

‘Global’ Diversity Management: the case of automobile manufacturing companies in Japan

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Abstract: Diversity management has been extensively studied in domestic settings. However, domestic diversity management research is inadequate for understanding diversity management concerns of global firms at the level of their strategic decision making and cross-national coordination activities. The aim of this paper is to examine Japanese global firms in the automotive industry with a view to reveal their reasons for adoption, diffusion and implementation of global diversity management activities. The field research assumes a multi-party, multi-layered approach, incorporating interviews with decision leaders in key institutional actors, including diversity managers, trade union and employers’ association representatives and, subject specialist scholars. The research also involves documentary analysis of policy documents and corporate data. The paper provides a) a literature review on diversity management that identifies its key tenets and global and domestic versions, b) a conceptual framework of influences which shape the diversity management approach that a firm may take, c) an elaboration of the research methods and techniques and d) a case study of global diversity management in the Japanese automobile industry from a multi-stakeholder perspective. Research findings reveal that despite their global outlook, the automotive companies still retain multinational rather than global approaches to diversity management. The paper explains why this may be the case and proposes some remedies for overcoming current tensions in effective implementation of global diversity management activities.

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‘Global’ Diversity Management: the case of automobile manufacturing companies in Japan

Introduction

It is difficult to identify an aspect of diversity management that remains to be explored. There have been studies focusing on the interplay between the discourses, practices, rhetoric, myths, policies, reality, perceptions, antecedents, correlates and consequences of diversity in organizational settings. However, much of the work on diversity management has been carried out either in domestic settings, with little attention to diversity management in global context, or drawn on single level analysis, focusing either on managerial or trade union dimensions of diversity. This paper examines global diversity management in the global automotive firms that have head quarters in Japan. The paper explores key drivers for the take up of diversity initiatives at global, regional and national, organizational, diversity office and individual worker levels. The study which informs this paper adopts a multi-party and layered approach involving interviews with diversity managers, trade union and employers’ association specialists and scholars who study various aspects of diversity in Japanese contexts, as well as documentary analysis of policies and company data. With this study, the paper provides answers for three key questions: 1. Who are the key actors that inform the global diversity management perspectives of Japanese car manufacturing firms? 2. Why and how do Japanese automotive firms develop their ‘global’ diversity management approaches? 3. What are the key influences and drivers in adoption and diffusion of diversity management approaches in Japanese global firms?

The paper first attempts to unpack the diversity management debate, in terms of the way it was defined, contested and developed, in the mainstream literature. These elaborations then lead to a discussion of how global diversity management is different from its domestic counterpart. Subsequently, a conceptual model of key influences on appropriation and development of a global diversity management approach is offered. The model is described with its key components. The method section includes an overview of the research design, methods and techniques used during the field study. The subsequent section presents the findings of the field study in Japan, and relates these back to the conceptual model which was introduced earlier. The paper concludes with a debate on the current state of ‘global’ diversity management in Japanese car manufacturing firms. The paper also provides a set of recommendations for key actors and identifies venues for further research on the subject.

Diversity management debate: definition, dissent and development

Defining and interpreting diversity management has been a tall order for people who are involved in

The term ‘global’ is written in quotation marks to suggest doubt over the global nature of diversity management initiatives in global automotive firms in Japan.

shaping its discourse and practice. Although diversity management can be defined simply as a management philosophy that seeks to recognize and value heterogeneity in organizations, the key difficulty has been in interpreting this definition, due to the multiplicity of vested interests by multiple stakeholder groups over the aims, processes, and proposed outcomes of diversity management as well as what constitutes legitimate, assumed and real forms of heterogeneity in organizational settings.

There has been dissent between scholars to the claimed authenticity and legitimacy of diversity management in contrast to earlier equal opportunities activities in organizations (see Agocs and Blurr 1996), the concept of diversity management has been attributed multiple meanings (Jenner 1994) by public and private sector practitioners, consultants, trade unionists, employers' association representatives, the law and policy makers. Furthermore, much of the diversity management research in the early 1990s suffered from absence of *a posteriori* insights. Claims of unidirectional causal relationships between workforce or cultural diversity and improved business performance were not often substantiated by empirical evidence. Absence of empirical evidence in early pieces of diversity management writing is partly responsible for the poor reputation of the subject in management scholarship (see for example Gatley and Lessem 1995).

Two distinct camps have emerged as a result: Whilst a group of consultants and employers in Western Europe and North America hastily embraced and advocated the concept of diversity management as a new method for increasing organizational competitiveness and performance, this has received much skepticism from a group of trade unionists, and scholars from critical management and industrial relations disciplines regarding the adequacy of the concept in addressing their traditional concerns over social and workplace inequalities. According to Cassell and Biswas (2000), the shift from equal opportunities to diversity management was marked with a move away from the emotive discourse and the moral case of equality such as elimination of discrimination and inequality by gender, ethnicity and disability, towards the individualized and performance driven business case arguments which were advocated by diversity management scholars. The shift of emphasis from group based inequalities to individual level differences in the diversity management discourse was starkly evident in some papers in the field. For example, Neck et al. (1997) formulated a model of self-thought management of diversity, which involves a set of individual prescriptions for ways of thinking that welcome diversity, shifting the focus of diversity from social group membership to an individual level concern.

The shift from embedded, situated and path dependent understandings of inequality in organizational settings towards individualized and meritocratic formulations of diversity management are congruent with other reflections of neo-liberal ideology in management studies. Humphries and Grice (1995) critique diversity management discourse, arguing that it is closely allied with other neo-liberal ideologies of globalization, individualization, and de-collectivization. They note that the change from equal opportunities and affirmative action came at a time of political transformation in industrialized economies and diversity management have been instrumental as a tool for the neo-liberal ideology.

Other scholars have also adopted critical approaches to diversity management. Kertsten (2000) criticizes diversity management on three main accounts: a) its discourse fails to take note of structural and institutional forms of racism, b) it silences the identity politics surrounding sex and race relations reducing such differences to one among many, and finally, c) it fails to offer prescriptions that address these key social concerns and diverts attention to surface level issues. Dale's (1997) razor-sharp critique of two books on diversity management by Arredondo, and Kossek and Lobel epitomizes the type of criticism leveled at diversity management as a concept. Dale argues that diversity management, also as described in these texts, fails to address deeply rooted structural issues of discrimination, merely tinkering around the subject, and is demarcated to the domain of strategic choices at the level organization. Baker (1997) delivers a similar critique to Arredondo's text, explaining that the extensively propagated use of internal mechanisms and policies to drive diversity has simply failed in the last two decades and that new methods and approaches are needed if equality and diversity is to be achieved.

However, it is important to recognize numerous attempts by scholars to incorporate social and structural equality concerns in diversity management literature and not to tar the whole breadth of the diversity management literature with the same broad brush, viewing it as a homogenous management discourse. The diversity management discourse, which has emerged as a management discourse and practice in the 1990s in the USA, now receives a warmer reception even in more critical circles, due to development of its discourse in a way that reconciles its polarized interpretations. Whilst diversity management was initially offered as an alternative approach to equal opportunities (Kandola and Fullerton 1994), it was reformulated as a complementary approach to equality of opportunity work which characterized the initiatives that have sought to eradicate discrimination and inequalities in the second half of the 20th century. Other scholars have also expressed concern over polarization of diversity and equality efforts, arguing that diversity management discourse could be improved to embrace equality issues (Kirton and Greene 2002) and ethical considerations (Gilbert, Stead and Ivancevich 1999).

Moreover, there have been recent attempts at improving the vision of diversity through the critical lenses of management and industrial relations scholarship. For example, Lorbiecki and Jack (2000) review changes in the diversity discourse, identifying a need for more critical perspectives. The post colonial literature, they argue, may provide such a critical perspective for the diversity management discourse, if post colonial literature's conceptualization of domination is incorporated in political and historical analyses of diversity management perspectives. Greene and Kirton (2002) warn about the limitations of the individualized focus of diversity management in addressing inequalities that manifest themselves at a collective level, and argue that diversity management rhetoric can be revisioned to capture a more critical perspective. Similarly, Mor Barak (2000) argues for a more inclusive definition of diversity management. This entails aligning diversities at the level of the local, national and international communities to organizational diversity by inclusive practices. The proposed conceptual framework draws on an ecosystems approach and provides evidence for the

benefits of increased diversity for the workplace.

There were also call for legal reforms to address the critique of the gap between legal compliance case for the equal opportunities and the voluntary case for the diversity management approaches: some commentators argue that diversity management dilutes the equality efforts and diverts the attention from the legal and social obligations of employers (Greene and Kirton 2002; Dickens 1999) to provide equality of opportunity and to eliminate discrimination by gender, race, disability, sexual orientation among other arbitrary factors. Barmes and Ashtiany (2003) call for legal reforms to capture this diversion and seek to address the loopholes that diversity discourse brought about in management practice. They argue that the current legislation on elimination of sex, race and disability discrimination are limited in scope to offer effective means to eliminate the range of unfair inequalities that one experiences. In the same vein, aligning the law to combat wider range of inequalities may also help eradicate the schism between the proponents of equality and diversity, the former emphasizing the legal and the latter the voluntary case for action.

Improvements to the substantive interpretation of diversity management aside, diversity management typologies and perspectives have also promulgated in the last decade. For example, Ashkanasy, Hartel and Daus (2002) review the use of typologies in defining diversity. They refer to Jehn et al.'s (1999) work on diversity, which includes three different types of diversity: informational diversity, social category diversity and value diversity. They also seek to offer a framework which bridges the divide between utilitarian versus socially responsible perspectives on diversity, noting that diversity definitions should not be limited to the social diversity categories such as gender and race but could be more directly related to work performance, such as the diversity in terms of skills, abilities and knowledge.

One of the most significant works that embrace both social category and other forms of difference is offered by Harrison, Price and Bell (1998). The authors make a distinction between deep and surface level diversity. The term surface level diversity refers to the forms of heterogeneity that can be detected by observing the physical qualities of a person. These include observable forms of difference by sex, race, and age. Deep level diversity relates to divisions between individuals by belief, values and norms, which are observable only through time intensive encounters and exchanges between people. The authors hypothesize that surface level diversity will become less important as deep level heterogeneities become more prevalent with the moderating influence of time. They identify that information rather than time is responsible for the acculturation process in which deep level diversities are shaped. As individuals gain information about others the significance of shallow level differences diminish, but then the deep lever diversities crystallize. However, the authors caution that this may not be the case when the surface level differences are also associated with differences in status. The deep and shallow diversity model is very useful for broadening our understanding of diversity from its limited scope of classical categories such as gender and ethnicity that are often used for proxies for difference in a style which borders essentialism. The deep and shallow level diversity model makes it possible to view difference in organizational settings as a

socially constructed phenomenon that can manifest in variable degrees of impact and visibility.

Bhadur, Mighty and Damar (2000) also offer a method in which the dynamics of multiple forms of diversity can be measured. They cluster groups of individuals with similar traits into 'families' and using an experimental design offer an 'optimal' way for managers to form diverse teams. The study uses educational background and gender as proxy for diversity and in order to define 'families' with similar attributes. The experiment uses three decision variables: diversity index, the number of tables and the maximum number of family members to be seated in each table. Family analysis of heterogeneity in groups provides a useful means of exploring group level diversity issues.

Diversity management research has also evolved to explore the gaps between the rhetoric and reality, the reality and perceptions, the policy and practice of diversity management. For example, Harrison et al. (2002) identify a difference between perceived and actual diversity. Their research reveals that social interaction and time are important moderating influences on overcoming the negative consequences of perceived and actual diversity and creating cohesion and improving performance. Despite evidence of elaborate policy statements and theoretical and conceptual constructs of diversity management, the evidence suggest that the practice and implementation of diversity management incorporate only very few of the promised forms of inclusiveness (see for example Groschl and Doherty 1999) or achieve levels of effectiveness (D'Netto and Sohal 1999) that is strong enough to generate the desired outcomes.

Contributing to the gap analysis literature in diversity management, Barry and Bateman (1996) define social traps as the gap between consequences of short term individual choices and the longer term outcomes of those individual choices for the social group or the collective which the member belongs. They link social trap theory to the diversity management practices, examining evidence for the consequences of diversity management practices. Their paper also provides a set of trap solutions which seek to redress the imbalances between individual and collective outcomes of diversity management. Their review points to the significance of the individual efforts in achieving diversity goals. However, the authors also note that such changes, even if they constitute small steps, may result in sizeable changes if they are cultivated and accumulated.

Ivancevich and Gilbert (2000) refer to rhetoric, discourse and reality of diversity. However, they note of a convergence of discourse and reality illustrating that there is growing body of evidence in support of positive individual and organizational consequences of carefully crafted diversity management initiatives. The evidence presented comes from research studies, field surveys, case studies and consultancy reports. The authors contend that the diversity management research suffers also from some rhetorical debates that are not fully substantiated with field work and empirical evidence. Managers have a range of strategies that they can adopt in relation to diversity management from exclusion of diversity to full recognition and mutual adaptation. The authors suggest that any strategic choice between these alternatives should be examined in terms of its ethicality, best value, legality and accountability.

Despite these developments in the diversity management literature, there are still

outstanding concerns. Although diversity management scholars converge on the idea that differences should be recognized and valued, there is little other than general stereotypes about what constitutes a real and what would be an imagined difference as well as how different forms of difference should be treated, e.g. valued, ignored, discouraged or eliminated. The philosophical issue of the essence versus construction of sameness and difference needs to be explored. Is individual difference an essential quality, an indelible mark that resides at the level of the individual? Or, is difference a quality which is imbued on us in our situated activities of social and economic kind and hence a quality that is bound by time, space and relationships? At this point resides my primary concern on diversity management and its treatment of difference. Rigidly defining legitimate forms of difference in a way which only focuses on social group membership and equality concerns fails to recognize the heterogeneity within those social groups, essentializing their imagined difference. A similar rigidity in focusing on legitimate forms of difference through the lens of organizational performance runs the risk of diluting the work on anti-discriminatory action, by reducing sex and race equality concerns to one of a multitude of diversity issues. Furthermore, suggesting that all forms of difference should be valued would lack pragmatic sense in a world of competing priorities. Nevertheless, I contend that organizations can arrive at reconciled interpretations of diversity by adopting a multi-stakeholder and multi-dimensional diversity perspective that allows for different constituent groups and actors' views to be reflected in the formulation of their diversity management approaches. Only in this way, the diversity management practice may overcome what Uran (2000) considers as exoticism. Uran (2000) in his review of Pfister's *Individuality Incorporated: Indians and the Multicultural Modern* likens the initiatives that sought to recognize the individuality of American Indians to the diversity management principles and terms them as 'exoticism', as these often confused imagined and real difference, allowing for imagined difference to be reified in multicultural encounters.

Feminists have long questioned the issue of difference and sameness by gender, proposing liberal, radical and transformational agendas of change for gender equality (Jewson and Mason 1986, Cockburn 1989). Transformational change agenda (Cockburn 1989) suggests that organizations in the short term should try to eradicate inequalities by gender but in the long term the role is to transform organizations in way which will make their structures and cultures more egalitarian. However, the diversity management discourse often views valuing of diversity as a means to other organizational ends rather than an end in itself. The main concern then becomes when a form of assumed and imagined difference is reified as legitimate, for example women's larger share of domestic duties or supply of cheap labor from a minority ethnic group under the rubric of diversity management. In the absence of an equality discourse, diversity management does little more than to exploit heterogeneity in current supply and demand in the labor market. It fails to aspire for transformation of some of the inequalities inherent in those supply and demand dynamics. If women's disproportionate share of domestic duties or supply of cheap labor of an ethnic group is recognized as legitimate differences that should be accommodated and exploited then by definition the diversity management, unlike the equality efforts, does little to transform gender and racial disadvantage, but serve to retain status quo

in the labor markets. So, what is required is to have a definition and approach to diversity that does not only state what kind of difference is valued, but how it is valued and in what ways, with such a recognition and valuing process, the organization commits to transforming social and economic inequalities that reinforce imagined differences which keep women, minority ethnic groups, disabled workers and sexual orientation minorities firmly in their place.

Global diversity management: from practice to theory and back again

All aspects of diversity management at the domestic level have been widely studied. However, the same cannot be said of global diversity management, although it is a truism to state that growing number of international, multinational and global firms have now offices and departments which specialize on global diversity management. These offices have a different function when compared to their domestic diversity management offices. Whilst the former seeks to issue global diversity management policies and coordinate international and global operations with a view to foster organizational cultures and structures that are conducive to effective operation of diverse groups, the domestic diversity management function has a more traditional role of constructing a national policy and supporting the effective implementation of the policy in a specific country. Differentiation of global and domestic diversity management activities is particularly observable in the case of North American and Western European global firms, where the practice of global diversity management has preceded its theoretical development.

So, what is global diversity management and how can it be distinguished from its domestic version? Global diversity management can be defined as planning, coordination and implementation of a set of management strategies, policies, initiatives, and training and development activities that seek to accommodate diverse sets of social and individual backgrounds, interests, beliefs, values and ways of work in organizations with international, multinational, global, transnational workforces and operations. Some scholars attempt at explaining the differences between global diversity management and its domestic counterpart. Stumpf et al. (1994) argue that management of diversity in global firms is not about making effective use of individual differences but about creating an organizational culture which transcends these differences.

Scholars in progressive higher education institutions conduct field studies and organize seminars, conferences and other knowledge dissemination activities on diversity management (Freeman-Evans 1994), and some institutions now offer postgraduate courses on diversity management at both undergraduate and postgraduate levels. However, despite clear lines of differentiation between global and domestic diversity management, as explained above, knowledge acquisition and dissemination activities in the field have predominantly focused on domestic diversity management issues.

Therefore a gap between the practice and theorization of global diversity management has emerged. This sometimes meant that global diversity managers have taken on their job roles with little or no training on specific global diversity management issues. The skills gap that can be

identified in the global diversity management market serves as a point of reflection for academic research and dissemination activities. Doktor, Tung and von Glinow (1991, 363) explain why globalisation requires new ways of thinking and new approaches to management:

As multicultural organizations become more global in their operations, difficulties arising out of the cultural diversity of the organization's members and clients become more apparent to the managers of these diverse organizations. Management behaviors are based upon cultural assumptions. As organizations operate across multiple cultures, these assumptions vary. Managerial behaviors that are appropriate under certain cultural assumptions may become dysfunctional under other cultural assumptions.

In order to address these considerations, Doktor, Tung and von Glinow (1991, 363) propose that management theorists should develop methods that capture these realities. In terms of global diversity management, there is need for new conceptual frameworks, methods for research as well as new programs for training and educating the new cohort of global diversity managers.

If global diversity management is a new field of practice and study, ideally where should global diversity management activities reside in organizational structures? The choices of where domestic diversity management practices should reside are wide and the choices for global diversity management activities are even wider. Global diversity management may be centralized through a common policy which is then translated and implemented in the branch network or localized with each domestic branch identifying its own diversity management approach and priorities. The latter practice resembles practices in multinational and international companies which seek to localize their practices. Whereas global firms seek to centralize their activities as their practices are supposed to transcend national variations. In terms of diversity and globalization, one of the key markers of a global organization is its treatment on diversity, argue Hordes, Clancy and Baddaley (1995, 7-8). They explain the main differences between multinational firms, which have operations across a wide range of countries which are managed through much localization, and global firms, which have centralized policies that transcend national differences:

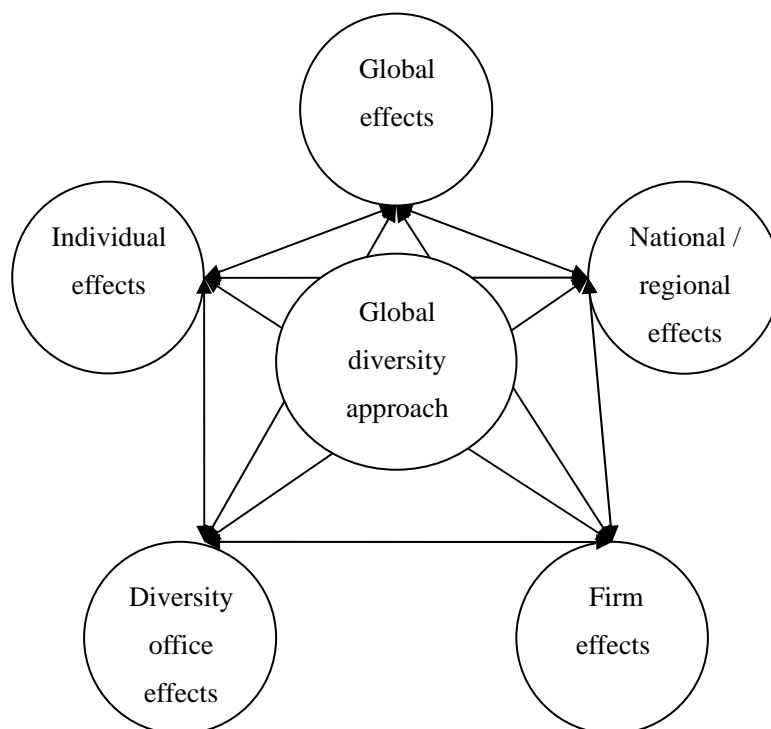
... the truly global enterprise operates very differently from both the international or the multinational enterprises. While it may have roots in one culture, it has created an organizational culture that values diversity. A few core values are its unifying force. Although it has headquarters, the global enterprise is often managed by a team of managers from diverse locations. Its business processes, policies, and technologies are often diverse with the exception of a few rigidly standardized policies, often centered around communication technologies and training of the workforce.

The location of the global diversity management activities may also depend on the professionalization of diversity management function within the organization. Global diversity management may be located in a separate department or office, or it can be sub-function of a larger department situated at various levels of the organizational hierarchy with wide spectrum of choices of reporting, monitoring, training and implementation roles. Diversity management activities may also be mainstreamed or

devolved to one functional area, most frequently to the human resource management or to the line management in one or across a number of sections or whole of the organization. Therefore the choices of where global diversity management activities may reside are wide. However, it is hypothesized that in global firms global diversity management activities should be centralized, as other diffuse methods resemble multinational management models more than the global management model.

If there are several choices in location of global diversity management activities, what are the factors that shape the global diversity management approach that the global firms will take? Diversity management is a North American concept which has found acceptance in the rest of the industrialized world. Despite transfer of knowledge through multinationals, diversity management approaches have evolved to differentiate when they crossed borders. Whilst there are global drivers due to changing demographics, and economic and legal forces at the international level encouraging adoption of diversity management principles, legal, social, economic conditions of the countries accounted for some of the variation in adoption of practices and implementation. There are also sectoral and organizational effects, particularly in relation to structures and systems of organizations being amenable to diversity concerns, and dependencies to the time and context of organizations. Furthermore the diversity management office at the national level also plays a role in raising awareness and campaigning for global coordination of activities. Last but by no means is the least significant the role of the individual agency in promoting the case for global diversity management offices. Opinion and decision leaders as well as individuals in strategic positions may see the significance of global coordination in diversity management issues. The link between global diversity initiatives and its positive impact on individual and group performance may also persuade senior managers to pay attention to global diversity management concerns. Barak (2000) presents such a layered vision of diversity which is not limited to the organizational context. His approach resonates with the layered approach advocated in the critical realist tradition (Layder 1993). However, Barak's framework draws on an ecosystems approach which presents the diversity efforts from macro international and national, meso institutional and micro individual layers. His framework juxtaposes these layers with the values of inclusion and exclusion which are associated with diversity management. Figure 1 in the next page illustrates the key influences on global diversity management approaches as outlined here. The subsequent sections present the key literature on the dynamics of the effects in each of these levels.

Figure 1: Main drivers for take up of global diversity management approaches



Global effects

The purpose of this section is neither to discuss whether globalization is a shameless myth (Spich 1995) nor to argue that it is not an undeniable reality (Blake and Walters 1983) nor to suggest that it is a mixture of both, a half-truth (Steingard and Fitzgibbons 1995). The purpose is to explain the key global influences on the mode choice in global diversity initiatives. Global diversity management is recognized as a key strategic asset in several pieces of research on global firms. For example, Srinivas (1995) argues that one of the key strategic survival and growth assets of global firms would be their global mindsets, which includes skills such as curiosity and concern, complexity acceptance, diversity consciousness, opportunity seeking, faith in process, continuous improvement, long-term perspective and systems thinking. In the same vein, Barkema et al. (2002), in their paper, *Management Challenges in a New Time*, highlight diversity management as one of the main management challenges of our times. They note that organizations may benefit from multinational diversity if they manage to counter its undesirable outcomes such as interpersonal conflicts.

Diversity management is an expressly American concept. Can it be easily transferred and grafted onto management systems of other countries? Das and Parker (1999) argue that there is not a best way to manage diversity. The approach that each organization will take will depend on the pressures for diversity management that they experience. They hypothesize that there are internal and external pressures for diversity management approaches to be adopted. The authors identify a typology of diversity perspectives: a) resistance, b) discrimination and fairness, c) access and

legitimacy, and d) learning perspective. They note that each approach has its associated prescriptions respectively arranged as a) sustaining homogeneity, b) assimilating individuals, c) celebrating difference and d) acculturation and pluralism. They propose that the higher the pressures for and priority of diversity in an organization, the better the organization will integrate diversity concerns its other activities. At the level of international management pressures as well as urgency of diversity management interventions vary more extensively than the level of domestic operations. This means that global diversity approaches are informed by the pressures both at the domestic and international level. The international level pressures are the increased convergence of legal pressures to combat different forms inequality, the regional influences such as the case of the social charter of the European Union and the influence of incipient international campaigns and organizations.

What is the significance of global dynamics of convergence and divergence on adoption of global diversity management approaches? Answer to this question may lie in our understanding of convergence and divergence of institutions across national borders. The evidence suggests that despite arguments of technological convergence, divergence in institutional forms is likely to continue. Aguilera and Jackson (2003; 461) examine the cross-national diversity of corporate governance systems. They conclude that hybridization, rather than convergence and divergence, is responsible for the changes in the global variation of corporate governance approaches. They also note that the interplay of international, national and sub-national level influences can explain why path dependence of or convergence towards best practices were not in evidence:

In most agency theory literature, internationalization is seen as increasing competition over “best practices,” thereby leading to a convergence on an Anglo-American model, whereas institutionalists suggest countries will continue to diverge along stable, path-dependent trajectories. We claim that examining internationalization in terms of national models is becoming institutionally “incomplete” because of the multilevel interactions spanning from international to national and sub-national policies, most strikingly through the European Union. Furthermore, interactions between stakeholders are increasingly taking a cross-border dimension, exemplified by the pressures of U.S. institutional investors in Continental Europe. Convergence and path dependence, thus, may be false theoretical alternatives in trying to understand simultaneous processes of continuity and change across national boundaries. Institutional change tends to occur in a slow, piecemeal fashion, rather than as a big bang. Where international pressures may lead to similar changes in one institutional domain, these effects may be mediated by the wider configuration of national institutions. This explains why internationalization has not led to quick convergence on national corporate governance models.

The lesson inherent in the debate over convergence and divergence debate for management of global diversity is that there is a need to recognize that continued divergence of national practices of diversity management will deem global diversity management approaches that require rigid observance of an inflexible set of rules across national branches ineffectual. Although this may

suggest that localization appears as a viable alternative, global diversity office should indeed serve a more considered function, facilitating knowledge creation and dissemination activities across domestic diversity management offices, equipping them with skills to move their diversity initiatives forward based on shared experiences in the branch network. It is also the role of the global diversity manager to develop global strategies that can transcend limited perspectives that emanate from their domestic networks. There is also a role for scholars. In the main, most North American and Western European research on domestic diversity management are presented without reference to national specificity of context, assuming a pseudo global applicability. This approach has caused research from other parts of the world to be siloed into an 'international' category, where their context are made more explicit. Absence of contextual elaborations combined with over-confidence in global applicability of findings of domestic research across national borders without translation or tampering has been the cause for some concern. The role for scholarship on diversity management is to make more explicit the context specificity of their findings as well as appropriateness of methodological approaches for cross-border appropriation of diversity management approaches. However, variations in cultural norms do not only manifest themselves in cross-national form, the intra-national variation also needs to be taken into consideration when exploring internationally comparative data. Au and Cheung (2004) examine intra-national variation of cultural norms across 42 countries revealing that intra-national variation has greater explanatory power than the cultural means from these countries. This suggests that the studies which explore national cultures as monolithic entities are indeed failing to see evidence of cultural diversity within countries.

The interplay of global convergence and divergence with formulation of global management approaches is not straightforward. For example, in the wake of proposals to converge public management across OECD countries, Mathiasen (1999) explains that there are tensions inherent due to divergence of systems across the OECD countries as well as the variations in the interpretation of proposed policies. Geppert et al. (2003, 2002) present taxonomy of internationalization ranging from full convergence of national systems around a global ideal to predominance of national systems and cultures that deem such claims of globalization redundant. Reflecting on case studies in the international lift and escalator industry, they conclude that the more globalized the strategy of a firm, the more likely for it to draw on subsidiaries to bring in their national knowledge and approaches. This analysis suggests that national divergences are likely to resist or even be utilized in the process of globalization. A reflection of this in terms of diversity initiatives is the paradoxical situation of availability of global diversity statements and policies, and contradictory and divergent diversity management policies and practices at the level of national branch networks. Hence, it may be premature to expect that it will be easy to transcend cross-border variations with considered formulations of global management approaches. Calori, Steele and Yoneyama (1995) are not very hopeful about the possibility of transcending cross-cultural differences. Based on interviews with American, Japanese and European managers, they map out the identity of the European managers from both 'insider' and 'outsider' (American and Japanese) perspectives. Their findings reveal the

subjective, relative and socially constructed nature of the European management identity. The outsider perspective of European management style and identity suggests a poor recognition of customers. The findings of the study also highlight the primacy of the ways of thinking in managers' understanding of others' culture and ways of work. Based on this, the authors argue that although there was belief in learning from diversity across-national borders, this remains a distant goal when the divergent ways of cross-border understanding of management practices in each country.

Nevertheless, global diversity management scholars may turn to cross-cultural studies in search for ways of formulating their global diversity management approaches. Using a number of qualitative study techniques, such as interviews, attendance to meetings, work observation and informal discussions, Chevier (2003) studied three international project teams. The study identifies three distinct approaches to management of cultural diversity in teams. These are respectively termed as 'drawing upon individual tolerance and self-control', 'trial-and-error processes coupled with personal relationships' and 'setting up transnational cultures'. The author acknowledges the assimilationist or integrationist values that underpin the former three approaches and argues that a fourth method which is based on use of sense making techniques on case-by-case basis would be more productive for a longer to term solution to identifying and tackling cultural dilemmas and conflicts. This method is termed as 'ad-hoc cross-cultural management'.

The global forces that encourage multinational firms to take up global diversity management approaches are manifold. One of the main influences has been the expansion of the national laws and international policies on elimination of discrimination. Globally, there is extensive legalization of protections offered against discrimination by sex. There is also promulgation of forms of discrimination that are considered unlawful in North America, Europe, and other industrialized regions. What remain divergent, though, are the forms of discrimination that are considered unlawful and the way these are identified. Furthermore, there is extensive national variation in interpretation and implementation of equal opportunities laws (Özbilgin 2002). Exponential spread and conceptual expansion of the legal frameworks for equal opportunities, coupled with increased numbers of high profile litigations against global firms, introduced inequality as a potentially significant cost item for global firms. There was an increase in the number of categories of discrimination that are considered unlawful. Whilst traditionally sex, race and disability discrimination were targeted by law, current legal frameworks are more complex offering protection against age, sexual orientation, nationality, social background, and many other arbitrary forms of discrimination in the workplaces.

There are also discourse level reasons for adoption of different diversity management approaches. Debating the usefulness of the US diversity management approach in other national contexts, Agocs and Burr (1996) identify that the diversity management rhetoric in the US is based on the metaphor of melting pot, rather than the mosaic metaphor of the employment equity programmes in Canada. Whilst the former was associated with assimilation of group based differences for the sake of individual recognition, the latter metaphor refers to recognition of social identity differences and protections offered against discrimination of certain groups in society. The authors also note the

dangers of liberally transferring diversity management approaches across national borders. They argue that the usefulness and appropriateness of diversity management should be considered in the light of key national concerns, assessed in terms of its contribution to core business objectives and overall fit with the systems and structures in the workplace.

The challenge of establishing workplace diversity policies that are relevant in a multinational organizational setting is demonstrated in the case of Colgate-Palmolive, a New York-based company operating in 170 countries. The company, which receives 70 percent of its 7 billion Dollar revenue from overseas markets, has grappled with the challenge of translating its US-based agenda of valuing diversity to the international arena. The concept of equal treatment and opportunity across race, gender, sexual orientation and disability does not readily translate into other cultures where the racial mix is rather homogenous (for example, Japan), or the gender divisions are clear and rigid (for example, in Saudi Arabia). Through the office of the director of global employee relations, the company has redefined its diversity principles globally. The company addressed its mission in a training program called “Valuing Colgate People”, in which all managers participated worldwide. Instead of exporting the US approach, the company examined what kind of training was needed in each country. It attempted to blend cultures and teach its managers how to collaborate across cultural boundaries. Although respecting other cultures was a central element of this policy, the company made a conscious decision not to override the essential policies of banning discrimination and sexual harassment (Mor Barak 2000: 349-50).

Adopting a global diversity approach presents challenges for global firms. Adoption and diffusion of diversity management approaches of US companies in Europe has been explored through two contrasting case studies by Egan and Bendick (2003) whose research has revealed that the choice between adopting global or multi-domestic approaches to diversity management yields different outcomes. They argue that although the European operations of US companies are likely to be exposed to diversity ideas, the firm’s strategic objectives as well as their organizational structures will have an influence on their choice of diversity management approaches. Although the significance of the diversity issues in Europe is likely to increase, it is unlikely that the European branches of US firms will directly adopt diversity management approaches of the US companies. Authors also identify that due to fundamental differences between economic, social and political business environments of the US and the European firms, diversity initiatives may not also be directly transferred from the US to the European operations.

There are other arguments, such as the increased heterogeneity of world class employees and increased competition for human resources as well as the shortages of supply in traditional recruitment pools, for adoption of global diversity management principles, despite problems of appropriateness and pragmatism as outlined above. Global companies engage in benchmarking activities, as a result of which initiatives and programs that prove successful in one firm are often appropriated by others in the same industry. What remains largely absent, however, from the literature is a recognition of the influence of key actors in the global scene on adoption of global diversity

management approaches. International Labor Organization alongside other national bodies asserts global labor standards. Further, there is diffusion of knowledge and sharing of best practice between national trade unions, employers' associations as well as government agencies of equality and diversity at the international stage. These linkages present themselves as possible sources of influence on adoption of global diversity management approaches.

National and regional effects

Despite the possibility of global diversity management approaches in global firms, these approaches are ultimately implemented at the level of domestic operations. Therefore the significance of national effects cannot be overstated. Research suggests that diversity management is a well recognized management function in the USA, the country from which much of the discourse on diversity management originates: Society for Human Resource Management (SHRM) surveyed its 60,000 members in 1993 and found out that diversity management was not a choice but a necessity for over 60 per cent of the respondents. Whilst diversity is a national concern in the USA, the same may not be true in other national contexts. Indeed, variations in workforce heterogeneity in labor markets place pressures on global firms to localize their diversity management approaches and diversity management discourses in order to capture different issues of diversity in each country. For example, in the case of Australia, the main diversity management effort has been on multi-ethnic diversity due to its ethnically heterogeneous labor force. D'Netto and Sohal (1999) surveyed 500 Australian organizations, revealing that the diversity management efforts concentrating on ethnicity have been nominally successful. They also explain that although the organizations are reaping the benefits of diversity, this is rarely reciprocated with proactive diversity approaches that seek to address inequalities. Exploring the case of Korean human resource management practices and the industrial relations system, Lee (2001) argues that the mainstream theories fail to account for the historical and contextual specificity of Korean employment relations. The author goes on to explain what makes Korea unique and identifies that dominance of paternalistic practices are the reason for its difference. The main characteristics of paternalism are given as a) implicit nature of employment contracts and informality in personal relations at work, b) different understandings and prioritization of familism, collectivism and loyalty, and c) seniority based HR systems. The ultimate disadvantage of the paternalistic system is the fact that its practices reside at what constitutes the Western understanding of rationality, transparency, and logic. Lee (2001) argues that if Korea is to survive global competition it needs to revise its human resource management system to recognize global diversity.

Heijljes, Olie and Glunk (2003) study heterogeneity in top management teams of companies from the Netherlands and Sweden. Their study reveals that despite internationalization of the Dutch and Swedish companies to the levels of 'statelessness', the top management teams have remained largely homogenous with only few managers from other countries. However, they also indicate a steady increase in the number of foreign managers over the years. Therefore, internationalization, even if it has a slow pace, is taking course at the level of senior management teams as well.

In a world of extensive cross-national variations in forms of workforce heterogeneity, regional influences become increasingly important if the density of regional alliances and networks between countries and firms increases. This hypothesis would be supported by a number of national cases: For example, whilst diversity management has traditionally covered issues of gender, ethnicity and disability concerns in the UK, with the adoption of progressive European Union legislation, the number of categories which are considered as unlawful basis of employment discrimination has increased to thirteen categories including new aspects such as national origin, age, sexual orientation, social background and so on. In the case of Japan, the USA, Europe and the Asian countries are known to place political and economic pressure on Japan to reform its employment relations system.

National and regional level actors, by the virtue of their power of association in a networked world, may place variable degrees of pressures on global firms to adopt global diversity management programs in order to address key diversity concerns, level out cross-national variations and act on their pronounced commitments. Moreover, as most global firms continue to retain firm footings in their countries of origin, they remain more perceptive to demands placed on them from their home countries. Therefore the evidence of political will and social support for diversity can certainly influence the choice of global firms.

Organizational effects

Diversity management literature suggests strong organizational reasons for adoption of diversity management philosophy and approaches. Empirical evidence of a positive correlation between effective management of diversity and improved organizational performance has been overwhelming in recent years. For example, Barkema, Baum and Mannix (2002) note that diversity is one of the main challenges that face management in the 21st century. They highlight the evidence that suggests a clear link between positive organizational outcomes and effective management of diversity. They also mention studies which examine the negative outcomes of diversity, arguing that the effective management of diversity promises both positive outcomes and also a way to eliminate the possible negative consequences of diversity such as conflict in teams. Similarly, Raatikainen (2002) reviews case study evidence in support of the interplay between diversity management and business performance, revealing a number of advantages such as improved creativity and customer focus through competitive practice of multiculturalism in the workplace. Complementing this, Harvey and Buckley (1997) argue that inpatriation, employment of foreign nationals in the head quarters of the global firm, is an important strategy through which the global companies can gain strategic advantages of utilizing their local competencies in coordinating international operations.

Current research also identifies the differentiated impact of the type of diversity as well as the moderating impact of time on consequences of diversity in organizations: Govindarajan and Gupta (2001) propose an optimum level of team diversity in global teams. They suggest that the difference between cognitive and behavioral diversity should be examined. Whilst cognitive diversity is about the substantive differences in how individual members perceive the challenges facing the

teams, the behavioral diversity is about differences in language and culture. The authors argue that cognitive diversity presents a strength for global teams and behavioral diversity is a challenge, a necessary evil, the impact of which should be minimized. Watson, Kumar and Michaelsan (1993) examined the impact of diversity on interaction process and performance. The research reveals that although homogenous teams perform better in the short term, heterogeneous teams start performing after a 17 week performance interval. The authors underline the significance of time in moderating team performance in diverse teams. Combining different types of diversity management approaches with the moderating influence of time, Svyantek et al. (2002) identify that diversity management may be practiced from exclusionary and inclusionary perspectives. Based on a case study of two historical empires and their management of diversity, the authors argue that time moderates the impact of these two different forms of diversity management. Inclusionary perspectives secure better performance in the longer term if they are complemented by meritocratic systems.

Larkey (1996) identifies two processes by which individual differences may be recognized. These are categorization and specification. Categorization process takes place when the individuals refer to pre-assigned categorizations in relation of their colleagues. So, the categories of gender and ethnicity may be used to assign certain attributes to individuals before an interaction alters these mental schemas. However, the process of specification takes place during interactions where individuals assign piecemeal attributes to their colleagues based on the content and substance of their interactions. The difference between the two is that the categorization process allows for greater errors in recognizing individual differences, using broad-brush categories of social group memberships. The author suggests that the latter process of specification promises a more positive approach to recognizing diversity.

Other forms of diversity have also been linked to increased performance. Cummings (2004) has studied 182 work groups in the list of Fortune 500 companies in terms of value of knowledge sharing and structural diversity. His research reveals that the value of knowledge sharing for the organization increases if the work groups are structurally diverse, that the members have different affiliations, roles and positions in an organization. The author then argues for management to induce and support greater structural diversity in recognition of performance benefits identified in the study.

However, not all authors agree that the evidence on the usefulness of diversity management is immediate. Dadfar and Gustavsson (1992) argue that cultural diversity serves as an advantage at the level of the project management team, namely in the management workforce in their study of the international construction industry. However, the same advantage of diversity was not identified in the workgroup level. The authors suggest use of homogenous teams in competition against one another, in order to benefit from the construct of national pride. They also suggest the use of bicultural individuals as cultural moderators between groups with different cultures. In their conceptual paper, Agocs and Burr (1996) explore the differences between the terms, employment equity, affirmative action and managing diversity. They illustrate the differences between the context, historical development, content and outcomes of these different initiatives (p. 33). They argue that

despite scant evidence for positive outcomes of diversity management, nevertheless it may promote awareness of difference and development of cultural sensitivity in communication. Indeed, there has been extensive research highlighting that diversity may jeopardize workplace harmony and interactive processes. However, more recently based on a review of empirical evidence in literature, Hopkins and Hopkins (2002) reveal that cultural recomposition, the process by which the homogeneity of a team alters through integration of new culturally different members, can be effectively managed without a damage to the processes of interaction in the team. This is a significant proposition in the light of the earlier work which suggests that team heterogeneity may jeopardize team harmony and employment relations. Hopkins and Hopkins (2002) identify that the process of cultural recomposition may indeed be managed in order to engender positive outcomes. In the same vein, Mannix (2003) point out studies that demonstrate linkages between different types of diversity and conflict, explaining that further research is crucial if we are to make use of positive conflict and tackle negative conflict associated with diversity and that exploring diversity and conflict in multiple forms is more productive than seeking tenuous linkages between their combined forms.

‘Diversity means many things to many people’ is now a common caveat that precedes many discussions on the topic. This is one of the main stumbling blocks on the way to effective management of diversity. At the organizational level, diversity management suffers from individualization of its definition, with different organizations adopting diversity initiatives in a pick and mix fashion, selecting aspects of diversity, management of which is too ambiguous to monitor and review and which present the organization in a positive light, such as valuing diversity of opinions and deselecting others that require capital investment or significant changes in their corporate practices such as ethnic and gender diversity.

There is also extensive variation regarding where diversity management belongs in the functional and operational hierarchy and organization of workplace activities. Diversity management is traditionally viewed as the domain of human resource management practitioners. This has also been evident in the scholarly circles. For example, Gilbert et al. (2000) review a number of company case studies and literature for evidence of business case for diversity management. They identify both individual and organizational level positive outcomes which require individual and management changes, drawing an explicit link between diversity management and human resource management function. Furthermore, McMahan, Bell and Virick (1998) argued that the theory of strategic human resource management (SHRM) has failed to recognize the significance of diversity and how diversity can be turned into strategic advantage, although diversity management has much to offer SHRM. Nevertheless, since the publication of their paper, there has been extension of interest on diversity management from other fields of management such as strategy (Kaplan and Norton 2000), finance, marketing, customer relations, information technology and operations management. This is a positive development in the sense that it elevates its strategic significance from human resource management field to the level of strategic management. The use of balanced score card approach (Kaplan and Norton 2000) and the development of other measurement and performance tools in Europe (Tatli et al.

in press) has allowed for diversity management to gain strategic significance in the USA and Europe.

However, multiple meanings that diversity management gains across organizations, sectors and countries brings forth certain paradoxes. Lindsay (1993) identifies three paradoxes of diversity management at the organizational level. These are paradox of values, paradox of fit and paradox of categories. Organizational behavior literature refers to creating and sustaining organization with strong cultural values. Whilst the general trend is to achieve organizations with strong values, allowing for difference and diversity presents a paradox of values. Paradox of fit takes place as organizations seek to create strong ties between their members whilst diversity management requires organizations and teams to become more welcoming of outsiders and individuals with different attributes to the in-group members. Paradox of categories is about the socially constructed nature of social group categories such as gender and ethnicity. Whilst these are socially constructed and by definition constitute perceived rather than real differences between individuals, espousing them as evidence of individual difference presents a paradox of categories. Unpacking the paradoxes of diversity management is essential in order for diversity management to be adopted as an overarching philosophy. Despite evidence that diversity management works to organizations' advantage, presented with these paradoxes, there is a need for new formulations of diversity management that captures and addresses the tensions between individual differences and their incorporation into rather rigid organizational systems.

In order to tackle the challenge of diversity in organizational settings, whilst some researchers attempt at identifying best practice approaches to diversity management, others have cautioned that prescriptive approaches are insensitive to contextual conditions across national borders. They suggest that diversity management approaches should be carefully crafted to identify country, sector and firm specific strategies that reflect the unique characteristics of the targeted context. For example, Cox (1991) provides a set of prescriptions on how to create multicultural organizations. He proposes a six pronged model which sets out the priorities that need to be addressed in order to achieve multicultural organizations: a) pluralism, b) full structural integration, c) integration in informal networks, d) cultural bias, e) organizational identification, f) inter-group conflict. The tools for dealing with these issues range from training and education activities to setting up of committees and from cultural research to changes in human resource management systems to value diversity. The evidence of prescriptive models can also be found in Thomas (1996; 1999), who identifies six barriers to effective management of diversity and six strategies to overcome them. The model draws on earlier cultural and structural works. Bergen, Soper and Foster (2002) also attempt at revealing the factors that foster successful diversity management programmes. Their paper explains that there should be a broad diversity management policy and the diversity management initiatives should be supported by top level management. They should be concentrating on pragmatic solutions and goals in the short term, while having broader range of goals for the long term. However, the prescriptive models of diversity management referred to domestic diversity management practices without making this assumption explicit in their assertions. Instead of offering prescriptive models, some researchers

suggest that in order for diversity initiatives to be successful, there are certain preconditions. Identifying a number of factors that are conducive to management of diversity, research from Australia suggests that openness of an organization or a team to diversity has a positive impact on diversity related outcomes (Hartel 2004). Hartel tests the model of perceived dissimilarity and openness and identifies that there are affective, cognitive and behavioral consequences of diversity and these are partly explained by perception of difference and the size and scope of the response to this difference.

There are also tools available for measuring different aspects of cultural diversity and propositions as to how they may be managed. Gatley and Lessem (1995) propose a tool for measuring the intercultural and intra-cultural resources of organizations. Hofstede (1989) identifies how cultural diversity can be fostered in organizations and how managers can identify workers that will bring cultural added value to the workplace. He suggests a shift away from classical selection methods to incorporate more culturally aware approaches to selection. Based on case study of two organizations, Gilbert and Ivancevich (2000) explain that diversity management initiatives that have senior management support, accountability, backing of an overarching corporate philosophy, multiple measures of success and that allow for changes in human resource management practices, employee involvement and buy in as well as improvements to diversity climate are likely to be more effective than the initiatives that lack these key ingredients.

Two pressing diversity issues for global firms have been the employment of women and minority ethnic workers. In most countries gender equality debate has prepared the groundwork for extension of diversity considerations. Levy (2002) presents a resource based argument in support for utilization of female workforce by multinational companies. Presenting evidence for increased competition, Levy (2002) explains why women are now an indispensable resource, exclusion of which would be a huge cost for multinational companies. The organizations which manage to offer work-life balance programs, and targeted recruitment, and promotion activities as well as training to make workplaces more welcoming will benefit from a growth in numbers of talented workers. Sanchez and Brock (1996) studied the impact of perceived discrimination on Hispanic employees. Their study has revealed that perceived discrimination moderates levels of commitment, job satisfaction and work tension. The researchers have identified that perceived discrimination causes reduced levels of commitment and job satisfaction and increased levels of work tension. The results also suggest that there is an intergenerational difference between first and second generation Hispanic participants as the impact of perceived discrimination on these workplace outcomes is considerably less for second generation Hispanic workers, due to the fact that they are better integrated and have more resources to tackle the adverse impacts of discrimination. Both studies suggest that effective management of social group diversity is significant in terms of cost avoidance, compliance and more importantly for business performance reasons.

Another framework that has the analytical power of exploring multiple forms of inequality, such as by sex and race, is offered by Lau and Murnighan (1998). Fault lines are metaphorical lines

that separate individuals into two or more groups. While sex presents a fault line between women and men, race presents fault lines between a larger number of racial subcategories. Lau and Murnighan (1998) argue that faultlines present most serious problems at the group formation stage. If the groups are formed along faultlines, they are more likely to experience conflict. They propose that exchange of wider range of personal information during group formation and later stages may have a moderating impact on the levels of conflict, as this approach would give individuals an opportunity to form alliances across categories which are less arbitrary and more occupationally relevant.

Despite growing evidence of positive organizational outcomes and availability of some prescriptive models, scholars also identify a gap in implementation of diversity management in global firms. Appelbaum and Fewster (2002) have completed 13 interviews with senior managers and conducted documentary analysis of policies from global aviation firms. Their findings suggest a general weakness in adoption of equality and diversity perspectives in their global industry. They identify that despite overwhelming evidence of the commercial success and reported significance of diversity and equality initiatives, the practice in the sector in terms of policy initiatives on equality and diversity and how these are disseminated is not widespread, as only 60 percent of the organizations report policy and even lower proportion of the workplaces engage in dissemination and monitoring activities. The authors argue that the industry would benefit from closely matching their internal workforce demographics to that of their external customer profile. They demonstrate this with company examples. The authors also argue that effective management of diversity and equality is imperative for the global aviation industry to break out of the vicious cycle of its current management approach driven by cost cutting strategies that jeopardize its employment relations.

Furthermore, there are reports of backlash against the fledgling diversity management initiatives. Backlash against equal opportunities (Faludi 1992) and more recently against diversity initiatives have been extensively reported. In their scenario design study, Kidder et al. (2004) examine backlash against diversity management versus affirmative action logics. They identify that the diversity management arguments engender less backlash than affirmative action scenario. This signifies that different arguments used to achieve buy-in for diversity initiatives from organizational stakeholders will receive different responses. The study identifies that business case arguments are better received than fairness arguments. In addition, Nemetz and Christensen (1996) identify that backlash against the promulgating diversity and equality training programs can be managed. An understanding of backlash is possible through an ideological understanding of diversity management approaches. Such an ideological understanding is achieved through recognition of the tensions between idealistic world views, between groups and individuals and between smaller groups and larger and stronger ones. The authors also warn of the possibility of the ideal rhetoric of diversity management to turn into a tyranny if it is pursued too rigorously.

Diversity office effects

Global firms introduce offices for diversity management in order to address the effects that are

explored here. However, diversity office is often a necessary but not a sufficient condition for a strong stance on diversity management on the part of organizations. Once established, a diversity office may serve to inform the direction of diversity management efforts. Although diversity offices may have an effect in terms of initiating diversity programs and suggesting diversity management measures, these programs need to receive top level management support either through the positioning of the diversity office as a high status department within the firm or with firm commitment of the Chief Executive Officer to diversity issue.

As explained earlier, diversity management can be perceived as either a domain for employment relations (see for example Gilbert et al. 2000) or from a wider perspective as an issue for all sections of the organization from finance and accounting to customer relations (Thorne and Davig 1999) and from strategy to marketing (Mulholland et al. 2005). As Thorne and Davig (1999) so succinctly expresses toppling disciplinary silos has been a significant achievement of diversity management scholars who attempted to demonstrate the significance of diversity management to wider selection of functions within organizations, elevating its strategic significance. Where diversity office is positioned and whether it carries out functions other than ones that are human resource management related exposes the influence and the status of the office. In some progressive companies, diversity management offices are located in higher echelons of the organizational hierarchies and positioned to report directly to the executive committee, contributing to strategic decisions in the organization. However, this is not a general pattern, as diversity management departments reportedly lack status, authority and voice in strategic matters in the mainstream.

Diversity management offices, like any other functional area in the organization, need to negotiate their power and status. The negotiating power of the diversity office emanates from both the senior management support it receives as well as the way diversity officers can achieve buy in from senior executives. Cox and Blake (1991) identify six commonly used explanations to achieve buy in for diversity management programs and initiatives. First, there is a *resource argument*: as organizations need human resources that are competent and skilled, discrimination of any form other than by merits hinders successful recruitment and retention of human resources. Secondly, there is a *marketing argument* in that organizations that have diverse workforces would be more receptive to market demand due to their shared attributes with their target markets. Therefore an organization that replicates the distributive attributes of its customers would benefit from better insights into their needs. Third consideration is that of *flexibility*. Organizations that respond to diverse needs and the changes in labor market heterogeneities will benefit from the flexibility that inclusion of such diverse populations would require. Fourth, heterogeneity between workers encourages *creativity*. Creative individuals are often individuals who are different to the mainstream. Fifth, *problem solving* skills of a group is enhanced when the group is diverse as this allows for multiple perspectives and critical reviewing of decisions. Finally, an organization enjoys *cost-cutting benefits* if it integrates a diverse number of individuals. Ignoring diversity and allowing it to become a source of conflict can lead to absenteeism and decline in workplace employment relations which ultimately have cost implications

for organizations. Kirby and Richard (2000) note that these arguments by Cox and Blake are not received with the same positive response in every organization. Their research identifies that the resource acquisition, marketing, flexibility and creativity arguments rank higher than other arguments between their study participants.

Strategies that diversity managers adopt in order to attend to cultural differences may vary extensively. Chevrier (2003) study multinational project teams and identify three strategies which managers adopt in order to reconcile cultural diversity within their teams: First, individual tolerance and self-control may be applied by managers when faced with cultural differences with the idea that such differences are legitimate and should be merely ignored. Second way of handling such difference is through trial and error processes coupled with personal relationships, where the parties engage in exploration activities with a view to understand and make sense of each other's point of views. Frequent encounters in this form are likely to result in negative stereotypes to be formed if normative and subjective nature of culture is not recognized. The third approach is forming transnational cultures. When the leaders cannot make use of shared cultural constructs they may opt to refer instead to other international cultural norms such as the professional cultures or corporate cultures. However, Chevrier (2003) argues that even in this case the conflict is likely to occur. Whilst the French may adopt a strong professional culture, professional culture may not have supremacy over corporate culture in the case of Japan. A fourth strategy is proposed Chevrier (2003). This is ad hoc cross-cultural management strategy. It involves personal engagement within the team with the specific purpose of building shared understandings in a process facilitated by a cultural moderator, who actively engages with the team to increase cross-cultural learning and avoid polarization of the workers along negative stereotypes.

Diversity offices may play a key role in affecting change and informing the direction that diversity management approach of organizations should take. However, diversity offices also have to compete with other functional areas for resources, power and authority. Ultimate effectiveness of the diversity office in impacting organizational change and adoption of an appropriate diversity philosophy rests with its strategic position, its resources as well as the skills and conviction of its key members of staff in shaping organizational opinion. However, a well resourced diversity office does not necessarily guarantee effective management of diversity either. Although diversity management may be centralized or professionalized, its effectiveness will ultimately rests with the effectiveness of its implementation at the level of line management.

Individual effects

Diversity management is not an activity that can be limited to the functioning of a diversity office. The significance of the individual workers and managers in championing and implementing diversity programs cannot be overstated. Holger Kluge (1997), the president of Personal and Commercial Bank CIBC, explains that the line managers have a large responsibility in implementation of diversity management. Individual effects are cited as very significant in the shaping of diversity management

approaches. For example, Roper and Brookes' (1996) work on international hotel groups reveals that the organizational culture and structure of these organizations are highly bound by the culture and values of their founders and key decision makers. Although the groups are international in outlook, the values that drive them are informed by the founder and strategic decision leaders' own personal cultures.

If organizational leaders and senior executives champion the cause of diversity management, diversity management may achieve a strategic position. However, some scholars warn of negative consequences of strong leadership that may contravene the philosophy that diversity management approach hopes to bring to bare. Welch and Welch (1997) argue that strong corporate cultures and managers who advocate them contradict the requirements of flexibility, responsiveness and creativity in global enterprises, unless these are the very values which they advocate. Therefore they argue a managerial and organizational model conducive to recognizing multiple voices. The model is akin to the university system in which critique and dissent are key constructs for advancement and adoption of knowledge.

However, absence of support from senior executives and managers would not help the cause of diversity management either. Indeed lack of support from management may be the most significant stumbling block on the way of introducing diversity management programs. The support of senior executives and managers alone may also not be sufficient for the effective operation of a diversity program. Workers may also resist diversity management programs, display backlash behavior or ignore the message of the program. Several studies have explored the reception that diversity management receives when introduced to different groups. Smith et al. (2004) have studied the preference of a student population, who were exposed to training on the subject, between affirmative action and diversity management approaches. The study confirms the hypothesis that despite the current controversy, students find diversity management programs less appealing than affirmative action programs, which they find more relevant to the legal concerns of corporate social responsibility. The study implies that the choice of equality and diversity program will have a differentiated impact on the recipients. The study identified a clear support for the affirmative action over and above the support afforded to diversity management program.

Joplin and Daus' (1997) interviews with senior managers highlight a number of diversity management challenges including the challenge of sharing power, emergence of deeper level divisions such as differences of opinion, perceived lack of empathy, tokenistic practices, complexities of employee participation and overcoming organizational resistance to change. James and Wooten (2001) argue that overcoming the reactive stance on diversity issues is necessary in order to achieve reflective learning in diversity issues. The reflective perspective makes it possible for organizations to transform to meet the challenges of diversity. The way to overcome these challenges, the authors argue, is to move away from the one size fits all approach that characterizes some diversity management initiatives that seek to offer standardized diversity training to all sections of the organization in a sheep dipping fashion. Standardized training activities, Joplin and Daus (1997)

explain, are responsible for some of the backlash in organizations.

Individual workers attitudes towards diversity management initiatives will have an impact on the choice of method and design. An extensive range of studies locate the issue of diversity management at the level of individual learning, implicitly suggesting that individual learning is key to transforming homo-philic and homo-social individual behaviors to the ones that welcome diversity and difference. Adams (1999) summarizes research by Tinsley (1998) which revealed through an hypothetical experiment with Japanese, German and American managers that cross-cultural disagreements require a recognition of the national context. The disagreements would be exacerbated should each manager retain their own approach to management, which is informed merely by their own cultural reference group. The conclusions suggest that a change in managerial behavior is contingent upon their learning to let go off their own cultural references in preference for mutual understanding. Similarly, based on a review of literature on cultural diversity in management of cross-border careers, Fish (1999) identifies that there is need for a change in management mindsets from ethnocentric approaches to more sophisticated approaches that are informed by cross-border differences in values and cultural norms. Iles (1995) refers to the necessity of developing intercultural competence in making effective use of diversity at multiple levels. However, the theorizations of such idealistic competence measures lead to *a priori* suggestions of training and awareness raising programs. Similarly, Flood and Romm (1996) elaborate a number of learning techniques associated with diversity and note of skills in capturing these. Ashkanasy et al.'s (2002) suggests that diversity in organizational settings generates emotional engagement and that this should be managed. Noting the move from separation of rational and emotional in organization studies, the authors seek to demonstrate the relevance of emotional intelligence for effective management of diversity.

Skills, competence and learning based approaches naively assume that the inequalities that are inherent in work practices can be overcome and the benefits of diversity can be realized if individuals are trained to gain skills to value diversity. The social traps literature makes a serious attempt at addressing the weakness in the skills/competence formulations of diversity management by highlighting the often conflicting difference between short-term individual and longer-term group outcomes. Lorbiecki (2001) also notes that without addressing the power imbalances in the workplace, it is rather simplistic to expect a learning perspective to facilitate successful incorporation of diversity problems.

What remains largely unexplored in the literature on diversity management is the role that diversity managers and diversity champions play in shaping organizational approaches to diversity management. Kirton and Greene's (2006) study of diversity managers in Britain identify that the diversity managers act as tempered radicals in organizational settings, pursuing agendas of organizational change that often contravenes the conventions of their workplaces. Tatli (2005) reveals that indeed the outcome of the personal strategies employed by individual diversity officers is contingent upon the different forms of capital that they deploy in the situated context of the diversity management field.

Methods

This paper uses a case study method (Yin 2002), focusing on the case of 'global' diversity management in the automobile sector in Japan. The study that informs this paper is part of a global diversity management research project which started in 2005 with a visiting fellowship at the School of Industrial and Labor Relations (ILR) of the Cornell University. Initial phase of the study involved collection of an extensive range of academic sources on the issue of domestic and global diversity management. The field study that is reported here commenced in August 10, 2005 and was supported with a visiting fellowship offered by the Japan Institute for Labor Policy and Training (JILPT). The choice of automobile manufacturing sector in Japan complements my work on a cross-national project including the studies of the sector in the USA and Europe. The Japanese automobile sector is a relatively new sector. Nevertheless, it is a significant sector in terms of employment as it employs about 10 per cent of the Japanese labor force and has extensive manufacturing and distribution network globally.

The research project observes the conventions of a relational method tradition (Özbilgin 2005), which allows for a research design that captures the space and the interplay between layered social phenomena, ranging from objective organizational structures to subjective individual experience. One of the key tenets of relational methodology is that it seeks to transcend the objective-subjective divide, providing a reading of organizational phenomena in a way that is true to its real form, constituted through an interplay of individual agency in the context of organizational structures.

The conceptual framework entails an ambitious multi-actor, multi-level, and multiple issue approach. This addresses the main criticism that is leveled at the diversity management research: Cheng (1997) argues that the reduction of diversity to single level issues, such as micro level analysis of discrimination when discrimination resides at the level of institutional history, and single category studies, such as work solely on women when women's heterogeneity is evident, have been effective strategies to retain the status quo of white, male, patriarchal domination and supremacy through academic research. Reflecting on hooks' feminist writings, Cheng (1997: 553) continues: 'Although women-in-management research has become mainstream, other diversity issues are almost entirely ignored, particularly racism, patriarchy, class, heterosexism, sexuality, sexual identity, religion, postcolonial issues, physical ability, and so on.' Congruent with Cheng's argument, the field study involved a layered and multiparty approach to the study of key influences on global diversity management approaches in the Japanese automotive manufacturing sector. The literature review also has a layered framework which incorporated a wide range of diversity concerns as well as global, regional, national, organizational, diversity office and individual level effects on global diversity management approach of firms. The research assumed a multiparty perspective as the study contains interviews with key actors that influence diversity management approaches in firms, including members from firms, trade union and employers' union, as well as academic experts. Furthermore the

study involved review of extensive range of academic sources, company, and union documentation and data. The model that is presented here involves a range of effects on the global firms' choice of diversity management approach. Although the effects are presented separately for pragmatic reasons, indeed there are relational dynamics that across these effects and their respective levels of analysis.

The field study of this project involved a total of 15 interviews. The interviews ranged between one and half hours to two hours in length and focused on different aspects of diversity management based on the expertise and position of the interviewee. Three interviews were conducted with officials, who assume responsibility on diversity related matters, from a global car manufacturing company in Tokyo, the Rengo (Japanese Trade Union Confederation) and the Nippon Keidanren (Japan Business Federation). The latter two interviews were conducted in Japanese language with the help of an interpreter. The other interview was conducted in English language. The three interviews largely focused on the diversity management approach that has been adopted and the activities that are carried out in these respective organizations. In order to supplement the interview data, I have also collected documentary resources and data from each organization. Another set of interviews are conducted with three professors from Keio University's economics department, highlighting issues of supply and demand side economic changes that engender suitable conditions for the uptake of diversity management initiatives, and with scholars from seven different universities in Japan. These meetings have generated academic insights into issues of equality, disadvantage, and diversity in Japanese workplaces and allowed for some of the pertinent issues to be discussed. Furthermore, the meetings were instrumental in gathering relevant academic publications and in collecting Japanese and English language sources that are not easily accessible through library searches. I have also consulted various experts at the JILPT on diversity issues and used the library facilities of the Institute. Some of the Japanese language sources were translated by in abstract form by the JILPT staff.

The interviewees were sent a letter outlining the content of the interview process as well as conditions of anonymity and confidentiality. Interview participants were promised full anonymity in order to protect their identity. See Appendix A for the English version of the cover letter and the interview schedule and Appendix B for the Japanese translation of the interview questions. All meetings were tape recorded when this was allowed by the participants. Otherwise, extensive notes were taken during the interviews.

August is often a period of holiday in academic calendar. Despite this, I had an exceptionally privileged form of access to relevant officials and organizational data. I was informed that I have experienced in this project what may be termed as a 'foreigner's advantage', a uniquely Japanese phenomenon, where the foreign nationals are freed from the stringent rules of social exchange and are afforded greater liberty in their social interactions. The specific 'foreigner's advantage' that I experienced was in making appointments, arranging interviews, and asking politically charged and value laden questions to the interview participants. For example, I was able to make cold calls to companies and universities, introducing myself in order to request interviews.

Similar exchanges between Japanese nationals, however, would require introduction through a third person or a more formal way of contacting organizations with letters or faxes.

All forms of data that are collected were subject to two forms of qualitative data coding protocols: axial and open coding techniques (Denzin and Lincoln 2000) were applied. Data are arranged into different pre-determined themes in axial coding technique. Open coding technique involves identification of themes that emerge from the data itself, rather than categorization of data along pre-determined themes. The data was analyzed using a critical realist approach (Layder 1993): data from different sources and parties were juxtaposed in order to reveal the interplay between the seemingly objective statements of diversity management and subjective variations in evaluation and interpretation between these stakeholder parties.

‘Global’ Diversity Management: the case of automobile manufacturing companies in Japan

The range of actors and effects that shape the choice of diversity management approaches in Japan yields well to comparative analysis with other industrial countries of North America, and Western Europe. However, the macro, meso and micro pressures for management of diversity and respective positions that key actors take in the Japanese context as well as in Japanese global companies are so markedly unique that Japan provides an excellent example through which ‘global diversity management’ can be explored in comparative context. This section presents the findings of the study in the thematic order in which the above literature review is structured.

Global effects: incipient associations

The expansion of the legal protections to wider range of categories of workers and the divergence of diversity concerns across national borders calls for coordination of equal opportunities activities in global firms which do not only employ home and host country nationals but also have by definition third country workers. Therefore, while the individual differences are exacerbated in this international setting, also the complexity of legal provision requires that the management approach is indeed more proactive and overarching that it can accommodate current law as well as foreseen changes. Diversity management discourse with its promise to recognize and value individual difference came at the right time in North America and Western Europe when these legal changes were taking place. Japanese global firms present a different picture altogether. The reasons for this are manifold: Whilst Japan hosts the head quarters of a large proportion of world’s global firms, Japanese labor law has remained largely unaffected by expansion of anti-discrimination legislation in the last three decades. Three key pieces of legislation were enacted in Japan during this period. Equal Employment Opportunity Law of 1985 was introduced to eliminate direct discrimination, the Employment Stability Law for Older Workers of 1986 to ensure stability of work for older workers and the amendment of the Labour Standards Law in 1987 to attempt at curbing the long working hours in Japan (Sugeno and Suwa 1997). However, the impact of these pieces of legislation is questionable. Whilst an Equal Employment Opportunity Law was introduced in Japan in 1985, this came little too late and with little

impact and scope. The law only tackles sex equality and had provision for only direct forms of sex discrimination, where indirect form of sex discrimination are not considered unlawful. This point was raised by Rengo in their efforts to lobby the government for a change of law to incorporate indirect discrimination. Whilst direct discrimination may tackle overt forms of discrimination, subtle forms of discrimination, by which a single rule has a disproportionate impact only on one gender. For example, the long hours of work culture in Japan effectively keeps career opportunities away from women who are expected to carry out disproportionate share of domestic duties in corporations that value face time and presentation culture. Among other factors, the weakness of the law meant that the Japanese labor market has retained a strongly sex segregated profile in comparison to other industrialized countries. In response to the law, Japanese firms sought to provide dual career paths for women who wish to take up careers and women who wish to stay in the temporary workforce. However, Wakisaka (1997) argues that this was not a completely positive development as it still hinders women's chances of career moves between temporary and career track work, after they take up their first post. Furthermore, Japanese global firms have retained a homogenous workforce in head quarters in Japan. The core workers in Japanese international firms are predominantly male and overwhelmingly Japanese nationals (Arimura 2001, 2004). This model presents a contrast to increased heterogeneity in other global firms in Europe and North America. Furthermore, Japanese business and management schools have not broken the mould to offer courses in equality and diversity management; as such skills were not required explicitly by the recruiting companies.

Whilst the globalization of Japanese firms have not engendered diversification of their managerial workforces, the Japanese society, customs, and labor market dynamics have altered to entertain greater levels of diversity. For example, the proportions of women who enter the labor market and women who wish to have careers have increased (JILPT 2005). Furthermore, women's accession to career tracks is underway (Wakisaka 1997). Family sizes have decreased and Japan has been receiving migrant labor particularly from South American countries (descendents of earlier Japanese migrants there) and other foreign nationals that arrived for work. Increased concerns over management of diversity and some high profile cases abroad, such as the discrimination law suits against the Mitsubishi Motor Corporation (see Box 1), as well as the changes in the internal labor market has encouraged global firms in Japan to consider diversity issues with some degree of resolve.

Box 1: The Settlement of Lawsuits against the Mitsubishi Motor Company

The U.S. Equal Employment Opportunity Commission, June 11, 1998:

MITSUBISHI MOTOR MANUFACTURING AND EEOC REACH VOLUNTARY AGREEMENT TO SETTLE HARASSMENT SUIT

NORMAL AND CHICAGO, ILL. -- Mitsubishi Motor Manufacturing of America, Inc. (MMMA) and the U.S. Equal Employment Opportunity Commission (EEOC) announced today that they have reached a \$34 million settlement, subject to court approval, that resolves all claims in the lawsuit filed on April 9, 1996, by the EEOC on behalf of a class of current and former MMMA employees who were subjected to an alleged pattern and practice of sexual harassment at MMMA's Normal, Illinois, manufacturing plant since 1990.

Source: <http://www.eeoc.gov/press/6-11-98.html>

Other institutional actors, with international links, may have an impact on diversity management approaches of global firms in Japan. For example, Rengo has strong links with the International Confederation of Free Trade Unions (ICFTU), the Asia Pacific trade union organization as well as strong ties with labour unions in Europe, particularly in the UK and the USA. The Rengo interview revealed that there is much sharing of policy, expertise and knowledge at the international level. Indeed, Japanese Rengo has adopted elements of equality policy by the ICFTU. The official from the Rengo termed some of the work-life balance policies that emanate from abroad as 'inspirational'. Furthermore, the diversity management report of Nippon Keidanren is well informed by the literature on diversity management arguments in North America. These three institutions, as well as the changes in social mores in Japan may serve as levers to consider diversity and equality as pertinent issues for Japanese global firms.

Providing a historical review of the opening up and incorporation Japanese labor to the 'free world', Nakakita (2005) identifies a shift from 'political' to 'economic' organization of work in the post second world war era in Japan, attributing this shift to the international diplomacy from Europe and the USA. Nakakita (2005) explains that the British interest in trade unionism and democratic reform in Japan's labor policy was not only a philanthropic desire to promote Japanese democracy. Indeed, development of a strong trade union tradition in Japan was seen as a way to curb Japanese competitiveness in labor costs. Despite this critical perspective, international pressures and collaboration has also had a positive impact on the standards of labor in Japan.

In addition, Aguilera and Jackson (2003, 462) argue that diffusion and adoption of American institutional forms in Germany and Japan did not result in convergence in these countries during the post-war reformation. The process was one of hybridization. The authors also suggest that there is a second phase of reformation in both countries:

Today, Germany and Japan are attempting to introduce "shareholder value" management style to their past institutions of strong labor participation. It remains to be seen whether a

stable and distinct corporate governance hybrid will emerge, or whether institutional tensions will cause institutional erosion.

The way that the diversity management approaches originating from North America will be appropriated by Japanese companies, will serve as a litmus test for the convergence and divergence debate. Although global firms, by definition, should be able to transcend cross-national differences and offer policy and practices that do not simply reflect their countries of origin but their compound knowledge of global trends and patterns, the case of Japanese firms in the automotive industry suggest that global diversity management has not yet developed as a functional area of work and indeed domestic diversity management has only been discussed in the last five years.

Overall, the global effects on the take up of global diversity management approaches are not likely to diminish. Despite efforts to hold on to traditional ways of work and organization, reforms in diversity management approaches as well as identification of tensions and stumbling blocks are well underway.

Regional and national effects: much a do about nothing

There are a number of institutional actors that have an impact on the national policy on equality and diversity in Japan. The Ministry of Health, Labour and Welfare had a study group which examines issues of gender equality. They published a report and disseminate their suggestions, even if the resulting publications are merely informative and do not constitute policy guidelines. The Rengo and Nippon Keidanren are also active in the debates over equality and diversity. A common goal that both Rengo and Nippon Keidanren subscribe to is a commitment to workers' welfare. However, there is a schism between approaches that Rengo and Nippon Keidanren take regarding how worker welfare may be achieved and whether diversity management is an effective means to achieving it. Nippon Keidanren has a study group, made up of 15 to 18 members drawn from Nippon Keidanren staff and employees from member institutions. The study group conducted a survey across a good cross-section of members on diversity management and published a report in 2002. The summary of the report provides a definition of diversity strategy:

Avoiding the hitherto established standards within firms and society and taking into consideration the values and concepts of various attributes (gender, age, nationalities, etc.) this is a strategy which responds to the changes in business environment in a rapid and smooth manner to achieve firm growth and individual happiness.

The definition by Nippon Keidanren suggests that the diversity management approach seeks to address two significant concerns: firm performance and individual wellbeing. The report also lists four principles of diversity which is informed by the literature in North America and Western Europe on the subject. These four principles are: 1) Diversity is a strategy that utilizes diverse human resources, 2) Diversity brings firm growth and individual happiness, 3) Diversity considerations are underpinned by personnel management principles of recognizing different attitudes and values, 4) Top management should change its consciousness and implement an 'offensive strategy' using the concept

of diversity (Nippon Keidanren 2002).

Whereas Rengo identifies recruitment of women members and the closing of the gap between terms and conditions of work for part-time and temporary workers and those for the full-time core workforce as their main issue for diversity (see Appendix D). Rengo officials explain that indeed women and foreign national workers are disadvantaged due to this gap. It is not surprising to see that employers' unions pursue a business case argument whereas the worker's union's point of departure is the elimination of inequality and disadvantage. Trade union organizations in Japan might have shone away from and kept quite about the concept of diversity due an earlier introduction of the concept by the employers' union, suggesting that diversity is about making best use of workers, emphasizing the utility aspect of the concept, and failing to acknowledge its moral imperative that diversity is a necessary but not a sufficient condition for equality of opportunity.

Although Rengo does not have an official objection to the diversity management approaches advocated by Nippon Keidanren, Nippon Keidanren has an objection to Rengo's agenda for equalizing standards for peripheral and core workers: the employers' association argues that as core and peripheral workers are conducting different tasks and have different contractual agreements, it is fair to offer them different terms and conditions. The Nippon Keidanren officials has also highlighted that their approach is consistent with the philosophy of 'recognizing and valuing difference' as espoused in their diversity management philosophy. In the similar vein, the literature provides examples where Japanese organizations respond to diversification of the labor market through some institutional level strategies. For example, there is opening up of multiple career tracks (Sato 1997) which can accommodate diversified aspirations of women and professional workers. It is interesting to note that diversity management literature has been used to advocate different ideologies, which prescribe different solutions and result in different forms of action across constituent actors in the country. It very much depends on which factors are considered as markers of difference and which forms of difference should be valued and recognized. The value laden nature of diversity management discourse has caused for it to be attributed different meanings in different institutional settings and in representing different political and economic interests.

Although I mention that there is a schism between Rengo and Nippon Keidanren in terms of their interpretations of diversity management, it is not possible to talk of these two institutions as counterparts in a fair game of industrial relations. Indeed, trade union movement is relatively weak in Japan, as it is characterized with 'enterprise unionism' or 'firm unionism': the main union activities are carried out at the enterprise union level. This involves discussions with management on terms and conditions of work as well as negotiation, and reconciliation activities. Neither the sectoral unions, i.e. the Confederation of the Japan Automobile Workers' Unions (JAW), nor the Rengo are actively involved in negotiations with employers in terms of diversity management issues. Furthermore, none of the documents produced by Rengo or Nippon Keidanren has any power of enforcement. The documents are neither policy guidelines nor recommendations for members. They contain mostly informational material that may serve to raise awareness at best.

Beyond the classical interplay between the industrial relations actors in Japan, two significant cultural norms underpin the weakness of equality and diversity debate in the country. Although, it would have been highly presumptuous of me to claim even a surface level understanding of Japanese culture, these two highly observable attributes were evident during my interviews: First, the conventions of social interaction in Japan do not allow much scope for confrontational political debate. Interviewees often referred to a lack of political and ideological support for equality in Japan. Transformation towards equality and acceptance of diversity does not take place on its own. It requires political will as well as structural changes that will make workplaces more welcoming for people with different backgrounds. One scholar explained that the gradual nature of social reforms in Japan and an explicit focus on economic rather than political reformation has meant that patriarchal relations were not challenged and remained out of the social reform agenda. However, Kasuya (2005) examined continuity and change in employment practices in the Mitsui Bank and reveals that although the change is gradual, the Japanese firms respond to supply and demand dynamics accordingly. Nevertheless, it is a truism to suggest that there is a need for stronger political and social will for diversity management to inform the management philosophy of Japanese firms.

The second social phenomenon that complemented the overall apolitical outlook of Japanese diversity and equality debate was the absence of an individual or collective complaints culture. Another scholar has identified that the case law was available in Japan but the number of legal complaints were far and few in between. This was also reflected in the number of complaints that unions have received. 2004/2005 Rengo statistics suggest that sex discrimination complaints to Rengo by individuals totaled 259, 96 of these were raised by men and 163 were by women. Sex discrimination complaints were predominantly for harassment issues with only seven complaints on sex discrimination in the period. These figures are very low in comparison to levels of individual complaints received by trade unions and industrial tribunals in Western countries. Although this may be due to multiple reasons, Rengo official suggested that discrimination and harassment cases are often settled in the organizational level and that there are indeed very few, if any, examples of such cases being taken to the courts of law. Absence of an industrial tribunal system also makes litigation against sex discrimination in Japan more difficult than other industrialized countries.

Although it is theorized that global firms have policies which transcend their national origins, the Japanese case illustrates that this may not be so as the Japanese global firms retain a largely national and male dominated workforce (Arimura 2004). Much of the academic knowledge on diversity management is of North American origin. Hence it is highly context specific, suited to the institutional and legal frameworks in their context. In the case of Japan, the influence of institutional actors is very weak and national mechanisms to enforce diversity management approaches are absent. Nevertheless, Sako (1997) indicates three labor side pressures for Japanese firms to adopt diversity management for improved accession of women, older workers and professionals to Japanese organizations. These are diversification of the labor force by gender, older worker and professionals. Furthermore, the increased demands for foreign labor as well as some employer's desire to improve

performance in their multi-ethnic assembly lines are likely to present an influence. Therefore, growing diversity in Japanese population and labor force and improved awareness of diversity issues in organizations may serve as a lever of pressure for change.

Organizational effects: winds of change

A diversity trainer from New York explains, 'a stumbling block for any diversity manager is showing trainees the link between diversity management and business performance' (De Valk 1993: 11). This epitomizes the problems that the diversity officer has cited as relevant in the case of Japan, alongside an emergent backlash against equality and diversity in the case study organization. Many global firms in the automotive manufacturing sector in North America, Europe and Japan now have diversity management efforts, initiatives, and offices. The unique attribute of diversity initiatives globally is that such initiatives express the necessity of moving diversity efforts from the diversity office to the line management level so that diversity principles can be operationalised at the level of practice.

Whilst employers across Japan are concentrating on 'hard' measures of benefiting from labor flexibility by decreasing the size of core workers and increasing the flexible workforce through outsourcing of temporary workers, 'diversity management' appear to many managers as 'propoganda', a 'fashion' or a 'fad' that will take its place next to other inflated management ideals of the past. This belief was dominant across some of the interviews with scholars and also was implicit in the absence of response by Rengo to the diversity management report of the Nikkeiren. At the organizational level, firms continue to declare their commitment to diversity management with some very creative statements. Toyota Corporation offers the following statement (Global Vision 2010: 4-5):

With changes in the labor market environment, due to such factors as globalization in business and social advances of women, one major task for increasing a company's competitiveness is to have management that makes use of human resource diversity. As of 2002, Toyota started the Diversity Project based on the concept expressed in Toyota's Global Vision 2010 of "promoting the creation of environments where people from around the world with various abilities and values are given the opportunity to actively experience self-fulfillment as individuals." Through this project, Toyota aims to increase its employees' motivation and optimize the value of its human resources.

However, in terms of implementation the Toyota case reflects a mere focus on gender issues. Although gender equality is the main concern in equality efforts in Japan, the main problem with the way these activities are carried out is the fact that women's heterogeneity along other forms of social stratification is often disregarded.

The studies that explore diversity management in Japanese companies are few and far between: Arimura (2001, 2004) has conducted a series of studies investigating the extent of localization of workforce and diversity in regard to race, ethnicity and sex in the US companies in Japan and Japanese companies that conduct business in the US (where society itself is rapidly diversifying). In his study of US companies in Japan, Arimura (2004) sought to understand whether

'diversity management' is permissible in Japanese society, and if not, what the main stumbling blocks on the way are. Based on a questionnaire survey to 30 (out of 282) US based companies that conduct business with 50 or more regular employees in Japan and which have diversity management in their head quarters, Arimura (2004) reveals that diversity management is implemented better in US companies in Japan than in Japanese companies, except for the employment of older workers. The US companies have particularly better practices in diversity by sex, and in promoting female employees to managerial jobs. Most of the US companies declare their commitment to diversity and their main purpose is to gain competitiveness. The actual measures taken include awareness raising and work life balance strategies in almost half of the US firms them, while other measures were provision of a diversity policy, diversity training, and diversity office as well as accountability and mentoring initiatives, which were in evidence in quarter of the US firms. There were also a small number of US firms which adopted all of the above measures. Furthermore, the head quarters of the US firms were in support of diversity initiatives and this had a positive impact on the overall performance of diversity activities. Majority of the companies indicated that their diversity initiatives were successful to a fair or good degree in generating positive organizational outcomes. The companies which gave the latter response were more likely to have more advanced strategies for managing diversity.

Arimura's (2001) study of Japanese firms in the USA presents another picture, where Japanese firms reflect their domestic approach to diversity in the USA context. It is a well discussed phenomenon that Japanese firms seek to transport their Japanese work practices to their branch networks abroad. Beale (1994) has noted this phenomenon in the case of Nissan in the UK, in his seminal book, *Driven by Nissan*. Returning back to Arimura's study: there are 1168 Japanese enterprises with 50 or more employees in the US. 109 of these firms responded to the study in 1999/2000. The study reveals that compared to the US average, the proportion of white and African workers are low, whereas the proportion of Asian and Hispanic workers was higher in Japanese firms. The Japanese companies employed only few women. This pattern is exacerbated at senior posts, where Japanese workers dominate the workforce. Japanese companies tend to emphasize corporate social responsibility (CSR) for justification of supporting diversity, while the US companies cite competitiveness as a key reason. The paper concludes that the Japanese companies need to reconsider justification of localization and diversification of their workforces, in order to respond to rapid social changes in the US labor market: It is also necessary that localization and diversification efforts also target to top officer levels. Although localization is evident, it should also be noted that majority of the 'local' employees are actually white workers, and women are relatively few in the workforce. In order to facilitate change, awareness raising activities should be provided: It is also important to note that these changes are necessary as localization and diversification strategies outlined in Arimura's work is essential for compliance to the Equal Employment Opportunity Act in the USA.

Amongst scholars such as Sako (1997) who argue that Japanese model of organizing is capturing diversity, Shuto's work succinctly heralds the winds of change from homogeneity to heterogeneity in the Japanese employment model. Shuto (2005: 28) explains:

In the customary Japanese model, firms manage homogeneous labour resources so that their human resource management relies one-sidedly on an inflexible long-term training and promotion system. Workers not suited for this system were generally excluded from the employment framework. This article clearly shows that, at present, some companies face a non-conventional challenge to integrate heterogeneous labourers. And yet, such companies seem to be developing new systems for improving workers abilities based on flexible long-term employment, and such experiments have so far brought positive results.

Despite these positive developments, positioning of global and domestic diversity management efforts in Japan in comparative context would reveal that indeed the global and local diversity management efforts at organizational level in Japanese firms operate on a piecemeal and ad-on fashion, with stronger discourse than transformative action. This is largely due to the 'small gains' role that diversity management offices are supposed to play in Japanese organizations. This compares poorly to systematic incorporation of diversity management philosophy in the core strategic processes, such as decision making, monitoring, and more importantly managerial performance evaluation, in automobile manufacturing companies, which is evident in the case of North American and Western European firms. Nevertheless, Japan is a new entrant to the race for diversity management and demographic and structural changes are underway, some scholars argue. Therefore, it is still possible for Japanese companies to move from 'small gains' approaches to 'integrated strategy' approaches of diversity management in the car manufacturing sector.

Diversity office effects: from domestic to 'global' diversity management offices

A review of institutional web sites of global car manufacturing companies in Japan reveals that only very few of the firms are recently setting up offices to tackle diversity issues, even those which set up diversity management offices are more concerned about domestic rather than global diversity concerns. The case study company that participated in this project also has a diversity management office which was established in 2004 with the initiative of the Chief Executive Officer. The diversity office has five members of staff. It reports both to an executive committee and to the head of human resources.

Although the diversity management approach that the company advocates has a broader remit, the diversity officer has explained that the main concern for their office is gender equality at the moment. The diversity office has the target of increasing the proportion of women workers to seven percent in the organization. The take up of diversity management initiatives in the automotive sector is not unique to the Japanese car manufacturing companies. However, prioritization of their activities, key diversity concerns, which was gender in the case study company, and their methods of achieving their diversity aims are very unique in the case of Japanese firms: William Brooks, vicepresident of corporate relations for General Motors explains at a conference in Britain that (People Management 1995, 16):

The people joining the workforce are not like us, do not want to be like us, and will not work in places where people demand they be like us... They are going to celebrate their differences and we have got to learn how to manage them. There were business benefits to having a diverse workplace.... GM's utility truck business, where 55 per cent of purchases and 85 per cent of decisions to purchase are made by women, having a male-dominated workforce would clearly be disadvantageous here... GM still had a long way to go in accepting global diversity. How can we talk about being a global organization when the whole of the board is American?

The case of automotive sector in Japan is very different from the case of automotive sectors in the US and the UK: although the Japanese automotive firms have been setting up diversity management offices, these offices are domestic in nature. They tackle domestic diversity management concerns. In terms of coordination of global diversity management efforts, the executive directors of human resource management are identified as possible overseers of such coordination activities. Although now most firms have domestic diversity management offices, none of the automotive sector companies have specific 'global' diversity management offices. This role appears to have been assumed by executive human resource management function. Although global diversity management offices are not available, the national networks have diversity management offices locally in each country, with localized practices reflecting the requirements of the local branch. The global diversity management model that is observed in Japanese companies is more akin to a multinational management model, which is characterized by localizing its practices according to the requirements of the national network. Hence I chose to place 'global' in quotation marks in the title of this paper.

The location of the diversity office generally indicates the content of the diversity management initiatives. In the case of the Japanese firm, the diversity management initiative was part of the human resource management function. Furthermore diversity management offices are relatively small in size, with small budgets and resources than their European and American counterparts. However, the challenges that the diversity management offices face are substantial. There are reported cases of backlash against diversity initiatives in the traditionally male dominated echelons of corporate hierarchies. There are demands placed by organization on diversity office to support organizational efforts to comply with legal requirements of equality. There is the pressure of benchmarking against other firms in the sector in sophisticated human resource management practices. There are increased tensions that growing workforce diversity brings to bare between traditionally homogenous internal labor markets of firms, union demands for equality between temporary and core workers, the pressures to improve productivity in the sector through effective use of human resources. In the midst of these competing vested interests, diversity management offices find themselves negotiating for power to implement organizational change.

Individual effects

It is possible to identify an individual with a calling for diversity management behind every

successful diversity management initiative. This study also uncovered that personal commitment to diversity by individual diversity officers, senior executives and other individuals with a diversity cause to champion, has been a significant influence on the way diversity management approaches are shaped. The executive director of the case study company as well as by consecutive directors of Nippon Keidanren has fostered diversity management initiatives in these organizations (see Appendix C for an outline view of excerpts on diversity issues from Nippon Keidanren directors' speeches). The campaign in Rengo had a more diffuse ownership. Interviews suggested that powerful individuals with clout in organizations can elevate the status of diversity management and support programs and initiatives. The individual support afforded by senior executives is essential in the recognition of diversity as a key institutional prerogative and a strategic concern for the organization.

Diversity officers may face a number of obstacles to realize their aims, develop themselves professionally and find solutions to their diversity related concerns: One of the issues that my interviews have reviewed is the fact that there is little collaborative networking in the field of equality and diversity across sectors, firms, and different constituent actors. This is radically different to the case of USA and the UK where such networking between diversity management officers of companies, some of which are rivals in the sector. These networks provide essential means by which practices and view points on diversity management are exchanged and some common and unique cases are discussed with a view to find solutions. My interviews in the case study company, Rengo and the Nippon Keidanren revealed that indeed such networking is not possible in Japan, where the members of competing firms do not get together on issues of diversity. Lack of networks may have an isolating impact of diversity officers who may experience professional difficulties in overcoming their

Contributing to the isolation of diversity officers is also the unavailability of diversity management training in Japan. As explained earlier, diversity management does not even constitute a minority interest in management curriculum Japanese universities. In response to a question regarding diversity management training one of the participants was able to refer to a doctoral thesis that she was able to locate in a university library and another participant mentioned a professor who has done research on the field. Other than individual attempts at professional development, the Japanese education system does not yet cater for professionalization of diversity officers.

Furthermore, the situation of diversity managers as agents of change and influences on diversity management strategy is the least studied subjects in the Japanese context. My searches for works on diversity managers and officers themselves have failed to generate any references. Diversity management officer posts are relatively new posts in Japan, furthermore the academic attention has been devoted to institutional policy making and implementation efforts in the field of diversity management, rather than the significance of the individual actors.

Considering that these constraints are evident at the head quarter country of the Japanese automotive companies, deems the recruitment, selection, training and professional development of 'global' diversity managers even more complex. If the Japanese companies are to recognize the value that diversity management one day and decide to move from multi-domestic to global diversity

management approaches, there needs to be several changes in the current education system in Japan to capture the need for training diversity professionals.

The case of individual commitment to and leadership for diversity management does not appear to be as strong in Japan as it is in other countries in North America and Western Europe. This may be due to the fact that in this current political and social climate, talking about diversity or championing the cause of diversity may be viewed as swimming against the tide. On the same token, diversity may be associated with certain ‘unpleasant’ concepts such as discrimination and inequality by sex and race. The wall of silence that these two overtly critical issues receive in the mainstream of Japanese scholarship in economics and management may also be responsible for the shortage of champions in different causes of diversity. However, the literature suggests (Sako 1997) that heterogeneity in the Japanese labor market is unlikely become less. Therefore, if the social discourses surrounding diversity can break the mould of silence, it may be possible to see more leadership in diversity management.

Discussions and Conclusions

I have posed three questions when setting out to conduct this study. These were: 1. Who are the key actors that inform the global diversity management perspectives of Japanese car manufacturing firms? 2. Why and how do Japanese automotive firms develop their ‘global’ diversity management approaches? 3. What are the key influences and drivers in adoption and diffusion of diversity management approaches in Japanese global firms? I have attempted at answering these questions through a multi-layered literature review and a multi-party case study. Table 1 summarises the respective influences in each of these layers on adoption of a global diversity management approach. The layered approach that the study has taken allows for identification of a range of actors at each level of influence. At the global level, the alliances, strong and weak economic, social and labor ties between Japan and other industrialized countries has fostered the development of the current legal framework for equality in Japan. The same actors are now in operation, as the rest of the industrialized world has been moving from equal opportunities laws that are limited to gender and ethnicity to laws which offer protection against discrimination on the basis of a wider range of differences and diversity. International Labour Organization (ILO) also plays a role in pushing for international labor standards. International institutions of significance are the ICFTU and its Asian and Pacific counterpart for the trade unions. Furthermore, transfer of knowledge through best practices in global firms as well as universities allows for public and management opinion to be shaped. However, the global actors that shape the global diversity management approach that the Japanese car manufacturing companies take are still rather weak in terms of their relevance to global diversity management concerns. At the national level, the state, corporations, trade unions and employers’ associations are the key actors. However, in the Japanese context, the impact of these national actors remains at the level of domestic diversity management. There is no provision or encouragement for global firms to adopt global diversity management approaches or to make these

public for that matter. Furthermore, the weak and almost negligible political and social support for causes of equality and diversity means that there is little concern over global diversity. Indeed, attention has almost exclusively been on growing heterogeneity in the domestic labor markets. Nevertheless, in recent years, due to changes in the composition of labor supply, the national level actors have started debating equality issues, particularly in relation to women and older workers. Furthermore, there are company based efforts due to an increased awareness of the business case for equality and diversity. These initiatives and programs should not be discounted altogether, because there is little union or other actor involvements.

At the organizational level, the actors are both external and internal. External actors are the national level actors, outlined above. The internal level actors diversity management offices, or other functional areas that take up diversity management roles as well as individuals that partake in diversity management decision making in a spectrum of roles ranging from championing diversity to displaying backlash behavior against it. The organizational level actors in this study were the ones carrying much of the burden of interpreting the conflicting pressures of the labor market supply and demand, competitive pressures of the market, and global, regional and national trends. Despite the burden these individuals bare in balancing these competing pressures, they are often the ones who are afforded the lowest level of resources in terms of training and professional development opportunities.

Why and how do Japanese automotive firms develop their 'global' diversity management approaches? This question was formulated with the hope that Japanese firms in the automotive sector would assume global diversity management activities. The interviews have revealed that indeed the Japanese automotive firms have diffused rather than coordinated management of their diversity management activities in their global branch networks. This model is more akin to the multinational firm model, where practices are localized without overarching global management. The automotive firms in Japan find the multinational model more appropriate possibly for two reasons. Their head quarter workers and senior managers in their branch networks are still drawn from homogenous pools of Japanese men, only very few women and even fewer minority ethnic workers or third country staff are employed in these posts. Sole use of Japanese language in head quarters of Japanese firms presents a natural barrier to employment of foreign nationals. The homogeneity of the workforce is also coupled with an inherent belief in Japanese ways of work and their superior over other forms of organization. This belief contradicts the very principles of diversity, which is about allowing difference. Japanese global firms' management approach does not yet allow for 'global' diversity offices to be set up. However, international talent pool is small and global firms have to compete for recruiting best staff. In these times of change, the clash between the old ways and the new ones is likely to swing for the benefit of the new. Global firms in the Japanese automotive sector are under pressure to increase their productivity. International research suggests that there are performance improvements in effective management of global diversity. It is unlikely that the Japanese firms will ignore the substantial empirical evidence that comes from North America and Western Europe.

Furthermore, although the Japanese firms currently do not have designated functions on 'global' diversity management, they, nevertheless, carry out global coordination activities. They also allow for best practices to be transferred and shared in their branch networks. Therefore, it may be a matter of time, and corporate will that Japanese firms set up designated offices in the future.

What are the key influences and drivers in adoption and diffusion of diversity management approaches in Japanese global firms? There are two competing discourses of diversity management adopted by different actors. The first is the utility perspective that informs the diversity management approach that the Japanese firms are advocating. The other perspective is the one advocated by the trade unions is that of equality of opportunity. It seems that in the absence of a strong legal framework, the Japanese firms are currently engage with the debate in terms of supply and demand dynamics. This is likely to change if the political lobbying activities of the trade unions result in requested amendments in the Equal Employment Opportunity Law. Therefore, although the labor market dynamics, such as the increased heterogeneity in the labor markets, currently seem responsible for the adoption and diffusion of diversity management approaches, these may be supplemented in the future with legal compliance and ethical case arguments for equality and diversity.

At the organizational level, there are other dynamics behind the choice of diversity management approaches. Diversity approaches of the firms are ambitious in defining diversity with a broad scope. However, at the level of practice, pragmatism prevails and organizations restrict themselves to a select only gender as it is made permissible by by law and customs of the local industry to consider gender issues. Therefore much of the diversity effort was leveled at, and limited to, women's accession to employment and management. Overcoming the policy and practice gap is one of the challenges that face the diversity management officers. However, the diversity management discourse continues to draw on dominant discourses of power such as organizational and individual performance and social and legal compliance in order to legitimize its proposed practices. Conversely, this way of legitimating does little to transform power relations that threaten to eradicate existence of the differences that diversity management discourse espouses to value.

However, it is important to differentiate between antecedents, perceptions, reality, consequences, moderators, outcomes, perspectives, policies and consequences of diversity and management of diversity. Whilst some organizations may consider their policies and organizational statements on global diversity management as proxies of their commitment and effective management of diversity, a similar approach to equal opportunities in employment was proven instrumental merely in encouraging many companies in the 1980s in the UK to issue statements that they are equal opportunities employers (Cockburn 1988). However, issuing policies have proven poor replacement for real change in practice. Therefore, further research is required to explore the effectiveness of diversity management approaches in Japanese firms.

This study highlighted some current tensions between key actors that pronounce their interpretations of diversity management. Although some of the tensions and conflicts appear irreconcilable on the surface, the North American and Western European suggests otherwise. Despite

similar earlier dissent on the usefulness of the concept of the diversity management, particularly by critical scholars and trade unionists, the scholarly and professional development of diversity management in Western Europe and North America has managed to reconcile the dissonant voices of the key actors, incorporating ethical, legal and social considerations into the utilitarian discourses and practices of diversity management. However, such a change in discourse and practice of diversity management would require active efforts by divergent actor groups to listen and hear the views of the others and organize in order to debate and develop a shared understanding and a vision of diversity management that many parties can call their own.

In final analysis, I would like to contend that the likelihood of adoption of domestic and global diversity management is contingent upon the speed of various transformations at multiple levels of engagement. Despite the bleak picture that the current evaluation presents of the present status of global diversity management efforts of Japanese firms, the winds of change are certainly blowing from the right direction for future adoption of diversity management by firms. However, time will tell if the Japanese companies will respond in ways that will embrace or battle against the demographic and competitive challenges of increased global diversity.

Limitations of the study

This project has numerous limitations. Some of these limitations are due to the choice of subject itself and others are due to constraints which every research project has to tackle. The choice of topic and theme of this project presents a limitation as the 'global' diversity management approach is a relatively new one in the European and North American firms. It is, however, a management function which is not yet evident in Japanese automobile manufacturers. So, researching something that does not exist in full form presents a constraint itself. Nevertheless, the research revealed that the Japanese firms will need to address growing heterogeneity both in their local and global labor markets. As times are changing, it is not unreasonable to expect that Japanese companies may yet adopt global diversity management in order to coordinate their diversity efforts in their global branch networks.

The field study of this project was conducted in one month. This involved extensive arrangements to conduct interviews, hold meetings, review literature and write up the results for a presentation at the end of my visiting fellowship period at the Japan Institute for Labor Policy and Training. The time and resource constraints of the project have informed the choice of methods. If I had sufficient time and adequate research access, I would ideally like to have shadowed the work of diversity managers in action. This would have given me deeper insights.

Japan is an interesting country in which to study diversity management practices. However, it is also a country with a rich historical and cultural heritage. It is not possible to research the concept of diversity management independent of the history and culture of a country. Therefore, limited nature of contextual descriptions rich with elaborations of historical and cultural effects is a weakness of the study which is described in this paper.

List of references is available from the author upon request (m.ozbilgin@qmul.ac.uk)

Table 1: Main drivers for setting up a global diversity management initiative: the case of global diversity management in Japanese car manufacturing firms

Global effects

Global demographic trends
 Global competition, competitive behavior
 Global agreements such as Labor Standards
 International alliances

Regional and national effects

Legal considerations
 Economic considerations
 Social and cultural considerations
 Institutional actors such as trade and employers' unions, associations, and equality pressure groups

Organizational effects

Structure of the global operations (centralized vs decentralized)
 Integration of the diversity management activities
 Strength of the business case arguments
 Strength of the moral and ethical case arguments
 Quality of the design in diversity management
 Quality of conformance to the diversity management design

Diversity office effects

Position of the diversity management office
 Power of the diversity management office
 Status of the diversity office in the organization

Power and prestige of the diversity office in organizational change
 Resources of the diversity office
 Vision of the diversity office

Individual effects

Status of the diversity manager in the organizational structure
 Power and drive of the diversity manager
 Resources of the diversity manager
 Availability of diversity champions
 Drive, power, prestige and resources of diversity champions

Global diversity approach

Multi-domestic – each country has their own diversity approach
 Multinational – the practice is highly localized with little transfer across national borders
 Global – a global and centralized perspective that transcends national differences with diffusion of knowledge on diversity management
 Regional – regional rather than national frameworks are in operation such as European, Asian, etc.

Appendices:

Appendix A: Cover letter and the institutional level interview schedule in English language, September 18, 2005 (abbreviated version with probes taken out)

Rationale: There are two global trends in the industry in relation to diversity management. First, there is increased competition to capture markets that might have been traditionally underexploited non-traditional customer groups such as female, minority ethnic customers. There is now an unequivocal recognition that these groups have increased purchasing power due to their accession to employment as well management jobs in the last three decades. Recognizing the unique needs of these groups and catering for these needs has emerged as a strategic competitive advantage. Companies which can exploit the potential of these new markets are likely to reap the benefits in the longer term. However, the second issue is that workplaces are still dominated by workers from a limited spectrum of demographics. It is argued that in order for a company to benefit from the aforementioned first trend, its workforce should be able to understand the changes in its customer demography. One of the less costly means of assuring this would be to recognize the value of internal diversity of workforce. Furthermore, with the strengthening of legal protections against inequalities by gender, ethnicity, age, disability among many others, there is a legal pressure over companies in Europe, the USA as well as other industrialized countries to take effective steps to recognize and value diversity in their workforces.

Despite these macro trends, take up of the diversity management approaches at the organizational level has been markedly varied across national borders. Whilst the US companies are championing many progressive organizational level policies for diversity management, the case in Europe has been one of multiple stakeholder involvement. European efforts display incorporation of multiple stakeholders both within and outside the organizations through involvement of trade unions, employers' unions, state agencies, non-profit as well as professional associations.

The development of the subject of diversity management in Japanese firms has not been explored in English language research sources. The aim of this project is to investigate the diversity management in the multinational automotive industry at organizational level. Different stakeholders will be interviewed about their experiences and opinions regarding diversity management. I will ask questions under six headings: you and your organization; diversity and equality in your organization; mainstreaming and involvement; monitoring; appraisal, recruitment and training.

I promise to keep the interview and the identities of the participants completely confidential and anonymous. I will not reveal individual or organizational identities.

This project is part of a larger project which has started through a collaborative research project between the University of London, Queen Mary and Cornell University, Industrial and Labor Relations Department in 2004. The project involves interviews with managers with responsibility over management of human resources or diversity in each country. Being based at the Japan Institute for Labor Policy and Training (JILPT), I am hoping to extend the study to the Japanese car manufacturing sector.

As a result of this study, I will publish a report for the JILPT. I shall share this report with the participants of the study. Therefore, in return for your interview time, you will have a report examining diffusion of diversity management approaches in Japanese multinational car manufacturers. Please find attached a copy of the interview schedule.

I would like to express my gratitude for your time in reading and responding to this invitation. I also look forward to being in contact and meeting with you in person.

Best regards,

Mustafa Özbilgin

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INTERVIEW SCHEDULE: GLOBAL DIVERSITY MANAGEMENT

You and your organization:

1. What is your responsibility or job role in relation to diversity and management in this organization?
2. How do you fit in the organizational structure?

Diversity and Equality in Your Organization

3. How did Your company reach to its current position in diversity and equality?
4. Could you describe your company's current diversity structure to me?
5. What are there specific facilities for certain group of employees?
6. What are the activities/initiatives/programs that are implemented in order to reach diversity goals?
7. Which initiatives do you consider more successful?
8. In promoting diversity do you use different messages to different groups of employees?
9. How would you describe the impact of diversity management policies and practices on organizational culture?

Mainstreaming and involvement:

10. How do diversity management policies or initiatives relate to the overall corporate objectives and strategies?
11. Literature suggests that it is difficult to involve line managers in diversity efforts. How do you get them to actively contribute to and take responsibility about the diversity efforts?
12. How do you get senior managers to actively contribute to and take responsibility about the diversity efforts?
13. How are the employees involved in the design and implementation of diversity policies and practices?
14. Could you please explain the employee resource groups dealing with diversity issues?
16. How do trade unions involve in the diversity efforts in your company?
17. What would you say on the different groups of employees' reactions to diversity programs?

Monitoring:

18. How are diversity initiatives evaluated/monitored?
19. Do you have employee attitude surveys to monitor the impact of diversity efforts?
20. Up to now, what benefits are derived from the diversity program?
21. Up to now, what are the costs associated with diversity management?

22. What is the customer base of the organization (diversity of customer base?)
23. How common are the incidents of sexual and ethnic harassment in your organization?

Appraisal, recruitment and training:

24. Do you keep record of demographic profiles of the workforce?
25. Are there targeted recruitment efforts?
24. Are hiring, promotion and compensation practices monitored with respect to their conformity with equal opportunities principle?
26. How performance appraisals are related to diversity effort?
27. Does your organization offer diversity awareness trainings?

Future

28. In summary, how would you define the current state of your organisation with regard to embracing diversity and supporting equality?
29. How do you plan to modify the diversity program in the future?

Personal Details:

We are trying to build a profile. May I lastly ask you some personal details?

30. What are your educational qualifications?
31. What is your functional background/training?
32. Gender
33. Age:
- 34 Ethnicity:
35. Nationality:
- 36 Do you practise a religion?
37. Do you have disability?
38. Could you please tell me any additional comments you feel are relevant to our understanding of diversity management strategy of your organization?
39. May I have your contact details?
40. Who else I can talk to about diversity management in your company?

Appendix B: Interview Schedule for Institutional Level Diversity Management Approach

ダイバーシティ・マネジメントに関する質問事項

あなたと組織

1. 御社のダイバーシティ・マネジメントに関連して、あなたはどのような責任あるいは業務上の役割を担っていますか？
2. 組織の中でどのような位置を占めていますか？

御社におけるダイバーシティと機会均等

3. ダイバーシティおよび機会均等に関して、御社はどのようにして現状を達成しましたか？
4. 御社の現在のダイバーシティに関する組織構成を説明していただけませんか？
5. 特定の従業員層のための特別な設備・制度はありますか？
6. ダイバーシティに関する目的達成のために、どのような活動/プログラムが実施されていますか？
7. どのような施策が特に成功していると思いますか？
8. ダイバーシティ促進において、異なる従業員層にはそのおののに合ったメッセージを打ちていますか？
9. ダイバーシティ・マネジメントと実践が企業文化により影響を与えていると思いますか？

主流化と従業員の参加の促進

10. ダイバーシティ・マネジメントに関する方針とその実践は、御社の包括的目標や戦略とどのように関連していますか？
11. 既存の研究では、ダイバーシティ促進の取り組みにラインマネジャーを関与させるこ

との困難さが示唆されています。彼らを積極的に貢献させ、責任の一端を担うようにさせるにはどうすれば良いと思いますか？

12. シニア・マネージャーについて、ダイバーシティの促進に積極的に貢献し、責任を担うようさせるには、どのようにすれば良いと思いますか？

13. 従業員は、ダイバーシティに関する方針の策定と実施にどのように関わっていますか？

14. ダイバーシティ促進に取り組んでいる従業員グループがありましたら、これについて説明してください。

16. 御社の労働組合はダイバーシティ促進の取り組みにどのように関与していますか？

17. ダイバーシティ・プログラムに対して、異なる従業員層がそれぞれ違う反応をしているといったことはありますか？

モニタリング

18. ダイバーシティ活動はどのように評価/モニターされているでしょうか？

19. ダイバーシティ活動の影響をモニターするために、従業員の意識調査をされていますか？

20. 現在までに、ダイバーシティ・プログラムを通じてどのようなメリットがありましたか？

21. これまでに、ダイバーシティ・マネジメントに付随してどのような費用が発生していますか？

22. 御社の顧客ベースとは？（顧客ベースのダイバーシティ）

23. セクシャル・ハラースメントや人種差別に起因するいやがらせの発生の度合いについてお尋ねします。

評価、採用および訓練

24. 御社の従業員構成（性別・人種・年齢・障害者かどうか等）を教えてください

25. 特定層にターゲットを絞った採用はされていますか？

24. 雇用、昇進および給与に関する慣行が機会均等の原則に沿っているか、モニターされていますか？

26. 勤務評定はダイバーシティ促進の取り組みとどのような関係がありますか？

27. 御社ではダイバーシティに関する意識向上のための研修を実施していますか？

将来

28. 概括的に見て、ダイバーシティや機会均等に関する御社の現状をどのようにお考えですか？

29. 現在のダイバーシティ・プログラムを今後どのように修正していく予定ですか？

Appendix C: Speeches by Senior Officers of Nippon Keidanren about their Commitment to Diversity

The 39th Japan-U.S. Business Conference Speech by Chairman Hiroshi Okuda, Japan Business Federation The Political and Economic Situation in Japan October 21, 2002

Because of that, by March of next year Japan Business Federation intends to issue a vision for the renaissance of Japan, and it will include a concrete outlook for the future shape of the country and recommendations pertaining to the institutional reforms necessary to translate that vision into reality. The philosophy that underlies that vision can be succinctly defined this way: "Attaining dynamism through diversity". "Attaining dynamism through diversity." The effort will entail altering our uniform lifestyle and the consensus approach exemplified by the collective orientation that has underpinned the pursuit of material affluence in the postwar era; instead, we must create a society that attaches paramount importance to the diverse values and individuality of each and every person, a society in which individual differences are mutually respected. If individuals and companies set diversified goals and then create the energy needed to engage freely in the activities required to achieve those goals, I feel certain we will be able to structure a new economy and society in Japan. A long-standing aim of Japan Business Federation has been the achievement of "small government" through regulatory reform, and this too is an attempt to build a vibrant society that will enable full play to be given to the creativity and ingenuity of both private individuals and companies. It is incumbent upon us to pursue that agenda ever more vigorously. To that end, we need to make greater use of the very best in human resources, technologies, and know-how from overseas.

The 22nd World Gas Conference in Tokyo, Speech by Chairman OKUDA Hiroshi "Challenges and Perspectives of the Japanese Economy and Industry", June 2, 2003

Last year when I assumed the post of Chairman of Nippon Keidanren, I proposed two basic principles. The first principle is "attaining dynamism and creation through diversity." The second principle, which is needed to support the first, is "empathy and trust." In other words, corporations and individuals must identify their own specific goals and must endeavor to achieve these goals on their own responsibility. Even when these goals differ, corporations and individuals must be bound strongly together through mutual empathy and trust, so that the dynamism found in individual diversity can lead to overall economic and social development.

Draft Notes for the Address by Nippon Keidanren Chairman Okuda to the Inaugural Meeting of the STS forum, Scheduled Delivery: November 14, 2004

To facilitate the sustained prosperity of the human race, it is essential that scientists, politicians, corporate executives, and professionals representing a broad diversity of backgrounds continue to gather together under one roof and engage in a dialogue committed to the solution of the

problems we share.

The 41st Japan-US Business Conference, Speech by Chairman Hiroshi Okuda, Nippon Keidanren, The Political and Economic Situation in Japan, November 15, 2004

For the past several years, Nippon Keidanren has worked actively with related governmental agencies, universities and research institutions through such means as holding Academic-Business-Government Coalition Promotion Conference that promote interaction among industry, academia and government. In a world of increasingly diversified and advanced research and development, it is important for each side to recognize the role played by the others and to take responsibility for promoting stronger ties, with universities and research institutes conducting basic research and basic technological development from a mid-term, governmental perspective, and industry pursuing process innovation and product innovation that anticipates consumer needs. I feel confident that if each sector undertakes reforms while giving free rein to their ideas, we can generate dynamic diversity and boost Japan's overall R&D strength.

Why Decentralize? MITA Katsushige, Vice Chairman, Keidanren

The second reason for decentralization is that Japan finds itself in the midst of vast changes both domestically and internationally. At home, we are making the transition from the "how to" age to the "what to" age. Companies are being asked to show more self-dependence; instead of "me-too" strategies that seek conformity, they must be able to say "this is what we make and you'll find it nowhere else." Internationally, the situation has best been summed up by Yasushi Akashi, Special Representative of the Secretary-General for the former Yugoslavia, who said, "The postwar world must respect differences. We are no longer divided into the two camps of communism and liberalism. The world is a more varied and colorful place than that." This "respect for differences" involves both a "recognition of differences" and an "acceptance of differences." This is just as true for individuals and nationalities as it is for states, and within any one country it also holds true for different regions. As is the case with corporate autonomy, decentralization is crucial because it enhances the potential for more richly varied regions. That is why I think Mr. Akashi's comment captures the essence of the changes that are taking place. Decentralization in Japan is a recognition of "internal diversity" and it is reaching a stage that should put it on par with the recognition of "external diversity" that comes with internationalization

The Importance of the United States-Japan Relationship, TOYODA Shoichiro, Chairman Keidanren

Japan will need a healthy dose of entrepreneurship to break out of the stagnation in which our economy is mired. We need to propagate the kind of entrepreneurial vitality displayed by U.S. venture businesses, including the way they celebrate diversity and honor individuality. Bringing

that kind of vitality to bear in blazing new industrial sectors could contribute immensely to reinvigorating the Japanese economy.

Culture and Diversity, Masaharu Shibata Vice Chairmen, Nippon Keidanren

Even after the year 2004 when the EU expands to include 25 countries and national borders are removed in the economic area, such cultural diversities of European countries will remain as a source of dynamism and progress. Diversity was one of the keywords in the Position Paper of the Committee on Management and Labor Policy in last December. The discussion seemed to have centered on such issues as "no pay increase" and "reviewing regular pay increases". However, the main issue of Management and Labor is how to materialize the diversification of employment formats. Therefore, I made my recommendation that the negotiation style should shift from the "struggle" of the traditional shunto to more discussion-centered meetings, hoping this year will be a turning point. I aspire for a society full of dynamism in which workers can apply their personal characteristics and diverse individuals take active parts.

Messages from "Economic Trend", June 2004 La Dolce Vita, Hiroshi Okuda Chairman, Nippon Keidanren

Italians honor freedom and diversity. They are respectful of each other's work and livelihoods. They share a love for their towns and cities, and that common devotion engenders a spirit of trust. When I became chairman of Nippon Keidanren, I declared a commitment to the dynamism of diversity, to sympathy and trust, and to spiritual fulfillment. I now find myself serving a very unexpected second term as chairman. Witnessing "la dolce vita" in person has inspired in me a redoubled commitment to those principles.

Messages from "Economic Trend", August 2005 Japan's Falling Birthrate: Let's Not Be Complacent Takahide Sakurai Vice Chairmen of the Board of Councillors, Nippon Keidanren

Population policy is always in need of timely adjustment, whether major or minor. And now we need a major change of policy direction, particularly with respect to the family. For many decades we have taken the "modern family," consisting of a married couple and their children, as the only proper form of family unit. We have averted our gaze from unmarried couples, and continued to look at divorce as an aberration, even though it has become quite common. Despite this conservatism the diversification of people's family arrangements shows no sign of abating. Professor Shigeru Maruyama of Kanagawa University has come out with an interesting book about changes in the family system ("*Kazoku no metaphor*", Waseda University Press). In it he suggests that, as democratic thinking filters into the Japanese psyche, carrying with it the ideas of personal liberty and equality, it may only be natural that people run away from the so-called modern family, with its patriarchic nature. After all, this particular paradigm of family was dominant in Japanese society for no more than fifty years or so, from around 1920 through the

1970s. The government should give up on the idea of creating a picture of the "ideal" family and trying to get everybody to conform to it. Professor Maruyama convincingly argues that the authorities should shift to a stance of accepting the diversity of people's lifestyle choices and adjusting its policy mix accordingly. I strongly hope that the blue-ribbon panels like the Council for Gender Equality and the Council on Measures for Society with Decreasing Birthrate will come up with strategic concepts for flexible measures to respond to the actual transformation of the Japanese family - the home base of childbearing.

Source: <http://www.keidanren.or.jp>

Appendix D: RENGO's Declaration for the Twenty First Century

The curtain to the 21st Century has opened, accompanied by epoch-making changes.

The Japanese trade union movement has developed throughout the 20th century, but it was especially during the half century period following the Second World War that it played a major role in improving working conditions and supporting democracy. Today, new changes are forcing trade unions to take on a whole slew of new challenges. We must look hard at the undercurrent behind these transformations, including globalization, the IT revolution, the declining birth rate and aging population, and global environmental problems, and we must build a new social system, without inheriting the negative legacies of the past.

During the final decade of the 20th century, the Japanese economy suffered from a protracted recession following the collapse of the bubble economy. In the midst of changes to the industrial structure and reorganizations of corporate structures carried out to cope with economic globalization, unemployment surged upward, the system of stable long-term employment stumbled, and in its place we saw an increase in the number of highly mobile part-time and temporary workers. Most of these workers are beyond our reach, and as a result, a world without workers • rights and entitlements, and without clear work rules, has been spreading. The dogma of the almighty market has spread, contributing to the widening of economic and social disparities and facilitating social collapse.

Trade unions today face a clear challenge. Rebuilding the framework of labor and living, and overcoming the current social crisis, are tasks that demand the strength of trade unions to cope with. The future blueprint of the society that we are working to materialize is a 努力 (effort) welfare society centered on labor. • That is a society which places the most important value on work, where all people are assured of the opportunity to work under fair working conditions, and which is equipped with social safety nets that allow people to take up the challenge of self-development with a sense of security. Thus, we are promoting the building of a framework for a more human way of working and living.

In this context, it is essential for RENGO and our affiliates to develop new work rules. While long-term employment should remain the foundation, both regular and irregular workers must be provided with equitable treatment in order to provide guarantees for workers in a diversity of working patterns. Since workers have the right and are entitled to the provision of appropriate compensation and status in return for their occupational capabilities and skills, trade unions must establish transparency and fairness in personnel systems. Also the new work rules must be the ones responsive to the needs of societies, families and the community in the Twenty-First century; including both the development of 仕事 (work) family-friendly workplaces, • that allow workers to meet both work requirements and the need to sustain their families, and the

development of a system for employment, working and retirement that matches our long-lived society, with its average life expectancy of 80 years or more.

The structuring of a welfare society centered on labor • is a challenge that will affect the entire state of the economy, society and culture. The RENGO movement will cut open a path to overcome our current social crisis, by changing working patterns and lifestyles.

Trade unions also face the urgent challenge of self-reform. The Japanese trade union movement, which is characterized by enterprise-based unions, has developed a specific form of industrial democracy which includes, for example, the system of labor-management consultation. However, today we must overcome the flaws in these specific systems, which make them prone to compromises with the interest of the business, and build new industrial relations for a new era. Trade unions must strengthen their monitoring functions toward corporate management, and pursue management practices that place importance, in harmony with social progress, on improving the lives of their employees, and at the same time fulfill our social role and responsibilities as trade unions.

The source of power for trade unions ultimately derives from their membership, and so their influence depends above all on the growth of organized labor. For this reason, it is essential for trade unions to concentrate their resources on unionizing efforts, not to neglect part-time and temporary workers, and to embrace retired workers within their great circle of solidarity. To this end, initiatives for cyber unions • and life-time union membership • must be materialized. Furthermore, we must work to unify all the forces working under our umbrella.

Historically, the labor movement has developed along courses from resistance • to demands • and then to participation. • Today we are working to achieve "social partnership," by developing social dialogues among the government, labor and management, to build a national consensus and to assume responsibility for implementing these initiatives. In addition to our demand • type campaigns, we have launched a RENGO-lunched and -fully funded job placement service agency, as a self-sustaining • type campaign, to take the first step in an effort toward self-reform initiated by the RENGO movement.

As a body representing the long-term interests of Japanese working people, and taking responsibility for determining the country's development course, we will strengthen our "campaign power, • organizational power, • political power • and power of international solidarity, • and actively address the challenges posed by the 21st century. We will serve as a guiding light for the good of all working people, and strive hard to carry out the required reforms. With resolve to open a new era, we make the above declaration.

Japanese Trade Union Confederation (JTUC-RENGO), January 2001