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DIVERSITY MANAGEMENT: ARCHITECTURE AND PERSPECTIVES

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Abstract:

The initial idealistic perspective associated with the concept of globalization has turned into a bleak evidence in the present, which has taken on the appearance of a disharmonious liberalism in which it is possible to observe a common worldwide increase in economic and social inequalities. The current international economic crises – characterized by a common inflationary growth – have led to a re-evaluation of the principles of the autarkic economy, economically self-sufficient and relatively independent from the external environment: an approach to which economists attribute the term "deglobalization" (Ajami, 2022; Ho et.al, 2022; Paul, 2023). These foregoing points a duty – also in business economics – to review the models proposed over time in search of new hybrid patterns oriented towards a common social vocation, suggested as a dual attention to both internal (facing the aspects regarding the going concern accounting principle) and external (relevant to the economic and social sustainability of its main stakeholders). Therefore, the article assumes as a research question the declination of the new corporate hybrid patterns and the related "competitive advantage" drivers, among which Diversity Management assumes a decisive role in the pursuit of fair and sustainable progress.

Key words: *Diversity Management, Globalization, Deglobalization, Hybrid Models*

1. Introduction

Recent international events – linked to climate change and the pandemic phenomena, international financial crises and contextual war situations – have highlighted in the present all the fragility of the current concept of globalization, a neologism whose use has entered in the common slang for the past thirty years.

The resulting and unexpected change in the economic and social-environmental context of reference makes the models proposed by business economics, over time, no

longer guarantors and effective in the pursuit of sustainable development, a concept declined back in 1987 by the United Nations (United Nations, 1987).

To overcome the previously summarized critical issues, business economics propose at an international level a new archetype at an international level, the hybrid model. This paradigm shows a joint orientation towards profit and non-profit dimensions and represents a theorization of a framework in which both dimensions manage to coexist in a perfect and integrated balance daily and without any form of ostentation.

The hybrid model also represents – from a further point of view – a conceptual evolution of the compound company, the historic framework proposed by business economics. In the pre-existing model, the presence of a profit dimension (in public institutions or in non-profit organizations) or the non-profit one (for profit-oriented companies) had a purely occasional and marginal profile.

The framework of the hybrid model (Doherty *et al.*, 2014; Loprevite, 2020; Pollifroni *et al.*, 2021; Rabelo *et al.*, 2005) also assumes a centrality in the declination of a social vocation associated to the new paradigm, a concept that the following paragraph will explore as an evolution of the concept of business ethics.

Business economics, over time, associated the concept of business ethics with a two-dimensionality capable of jointly guaranteeing: durable attention monitoring the performance of the fundamental financial balances and continuous attention paid to the model of corporate social responsibility.

The focus should be addressed in both monitoring the corporate durability by looking at the performance of the fundamental budget equilibrium – in compliance with the going concern principle – and continuous attention to company social responsibility.

The concept of going concern differs from that of business continuity. The first attention is present both in International Accounting Standards (IAS) 1 (Presentation of Financial Statements), and in the document proposed by the International Federation of Accountants (IFAC) in the International Standard on Auditing (ISA) 570 (GOING CONCERN). IFAC presents the going concern principle in the following way: “(...) *Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. (...)*” (IFAC, 2016: p. 3). The standard therefore represents the assumption based on which in preparing the financial statements, the company must normally show its ability to continue to carry out its business in the near future. The second one of business continuity, instead, evaluates the ability of a company to keep the execution of its processes operational even in the presence of exceptional events and/or potential threats.

The second attention, instead, concerns the orientation to the concept of corporate social responsibility. This concept – derived from corporate economic - was subsequently and on several occasions the subject of appropriate insights and pronouncements proposed in the EU community. The European Commission has therefore defined - in one of its initial formulations, which are considered more exhaustive than others - corporate social responsibility as “(...) *corporate social responsibility is the voluntary decision to contribute to the progress of society and the protection of the environment, integrating*

social and ecological concerns into company operations and interactions with stakeholders (...)" (European Commission, 2001: p. 7).

In order to be consistent with the investigation perspective of this study – aimed at every type of company, such as: public institutions, profit-oriented companies and non-profit organizations – the concept of corporate social responsibility will be adapted to public/corporate/n.p.o. social responsibility. To ensure that we are talking about companies correctly oriented towards an ethical model, it is necessary the joint satisfaction of both conditions highlighted above.

The following formula expresses the two-dimensionality attributable to the public/corporate/n.p.o. ethics:

$$E = \{SR; GC\}$$

With:

- E = public/corporate/n.p.o. ethics;
- SR = public/corporate/n.p.o. social responsibility;
- GC = going concern.

In the following formula the public/corporate/n.p.o. ethics (E) can, therefore, be symbolically represented by the intersection (\cap) of two (non-empty) sets, which represent - respectively - the determinants of the public/corporate/n.p.o. social responsibility (SR) and the going concern principle (GC):

$$E = (SR) \cap (GD)$$

The concept of corporate durability used up to now has been associated exclusively with the mere corporate entity, this is limiting, as the scope of the analysis should also include attention to social durability. The social durability (or social stability, understood as the antithesis to the concept of social precariousness) pertaining to the entire social environment in which the corporate entity finds itself operating. It would be more appropriate to combine the concept of corporate durability with that of social durability: the corporate supervision should not be limited to observing one's own corporate continuity but the same attention should also be paid to all stakeholders (internal and external, direct and indirect) belonging to the entire surrounding social environment.

This steps turns out to have a fundamental importance for the purposes of declension of the aforementioned social vocation. Also in this case the definition is usually associated both with public institutions but it can be used for both profit-oriented companies and with non-profit organisations. The foregoing justifies the extension of the term from social vocation to public/corporate/n.p.o. social vocation.

The following paragraph performs the declination of the public/corporate/n.p.o. social vocation present in the hybrid models.

2. The social vocation in the hybrid models proposed by business economics

This paragraph highlights the declination of the public/corporate/n.p.o. social vocation present in the hybrid models proposed by business economics and illustrated in the previous paragraph.

The following formula explains the transition between the concept of public/corporate/n.p.o. ethics and the one of public/corporate/n.p.o. social vocation:

$$SV = \{E; SD\}$$

With:

- SV = public/corporate/n.p.o. social vocation;
- E = public/corporate/n.p.o. ethics;
- SD = social durability.

The following formula proposes the public/corporate/n.p.o. social vocation (SV) as an intersection (\cap) of two (non-empty) sets, which represent - respectively - the determinants of the public/corporate/n.p.o. ethics (E) and social durability (SD):

$$SV = (E) \cap (SD)$$

The public/corporate/n.p.o. social vocation (abbreviated in the following pages as social vocation) finds an articulation in the following models:

- a) The endogenous social vocation,
- b) The exogenous social vocation.

The following pages offer the presentation of these models.

A) The endogenous social vocation. It is a social vocation of internal derivation (i.e. it does not derive externally from a specific rule or regulation) and, in turn, finds a further articulation in the following sub models:

- a.1) the endogenous social vocation with a voluntary profile,
- a.2) the endogenous social vocation with a religious profile.

A.1) The endogenous social vocation with a voluntary profile derives from within the company, i.e. it is voluntary and does not follow from specific rules and pertains to the sector of profit-oriented companies.

A.2) The endogenous social vocation with a religious profile pertains to the sector of religious entities, which by definition have an endogenous social vocation deriving precisely from their institutional and religious mission.

B) The exogenous social vocation. It is a social vocation of external derivation (i.e. it derives externally from a specific rule or regulation) and, in turn, finds a further articulation in the following sub models:

- b.1) the exogenous social vocation with an institutional profile,
- b.2) the exogenous social vocation with a regulated profile.

B.1) The exogenous social vocation with an institutional profile is intrinsic in the institutional purposes pursued by public institutions (central or peripheral) and has as its primary appeal some fundamental principles enshrined in the primary rules such as the Constitutional Charters (such as, by way of example, the articles n.2 and n.3 of the Italian Constitution).

B.2) The exogenous social vocation with a regulated profile pertains to non-profit companies: the legislator, through a series of measures (or reforms) specifically dedicated to the non-profit sector, regularly and systematically regulates this sector. For example in Italy the Legislative Decree No. 117 of 3 July 2017, a provision that - by implementing the delegation for the reform of the third sector contained in Law No. 106 of 6 June 2016 – proceeded to decline the “Third sector entities”) represents the most recent regulation.

As stated, the public/corporate/n.p.o. social vocation therefore represents the constitutive element of the new hybrid models.

After declining the new hybrid models, the paper identifies Diversity Management (in acronym DM) as their primary driver of competitive advantage.

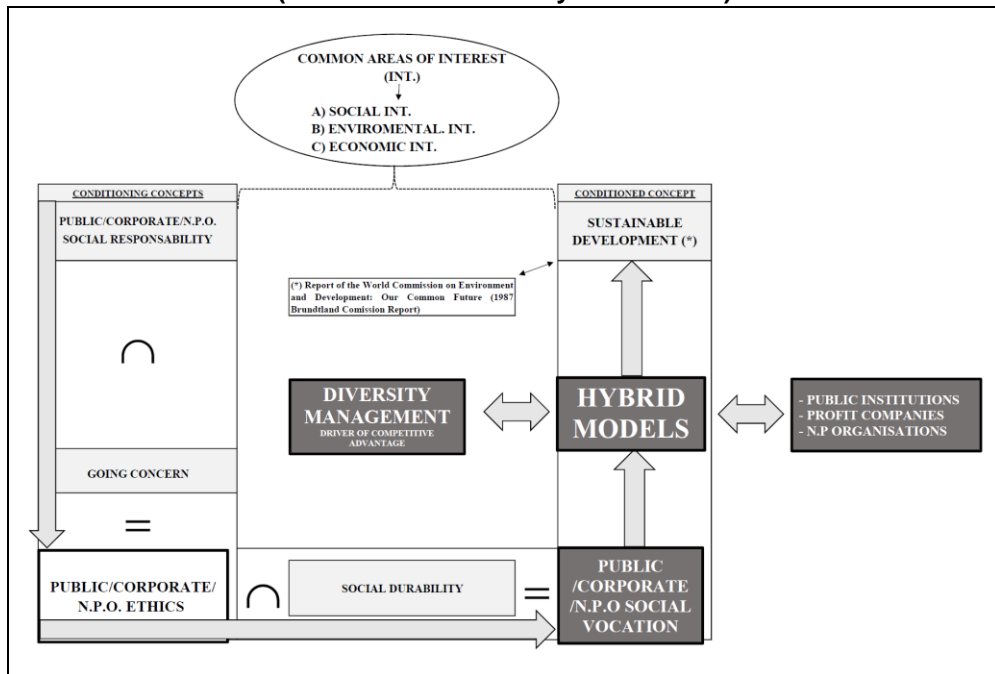
The following paragraph offers an insight into the concept of Diversity Management, the final step of the proposed model, which represent the answer to the research question developed in the paper following a methodological approach with a theoretical-aprioristic profile (Ayres, 1961; Haspelmath, 2012; Kitcher, 1996): the Figure 1 offers a synthesis of the proposed theorization.

3. The current focus areas of Diversity Management new driver of competitive advantage

The DM represents the primary driver of competitive advantage (Porter *et al.*, 2002; Porter *et al.*, 2006), which can be considered an internal adaptation to the hybrid models of autarchy-oriented economic theories (Heathcote *et al.*, 2022; Packard, 2020).

Between the DM and these theories, the differentiating aspect concerns the closure towards the outside (while the DM represents the maximum dimension of opening towards the external environment and of inclusion) and the common perspective with the same concerns, instead, the enhancement of internal resources. In business economics, the management of diversity is entrusted to the DM and the concept of diversity. According to the Oxford English Dictionary, diversity is defined as “(...) *the practice or quality of including or involving people from a range of different social and ethnic backgrounds and of different genders, sexual orientations, etc.* (...)” (Oxford University Press, 2021: <https://www.oed.com/>).

Figure 1. A synthesis of the proposed theorization
(source: elaboration by the authors)



Consequently and in accordance with Fisher, DM can be identified in the following citation: “(...) *There is no such thing as a single, authoritative definition of diversity management. Rather, ‘diversity management’ refers to a set of ideas and practices that have been defined and described in various ways. As its name suggests, diversity management is a management strategy. It is applied predominantly top-down, as a managerial instrument. Its purpose is to enhance the effectiveness and/or productivity of organisations. The central idea of ‘managing diversity’ is that this organisational improvement is to be achieved through recognizing, valuing, promoting and utilizing diversity – whereby ‘diversity’ refers to many, if not all sorts of differences between individuals (cf. e.g. Kirton & Greene 2005: 123ff). (...)*” (Fisher, 2007: p. 95).

The issues of DM have been discussed in the international literature for thirty years now, including in the term that set of practices and policies aimed at enhancing diversity within a work environment in the aspects of gender, sexual orientation, ethnic origins, culture and human abilities (Pollifroni *et al.*, 2016; Riccò *et al.*, 2014; Shore *et al.*, 2009). This convergence of themes finds confirmation in the international literature that identifies the following areas of study of DM: a) Disability Management, b) Gender Diversity Management and c) Cultural Integration Management: the following points offer some insights into these areas of interest.

A) The Disability Management (Gould *et al.*, 2022; Tompa *et al.*, 2008; Weir *et al.*, 2001). The Disability Management concerns the management of disability within both the private sector (businesses and non-profit organizations) and the public (public institutions).

Disability is described by the Convention on the Rights of Persons with Disabilities (CRPD) as: “(...) *Persons with disabilities include those who have long-term physical,*

mental, intellectual or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others (...)" (United Nation, 2006: p. 4).

A theme underlying that disability is the digital divide; it concerns the accessibility to information technologies by people with disabilities, a phenomenon that is increasingly growing both in the school and in the workplace.

B) The Gender Diversity Management (Mousa *et al.*, 2020; Prügl, 2011; Turner, 2009). The Gender Diversity Management has spread and imposed thanks to the Beijing Platform (Beijing Platform for Action), a document developed on the occasion of the Fourth World Conference on Women of the United Nations which took place in Beijing (China) in late 1995. The platform explicitly referred to "gender sensitive budgets" and supported the need for action of a gender mainstreaming strategy in all policies in order to pursue equality between men and women and some strategic objectives for national governments.

Gender mainstreaming and gender budgeting are strategies aimed at introducing the principles of equity, efficiency, awareness and transparency in the policies implemented by the public sector. In subsequent years, the issues of Gender Diversity Management have expanded to involve the private sector (profit and non-profit) and the aspects concerning sexual orientation emerging from "liquid modernity" (Bauman, 2013).

Currently the main topics on which the attention of Gender Diversity Management regard: the Gender pay gap, gender equality and related issues concerning Lgbtq + (acronym of lesbian, gay, bisexual, transgender, and queer, plus other sexual and gender identities).

C) The Cultural Integration Management (Spataro, 2005; Teerikangas *et al.*, 2011; Bijlsma-Frankema, 2001). Globalization and technology have redesigned space and time, leading to the creation of dynamic, global environments inhabited by heterogeneous subjects. The observation of these areas at the macro level, through the study of multicultural cities such as metropolises, through the analysis of social dynamics in complex organizations (such as public institutions, or non-profit organisations, or business companies), has highlighted the need to devise a new relational paradigm, capable of generating value from diversity.

The creation of value for the community – whether it is a metropolis or a complex organization – is however the final result of a complex process, the beginning of which lies in the understanding of the nature of others and whose evolution involves not only the acceptance of diversity, rather its integration and subsequent transformation into a resource. For taking place this process it is necessary that each individual is able to acquire knowledge (education) and to express it within a context (world of work), without one of their characteristics - detached from the role they concur to cover - becoming disabling factor. It is also essential that, in the exercise of their functions, this distinctive feature does not become a reason for marginalization or the cause of a lower recognition of the work performed (wage gap).

The Cultural Integration Management, which becomes more evident in the destination areas of the current migratory flows, covers these areas of interest: the containment of war events and the creation of economic opportunities in the areas of origin of migratory flows, would undoubtedly lead to a downsizing of migratory dynamics.

4. Conclusion

In the previous pages, we have stated that the DM represents an internal adaptation of economic theories oriented towards autarky within companies.

Between the DM and these theories, the differentiating aspect concerns the closure towards the external environment (an antithetical vision to that of the DM, which instead represents the maximum dimension of openness towards the eternal environment and inclusion), the perspective concern the valorization of internal resources. This enhancement of internal resources allows us to consider the DM, as a new driver of competitive advantage and a concrete example could be the most effective way to internalize this consideration.

The example can involve those restaurants in which – already in the present – staff with disabilities manage the service and the relations with the customers. In these cases, the customer's experience is not limited to the simple pleasure of the dinner or lunch in the gastronomic aspects, but a particular and new human relationship that is empathic, deep, and sincere and in some cases surprising that the person with disability can offer in relationships with the customer can enriches this experience. The intense emotions experienced by this human experience, added to those of a gastronomic nature, lead the customer to return to the restaurant. The restaurateur, therefore, thanks to the DM is able to increase its clientele and consolidate its positioning on the market. The restaurant example represents the hybrid model and the "resource" with disabilities represents the driver of competitive advantage for the restaurant, which goes beyond the simple improvement of the corporate image.

Nowadays, unfortunately, we point out that the sensitivity to the DM still appears somewhat limited and tenuous in the working realities of profit-oriented companies, especially as regards the issues of disability, a phenomenon with an increasing international dimension. In addition to legislative action, we hope an institutional public presence on the market for the creation of new state-owned enterprises that sets an example for other sectors (Bruton *et al.*, 2015; Kickert, 2001; Powell *et al.*, 2019).

In other words, on the issues underlying the DM, waiting should not be limited to individual legislative interventions, but in the face of a clear apathy in the profit sector, national governments should themselves initiate the creation of new profit corporate entities in the form, for example, of profit-oriented companies with public control, sensitive to the contents of the DM.

Pope Francis said: "(...) *we must redesign the economy in order to offer all people a dignified life and at the same time protect and regenerate nature (...)*" (Pope Francis, 2020: p. 53). The meaning of Pope Francis' quote intends to underline precisely this sense of duty in a choice that involves us all, as men, as managers, as public administrators and - in this context - as academics of business economics.

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