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# Dissemination of diversity management in Germany: A new institutionalist approach

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## KEYWORDS

Diversity management;  
Empirical survey;  
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New institutionalism;  
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**Summary** A notable increase in the dissemination of diversity management in corporate practice can be observed in Germany in recent years. The aim of the research underlying this paper was to explain diversity management's dissemination in corporate practice on the basis of the New Institutional Theory. Against this background, an empirical survey was carried out that examined the state of the art of diversity management in Germany. Results provide indications for a dissemination of diversity management that may be attributed to isomorphism processes. However, further explanations have to be taken into account.

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## Introduction

The consideration of differences between employees and employee groups respectively has been in the focus of human resources management and corporate practice for many years. In the past, individualisation was the dominant concept that companies used to try to fulfil their employees' needs and increase their motivation. In contrast to that, the starting point for current thoughts on coping with workforce diversity through diversity management in Germany lies in the discussion on equal opportunities for men and women in work. Equal opportunities aim at dismantling inequalities and discrimination against women that may arise in their working life. This is attempted through the advancement of women and affirmative action plans for

women, which is sometimes equated with "development aid" (Krell, 2004: col. 113; translated by the authors; Combs *et al.*, 2005). However, it is increasingly acknowledged that the concept of equal opportunities does not reach far enough, as only gender-related differences between employees are taken into consideration. *Diversity* of workforce structures in corporate practice may furthermore be attached to characteristics that are in part directly noticeable (e.g. sex, age, language, ethnic or national origin, a person's function), in part only obliquely noticeable (e.g. values, religion, sexual orientation) (Thomas, 2004: p. 102). These factors cannot be influenced by the individual but may often be the cause of discrimination.

Thus, *diversity management* stands for a change in perspective, since it encompasses more than equal opportunities between the sexes. However, with regard to its dissemination, an expert for diversity management in Germany estimates that, at the most, 50 organisations practise

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the concept in Germany (Vedder, 2005: p. 20), although the tendency is increasing. Research on this issue has experienced a boom in recent years in Germany (Gebert, 2004: p. 412); in spite of this, a deficit in research can still be seen. On a political basis, there are now EU Directives that govern discrimination against specific employee groups. They entailed a societal and political debate about so-called anti-discrimination laws in Germany and in other European countries (Kirton/Greene, 2005: p. 145–163; Ferner *et al.*, 2006: p. 150–152). In Germany the so-called “Gleichbehandlungsgesetz” (The General Equal Treatment Act) was passed in August 2006.

The growing preoccupation with workforce diversity suggests that diversity management is not institutionalised solely for moral or legal reasons but also contributes to corporate success (Cox and Blake, 1991; Richard, 2000: p. 164). Admittedly, Sociological New Institutionalism shows that companies are anxious to secure the legitimacy that is achieved by adapting to the corporate environment’s institutionalised expectations. Such considerations are increasingly attracting interest in business administration. Against the background of this theoretical perspective, this essay’s research question is as follows: how may diversity management’s dissemination in corporate practice be explained, and are there any empirical indications for a dissemination through isomorphism processes?

## The conceptual basis of diversity management

*Diversity management* stems from the USA, where it was developed in the 1980s as a reaction to the demography of the US labour market that is still characterised by diverse human resources with regard to personal attributes such as gender, age and ethnic origin. In addition, vocational differences occur, for example regarding functional and hierarchical aspects or employment status (Osterman, 1999; Edelmann *et al.*, 2001: p. 1613–1614). Since the 1990s diversity management has spread in Europe as well, as workforce structures become more diverse (Krell, 1996: p. 343–344; Bogaert and Vloeberghs, 2005: p. 487; Benschop *et al.*, 1999; Boxenbaum, 2006: p. 942–943). On the German labour market women represent the largest minority: in 2004, 44.5% of employees were women while 55.5% were men. However, significant discrepancies occur if an analysis is made of the number of women in top management positions: depending on the size of the company and the industry, this varies in Germany between 5% and 11% and is therefore still hovering at a very low level. In addition, men and women with equal qualifications are still treated unequally with regard to remuneration, where the differences range between 10% and 25% (Kirton and Greene, 2005: p. 14–19; Buchholz and Grunow, 2006: p. 71–80). Besides, the proportion of foreign employees of approximately 10% in Germany also accounts for intercultural diversity. Older employees (the 50-plus age group) are hardly represented (if at all) in many companies. However, the demographic development means that an increasing significance of older employees is expected.

These aspects entail comparatively *heterogeneous workforce structures*. This heterogeneity suggests to address the problems and potentials of such diversity. In spite of this, an

orientation to an individual organisation’s dominating group of employees is still characteristic of many companies’ organisational culture and management. The consequence is a so-called monolithic organisation, which does not comply with comparatively diverse workforces in reality (Cox, 1991) and entails economic disadvantages that might become competitive disadvantages through stereotypical thinking, constraints of conformity and hindrances to creative problem solving, for example. In the light of differences and commonalities of dissimilar employees the *objective of diversity management* is to manage diversity so that the organisation does not focus on its dominating group of employees only. The concept therefore follows the keynote that employees might be dissimilar and therefore have a right to dissimilar treatment. Diversity management aims at establishing equal opportunities for all employees.

In further detail, it pursues various objectives and aims that do not put moral or ethical reasons to the fore but also focus on economic benefits (Cox and Blake, 1991; Richard, 2000: p. 164): From an *internal perspective* companies expect an increase in flexibility, creativity and innovativeness in their organisation (Cox, 1991: p. 50; Thompson and Gooler, 1996; Edelmann *et al.*, 2001: p. 1618). Organisations rely here on results acquired from group research that point out that (employee) groups whose members differ in their attributes, experiences, and requirements lead to differentiated problem perception and more creative problem solving than homogeneous groups (Thompson and Gooler, 1996). The consideration of employees’ dissimilarities and the inhibition of discrimination are supposed to strengthen employee contentment so that their performance improves and their propensity to fluctuate is reduced. This is related to the objective of reducing costs that result from immediate discrimination, lack of integration and inadequate use of the potentials of different employees and employee groups. A corroboration of competitive ability is aimed at (Cox, 1991: p. 46–47; Reagans and Zuckerman, 2001). From an *external perspective*, image advantages are aimed for through the application of diversity management. The company’s attractiveness as an employer is intended to grow so that personnel recruitment is made easier. In addition, sales benefits are possible if the heterogeneous workforce facilitates the adjustment of marketing activities according to the differing requirements of various customer groups (Cox, 1991: p. 49–50).

Few concrete guidelines are given regarding the realisation of diversity management in corporate practice. As a consequence, the degree of freedom for companies regarding the formation of their individual diversity management is extreme. The function of diversity management is hence described as “Do good and talk about it” (Vedder, 2003: p. 20; translated by the authors); in this sense, diversity management contributes to securing the company’s legitimacy. Owing to the deficient state of the concept, diversity management has been much *criticised*; in places it is even called a rhetorical modernisation (Edelmann *et al.*, 2001: p. 1590; Wetterer, 2002: p. 143). Above all, narrow confines are suspected if fundamental organisational values and norms are concerned. In general, the problem occurs if and how the organisational culture that is based upon the values and norms can be amended (Gardenswartz and Rowe, 1993: p. 219–261; Flood and Romm, 1996; Kirton and Greene,

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