DIVERSITY MANAGEMENT:
THEORETICAL PERSPECTIVES AND
PRACTICAL APPROACHES
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PREFACE

As nations become increasingly diverse and globalized, diversity-related issues are posing greater and greater challenges to business managers, nonprofit and government officials, and academic administrators worldwide. They require fundamental changes in the way people think and act, or they may end up being divided rather than united. As a consequence, suffering arises from misunderstandings, distrust and serious conflicts not necessarily serving their own interests. This book examines some of the most important issues related to diversity along with various disciplinary perspectives that may help to deal with those issues.
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INTRODUCTION: DIVERSITY MANAGEMENT AND THE PURSUIT OF EXCELLENCE

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ABSTRACT

This chapter introduces the volume and its contributors by summarizing the contents of the chapters, which fall into two main parts ranging from theoretical/disciplinary perspectives to major issues/variables and to practical approaches. By combining literature review with research material, policy analysis, and practice wisdom in diverse contexts, the volume aims at illuminating the “state of the art” via a multidisciplinary approach. Suitable audiences for the book are also indicated, who will benefit from a comprehensive understanding and practical insights offered by the chapter authors as active scholars, practitioners, and leaders in the field.

INTRODUCTION

As nations become increasingly diverse and globalized, diversity-related issues are posting greater and greater challenges to business managers, nonprofit and government officials, and academic administrators worldwide. They require fundamental changes in the way people think and act, or they may end up being divided rather than united and, as a consequence, suffering from misunderstanding, distrust, and serious conflicts not necessarily serving their own interests.

At the forefront faced with these issues, America has been a leader in practicing and studying diversity although the American dream is still far from becoming a reality for all. Educational opportunity is often considered at the core of the American dream, and in recent years more and more people are charged with diversity management in institutions of higher learning. In education as in business and government/nonprofit affairs, more and more books, journal articles, other written materials, and video/audio programs/supplies are made available to serve social dialogues, political debates, scholarly inquiry, and professional development. In searching for a comprehensive volume on diversity-related topics, however,
we discovered the lack of a masterful textbook. Such a book would have widespread appeal to educational curricula and training programs for personal and leadership development, as well as to professionals who need a guide/handbook and to libraries requiring essential collections.

It is, therefore, of great interest to examine some of the most important issues related to diversity along with various disciplinary perspectives that may help to deal with those issues. Such a systematic review provides a unique opportunity for some of the leading experts to reflect on how we have progressed so far and where we stand now. By combining general reviews with case examples in diverse and global contexts, this volume aims at illuminating the “state of the art” via a multidisciplinary approach. It helps to address unmet needs by supplying a comprehensive, masterful, and user-friendly text and guide/handbook with useful reference materials that are essential to teaching and also worth keeping for periodic reviews. It integrates theoretical understanding from different perspectives with a full range of practical issues and approaches for the management of diversity affairs (including but not limited to academic leadership in higher education administration). It combines philosophical thinking on fundamental values, practice wisdom and insights of professionals, and personal reflection on experiential learning of a group of leading scholars-practitioners.

The contributors to this volume are academic researchers, higher education executives, and experienced diversity managers who possess outstanding credentials and have undergone various kinds of professional development programs. Their diverse backgrounds and specialties ensure adequate coverage of the field with insights into various subjects and topics, which is a unique strength to distinguish itself from other writings. The collaborative effort have resulted in a rare intellectual product that anyone aspiring to be a more effective diversity manager cannot afford to miss. It is hoped that the book will help individuals and organizations alike in the quest for better management and leadership in diversity.

**PERSPECTIVES ON DIVERSITY:**
**A MULTIDISCIPLINARY APPROACH**

Part I of this book supplies useful perspectives for the study of diversity by learning from relevant disciplines. Various theoretical models are used to help achieve a comprehensive understanding while key concerns are identified in terms of recognized problems in how individuals, organizations, and governments have dealt with human differences. The authors of the chapters were expected to shed light on important topics and outstanding issues in their fields of expertise. Together, the team represents a unique, multidisciplinary approach to the inquiry of the diverse human being and social world of our times.

Chapter 1 gives an account of human diversity from biological and related geographic points of view without a heavy genetics treatment. Diversity managers at universities and other workplaces need to have some basic biological understanding, though too much genetic material might stop them from reading (unless they majored in biology but that is not our assumption about the book’s main readership). Daniel E. Brown, Professor of Anthropology and Interim Vice Chancellor for Research at the University of Hawaii at Hilo, argues that, while there is plenty of evidence for biological diversity in humans, such evidence does not support the traditional ideas about "race." He considers that term as a social, not a biological, construct and points out that the relative lack of biological diversity in humans is due to our
reliance on our behavior to deal with adaptation to the external environment. According to the author, many scholars wish to stop using the term altogether in a biological context, as its use in that context suggests there is a biological basis for race, and, more distressingly, allows for misconceptions that feed into existing racist ideas. His chapter supporting human biological diversity while dismissing biological races is thought-provoking and should be highly interesting to the reader.

Chapter 2 explores a psychological dimension of diversity management in terms of mental and behavioral health via an East-West comparison. Dr. Pamela P. Y. Leung and Professor Cecilia L.W. Chan at the University of Hong Kong, China, and Professor Eric Blyth at the University of Huddersfield, UK, consider the diverse meanings of health, mental/behavioral health, and other related concepts as well as different ways for their realization in different cultural contexts. By examining the influence of Chinese culture and the strengths of Western medicine through the lens of diversity, they introduce a transcultural perspective in understanding the meanings of health and accommodation to differences in diversity management. Their chapter explores how Chinese culture, the adaptation of concepts from Traditional Chinese Medicine (TCM) philosophies and practices, and Western values can be utilized to strengthen a diversified and synergistic environment for managers and executives in problem analysis and intervention. They introduce an integrative approach to mental and behavioral health that speaks to a language of inclusiveness and diversity. Their chapter show the importance of a contextual and cross-cultural approach to diagnoses, interventions, and diversity management.

Chapter 3 explains the social psychology of stereotyping as well as human difference appreciation. Yueh-Ting Lee, Professor of Social Psychology and former Associate Vice President for Analysis and Assessment in Human Resources at the University of Toledo, provides a systematic review of related social psychological studies. He also clarifies the conditions under which appreciation of human differences will likely take place, which will help with conflict resolution. The chapter sets out to address a seemingly paradoxical situation in which people are encouraged to promote diversity and difference appreciation while at the same time, they are told not to use stereotypes but rather to eliminate them. After reviewing social psychological research on stereotypes, stereotype accuracy and various models related to stereotypes and human differences, his chapter offers suggestions to help solve real social problems via appreciating human differences.

Chapter 4 focuses on the economics or political economy of diversity by incorporating a global perspective. Samuel L. Myers, Jr., Roy Wilkins Professor of Human Relations and Social Justice at the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota, indicates that there is an inherent tension between efficiency and equity in justifying the implementation of diversity initiatives. The economics literature points to both costs and benefits associated with efforts to create diversity in the workforce, in organizations, and within communities. Three illustrations are provided on the tensions between equity and efficiency in diversity. The first involves national policies concerning disabled workers in the labor market in China vs. the United States. The second concerns the relationship between policies designed to increase diversity in competitive swimming and racial disparities in drowning. The third illustration involves the analysis of disadvantaged business enterprise programs as a means for increasing diversity in public procurement and contracting with special reference to Asian-American business enterprises.
Chapter 5 examines the legal-regulatory aspects of equal opportunity and affirmative action compliance. Sue H. Guenter-Schlesinger, Vice Provost for Equal Opportunity and Employment Diversity at Western Washington University, provides a succinct but comprehensive summary of relevant laws and regulations and takes a close look at sexual harassment prevention as an example of how to ensure faculty, staff, and students are protected against all types of discrimination and harassment and at the same time how institutions can avoid potential liability. She also clarifies affirmative action in employment and for college admissions, and examines how both equal opportunity laws and affirmative action requirements can work together to inform searches in the hiring process. Practical recommendations and a checklist are provided to help inform the discussion on institutional commitment to fairness and diversity.

Chapter 6 examines race and ethnicity, one of the defining features of American society, by reviewing historical models of race relations that have led to diversity and pluralism as the leading approach since the late 20th century. Sheying Chen, Associate Provost for Academic Affairs and Professor of Social Policy at Pace University, and Geoffrey L. Brackett, Executive Vice President at Marist College, approach the subject from both social and humanistic standpoints. The chapter first endeavors to clarify complex conceptual issues surrounding the idea of biological race as well as the social construction of race that also shows the importance of the notion of ethnicity. They argue that simply dismissing skin color or feature of the face or body as superficial may not help people to deal with the diversity issue by assuming that they and others will simply ignore the difference and automatically focus on things that are only “social” (not natural). The fact (and designation) “of color” often shows the significance of such a “superficial” matter in political, economic, and social life. They indicate that the society faces a paradoxical need to raise sensitivity to racial diversity on the one hand and fight against exaggeration, stereotyping, and stigmatization of racial differences on the other. Common racial/ethnic categories are examined in the chapter, including American Indians/Native Americans, African Americans, Asian Americans, Hispanic/Latino Americans, and White Ethnic Americans. Special issues facing racial/ethnic minorities are discussed along with a historical review of their experiences with immigration and/or race relations in the United States.

Chapter 7 deals with violence against women. Judith G. Myers, Assistant Professor of Nursing and Faculty Fellow in the Academy for Leadership and Diversity at Indiana University Southeast, and Elizabeth Moran Fitzgerald, affiliated with Nursing faculty at Bellarmine University, point out that violence against women is a significant public health problem in virtually all countries, cultures, religious/ethnic/racial groups, and social classes. Intimate partner violence (IPV) is the most prevalent form of violence against women. Their chapter is based upon a socio-political perspective, from which IPV is viewed as a reflection of deeply embedded issues of gender and power relations. The purpose is to provide a basic guide for policy-makers, educators, business and community leaders across the spectrum of public and private organizations. The chapter contains a brief discussion on socio-cultural factors associated with violence against women and an overview of the epidemiology and dynamics of IPV using the Duluth model of power and control. Specific guidelines for development of policies and a work environment that will assist victims and also protect institutions and businesses from financial liability are included. The authors use a study to illustrate the dynamics of IPV and the recommended practices and policies. A variety of resources are provided to assist organizations and businesses develop collaborative
partnerships with local, national and international groups committed to prevention and elimination of violence against women.

**APPROACHES TO DIVERSITY: CHALLENGE, LEADERSHIP, AND INNOVATION**

Part II of the book considers the challenge of promoting pluralism in a variety of areas and contexts by going beyond the basics and rising above compliance issues. It emphasizes intervention strategies and innovative approaches that various organizations may use to prevent problems and achieve the ultimate goals and ideals of diversity, equity, and inclusion. It gives special attention to diversity administration in higher education and the role of academic leadership.

Chapter 8 provides an overview and discussion of the issues related to diversity that most directly affect the academic mission of a college or university and that the academic leaders of the institution need to ensure are addressed or are under consideration. Gilbert W. Atnip, Vice Chancellor for Academic Affairs and Professor of Psychology at Indiana University Southeast, reflects on his observations and experience during a 35-year career in higher education as a faculty member, dean, and chief academic officer by linking academic administration with diversity leadership. The discussions range from the definition of diversity to why does diversity matter, and to the specific elements of a diversity agenda. Drawing on the successful experience of a particular campus case, the structure for managing diversity efforts is examined by also considering best practices nationwide. The author argues that the approaches that an institution takes will depend on its mission, vision, values, and educational purposes. Diversity should be a topic that engages the campus as a whole. The academic leadership must ensure that students have the opportunity to interact with faculty and fellow students from a wide range of backgrounds and cultures, and to study and learn about differences in the context of academic disciplines. It is this kind of education that will broaden the perspectives of students and prepare them for lives of productive citizenship and leadership in the society of the future.

Chapter 9 focuses on faculty diversity. Rosina M. Becerra, Professor of Social Welfare & Chicano/a Studies and Vice Provost for Faculty Diversity & Development at the University of California at Los Angeles (also former Chair of UC Systemwide Taskforce on Faculty Diversity), and Susan M. Drange, Director for Faculty Diversity & Development at UCLA, share their experience and insights in their important roles. The chapter provides an overview of some of the processes used by many institutions of higher education for recruiting and retaining faculty of color. With a commendable goal for diversity, the proportion of faculty of color in tenured and tenured track positions in higher education has remained relatively unchanged. By laying out some of the issues that make current processes fail to achieve their goal, the authors provide strategies that will assist in moving the goal of recruitment and retention of faculty of color forward. Real institutional change, however, will depend on the current departmental faculty who make the decisions. They need to realize that diversity is no longer just a desirable goal but a necessary one if the academy is to remain the educators of an ever more diverse population.
Chapter 10 deals with curriculum transformation and the role of academic leadership in overcoming inertia. Sue Sciame-Giesecke, Interim Vice Chancellor for Academic Affairs at Indiana University Kokomo and a pioneer in system-wide diversity efforts, with two of her colleagues at IUK - Kathy Parkison, Assistant Vice Chancellor of Academic Affairs and Professor of Economics, and Dianne Roden, Professor of Finance - provide a review and a case study on what the faculty is actually doing with regard to curriculum transformation. They found that despite widespread agreement of the importance of preparing students to live and work in a global and diverse world, many challenges still exist in diversifying the curriculum. After two decades of work on this issue at many institutions, the call for change has not generated significant progress. The chapter provides examples of two strategies used to promote change by addressing the questions, issues and practices that academic leaders should consider as they facilitate their own campus change effort.

Chapter 11 covers global diversity and international education. David X. Cheng, former Assistant Dean for Research and Planning at Columbia University and currently Associate Vice President for Mainland and External Affairs at the City University of Hong Kong, points out that the recent trend of globalization has changed American colleges and universities in profound ways. While the previous efforts to promote multicultural education on campus were centered on student learning and development, the current drive to internationalize carries more complicated motivations, including political, economic, and institutional. The author attempts to re-conceptualize international education in the context of multiculturalism. He proposes to re-organize international education functions on campus, with students’ experience of diversity and learning of multiculturalism being placed at the center of an institution’s international education agenda.

Chapter 12 extends the inquiry of diversity and leadership to the field of basic education. Seonmin Huh, Postdoctoral Diversity Fellow in the Academy for Leadership and Diversity at Indiana University Southeast, presents an empirical study of 6th graders from privileged backgrounds who were treated as potential leaders. In view of the difficulty to engage these “leaders” to be committed to social justice for others, this chapter reveals the importance of understanding who these “leaders” were as their life histories interacted or interfered with their understanding of various social justice issues. By exemplifying the 6th graders’ dialogue on poverty, the author shows how the “leaders’” making sense of other people’s experiences needed to be based upon the understanding of who they were at the personal level. The chapter discusses how to situate them as cosmopolitan citizens to help them move beyond their personal boundaries in addressing social justice and envision their role as a change agent in leadership education.

Chapter 13 further extends the inquiry of diversity and leadership to community issues. Jason L. Powell, Reader and former Associate Dean and Executive Director of Knowledge Exchange in the School of Sociology and Social Policy at the University of Liverpool, UK, picks a hot topic which has been at the center stage of social policy debate in his country for decades. His chapter offers a critical review of the problems and implications of managing diversity in the British community care system. According to the author, it is a system in need of strong diversity management in the light of the world economic downturn in recent years. He argues that despite raft of policies on leadership in social care in the UK, the structural issues for why the needs of diverse groups are not met are difficult to understand at particular levels of analysis. He concludes that the central problem has been lack of ‘trust’ and an emphasis on diversity management will help to address the need for a change.
CONCLUSION

Diversity management has become increasingly important for the achievement of excellence in today’s diverse and globalizing world. The ideal social condition under the “American dream” will probably never be attainable, though diversity management may help disadvantaged groups and populations in their pursuit of equal opportunities and eventually unite all on common grounds. Different analytical tools and models are described in this book in order to reveal the possibilities and potential obstacles in this process. The role of academic leaders as diversity managers in higher education administration is also analyzed. Basic variables of diversity, compliance issues, and undertakings aimed at a highly inclusive society embracing all kinds of differences within the moral and legal boundaries are delineated at different stages and levels. The perspectives and examples should help the readers to meet the challenges of diversity management issues in the workplace in general and in higher education in particular. It is hoped that putting the leaders and scholars together on the same team will make this volume a very special and useful one.

This book is written for everyone who is interested in social, behavioral, and humanistic inquiry as well as public policy analysis related to diversity from individual and institutional perspectives. For the general education courses that meet the diversity requirement, this book may serve as a comprehensive introduction and ongoing guide to research on diversity. It should also be useful for professors, researchers, and practitioners in public/social policy, social welfare, sociology, economics, business, and political science as a key reference in diversity issues and related policy analysis. Other relevant fields include international studies, cultural studies, urban studies, law, government, administration, and planning.

The book is featured by masterful handling of the subject, including a combination of theoretical and practical approaches, thorough thinking in plain language, comprehensive coverage of topics for a wide audience base, a special focus on academic diversity management, and a broadly representative and unusually strong author team.

Inadequate treatments in most of the books found are not suited to serve as either a personal handbook or a textbook for professional development workshops due to two major problems: lack of comprehensive coverage by any single volume, and lack of diverse viewpoints. This book overcomes the problems and combines practical wisdom with research and theoretical exploration by maximizing the contribution of experts in diverse subfields.

The goal of the book is to be an authoritative and effective educational tool, not only to help shorten the learning curve of the new and aspiring diversity managers in all walks of life but also to help renew critical thinking and creative leadership in existing academic administration. Major target audiences include chief diversity officers (CDOs), affirmative action officers (AAOs), chief executive officers (CEOs), human resource officers (HROs), academic personnel administrators, student affairs staff, chief academic officers (CAOs), associate vice presidents, deans, directors, department chairs, interested faculty and staff members, and students actively engaged in diversity undertakings.

The text can be used for diversity-related teaching (as required textbook or optional reading), research, and professional reference (both as personal handbooks and library collections). It is a must-read for all new diversity managers as well as an essential text for professional development workshops targeting aspiring administrators who will face various diversity issues and questions. It fills in a gap in required readings for higher education
related majors and advanced degree programs. For the seasoned academic administrator in a senior rank, the book offers a systematic review of the big picture with sufficient depth and provoking analysis of challenging issues to help make progress toward reflective practice, research undertaking, and theoretical breakthrough.

REFERENCES


PART I. PERSPECTIVES ON DIVERSITY
Chapter 4

THE ECONOMICS OF DIVERSITY: THE EFFICIENCY VS. EQUITY TRADE-OFF

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ABSTRACT

There is an inherent tension between efficiency and equity in justifying the implementation of diversity initiatives. The economics literature points to both costs and benefits associated with efforts to create diversity in the workforce, in organizations, and within communities. Three illustrations are provided of the tensions between equity and efficiency in diversity. The first involves national policies concerning disabled workers in the labor market in China vs. the United States. This illustration shows that narrowly targeted affirmative action programs for the disabled can be more effective in reducing disparities in wages between the disabled and non-disabled than broad-based anti-discrimination policies. The second concerns the relationship between policies designed to increase diversity in competitive swimming and racial disparities in drowning. This illustration details the difficulties of adopting diversity programs when there are widespread pseudo-scientific beliefs that seem to justify the very disparities that the diversity programs are designed to remedy. The third illustration involves the analysis of disadvantaged business enterprise (DBE) programs as a means for increasing diversity in public procurement and contracting with special reference to Asian-American business enterprises. This illustration points to the problem of designing diversity programs that are not over-inclusive but that nevertheless address underlying disparities in the marketplace.

INTRODUCTION

This chapter explores the case for and against diversity from an economic perspective. The construct of the efficiency vs. equity trade-off is used to illustrate some of the problems associated with “making the case for diversity.”
Diversity has come to be known in many contexts. There is racial and ethnic diversity. There is cognitive diversity. There is gender diversity. There is diversity with respect to views and expressions. There is diversity regarding national origin, culture, social class, and virtually any other attribute.

This chapter examines three different components of diversity to highlight the tension between equity and efficiency in “making the case for diversity.” One component is diversity in ability, or more specifically policies designed to assure equal treatment of those with health-related or physical disabilities and the non-disabled population. We illustrate this type of diversity by summarizing the difference between disability policy in the United States, which is inherently an anti-discrimination policy, and disability policy in China, which is inherently an affirmative action policy.

A second type of diversity that highlights the tensions between equity and efficiency is the case of competitive swimming and racial disparities in drownings. This illustration is particularly germane to our discussion about race and ethnicity diversity because of the instinctive reaction from many who ask, “What does race have to do with it?”

A third type of diversity that underscores the tension between equity and efficiency concerns national origin and ethnicity. The illustration comes from the literature on public procurement and contracting where goals for disadvantaged business enterprises – defined as small business enterprises owned by women or minorities or others who can establish social or economic disadvantage -- are often thought to be over-inclusive because they include Asian immigrants who putatively are overrepresented among small business owners.

The chapter proceeds as follows. First, the concepts of efficiency and equity are explained. This is followed by a summary of the economic case for and against diversity. Then, the three main illustrations are presented. Finally, the concluding section points out the difficulties of relying too heavily on diversity as a broad policy goal when the specific problem policy makers are attempting to solve is more narrowly constrained.

**Efficiency and Equity**

The conventional notion of efficiency in resource allocation posits a situation wherein one person cannot be made better off without making another person worse off. This concept is termed *Pareto Efficiency* and hinges on the idea of consumer sovereignty and that each individual is the judge of his or her well-being. Resource allocations are efficient in the sense that they maximize economic well-being. (Friedman, 2002)

Efficiency is but one of many criteria for evaluating policy outcomes (Dunn, 1994). Equity, or the fairness in the *distribution* of goods and services in an economy, is often a competing criterion. There are many different measures of fairness: equality of distributional shares, equality of opportunity, equality of marginal well-being, maximization of the position of the least well-off person, and distributions that leave participants without envy of the shares obtained by others. (Friedman, 2002 and Baumol, 1987). These different definitions of fairness all share one common feature. They focus on the distribution of resources as opposed to the allocation of resources. (Friedman, 2002)

The main reason there is a tension between efficiency and equity in designing and implementing public policy interventions, such as diversity policies, is that inherently
interventions in the market place or in public life result in someone being made better off at the expense of making someone else worse off. Good public administration and management ideally strives not to create instances where nobody is made better off or where everyone is made worse off. It is inefficient to create a situation where everyone loses. But, what about situations where some people gain and where some people lose? From the efficiency point of view, as long as the gains to the gainers exceed the losses to the losers, one can still make the efficiency case for a policy intervention. This type of social calculus comparing the net gains and losses is the foundation for cost-benefit analysis, the cornerstone of empirical assessments of efficiency. There are obvious redistributive impacts of policy interventions that make one group better off at the expense of other groups. Some redistributions are regarded as fair while others are regarded as unfair, depending on the equity measure adopted. So, the goal of achieving efficiency is pitted against the goal of equity.

Diversity policies emerged over the years as a replacement for affirmative action policies principally to counter challenges to affirmative action as redistributive policies that violated equal protection constitutional rights. The logic of a remedy to prior discrimination that affords special privileges to protected group members is that the remedy helps the group it is intended to help. But, it is a redistributive remedy in the sense that it often helps one group at the expense of another group. By way of contrast, diversity policies are often seen as proactive efforts to promote overall economic well-being. The logic of diversity is that it expands the size of the economic pie for all without necessarily diminishing the relative position of any group. Diversity policies rest principally upon efficiency criteria. Diversity improves productivity and thus efficiency. Or, does it?

**THE ECONOMIC CASE FOR AND AGAINST DIVERSITY**

The underlying assumption in economic models of diversity is that diversity produces both costs and benefits. The costs of diversity include conflict and loss of productivity. The benefits include greater cognitive functioning and positive spill-overs. The “economic case for diversity” hinges on showing that the benefits exceed the costs. Rarely are cost-benefit calculations actually conducted to determine, for example, whether a diversity program is narrowly tailored – in the sense that the harm to one group is justified by the benefit received by another group -- and demonstrates net social benefits over its costs (Ayres and Foster, 2006). Yet, cost-benefit reasoning and thus the appeal to efficiency is at the core of the “economic case for diversity.”

The putative benefits of diversity include greater stability in the workforce (Leonard and Levine, 2006); enhanced thinking skills, intellectual engagement and motivation, and growth in academic skills (Gurin, 1999); and improved decision making and cognitive functioning within groups (Hong and Page, 2001, 2004, 2009; Page 2007). Importantly, in many studies the primary beneficiaries of diversity are white students. (Chang, Astin, and Kim 2004). Diversity benefits corporations by increasing consumer bases (Bond, Seiler and Seiler, 2003) and by producing higher firm values. (Carter, Simkins and Simpson, 2003).

But there are also contentions that diversity produces costs. Diversity or greater heterogeneity among groups can lower trust levels (Alesina and La Ferrara, 2000) and produce greater conflict, political unrest, and ethnic violence (Alesina and La Ferrara, 2005).
Teams made up of persons from diverse disciplines often have greater difficulty managing their work and face heightened conflicts that impede performance (Ancona and Caldwell, 1992). Across nations, many studies have reported an inverse correlation between economic growth and ethnic diversity (Bates, 2000).

Fryer and Loury (2004) point out that there are misperceptions among many whites about some of the underlying parameters needed to perform the admittedly difficult cost-benefit calculation underlying the economic case for diversity. They write:

Many white Americans hold erroneous perceptions about the costs they incur due to racial preferences favoring blacks and Hispanics. According to our calculations based on data from the 2000 General Social Survey (GSS), 40 percent of whites over the age of 18 believe it likely that they or someone they know were rejected from a college due to an unqualified black applicant being admitted. Yet Kane (1998) has shown that racial preferences in admissions are given only at the most elite 20 percent of colleges and universities and, even at these colleges, the impact of racial preferences on the typical white applicant’s admission probability is small. (Fryer and Loury, 2004)

Empirical analysis of workforce perceptions about gender diversity points out another contradiction. Ellison, et al (2005) show that homogeneous groups tend to be happier but they are often less productive. Gender diversity in their study is associated with higher levels of productivity.

How specifically should one pursue diversity efficiently? Fryer and Loury establish in a theoretically elegant analysis of affirmative action that color-blind strategies to achieve diversity goals are inherently inferior to race-conscious policies. The point is intuitive. If the policy goal is to obtain diversity in the workforce or in college admissions, the strategy of narrowly tailoring the selection to targeted groups is always more efficient than using a group-blind strategy (Fryer and Loury, 2005).

**DIVERSITY AND DISABILITY**

Diversity can be seen through the lens of the classic economic problem of efficiency vs. equity trade-off. The notion of a trade-off arises because occasionally some amount of efficiency or productive and exchange advantages in the allocation of resources must be given up in order to gain some amount of equity or fairness in the distribution of resources. When a policy makes one group better off at the expense of another group, this tension between equity and efficiency becomes clearly apparent.

One can think of redistributive public policies, such as those that are designed to reduce poverty, diminish inequality, or to eradicate the vestiges of discrimination, that while often predicated upon ideas of fairness or social equity also confront the possibility of inefficiencies. One example is that of disability insurance and federal legislation banning discrimination against the disabled. Economists have examined the effects of public transfers designed to improve the economic well-being of persons with disabilities but which in effect tax the non-disabled in order to pay for the disabled (Haveman and Wolfe, 1990, 2000; Haveman, de Jong, Wolfe, 1991). Economists have also examined legislation, such as the Americans with Disabilities Act (ADA) prohibiting discrimination against persons with
disabilities and affording them equal access to facilities and workplaces. A cornerstone of the legislation was to help create a world where the disabled are as productive as they can be. The goals of increasing the economic well-being of the disabled and improving their productivity are inherently efficiency goals.

The goals of assuring equal access for the disabled and prohibiting discrimination are motivated by equity and fairness concerns. The goals of equity and efficiency, however, might be in conflict with one another, as research on ADA and disability transfers shows (DeLeire, 2000). Disability transfers and anti-discrimination policies while justified on equity grounds are often challenged by economists on efficiency grounds since the effects occasionally result in reduced work effort, and thus lower productivity, and higher costs of production (DeLeire, 2001). At least theoretically, there is no assurance that the benefits of a policy that transfers incomes from the non-disabled to the disabled exceed the costs that might arise from reduced productivity or higher costs. At least theoretically, there is no assurance that a plan that requires employers to provide disability accommodations to workers or that prohibits employers from asking workers questions about their disabilities during job interviews will produce benefits that exceed the costs.

In China, where arguably there is a longer and more egregious history of discrimination against the disabled, national policy on disabled persons includes quotas for employers. Firms must hire at least 1.5 percent of their workforce from among disabled workers. Fines for failure to meet this quota are used to fund programs for the disabled. Myers and Ding (2010) have compared the impacts of disability on wage and salary incomes in the US and in China for healthy urban workers 18 to 60 years of age. They control for age, education, gender, race/ethnicity, type of employment, household status, and province/state for identically specified earnings equations in China and the United States in 2002. There is an adverse impact of disability on earnings for workers in both countries. In China, however, where the policy on disability is in essence a narrowly targeted affirmative action program, the adverse impacts are smaller than in the United States where the disability policy is largely an anti-discrimination initiative. In both cases, there are costs and benefits and indeed many analysts claim that the anti-discrimination requirement of ADA amounts to an undue burden on business enterprises. However, the actual redistributive impacts differ between the two countries in that disabled persons seem to benefit more in the regime with direct quotas than under the policy that prohibits firms from discriminating without mandating any specific hiring goals for the disabled.

**DIVERSITY, RACIAL DISPARITIES IN DROWNING, AND COMPETITIVE SWIMMING**

Two families’ day of fun quickly turned tragic when six teenagers at the gathering drowned in a Louisiana river on August 2.

According to the Associated Press, the outing began as a typical family get-together with a large group of relatives and friends. The children waded in Shreveport, La.’s Red River to beat the heat as adults were planning to prepare food. But tragedy struck before they were even able to fire up the grill.

DeKendrix Warner, 15, one of the teens splashing around in the river, slipped off a ledge and plunged into water nearly 25-feet deep. As the teen struggled, a
Samuel L. Myers, Jr.

Heartbreaking stories of African-American drownings make the news almost every summer. What makes the Shreveport drownings so poignant is the fact that the children were teenagers, not infants or toddlers. The Centers for Disease Control reports that drowning is the second leading cause of unintentional injury-related death for children between the ages of one and 14. African-American children between the ages of five and 19 are 2.6 times more likely to drown than are their white counterparts. Between 2000 and 2005, the fatal unintentional drowning rate for African Americans across all ages was 1.3 times that of whites. The fatal drowning rate of African-American children ages 5 to 14 is 3.2 times that of white children in the same age range (CDC, 2008).

According to the NCAA 2005-2006 Race-Ethnicity Report, 107 African-American non-Hispanic student-athletes competed in Division I competitive swimming, compared with 7,121 white non-Hispanics, 207 Asians, and 213 Hispanics. In other words, there are nearly 70 times more white non-Hispanic student-athletes than African Americans competing in Division 1 (NCAA, 2007).

The USA Swimming Association, the primary organization of competitive swimming among age-group swimmers (those who have not yet reached high school or college) and the central pipeline in the United States for Olympic hopefuls, reported that .87 percent of its members were African Americans.

Blacks are disproportionately found among those who drown. They are severely underrepresented among those who are among elite swimmers. There is an obvious relationship between drowning and the ability to swim that has not escaped the notice of the leadership of national swimming organizations such as the USA Swimming Association. If there was ever a strong efficiency case for diversity, it would be the case for diversity in competitive swimming. Yet, diversity policies are difficult to embrace because efforts designed to make one group better off can be seen as unfair to other groups that may be made worse off.

Moreover, there is a widespread perception, even today, that blacks lack the natural ability swim. Pseudo-scientific evidence has been offered over the years pointing to such myths as the lower buoyancy of blacks, their large feet, differences in bone density, and more recently the position of the center of mass above the ground. Bejian et al. (2010) for example contend that the center of mass in blacks is 3 percent higher above the ground than in whites meaning that blacks hold a 1.5 percent speed advantage in running, and whites hold a 1.5 percent speed advantage in swimming, since swimming and running require different center of mass for speed. Bejian et al. (2010) document that blacks dominate among the record holders of the 100-meter sprint events in track and field but whites are almost exclusively the record holders of the 100-meter freestyle events in swimming. Blacks dominate most (summer) Olympic events but one of the last outposts of virtual total exclusion of blacks in Olympic sports is swimming. Both because of the widespread perception that there is a “natural” or genetic explanation for their underrepresentation in swimming and because of the view that there is no public policy problem to be solved, there is great resistance to remediing the problem of lack of diversity in swimming.
These phenotypic explanations for the inability of blacks to swim must be balanced against the long historical record of racial barriers to swimming. Historians have amassed enormous evidence of the excellent boating and swimming skills among coastal Africans and also the efforts of slave owners to routinely prevent their slaves from learning how to swim lest they escape. Moreover, even into the 20th century segregated pools and the lack of access to public swimming pools became the norm for African-American communities (Wiltse, 2007; Hastings, 2006). Somewhat ironically, segregation also coincided with the evolution of elite inner-city swimming programs in Atlanta, Washington, D.C., and Philadelphia. Powerhouse swimming teams at Historically Black Colleges and Universities (HBCUs) such as Howard University, Morehouse College, Morgan State University, and Florida A & M University routinely included highly visible graduates, such as former Atlanta Mayor Andrew Young, who promoted swimming as a life-long sport and who served as life-guards, water safety instructors, and role models to generations of inner-city youth. With the dismantlement of HBCU swimming programs and the exodus of many middle-class blacks from HBCUs to white colleges and universities, there is now a dearth of highly visible elite African-American swimmers who can debunk the myth that blacks cannot swim.

One can issue any number of critiques of the thesis that blacks are not predisposed to elite swimming. For example, one could question the mechanical engineering studies putatively showing that blacks are not predisposed physically to swimming sprints. Bejian analyzes data on world record holders in the 100-meter freestyle in swimming and the 100-meter sprint in track in order to demonstrate how physical differences by race predispose each group to swimming vs. track. An immediate objection to the conclusion, however, is that the physical differences identified relate to the 100-freestyle. Had they investigated the true sprint event in competitive swimming – the 50-meter freestyle – they would have reached the conclusion that black male and female US Olympic swimming gold medalists qualified in this sprint. This conclusion unfortunately coincides with yet another racialist view, namely that blacks can only do sprints. Both conclusions, the explicit one of Bejian et al. and the implicit one that blacks who do excel in swimming primarily excel in sprints, miss an important element of the sport. Strokes are governed by the International Federal of Swimming (FINA) and the rules change over the years in response largely to the demands of the groups that participate.

There are many different strokes and competitive events in Olympic swimming. Fast breaststroke requires extremely strong thighs and calves and flexibility in the knees and ankles. Few top freestylers who rely principally on a flutter kick that requires an upward movement of the legs are also top breaststrokers, which requires an outward and circular movement of the legs. Many of the top breaststrokers in the world, in fact, are short and stocky, whereas most of the top spring freestylers are tall and lanky. The butterfly requires extraordinary upper body strength and long arm spans. Among female butterfliers, one sees a wide range of body types and shapes, but relatively few with large breasts. Whereas large breasts are an impediment to streamlining on one's stomach and can create drag in the butterfly, the negative impacts are negligible when swimming on one's back. There are all sorts of body sizes and arm lengths and torso to leg proportions among the elite swimmers of the world in part because there are a large number of different strokes and techniques appropriate for different body types. Much of what counts for body shape is influenced by early childhood swimming experiences, which affect body development. Moreover, good coaches adapt drills and methods to a swimmer's body type. So, any realistic empirical
analysis of racial disparities in elite swimming must account for these differences from early childhood exposure to good coaching and competitive swimming.

The efficiency aspect of seeking diversity in swimming rests largely on the evidence that blacks are overrepresented among those who drown. The logic is that if there were more highly visible black elite swimmers, there would be a larger pool of persons interested in becoming elite swimmers, which increases the demand for learning to swim programs, minority lifeguards, water safety instructors, coaches, and aquatic directors. Of course, with more minority elite swimmers, there would be a larger supply from which to hire lifeguards, water safety instructors, and learn to swim instructors, creating a cumulative impact that derives benefits not just to minorities but to everyone.

Of 249,182 members of the United States Swimming Association in 2005, there are 1,220 black females and 958 black males, or .87 percent of the total. Among young competitive swimmers, less than one percent of the total membership is African-American. The national organization has actively promoted a wide range of diversity initiatives over the years, most with little success in significantly affecting the gross underrepresentation of blacks. The organization has embraced outreach activities, supported reduced membership fees for the disadvantaged, hosted outreach camps at national headquarters, and made grants to local clubs so that the clubs can increase their outreach efforts. Earlier attempts to increase directly the numbers of minorities on the national teams have resulted in fierce opposition. One such effort was to stipulate differential qualifying times for inclusion in elite training camps, one of the principal stepping stones to the US National Team and the Junior National Team. While most people favor “diversity” there is substantial opposition from coaches, parents, and athletes to efforts designed to achieve diversity.

Why then is this diversity argument so very difficult to embrace? A case in point is what might be called the Minnesota Paradox. In xxx, Minnesota had the highest racial disparity in drowning rates in the nation. It also had the highest racial disparity in representation among age-group competitive swimmers. Nationally, there is a strong inverse relationship between drowning rates for African Americans and membership in competitive swimming.

Black youth were 2,700 times more likely to be in the Minnesota population than they were to be found among USA swimming registrants. Yet, virtually all of the 10 and under state records from 1994 and 1995 until 2005 were held by two persons of African-American heritage. One of these swimmers switched to basketball in high school and went on to a successful career in the National Basketball Association. The other went to the Olympic trials as a teenager and competed successfully at a top NCAA Division I university. In Minnesota, at least, there is the paradoxical conclusion that although blacks are severely underrepresented among all age group swimmers, they are overrepresented among record holders. This has led many commentators to conclude that the problem is not about race or diversity at all.

Swimming is a good metaphor for understanding the equity vs. efficiency conflict in diversity policies. There is a compelling state interest in remedying disparities in drownings, swim pass rates in the military, and eligibility for service in Special Forces and the Navy SEALs (Hastings, et al. 2006; Harrel, 1999; Tyson, 2009). The efficiency grounds for diversity are clear. There are obvious distributional considerations evidenced by the illustration from the Minnesota Paradox, however. To get to the point of greater diversity in elite swimming – in an Olympic sport where only the top two finishers in most events in the Olympic trials have any chance of making the Olympic team – requires that there be some members of the predominant group who will not make the team. Majority group members
instinctively argue that it is unfair to alter the rules for representation in the sport or to use any criteria other than speed or performance for assignment to elite teams. Diversity at the lower levels of the sport without diversity at the top may reduce motivation and aspirations further affecting the distribution of swimmers at the top. There is also the equity consideration that across many other competitive sports African Americans seem to dominate at all levels. Why can’t whites have their own sport where they can reasonably expect to excel?

**DIVERSITY AND PUBLIC PROCUREMENT AND CONTRACTING: THE CASE OF ASIAN AMERICANS**

Billions of federal dollars require disadvantaged business enterprise (DBE) goals for contracting or subcontracting. A DBE is defined as a small business owned by one or more socially disadvantaged individuals. Persons who are reputably presumed to be socially and economically disadvantaged according to federal regulations are US Citizens or permanent residents who are:

(i).“Black Americans,” which includes persons having origins in any of the Black racial groups of Africa;
(ii).“Hispanic Americans,” which includes persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
(iii).“Native Americans,” which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians;
(iv).“Asian-Pacific Americans,” which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kirbat, Juvalu, Nauru, Federated States of Micronesia, or Hong Kong;
(v).“Subcontinent Asian Americans,” which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka;
(vi).Women;
(vii).Any additional groups whose members are designated as socially and economically disadvantaged by the SBA, at such time as the SBA designation becomes effective (49 CFR 26.5).

There are also size and net worth criteria that must be met in order to be certified as a DBE. Recipients of Federal Transit Authority (FTA) funding must establish goals for the award of contracts to DBEs and must make good faith efforts to achieve those goals. As such, DBE goals are a form of diversity policy, designed to increase the representation of women and minority-owned business enterprises among those receiving federally-assisted transit contracts. This is the equity criterion. Both to remedy prior or ongoing discrimination against women and minority-owned business enterprises and to correct for private marketplace
inequalities, the goals program is designed to “level the playing field” in public procurement and contracting.

In the goal setting process, however, recipients of federal funds are required to narrowly tailor their programs so that the maximum feasible portion of the goals is race and gender neutral (Roy Wilkins Center, 2009). The logic is that the programs must not harm non-aggrieved parties or at least must minimize the harm to non-DBEs in the process of benefiting DBEs. This is the efficiency criterion.

The reason why the efficiency and the equity criteria are potentially in conflict with one another is that in addition to mandating that recipients of funding set goals for DBEs, federal regulations prohibit the setting of separate goals for different subgroups among disadvantaged business enterprises. The DBE program cannot be over-inclusive but it also cannot target subgroups within racial or ethnic categories.

One illustration of this problem is in a federal lawsuit challenging the DBE goals program of the New Jersey Transit Authority (Myers, 2007, 2008). Plaintiff’s expert alleged, among other things, that the DBE program was over-inclusive because it included Asian Americans, a group that apparently experienced great success in the award of contracts. In a 2002 disparity study of the availability and utilization of firms classified by their racial/ethnic and gender categories, it was found that overall DBEs were underutilized. Within the racial/ethnic groups, however, there was much variability in the ratio of utilization to availability. The share of contract dollars awarded to black non-Hispanics was 3.8 percent, whereas blacks represented 4.5 percent of all willing, able, and qualified firms, resulting in a utilization/availability ratio of .84. The share of contract dollars awarded to Hispanics was 5.5 percent, but Hispanics represented 6.5 percent of ready, willing, and qualified firms, producing a utilization/availability ratio of .85. The share of contract dollars awarded to non-minority females was 7.2 percent, but non-minority females accounted for 26 percent of ready, willing, and qualified business enterprises, meaning that the utilization/availability ratio was .27. The share of contract dollars awarded to non-minority males was 77.8 percent, whereas non-minority males represented 64.9 percent of all ready, willing, and able contractors, producing a utilization/availability index of 1.20. For Asians, however, the ratio of utilization to availability is greater than one. Asians received 5.5 percent of contract dollars but they represented 4.2 percent of all willing, able, and qualified firms. The result is a ratio of utilization to availability of 1.31. Even though the ratio of utilization to availability for DBEs as a group was less than one, the apparent “overutilization” of Asians among DBEs prompted the expert for the plaintiff to argue that the DBE goal was over inclusive.

Further evidence in the lawsuit shows, however, that Asian firms received lower contract awards than did non-DBEs. The average contract award for a non-DBE was found to be $3,005,411 whereas the average contract award for an Asian firm was only $362,900, a statistically significant difference. Thus, even though there does not appear to be a disparity between the availability and utilization of Asian-owned firms in New Jersey, there is indeed a major disparity in the contract amounts awarded.

Going a step further in examining the alleged overutilization of Asian-owned firms, the supplementary expert report for the defendant computed the representation in the year 2000 of minority-owned firms by nation of origin relative to white-owned firms. (Myers, 2010) The report computed odds ratios of self-employment – a measure of business ownership -- from a regression model that included human capital and other characteristics. Odds ratios of less than one imply that there is an underrepresentation of businesses within a given
subgroup. Odds ratios of greater than one mean that the group is overrepresented relative to non-minority firms. The results showed odds ratios of .417 for African Americans as a group, with .385 and .318 respectively for Haitian and Jamaican-born blacks, the two largest black immigrant groups in New Jersey. The results showed odds ratios of .588 for Hispanics with those of Puerto Rican and Dominican descent, the two largest groups of Hispanics in New Jersey, showing odds ratios of .498 and .606. The results showed odds ratios of .715 for Asian Americans, with East Asian Indians – the largest group of Asians in New Jersey – showing odds ratios of .533 and with Chinese – the second largest group of Asians in New Jersey – showing odds ratios of .714. The odds ratio for Filipinos was .373. The odds ratio for Koreans, who represent a relative small share of the total New Jersey population, was 2.025.

The tension between equity and efficiency arises in this illustration. The diversity objective of defining a broad class of socially and economically disadvantaged firms was adopted to achieve a social equity goal of leveling the playing field and opening up business opportunities for historically excluded groups. The equity goal mandated that racial and ethnic minorities as well as women-owned business enterprises be considered as a group, partly so as not to pit one subgroup against another. The efficiency criterion, however, mandates that only the best qualified firms should receive public contracts and thus what amounts to affirmative action for women and minorities should not be over-inclusive and should minimize the harm to qualified white male-owned firms. The distinction between equity and efficiency is made a bit more complex by that fact that Koreans, as a subgroup of Asians are not found to be underrepresented among businesses in New Jersey, although Asian-owned firms as a group are underrepresented. Moreover, Asian-owned firms as a group tend to receive lower than average contracts. Is it efficient to exclude Korean-American owned firms in the definition of the DBE program? Is it fair? Or, put differently, would the exclusion of Koreans from the DBE program help white small businesses? Would small, Korean-owned firms compete at the same rate without being designated as disadvantaged? The attempt to craft a diversity program for businesses so as to promote equity in public procurement and contracting is immediately confronted with these efficiency concerns.

**CONCLUSION**

Diversity can be viewed within the lens of the economic tension between equity and efficiency. The economic model of diversity underscores the fact that there are both benefits and costs associated with policies designed to include diverse segments of the population, including particular groups that historically have been underrepresented in different spheres of economic life. The “economic case for diversity” really is about the premise that there are net social benefits over social costs that justify diverse teams, diverse workforces, diverse universities, diverse organizations, and diverse communities.

The problem with diversity is that it produces both costs and benefits. The costs include the reality that people prefer their own; they prefer to work alongside like-minded, like-looking persons who share similar values, cultures, and outlooks. The benefits, however, include non-trivial differences in productivity, innovation, and improvements in overall economic performance, not the least of which accrues to major group members. Had the benefits from diversity only accrued to minority group members, it would be harder to justify
special privileges on efficiency grounds alone simply because in the cost-benefit calculus implied the small size of the potential beneficiary class produces a relatively small social benefit as compared to the potential costs of the intervention.

Cost-benefit calculations and therefore efficiency criteria are not the only reasons for having a diversity intervention. There are clear instances where diversity addresses other social equity goals. It is for this reason that it is helpful to conceptualize diversity within a framework that permits the analyst to make explicit the tensions between both of these goals: efficiency and equity.

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