

# Diversity and HRM in Japan

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## Introduction

In management studies the word diversity has been used in different senses, and hence different Japanese words have been used. It has been used in discussions of diversification by companies into new business sectors (the Japanese term for this type of diversification is **Takakuka**). It has been used to describe variations among organisations (in this case the Japanese term for diversity is **tayosei** = variation) <sup>1</sup>. Papers have been published<sup>2</sup> on the relationship between originality and diversity (here the Japanese term used is **ishitsusei** = heterogeneity). When we come to translate the English word diversity into Japanese, then, we are faced with the difficulty of deciding whether **tayosei** or **ishitsusei** is appropriate. In this paper diversity is used in yet another sense. Our research subject is the complex issues involved in workforce diversity, and how to manage it. We think that **ishitsusei** for example would be inadequate to describe the range of complex issues involved. Diversity in this sense also concerns the unavoidable question of how to deal with diversity management issues such as equality and fairness. Therefore, rather than use an inadequate Japanese term, we have used the English word diversity.

In this paper, as well as defining our concept of diversity, we set out to consider what research into diversity needs to be carried out in Japan in the future, particularly in connection with HRM, and what the objectives/plan for such research should be. Before we do this, we think it will be useful to first take a look at some studies which have been done in America

and Europe, and the stage research there has reached.

### **I. Previous Studies of Diversity (America and Europe)**

Joy Leach *et al.*<sup>3</sup> summarised the characteristics of the diversity movement during four decades in the following manner:

1) A paradigm shift that began in the civil rights work of the 1950s took solid form in the 1960s. During the 1960s, social and moral issues moved to the forefront. Groups of people who felt disenfranchised, particularly African Americans and women, began to publicly state their objections. Mistrust and anger were expressed in our educational systems, homes, and organisations and in the streets. Minorities and women began a search for their own identities in rejection of the identities imposed on them by the dominant culture.

As a result of the passage of the 1964 Civil Rights Act, organisations began to hire more minorities and women. Equal employment opportunity (EEO) was emphasized, and organisations grew more aware of and concerned about fairness and equity. In an attempt to avoid more discontent and rebellion, "equal" treatment was interpreted to mean treating people "the same".

2) The 1970s was the era of affirmative action. Equal opportunity was emerging as a proactive business issue, not solely a personnel issue. Issues of racial and sexual discrimination, as well as "reverse discrimination", were taken into the courts. Organisations began to feel at risk about past and current inequities. Many workers felt caught between a desire for more equitable treatment and a fear of reprisal. Polarization characterized organisational life as the courts continued to define what could and could not be done in the workplace. Many people felt the need to be extremely cautious in their interactions with people in "other" groups.

3) During the 1980s, women and minorities sought to be included in corporations and organisations. Since the American business culture was traditionally developed and shaped by white men, many women and people from diverse groups attempted to assimilate and fit into this culture when they entered the marketplace. Many took steps to adopt the white male corporate image and values, perceiving that there was a narrow band of acceptable behavior and dress. By trying to fit those expectations, women

and minorities reinforced the white male business mode.

Between the 1960s and 1980s, managers were taught to see people as similar and to be gender-, race-, and culture-blind. Managers who wore these "blindness" saw themselves as successful and were rewarded by their organizations for treating people the same.

4) Now, in the 1990s, there is a clear emphasis on acknowledging and appreciating all differences. In response, organisations are expanding managers' roles and responsibilities, modifying the work environment to create a place where all employees can function well, and assessing the impact of the changing workforce on organisational systems. Managers and employees are being told to take off the blinders, acknowledge and discuss differences, and capitalize on the benefits diversity brings.

## **II. Concepts of Diversity**

In order to discuss diversity we have to be clear about what we mean by it. In this section we look at how leading management scholars outside Japan have defined diversity, and then define our concept of diversity.

1) R. Roosevelt Thomas, Jr. <sup>4</sup>

Thomas wrote the following about the concept of diversity:

- Diversity is not synonymous with differences but encompasses differences and similarities. The manager addressing diversity does not have the option of dealing only with differences or similarities; instead he or she must deal with both simultaneously.

- A discussion of diversity must specify the dimensions in question (race, gender, sexual orientation, product line, age, functional specialization). A failure to specify can lead to a discussion of apples and oranges. Stated differently, in a very fundamental sense, diversity does not automatically mean "with respect to race and gender"

- Diversity refers to the collective (all-inclusive) mixture of differences and similarities along a given dimension. The manager dealing with diversity, then is focusing on the collective mixture. For example, the manager coping with racial diversity is not dealing with Blacks, Whites, Hispanics, or Asian Americans, but with the collective mixture.

Thomas emphasised that when we consider diversity issues we should not restrict our studies to particular groups. When, for example, we consider

racial issues, we should not focus solely on Blacks, but rather look at all races. Similarly with issues concerning gender or age, we should look at both genders, and all age groups.

## 2) Rose Mary Wentling & Nilda Palma-Rivas<sup>5</sup>

In their report entitled 'Diversity in the Workforce: A Literature Review' Wentling and Palma-Rivas wrote the following concerning definitions of diversity:

Narrow definitions tend to reflect Equal Employment Opportunity (EEO) law, and define diversity in terms of race, gender, ethnicity, age, national origin, religion, and disability. Broad definitions may include sexual/affectational orientation, values, personality characteristics, education, language, physical appearance, marital status, lifestyle, beliefs, and background characteristics such as geographic origin, tenure within the organisation, and economic status.

They quote Hayles<sup>6</sup>, who defines diversity as "All the ways in which we differ" and says in ASTD (American Society for Training and Development)<sup>7</sup> that "the diversity concept is not just limited to what people think of it as: race, gender, and disabilities."

They also quote the definitions of A. M. Morrison<sup>8</sup>, L. B. Griggs<sup>9</sup>, and K. Tomervik<sup>10</sup>: Morrison categorised diversity in terms of 4 levels. (1) diversity as racial/ethnic/sexual balance, (2) diversity as understanding other cultures, (3) diversity as culturally divergent values, and (4) diversity as broadly inclusive (cultural, subcultural, and individual). Griggs classified diversity into primary and secondary dimensions. Primary dimensions of diversity are those human differences that are inborn and/or that exert an important impact on our early socialization and have an ongoing impact throughout our lives. The six primary dimensions include (1) age, (2) ethnicity, (3) gender, (4) physical abilities/qualities, (5) race, and (6) sexual/affectational orientation. Griggs also concluded that human beings cannot change these primary dimensions. They shape our basic self-image and have great influence on how we view the world. The secondary dimensions of diversity are those that can be changed and include, but are not limited to, educational background, geographic location, income, marital status, military experience, religious beliefs, and work experience... Tomervik identified the following four basic themes related to the definition of

diversity: (1) the diversity concept includes a broad range of differences in the workforce, including age, disability, education levels, ethnicity, family structure, function, geographic location, race, religion, sexual orientation, style, and values — definitions are extremely broad and all-inclusive; (2) the meaningful aspects of diversity are how it affects the individual and the organisation; (3) the broadened definition of diversity requires a culture change within organisations such as in management styles, human resource systems, philosophies, and approaches; and (4) there is an emphasis on communicating a concept of diversity as more than race, gender, Affirmative Action, and equal employment opportunity. There is no one definitive definition..."

5) J. R. Norton & R. E. Fox<sup>11</sup>

Norton and Fox argued that employee diversity and organisational change are inextricably linked, and that these two elements have rarely been integrated sufficiently to meet the demands of today's fast-paced economy (they call their management approach designed to integrate them Organisation Plurality). Organisation Plurality examines the role that diversity plays at each of an organisation's four functional levels. These four levels are hierarchically arranged, and are:

- (1) culture (mission, goals);
- (2) structure (systems, policies, and practices);
- (3) roles and responsibilities (of individuals or team members);
- (4) work relationship skills (at the interpersonal level as well as between the individual and the organisation).

Organisational plurality creates an environment in which each member is given the right (empowered) to participate in the organisation. It provides direction for their functions as members of a special identity group, and as individuals.

Drawing on the ideas above, we have formed our concept of diversity:

- (1) Diversity does not mean dealing with **either** differences **or** similarities, but dealing with both simultaneously. (2) Elements, which cannot be changed (age, ethnicity, gender, physical abilities/qualities, race, sexual/affectual orientation etc.), form the narrow or traditional definition of diversity. (3) Elements which can be changed (educational background, geographic location, rank, income, work experience, length of service, values, personal-

ity characteristics, lifestyle, economic position etc.) are included in a broader definition of diversity. (4) Organisational change and employee diversity are interlinked, and diversity affects the individuals and the organisational culture.

### **III. Diversity and Human Resource Management**

Should diversity issues be a research topic for management scholars? In America, where there is a high degree of diversity within organisations, diversity has naturally been the focus of research. Taylor Cox Jr.<sup>12</sup> writes: Several major workforce-related trends highlight the magnitude of cultural diversity that characterizes the workforces of organisations in the 1990s. First, the workforce in many nations of the world is becoming increasingly diverse along such dimensions as gender, race, and nationality. For example in the United States roughly 45% of all net additions to the labor force in the 1990s will be non-White... and almost two-thirds will be female. These trends go beyond the United States. For example, 5 percent of the population of the Netherlands and 8-10 percent of the population in France are ethnic minorities. There are also substantial and growing non-Caucasian segments of the workforce in many parts of Italy and Germany. Moreover, the increases in representation of women in the workforce in the next decade will be greater in much of Europe... than it will be in the United States... It is estimated that by approximately the year 2000 a majority of public school-age children in the United States will be non-White.

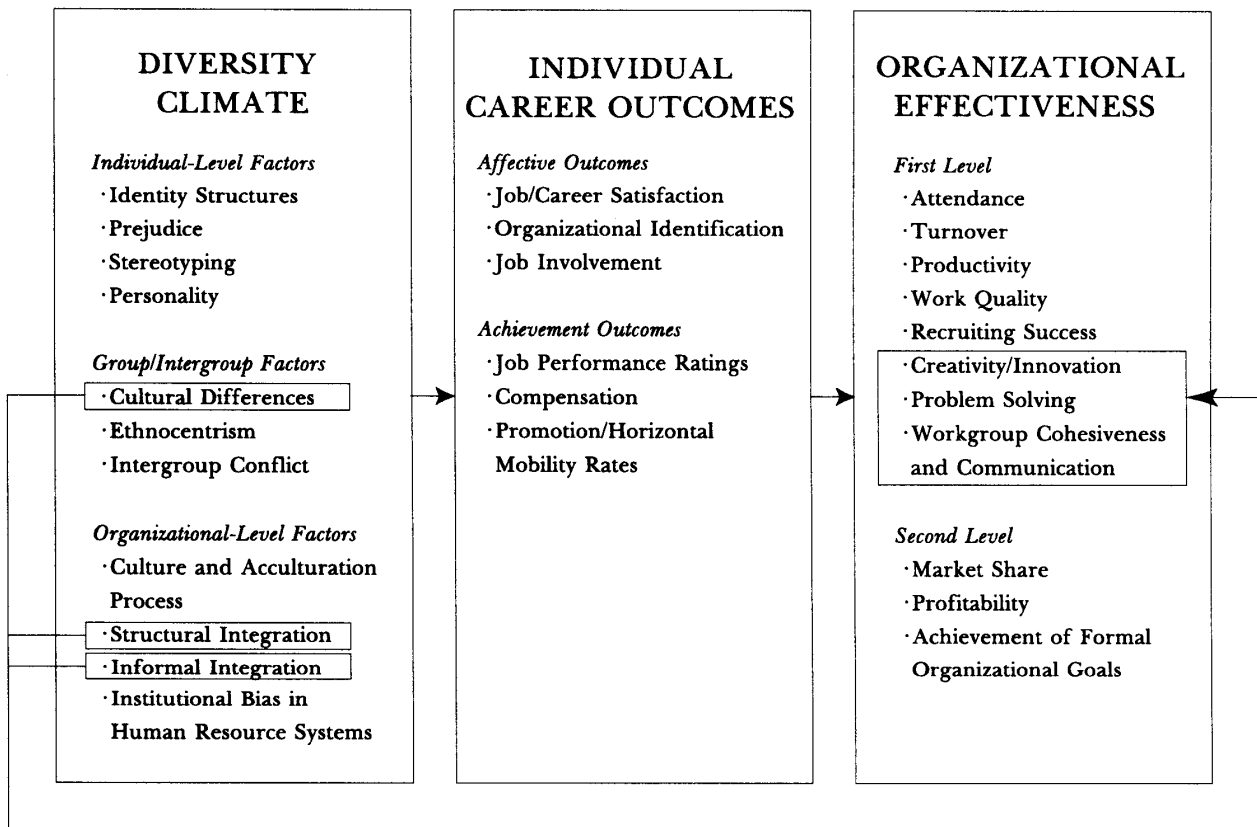
Here in Japan there is a strong aversion to immigration, so labour supply will inevitably come to depend more and more on women.

In addition to the demographic trends described above, in the 1990s the management of organisations must be able to provide flexibility and cross-functional teams. Within organisations the special qualities groups/individuals with different work functions and cultures will be emphasised; organisations will be forced to emphasise diversity. For example in order to meet the demands resulting from global marketing becoming the norm, HRM will have to be seen to be dealing with the impact of cultural issues on organisational and individual behaviour.

Taylor Cox Jr. presented the following model showing the relationship between diversity and organisations/individuals<sup>13</sup>:

Figure 1 An Interactional Model of the Impact of Diversity on Individual Career Outcomes and Organizational Effectiveness.

**Figure 1 An Interactional Model of the Impact of Diversity on Individual Career Outcomes and Organizational Effectiveness.**



Here is a summary of the main points of the model:

The model posits that four individual-level factors (personal identity structures, prejudice, stereotyping, and personality type), three intergroup factors (cultural differences, ethnocentrism, and intergroup conflict), and four organizational context factors (organizational culture and acculturation processes, structural integration, informal integration, and institutional bias) collectively define the diversity climate of an organisation.

The diversity climate may influence individual career experiences and outcomes in organisations in two ways. Affective outcomes refer to how people feel about their work and their employer. Thus in many organisations employee morale and satisfaction are related to identity groups such as gender, racioethnicity, and so on. Second, actual career outcomes,

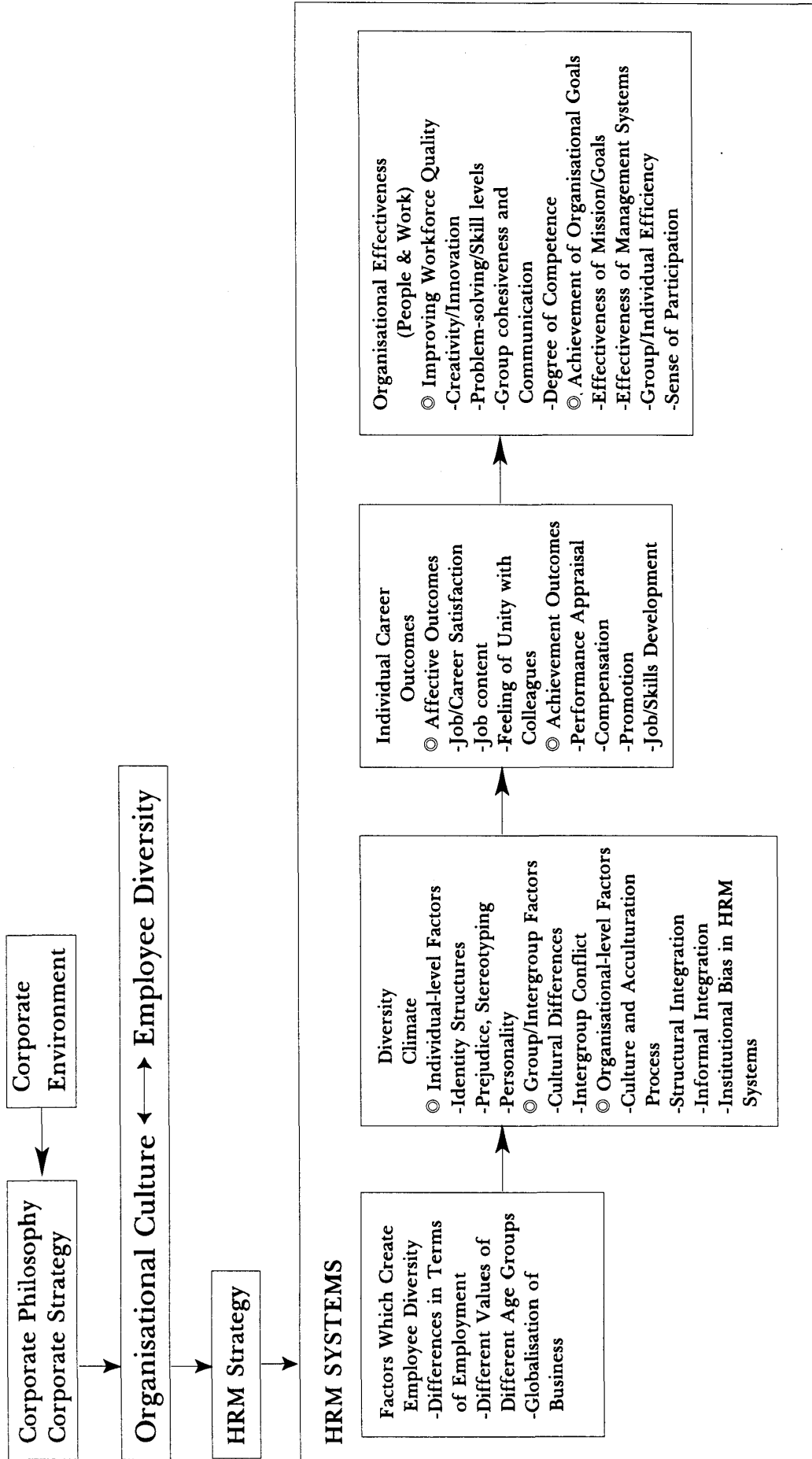
job performance ratings, compensation, and promotion, are controlled by HRM systems. Individual career outcomes are expected to impact a series of first-order organisational effectiveness measures such as absenteeism, job rotation, the quality of the workforce, and the success of recruitment.

For profit-making organisations, these first-order measures translate to second-order results such as profitability and market share. Certain aspects of the diversity climate are thought to impact directly on organisational performance. Specifically, the amount of diversity in both formal and informal structures of organisations will impact factors such as creativity, problem-solving, and intraorganisational communications.

Drawing upon Taylor Cox Jr.'s model we present our model (Figure 2 A Model Showing the Role of Diversity in HRM Systems) for research into the relationship between HRM systems and diversity in Japan.



**Figure 2 A Model of the Role of Diversity in HRM Systems**



The formation of an organisation/company's corporate culture, its corporate identity and visual identity, is influenced by the corporate environment, and is linked to the corporate philosophy/strategy. Corporate philosophy<sup>15</sup> has a strong impact on the organisational culture, and organisational culture and employee diversity mutually influence each other. The 'total system', from the formation of the corporate environment through to the formation of the organisation culture, is an important process in establishing an organisational identity. The design and creation of HRM systems is influenced by these higher systems.

To illustrate the relationship between HRM and diversity, our model shows 4 systems, (1) Factors Which Create Employee Diversity, (2) Diversity Climate, (3) Individual Career Outcomes, and (4) Organisational Effectiveness.

#### (1) Factors Which Create Employee Diversity

In our concept of diversity the factors which cannot be changed and form the narrow definition are age, ethnicity, gender, physical abilities/qualities, race, and sexual/affectional orientation. Ethnicity and race are the most important of these factors in America and Europe, but they cannot be said to be important factors in Japan at the present time. The four we regard as important and worthy of consideration in Japan are differences due to (a) different terms of employment, (b) the generation gap - different age groups' values (c) the increase in the female workforce, and (d) globalisation of business.

#### (2) Diversity Climate

We can analyse the organisational diversity climate using its three components:

(a) individual-level factors (personal identity structures, prejudice, stereotyping, and personality), (b) intergroup factors (cultural differences, ethnocentrism, and intergroup conflict), and (c) organisational-level factors (organisational culture and acculturation processes, structural integration, informal integration, and institutional bias in HRM systems).

#### (3) Individual Career Outcomes

We can measure these using two sets of measures: (a) affective outcomes (job/career satisfaction, job content, and a feeling of unity with colleagues), and (b) achievement outcomes (performance appraisal, compensation, pro-

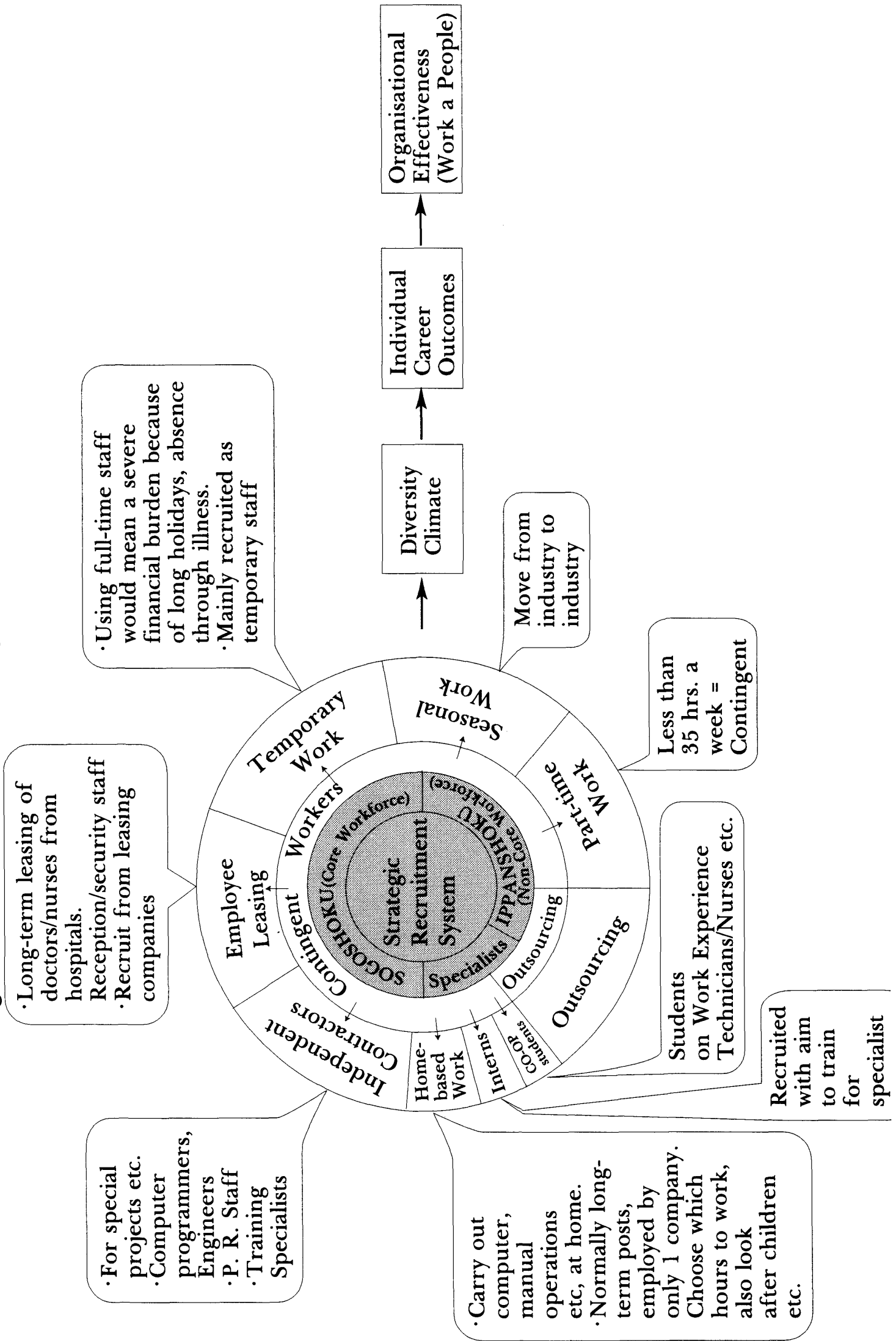
motion, and job/skills development).

#### (4) Organisational Effectiveness

Organisational effectiveness can be divided into 2 sets of factors: (a) improving workforce quality (creativity/innovation, problem-solving/skill levels, group cohesiveness and communication, and competence), and (b) achievement of organisational goals (effectiveness of mission/goals, effectiveness of management systems, group/individual efficiency, and sense of participation).

Below we give a concise example of how the 'frames' in the above model can be applied to the diversity which results from differences in terms of employment. Japanese recruitment systems and lifetime employment have been the subject of worldwide attention, but they have had to be adjusted significantly, so much that we believe even the scholars who have obstinately continued to stress the relationship between Japanese management practices and Japanese culture will have to recognise how circumstances have changed. With current recruiting practice<sup>16</sup>, recruits can be divided into two types (See Figure 3 below), the core workers who form the nucleus (lifetime employees under traditional Japanese management practices), and 'peripheral' or 'contingent' workers.<sup>17</sup>

**Figure 3 Core Workers and Contingent Workers**



The two main objectives of increasing the proportion of contingent workers have been to increase flexibility/mobility, and to reduce labour costs in order to lower the profit/loss break-even point. It is also becoming usual to recruit specialists from outside the organisation on individual contracts, and to outsource some operations formerly done within the organisation. Diversification of recruitment practices has resulted in different groups creating diversity within the organisation. With the inevitable demise of the traditional practice of taking on school/university leavers for life, Japanese companies must treat the diversity which results from having different terms of employment as an important management issue. It impacts on the three factors within the diversity climate frame in Figure 2. Qualitative changes are taking place in the factors within the organisation which create the diversity climate, and these changes affect the next frame, individual career outcomes. Affective outcomes concern the work and the individual, and hence the management systems involved in career planning. Achievement outcomes concern management systems involved in performance appraisal, determining compensation, and job/skills development. The development/introduction of strategic systems capable of responding to changing circumstances is being studied. Organisational effectiveness, the final frame, should improve as a result of the overall impact of the preceding factors. Improvements in workforce quality (creativity/innovation, problem-solving skills, group cohesiveness/communication, competence) are aimed at galvanising the activities of the members of the organisation, and making it more dynamic. We believe the model shows that an organisation which has diversity is more likely to be able to improve its workforce quality than one with a high degree of similarity/homogeneity, because its systems are designed to respond to changing circumstances, and it is therefore more likely to achieve its goals.

#### **IV. The Future of Diversity Management Research**

Research into diversity management in Japan is well behind research in this field in America and Europe. It is fair to say that there has not been the same degree of necessity in Japan, because of a high degree of cultural similarity and homogeneity. However, as Joy Leach *et al.* (1995) pointed out, the response of companies to rapidly changing circumstances

must be creative and strategic, because they face competition on a global scale. Organisations will have to redesign their systems; they need to create an organisational structure in which the labour force participates in management and exhibits a high level of productivity, in order to be able to compete on a global level. To survive global competition, it will be essential to improve the actual make-up of the organisation. This means it must be diversified, and research into diversity management in Japan will surely have to progress much more rapidly than it has done so far.

Taking recruitment practices and the diversity which results from differences in terms of employment as an example, we need to make an analysis of the age groups, genders, nationality etc. of the staff we survey. Based on the result of such surveys our task will then be to study the impact of diversity on the organisation and to design/introduce management systems capable of functioning well in the new circumstances.

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