Workplace diversity in the United States: the perspective of Peter Drucker

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Abstract

Purpose – The emergence of diversity in organizations is typically traced to the 1960s when legislation was enacted in the USA to prohibit discrimination against ethnicity, gender, national origin, race, and religion. However, Peter Drucker found that workplace diversity had its origin in the aftermath of World War I. In response, this paper aims to address the historical evolution of workplace diversity through the lens of Drucker.

Design/methodology/approach – The paper traces the historical evolution of Drucker’s perspective on workplace diversity and the circumstances that catapulted him to advocate for understanding and valuing diversity in organizations. Further, it uses passages from Peter Drucker’s published accounts to illustrate his understanding of demographic trends and how these trends impacted the competitiveness of the organization and management of workplace diversity.

Findings – Drucker’s early life experiences influenced him to become a tenacious advocate for workplace diversity. As a reflection of these experiences, Drucker’s understanding of human resource management led him to implore his readers to use human resource practices to leverage the power of evolving demographic trends. Drucker later refined his prescriptions on workplace diversity by incorporating several assumptions from the strategic human resource management literature into his research.

Research limitations/implications – Future workplace diversity research would benefit from evaluating Drucker’s propositions on leveraging the power of demographic trends through human resource management practices.

Originality/value – This historical analysis of Drucker’s vast body of research provides substantial insight into his practical arguments for understanding and valuing diversity in organizations. To the best of one’s knowledge, organizational researchers and management historians have not extensively evaluated Drucker’s contributions to the workplace diversity literature.

Keywords Management history, Human resource management, United States of America, Equal opportunities

Paper type General review

When Peter Ferdinand Drucker died at the age of 95, many publications by respected practitioners discussed his numerous contributions to the field of modern organizations and their management (e.g. Bennis, 2006; Byrne, 2005; Collins, 2005; Lauer, 2005; Material Handling Management, 2005; Training, 2005). One of these articles, however, included criticisms from academic professionals along with a brief review of Drucker’s vast array of contributions to the practice of management (Byrne, 2005). Specifically, Byrne argued that, in academia, Drucker was often considered a prolific writer but not an organizational scholar. Further, many organizational researchers avoided reading Drucker because they found him “superficial”. In the introduction of Drucker’s revised book, Management, Jim Collins noted that, when he
mentioned to a colleague that Peter Drucker was an influential figure in his scholarly publications, the colleague responded, “but he’s so practical” (Drucker and Maciariello, 2008, p. xii). Collins suggested that Drucker would have been very proud of the colleague’s criticism because Drucker’s theories have fundamental applications in the real business world. The following quote from Drucker shows that he clearly understood the influence of gatekeepers in management and organizational research, as they decide what receives attention and what is neglected or ignored. A good example is what happened to the most insightful of the earlier management scholars: Mary Parker Follett (1868-1933). Because her assumptions did not fit the realities which the budding discipline of management assumed in the 1930s and 1940s, she became a “nonperson” even before her death in 1932, with her work practically forgotten for 25 years or more. And yet we now know that her basic assumptions regarding society, people and management were far closer to reality than those on which the management people then based themselves – and still largely base themselves today (Drucker, 1999a, p. 3).

Possibly to ensure that his contributions would be understood and documented for posterity, Drucker (1999b) wrote the following in Figure 1.

After delving through innumerable articles and books regarding Drucker’s contributions spanning 75 years and evaluating comments from his critics in academia, we reflected further on our respective doctoral programs in management. Specifically, we remember our cohorts, our awe-inspiring professors, endless nights of studying, and the major management theoreticians discussed in our classes. However, one name was rarely, if ever, mentioned in our seminars that of Peter Drucker. While Drucker’s work appears to be more appropriate for Executive MBA education rather than the intellectual rigour of a doctoral program, it is important to note that sometimes “… convoluted prose can be turned into a crystalline and compelling

January 18, 1999

What do I consider my most important Contributions?

- That I early on— almost sixty years ago— realized that MANAGEMENT has become the constitutive organ and function of the Society of Organizations;

- That MANAGEMENT is not "Business Management— though it first attained attention in business— but the governing organ of ALL institutions of Modern Society;

- That I established the study of MANAGEMENT as a DISCIPLINE in its own right;

- That I focused this discipline on People and Power; on Values; Structure and Constitution; AND ABOVE ALL ON RESPONSIBILITIES— that is focused the Discipline of Management on Management as a truly LIBERAL ART.

Peter F. Drucker
propositional inventory” through post-hoc theory construction (DiMaggio, 1995, p. 396)[1]. Various authors have made these same arguments and insisted that Drucker’s work was not given its deserved respect (see O’Toole et al., 1985; Hays and Russ-Sellers, 2000; Tarrant, 1976). We find this intriguing and disturbing, since numerous executives, management practitioners, and organizational researchers (including Drucker himself) have argued that Drucker was the father of modern management (Bowman and Wittmer, 2000; Drucker, 1999b; Romar, 2004; Schwartz, 2007).

An even more disturbing aspect might be the failure of organizational researchers’ and management historians to notice that Drucker emphasized the importance of workplace diversity[2]. Specifically, in his article entitled “Management’s new role”, Drucker asserted:

Management is also a culture and a system of values and beliefs. Management may well be considered the bridge between a civilization, which is rapidly becoming worldwide, and a culture, which expresses divergent traditions, values, beliefs, and heritages. Management must become the instrument through which cultural diversity can be made to serve the common purposes of mankind (Drucker, 1969, p. 53).

While some of Drucker’s academic research addressed various aspects of workplace diversity, few authors and researchers have sought to apply Drucker’s concepts to the literature about workplace diversity. In fact, a recent review of major texts on such diversity (e.g. McKinney and Oyler, 2009) found that none had evaluated the important contribution of Drucker’s vast collection of management writings to understanding and valuing diversity within the organization. Further, management scholars have also not explored the extent to which Drucker provided recommendations for understanding and valuing diversity (see Shore et al., 2009). Given Drucker’s early encounters with leading psychological and economic researchers as well as his brief experiences with (and writings about) the discriminatory tactics of the Nazi regime and his extensive prescriptions on the importance of demographic trends, we find this lack of integration between the diversity management literature and Drucker’s work disheartening.

To assist our readers in understanding Drucker’s interest in diversity as an integral part of who he was as a person and what he understood management to be, we first provide a brief historical overview of his early life and the experiences that formulated his beliefs, personality and values. We then discuss his understanding of human resource management (HRM) and how workplace diversity was interwoven into his early intellectual pontifications. Further, we highlight the contribution of HRM and strategic planning to the field of strategic human resource management (SHRM). At the same time, we explain the extent to which Drucker incorporated the SHRM literature into his work in order to refine his thinking on workplace diversity. Then, a dialogue is presented that makes Drucker’s case for business diversity. Finally, we summarize the main points from this analysis.

Formative influences on Drucker’s philosophy of workplace diversity

Drucker was a renaissance man (Byrne, 2005) and gained a great appreciation for diversity from his young days in Austria and Germany. Drucker’s parents were well-educated, as his father was a lawyer/economist with the Austrian government and his mother studied medicine (Beatty, 2005). Further, both parents had a profound
impact on young Drucker’s life, including their demands for better primary education and his exposure to prominent, intellectual figures in Viennese society. As a boy, he was educated by two sister-teachers who taught him non-traditional subjects in addition to the common core (see Beatty, 2005; Byrne, 2005). Drucker learned not only to read and write from Miss Elsa and Miss Sophy, but he also learned the fine details of cooking and sewing. His educational experiences remained quite rich, as his parents exposed him to Vienna evenings that included the likes of the Vienna Philharmonic (Beatty, 2005). Drucker’s quintessential experiences as a youth were also filled with:

Larger than life characters: men of letters, such as Hugo van Hofmannsthal and Arthur Schnitzler, who were his parents’ “best friends”; men such as Sigmund Freud, who ate lunch at the same cooperative restaurant during the food shortages of World War I as the Druckers and vacationed near the same Alpine lake (“Remember today”, his parents told young Peter when he was introduced to Freud. “You have just met the most important man in Austria, and perhaps in Europe”); and such protofeminists as his “aunt” Trudy, the only woman doctor of her time to become a chief of staff and director of a European hospital, and Genia Schwarzwald, who founded Vienna’s first college preparatory school for girls (Gabor, 2000, p. 298).

After finishing high school in 1927, and much to the dismay of his father, Drucker left to take a clerk’s job in an export firm and attend law school as a part-time student at Hamburg University (Beatty, 2005; Gabor, 2000). In early 1929, he wrote an article for a prestigious economic journal that predicted stocks would continue to rise in the bullish market. Shortly thereafter, the 1929 stock market crash occurred, and Drucker pledged to avoid presumptuous predictions (Gabor, 2000). One valuable outcome of this blunder was a new job as a financial writer at Frankfurter General-Anzeiger, and the opportunity to complete his degree in securities law at the University of Frankfurt (Beatty, 2005; Gabor, 2000). After Drucker completed his degree, he worked part-time as a professor and was promoted to editor of a newspaper in Cologne (Gabor, 2000). However, after the failure of European capitalism following the crash and during the resulting depression, life quickly changed in Germany from one of tolerance to one of hatred and irrationality. Although Drucker was offered a job in the Foreign Office of the Nazi party, he vehemently opposed the Nazi regime (Gabor, 2000). In protest, he wrote a pamphlet, Friedrich Julius Stahl: Konservative Staatslehre und Geschichtliche Entwicklung (1933), on Friedrich Julius Stahl, who was an ecclesiastical lawyer and of Jewish descent. The Nazi regime confiscated and burned the pamphlets and made a decisive point to besmirch the Jewish faculty at the university where Drucker lectured (Beatty, 2005). Towards the end of 1933, Drucker fled Germany for England and worked for a merchant-banking firm (Gabor, 2000). By chance, he became reacquainted with Doris Schmitz (whom he met in Germany), and they eventually married. He also had a short educational interlude at Cambridge where he studied economics under John Keynes (Gabor, 2000). However, he quickly realized that his interests converged on people and not economics. For example, he wrote another pamphlet, Die Judenfrage in Deutschland (1936), which examined the forced emigration of Jews from Germany. In addition, during his time in England he began his first major work, The End of Economic Man (Drucker, 1939). Ultimately, Drucker found his strength, which was writing non-fiction and short pieces that chronicled and prescribed the behavior of individuals and organizations. In 1937, the Druckers grew tired of England and decided to move to the USA (Gabor, 2000).
Early in his career, Drucker examined managerial and diversity issues as they affected countries, industries, organizations and individuals. Specifically, Drucker (1939) concentrated on the historical roots of totalitarian societies with major emphasis on the ills of fascism and Nazism. Drucker (1939) asserted that fascism afforded a non-economic approach to society in which all societal classes worked together for the collective good of the State while Nazism focused on the collective good of the German people at the expense of other races. Further, Drucker explained how the Great Depression and the First World War had destroyed man’s belief in capitalism, as these events had allowed a small minority of business owners to accumulate great wealth due to their self-interest rather than free market competition and equality of opportunity. In response to these clashing ideological gladiators, Drucker advised his readers to organize themselves in ways that promoted collectivism and challenged them to fight against a society that was overwhelmed with political and social chaos. Further, he implored his readers “... to find a new, positive non-economic concept of Free and Equal Man” (Drucker, 1939, p. 251). In essence, Drucker was arguing for a new society built on economic standards that held altruism and charity as the main organizing principles.

The aftermath of Hitler, Nazism and World War II continued to impact American society and Drucker’s views on management. As a result, he developed a social theory in his second book, “The future of industrial man” (1942), by exposing the major weaknesses in industrial society. That is, he maintained:

We have a magnificent technical machine for industrial production ... We have a considerably weaker but still very impressive economic machine for the distribution of industrial goods. Politically and socially, however, we have no industrial civilization, no industrial community life ... It is this absence of a functioning industrial society, able to integrate our industrial reality, which underlies the crisis of our times (Drucker, 1942, p. 28).

To neutralize the weaknesses of industrial society, Drucker proposed that people develop a new impetus towards ethical principles. He insisted “To overcome Nazism we must take our stand on the old Christian principle that in his moral character the common man is very much alike regardless of race, nationality, or color” (Drucker, 1942, p. 19). Hence, Drucker emphasized the importance of individual freedom and a free society for all people. In addition, he also understood that society and organizations must view employees as more than economic man by recognizing their inherent need for a sense of organizational community. For example, he proposed that “No society can function as a society, unless it gives the individual member social status and function, and unless the decisive social power is legitimate” (p. 28). Further, to become a free and functioning society, he proposed that “a society must master the material world, make it meaningful and comprehensible for the individual, and it must establish legitimate and social power” (p. 27). In asserting the importance of community within the organization as a possible alternative to economic man, Drucker proclaimed in the closing sections of his second book: “Above all, we shall have to prevent centralized bureaucratic despotism by building a genuine local self-government in the industrial sphere” (p. 203), and “The plant must be made into a functioning self-governing social community” (p. 205). Ultimately, Drucker articulated a cooperative community vision as a means to create a free, functioning society. Specifically, this vision translated into the belief that managers must establish their legitimacy by motivating workers to become more productive and by establishing...
a work environment in which workers can individually pursue meaningful work (see Schwartz, 2004). Hence, Drucker believed that the pursuit of meaningful work would lead to more positive individual attitudes and behaviour, which in turn would create a more utopian organizational community.

Drucker carried these ideas forward in his third book, *Concept of the Corporation* (1946), and incorporated his communitarian vision with his consulting experiences at General Motors. Specifically, in this book he continued to argue for the importance of the individual’s work and his/her contribution to the organizational community. He conjectured that in “the modern industrial society the citizen must obtain both his standing in his society and individual satisfaction through his membership in the plant, that is, through being an employee. Individual dignity and fulfillment in an industrial society can only be given in and through work” (pp. 140-1). Drucker also argued for the importance of equal treatment for all workers regardless of their differences. He advised: “Equal opportunity means obviously that advancement not be based on external hereditary or other fortuitous factors. But it also means that advancement be given according to rational and reasonable criteria” (p. 142). Further, he proposed that organizations should advance equal opportunities by developing human resource (HR) practices that promote workplace diversity[3]. First and in regards to employee selection, he recommended the organization develop and implement “a clear, comprehensible and reasonably impersonal policy” (p. 145). Second, in regard to organizational promotions and advancement, he proposed that the organization demand “a criterion of promotion based on those most elusive factors, performance, ability and character” (p. 145). Third, he chided organizations for their incessant focus on recruiting employees based on their educational pedigree and argued that “it is therefore imperative for the corporation to make it possible for men of ability to gain preferment regardless of the formal education they were able to acquire before going to work in industry” (p. 148). Fourth, Drucker concluded that employees ripe with “latent abilities” are often overlooked because the modern corporation is too big. Thus, he argued for the implementation of mentoring programs in which employees had “a chance to show what they can do and a personal contact with somebody interested in what they can do”. (p. 149). In sum, these arguments speak to Drucker’s philosophy of valuing diversity in organizations by emphasizing individuality and organizational community through effective HR practices tailored to the needs of the individual. Since personal context is very important to understanding Drucker’s emphasis on understanding and valuing diversity in organizations, we digress with a brief explanation on the historical roots of social community[4]. Drucker’s early work appears to be primarily influenced by religious philosopher Martin Buber (see Schwartz, 2003). Schwartz speculated that Buber was an important figure in Drucker’s life because he was good friends with Hugo van Hofmannsthal and Arthur Schnitzler, Drucker attended Buber’s lectures at the University of Frankfurt, and Drucker wrote about his encounters with Buber in *Adventures of a Bystander* (1978). Buber’s influence on Drucker is quite intriguing because Buber was a member of Die Neue Gemeinschaft (the New Community). This society was unique because it rejected fundamental economic and religious assumptions of the primacy of socialization over self-preservation and lauded individualization, self-realization, and reciprocity between individuals (Schmidt, 1995; Schwartz, 2003). In Schmidt’s biography of Buber’s formative years and on the
corresponding influence of Die Neue Gemeinschaft, she emphasized that “The philosophy of the group treasured diversity of opinion and required that deed supersede ideology and religion” (Schmidt, 1995, p. 14). Along these same lines, Buber (quoted in Schmidt, 1995, p. 15) discussed the ultimate purpose of individualism and self-realization: “If we differentiate ourselves thoroughly, when we as individuals descend deeply into ourselves, then we’ll eventually find, in the innermost core of hidden being, the most ancient and the most general of community: with humanity and with the universe”. In essence, individuals have superficially unique differences, but in the process of understanding one’s self, these differences diminish and among diversity emerge common bonds. These views are chronicled in Concept of the Corporation (1946), as Drucker acknowledged that workers should be treated by management as fellow employees. Furthermore, Schmidt (1995, p. 37) painted Martin Buber’s appreciation for diversity with a unique description: “Buber saw diversity as an intrinsic quality of beauty”. Schmidt went on to say that Buber believed that “Although diverse eternal elements manifest themselves in a limited and finite way in the individual, every person develops his or her unique potential and preserves his or her uniqueness” (Schmidt, 1995, p. 37). While Schwartz (2003) attributed Drucker’s understanding of individualism and appreciation of HR practices to Buber, it also appears that Buber duly influenced Drucker’s views on workplace diversity. To summarize, Drucker’s erudite perspective on diversity in organizations was the result of influences from his childhood and youth experiences in Austria and Germany, his formidable encounters with the Nazi regime, his consulting experiences at General Motors, and his academic influences from Martin Buber. In his later research, Drucker combined these experiences to develop a strategic vision for valuing diversity in organizations that is based on the foundations of HRM[5].

Looking back at Drucker’s evolving perspective on human resource management
While the history of HRM in the USA has been discussed extensively elsewhere (e.g. Jacoby, 1985; Wren and Bedeian, 2009), it is important to understand the historical context of Drucker’s research in relation to evolving HRM issues in the twentieth century. In addition to Drucker’s early writings on his communitarian vision and leveraging workplace diversity with HR practices, his early research increasingly focused on HRM and leveraging the power of the knowledge worker. This body of research corresponded to the bureaucratic period in the history of HRM (see Langbert and Friedman, 2002)[6]. From the 1980s forward, Drucker’s published accounts evolved to emphasize HR practices and human capital as valuable sources of competitive advantage. Langbert and Friedman (2002) referred to this as the high performance period of HRM. Therefore, this section of the paper is structured around the bureaucratic and high performance periods in HRM history. We first provide a brief overview of the salient issues for each period and then highlight additional contributions from Drucker.

Bureaucratic period
Before World War I and up until the late 1970s, HRM found its roots in scientific management practices, bureaucratization, employment protective legislation, and unionization (Langbert and Friedman, 2002). Specifically, Frederick W. Taylor (1911)
and his scientific management school advocated setting performance standards based on individual piece-rate incentives and cooperation of employees and employer through “mutuality of interest”. Additionally, Taylor emphasized the need to match employee abilities with the specific demands of the jobs through his “first-class” man standard (Wren and Bedeian, 2009). Ultimately, the scientific management school laid the framework for appropriate selection, training, compensation, and performance appraisal techniques that comprised modern HRM (Locke, 1982). While scientific management met great resistance from union leaders (see Wren and Bedeian, 2009), bureaucratization, in combination with scientific management, was an attempt by employers to stabilize employment through rule-bound procedures at a time when there was growing hostility between employers and workers (Lengnick-Hall and Lengnick-Hall, 2003). The outcomes of bureaucratization were job analysis, job evaluation, and job classification and enhanced employee selection and training and development techniques (Jacoby, 1985). Further, during this period, several important pieces of federal legislation were passed in the USA in order to promote equity among workers, including the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967[7]. Additionally, and in support of bureaucratization, union leaders encouraged collective bargaining and pro-labour legislation for the protection of labor unions (Langbert and Friedman, 2002; Lengnick-Hall and Lengnick-Hall, 2003). An important result of the bureaucratic period in HRM was that managers gained a neoteric approach to the practice of management.

As we move forward and delve into Drucker’s early research, the main elements of this period will resurface in his work. For example, Drucker’s research evolved in this period from emphasizing the employee as a valuable human resource to proclaiming the importance of developing HR practices to manage the employee. While some of Drucker’s concepts were not new such as challenging management to motivate the individual worker and developing executive education programs to prepare executives for leadership challenges in complex organizations), his state-of-the art ideas on developing HR practices to leverage the power of workplace diversity deserve additional emphasis.

During World War II, most European industries and organizations had been destroyed while US industries rapidly expanded and retooled their operations. In fact, Drucker chronicled the reconstruction of Western European industries and organizations, as the Marshall Plan sent teams of businessmen, educators, engineers, labour union leaders, and middle-level managers to the USA to study modern management techniques (Drucker, 1952a, p. 67). The prevailing opinion of the European productivity teams was that recovering Western European industries needed to mimic various aspects of HR practices found in American businesses in order to rebuild industries and organizations that were devastated during World War II (Drucker, 1952a). Drucker, along with these teams from major Western European industries, attributed the success of US productivity to efficient leadership and close cooperation between management and labour, continuous improvements in new markers and products, innovative training and development programs, and “the idea that human resources are the basic resource” (Drucker, 1952a, p. 38)[8]. While the Europeans were highly impressed with American industry, the American executive was aging due to unavoidable conflicts from The Great Depression and previous wars. Specifically, many highly talented workers were removed from the working ranks due to these political
events. During this same period in the USA, the percentage of total employment in the goods-producing sector began to decline whereas shares of employment in the services sector experienced steady growth (Bhidé, 2008; Urquhart, 1984). In addition, a historical analysis of the employment shift to services revealed that this growth was not due to migration of workers but was attributable to an expansion of the workforce through the addition people from backgrounds other than white and English speaking (Urquhart, 1984). Thus, as organizations increasingly became more structurally complex due to evolving demographics and technological advancements, older executives became out of touch in their understanding of the whole business. Based on his vast experiences with consulting businessmen and organizations, Drucker became a proponent of executive development programs to rectify these problems. Specifically, Drucker, 1952b advocated for the executive education movement because he believed that the management job was becoming increasingly complex and executives needed to be prepared to function in roles as highly trained generalists. Further, he believed that younger, promising managers should also pursue executive training in order to address the graying executive problem. Drucker concluded by arguing: “With business becoming the dominant activity in our society, opportunities for the young, ambitious and able Americans spell out the meaning of his belief in ‘equal opportunities’ increasingly” (Drucker, 1952b, p. 37).

In *The Practice of Management*, Drucker (1954) formally introduced managers to the importance of human resources. Drucker suggested that workers are inherently different from other organizational resources. Specifically, the worker has “... absolute control over whether he works at all ... The human resource must therefore always be motivated to work” (Drucker, 1954, p. 264). In addition, the worker demands “fulfillment of status and function in his job and through his work ... the promise of justice through equal opportunities for advancement ... his work be serious and meaningful” (Drucker, 1954, p. 269). In return, the worker must also contribute to the organization. For example, Drucker suggested that the organization demand “willing dedication ... aggressive *esprit de corps* ... active assumption of responsibility for the enterprise’s results ... willingness to accept change” (Drucker, 1954, p. 267-8). In earlier research, Drucker was obscure on the concept of the individual and their relationship to the organizational community. However, what we see in this book is the evolution of his perspectives on what workers demand from the organization and what the organization requires from the individual. To this end, Drucker provided a noteworthy indictment against HRM by highlighting three misconceptions:

(1) “It assumes people do not want to work” (p. 276).

(2) “It looks on the management of the worker and work as a job for a specialist and not a manager” (p. 277).

(3) It tends to be a “fire-fighting” profession, “concerned with problems and headaches that threaten the otherwise smooth functioning of the organization” (p. 277).

Nevertheless, Drucker remained optimistic about the future of HRM and its potential ability to manage the relationship between the worker and the work.

As the Depression of 1958 engulfed the USA, Drucker (1959a) quickly realized that the confines of human resources had changed from a workforce composed of primarily manual laborers to one of managerial, technical, and professional employees. For the first time in history, organizations would need to change their financial and strategic
orientation towards human resources from one of variable to fixed personnel costs. Essentially, professional employees represented the major productive capacity and capital resources of the organization. In Drucker’s view, these new knowledge workers, “… who worked with their minds rather than their hands”, became constitutive strategic assets of the organization (Drucker, 1959a, p. 32).[9] Thus, the strategic importance of HRM was catapulted from a staff function to a primary function within the organization.

During the 1960s, the USA experienced an unprecedented boom that was occasionally interrupted by a short-term recession. As the early generation of Baby Boomers began to reach adulthood, their aspirations and values were markedly different from their parents’ generation[10]. Many Baby Boomers had their goals set on higher education, and the number of granted undergraduate and graduate degrees doubled from 1957 to 1967 (Gitlin, 1987, p. 21). Moreover, the Baby Boomer generation experienced many new directions in civil rights with the United States Supreme Court Decision in Brown v. Board of Education of Topeka (1954)[11] to end racial segregation in schools, the racial integration crisis at Little Rock Central High School in Arkansas in the Fall of 1957, the United States Civil Rights Act of 1964 that banned segregation in public places and discrimination in employment, and the rise of Dr Martin Luther King, Jr who was a civil rights activist[12]. Not surprisingly, Drucker understood the corresponding demographic, political, social, and technological changes that affected HR practices within the organization (Drucker, 1960). Advances in technology and increases in the sheer numbers of knowledge workers were important opportunities that required American organizations and labor unions to re-analyze their current strategic situation and to re-organize traditional business practices. At the same time, these opportunities necessitated the understanding of workplace diversity such that different generations, dual-income households, and ethnicity would impact the effective functioning of the organization. Further, organizations had to respond to these workforce changes by re-engineering their HR practices. Some of these organizational changes included developing recruiting and selection practices that targeted minorities and formulating organizational benefits that were tailored to diverse populations (Drucker, 1960).

During the 1970s, the USA found itself involved in a number of wars and military skirmishes coupled with stagflation and an overabundance of corporate diversification activities. In turn, the rapid domestic and international growth of many US industries and organizations necessitated evolution of stagnant and extant HR practices (Kotter and Sathe, 1978). Organizations had been built on fundamental management principles introduced by Henri Fayol and Max Weber, and both of these theorists stressed the importance of the hierarchal organization that utilized centralization, formalization, and specialization (Fayol, 1916; Weber, 1947). According to Burns and Stalker (1961), the mechanistic organization was the requisite organizational structure for manufacturing businesses and for stable environments. However, with the advent of non-manufacturing realities and the growth of service businesses, the mechanistic organization no longer met the needs of dynamic organizations in turbulent environments (Burns and Stalker, 1961). Thus, Drucker (1974), along with other organizational theorists, implored organizational leaders to redesign organizations through a humanistic perspective (see Argyris and Schön, 1974; Bennis and Slater, 1968; McGregor, 1960). Specifically, Drucker compared the organization to a living
organism that had distinct, functioning body parts and believed that organizations should be built with a major emphasis, placed first on the strategy of the firm followed by the structural fit between the people, the job, and the organization. In addition, the “... liberation and mobilization of human energies – rather than symmetry, harmony, or consistency – are the purpose of the organization” (Drucker, 1974, p. 53). Not surprisingly, most organizational researchers neglected Drucker’s early insights on human resources and HR practices (Marciano, 1995).

During the bureaucratic period of HRM, Drucker, along with other organizational researchers, discovered that industrialization and corresponding advances in technology required a new managerial mindset. First, the workforce no longer consisted of only unskilled labor, but, rather, the operating environment created new opportunities for knowledge workers. Thus, management ideas evolved from viewing human resources as variable costs and dispensable to one that saw them as valuable strategic assets of the organization. Second, from dramatic changes in age structure and increasing gender and ethnic/racial diversity came forth the perspective that all employees should have access to equal opportunities. Drucker’s early prescriptive advice remains intriguing because he touted specific HR practices for employees from diverse backgrounds, regardless of their age, ethnicity, or gender. More specifically, there was a dearth of ethnic/racial and gender diversity research until the passage of Title VII of the Civil Rights Act in 1964 in the USA. However, the passage of the federal Civil Rights Act led to significant changes in the composition of the workforce and provided the foundation for future management research in gender and ethnic issues (Cox and Nkomo, 1990).

**High performance period**

From the 1980s to the present day, organizations have encountered growing international competition, continued and often-dramatic changes in demographic and social trends, expansion of entitlement and regulation laws, and evolution of technology-rich environments. Further, during this period, the field of SHRM was born[13]. Accordingly, organizations were forced to link human resource planning with strategic business planning in order to enhance flexibility and heighten response to employees, customers, and suppliers (Alpander, 1982; Dyer, 1983; Schein, 1978; Schuler and MacMillan, 1984). Because of the evolving changes in the competitive environment, organizations were also required to plan their HRM strategies systematically in order to gain a competitive advantage. To accomplish a strategy for HRM, organizational researchers extended Chandler’s (1962) arguments that organizational structure was the result of organizational strategy and argued that strategy, structure and HR practices must fall into direct alignment (Galbraith and Nathanson, 1978; Tichy et al., 1982). This approach to HRM represented a striking transformation of earlier human resource perspectives in that previously human resource personnel did not play a major role in strategy nor the operation of organizations (see Drucker, 1954; Foulkes, 1978; Schuler, 1987). Further, most organizational researchers examined HR practices as distinct, operational business activities with no connection to managerial and strategic activities (see Devanna et al., 1981). Consequently, organizational researchers realized that many functional HR practices developed in the bureaucratic period would not be successful unless HRM was integrated into the strategy formulation process (see Dyer, 1983).
More contemporary views of HRM include the strategic capability perspective. According to Prahalad, strategic capability is “...the ability of an organization to think and act strategically – in a changing competitive environment, rather than expend the energies of the organization in pursuing current fads” (Prahalad, 1983, p. 237). Lengnick-Hall and Lengnick-Hall suggested that “strategic capability is a readiness for the present and an ability to adapt in the future” (Lengnick-Hall and Lengnick-Hall, 2003, p. 3). They also proposed that strategic capability comprises three dimensions that relate to HRM: human capital, structural capital, and relationship capital. They defined human capital as “...the know-how, skills, and capabilities of individuals within the organization” (p. 3); structural capital as “...the organizational architecture and managerial processes that enable human capital to create market value” (pp. 3-4); and relationship capital as “...the interpersonal connections across members of the firm and relationships with suppliers, customers, and other firms that provide the basis for cooperation and collaborative action” (p. 4). The interaction of these dimensions generates value and contributes to firm competitiveness. At the same time, HRM creates a mechanism through which these dimensions can lead to the strategic capability and ultimately the sustained competitive advantage of the firm. Specifically, HR practices, in combination with human resource policies, help to construct the foundation for development of human capital, organizational design, and external stakeholder relationships (Lengnick-Hall and Lengnick-Hall, 2003).

The main developments in the high performance period reflect two underlying challenges to HRM – creating value in a global economy and delivering that value. The first challenge examines the extent to which human resource executives understand the demographic, economic, social, and technological forces that drive competition (Wright and Snell, 2005). The argument for value creation is readily apparent in Drucker’s early research (e.g. Drucker, 1942, 1946, 1959a, b, 1960), as he recognized that demographic and technological forces would influence organizational effectiveness and HRM. The second challenge focuses on value delivery in which human resources must illustrate its tangible impact on key issues that affect the organization by building strategic capability (Wright and Snell, 2005). The second challenge surfaces in Drucker’s later work (e.g. 1977, 1980, 1998, p. 16, 2002a, b) as he believed that value delivery was driven by building core competencies around human resources and HR practices that promote workforce diversity. Interestingly, Drucker’s emphasis on valuing diversity in organizations is related to a third challenge: the living values challenge. Living values look at the extent to which the organization values economic, ethical, legal, and strategic dimensions (Wright and Snell, 2005). While this challenge has not been typically discussed under the rubric of HRM and usually falls under social issues management (see Carroll, 1979; 1999), it is a viable component of the HR profession. As we move forward in this paper, we will see that Drucker espoused all three challenges across his later research on the strategic significance of human resources.

Drucker clearly understood the significance of linking human resource planning with formal strategic planning in the modern organization. In “People and performance: the best of peter drucker on management” (1977), Drucker briefly traced the historical inception of multinational corporations to the middle of the nineteenth century and firms such as Siemens and Singer. He further explained that unprecedented technological innovations and expanding world trade led to the emergence of multinational corporations. The strategic response to these evolving
business opportunities resulted in a multinational strategy that focused on “... the integration of the factors of production for a common worldwide market” (Drucker, 1977, p. 201). Consequently, the organizational structure for the multinational corporation was one that managed “common resources for one common market” and where managers and employees were “full citizens” of both the parent and the subsidiary (Drucker, 1977, p. 218). Accordingly, Drucker provided unique insights on multinational corporations by applying Chandler’s arguments that organizational structure was dictated by organizational strategy. In addition, Drucker realized the importance of direct alignment of strategy, structure, and HRM in the multinational corporation. Specifically, he maintained the following: “what distinguishes the multinational corporation from another business is that it faces both internal and external diversity. It has to create unity within its own managerial organization and yet do justice to the diversity of peoples, nationalities, and loyalties within it” (Drucker, 1977, p. 206). To promote equal opportunities in the multinational organization, Drucker emphasized the importance of linking human resource planning to strategic planning by arguing for the creation of staffing and appraising activities that were tailored to the needs of a multinational workforce.

Building on years of consulting experience and an intuitive sense of understanding new challenges for management, Drucker argued that, if an organization failed to monitor evolving environmental opportunities and develop strategic capability effectively, it would squander its resources and lose its competitive advantage (1995). Drucker’s ideas were congruent with Prahalad’s (1983) thesis on strategic capability. Yet, Drucker’s perspectives also borrowed from the resource-based view (RBV) of the firm in that internal resources were viewed as sources of competitive advantage for the firm (Barney, 1991). Further, Barney (1991) specified the characteristics of firm resources that were necessary for a sustained competitive advantage and classified firm resources as physical, human, and organizational capital resources. Specifically, sustained competitive advantage is created by resources that are valuable, rare, costly-to-imitate, and non-substitutable.

In his article “The future that has already happened” (1998), Drucker developed arguments based on two different perspectives on the RBV of the firm in the SHRM literature. First, Drucker insisted that competitive advantage for organizations is found in knowledge workers and not technological innovations. Thus, that human resources are important as a source of sustained competitive advantage is evident in Drucker’s first argument. Likewise, Wright et al. (1994) maintained that human resources were the most non-substitutable resource even when compared to technological innovations. Moreover, they reasoned that the human resource capital pool was more sustainable because the latest advances in technology were imitable through purchase on the open market. Ultimately, Wright et al. (1994) extended the RBV of the firm to human resources and explored conditions under which the organization’s human capital pool would likely lead to sustained competitive advantage. To this end, they claimed that the characteristics of human resources would not create value for the firm unless employees exhibited the competencies in the form of knowledge, skills, and abilities (KSAs) to influence behaviour. Second, Drucker claimed that countries, industry and organizations must respond to opportunities created by demographic changes. Further, he argued that no organization would maintain a competitive advantage until the organization developed novel approaches to dealing with knowledge workers and
their productivity. In return, the organization must “... be designed for a specific task, time, and place (or culture)” because it “... will increasingly consist of people who cannot be ’managed’” (Drucker, 1998, p. 18). This later argument is congruent with the perspective that systems of HR practices can contribute to the sustained competitive advantage of the firm as long as these practices elicit appropriate employee behaviours and organizational outcomes (Lado and Wilson, 1994)[15].

As the field of SHRM progressed from simply linking human resource planning with strategic planning to one that incorporated the RBV of the firm into theoretical and empirical research, newly formed consensus combined the perspectives on human resources and systems of HR practices into a model based on the architectural approach to SHRM (Wright et al., 2001)[16]. Specifically, Wright and his colleagues (2001) proposed that the SHRM model has the potential to sustain competitive advantage only to the extent that employees have the appropriate KSAs, that employees engage in behaviour that affects the firm positively, and that management has created people management practices to fit the strategic direction of the firm[17]. These conclusions were re-emphasized by Drucker (2002b) in his article entitled “They’re not employees, they’re people”. For example, Drucker advocated that managers spend time cultivating the pool of human capital within the organization and designing HR practices to elicit appropriate employee behaviours. Drucker stated:

The key to greatness is to look for people’s potential and spend time developing it ... Whether they are traditional employees or temps and contract workers, today’s knowledge workers are not just labor – they are capital. And what differentiates outstanding companies is the productivity of their capital (Drucker, 2002b, p. 76, 77).

Further, Drucker (2002b) argued that, in a knowledge workforce, the system must serve the worker. In essence, an organization must focus on attracting and retaining the best talent in addition to empowering workers to become more productive. Additionally, resource allocation decisions that involve human capital are the most paramount decisions. These same sentiments were echoed in The Daily Drucker in which Drucker maintained:

The allocation of capital and performing people converts into action all that management knows about its business – they determine whether the organization will do well or poorly. An organization should allocate human resources as purposefully and as thoughtfully as it allocates capital ... The decisions to hire, fire, and to promote are among the most important decisions of the executive. They are more important than the capital allocation decision. An organization needs to have a systematic process for making people decisions that is just as rigorous as the one it has for making decisions about capital (Drucker and Maciariello, 2008, p. 376).

The high performance period of HRM led to the development of a new management paradigm that focused on the efficacy of human resource strategy and the birth of SHRM. The main impetus of this period was integrating HRM with strategic planning to develop a theoretical framework for SHRM. At the same time, many of Drucker’s (1954) earlier indictments of the inadequacies of HRM were extinguished during this period. In fact, HRM was promoted from a “housekeeping” and “fire-fighting” job to a more prominent position in the organization that provided inclusion in formal strategic planning processes. Undoubtedly, Drucker integrated perspectives from the SHRM literature into his final years of work.
**Peter Drucker’s contemporary views on valuing diversity in organizations**

While the value in diversity (VID) perspective emphasizes the strategic importance of understanding and valuing differences in employees (e.g., Cox, 1991, 1994; Cox and Blake, 1991), the SHRM model ensures that sustained competitive advantage resonates from the combination of human resource skills, strategically relevant employee behaviours, and systems of HR practices (Wright et al., 2001). However, both VID and SHRM contain overlapping assumptions that the human resource capital pool directly influences sustained competitive advantage when (diverse) human resources create value, possess rare characteristics, and cannot easily be imitated by competitors, and the firm is organized to capitalize on the (diverse) human resources (Barney and Wright, 1998; Richard, 2000). Although the importance of understanding workforce diversity was readily apparent in Drucker’s vast body of scholarly work, his ability to contribute to the VID perspective during his final years was strengthened in part because SHRM provided a solid theoretical and empirical foundation. In this section of the paper, we first highlight major contributions from Drucker’s final years of research. Then we evaluate his work on understanding diversity through his exploration of demographic trends by comparing it to frequently cited resources from the diversity literature.

In two of Drucker’s (1980; 2002a) later books, *Managing in Turbulent Times* and *Managing in the Next Society*, he extensively explored major demographic themes and conjectured that the relatively homogenous American workforce would evolve to include more women, ethnic minorities, and older workers. It is important to note that while his arguments on the consequences of population structure and growth were not new; his ideas about their potential impact were unique because he implored businessmen to take advantage of the opportunities of future demographic patterns. In fact, Drucker argued:

Economists, businessmen, and politicians have always known that population matters. But they usually paid no further attention – and were usually justified in doing so. For population shifts tended to occur on a time scale that made them irrelevant to the decisions businessmen or politicians have to make . . . But during the second half of the twentieth century, the time span of population changes mutated. Population changes now are occurring within exceedingly short time periods. And population changes have become radical, erratic, contradictory – yet more predictable than anything else (Drucker, 1980, p. 77).

As a result, Drucker (1980, 2002a) advised managers and organizations to prepare for these trends, become vigilant and adaptive for sudden change, and to develop strategies to take advantage of new realities and to make opportunities out of turbulent times. Consequently, Drucker (1980, 2002a) addressed the importance of understanding and valuing age, ethnic/racial, and gender diversity. First, increased life expectancies coupled with low birth rates in the USA would continue to increase the proportion of older people in the workplace (Drucker, 1980, 2002a). For example, Drucker maintained that “because the supply of young people will shrink, creating new employment patterns, to attract and hold the growing number of older people (especially older educated people) will become increasingly important” (2002a, p. 237). Second, the American population structure is constantly changing to include more ethnic diversity (Drucker, 1980, 2002a). To illustrate, Drucker said:
There is no way to prevent mass migration from Mexico over an open 2,000-mile border into the United States...Whether they are officially “legal”, “illegal”, or “quasi-legal” is immaterial. Socially and culturally, a mass migration of Mexicans to the United States will exacerbate racial and ethnic tensions...Economically, the mass migration from Mexico...should be beneficial and should in fact endow American manufacturing with competitive strength such as it has not known for some time (Drucker, 1980, p. 92-3).

Third, the US working population is regularly evolving to include more women (Drucker, 1980). For instance, Drucker hypothesized:

The labor force has become heterogeneous; and its fragmentation will continue. Such splintering will continue in respect to age and sex distribution...Perhaps the majority of both older and younger women, will expect different benefits. What appears as a “benefit” or as an “opportunity” to the traditional male employee often has little appeal to the working woman (Drucker, 1980, p. 81).

These arguments are strikingly congruent with assumptions in the frequently cited article by Cox and Blake (1991) that examined individual and organizational benefits of valuing and managing cultural diversity. Although Cox and Blake did not explicitly apply their suggestions to older workers, their suggestions can be extended to other forms of diversity (see Bell, 2007). Specifically, they described the importance of resource acquisition and its contribution to both global competitiveness and organizational competitive advantage. In essence, resource acquisition illustrates how companies gain favorable reputations from the attraction and retention of human capital with diverse backgrounds. Human capital from diverse backgrounds may include dimensions of diversity such as age, cultural/natural origin, disability, ethnicity/race, gender, and sexual orientation (Shore et al., 2009). In sum, the ability to attract and retain older workers, different ethnicities, and females with critical skills and valuable experience will most likely lead to the sustained competitive advantage of the firm. To leverage evolving demographic changes with the strengths of the firm, Drucker suggested:

One can have strategies for tomorrow that anticipate the areas in which the greatest changes are likely to occur, strategies that enable a business or public service institution to take advantage of the unforeseen and unforeseeable. Planning tries to optimize the trends of today. Strategy aims to exploit the new and different opportunities of tomorrow...Any business needs to know its strengths and base its strategy on them. What do we do well? What are the areas in which we perform?...But strengths are always specific, always unique...And finally, what additional strengths do we have to acquire? What performance capacities do we have to add to exploit the change, the opportunities, the turbulences of the environment – those created by demographics, by changes in knowledge and technology, and by changes in the world economy? (Drucker, 1980, p. 61, 65).

In the twenty-first century, the workforce has evolved rapidly to reflect multiple dimensions of diversity that include age, ethnicity, gender, disability, national origin, and sexual orientation (Bell, 2007; Carr-Ruffino, 2007; Harvey and Allard, 2008; Thomas, 2005; Shore et al., 2009). While Drucker’s perspectives on the importance of demographics to organizations were largely neglected by his colleagues in academia, most organizational researchers gravitated towards The Hudson Institute’s demographic research in Workforce 2000 and Workforce 2020. Specifically, Workforce 2000 (Johnston and Packer, 1987) put forth the perspective that the
demographic composition of the US workforce was changing to include more female and minority workers. The sequel report, Workforce 2020 (Judy and D’Amico, 1997), predicted four major macroenvironmental opportunities that faced organizations in the USA. First, the rapid rate of technological change would necessitate more jobs for knowledge workers and reduce workplace entry barriers for females and older Americans. Second, agile and expanding economies such as Asia and Latin America would increase competition for low-skilled jobs and increase the volatility of the American economy. Third, Baby Boomers would work more years before retirement and constitute a major consumer segment of the US economy. Low-skilled jobs lost in the manufacturing sector would be made up in the service sector. Fourth, the US labor force would continue to diversify with minorities accounting for more than half of new net entrants and at least one third of all entrants into the workforce. In sum, the results from both studies indicated that these demographic changes would result in greater demand for upgrading labor qualifications and improving the US labour market. The implications of these reports in combination with Drucker’s predictions reiterate the signification of capitalizing on benefits and minimizing costs of workplace diversity for organizational competitiveness (Cox, 1991; Cox and Blake, 1991).

Given that increasing demographic diversity in the workforce requires that organizations embrace and value diversity and recognize that human resources are sources of sustained competitive advantage, organizations can also increase competitiveness and sustain competitive advantages through the effective management of workplace diversity programs (Richard, 2000; Richard and Johnson, 2001; Wright et al., 1995). Specifically, workplace diversity programs must include a diversity orientation “that represents a configuration of diversity practices . . . that signals that diversity is a core part of the organization and is unequivocally, unconditionally valued” (Richard and Johnson, 2001, p. 179, 191). According to Richard and Johnson (2001), the key elements of a successful workplace diversity program would include mutually reinforcing human resource practices that support diversity through staffing, work design, training and development; organizational policies that follow fair procedures; and management that embraces the practices and policies of the program; and compensation. What remains intriguing is that Drucker drew many of these same conclusions in his third book, Concept of the Corporation (1946), as he advocated for HR policies and practices to enhance equal opportunities in the organization. In addition, Drucker later refined these propositions in Managing in Turbulent Times (1980) and Managing in the Next Society (2002a) by evaluating age, ethnic/racial, and gender diversity in relation to organizational outcomes and business strategy. In a more radical perspective, yet congruent with Drucker, Gary Hamel argued that in a discontinuous world, “Strategy innovation is the capacity to reconceive the existing industry model in ways that create new value for customers, wrong-foot competitors, and produce new wealth for all stakeholders” (Hamel, 1998, p. 8). Further, strategic innovations that have the ability to transform industries and organizations are arguably the direct result of diverse social identities, or “underrepresented constituencies . . . that offer new conceptual lenses” (Hamel, 1998, pp. 12-13). Drucker (1974) insisted that “innovation is not science or technology, but value . . . Another area of innovative opportunity is the exploitation of the consequence of events that have already happened but have not yet had their economic impacts. Demographic events, i.e. changes in population, are among the most important” (Drucker, 1974, pp. 788-9). From our application to workplace
diversity, if the organization fails to respond to emerging demographic trends that support diverse identities and perspectives, the organization will fall short of its goals and objectives. In Drucker’s more ominous words, “the developed world is in the process of committing collective national suicide” (Drucker, 1998b, p. 16, 1999a, p. vii) unless businesses and executives understand the implications of evolving demographic diversity coupled with the necessity of building a productive, knowledgeable diverse workforce. In conclusion, human resources coupled with a diversity orientation that elicits the appropriate individual and organizational outcomes have the potential to create a sustained competitive advantage for the organization. As global demographics change, understanding and valuing diversity has become a reality for modifying workplace policies and procedures (Bell, 2007; Carr-Ruffino, 2007; Harvey and Allard, 2008; Thomas, 2005). At the same time, a more diverse workforce benefits the organization through greater creativity and problem-solving ability, increased access to new consumer markets, larger gains in market share, and marked improvements in employee and organizational performance (Cox, 1994; Joshi et al., 2006; McKay et al., 2008; McLeod and Lobel, 1996; Richard et al., 2004).

Implications for future research
Our purpose in this article has been to analyze and integrate Drucker’s explanations for why and how organizations must respond to evolving demographic trends. Although some of Drucker’s work has exigent applicability to the strategic importance of diversity management for global competitiveness, he is rarely cited in the literature on workforce diversity (see Shore et al., 2009). Therefore, in this section of the paper, we present several of Drucker’s propositions that focused on the importance of age, ethnic/racial, and gender diversity research. Further and in response to current weaknesses in the literature on age diversity (see Shore et al., 2009), we direct most of our suggestions towards new approaches to age diversity research, given that the bulk of Drucker’s prescriptions focused on older workers. In this section of the paper we first address Drucker’s specific propositions for age, ethnic/racial, and gender diversity research and then review current research about each proposition. Then, we provide multiple directions for future research based on Drucker’s propositions.

Age diversity
In Drucker’s last book, Managing in the Next Society, he continually emphasized the importance of age diversity in a global, boundaryless society. He argued that the most important issue facing organizations in the next 30 years is “...the rapid growth in the older population and the rapid shrinking in the younger population” (Drucker, 2002a, p. 235). Further, he suggested that the future of organizations in developed countries will depend on older knowledge workers who “...participate in the labor force in many new and different ways as temporaries, as part-timers, as consultants, on special assignments, and so on” (p. 236). These older knowledge workers are best defined as bridge employees because they are in transition-type positions between their long-term career positions and total retirement, and they are considered part-time or temporary employees who have stopped working full-time yet have not fully retired (Doeringer, 1990; Feldman, 1994). Early bridge employment decisions reflected trends that included:
changes in USA federal legislation that modified the eligibility age for Social Security and outlawed mandatory retirement policies; and
organizational decisions that reduced age requirements for full retirement benefits (Lawson, 1991; Purcell, 2009).

Further, future bridge employment is likely to continue to increase for two important reasons: organizations face ever-increasing labour shortages in professional fields because the American Baby-Boomer generation is approaching retirement age; and many workers plan on working past retirement age for financial and personal reasons (AARP, 2005). In sum, more American workers are retiring early yet still pursue bridge employment for a variety of work and non-work reasons (Wang et al., 2008). Taking these trends in combination with weaknesses in current age diversity research leads to several new directions that include exploring the influence of work experiences and human resource practices on bridge employees’ attitudes and behaviours.

While multiple empirical studies have looked at antecedents of bridge employment (Gobeski and Beehr, 2009; Kim and Feldman, 2000; Lim and Feldman, 2003; Weckerle and Shultz, 1999), very few have examined the impact of bridge employees’ work experiences on organizationally relevant attitudes and behaviours (Armstrong-Stassen, 2008; Armstrong-Stassen and Schlosser, 2008)[18]. For example, Kim and Feldman (2000) found that participation in bridge employment resulted in greater retirement and life satisfaction (Kim and Feldman, 2000). At the same time, they noted that that bridge employees in jobs that were consistent with their career jobs were surprised to find that perks such as secretarial support and office space were no longer available. In a qualitative study using grounded theory, Ulrich and Brott (2005) found that bridge employees in career-consistent jobs or jobs that were different from their career field experienced more challenges when they did not investigate job alternatives prior to accepting the new job. Some of these challenges included emotional issues, lower salaries, relationship constraints, retraining demands, and status changes. However, Ulrich and Brott also discovered that bridge employees were more satisfied when they had meaningful jobs and had thoroughly investigated job opportunities before accepting the position. Further, Armstrong-Stassen (2008) noted the importance of perceived procedural and distributive justice for bridge employees in their decision to continue working for the organization. Thus, future studies should look at organizational and extra-organizational factors that influence bridge employees’ attitudes and behaviours. Further, previous research suggests that systematic differences exist between bridge employees in career-consistent jobs and those in jobs different from their career field. Therefore, future studies should also be designed to take these differences into consideration.

While Kim and Feldman (2000) used Atchley’s (1989) continuity theory of aging to predict a person’s well-being in post-retirement, it seems readily apparent that theoretical perspectives consistent with person-organization fit (e.g. Kristof, 1996) could also be used to explain applicant attraction and post-hire outcomes for bridge employees. This new direction in bridge employment research would fit nicely with Drucker’s proposition that organizations should develop new mechanisms to attract and retain older workers (1980, 2002a). Further, it also fits with research into applicant attraction that found bridge applicants were more attracted to organizations that offered opportunities for flexible work schedules and illustrated their commitment to age diversity through equal employment opportunity (EEO) policies (Rau and Adams, 2005).
Next, Drucker (2002a) maintained that bridge employees would require development opportunities because knowledge easily becomes obsolete and education never ceases in a knowledge society. However, complicating this proposition is the fact that current research suggests that older employees are less likely to receive developmental experiences to improve job skills and to advance in their career (Cleveland and Shore, 1992; Shore et al., 2003). Thus, it appears that, if older employees prefer more access to developmental opportunities, yet fail to receive these opportunities, the organization would create a discouraging organizational climate and would reduce the likelihood that older workers could update their skills and maintain their competence (Greller and Simpson, 1999; Sterns and Miklos, 1995). In fact, recent evidence suggests that, when organizations provided more developmental opportunities for older employees and bridge employees, these employees experienced higher levels of commitment and were less likely to leave the organization (Armstrong-Stassen and Schlosser, 2008). Further, another empirical study found that developmental initiatives and interesting job assignments helped to increase perceived organizational support and career satisfaction and ultimately led to the increased retention of older employees (Armstrong-Stassen and Ursel, 2009). Therefore, these initial results appear to support Drucker’s claim (2002a) that development opportunities are essential for older workers. Unfortunately, the literature has not extensively addressed the availability and importance of developmental opportunities for bridge employees (see Armstrong-Stassen, 2008; Armstrong-Stassen and Schlosser, 2008). At any rate, access to developmental opportunities appears to be just as important to bridge employees because employees who return to bridge jobs in different fields perceive that they have limited skills and experience, even if they possess transferable skills (Ulrich and Brott, 2005). Furthermore, a recent survey of older workers (e.g. 50-65 years of age) found that bridge employees valued training and development opportunities (Armstrong-Stassen, 2008). Thus, future research should examine the conditions that optimize developmental opportunities for bridge employees and how these opportunities affect employee attitudes and behaviours.

Ethnic/racial diversity

Most diversity research in the USA has emphasized negative individual, group, and organizational outcomes because of a reliance on social identity, similarity-attraction, stereotypes, and relational demography as theoretical frameworks (Shore et al., 2009). Research on diversity in the field of human resource management supports these frameworks. For example, racial biases have been shown to permeate and negatively affect the selection process (e.g. Terpstra and Larsen, 1980; Wexley and Nemeroff, 1974). With respect to performance appraisal, previous research demonstrates that race differences in the rater and the person being rated significantly affect evaluations (e.g. Farr et al., 1971). Likewise, meta-analytic research suggests that race and ethnicity play a rather substantial role in explaining the variance in performance appraisal ratings and specifically that raters tend to evaluate people of the same race more favourably (Kraiger and Ford, 1985). By focusing diversity research on the identification of the flaws in the HR processes, the research stream seems to take on a negative tone. Consequently, very few individual studies have focused on positive perspectives such as the value-in-diversity approach (Cox, 1994; Cox et al., 1991) and Schwartz’s (1992) value framework (e.g. Sawyerr et al., 2005). Further, current theoretical models and corresponding empirical
research assumes that existing constructs apply equally to all people when, in fact, these constructs were validated on primarily homogenous Caucasian male samples. As pointed out by Drucker in his discussion on management's new paradigms:

Implicit in this is that different groups in the work population have to be managed differently, and that the same group in the work population has to be managed differently at different times ... This will require, above all, very different assumptions about people in organizations and work (Drucker, 1999, p. 21-2).

Thus, researchers should focus their attention and efforts on studying differences between people by developing models that apply exclusively to ethnic groups. Specifically, we are arguing that different ethnic groups may use different frames of reference to evaluate their work experiences. Further, such groups may also encounter unique contextual factors that substantially affect their interpretation of organizational events. Unfortunately, our current theories may not apply to these focal groups because they are bound by the dominant Caucasian approach in organizational research. This debate initially surfaced in the literature on organizational behaviour and focused on the quest to determine the source of racial differences in job satisfaction (see Moch, 1980). Most empirical studies attributed lower satisfaction among blacks to job characteristics, organizational characteristics, and structural conditions such as racial discrimination (e.g. Deitch et al., 2003; Greenhaus et al., 1990; Hickes Lundquist, 2008; Tuch and Martin, 1991). However, extra-organizational influences (e.g. communities, families, and cultures) may also play valuable roles in influencing the attitudes and behaviours of employees. For example, Brief et al. (2005) argued that the community in which the organization is embedded can influence the attitudinal baggage that employees bring to work. Further, Brief et al. (2005) found that the relationship between work group diversity and employee job attitudes became more negative among majority group members when community diversity increased. Thus, if the surrounding community is characterized by economic and social tensions that create stereotypes and discrimination, the organization will reflect these same problems. Future research should investigate the importance of these extra-organizational influences and how they contribute to differences in employee attitudes and behaviours. It should also explore additional theoretical approaches that explain ethnic differences in the sources of job satisfaction and other employee attitudes and behaviours. Finally, given that employees bring attitudinal baggage to work, the question remains as to the extent to which the company can lessen the impact of such baggage through diversity training programs.

Gender diversity
Throughout Drucker’s research, he emphasized the growing importance of gender diversity in the organization. In fact, in his early research Drucker (1953) reasoned that American adult females held more meaningful knowledge of career and financial decisions, as they were forced to take control of the household when their spouses had gone to war. Moreover, in “Managing in turbulent times” (1980) Drucker advanced his thesis on gender diversity by suggesting that “... married or unmarried ... perhaps the majority of older and younger women will expect different benefits” (p. 81). According to Drucker (1980), this challenge would create new opportunities; so the organization should be able to adapt contemporary compensation practices, and in particular flexible benefits plans, to fit the needs of a diverse workforce[19].
Drucker’s arguments agree with earlier views embraced by Lawler (1981) in that flexible benefits in terms of remuneration are more attractive to a diverse workforce. Further, Lawler (1971) used expectancy theory to explain the extent to which flexible benefits helped to attract workers to organizations and reduce turnover because of the perceived value associated with the benefits. Unfortunately, very few empirical studies have investigated the merits of Lawler’s conclusions (e.g. Barber et al., 1992; Cole and Flint, 2006; Cable and Judge, 1994; Heshizer, 1994; Tremblay et al., 1998, 2000) and even fewer have looked at the extent to which females have preferences for different types of benefits (e.g. Hamilton et al., 2006). Perhaps, the lack of empirical research on the influence of gender preference for certain benefits is due to past studies that have found equivocal results for the relationship between gender and benefit satisfaction. However, all of the studies that investigated Lawler’s conclusions on the relationship between flexible benefits and benefit satisfaction used samples that were dominated by female respondents (e.g. ranging from 60 to 80 percent). Thus, it remains difficult to determine the impact of gender preferences for flexible benefits based on these studies. In response, future studies should examine subgroup differences for flexible benefits by using Lawler’s (1971, 1981) approach to modelling the relationships between flexible benefits and employee attitudes and behaviours. Moreover, a recent study of work-life conflict for never married women without children found that never married women without children, married women without children, and married women with children have significantly different preferences for family-friendly benefit importance and usage (Hamilton et al., 2006). At the same time, most never married women without children viewed many of these benefits as less important and used the benefits less frequently. The authors maintained that many of the family-friendly benefits were created to reduce work-life conflict for women who have roles as spouse and parent. Given that never-married women represent a substantial portion of the workforce, it becomes imperative for organizations to understand what these women perceive as valuable, and to acknowledge that “a one size fits all” approach to managing benefits is not congruent with current diversity management approaches (see Hamilton et al., 2006). One avenue for future research would entail examining what types of benefits are most attractive to never-married women without children, especially since the study by Cable and Judge (1994) concluded that applicants use flexible benefits as one mechanism to gauge organizational attractiveness.

**Concluding thoughts**

Peter Ferdinand Drucker’s powerful insights and understanding of the importance of workplace diversity issues further endow him as the father of modern management. From his childhood experiences in Austria with some of the foremost management and psychological philosophers of our time to his encounters with pre-eminent economic scholars in England, Drucker was able to synthesize his experiences into meaningful prescriptions for industry and business. Throughout his career, Drucker wrote about how to become a more effective manager through making decisions and taking actions that were ethical and right for the organization as well as the employees. Although organizational scholars and management historians have linked Drucker to business ethics, human resources, government reformation, nonprofit management and public administration (Bowman and Wittmer, 2000; Dahlin, 2000; Garofalo, 2000; Gazell, 2000; Hays and Russ-Sellers, 2000; Marciano, 1995; Schwartz, 2007), organizational
Researchers have not exclusively evaluated Drucker’s contributions to the field of diversity management. Given the growing importance of demographic trends in the US workforce and the corresponding impact on organizational competitiveness, Drucker implored managers to respond to these challenges by creating organizational capabilities that fully leverage the diversity in organizations. Further, he provided extensive prescriptions for organizations that stressed the importance of understanding and valuing workplace diversity. Based on Drucker’s insights, we can conclude that organizations must reconstruct their theory of business in order to respond to evolving demographics and to create an inclusive workplace atmosphere that leverages the skills and talents all of employees. Otherwise, “... a theory’s obsolescence is a degenerative and, indeed, life threatening disease ... that will not be cured by procrastination. It requires decisive action” (Drucker, 1995, p. 104).

Notes

1. The authors would like to extend their appreciation to an anonymous reviewer who directed us to this reference.

2. Although organizational researchers have not agreed on one concrete definition of workplace diversity, for the purposes of this paper workplace diversity is defined as “…the ways in which people differ that may affect their organizational experience in terms of performance, motivation, communication, and inclusion” (Harvey and Allard, 2008, p. 1). We chose this definition of workplace diversity because it remains encompassing to both surface-level (e.g. race and gender) and deep-level (e.g. personality), salient characteristics (Harrison et al., 1998).

3. While Drucker (1946) introduced the reader to different elements of staffing, appraising, and compensation, a more contemporary conceptualization of human resource practices include planning, staffing, appraising, compensating, and training and development. Human resource practices are defined as “… the organizational activities directed at managing the pool of human capital and ensuring that the capital is employed towards the fulfillment of organizational goals” (Wright et al., 1994, p. 304).

4. It has been argued elsewhere that Elton Mayo was a secondary influence on Drucker’s early work in human resources (see Gabor, 2000; Schwartz, 2003). Further, Drucker rejects the notion that interpersonal relations and the informal group are responsible for the worker’s attitudes and behaviors (Drucker, 1954, p. 278-9).

5. Human resource management is defined as “the study of all management decisions and actions which affect the nature of the relationship between the organization and employees” (Beer et al., 1984, p. 1).

6. The Bureaucratic Period lasted from the early twentieth century to the end of the First World War (Langbert and Friedman, 2002).


8. Drucker (1954, p. 263) defined human resources “comparable to all other resources but for the fact that it is human” and has “special properties” that management must consider. More contemporary definitions define human resources as the total pool of human capital under the direct managerial control of the organization (Wright et al., 1994).
9. Knowledge workers are workers that are highly skilled, trained, and educated (see Drucker, 1959b).

10. In the USA, Baby Boomers were born between 1946 and 1964. In contrast, Baby Boomers’ parents belonged to the veteran or mature generation. The veteran or mature generation consists of older Americans who were born between 1909 and 1945. For more information on these generational cohorts in the USA, the reader is referred to (Coleman Gallagher and Fiorito, 2005; Wagner, 2007).


12. The 1960s in the USA represented a cultural revolution, as many Americans sought changes in education, laws, lifestyles, and values. First, Brown v. Board of Education of Topeka (1954) was a landmark Supreme Court case that ended the “separate-but-equal” provision for segregated schools in the USA. For more information on the Brown v. Board of Education of Topeka (1954), the reader is referred to The US National Archives and Records Administration NARA (2009b). Second, Arkansas was one of two southern states that agreed to comply with the Brown v. Board of Education of Topeka (1954) Supreme Court ruling. As a result, Little Rock made the decision to integrate nine African Americans into Little Rock Central High School in the fall of 1957. However, the governor of Arkansas ordered National Guard Troops to surround the school and prevent African Americans from attending Little Rock Central High School. For more information on the racial integration crisis at Little Rock Central High School, the reader is referred to NARA (2009e). Third, the Civil Rights Act of 1964 outlawed segregation in public places such as libraries, public schools, and swimming pools and banned discriminatory practices in the workplace on the basis of color, national origin, race, religion, or sex. For more information on the Civil Rights Act of 1964, the reader is referred to NARA (2009c). Fourth, Dr Martin Luther King Jr was an African American civil rights activist that fought for racial equality in the United States. For more information on Dr Martin Luther King Jr, the reader is referred to NARA (2009a, d).

13. Strategic human resource management is defined as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals (Wright and McMahan, 1992, p. 298). Although this definition best explains the configurational approach to SHRM, readers are directed elsewhere to review the theoretical differences among SHRM approaches (Delery and Doty, 1996).

14. Human resource policies represent “…the firm or business unit’s stated intention about the kinds of HR programs, processes, and techniques that should be carried out in the organization” (Wright and Boswell, 2002).

15. According to Lado and Wilson (1994), “A human resource (HR) system is defined as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm’s human resources” (p. 701).

16. The architectural approach to SHRM recognizes that “…real and valid variance exists in HR practices within the organization and looking for one HR strategy may mask important differences in the types of human capital available to firms” (Wright et al., 2001, p. 704).

17. Human resource practices in combination with managerial practices that go beyond the traditional human resource function to include communication, participation, and work design are best defined as people management practices (Wright et al., 2001).

18. The Armstrong-Stassen studies (e.g. Armstrong-Stassen, 2008; Armstrong-Stassen and Schlosser, 2008; Armstrong-Stassen and Ursel, 2009) use Canadian samples to evaluate research questions on bridge employees and older workers. Previous empirical research provides strong support that American and Canadian workers hold similar attitudes and perceptions towards their organizations and their jobs (Grey and Cook Johnson, 1988).
Further, Geert Hofstede found that American and Canadian people share similar values across five cultural dimensions. Therefore, the results from the Armstrong-Stassen studies can be extended to the American context for bridge workers and older workers.

19. Flexible benefits allow employees to make choices between qualified benefits and case (Beam and McFadden, 1996).

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Further reading

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