective in creating a work environment in which differences are valued (Thomas, 1993). Likewise, we suggest that as diversity consciousness becomes heightened among individuals in an organization, the greater the likelihood that these individuals will engage in actions that facilitate the organization being more diverse. This idea of diversity consciousness is also consistent with research on diversity perspectives in workgroups (Ely & Thomas, 2001). Just as an individuals' diversity perspective can dictate the actions they will engage in with regard to diversifying their organizations, some studies have found that the perspective on diversity held by workgroups can not only influence how tensions related to diversity are managed, but can also have implications for workgroup performance and team member functioning, with specific perspectives (i.e. integration-and-learning perspective vs. access-and-legitimacy or discrimination-and-fairness perspectives) enhancing the likelihood of a workgroup achieving sustained benefits from diversity (Ely & Thomas, 2001).

We contend that the three key psychological outcomes we have highlighted: 1)employee motivation, 2) employee buy-in, and 3) diversity consciousness, mediate the relationship between leader actions and the effectiveness of a diversity initiative as they can dictate the behavioral outcomes and relational outcomes that can ensue from a diversity initiative. Just as employee motivation and buy-in are beneficial to the long term effectiveness of a diversity initiative, as they can enhance the collective sense of ownership for the initiative's success, the level of diversity consciousness that an individual in a KIF possesses, coupled with the degree of

influence that they have over organizational outcomes can have a profound effect on the success of a diversity initiative.

Of these three key psychological outcomes we have highlighted, we believe diversity consciousness may have the largest influence on the behavioral and relational outcomes that ensue from leader actions. From a relational standpoint, we know that individuals come to cross-race relationships with established perspectives about race relations that include attitudes toward other racial groups, orientation toward their own racial group and racial identity, and assumptions about the best way to address race related matters (Thomas, 1993). Thus the level of diversity consciousness held by those in partnerships with minorities can affect the way they manage these cross-race relationships and can dictate the type of relationship that will develop. We assert that individuals with a heightened level of diversity consciousness may be better able to capitalize on diverse opinions and alternative perspectives presented to them through the cross-race relationships they develop which can affect the actions they take to facilitate the diversity initiative's effectiveness. These individuals can better capitalize on cross-cultural learning and enact this learning through diversity consciousness actions, a critical behavioral outcome, which can enhance the effectiveness of the diversity initiative.

#### Behavioral Outcomes

Diversity consciousness can manifest itself in behavioral outcomes, which we refer to as diversity conscious actions, that are undertaken by minorities and non-minorities in an effort to support the diversity initiative. Using the example of professional service firms, both recruiting and retention practices in professional service firms rely heavily on employees to implement and execute them. Employees tend to recruit and attract newcomers from their alma maters and elsewhere to these organizations (Thomas & Wise, 1999), and due to the apprenticeship nature of the work, retention can partially be attributed to mentoring and training that is received by junior

level employees from senior level employees (Lorsch & Tierney, 2002; Maister, 1997; Wilkins & Gulati, 1996).

Since employees are already actively involved in the recruiting and retention processes in these firms, there are a variety of diversity consciousness actions that employees can engage in to facilitate the recruiting and retention of minorities. Diversity consciousness actions can occur at various levels of the organization and to varying degrees. For instance, diversity consciousness actions can involve widespread participation in activities such as minority-focused recruiting events, involvement of senior level executives in mentoring and retention activities, and broadbased involvement in the development and implementation of the diversity strategy. We argue that the more engaged employees are in the diversity initiative, the more opportunities they will have to engage in diversity consciousness actions that will facilitate the process of spotting and grooming high potential minority employees. By engaging the broad employee base in the initiative, more individuals become participants in the initiative which makes it more likely that the initiative will not fall by the wayside and will remain a priority within the firm. Furthermore, the more constituents that are involved in addressing the challenges associated with increasing diversity, the greater the likelihood that the initiative will be effective.

#### Relational Outcomes

Diversity consciousness and the actions that ensue from this consciousness set the stage for critical relational outcomes. Using the example of the diversity consciousness action of involving senior level executives in mentoring and retention activities, one of the key benefits of these partnerships is that they stimulate interaction across different groups which can have a positive influence on firm culture. Ridgeway and Correll (2000) argue that it is these social interactions and interventions between different sexes (and presumably different races) that help modify cultural beliefs about dissimilar others.

It is well-known that the relationships that are the easiest to develop, maintain, and gain comfort from are those in which the members share common identity characteristics and similar backgrounds (Tajfel & Turner, 1979). Consistent with this premise, several researchers have found that cross-race interactions can engender feelings of anxiety and discomfort (Blascovich, Mendes, Hunter, Lickel, & Kowaii-Bell, 2001; Crocker, Major, & Steele, 1998; Plant & Devine, 2003; Shelton, Richeson, & Salvatore, 2005; Stephan & Stephan, 1985; 2000). A variety of explanations have been proposed that highlight the sources of anxiety in cross-race relationships, among which include: the desire to avoid appearing prejudiced, (Plant & Devine, 1998; Dunton & Fazio, 1997; Gaertner & Dovidio, 1986), the threat of rejection in intergroup encounters (Stephan & Stephan, 1985; Tropp, 2003; Vorauer, Hunter, Main, & Roy, 2000), and minimal experience interacting with individuals of different races (Plant & Devine, 2003; Stephan & Stephan, 1985). What diversity consciousness actions, such as involving senior level executives in mentoring and retention activities, do is create the potential for high quality cross-race relationships to be developed.

By high quality cross-race relationships, we refer to cross-race relationships characterized by emotional weight, reciprocity, and trust (Graen & Uhl-Bien, 1995; Granovetter, 1973; Higgins & Kram, 2001). High quality cross-race relationships are beneficial for two reasons: first, relative to low quality cross-race relationships, these relationships enable individuals to focus on producing beneficial organizational outcomes rather than on managing the tensions that often arise when working across differences; second, relative to high quality same-race relationships, these relationships engender cultural competencies that increase individuals' ability to work effectively with culturally diverse populations (Davidson & James, 2006). Furthermore, relationships, if managed effectively, have been found to promote more effective work outcomes and can result in beneficial psychological outcomes for individuals. High quality relationships can foster information sharing (Gersick, Bartunek, & Dutton, 2000; Ibarra, 1992);

enhance collaboration in completing organizational tasks (Ancona & Caldwell, 1992); facilitate the acquisition of career resources (Kram, 1988; Ragins, 1997; Thomas & Gabarro, 1999); and stimulate physical and emotional well-being (Kirmeyer & Lin, 1987; Krackhardt & Kilduff, 1990; Totterdell, Spelten, Smith, & Barton, 1995). Thus, in the context of workforce diversity initiatives, the development of cross race relationships, established through partnerships and other mechanisms, can result in beneficial relational and psychological outcomes that can influence the diversity initiative's effectiveness.

In sum, the psychological, behavioral, and relational outcomes that emerge from having a diversity initiative that is supported by the leader and strengthened through essential design features serve as mediators which position the diversity initiative to be effective in the long term. These intermediate outcomes stem from active engagement by the employee base in the diversity initiative which not only serves the purpose of empowering the employee base and creating a sense of collective action, but also stimulates the structural, cultural, and behavioral changes that are necessary for a diversity initiative to achieve sustained success. These outcomes are in essence the building blocks of having a firm climate that is supportive of workforce diversity, which is a critical driver of a diversity initiative's effectiveness.

In the next section, we focus on the attributes that a diversity initiative must possess in order to thrive in a KIF. We highlight the ways in which leader actions and diversity initiative attributes work in concert to create the aforementioned intermediate outcomes that can augment the effectiveness of workforce diversity initiatives.

# ATTRIBUTES OF EFFECTIVE WORKFORCE DIVERSITY INITIATIVES

We assert that there are five core attributes – design features – that workforce diversity initiatives must possess in order to be effective. Workforce diversity initiatives must: a) reflect a well articulated firm-wide diversity strategy, b) have imbedded supplemental developmental

structures for underrepresented minorities, c) include partnerships between minorities and non-minorities, d) be well-integrated within existing organizational practices and processes, and e) have organizational structures in place that assign responsibility and monitor the progress of the diversity initiative.

# Well-Articulated Diversity Strategy

Given that legitimatization of the diversity initiative is one way in which leaders can offer support for the initiative, it becomes important to examine the ways in which legitimization takes shape in diversity initiatives. Several empirical studies of minorities in corporate America, have highlighted that communication of the diversity effort as congruent with the organization's core values and goals can help to legitimate the organization's efforts to increase diversity (Thomas, 2004; Thomas & Gabarro, 1999). In addition, these studies suggest that leaders should articulate the ways in which the diversity strategy relates to the company's vision, mission, business imperatives, or values. One might argue that this goal can be achieved through having a well-articulated and widely bought into diversity strategy.

Organizational research has highlighted the benefits of having a clear and well-articulated strategy that informs organizational action and helps accomplish the goals that the organization has set out to achieve (Porter, 1996; Tushman & O'Reilly, 1997). In the context of diversity initiatives, having a well-articulated strategy should translate into having a strategy surrounding the diversity initiative that highlights its purpose and significance for the organization. By clearly articulating this purpose and significance, employees can have a better understanding of the critical nature of the initiative to the organization, resulting in the psychological outcome of greater buy-in for the initiative and the behavioral outcome of greater participation and employee involvement in the initiative, all of which can ultimately influence the effectiveness of the initiative. This assertion leads to the following proposition:

Proposition 2: Having a clear diversity strategy within the firm will have a positive impact on psychological and behavioral outcomes for employees which increase the effectiveness of a workforce diversity initiative

Partnerships Between Minorities and Non-Minorities

While having a clear diversity strategy is critical to gaining employee buy in, it also important to create mechanisms through which employees can be actively engaged in the diversity initiative. Employee engagement can differ for minority and non-minority populations. Diversity initiatives tend to originate at a grass roots level, as the impetus for these initiatives often emanates from minorities who have experienced the challenges and tensions of being a minority first hand (Thomas & Gabarro, 1999). These individuals are motivated to establish change efforts to address their needs. It therefore becomes important for both minority and non-minority employees to partner in the diversity initiative in order to ensure its effectiveness. Partnerships between minority and non-minority populations involve the development of a network of relationships between key stakeholders in the organization and minority constituents, both of whom share the common goal of increasing diversity within the organization. These partnerships can come in a variety of different forms, including network groups, task forces, and leadership teams.

One partnership mechanism is to have a senior level stakeholder serve as a liaison to minority affiliation organizations. These affiliation organizations give minority employees the opportunity to interact with each other to share information, coach, counsel, and support one another. Establishing a partnership between senior executives and affiliation organizations allows for the minority constituency's interests to be represented at the leadership level and can facilitate the implementation of the diversity initiative.

A second form of partnership includes engaging task forces that cut across affiliation groups, demographic boundaries, and hierarchical levels (Kalev, Dobbin, & Kelly, 2006; Sturm, 2001). Task forces can be charged with addressing specific issues faced by the different minority constituencies and identifying strategies to address these issues collectively. Again, in this context of task forces it is important for senior levels of leadership to play a partnership role by serving as executive sponsors or diversity champions representing the task force's interests and symbolizing top management's support for diversity efforts.

A third form of partnership can stem from the composition of the organization's leadership team, those individuals that direct the organization and are at the most senior levels of firm management. To the extent that the leadership team itself is comprised of individuals from multiple minority constituencies, the diversity represented on the leadership team and the relationships developed between minority and non-minority leadership team members can serve as a form of partnership that facilitates the diversity effort and the employee engagement required for diversity initiatives to be effective. In addition, diverse individuals who are members of the leadership team can play a unique partnership role with minority constituents by serving as conduits of information and interpreters of management actions to minorities (Thomas & Gabarro, 1999).

Through the establishment of partnerships in the form of task forces, network groups, and leadership teams, collaboration is fostered throughout the organization which can facilitate the implementation of the diversity initiative. Furthermore these partnerships stimulate relational outcomes by creating a formal structure through which cross-race relationships are developed. In turn, these cross-race relationships can stimulate the psychological outcome of diversity consciousness. This assertion is expressed in the following proposition:

Proposition 3: Having multiple mechanisms of partnership between minorities and nonminorities will have a positive impact on relational outcomes for employees which will increase the effectiveness of a workforce diversity initiative

Supplemental Developmental Structures for Minorities

In addition to establishing partnerships between minorities and non-minorities in a KIF. another design feature of a diversity initiative that focuses the organization's attention on underrepresented minority retention and progression is having supplemental developmental structures such as mentoring programs, formal affiliation organizations, informal networks and client assignment monitoring processes, designed specifically for underrepresented minorities that serve as an additional career resource. Executive mentoring can facilitate the attainment of developmental opportunities for underrepresented minorities, serves as a public symbolism of the firm's commitment to increasing diversity, and demonstrates to underrepresented minorities in KIFs that the firm is committed to increasing diversity (Thomas & Gabarro, 1999). In addition, affiliation groups and informal networks serve as a source of information, career advice, and support. Affiliation groups also play an advocacy role with management for underrepresented minorities by surfacing key issues faced by the groups they serve and providing a forum through which these issues can be addressed. Supplemental developmental structures facilitate a diversity initiative's effectiveness by offering underrepresented minorities additional career resources to level the playing field with their white peers. Furthermore these developmental structures stimulate relational outcomes by creating a formal structure through which cross-race relationships are developed. This assertion is expressed in the following proposition:

Proposition 4: Embedding supplemental developmental structures for minorities in the workforce diversity initiative will have a positive impact on relational outcomes for employees which will increase the effectiveness of a workforce diversity initiative

# Alignment of Management Practices

A logical progression from establishing partnerships and supplemental development structures for minorities is to align these structures with management practices that accommodate the diversity initiative. Diversity initiatives often focus on recruiting and retaining a particular target market segment (e.g. underrepresented minorities for the purposes of this paper) and both recruiting and retention are typically pre-existing, well-established organizational practices that extend beyond the target group of the diversity initiative. Thus, it can be argued that integrating diversity initiatives into pre-existing practices and aligning these initiatives with pre-existing practices can be beneficial to organizations in implementing diversity initiatives.

While empirical research on diversity has typically looked at structural integration by examining the benefits of integrating minorities into key positions, vertically and horizontally across the organizational hierarchy (Cox, 1994), we suggest that there are benefits to structuring the diversity initiative in a way that is well-integrated within the organization. It is through the integration of management practices that initiatives are prevented from becoming a separate activity within the organization. Incorporating diversity initiatives into core organizational practices can enhance their effectiveness as this integration allows the initiative to become coupled and intertwined with fundamental business practices, preventing the initiative from falling by the wayside.

In addition, this integration stimulates the psychological, behavioral, and relational outcomes which we propose enhance the effectiveness of a diversity initiative. For instance, if we focus on the core management practice of recruiting top talent into KIFs, one way of

integrating the diversity initiative into pre-existing recruiting activities is to ensure that all diversity-related recruiting events targeting minorities are included as a core component of the recruiting agenda and are attended by both minorities and non-minorities within the firm. Broadbased participation of minority and non-minority employees in recruiting activities can make the limited pool for talent clearly visible, heightening awareness of the challenges of increasing diversity representation, which we define as a key psychological outcome mediating the effect of leader actions on the effectiveness of a diversity initiative. This heightened awareness of the challenges of recruiting a diverse workforce has the potential to increase the motivation to achieve results, particularly if the diversity initiative has been highlighted by the leader as a key priority within the firm, and can give rise to the behavioral outcome of minorities and non-minorities alike engaging in diversity consciousness actions both during recruiting activities and when onsite at the firm.

Likewise, integrating and aligning the diversity initiative into the core management practice of human capital management in KIFs can precipitate key relational outcomes that can have a profound impact the diversity initiative's effectiveness. One key component of human capital management in KIFs includes attending to the professional development needs of employees, particularly junior professionals with the highest future value to the firm (Lorsch & Tierney, 2002). Thus, senior partners must develop relationships with junior employees in an effort to mentor and groom young talent into stars to capitalize on their future value. Establishing partnerships between minorities and non-minorities, as well as creating supplemental developmental structures as discussed in propositions three and four, are one way of aligning the diversity initiative with existing professional development activities. Furthermore, these activities set the foundation for the establishment of cross-race relationships, a key relational outcome that precedes a diversity initiative's effectiveness.

These examples help illuminate the ways in which aligning the diversity initiative with existing organizational structures, systems, and processes can moderate leader actions resulting in psychological, behavioral, and relational outcomes that can propel the initiative to success. This premise leads to the following proposition:

Proposition 5: Integrating and aligning the workforce diversity initiative with core management practices will have a positive impact on psychological, behavioral, and relational outcomes for employees which will increase the effectiveness of a workforce diversity initiative

# Accountability Structures

In addition to the structural requirement of aligning management practices with the diversity initiative, the effectiveness of a diversity initiative is dependent upon having accountability structures that assign responsibility for the goals of the initiative to key stakeholders in KIFs (Kalev, Dobbin, & Kelly, 2006).

One way of structuring diversity initiatives that can keep them on track and focused is to assign responsibility for the initiative to key stakeholders. Having dedicated staff members or task forces that monitor the success of the diversity initiative, establish metrics to measure the initiative's effectiveness, and create incentives for achieving diversity goals prevents employees in KIFs from balancing managing the initiative with the demands of executing on their revenue generating, client-building activities that are required to progress within the firm (Edelman, 1990; Meyer & Rowan, 1977; Reskin, 2003; Sturm, 2001). Accountability structures facilitate a diversity initiative's effectiveness by establishing responsibility for the initiative so that the initiative does not become a sidelined activity within the firm. In addition, these structures help achieve intermediate psychological and behavioral outcomes as holding specific individuals

accountable for the diversity initiative can increase their motivation to achieve results and from a behavioral standpoint, can increase the likelihood that those individuals responsible for achieving results will engage in diversity consciousness actions, both of which can increase the effectiveness of a diversity initiative. This assertion leads to the following proposition:

Proposition 6: Establishing accountability structures for the workforce diversity initiative will have a positive impact on psychological and behavioral outcomes for employees which will increase the effectiveness of a workforce diversity initiative

In this section, we have presented six propositions that focus specifically on the design features of workforce diversity initiatives that can contribute to their effectiveness. We argue that workforce diversity initiatives should reflect a well articulated firm-wide diversity strategy, have imbedded supplemental developmental structures for underrepresented minorities, include partnerships between minorities and non-minorities, be well-integrated within existing organizational practices and processes, and have organizational structures in place that assign responsibility and monitor the progress of the diversity initiative. These attributes moderate leader actions to create intermediary psychological, behavioral, and relational outcomes that can augment the effectiveness of workforce diversity initiatives.

# CONCLUSION AND AGENDA FOR FUTURE RESEARCH ON DIVERSITY INITIATIVES IN ORGANIZATIONS

Our goal in this article was to present a conceptual model of the actions and specific attributes and processes that underlie effective workforce diversity initiatives in KIFs. This

research offers an important contribution to the literature on diversity in organizations by providing a theoretical perspective on why some diversity initiatives are able to achieve their intended goals of increasing underrepresented minority representation while others are not. While popular literature espouses some theories concerning this topic, academic literature remains devoid of a common understanding of the factors that increase the effectiveness of a workforce diversity initiative. Furthermore, we highlight that each factor presented in our conceptual model is necessary, and cannot operate efficiently on its own if a diversity initiative is to achieve sustained success. Specifically, leader actions must work in conjunction with a well-designed diversity initiative with specific attributes such that these two factors operate in tandem and feed off one another creating intermediate psychological, behavioral, and relational outcomes that propel the diversity initiative to success.

In this paper, we have laid the foundation for further exploration of workforce diversity initiatives. Future research should be directed at testing and applying the proposed model in KIFs. An example would be a qualitative field study that examines the diversity initiatives of KIFs that vary dramatically in their track records of recruiting and retaining underrepresented minorities. Each diversity initiative would be studied in depth using a variety of methods (e.g. surveys, interviews, observations) in an effort to validate and strengthen the proposed conceptual model.

A second direction is to examine the diversity initiatives of traditional firms. We were intentional in our focus on KIFs since the least progress has been made on increasing diversity in these domains. However, traditional firms also offer a rich context to explore diversity initiatives. Several Fortune 500 firms (e.g. IBM, Verizon, Pepsico, GE) have experienced sustained success in their efforts to recruit and retain a diverse workforce, making these firms exemplars in diversity management and ripe for future empirical research (Thomas, 2004, Catalyst, 2007).

Third, empirical research on diversity initiatives will not only help validate the conceptual model presented in Figure 1, but will also add a layer of depth to the model. In this paper, we introduce a new construct - diversity consciousness - the act by which individuals (or an aggregate of individuals) apply a diversity perspective or lens to thoughts, feelings, and actions. However, additional conceptual and empirical work will be needed to refine and extend this construct, and to establish construct validity. Additionally, we lack knowledge on the individual, relational, and organizational antecedents for the factors in the model that we propose guide action in KIFs. Given that diversity consciousness operates on a spectrum, is there a particular level of diversity consciousness that the leader must possess which precedes engaging in the actions we propose enhance the effectiveness of a diversity initiative? To what extent does the type of diversity perspective (see Ely & Thomas, 2001 for a review) that the firm employs help or hinder the effectiveness of its diversity initiative? To what extent are the different elements of the model contingent upon each other? These and other questions must be addressed to build upon this model.

In conclusion, the numerous approaches organizations have taken to promote diversity have yet to yield the desired result of increasing the representation of underrepresented minorities in the workforce. Although the literature on diversity in organizations is large and growing, scholars need to acknowledge that more needs to be done to show evidence of remedies that help accelerate the pace of diversity in the workforce. We hope that our efforts here offer one step in this direction.

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