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Diversity in Hiring: Evaluating Whether or Not Increased Diversity Leads to Increased Productivity

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DIVERSITY IN HIRING:
EVALUATING WHETHER OR NOT INCREASED DIVERSITY LEADS
TO INCREASED PRODUCTIVITY

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ABSTRACT

Requiring diversity in hiring has been a hotly contested issue amongst public and private organizations. Proponents of requiring diversity in hiring argue that it encourages equality, and increases overall productivity by minimizing group think. Proponents also argue that combining various cultural backgrounds gives minority employees a greater sense of belonging, which hypothetically, increases job satisfaction and productivity. Opponents argue that it leads to the employment of under qualified people, and contributes to work environment hostility.

The study conducted will collect primary and secondary data via surveys, questionnaires, and current productivity data, along with the interviewing of a selected sample group, regarding the racial makeup and productivity output at California Market¹ since the year 2004, when they began to infuse a greater amount of diversity into their workforce due to mounting public pressure. This study proposes to examine the validity behind instituting a program that requires diversity hiring in relation to specific productivity measurements, and will focus on all non-exempt staff at one Northern California location.

¹ Citing confidentiality, name organization will be referred to for purpose of study.

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Introduction

Diversity in hiring has held a prominent position on the public agenda since the mid 60's. With more and more minorities garnering access to higher education, the number of qualified minority job candidates has increased dramatically over the last four decades. Achieving academic success, however, was merely the first obstacle in an attempt to obtain equality in the workforce. Even with substantial education however, most employers were reluctant to hire minorities for anything beyond entry level positions if at all. There was a "moral crisis" going on in the country regarding the civil rights of all Americans and their equal access to the labor market (Williams, 2004).

Affirmative Action, which effectively began with the signing of Executive Order 11246 in 1965 by President Johnson, began what would become one of the most notable attempts by the government to even out the competitive advantages that one cultural or gender group might hold over the others in obtaining employment (Chen, 1995).

Affirmative Action legislation eventually required that a certain percentage of government positions and contracts be held for those from a diverse background. The constitutionality of this law has been debated since its inception. Proponents argue that, among other benefits, it (diversity) increases overall productivity, while opponents argue that mandating diversity actually hinders productivity, and can cause increased tension in the workplace.

The stated question to be researched is as follows:

Question: If diversity hiring increased at California Market, would productivity be higher among the non-exempt workforce than if they did not?

Sub-question 1: What productivity level does California Market expect from its non-exempt staff as a whole?

Sub-question 2: What benefits can a diverse work group provide if any, and how do they relate to productivity?

Sub-question 3: What effects, positive or negative, can a mandated diversity policy have if shown that it (diversity) does in fact improve diversity? Does it need to be mandated?

This proposed study will not discuss the politics of the issue which far too often becomes paramount, many times to the detriment of the issue itself. This study will focus purely on the statistical,

factual, impact that the recent diverse racial infusion has had on productivity at California Market (a private organization), more specifically, on all non-exempt staff at one location in Northern California. The primary goal here is to decipher whether or not a diversity hiring policy does, or does not increase overall productivity and if a policy mandating such is a step in the right direction toward increasing productivity if need be.

Using primary and secondary data, the research paper will attempt to provide a valid response to the question regarding the effectiveness, or lack there of, that mandating hiring diversity has on overall, measurable productivity. The research paper will also attempt to measure the disparity if any between the results of those who are not from a diverse background versus those who are, in regards to the possible implementation of a diversity hiring mandate.

Literature Review

There have been several studies conducted that attempt to measure the magnitude or impact that diversity has on personnel choices, and the part it will play in today's labor market. One of the more intriguing ones came from the U.S. Department of Labor (OPM, 2000a). In the late 90's they released a study regarding the future

racial/gender makeup of the American workforce that included the following statement:

By 2050, the U.S. population is expected to increase by 50 percent and minority groups will make up nearly half of the population. Immigration will account for almost two-thirds of the nation's population growth. The population of older Americans is expected to more than double. One-quarter of all Americans will be of Hispanic origin. Almost one in ten Americans will be of Asian or Pacific Islander descent. And more women and people with disabilities will be on the job.

(OPM 2000b)

The statistics regarding the population increases are astounding. With minority and elderly population figures rising, it stands to reason that they will soon represent an even larger portion of the labor pool. The Office of Personnel Management (OPM, 2000c) elaborates on the study results and further defines the "business case" for implementing diversity as follows:

The business case for diversity has two significant elements. First, the labor market has become increasingly competitive. The Federal Government must use every available source of candidates to ensure that each agency has the high-quality

workforce that it needs to deliver its mission to the American public. Any agency that fails to take steps to recruit among the full spectrum of the labor market is missing a strategic opportunity.

Second, the changing demographics of America mean that the public served by the Federal Government is also changing.

When agencies recruit and retain an inclusive workforce -- one that looks like the America it serves -- and when individual differences are respected, appreciated, and valued, diversity becomes an organizational strength that contributes to achieving results. Diversity offers a variety of views, approaches, and actions for an agency to use in strategic planning, problem solving, and decision making. It also enables an agency to better serve the taxpayer by reflecting the customers and communities it serves. (OPM 2000d)

This review on the importance of diversity was extremely interesting as it presented the productivity case for implementing diversity based partially on just being able to keep pace with other organizations that are "recruiting and retaining an inclusive workforce". (OPM, 2000e). Many of the other primary studies that were researched seemed to focus solely on an increase or decrease in

the level of political correctness.

The above review brought to light the additional loss of productivity that occurs when an organization overlooks the benefits that can be gained from diverse employees that may include new ways of dealing with work related problems, or just securing a more receptive audience for it's services by having diverse representation (Renckly, 1997, 250). The monolithic organizations that don't incorporate diversity may have to work twice as hard to reach it's target diverse audience, thereby causing an effectual decrease in productivity. Another productivity benefit related to racial diversity is the overall improvement in decision making. In the Academy of Management Journal (2000), author Orlando C. Richard cites the following passage:

"Heterogeneity in decision-making and problem-solving styles produces better decisions through the operation of a wider range of perspectives and a more thorough critical analysis of issues (Jackson, 1992)."(p.165).

In fact, the same article goes on to say that in limited study, "the ideas produced by ethnically diverse groups were judged to be of higher quality than the ideas produced by homogeneous groups... (Mcleod et al., 1996)." (p.165). This reported research further

supports the hypothesis that hiring diverse cultures can lead to increased productivity, also through the avenue of developing more ideas from different perspectives.

Specific studies that were able to document a measurable decrease in productivity due to diversity were few and far between. The majority of research reviewed deemed any results showing an increase in workforce productivity due to diversity as inconclusive at best, but fell short of calling a diversity focus counter-productive. In a recent Workforce Management article (2003), author Fay Hansen cites conclusions reached by Thomas A. Kochan from a diversity study he recently conducted. Some of his observations were that:

The diversity industry is built on sand, [he declares]. The business case rhetoric for diversity is simply naïve and overdone. There are no strong positive or negative effects of gender or racial diversity on business performance...[however]... Diversity can enhance business performance, but only if the proper training is in place and the climate and culture support it. If companies can't do this, they will lose the opportunity that diversity represents. There could be backward movement, and the negative consequences of diversity could predominate.

(Hansen, 2003)

This review brought to light the lack of substantial, quantifiable, dollar for dollar increases in productivity that can be directly attributed to diversity. In fact, diversity implemented incorrectly can actually "lead to miscommunication, stereotyping, polarization—and performance losses." (Lagace, 2004) What is behind these staunchly different positions? At first glance, it appears that there is an equal amount of contradictory evidence available to support either position (yay or nay regarding diversities impact on productivity). In this 2004 article published in the *Journal of Applied Psychology*, authors Knippenberg, Homan, and DeDreu discuss this apparent dichotomy of viewpoints even further. They discuss the topic from a social categorization perspective, which states that:

similarities and differences are used as a basis for categorizing self and others into groups, with ensuing categorizations distinguishing between one's own in-group and one or more out groups. People tend to like and trust in-group members more than out-group members and thus generally tend to favor in-groups over out-groups (Brewer, 1979; Tajfel & Turner, 1986; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Consistent with research on similarity/attraction, this signifies that work group members are more positively inclined toward their group

and the people within it if fellow group members are similar rather than dissimilar to the self. Moreover, categorization processes may produce subgroups within the work group (i.e., "us" and "them"), and give rise to problematic inter-subgroup relations. As a result, the more homogeneous the work group, the higher member commitment (Riordan & Shore, 1997) and group cohesion (O'Reilly, Caldwell, & Barnett, 1989) will be,...

Together, these processes are proposed to result in higher overall group performance when groups are homogeneous rather than heterogeneous...(Knippenberg, De Dreu, Homan, 2004)

And now from a decision making perspective, lies the belief that: diverse groups should outperform homogeneous groups. The idea is that diverse groups are more likely to possess a broader range of task-relevant knowledge, skills, and abilities that are distinct and nonredundant and to have different opinions and perspectives on the task at hand. This not only gives diverse groups a larger pool of resources, but may also have other beneficial effects. The need to reconcile conflicting viewpoints may force the group to more thoroughly process task-relevant information and may prevent the group from opting too easily for a course of action on which there seems to be consensus. In

addition, exposure to diverging and potentially surprising perspectives may lead to more creative and innovative ideas and solutions...(Knippenberg, De Dreu, Homan, 2004)

Surely there must be a quantitative method that relies on more statistical data for evaluation purposes, rather than relying on a certain level of perspective to decide the true productivity impact of diversity (Gerston, p.127).

Based on the literature reviewed one of the deciding factors in the increase of productivity among diverse employee groups versus homogeneous groups appears to be the implementation of the diversity. Mandating diversity hiring policies may indeed cause resentment which is a productivity killer. People may assume, even though the candidates are equally qualified, that the minority applicant selected got the position only because they are a minority and ignore the new employees aptitude to handle the position as a form of retaliation towards what they may deem as an unfair policy. While this may not be the case, the perception of such can often override factual evidence, thereby resulting in the workplace hostility described by those who oppose mandatory diversity policies.

Definitions

For the purposes of this paper, the following definitions will apply:

California Market - *retail outlet which currently operates in over 150 locations throughout the west coast and in several regions on the east coast.*

Diverse - *consisting of at least 40 % males or females from any minority group or protected class.*

Dynamic - *constantly changing, requiring varying methods to achieve success.*

Higher - *any statistically measurable rise or elevation. Could also include maintaining a peak level when not otherwise possible.*

Increase in diversity hiring- *accelerating the current diverse hiring percentages (estimated at 35%) to between 40-50% of the new hires being represented.*

Overall staff - *all, nonexempt employees excluding subcontractors or independent vendors at the target Northern California location.*

Productivity - *amount of work produced in a certain period of time.*

Methodology

First we began by identifying the target group. At present time, there are a total of 61 non-exempt employees and this study will provide a 100% response rate. The study conducted used a combination of primary and secondary data to evaluate the effect that diversity has on productivity at California Market, specifically the non-exempt personnel. A survey and questionnaire form was provided to each current, non-exempt employee in the Northern California location. For the survey and questionnaire, the Likert scaling method has been selected as the most efficient way to achieve satisfactory numerical results (O'Sullivan, p.299-301).

Upon distribution at the fall "in-store meeting", the survey and questionnaire were designated as anonymous, although they were coded with the employees identity for research purposes to ensure the accuracy of the information provided. This allowed us to disregard any purposely incorrect or misleading results due to a potential lack of interest in participating in the study, or a conscious desire to skew the results. However, the confidentiality assertion, along with the integrity of the study is still maintained because the information collected will not be provided to the management staff from any particular individual employee's perspective, and will only be released

as an aggregate sum once group data has been calculated and is available.

Once all the survey data was collected, a one on one, 8 minute interview was also conducted with each responding employee in order to solicit any follow up comments regarding the questionnaire/survey and solicit a specific opinion on instituting mandated diversity hiring regulations. Random sampling was considered in the interest of time and cost savings but the sample population is small enough that a 100% representation survey was reasonably attainable.

The study also collected year over year ethnicity statistics from the California Market location and compared them to determine if there was a decrease or increase in minority employees from 2004 to 2005. It reviewed scheduling, along with performance notations, and cross referenced them with the ethnic grouping for work assignments throughout the year. It also reviewed any incentive program in place to promote productivity. This gave us a good idea of the variables in play and helped minimize threats to the validity of this project.

The initial effort began with the collection of primary data via a questionnaire and survey format. The first form initially given to each employee was a six answer questionnaire form. Due to the known short attention span of the target group, this form was intentionally

composed in a larger font in an effort to hold their attention, though still containing the following very important beginning questions:

Question 1. What is your ethnic origin?

This question was posed to assist later on in determining the exact racial makeup of the target group. This will be key in evaluating which particular races may have more or less opposition to the proposed practice of mandating diversity in hiring.

Question 2. What is your gender?

This question has neutral value as this study is primarily interested in the work group as a whole, secondly based along ethnic lines, irrelevant of gender. No additional weight will be given for the opinions from either the male or female respondents.

Question 3. How satisfied are you with the racial makeup of your peers?

This question is seeking to find out what percentage of employees may be predisposed towards having the racial makeup remain as it is, or change in either direction. More specifically, it is looking to determine their feelings (like, dislike, or indifference) toward working with other races.

Question 4. How would you rate your productivity when working with others of the same ethnicity?

This question is seeking to find out how each employee evaluates their own productivity when working with others from similar racial backgrounds. Again, this is a self-evaluation and may or may not be proven true based on the productivity reports.

Question 5. How would you rate your productivity when working with others of a different ethnicity?

This question is seeking to find out how each employee evaluates their own productivity when working with others from different racial backgrounds. Again, this is a self-evaluation and may or may not be proven true based on the productivity reports.

Question 6. How long have you been employed with California Market?

This question was posted to allow us to distinguish the feedback given from the newer group of employees versus the feedback from the older employee groups. The opinions gathered may be tempered by the knowledge that the veteran employees may have a better sense of the activities being performed and what a tangible increase in productivity actually is. On the flip side, newer employees may be the ones more open to change versus tenured employees who may be satisfied with the status quo and unwilling to accept change.

These were the initial set of questions posed to get a general

feel of how the employees perceived the racial makeup of their workplace, along with how they viewed their productivity within that environment.

Once this questionnaire was completed, we discussed the topic for a few moments, and then proceeded to hand out the survey. The survey consisted of fourteen statements requiring a rating, that we carefully chose to aid in the research.

Statement 1, I enjoy working at California Market is closely related to **statement 2, I enjoy being task challenged at work.**

These two statements were placed in consecutive order to determine if a dislike of challenging work is already present among the target group. California Market is considered to be a challenging job due to the nature of the industry and the dynamic environment that retail provides. Someone that already has negative feelings towards the work required would be more likely to skew the productivity results from the survey.

Statement 3, I enjoy working with people from different cultural backgrounds, is also closely tied to **statement 4, I work with large groups of people from different cultural backgrounds,** and **statement 5, California Market encourages diversity.** These consecutive statements are meant to discover

whether or not the employees believe that California Market encourages diversity, and if so, do they participate with the diverse staff and how do they perform when working with a diverse staff.

Statement 6, I enjoy working alone, and statement 7, Communication is a big part of my job, are meant to evaluate the percentage of employees that feel that communication is important to their job, as well as identify those that would prefer not to communicate. Again, California Market operates in a dynamic work environment and as such, frequent communication is essential to high productivity as well as overall employee satisfaction.

Statement 8, My coworkers and I share work related ideas throughout the day, and statement 11, I try and keep to myself while working, are similar to statements 6 and 7. They are part of the survey to reinforce the validity of the feedback from statement 6 and 7, while posing the concept in a different form.

Statement 9, I work faster with a racially mixed group of coworkers, and statement 14, Other races in my group slow me down, are opposing statements which are used to gauge the way the employees view their own productivity in direct relation to working with diverse peers. Though the purpose of the study is to determine quantitative results, this self perception question of productivity in

diverse situations should be a good indicator towards what the final results will be.

Statement 10, Programs that increase minority hiring are important, statement 12, There are plenty of minorities working at California Market, and statement 13, Diversity is not very important to me, are used to gauge the importance that diversity has in the workplace to them, and their overall awareness of diversity in their workplace. We were also looking to evaluate whether or not they could correlate their response between the three statements into a consistent theme.

As these surveys were returned, we spoke to each respondent individually and posed the question, **"From your work experience here, does working with culturally diverse peers help you or your work group to be more productive"**. Regardless of a yes or no response, the follow up question was **"would you be opposed to a policy that mandates hiring minorities at an equal rate to that of non-minorities"**. This question was asked to solicit a direct response to our research question, as well as to document the results and match them with the survey results to help ensure that each respondent was answering in line with their responses on the survey and questionnaire.

After collecting the data, we thanked the participants and reminded them that they are under no obligation to discuss their responses with their superiors. We then took the data collected and tabulated the results for examination.

Results and Findings

First we began by identifying the target group. At present time, there are a total of 61 non-exempt employees being surveyed and this study will provide a 100% response rate. It should be noted that this year, as opposed to 2004, there are actually 64 non-exempt employees, however, three are being excluded due to being under the age of 18, as well as working 8 or less hours per week.

Our first question from the questionnaire² regarding the ethnicity of each employee returned a minority percentage of 41% (Fig.1). This amount represents nearly a 100% increase in the number of subjects employed that fall under the set criteria require to represent the diverse class as opposed to the same time last year, when according to company statistics, approximately 20% of the target group would have qualified. For our research purposes, we now know that California Market has been somewhat successful in their

² Appendix A

voluntary attempt to hire more diverse applicants based on the fact that there were more minorities employed this past fiscal year versus fiscal year 2004.

Employee Ethnicity Statistics

Ethnicity	Af. American	Asian	Hispanic	White	Other
9/1/2004	2	3	6	49	1
9/1/2005	7	4	13	36	1

Fig 1.

Our second question regarding the gender of each employee resulted in an 3% decrease, year to year, in the amount of females employed under the 61 person target group (Fig. 2). Again, this question was primarily for informational purposes only, but for the record, there were not enough non-white women (2) to reach a valid conclusion regarding their overall perception. Among the white women, there was little to no differentiation between their rating scores and those of their male counterparts.

Employee Gender Statistics

Gender	Male	Female
9/1/2004	42 (69%)	19 (31%)
9/1/2005	44 (72%)	17 (28%)

Fig 2.

Our third question regarding satisfaction with the racial makeup of their peers, provided interesting results. Out of the 61 employees surveyed, only 28% of the minorities questioned were satisfied³ with the racial makeup of their peers while 40% of them were dissatisfied⁴ (Fig. 3). Out of the white employees questioned, 53% of them were satisfied with the racial makeup while just 22% were dissatisfied. These numbers provided a fantastic look at the disparity of racial satisfaction by employees working in the same environment.

Satisfaction With Racial Makeup of Peers

Ethnicity	Very	Satisfied	Indifferent	Dissatisfied	Very
	Satisfied				Dissatisfied
Af Amer.		1	1	3	2
Asian		1	2	1	
Hispanic	2	3	4	2	2
White	8	11	9	5	3
Other				1	
Total	10	19	14	9	7

Fig. 3

Our fourth question regarding each race's ranking of their own productivity when working with others of the same ethnicity resulted in just 30% of those responding stating that working with their own ethnicity leads them to greater productivity (Fig. 4). This percentage was nearly identical when broken down between whites and non

³ Satisfied and Very Satisfied numbers are combined

⁴ Dissatisfied and Very Dissatisfied numbers are combined

whites with only 32% of non-whites stating that they are more productive when working in groups fully represented by their own ethnicity.

Self Productivity Ratings In Non Diverse WorkGroups

Ethnicity	More Productive	No Difference	Less Productive
Af Amer.	2	4	1
Asian	2	2	
Hispanic	3	7	3
White	11	23	2
Other		1	
Total	18	37	6

Fig. 4

When posed with the counter question, regarding productivity increases when working with groups of *diverse* ethnicities, the resulting numbers were dramatically different. Over 52% percent of all those responding felt that they were more productive while working with other ethnicities in contrast with the 32% that responded saying that they felt more productive working solely with their own ethnicity (Fig. 5). Among the minority employees, 13 out of the 25, or 52% (similar to the overall percentage) as well felt that they are more productive when working with diverse groups. This shows that at least in their own self-evaluations, the employees at California Market feel that they are more productive when working in a racially diverse atmosphere.

Self Productivity Rating In Diverse WorkGroups

Ethnicity	More	No	Less
	Productive	Difference	Productive
Af Amer.	4	2	1
Asian	3	1	
Hispanic	6	5	2
White	19	14	3
Other		1	
Total	32	23	6

Fig. 5

The final question posed dealt with tenure. We determined that over 50% of the diverse employee base now employed with California Market has 1 year of experience or less, while 83% of the white employee base has 1 year or *more* of experience. The statistics did not return any measurable difference in the various responses from those with shorter tenures versus those with longer tenures.

Tenure at California Market

Ethnicity	1 Year or	1-2 Years	2-3 Years	3-4 Years	5 Years +
	Less				
Af Amer.	5	1	1		
Asian	1	1	2		
Hispanic	7	2	3	1	
White	6	12	9	4	5
Other			1		

Fig. 6

We now turn our attention over to the survey⁵. The resulting

⁵ Appendix B

statistics were intriguing as well. In the charts listed below (Table 1, Table 2), we focused in on the employee peer group as a whole and their rating of the fourteen questions on the survey. The numbers clearly show that as a group, over 65% of those surveyed said that they enjoy working with people from different cultural backgrounds. In addition, over 60% said that they feel as though they work even better in diverse environments, and over 70% of those surveyed felt that programs that increase minority hiring are important (though the survey did not ask directly about their reaction towards a policy mandating hiring diversity at that time.

Survey Results #1-7

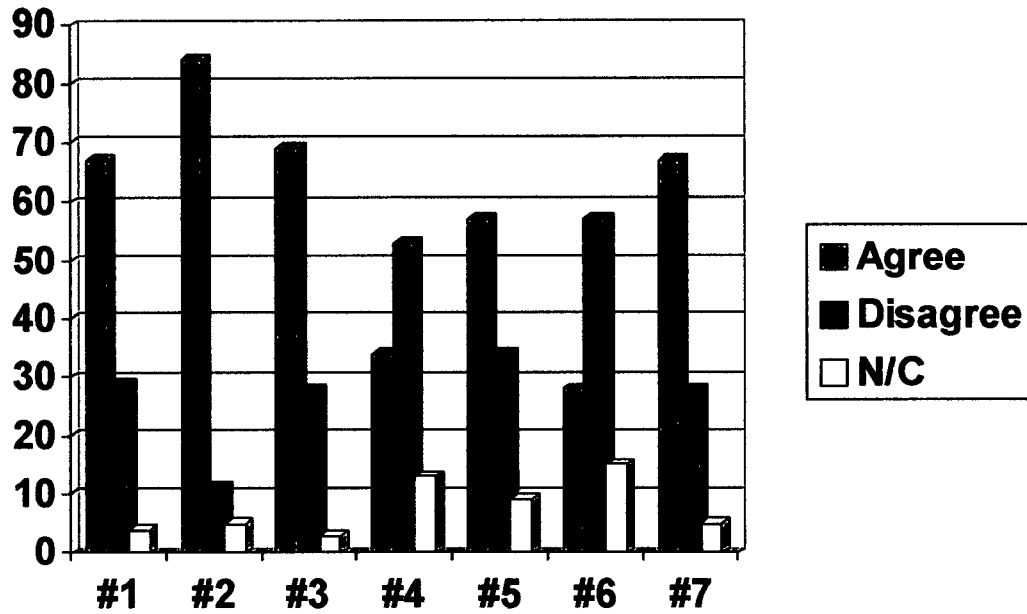


Table 1

Survey Results #8-14

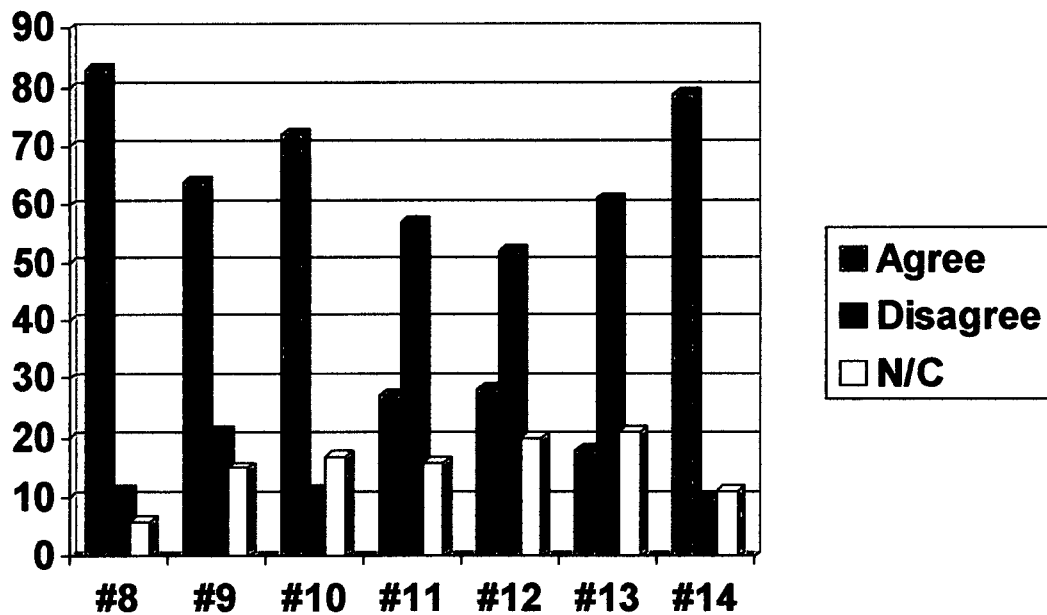


Table 2

The final results from the primary data collection methods are the post survey interview responses. Again, the question posed directly after the submission of each survey was

"From your work experience here, does working with culturally diverse peers help you or your work group to be more productive". immediately followed by, **"would you be opposed to a policy that mandates hiring qualified minorities at an equal rate to that of non-minorities".**

During this brief one on one session, slightly less (59%) of those interviewed stated that they believed working with a diverse group of people increased their overall productivity. During this process, the reasons given for this preference were (in order of most commonly given from those who answered yes to question 1):

- 1) Makes you want to prove your ability/or gain greater comprehension of the task required to a greater extent. 41%
- 2) Puts more excitement in the group interaction. 26%
- 3) Relieves the boredom of seeing similar faces consistently, thereby keeping you more alert. 12%
- 4) Various other responses garnering less than 10% each. 21%

Of the remaining 41% questioned, two-thirds of them were indifferent to the idea of their productivity being impacted by

diversity, while the remaining one-third cited a perceived "poor attitude" among minorities as the reason why they don't believe that working with minorities would increase their overall group productivity.

When it came to approving a policy mandating equal hiring for qualified individuals, only 32% (84% of the minorities) said that they would be supportive of this type of policy, with nearly all of the respondents against the policy mandate citing fears of reverse discrimination or a perceived lack of need for such a policy in light of the current ethnic makeup.

Last year, California Market was hit with several discrimination complaints regarding their hiring practices from inside (amongst the non-exempt employees), as well as the outside (minority applicants in the community that were turned down for employment for jobs eventually filled by white employees). Regardless of the motivational factors (primarily a fear of litigation), California Market (an "Organic Management" disciple) instituted a voluntary diversity hiring effort as an attempt to quiet some of its internal and external critics (Burns & Stalker, 1961, p.119-125)

Looking at the sub questions in line with the statistical data collected, we determined the following results.

Sub-question 1: What productivity level does California Market expect from it's non-exempt staff as a whole?

California Market has a minimum standard of productivity that they expect from their non-exempt employees, 250 productivity hours per week. This formula is calculated by dividing the weekly sales amount, by the number of hours scheduled. The ending number result is how much money the store is able to earn for every hour of manpower that is scheduled. In this case, the higher the productivity hour number, the better as that would mean that either sales are up, less people are working harder to maintain the sales quota, or both. Below are the productivity results of this fiscal year versus last year, which do in fact show an increase in productivity.

Actual Productivity Measurements

Avg Week Sales	Divided By	Wkly.Labor Hours	Productivity Hours
Fiscal 2004		1800	267
\$480,769			
Fiscal 2005		1720	285
\$491,846			

Table 1.

In speaking candidly with several of the tenured supervisors, They conveyed the perception of a marked increase in productivity

course of the past fiscal year and attributed it, in part, to diversity. They spoke of a more comfortable atmosphere for the minorities in the store and a renewed sense of innovation, especially among work groups that were multicultural, which they are pressing more for. Since the end of fiscal year 2004, sales are up 2.3%, while productivity hours are up over 7%, with no additional pay incentive, or scheduling manipulation required to achieve those results.

Sub-question 2: What benefits can a diverse work group provide if any, and how do they relate to productivity?

According to those who responded in this study, diverse work groups can provide a greater sense of competition amongst those within the group. It can elevate the level of comprehension and the willingness to view things from another perspective. It can also provide a greater sense of interest amongst the group knowing that they have the ability to work with those who can bring different experiences to the discussion. All of the above benefits are directly related to productivity.

Sub-question 3: What effects, positive or negative, can a mandated diversity hiring policy have if shown that it (diversity) does in fact improve productivity? Does it need to be mandated?

If diversity does improve productivity, the positive effects that a diversity policy can have in theory, would be the assurance of maximum productivity over the long term. Based on the interviews with the employee groups, a mandated diversity policy would not be favored however. Although 84% of the minority staff would be in favor of a mandatory diversity hiring policy, over 65% of the *overall* staff rejected the concept citing fears of reverse discrimination as well as the voluntary measures being taken by California Market towards diversity hiring as being sufficient in addressing it's shortcomings (Denhardt and Grubbs, 2003, p.250-251).

Summary and Conclusions

This study provided not only a glimpse into the impact of diversity in hiring, it also provided a look at the racial tendencies from both whites and non-whites when it comes to diversity and policies possibly being mandated. Starting off with the primary question:

If diversity hiring increased at California Market, would productivity be higher among the non-exempt workforce than if they did not?

The answer is fairly conclusive. The statistics gathered show that a majority of those interviewed believe that working in diverse

groups has multiple productivity benefits over working in non-diverse groups. The statistics also showed that communication was overwhelmingly viewed as an important job function which, according to California Market supervisors interviewed, has increased sharply among diverse work groups.

In looking at the year over year statistics, as diversity increased, overall store productivity did as well. Granted sales did increase as well which skewed the true productivity numbers a bit, but even with that said, the productivity numbers increased at more than double the rate of the sales increase. On the micro level, diversity groups were attributed with generating "innovative ideas", and engaging in higher quality discussions (with over 80% of those responding citing communication as important an important part of their job) which are both critical to higher productivity. With no other extenuating factors noted, diversity must be at least partially responsible for this increase in productivity.

In regards to a mandated policy to increase productivity, a majority of those interviewed are not against programs that are specifically set up towards hiring more minorities. In fact, over 70% of those surveyed agreed that these types of programs are important. Where the great divide grew was when the question of mandating

such a policy was posed. Over 80% of the minority employees supported the idea of mandating diversity hiring in contrast to their non-white peers who overwhelmingly rejected the notion of mandating diversity.

This leads me to believe that it is the mandating of diversity hiring that is the tipping point for the successful implementing of diversity hiring. When California Market "voluntarily" began the conscious effort to pursue diversity hiring, the employee base was largely pleased with the concept, and the company has seen positive sales and productivity results from the decision. Perhaps continuing along this route of implementation, without mandating the policy, will allow them to achieve the desired results without further action needed to be taken on their part. Although, a problem could arise if they veered from the course, and there was little to no legal recourse for those who would be adversely affected by their change of philosophy.

In any event, the mandating of a diversity policy could be the exact item that makes diversity counterproductive in this environment. With such an overwhelming number of respondents (primarily white) responding negatively toward the idea, it stands to reason that if it was instituted against their wishes, there would be

some type of conscious, or unconscious, negative productivity repercussions. These could range anywhere from a boycott among the white employees, all the way down to an increase in idle time spent gossiping, which in effect, is a decrease in productivity over the prior period when there was no such mandate.

One could argue however, that the other problem that the diversity hiring policy would solve, is the lack of support for it. Forecasting 10 years into the future regarding a similar research study, if the workforce, faced with the reality of a mandated diversity hiring policy, was already at least 50% diversified by that time, the results of the study would most likely be dramatically different. Likely even resulting in overwhelming support. I can't help but note the fact that if the majority of employees at California Market were minorities, a mandated policy as discussed would have had little trouble gaining widespread approval. But then again, if the company was already diversified, chances are the policy discussion would have never been brought up for discussion.

Areas for Further Research

Additional research on this topic must be completed prior to being tested for it's external validity. Research on this topic should

be expanded outward to include the 200 plus remaining locations in an effort to confirm it's external validity. Many additional factors such as community racial demographics (largely excluded from this research project), must also be factored in. There would have to be specific studies for those locations that serve primarily urban areas versus those that are positioned in suburban areas in an effort to discover any type of pattern regarding the level of productivity increases if any, and the sentiments for or against the implementation of a mandated diversity hiring policy. Maybe stores that have already diversified would have a different outlook.

I would also scale down the target group and go after an even greater level of in depth information. More specifically, I would suggest identifying two to four employee work groups at each location chosen to be studied. I would have them designated as half of the groups being diverse, with the other half consisting of the same ethnicity. I would then determine their specific tasks requirements in relation to productivity. At that point, I would monitor their specific productivity over a minimum of 30 days in an effort to further a determination on whether or not diversity increases productivity.

In addition to any positive or negative feedback on behalf of the non-exempt employee base that was surveyed, additional similar

statistical information must also be collected on the subject from management and corporate executives in an effort to understand how the institution of this type of program would impact the company goals as described in their mission statement.

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APPENDIX A

QUESTIONNAIRE

Please respond to the questions below. Place an X by the answer that best describes your feeling about the subject.

Remember that your answers are completely confidential and are for informational purposes only.

1) What is your ethnic origin?

African American Asian Hispanic White Other

2) What is your gender?

Male Female

3) How satisfied are you with the racial makeup of your peers?

very satisfied satisfied indifferent dissatisfied very dissatisfied

4) How would you rate your productivity when working with others of the same ethnicity.

more productive no difference less productive

5) How would you rate your productivity when working with others of a different ethnicity.

more productive no difference less productive

6) How long have you been employed with California Market ?

1yr. or less 1-2 yrs 2-3 yrs 3-4 yrs 4-5 yrs 5yr+

APPENDIX B

SURVEY

*Please respond to the questions below.
Remember that your answers are completely confidential and are for
informational purposes only.*

Read the following questions and circle the number that best describes your feeling about
the statement .

1 = strongly agree 2=agree 3=disagree 4=strongly disagree 5=N/C (No Concern)

- 1) I enjoy working at California Market . 1 2 3 4 5
- 2) I enjoy being task-challenged at work. 1 2 3 4 5
- 3) I enjoy working with people from different cultural backgrounds. 1 2 3 4 5
- 4) I work with large groups of people from different cultural backgrounds (50% or more
of different nationality from myself). 1 2 3 4 5
- 5) California Market encourages diversity. 1 2 3 4 5
- 6) I enjoy working alone. 1 2 3 4 5
- 7) Communication is a big part of my job. 1 2 3 4 5
- 8) My coworkers and I share work related ideas throughout the day. 1 2 3 4 5
- 9) I work faster with a racially mixed group of coworkers. 1 2 3 4 5
- 10) Programs that increase minority hiring are important. 1 2 3 4 5
- 11) I try and keep to myself while working. 1 2 3 4 5
- 12) There are plenty of minorities working at California Market. 1 2 3 4 5
- 13) Diversity is not very important to me. 1 2 3 4 5
- 14) Other races in my group slow me down when I'm working. 1 2 3 4 5

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