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Creating Inclusive Organizations through Policies

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Employment Relationship and Workplace Inequality

The advancement of technology, accompanied by increasing competition in the business environment, has led to a fundamental shift in organizations' employment strategies. In the past, the dominant employment system was a closed, internal labor market-oriented system, characterized as internal hierarchical ladders, career-long training programs, and the consideration of seniority and loyalty in the distribution of rewards (e.g., pay, promotion). Nowadays, employment systems are becoming more open to external markets and institutional pressures, characterized as frequent employee movements in and out of the organization (at all hierarchical levels), and the merit-based (i.e., performance, competence, efforts, abilities-based) reward distribution. The U.S. Bureau of Labor Statistics report (2018) indicates that annual employee separation rates (quits, layoffs, etc.) have been steadily and continuously rising over the years, from 38.1% in 2013 to 43.0% in 2017.

By definition, merit-based employment systems may be expected to reduce workplace discrimination and inequality; employee rewards will not be determined by their merit-irrelevant factors such as gender, age, race, and other demographic characteristics. Unfortunately, however, workplace inequality persists despite the widespread norm of merit-based rewards (World Economic Forum, 2015). More alarmingly, merit-based employment systems do not only fail to improve workplace equality but also contribute to increasing inequality, namely "the paradox of meritocracy" (Castilla & Benard, 2010). That is, as the organization emphasizes the norm of meritocracy, employees are more likely to make unfair, biased decisions because the organization's culture makes people feel that they can express their own beliefs, which often suffer from biases and stereotypes.

Then a critical question arises: how can organizations create (or maintain) an inclusive culture when their employment systems are changing toward merit-based ones?

Creating Inclusive Organizations through Policies and Practices

To retain and be more inclusive of diverse individuals, especially minority and low status groups, it is important to design and implement policies and practices that support their diverse needs. In my review of the management and organization literature, however, the

¹ Dr. Park was at Vanderbilt University at the time of the workshop.

discussion on creating inclusive culture has frequently been limited to training leaders and employees to be mindful about their (explicit and implicit) biases against minority groups, relatively lacking the discussion on ways to design and use inclusion-supportive policies and practices. Below, building on a recent study (Park, Lee, & Budd, 2019), I identify four important considerations—availability, awareness, affordability, and assurance—in using policies and practices for the creation of inclusive organization.

First, to be inclusive, organizations should offer policies that help minority employees continue their career without experiencing career interruptions. For example, compared against male employees, female employees tend to experience more challenges in balancing work and family lives, partly due to the social norms about their family duties. To help them balance their work and social roles, it is important to make flexible work policies *available* to them. Flexible work policies can be both formal—for example, (paid) maternity leave, flexible schedules, occasional telecommuting, routine telecommuting, part-time work, compressed work weeks, and job shares—and informal ones (e.g., mentoring, networking). There are three parties who can contribute to the adoption of flexible work policies. An obvious party might be organizational decision makers such as CEOs and top management teams. Research shows that the diversity of the top management team facilitates the adoption of inclusive, and lesbian, gay, bisexual, and transgender (LGBT)-friendly policies (Everly & Schwarz, 2015). Also, national policy makers can facilitate the adoption of flexible policies; for example, in the United States many state governments are actively enacting the law of making maternity leave from unpaid to paid.

Another, less discussed but important facilitator of inclusive policies is labor unions. Through collective voice mechanism, unions can prompt the organization to design employment policies towards ones desired by the employees (Berg et al., 2014).

Second, when available, it is important to make employees *aware* of the policy's availability. It is well-recognized that the mere presence of policies does not guarantee their use. Kramer (2008) analyzed a nationally representative data set and showed that about 15% of workers were not aware that they were eligible to use parental and family leave based on the Family and Medical Leave Act (FMLA). Similarly, organizational researchers recognize that employees often do not have a shared understanding about their organizations' policies and practices, and the underlying philosophy and intentions of those policies (Bowen & Ostroff, 2004). A handful of research investigated ways to enhance employee awareness and understanding about employment policies (e.g., flexible work policies). Kim, Su, and Wright (2018) show that when supervisors better understand employment policies through their strong

connections with HR managers, employees under the supervisors share the high understanding of employment policies. In addition to communication via supervisors, use of other communication methods such as newsletters, website, and training can also be an effective way to enhance employee awareness (Park et al., 2019).

Third, once aware, employees should be able to *afford* to use inclusive policies. For example, regarding the maternity leave policy, many employees, especially low-income employees, cannot afford to use it even though the government protects employee rights to use it via FMLA, because they cannot afford the income loss during the leave period. Hence, it is critical to provide sufficient financial and time support to employees when offering inclusive policies. Employers and policymakers, by designing the policies with sufficient financial/time supports, can certainly enhance affordability of inclusive policies. In addition, research also shows that employees' negotiation skills, and/or their collective bargaining power (via unions), can enhance affordability as well, because supervisors and employers can adjust policies to meet personal needs (Hornung, Rousseau, & Glaser, 2008).

Lastly, and critically, organizations should give *assurance* to employees that they won't be penalized by the use of inclusive policies. It is well-documented that using inclusive policies can lead to negative career outcomes such as wage growth decline and lower promotion opportunities (e.g., Kalev, Dobbin, & Kelly, 2006; Leslie et al., 2012). Unfortunately, however, ways to address such negative consequences (i.e., assure employees that they won't experience negative outcomes) are relatively less well-known. For example, in describing the state of gender research, Kossek and Buzzanell (2018) put, "most of the research on gender equality does a better job at *describing* problems in human resources practices and organizational structures and climates than in coming up with evidence-based *solutions* to address women's underutilization at the top of organizations and across professions" (p. 814). Albeit limited, enhancing organizational accountability and transparency seem to be an effective way to prevent demographic-based biases (e.g., Tetlock, 1983). That is, accountability and transparency motivate individuals to process information in a more analytical and careful way, thus facilitating fair and equitable decisions (Castilla, 2015). In addition, establishing a formal grievance procedure could be another way to help employees feel assured that they are protected from unfair treatments (Park et al., 2019).

Conclusion

Creating an inclusive culture is becoming more challenging as many organizations are actively adopting the norm of meritocracy as part of their culture. I suggest ways in which

organizational policies and practices can be used to create an inclusive organization. In designing and facilitating the use of inclusive policies, organizations should consider whether necessary policies are available to employees, whether employees are aware of those policies, whether employees can afford to use the policies, and whether they get assurance that they can use the policies without being concerned about negative outcomes.

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