Chapter 19

Does the Ongoing Global Economic Crisis Put Diversity Gains at Risk?
Diversity Management during Hard Times – International Examples from the USA, South Africa, and Greece

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ABSTRACT

This chapter builds on an earlier chapter titled “International Diversity Management: Examples from the USA, South Africa, and Norway.” In the first version of this chapter, we found one common subject emerging when looking closer at all three examples. In all three cases we found a call for the moral and justice case for diversity management, instead of the business-case alone. Based on this commonality and in light of the ongoing global economic crisis and its possible deteriorating effect for the international diversity agenda we decided to offer a more critical account on international diversity management with this chapter. This chapter offers examples from the USA, South Africa and Greece. We conclude the chapter arguing that while the three countries face all different challenges due to the global economic crisis, the way governments across the world respond to the crisis is often similar, which endangers past diversity gains and translates in a backlash for diversity.

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INTRODUCTION

Diversity Management has its roots in the US civil rights movement, and evolved from affirmative action (AA) and equal employment opportunity programs (EEO). Under the pressure of the Civil Rights Act of 1964, among other social and governmental pressures, different human resource practices were implemented in the 1970s and 1980s. AA and equal EEO programs were thought to increase the presence of under-represented groups, such as woman and ethnic minorities. There is apparent evidence that AA and EEO programs made a positive impact on the presence and pay of under-represented groups (Blau and Beller, 1988; Fosu, 1992). AA and EEO programs, laid the foundation for contemporary diversity management.

Contrary to AA and EEO programs targeting under-represented groups, diversity management was thought as a measure to help dealing with social differences, for example gender, ethnicity, age and sexual orientation and breaking down cultures of dominance. Diversity management was also thought to enable equal opportunities in organisations, which were subject to criticism in the early 1990s (Ashkanasy et al., 2002; Carroll and Hannan, 2000; Thomas, 1990) and to help organisations to give minority groups access in order to benefit from their diversity that this process will engender (Thomas, 1990; Lorbiecki and Jack, 2000). However, the shift from equal opportunities, to diversity management resulted also in a shift in language with no reference to disadvantaged groups, as target of diversity management, and terms such as racism or discrimination were excluded from the diversity management language (Agocs and Burr 1996). Finally, the moral and justice case for equality got predominantly replaced with the business case for diversity.

Numerous diversity scholars and practitioners have spent the last decade or so trying to create a compelling business case for diversity in organisations. However, both research and practice provide a rather confusing compilation of best practices that tend to be disorganized, idiosyncratic, unprioritised and are often bolted on to existing HR/OD initiatives. Research suggests that diverse teams can be more innovative, creative, and thus even more productive (Cox, 2001; Hubbard, 2004) and the reality of Fortune 500 companies seems to echo these findings. Companies, such as IBM (Thomas, 2004) have expended considerable energy and resources to establish a diverse and inclusive company. By the end of the 1990s, three out of four Fortune 500 Companies had launched a series of programs, aiming at addressing, enhancing and promoting a diverse workforce (Cauldron, 1998). This sounds all promising at first sight, and might even be relevant during prosperous economic times, but how does the picture look during economic insecure times? Does the business case for diversity have the same pull-effect for organisation to manage diversity during economic insecure times as it has during prosperous economic times?

The current global economic crisis has impacted countries around the world to different degrees. Some countries continue to experience higher levels of economic growth, such as in the global south, while others are on a slow path of recovery, or as in the extreme case of Greece in a seemingly hopeless situation. There is also great disparity in how governments responded to the crisis in terms of policy responses. The USA and some European governments, some forced by the European Union’s TROIKA in return for bail-outs, have decided to impose various austerity measures on their populations, as a response to the crisis. This has led to significant uncertainty, due to an increasingly precarious mode of living for many in the world. Neoliberal austerity measures have been legitimised by the global economic crisis, deepening poverty, inequality and diminished social rights across the world (Atasoy, 2014).