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The Importance of Diversity in the Workplace - Part 2

By Alicia Kenyon



Although some people think that diversity does nothing but create problems and challenges, it offers remarkable benefits. While legal ground for diversity was and continues to be one motivating factor in organizations seeking to achieve employee diversity, profits and ultimately long-term success will become the new motivators. Educating managers and staff on how to work effectively in a diverse environment helps organizations prevent discrimination and promote inclusiveness. There is evidence that managing a diverse workforce well can contribute to increased staff retention and productivity. It can enhance the organization's responsiveness to an increasingly diverse world of customers, improve relations with the surrounding community, increase the organization's ability to cope with change and expand the creativity of the organization.

Good management of diversity can: increase productivity, enhance innovation, and improve the organization's ability to maneuver in an increasingly competitive, complex and diverse environment.

According to Santana (2003):

Companies that have managers who are equipped to successfully leverage the distinct and rich talents and skills and knowledge of all employees will not only avoid drains on profitability; they will actually attain a number of strategic benefits. Tapping into diversity is ESSENTIAL for success in any business. Diversity breeds creativity and creativity drives innovation. To be successful in business your people need to be able to innovate so that you can remain differentiated from the competition. Otherwise, your company becomes a collection of "commoditized" people that produce "commoditized" products and services. The bottom line: the ability to manage diversity is extremely valuable to any

organization. (n. p.)High productivity increasingly depends on effective functioning teams. A team that encompasses a variety of diverse characteristics individually, which comes together collectively, can spark creativity and innovation.

According to Alpert (1998):

The best teams generate the most cohesion and respect for other team members, are not afraid to risk putting forth ideas and striving for better practices and innovation. Creating and sustaining such teams is made much more difficult by misunderstandings and conflicts involving cultural differences. Furthermore, teams that bring together varied experiences and perspectives have a higher probability of being more creative and innovative. In any case, as the workforce becomes more diverse so will teams on which organizations depend for high productivity and effectiveness. (n. p.)

Diversity can be a “looking glass” through which, new ways of thinking about products, markets and innovation can develop. Promoting innovation and diversity efforts can improve organizational effectiveness.

According to Procter and Gamble CEO Pepper (2003):

“The success of this company is a direct result of our diverse and talented workforce. Our ability to develop new consumer insights and ideas and to execute in a superior way across the work is the best possible testimony to the power of diversity any organization could ever have.” (n. p.)

Workforce teams that are more diverse in nature generate ideas that are superior in creativity and in quality.

According to Moore (1999):

Decision-making groups that are characterized by higher levels of diversity are more likely to generate a higher number of possible solutions and consider a higher number of alternatives before finalizing their decisions and such processes are generally associated with higher quality decisions. (p. 208)

Another feature affecting organizations and a key factor for embracing workforce diversity is globalization. As per Dessler (2004), globalization requires that employers hire minority members with the cultural and language skills global companies need (p. 45). Workers from diverse backgrounds often have this proficiency. By relating to people of all backgrounds, the organization will gain a greater perspective on how different cultures operate and use these skills and attributes for global market competency. Embracing diversity resulting from the expansion of a global economy has proven to be beneficial.

According to Belcher (2003):

The United States has been committed to achieving diversity since its' founding in 1776. Much of the United States' phenomenal domestic and global economic success can be attributed to its commitment to diversity. Historians and economists attribute the success of the US in a global economy to 227 years of success in diversity. The reality is still a work in progress. History has shown us that any country that embraces diversity is using a proven blueprint for succeeding in a global economy. (p. 3)

Most businesses will increasingly need to learn how to be effective in global markets. As more and more businesses of all sizes compete in the global marketplace, organizations must demonstrate their commitment to diversity in strategic planning.

Recruiting and retention will be necessary for developing innovations and to find new business markets and opportunities in the United States and abroad. With the number of minorities projected to enter the workforce in the next five years, companies will need to appeal to a diverse work group.

According to Kersten (2000):

In order for companies to fill positions in the foreseeable future, they will need to attract minorities. This means not only finding access and providing information to minority populations, but also to demonstrate an organizational environment that will welcome and support a diverse workforce. Women and people of color will represent the majority of new entrants to the U.S. workforce by 2005.

Recruiting experts point out that the best and the brightest of these prospective new employees will work for companies that recruit through creating programs for multiethnic students, affiliations with multicultural organizations and active campaigns on job sites aimed at diverse candidates. (p.239)

Employees are an organization's most valuable asset. These are the people who are going to carry out strategic plans, business plans and company policy thereby making them the most precious possession within the organization. Your personal qualifications, characteristics and talents make you the bloodline of the company, regardless of age, gender, ethnicity or sex. What you contribute to the company with respect to experience, thoughts, opinions and actions is vital to the business environment. Because of this, retaining employees from diverse backgrounds is critical. Evidence suggests that a diverse workforce leads to profitability and minimizes the cost of employee replacement.

According to Kersten (2000):

Estimates of the cost of replacing an employee vary, but a good rule of thumb is that replacing an employee costs four times that worker's salary. These costs include such factors as the time involved in recruitment, hiring and training, as well as the dollars lost to production while the position is unfilled. Such calculations, moreover, do not take into account the costs of lost accumulated company knowledge and the current and future potential of contribution of the employee who has left. If turnover is high, poor morale also increases the real cost of attrition. (p. 240)

Measuring how diversity contributes to an organization's profitability raises difficulty, but evidence shows there is a link between profitability and a sound diversity program.

According to Carp (2004):



Trying to build a commitment to diversity solely on quantifiable dollars and cents diminishes the importance of the endeavor. We tend to want to quantify the cost savings or increased revenues, but the higher-level piece is a top line benefit. This country was built on diverse groups coming together. We are one of the most diverse populations in the

world and we happen to also be one of the most creative in terms of an economy that keeps reinventing itself. If you step back and say a company's job is to constantly reinvent itself and bring new products and services that add value, you have to reach the conclusion that you can drive a better top line by making sure all people and all ideas are valued. (p. 51)

As per Cole (2003):

The primary goal of diversity management is to have productivity and profitability thrive within businesses and organizations. It is important to remember the recent style of leadership is driven by humanistic concerns, rather than those legal and dogmatic. This traditional approach to outdated EEOC procedures will help to ensure productivity and profit all around. Did you know that every minute of every single working day someone files a discrimination suit? Local, state and Federal laws prohibit discrimination based upon factors such as religion, sex and race. In the event that a business is found guilty, it must foot the bill for all attorney fees, court costs, damages and more. Plaintiffs win many millions of dollars annually as a result of discrimination charges. The area of financial burden will be lessened substantially when an environment of diversity management is comfortably established. (p. 51)

Not only does a strong organizational commitment to diversity expand the organizations' talent pool, and improves the organizations' ability to retain valuable employees.

Ignoring diversity within organizations does have its consequences. The inability to manage diversity in the workplace can be extremely harmful and costly to a business.

According to Pope (2004):

When contemplating the concept of diversity the logic of "business as usual" can not exist. Many aspects of business can be damaged with this attitude resulting in discrimination suits, litigation time and money, legal fees/settlements, high employee turnover and a negative community image. Furthermore, productivity, morale and the organizations' ability to recruit high quality individuals will suffer. All of these aspects can be detrimental to the success of an organization. Some companies wait

until they are in pain increasing litigation costs, negative publicity, falling market share or stagnant productivity before they finally realize that the “tried and true” activities of the past are not producing the results they want and need. (p. 64)

The “business as usual” way of thinking must not cloud our perception of the importance of diversity within the workplace. The financial aspect of diversity blindness is not the only drawback for organizations that do not embrace diversity. The culture of the organization is also negatively affected.

According to Pope (2004):

Ignorance to diversity in organizations has the following repercussions: high turnover among “others” as many employees elect to search for a more supportive work environment, low morale among those who remain due to persistent culture clash and on going conflicts between many mainstream employees and “others”, limited innovation due to over-reliance on “tried and true” methods and the underutilization of the skills and perspectives of the “others,” lagging productivity as mainstream employees and “others” remain locked in inter-group conflicts that impedes their ability to work together and impair their effectiveness in dealing with diverse customers, and finally, a growing inability to recruit the best and the brightest new workers as the organization's diverse image and reputation precede it into the employment marketplace. (p. 66)

Companies need to assess the impact of diversity on both the workforce and on consumer markets and determine what challenges and opportunities diversity presents.

To reap the benefits of diversity organizational leaders need to learn how to manage it. The key to successful diversity management begins with a strong commitment to the concept.

According to Anand (2004):

If diversity initiatives are not integrated into your core business, then it is easy to marginalize and pigeonhole them and they'll be ineffective. If there is no commitment from the top, no clear accountability for meeting goals and not clearly articulated business case, they won't succeed. If you

are doing this only because the top leader says it is the right thing to do, tomorrow the top leader may leave and it may not be right. But if it is right and makes business sense, it will be sustained. (p. 22)

With the full support of all levels of leadership throughout the organization, cultural change is possible. Diversity management must flow through the organization without creating superior or inferior relationships and be effectively integrated into an organization's environment.

According to Cox (2004):

My philosophy is to get diversity at the top of the organization so that, without saying so in words, the commitment is clear on what the organization values. Employees see people who look like them who lead, own and are committed to creating and cultivating a diverse organization. (p. 53)

There is no simple way to make a cultural change. It requires commitment from all levels within an organization and breaking from past practices. Leadership must "walk the walk" for successful diversity management.

Effectively integrating diversity requires education, training and communication.

As Moore (1999) states:

An important starting point for successfully managing diversity involves a heightened awareness of the different challenges faced by different people within the organization. People who are "different" from each other in terms of their gender, physical ability, socioeconomic background and so on, are more likely to have at least some stereotypes about each other and it is these stereotypical attitudes and view that many diversity training programs aim to address. (p. 208)

Managers at all levels of the organization must educate themselves to mentor employees on what the concept of diversity means to the organization.

According to Parvis (2003):

Supervisors, managers, directors and leaders should educate themselves comprehensively so that they can be role models for their personnel. To be a successful model, mentor and coach, the leader ought to concentrate on two important elements: the first is self-awareness, the second understanding. By self-awareness, experts mean self-improvement. Leaders need to improve their skills in listening, understanding and gleaning knowledge about the diverse world around them. This improvement should be a lifelong process. Another important skill is communication, which plays an important role in the diverse world around them. Communicating effectively with team members makes the process of managing the diverse workplace uncomplicated. It is important to remember that active listening is the key element in effective communication. Active listening is the basis of understanding and therefore a significant tool in successful communication. (p. 37)

Training is an intricate part of successfully managing a diverse workforce. Attempting to make a group more homogeneous requires a specific skill set.

Moore (1999) goes on to state:

It is increasingly being recognized that specific competencies and skills are necessary in order to work successfully as members of a diverse group. People who are not equipped with these will be less able to develop the integrating group processes that are characteristic of highly effective diverse groups. (p. 208)

The case for diversity training is strong but must be accompanied by other types of organizational support. Diversity must be part of the company's business or strategic plan.

According to Pellet (2004):

The Kodak Company credited establishing a separate global diversity function for communicating the company's commitment to diversity and assessing progress. Putting it in HR doesn't give it enough visibility and importance in the company. Because of this, we have incorporated diversity programs into our strategic business planning process. This forces key operating managers to go through their

diversity plans for the year and gives them perspective of how they did for accountability purposes. (p. 50)

Companies have linked financial incentives to diversity programs and the successful management of these programs within the organization.

According to Anand (2004):

We have an incentive compensation link in our organization. 10% -15% of our managers' bonuses is linked to our diversity scorecard; 25% of the executive team's bonus is linked. And our CEO has guaranteed that this bonus will be paid out regardless of the financial performance of the company, which is significant because diversity is not something you do only when the company is performing well financially, it is something you pursue at all times. (p. 22)

Linking diversity programs to the strategic business plans within the organization and also compensating for positive results from diversity management rewards successes. It allows and promotes accountability within the organization relative to embracing a diverse workforce.



In conclusion, it is evident the concept of diversity will continue to be an intricate aspect of the business environments of today and in the future. Organizations must embrace and understand the importance of diversity in order to remain competitive, respond to globalization and promote innovation and productivity within its organization.

Strong commitment and leadership will provide the necessary cultural atmosphere that promotes an inclusive environment. Training, education and effective communication will help execute strong change management practices. The rationale for understanding and managing diversity has never been stronger. As new possibilities and opportunities in the business environment arise, the need for diversity programs will be the key to successful organizations of the future. The world today is more diverse than ever before. Our ethnicity, religion, life experiences and all other personal attributes make us unique individuals. We all need to learn to accept what is different from us and more importantly respect it.

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