

# **Managing Diversity for Business and Personal Success**

Managing Transformations in Work,  
Organizations, and Society

# Key Issues for Today

- How do we gain competitive advantage from the diverse backgrounds, knowledge bases, and cultural experiences present in today's workforce?
- What is the relationship between diversity and performance? Diversity and satisfaction?
- How can we manage diverse teams to product positive organizational and personal results?
- What are the elements of a systemic organizational approach to managing diversity?

# Learning Objectives

- **Identify the Elements of a Systemic Approach to Managing Diversity**
- **Benchmark your Organization's Efforts**
- **Explore Your Role as a Manager of a Diverse Team**
- **Develop an Action Plan for Building Skills for Managing Diverse Teams/Groups**

# Diversity--Some Visible Elements

- **Gender**
- **Race**
- **Ethnic**
- **Age**
- **Cross Cultural – look around!**

# Some Hidden Aspects of Diversity

- **Cognitive--how we approach problems**
- **Discipline or Function--different knowledge; different solutions**
- **Cultural--norms of interaction & communication**
- **Multiple identities--woman, engineer, mother, project leader.....which one do others see? Which one comes out?**

# The Rhetoric Today

## “The Business Case” for Diversity

- Talent Shortage
- We need to reflect our customers
- Diverse teams produce better results

Lew Platt, former CEO, Hewlett Packard

How did we get here?

# A Brief Historical Tour

- **1960s-70s**
  - **New Legal Requirements; Civil Rights Pressures; Affirmative Action**
- **1980s**
  - **“Valuing Diversity”: Training Focused on Attitudes and Sensitivities**
- **1990s-present**
  - **The Business Case: Expected to accelerate rate of progress**

# Prior Evidence

- **Legal/social pressures improved formal organizational HR practices but had little effects on attitudes, behaviors, or “subtle” discrimination**
- **Few sustained effects of “valuing diversity” training**
- **No consistent relationship between demographic diversity and team performance**

# Diversity Research Network Project

- **Industry-Academic Partnership**
  - **BOLD Initiative**
  - **Multi-university research Network**
  - **Field Studies in Companies**
    - **qualitative histories**
    - **quantitative analysis at team/group levels**
- **Focus is on a “business case” analysis -- diversity-group process-performance outcomes**

# **Elements in a Systemic Model: Benchmarking**

- **Commitment from the Top**
- **Commitment embedded in Org. Values & Strategies**
- **Dedicated Resources--Accountable Prof. Staff**
- **Management Accountability-Link to Perf. Reviews**
- **Broad Communication-Info Exchange**
- **Strong Fairness/Compliance System/Procedures**
- **Diversity Training that Reaches All--Effectively**
- **Mentoring & Career Development Supports**
- **Diversity Committee/Identity Groups**
- **Evaluation, Measurement of Effects/Progress**

**Fannie Mae as a Benchmark?**

**Let's take a look....**

# **Beyond “Best Practices” Human Interactions**

- **Perspectives:**
  - **Legal Requirement**
  - **Labor or Product Market Necessity**
  - **Opportunity for Learning**
- **Skills & Capabilities for Leading & Working in Diverse Settings**

# The Research Model

## The Effects of Diversity on Group Processes and Outcomes



# Evidence--Building from the Studies

- Historical Context: Diversity achieved through sustained effort, external pressure, mgmt. commitment
- External pressure *necessary, but not sufficient*--a learning/integration perspective also needed
- HR systems/decisions must sustain diversity through critical transitions in business--growth, mergers, layoffs, top management shifts, etc.
- Group dynamics and leadership are critical processes that determine whether diversity produces positive or negative results:
  - **communications**
  - **conflict management**
  - **cohesion**

# **Additional Considerations: Alternative “Perspectives” Toward Diversity”**

- **Legal Requirement**
- **Labor or Product Market Necessity**
- **Opportunity for Integration & Learning**

# Four Case Studies

- **Two Information Processing Firms**
- **A Financial Services Firm**
- **A Retail Chain**

**All large firms with national reputations for a longstanding commitment to diversity**

# Case 1: Information Processing Firm

- Different types of diversity have different effects on group processes:
  - gender & information diversity--positive
  - racial & educational diversity --negative
- Training focused on management of group processes reduce these negative effects
- Constructive group processes have positive effects on diversity
- Business strategies focused on customer service enhanced the positive effects of diversity and of group processes on performance--competitive organizational culture reduced the positive effects of diversity

## Case 2: Financial Service Branches

- Few direct effects of diversity on performance
- Effective group processes positively associated with sales revenue, productivity, and customer sat.
- No evidence that group processes mediated the diversity—performance relationship
- Some evidence to support the “integration & learning” perspective as a moderator of racial diversity and performance
- Follow-up study of specific teams planned

# Case 3: Information Processing Firm

- Team Level: No significant negative or positive effects of team diversity on either team processes or performance when teams were analyzed without regard to organizational context.
- District Level: Mixed Evidence:
  - Greater gender and ethnic diversity associated with higher team cooperation
  - In some instances, regions with more diversity performed better. In other instances, they performed more poorly.
- Additional analyses at the district level revealed that ***the effects of team diversity depend upon the amount of diversity within the district.***
  - Service Teams: Team gender diversity improves team processes & performance in districts with high gender diversity
  - Sales Teams: Team ethnic diversity improves team processes and performance in districts with high ethnic diversity

## Case 4: Branch Stores of a Retail Chain

- Focus was to test relationship of workforce diversity—customer diversity link
- No relationships between workforce and customer diversity observed
- Some small, positive effects for racial and gender diversity on sales performance. But this was outweighed by positive effects of percent male and percent white on performance

# Preliminary Conclusions: Is the glass half full or half empty?

- More evidence for lack of significant direct diversity performance relationship
- Some evidence that racial (ethnic) diversity may still have some negative effects on group processes or performance
- Negative effects may be reduced or eliminated by training focused on group processes
- Some support for an “integration & learning” perspective
- Some indications that diversity in the larger organization helps diverse groups perform well

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  - conflict management
  - cohesion

# Some Managerial Implications

- **Modifying the “Business” Case (next slide)**
- **Importance of Group Process Training**
- **Need for a more Analytical Approach to Diversity Management**

# Revised Statement of the “Business Case” for Diversity

*Diversity is a reality in both labor markets and product markets today. To be successful in working with and gaining value from this diversity requires a sustained, systemic approach and commitment, a perspective that views diversity as an opportunity for all in the organization to learn from each other, a supportive and cooperative organizational culture, and group leadership and process skills required for effective group functioning.*

# The MIT Case

- President Vest: Commitment with Understanding
  - Visible leader in legal battle for diversity in admissions
  - Financial support for minority hiring; created Campus Committee on Race Relations; supports women's study...
  - Understands need to work to gain value from diversity

“The tensions introduced by diversity into the academic community are very real. We need to find ways for our differences of experience, culture and perspective to enrich, rather than divide our community...”

Source: 1992-93 President's Report

# MIT, contd.

- Mgmt. Accountability--still working on this!
- Communications--Active MLK day; Women in Science
- Compliance Systems--very decentralized to departments
- Training--voluntary--some good examples; low coverage
- Mentoring/Career Supports--very decentralized; spotty
- Diversity Committees/Identity Groups: CCRR; Women in Science; Women in Engineering; Women in Sloan...
- Evaluation-Measurement--studies underway on undergrads, faculty, and staff--part of the MIT culture
- Informal Culture and Process Skills: Still Problematic

# Questions for Discussion

- **What are the 2-3 strongest aspects of your organization's diversity efforts?**
- **What aspects are most in need of improvement or development?**
- **How skilled are teams/groups in gaining value from their diversity?**
- **What 1-2 steps can you take to increase the potential for the groups/teams you work with to gain value and personal satisfaction from their diversity?**

## Summing Up: Managerial Implications

- **Difficulty of testing the “business case” rhetoric--  
lack of data; gatekeeper resistance**
- **Need to shift from “business case” rhetoric--  
evidence does not support that simply increasing  
diversity will automatically or naturally translate  
into better performance**
- **Evidence suggests it takes conscious  
organizational/ managerial actions, a *systemic  
approach*, to translate diversity into positive  
organizational and personal outcomes**

# Actionable Implications/Changes Needed

- Stop using or change “*Business Case*” rhetoric
- Educate top management regarding need for sustained commitment--consequences of failure to do so as businesses go through crises & build systems that protect against top management shifts in commitment
- Shift training from “valuing diversity” to building skills in leading and participating in diverse groups/teams
- Demand the data--be more analytical!

# Action Assignment

- Discuss with 2-3 other people the current state of diversity with respect to gender and race in your organization. Try to do so with a mix of people of different races and men and women. Consider the following questions:
  - Is your organization taking a systemic approach to promoting and managing gender and racial/ethnic diversity? What are its strengths/weaknesses?
  - What type of “diversity training is provided? Does it focus on the group process skills and leadership needed to translate diversity into positive organizational and personal results? How effective it is?
  - What is your vision for how diversity should be managed in your organization in the future?