How Affirmative Action Became Diversity Management

Employer Response to Antidiscrimination Law, 1961 to 1996

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How did corporate affirmative action programs become diversity programs? During the 1970s, active federal enforcement of equal employment opportunity (EEO) and affirmative action (AA) law, coupled with ambiguity about the terms of compliance, stimulated employers to hire antidiscrimination specialists to fashion EEO/AA programs. In the early 1980s, the Reagan administration curtailed enforcement, but as Philip Selznick's band of early institutionalists might have predicted, EEO/AA program practices had developed an organizational constituency in EEO/AA specialists and thus survived Reagan's enforcement cutbacks. As John Meyer's band of neoinstitutionalists might have predicted, that constituency collectively rhetorized antidiscrimination practices through professional returns in terms of efficiency, using the rhetoric of diversity management.

THE RISE AND DECLINE OF ANTIDISCRIMINATION ENFORCEMENT

The civil rights movement spawned two federal efforts to redress employment discrimination. President Kennedy’s Executive Order 10925 of 1961 required federal contractors to take “affirmative action” to end discrimination. Title VII of the Civil Rights Act of 1964 outlawed employment discrimination. At the beginning of the 1970s, increased enforcement in both realms stimulated employers to search for compliance mechanisms, but the ambiguity of compliance made that task difficult. Uncertain of how best to comply, employers hired equal employment opportunity (EEO) and affirmative action (AA) specialists to design compliance programs that would shield them from litigation (Dobbin, Sutton, Meyer, & Scott, 1993; Edelman, 1992).

Authors' Note: Thanks to John Skrentny for insightful comments and suggestions.

AMERICAN BEHAVIORAL SCIENTIST, Vol. 41 No. 7, April 1998 960-984
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When Ronald Reagan won the White House in 1980 on a platform of regulatory retrenchment, many observers prophesied the demise of equal employment and affirmative action. Reagan carried out his pledge to curtail enforcement of antidiscrimination laws, but employers did not put an end to their efforts. Most continued to support the positions and offices they had created to manage compliance. They maintained antidiscrimination programs, except for certain elements closely associated with affirmative action law.

EEO and AA offices and activities survived, we argue, because EEO/AA specialists did not respond passively to Reagan's cutbacks in enforcement. At first, they touted the efficiency of formalizing human resources management through such antidiscrimination measures as grievance procedures, formal hiring and promotion systems, and systematic recruitment schemes. Later, they invented the discipline of diversity management, arguing that the capacity to manage a diverse workforce well would be the key to business success in the future. Over the space of a quarter of a century, efforts to integrate the workforce were transformed, in management rhetoric, from an onerous requirement of federal law to a valuable means to increasing organizational effectiveness. The novel employment practices that survived the waxing and waning of EEO and AA law, however, are those that have been least effective at changing the gender and racial mix of the workforce.

THE TWO INSTITUTIONALISMS AND ANTIDISCRIMINATION LAW

The history of employer response to equal employment and affirmative action law fits well the images of organizational change described by Selznick's early school of institutionalists and Meyer's later school of institutionalists. Structures and practices develop inertia when members of the organization come to accept them as necessary and useful. As Selznick (1957) puts it, practices and routines become institutionalized when they are "infused with value beyond the technical requirements at hand" (p. 17). Selznick and his students observed individual organizations over time, discovering that structures and practices survived even when they no longer achieved the goals for which they had been designed. Studies show that rather than changing their structures, organizations adopted new goals suited to existing structures. Thus, an adult education program's goal of feeding students into 4-year colleges gave way to the goal of maintaining enrollment (Clark, 1956), and the YMCA's rehabilitative and welfare goals gave way to the goal of providing recreation (Zald & Denton, 1963). Selznick observed that once institutionalized, organizational practices gain inertia in part by developing organizational constituencies.

We find a similar pattern. When Reagan curtailed federal enforcement, EEO and AA managers constructed new goals for the practices they shepherded. They downplayed legal compliance and emphasized first the goal of rationalizing
human resources and later the goal of increasing profits by expanding diversity in the workforce and customer base.

We find that this process occurred not merely at the organizational level, as Selznick and his followers find, but at the interorganizational level, as Meyer and colleagues find. Meyer and Rowan (1977) first observed that organizational practices are socially constructed as useful among groups of organizations (see also DiMaggio & Powell, 1983, 1991). Strang and Meyer (1993) have argued that professional networks play a key role in theorizing and thereby constructing meaning for organizational practices. They may also retheorize old practices as means to achieving new ends (Baron, Dobbin, & Jennings, 1986; Baron, Jennings, & Dobbin, 1988). Indeed, in the 1970s, managers retheorized internal labor market practices as EEO/AA compliance mechanisms (Dobbin et al., 1993). In the 1980s and 1990s, we argue, managerial and professional networks collectively constructed antidiscrimination practices as means to improving efficiency, at first by touting the gains associated with formalizing hiring and promotion and later by touting the gains associated with using a diverse workforce to serve a diverse customer base. EEO/AA practices were soon recast as the diversity management component of the new human resources management paradigm. Practices designed to achieve legal compliance were retheorized as efficient when the original impetus for adopting them was removed, just as Selznick might predict, but the process occurred at the interorganizational level, just as Meyer might predict.

Not all antidiscrimination practices fared equally well. Neutral equal employment opportunity practices fared better than did proactive affirmative action policies. Here we take a page from Christine Oliver (1992), who notes that intense political pressure can cause deinstitutionalization of organizational practices. In this case, political pressure came in the forms of reverse-discrimination suits, criticism from the administration, employee backlash, and state-level anti-affirmative action movements (see Graham, 1998 [this issue]; Douglass, 1998 [this issue]). The decline of AA practices did not, however, undermine the roles of EEO/AA specialists, because the ambiguity of the law had caused organizations to adopt a wide range of antidiscrimination practices, some of which continued to thrive.

In the sections that follow, we outline four stages in employer response to AA and EEO law, the first two of which have been well documented in the neoinstitutional literature (Abzug & Mezias, 1993; Dobbin, Edelman, Meyer, Scott, & Swidler, 1988; Dobbin et al., 1993; Edelman, 1990, 1992; Sutton & Dobbin, 1996; Sutton, Dobbin, Meyer, & Scott, 1994). First, in the 1960s, the ambiguity and weak enforcement of these laws led to few changes in employment practice. Second, between 1972 and 1980, increased federal enforcement led employers to pay closer attention to antidiscrimination law, and the continuing ambiguity of compliance led them to hire EEO/AA specialists to devise compliance strategies. In so doing, employers created internal constituencies that championed EEO/AA measures.
Third, when Reagan curtailed enforcement in the early 1980s, EEO/AA specialists began to tout the efficiency gains that had followed adoption of EEO/AA practices: These practices rationalized the allocation of personnel. Fourth, after 1987, the legal future of affirmative action was uncertain. The courts chipped away at the law, and neither Bush nor Clinton offered unqualified support. In response, EEO/AA specialists transformed themselves into diversity managers and promoted a range of human resource practices aimed at maintaining and managing diversity in the workforce. In the next two sections, we focus on the last two periods, which have been little studied. For each period, we chronicle public policy shifts and the management rhetoric and practice that resulted.

**AFFIRMATIVE ACTION AND THE CIVIL RIGHTS ACT: 1961 TO 1971**

Affirmative action and equal employment law emerged at the height of the civil rights movement to rectify past discrimination and preclude future discrimination in employment. Affirmative action to end discrimination on the basis of race, color, creed, or national origin was required of federal contractors in 1961 under Kennedy’s Executive Order 10925 (1961) (Hammerman, 1984). Johnson’s Executive Order 11246 (1965) extended coverage to all work done by contractors and subcontractors (not merely contracted work), and his Executive Order 11375 (1967) added sex to the list of protected categories (Burstein, 1985; Gutman, 1993). Both Executive Orders 10925 and 11246 encouraged employers to take positive steps to end discrimination, including active programs to hire, train, and promote people from disadvantaged groups. Both established regulatory agencies to oversee compliance (the President’s Committee on Equal Employment Opportunity [PCEEO] and the Office of Federal Contract Compliance [OFCC, to which P for Programs was later added]), and both stipulated penalties for noncompliance, including termination of contracts and debarment from future contracts (Hammerman, 1984).

Title VII of the Civil Rights Act of 1964 outlawed discrimination in employment not only for federal contractors but for employers at large. Title VII enabled individuals to sue employers for discrimination in hiring or promotion and established the Equal Employment Opportunity Commission (EEOC) to adjudicate claims and oversee compliance.

Between 1961 and 1971, the ambiguity of these laws in the context of weak enforcement produced little change in employment practices (Edelman, 1990; Shaeffer, 1980). Executive Orders 10925 and 11246 required federal contractors to take affirmative action without defining the term or establishing compliance guidelines (Bureau of National Affairs, 1967). The Civil Rights Act outlawed discrimination without defining the term discrimination or establishing criteria for compliance (Shaeffer, 1973, p. 11; Stryker, 1996, p. 5). Few employers made significant changes in employment practices or structures. Two studies found
that by about 1970, only 4% of employers had established affirmative action or equal employment offices and less than 20% had established EEO/AA rules or policies (see Figures 1 and 2).

EXPANDED ENFORCEMENT AND EMPLOYER RESPONSE: 1972 TO 1980

From about 1972, the scope of both AA and EEO law was expanded and enforcement was stepped up (Dobbin et al., 1993; Edelman, 1992). The scope of AA law was expanded through the OFCC’s Revised Order 4 of late 1971, which required employers to submit detailed reports on their employment patterns and explicit plans to remedy inequality (Shaefler, 1973). The order also extended coverage to very small employers: By some estimates, 80% of enterprises were now covered by affirmative action law (Stryker, 1996, p. 14).

The Equal Employment Opportunity Act of 1972 expanded EEOC enforcement, most notably by enabling the EEOC, as well as individuals, to sue employers. The scope of EEO law was also significantly expanded in 1971, with the critical Supreme Court decision in Griggs v. Duke Power Company (1971) enabling plaintiffs to win suits based not only on “intentional discrimination.”
but on proof of "disparate impact" of employment practices across groups. Now employment practices that had the unintentional effect of disadvantaging women and minorities put employers at risk of litigation.

Expanded enforcement in both areas caused anxiety among employers, for compliance criteria remained ambiguous (Edelman, 1990). Employers expressed much concern about litigation, experimenting with a range of compliance measures and establishing new personnel and antidiscrimination offices to carry out these measures. Edelman (1992) found that the prevalence of EEO/AA offices and personnel rules rose slowly before 1970 but quite rapidly during the 1970s (see Figure 1). Dobbin et al. (1993) found that the prevalence of EEO/AA offices, policies protecting women, policies protecting minorities, and the nonunion grievance systems associated with EEO law rose slowly before 1972, but quite rapidly between 1972 and 1980 (see Figure 2). The Bureau of National Affairs (1976) found that by 1976, large numbers of employers had adopted EEO policies or programs, follow-up of hiring and promotion decisions by EEO/AA specialists, and EEO training for supervisors (see Figure 3). Smaller but significant numbers had proactive AA measures designed to increase representation of women and minorities, including recruiting programs; EEO/AA records included in managers performance reviews; special promotion training for women and minorities; and special management training for women and
minorities (see Figure 4). Voluntary quotas had been prohibited by federal regulation in the early 1970s, but by 1976, more than 70% of employers reported writing affirmative action plans that included employment goals for women and minorities (see Figure 5).

The Bureau of National Affairs (1996) study shows that among a sample of large firms, more than 80% had EEO policies by 1976. The other two studies, based on samples with higher representations of small employers, show that more than 40% of employers had EEO policies by 1980. In the process of establishing these EEO/AA programs, employers created internal constituencies of EEO/AA specialists who would fight for the maintenance of antidiscrimination measures even after Reagan reduced enforcement in the early 1980s (Edelman, 1992; Sutton & Dobbin, 1996).

**THREATS TO AFFIRMATIVE ACTION AND EMPLOYER RESPONSE: 1981 to 1987**

**REAGAN CURTAILS ENFORCEMENT**

In his 1980 campaign, Reagan made clear his opposition to affirmative action, especially “bureaucratic regulations which rely on quotas, ratios, and numerical
requirements” (quoted in McDowell, 1989; see also Blumrosen, 1993; Skrentny, 1996). Once in office, Reagan curtailed administrative enforcement of EEO and AA dramatically and appointed federal judges opposed to regulation in general and to affirmative action in particular. These changes appeared to threaten the EEO/AA system hashed out in the 1970s. EEO/AA specialists responded by developing efficiency arguments for their programs.

The Reagan administration cut both staffing and funding at the EEOC and at what is now called the Office of Federal Contract Compliance Programs (OFCCP), reducing the resources for monitoring employment practices (Burstein & Monaghan, 1986; Gutman, 1993; Leonard, 1985). Administrative changes further reduced the pressure on employers. Clarence Thomas, as chair of the EEOC, told the general counsel of his agency not to approve conciliation agreements that included employment goals and timetables (Blumrosen, 1993, p. 270; Skrentny, 1996). The EEOC sponsored fewer conciliation agreements and delayed decisions about pending cases (Blumrosen, 1993; Yakura, 1995). At the OFCCP, procedural changes increased the number of reviews but significantly reduced the sanctions imposed on violating employers (Leonard, 1989). For example, the number of workers receiving back pay because of affirmative action violations fell from more than 4,000 in 1980 to 499 in 1986 (Blumrosen, 1993, p. 274). These changes in enforcement led Leonard (1989) to conclude that “an administration lacking the will to enforce affirmative action beyond rubber-stamped compliance reviews has resulted in an affirmative action program without practical effects since 1980” (p. 74).
In addition to reducing affirmative action enforcement, Reagan administration officials proposed regulatory changes that would have dismantled the existing system. For example, proposed changes to the OFCCP's Revised Order 4 would have reduced the number of companies required to submit affirmative action plans by three fourths, "from about 16,767 to about 4,143" according to a report of the Department of Labor (Federal Register, 1982). Reagan's Cabinet also debated revising Johnson's Executive Order 11246 to stipulate that contractors were not required to develop numerical goals and timetables (Detlefsen, 1991, p. 151; see also Belz, 1991; McDowell, 1989). These failed proposals sent a strong signal that the Reagan administration opposed affirmative action.

The legal foundation of affirmative action seemed even shakier once Reagan's Department of Justice began to file amicus briefs supporting the challengers of affirmative action plans. In two of those cases, Firefighters Local Union No. 1784 v. Stotts (1984) and Wygant v. Jackson Board of Education (1986), the Court found against AA plans that suspended seniority rules to retain minority workers during layoffs. The Court ruled that a court-ordered recruitment quota was legal in Local 28 (Sheet Metal Workers) v. EEOC (1986), but in other cases it discouraged quotas (see Regents v. Bakke [1978], Johnson v. Transportation Agency [1987]).
CORPORATE SUPPORT FOR AFFIRMATIVE ACTION ON NEW TERMS

As federal enforcement waned, human resources managers and EEO/AA specialists advocated EEO/AA practices with new arguments. As Selznick (1949, 1957) suggests, an internal constituency reinforced an organizational program that seemed to have outlived its original purpose—in this case, ensuring legal compliance. Staff members whose positions, paychecks, and professional identities depended on the continuation of EEO and AA efforts worked to retheorize these practices in terms of efficiency.

Human resources managers responded first by promoting EEO/AA practices as ways to formalize and rationalize personnel decisions; eventually, they added business arguments for attracting a diverse workforce. As early as 1974, Froehlich and Hawyer (1974) argued in Personnel that EEO law had spawned performance-based personnel systems. They went on to insist that “a performance-based personnel system for selecting, utilizing, and developing corporate human assets should be—but rarely is—as much a component of sound business planning as financial, manufacturing, and market planning are” (pp. 62-63). EEO procedures, including formal job postings, interview rules, formal evaluations, and other practices, were thought to help managers choose candidates “objectively” (Harvard Law Review, 1989, p. 669). These practices forced managers to justify their hiring and promotion decisions, they argued, and thus contributed to the rationalization of personnel allocation (Dobbin et al., 1993).

Affirmative action practices, in particular, were couched as ways to undermine discrimination by middle managers and thereby attract a wider pool of job applicants. As an EEO/AA manager explained it: “Our affirmative action programs are now self-driven. Although we want to avoid EEO liability, we conduct affirmative action because we think it makes good sense to do so. We have no intention of abandoning the use of goals” (quoted in Bureau of National Affairs, 1986b, p. 93). Affirmative action practices were described as an “essential management tool which reinforces accountability and maximizes the utilization of the talents of [the firm’s] entire work force” (Feild, 1984, p. 49).

Some business arguments for affirmative action prefigured the diversity management discourse of the late 1980s and early 1990s. For example, in a brief filed in the 1986 Sheet Metal Workers case, the National Association of Manufacturers described affirmative action as a “business policy which has allowed industry to benefit from new ideas, opinions and perspectives generated by greater workforce diversity” (Harvard Law Review, 1989, p. 669, quoted in footnote 61). A human resources executive explained the principles behind diversity when asked about the business case for affirmative action:

We have learned that cultivating differences in our work force is a key competitive advantage for our company. The differences among people of various racial, ethnic, and cultural backgrounds generate creativity and innovation as well as energy in our work force. Differences between men and women, managed well,
have similar benefits. We are therefore pursuing "Multiculturalism," which is a quantum leap beyond affirmative action. We are doing that not only for ethical reasons, but also because we are confident that it makes good business sense to maximize the unique contribution of individuals to our collective success. (quoted in Bureau of National Affairs, 1986b, p. 93)

In addition to championing antidiscrimination measures, EEO/AA specialists encouraged their top executives to speak out publicly in support of affirmative action. Major employers filed amicus briefs supporting affirmative action in key court cases, sent telegrams to the White House arguing against the proposed changes to Executive Order 11246, and testified before congressional committees about the benefits of mandated affirmative action (Harvard Law Review, 1989, p. 662). In these expressions of support, executives also began to describe affirmative action measures as good business, rather than responses to antidiscrimination laws or norms (see Donohue, 1986).

Prominent employers claimed that they would continue their EEO/AA programs, regardless of whether government policy changed. A 1985 study of Fortune 500 companies, prompted by the proposed changes to Executive Order 11246, found that more than 95% intended to "continue to use numerical objectives to track the progress of women and minorities in [their] corporations, regardless of government requirements" (Fisher, 1994, p. 270). A 1986 survey of Fortune 500 companies found that 88% planned to make no changes to their affirmative action plans and 12% planned to increase their affirmative action efforts in 1987 (Bureau of National Affairs, 1986b, p. 90).

Top executives resisted the dismantling of EEO/AA programs in part because the specialists and departments that administered them had become integral to the management team. After surveying 50 major federal contractors in 1983, Feild (1984) concluded that "the affirmative action concept has become an integral part of today's corporate personnel management philosophy and practice...[with] a highly professionalized specialty" overseeing those programs (p. 49).

GROWTH OF EEO PRACTICES AND DECLINE OF AA MEASURES

During the Reagan years, employers continued to adopt procedural safeguards against discrimination and to hire EEO/AA specialists. The Bureau of National Affairs asked employers in surveys in 1976 and again in 1985 whether they had formal EEO policies, whether supervisors' hiring and promotion decisions were reviewed for compliance with EEO policies, and whether supervisors were trained in EEO laws and company policies regarding hiring and promotion. These EEO policies and practices were very common by 1985 (see Figure 3). A survey that included more small employers (see Dobbin et al., 1993) found lower prevalence, but likewise found that employers continued to adopt new EEO/AA practices during the 1980s (see Figure 2). Many organizations adopted nonunion grievance systems, which were widely advocated as a means to intercept discrimination complaints before they reached the courts. Both Dobbin et al. (1988) and Edelman (1990) found that
grievance procedures continued to spread in the early 1980s (see Figure 2). Also, the 1985 BNA survey found that 75% of surveyed employers had internal dispute resolution systems, which they reported having adopted to prevent litigation (Bureau of National Affairs, 1986a).

Employers also continued to add EEO/AA offices and staff positions during the 1980s. Dobbin et al. (1988) found that by 1983, 18% of responding employers had affirmative action offices and 48% had a designated affirmative action officer (but no distinct office). Other studies show that EEO and AA offices grew steadily during the 1980s (see Figures 1 and 2).

Although employers maintained their procedural safeguards against discrimination and their EEO/AA staff, they curtailed their most proactive affirmative action measures. The Bureau of National Affairs studies found that fewer employers had special recruiting programs for women and minorities in 1985 than in 1976, fewer had special training programs, fewer based performance evaluations in part on EEO/AA efforts, and fewer had affirmative action plans (see Figure 4). Moreover, fewer were subject to reporting requirements and compliance reviews by the affirmative action oversight agency, the OFCCP (see Figure 5).

FROM AFFIRMATIVE ACTION TO DIVERSITY MANAGEMENT: 1988 TO 1996

WASHINGTON SUGGESTS THAT THE END OF AFFIRMATIVE ACTION IS IN SIGHT

Limited support from the Bush and Clinton administrations between 1988 and 1996 signaled that the days of affirmative action were numbered. Affirmative action had been designed as a temporary measure to redress past discrimination, and now the Supreme Court and two successive administrations seemed to be suggesting that it had fulfilled its purpose. A human resources textbook's chapter on EEO/AA law noted that "affirmative action appears to be under increasing attack, so it is important to realize it can change at any time" (Yakura, 1995, p. 29). EEO/AA specialists and their allies responded by recasting EEO/AA practices as part of the new diversity management initiative.

The Bush years gave little hope to the proponents of affirmative action. Bush had been a vocal supporter of equal opportunity measures in the 1960s, but once in the White House, he opposed legislation to reverse a key Supreme Court decision that had taken the punch out of EEO law. Bush eventually signed a compromise bill that limited affirmative action in new ways. In Wards Cove Packing v. Ationio (1989) the Supreme Court had challenged disparate impact law, placing the burden of proof of discrimination back where it had been prior to the 1971 Griggs decision—on the plaintiff. A Democratic Congress passed the Civil Rights Act of 1990 to reverse the effects of Wards Cove, but Bush vetoed the bill. Bush eventually signed a modified Civil Rights Act in 1991,
which codified disparate impact law but which outlawed other key affirmative action practices, such as the “race-norming” of employment tests; that is, comparing scores only within groups.

Clinton dealt a greater blow to antidiscrimination law in some ways, for he was the first Democratic leader to offer tepid support. He ordered a critical review of affirmative action policies early in his first term and cut staff at both the EEOC and OFCCP, although his appointees pursued enforcement more aggressively. Clinton’s EEOC chair, Gilbert Casellas, announced, “At the end of my term, if you get a call from EEOC, I want you to worry about it” (Lynch, 1997, p. 342). Renewed enforcement at the OFCCP produced record settlements in favor of plaintiffs by 1994 (Lynch, 1997, p. 343).

Even as enforcement efforts increased, the Supreme Court suggested that federal affirmative action be reevaluated. In Adarand v. Pena (1995), the Supreme Court required “strict scrutiny” of race-conscious policies adopted by the federal government (Bureau of National Affairs, 1995; Yakura, 1995). The Court found in favor of Adarand, the lowest bidder on a highway project who had lost out to a Hispanic contractor, agreeing that the assumption that Hispanics are disadvantaged was faulty.

After the Adarand ruling, Clinton advised federal department heads to review their race-conscious policies and suggest revisions to uphold the Adarand standard. He concluded that affirmative action had not outlived its usefulness, but he ordered agencies to eliminate or reform any practice that created quotas, led to the placement of unqualified individuals, discriminated against majority group members, or continued after its goals had been met (Bureau of National Affairs, 1995, p. S-45; Yakura, 1995). The Adarand ruling and Clinton’s qualified acceptance of affirmative action suggested that the legal basis for affirmative action measures might soon disappear.

SPECIALISTS RECAST EEO/AA MEASURES AS DIVERSITY INITIATIVES

Edelman, Petterson, Chambliss, and Erlanger (1991, p. 74) and Selznick (1949) note that affirmative action structures may “develop a life of their own” and evolve in ways that have little to do with legal requirements. In this case, we argue, uncertainty about the future of AA law led many human resources managers and EEO/AA specialists to develop new rationales and programs that were related to—but legally and politically distinct from—the affirmative action policies and practices they had formerly managed. Affirmative action offices and officers were “the beachhead” within organizations for diversity programs (Lynch, 1997, p. 1).

By the late 1980s, EEO/AA specialists were recasting EEO/AA measures as part of diversity management and touting the competitive advantages offered by these practices. Human resources managers and supportive executives argued
that diversity programs—including antidiscrimination policies, training programs, and recruitment practices virtually identical to EEO/AA measures—produced a “strategic advantage by helping members of diverse groups perform to their potential” (Winterle, 1992, p. 11; see also Kossek & Lobel, 1995; Leach, George, Jackson, & LaBella, 1995; Miller, 1994). R. Roosevelt Thomas, an early diversity consultant to Fortune 500 companies, coined the term managing diversity and, in 1983, founded the American Institute for Managing Diversity. His 1990 Harvard Business Review article emphasized the business case but acknowledged the connections to earlier EEO/AA efforts.

A lot of executives are not sure why they should want to learn to manage diversity. Legal compliance seems like a good reason. So does community relations. Many executives believe they have a social and moral responsibility to employ minorities and women. Others want to placate an internal group or pacify an outside organization. None of these are bad reasons, but none of them are business reasons, and given the nature and scope of today’s competitive challenges, I believe only business reasons will supply the necessary long-term motivation. . . . Learning to manage diversity will make you more competitive. (1990/1994, p. 34)

The next major Harvard Business Review article on diversity came in 1996 and began where R. Thomas’s 1990 piece had left off:

Why should companies concern themselves with diversity? Until recently, many managers answered this question with the assertion that discrimination is wrong, both legally and morally. But today managers are voicing a second notion as well. A more diverse workforce, they say, will increase organizational effectiveness. It will lift morale, bring greater access to new segments of the marketplace, and enhance productivity. . . . It is our belief that there is a distinct way to unleash the powerful benefits of a diverse workforce. Although these benefits include increased profitability, they go beyond financial measures to encompass learning, creativity, flexibility, organizational and individual growth, and the ability of a company to adjust rapidly and successfully to market changes. (D. Thomas & Ely, 1996, p. 79)

One crucial argument for diversity programs was that demographic changes were altering labor markets and consumer markets. Demographic predictions provided “a sense of crisis, urgency, and purpose” for the diversity programs (Lynch, 1997, p. 9). Diversity specialists argued, first, that labor markets were changing: White men were a shrinking proportion of workers. To attract other kinds of workers, organizations would have to become “employers of choice,” welcoming people of different cultures, backgrounds, and identity groups (Winterle, 1992). When workers from diverse backgrounds felt appreciated and comfortable, the argument went, they would contribute more to the organization and increase productivity, as well as lend cultural expertise. They argued, second, that consumer markets were changing. To reach new immigrants and newly wealthy minority groups, organizations would have to develop new products
and marketing approaches. The best way to do this was to attract employees from those groups.

Moreover, the globalization of markets meant that organizations would be doing business in many countries. Being able to understand and deal with business partners from other cultures would become a core competency for at least some workers.

Workforce 2000 (Johnston & Packer, 1987), a report commissioned by Reagan’s Department of Labor and produced by the conservative Hudson Institute, bolstered the case for diversity management. The report outlined anticipated changes in the business environment, such as the globalization of markets, the growth of the service sector, technological advances, and demographic shifts in the labor force. Workforce 2000 projected that minorities and immigrants would become an ever larger share of the labor force. Two of the six “challenges” identified in the report were “reconciling the needs of women, work, and families” and “integrating Blacks and Hispanics fully into the labor market” (Johnston & Packer, 1987, p. ix).

EEO/AA and diversity specialists seized Workforce 2000, with its pragmatic, future-oriented message, to increase interest in their own programs. Articles on diversity management increased rapidly after the publication of Workforce 2000 (see Figure 6) and many emphasized the report’s demographic projections. Workforce 2000 was critical to diversity specialists’ attempts to retheorize EEO/AA programs, which had been designed to correct past injustices and the
institutional remnants of discrimination. *Workforce 2000* was self-consciously focused on the future and its demographic predictions lacked the political and historical content of EEO and AA.

Human resources managers and diversity specialists also tried to establish boundaries between diversity programs and EEO/AA practices (Lynch, 1997, p. 11; Winterle, 1992, p. 14; Yakura, 1995, p. 35). For example, a Fortune 50 manufacturing executive claimed that “the 1960s moral and social arguments have been replaced by tough business issues” (Winterle, 1992, p. 13). R. Roosevelt Thomas (1990/1994), in *Harvard Business Review*, argues that employers need to “move beyond affirmative action,” although he is not repudiating the basic effort to create more balanced workplaces. The article opens with the pronouncement that

Sooner or later, affirmative action will die a natural death. Its achievements have been stupendous but if we look at the premises that underlie it, we find assumptions and priorities that look increasingly shopworn... If affirmative action in upward mobility meant that no person’s competence and character would ever be overlooked or undervalued on account of race, sex, ethnicity, origins, or physical disability, affirmative action would be the very thing we need to let every corporate talent find its niche. But what affirmative action means in practice is an unnatural focus on one group, and what it means too often to too many employees is that someone is playing fast and loose with standards in order to favor that group. (p. 29)

Managers distinguished diversity from affirmative action by emphasizing business goals. In convincing employers to initiate diversity programs, managers reported that business-oriented data provide the best ammunition. These data included information on customer or market bases, evidence of globalization, information on how diversity might increase productivity, data on demographic shifts from *Workforce 2000*, and data on the demographic makeup of the organization itself (Wheeler, 1995, p. 7). Some human resources executives reported that “confusion between diversity and AA/EEO” was a serious barrier to implementing diversity initiatives; this problem was more likely to be mentioned than costs, lack of management support, or fear of White male backlash (Winterle, 1992, p. 15). Yakura (1995), writing in a human resources management textbook, acknowledges that some have a cynical view of diversity programs. Some observers might conclude that because “affirmative action has been at the center of a storm of controversy, it has been abandoned in favor of managing diversity. By focusing on managing diversity and its inclusion of all individuals, the tensions created by the affirmative action debates can be ignored” (Yakura, 1995, p. 43). At one conference, Thomas argued that his business-oriented case for diversity helped address accusations that diversity was “just another code word for advancing black issues” (Lynch, 1997, p. 103).

There are important differences between EEO, AA, and diversity management, to be sure. We review differences in philosophy and goals in Table 1. However, as we discuss later, there is significant convergence in concrete practices.
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<thead>
<tr>
<th>Source</th>
<th>EEO</th>
<th>AA</th>
<th>Diversity</th>
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<tbody>
<tr>
<td>Rationale for adoption</td>
<td>Statute</td>
<td>Executive order and federal regulations</td>
<td>Human resources specialists in academic and organizational settings</td>
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<tr>
<td>Implicit cultural values</td>
<td>Legal compliance</td>
<td>Legal compliance for contractors</td>
<td>Strategic advantages</td>
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<td>View of the problem</td>
<td>Egalitarianism, meritocracy</td>
<td>Remedy past wrongs</td>
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<td>View of solutions</td>
<td>Limited access and individuals bigotry</td>
<td>Limited access, coupled with limited networks and skills</td>
<td>Organization loses out by requiring workers to assimilate to White male system</td>
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<tr>
<td>Concrete practices</td>
<td>Formalization and commitment to nondiscrimination will lead to minorities' and women's advancement</td>
<td>Targeted programs for recruitment, mentoring, training will lead to minorities' and women's advancement</td>
<td>Culture change efforts will remove systemic, institutional barriers blocking minorities' and women's advancement</td>
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<tr>
<td>Concrete effects</td>
<td>Policies, statements, grievance procedures, internal dispute resolution systems</td>
<td>Affirmative action plans with goals and timetables, revision of performance review criteria, sensitivity and interaction skills training, networking and support groups, targeted recruiting, targeted training</td>
<td>Policies, statements, diversity action plans with goals and timetables, revision of performance review criteria, diversity awareness and skills training, networking and support groups, diversity task forces, culture audits</td>
</tr>
</tbody>
</table>

NOTE: EEO = equal employment opportunity. AA = affirmative action.
SPECIALISTS AND BUSINESS GROUPS
PROMOTE DIVERSITY MANAGEMENT

Who rethorized EEO/AA measures as diversity management? EEO/AA specialists inside organizations joined with consultants, authors in the business press, and advocates from nonprofit organizations to push this idea. As one critical observer put it,

The key personnel, ideas, and strategies driving this diversity machine come from preexisting, heavily female or minority networks in corporate, government, foundation or university human resources departments, especially in affirmative action offices. Those still inside these institutions have linked up with an army of downsized colleagues-turned-consultants to form the core of the diversity machine. (Lynch, 1997, p. 8)³

EEO managers often took on the mantle of diversity manager. A Conference Board survey of organizations committed to diversity programs found that half had lodged diversity and EEO/AA responsibilities in the same position, a quarter had a separate diversity position, and the remainder had no staff dedicated specifically to diversity management (Winterle, 1992, p. 23).

In the 1980s, management consultants first began to push the theory and practices of diversity management. Some of the most prominent figures included R. Roosevelt Thomas, Lewis Griggs, Lennie Copeland, and the Kaleel Jamison Consulting Group. R. Thomas was a Harvard M.B.A. and former professor at Harvard Business School who had developed a training program for supervisors of Black managers and, in 1983, founded the American Institute for Managing Diversity at Morehouse College. Lewis Griggs and Lennie Copeland were Stanford M.B.A.s who produced a video, Going International, for executives doing business in other countries and then, in 1988, followed that with a very successful series of videos, Valuing Diversity. Copeland published three articles in Personnel and Personnel Administrator in 1988, which helped bring attention to the video series. Kaleel Jamison was brought into Connecticut General Life Insurance Company (now CIGNA) to do race relations workshops in 1972. Frederick A. Miller was Connecticut General’s training director when Jamison consulted and he joined the consulting firm in 1979, becoming its president in 1985. Kaleel Jamison Consulting Group, which focuses on creating “High Performance Inclusive” organizations, has many major companies, nonprofit organizations, and government agencies among its clients. Like Jamison, many of the early consultants had experience in race relations workshops, which were required components of a number of major EEO consent decrees in antidiscrimination cases from the 1970s, perhaps most notably AT&T’s 1972 decree.

Several leading companies with long records of affirmative action joined the bandwagon early on, including the Digital Equipment Corporation, where EEO/AA director Barbara Walker⁴ had developed a Valuing Differences training package in the early 1980s; Avon, which brought in R. Roosevelt Thomas for a major overhaul of the corporate culture; Xerox, which had adopted aggressive
affirmative action programs in the early 1970s and had a “balanced workforce” plan by 1985; and several large defense contractors (Bureau of National Affairs, 1995; Lynch, 1997; R. Thomas, 1990/1994).

Following the success of Workforce 2000 and the Valuing Diversity videos that appeared on its heels, diversity management spread from the pioneering consultants and companies to a wide range of organizations. These organizations had ample guidance in transforming their EEO/AA activities into diversity programs, in the forms of articles, books, videos, conferences, newsletters, and a growing cadre of consultants. One directory of corporate trainers listed 15 diversity consultants in 1990, 85 in 1992, and 73 in 1996 (Lynch, 1997, p. 330). By the early 1990s, a “workforce diversity director” of a high technology firm reported that she heard from about 20 consultants per week (Wheeler, 1994, p. 15).


OLD WINE IN NEW WINESKINS: THE PRACTICES REMAIN THE SAME

Diversity specialists touted new management practices for handling workforce diversity during the 1980s and 1990s (see Table 1), but many of these were simply repackaged EEO and AA practices. The new rhetoric came from consultants and the business press and from in-house EEO/AA specialists in leading firms, who offered their experiences as exemplary case studies. Avon, Corning, Digital, Honeywell, Hughes, Merck, Procter & Gamble, and Xerox became exemplars (R. Thomas, 1990/1994; Bureau of National Affairs, 1995).

The core practices were familiar to EEO/AA specialists. In 1995, the Conference Board published a list of common diversity practices. It included incorporation of diversity commitment into mission statements, diversity action plans, accountability for meeting diversity goals, employee involvement, career development and planning, diversity education and training, and long-term initiatives directed at culture change (Wheeler, 1995, p. 8). These basic strategies for announcing the organization’s commitment to nondiscrimination, training managers and holding them accountable, providing career development advice,
encouraging mentors and network contacts, and identifying career paths were all common to EEO/AA programs. A 1979 handbook on affirmative action recommends and reviews all of the practices on the Conference Board list, except employee task forces (Hall & Albrecht, 1979, pp. 28-29, 151, 162-164).

The link between diversity and EEO/AA measures is confirmed by a study of one of the new diversity practices, diversity training. A Conference Board report concludes that

In its most narrow sense, diversity training is about compliance—equal employment opportunity, affirmative action and sexual harassment. Although there is a strong sentiment that diversity moves far beyond compliance, at this point, practices demonstrate a strong link between the two. (Wheeler, 1994, p. 7)

The most prominent new element introduced by diversity specialists is the workplace “culture audit,” in which diversity specialists use surveys, interviews, and focus groups to identify aspects of culture that inhibit diversity (R. Thomas, 1991, p. 33; see also Cross, 1996; D. Thomas & Ely, 1996). As these audits involve use of diversity consultants, they increase demand for the consultants who promote them (Lynch, 1997; MacDonald, 1993). These culture change efforts are costly, long-term projects and hence are much less common than the repackaged EEO/AA measures that comprise the core of diversity management.
By the early 1990s, diversity initiatives had been adopted by 70% of Fortune 50 companies (Wheeler, 1994, p. 9). Prevalence is lower among smaller companies. In a 1991 study, 406 respondents from the Conference Board's general membership of large companies were asked about their diversity practices (Winterle, 1992, p. 21). Training for managers and official policy statements had been adopted by more than half of these companies (see Figure 7). Training and policy statements topped the list of diversity practices, just as they topped the list of EEO/AA practices.

A more representative sample of organizations found less involvement in diversity programs. A 1993 study of 758 SHRM members found that only 32% provided diversity training. Almost half of these training sessions lasted less than 1 day (Rynes & Rosen, 1994). Today, even basic diversity measures, such as diversity training, are less common than the EEO/AA practices encouraged by government policies.

In the early 1990s, affirmative action seemed to be in trouble, with the Supreme Court adding restrictions and even a Democratic president vacillating in support. EEO/AA specialists used the rhetoric of diversity management ideas to save their staff and programs. They repackaged their programs and made few changes apart from cutting some of the most proactive measures to expand the representation of minorities and women in the workforce.

CONCLUSION

The federal government’s antidiscrimination efforts have waxed and waned since the 1960s, but employers’ EEO/AA measures have not simply followed enforcement efforts. After an early period of quiet resistance, employers adopted a variety of EEO/AA practices and hired EEO/AA specialists to develop and manage these programs. This expansion of corporate EEO/AA efforts came in the 1970s, following an increase in federal powers for enforcing antidiscrimination law.

When federal pressures decreased because of Reagan’s opposition, restrictive Supreme Court rulings, and the limited support of both the Bush and Clinton administrations, employers did not abandon their antidiscrimination programs. Instead, the EEO/AA specialists who had devised the corporate response to antidiscrimination law retheorized their programs in terms of the business advantages of a diverse workforce. The new diversity management paradigm incorporated many popular EEO/AA practices, but it did not include the most controversial affirmative action measures. With the shift from affirmative action to diversity management, these specialists were able to prevent, or at least to forestall, the deinstitutionalization of their programs and departments.

The history of corporate antidiscrimination efforts reveals the importance of internal constituencies in the institutionalization of corporate practices. In the 1970s, organizations adopted a variety of new practices, but most important, they created a new constituency of EEO/AA specialists. Selznick (1949, 1957)
suggests that practices gain inertia as they develop constituencies of their own. They take on significance even beyond that predicted by their functional use. EEO and AA measures were constructed in the first place by members of a new management specialty, and those specialists ensured that the measures would survive even when affirmative action law was under the gun.

Selznick (1949) and his band of early institutionalists found that individual organizations develop rationales to explain practices that have outlived their original purposes. When affirmative action practices were restyled as diversity management, however, the process paralleled the initial institutionalization of EEO/AA practices during the 1970s, as depicted by Meyer, Scott, and their colleagues (Dobbin et al., 1988; Edelman, 1992; Meyer & Rowan, 1977; Sutton & Dobbin, 1996). That is, EEO/AA specialists did not develop new rationales for these threatened practices on their own; they developed them collectively through professional networks. Individual specialists learned of new rationales from management consultants, management journals, professional networks, and business associations, and articulated these rationales when defending their programs to executives. It was thus that affirmative action offices and practices became diversity management departments and programs.

What will the long-term consequences of this change be? It seems clear that employers have reduced their commitment to the targeted recruitment and training programs that they adopted in the 1970s under the OFCCP’s guidelines for affirmative action. These were among the most aggressive efforts employers made on the behalf of women and minorities, but they were among the most likely to face legal and political challenges and employee backlash, and thus became candidates for deinstitutionalization (Oliver, 1992). As the articles by Hugh Davis Graham (1998) and John Aubrey Douglass (1998) suggest, the political backlash against both immigration and affirmative action has been substantial in California and, to a lesser extent, in Texas. If this continues, we should expect to see continued dismantling of workplace affirmative action systems. What remains of early EEO/AA systems are the EEO components: formal employment and promotion practices and written antidiscrimination statements (recast as diversity mission statements).

Will the weakened version of affirmative action found in current diversity management practices improve the prospects of women and minorities in the future? One recent study shows that diffuse diversity policies and programs are much less effective than are measures that target women and minority groups (Konrad & Linnehan, 1995). Perhaps diversity management will succeed in winning over middle managers because it embraces an economic, rather than political, rationale. But precisely because it is founded on cost-benefit analysis rather than on legal compliance, perhaps diversity management will come under the ax of budget-cutters when America faces its next recession. Because it is not required by law, diversity management is not nearly as prevalent today as were the EEO/AA programs that preceded it. But the results of diversity management will have to be examined as the programs evolve, for as Selznick (1949) wrote nearly half a century ago, “the meaning of an act may be spelled out in its
consequences, and these are not the same as the factors which called it into being” (p. 253).

NOTES

1. The Bureau of National Affairs conducted surveys in 1976 (N = 160) and 1985 (N = 119) of EEO/AA practices (see Bureau of National Affairs [BNA] 1976, 1986a). Respondents were BNA members and thus tended to be large organizations. Changes in geographic representation make trend conclusions tentative.


3. There has been very little research on the development of diversity programs. Most studies are proselytizing tracts written by consultants and human resources experts; hence, we rely heavily on Lynch’s recent scholarly monograph chronicling the rise of the diversity machine as a mini-industry.

4. Walker later became Digital’s, and apparently the nation’s, first vice president of workforce diversity (Lynch, 1997).

5. The industry and size distribution suggest that this sample is more representative of the general population of organizations than the samples used in the Fortune 50 or Conference Board surveys (see Rynes & Rosen, 1994). However, the fact that all respondents were members of a professional association suggests that professionalized organizations are overrepresented.

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