Balancing Workforce Diversity:

Key to Organizational Survival

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How do the most competitive businesses and enterprises accomplish innovation, creativity, and superior performance?

There is an old saying that "if you keep looking at the world through the same window, you will keep seeing only what you have already seen before." The same holds true for thinking and opinion. If you only listen to the same people or the same kind of people to whom you have always listened, then there is limited possibility for new or revolutionary thinking or action.

Organizational synergy is dependent on both inclusion and diversity. Without these elements an organization becomes stagnant, insular, and defensive. It stops growing, becomes dysfunctional, and eventually dies. Making sure that the organization has balanced human diversity is a complicated and intensive undertaking, but the organization is unlikely to survive without that balance.

Introduction

As a result of political and social mandates in America that demand equal opportunity for people without biases related to race, religion, gender, age, lifestyle, handicap, ethnicity, national origin, and other protected classifications, we tend to think of human diversity in those terms. These categorical differences are real and important. Excluding a person because of one of those categories is not only socially unacceptable but is also very bad business. Today's global business economy creates a greater need than ever to understand and relate to people of every conceivable physical, geographic, language, and paradigm difference.

In the 21st century, a business needs to create products and services for each purchaser or consumer at the individual or the enterprise level, market and sell to them, create and maintain customer relations with them, employ them, and participate in political, social, and economic relationships with them. Approaching this diverse world from a homogenous perspective will prevent productive relationships and doom an enterprise to eventual failure. Commerce has become global. The World Bank has forecast that almost half of the world's gross national product (GNP) will derive from global trade by 2004.

Human Diversity: Issues of Competition

The real issues of diversity in the world of business have more to do with the intellectual and perceptual diversity than those differences listed above. This intellectual and perceptual diversity represents the highly competitive advantage that companies must have in order to survive. In the business environment of the new millennium, it is clear that the time available for innovation and creativity in all aspects of the enterprise is shorter than ever before. No longer may a business spend long periods of time that it once could to conceive, investigate, nurture, and develop new ideas. Creativity and innovation must now occur as a part of the normal functioning of the enterprise.

Homogeneous environments and social groups rarely produce new thinking. Paradigms and social cohesion are overwhelming inhibitors to differences in thought and perspective. It is exactly that diversity of perspective and experience — which is only possible from people with diverse backgrounds, paradigms, and social experience — that can enable individuals to interact in a way that will create new ideas.

Where businesses were once able to study external environments and competitors in order to investigate and acquire new ideas and directions, they must now have those innovations and creations incubating inside the organization constantly. Staffing and organizing with optimum human diversity is a challenge, and it does not happen through normal hiring and retention processes. Significant and focused action must be taken to achieve balanced diversity.

Creating Balanced Diversity

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Balanced diversity is necessary if the organization is to prosper. All too often "diversity" is "accomplished" by adding the "equal-opportunity-employer" tag line to employment ads or by recruiting at a National Society of Black Engineers' conference. Outreach is important in attracting and hiring people who are different. Potential contributors are most often not naturally attracted to an enterprise that they do not perceive as having a culture and microsociety that would be comfortable, interesting, and supportive.

It is difficult to maintain balance.

An investigation into the characteristic of age demonstrates how difficult it is to maintain balance. The U.S. Bureau of Labor Statistics forecasts that the majority (51.7%) of both men and women in the American workforce will be 40 and older by 2008. In 1988, that percentage was 39.2%. In order to attract and retain a company workforce, firms have had to dramatically change salary, benefits, work scheduling, career, and equity programs and practices. However, these changes haven't resulted in a shift from one perspective to another. Rather, it has created the need to broaden, enrich, and expand the company's role in supporting the security, predictability, and dignity needs of workers aged 16 to 75. The younger workers are less concerned about retirement and more interested in income and social experience while the middle-aged workers are struggling to pay college tuition and accumulate wealth for retirement.

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The looming crisis for industry is that baby boomers are more financially comfortable and will require less cash flow as their children graduate from college and cease being dependent. These workers are expected to require more autonomy, work and work-style independence, and leisure time. Once again, companies will have to expand their relationships with employees to engage this even wider diversity of interests.

Of course, one of the hardest parts will be managing this workforce in a way that creates integration and collaboration

among the young and old. Companies cannot survive without the wisdom and experience of senior people, nor can they invent entirely new ideas without new college graduates who haven't yet been conditioned by experience. Thus, age is one aspect of diversity that must be balanced to achieve success.

Every conceivable aspect of an individual's self and experience contributes to his or her difference. Some of those differences are ones that can contribute to the group mission, and other differences will just as readily detract. The first step in achieving balance begins during the hiring process, which normally centers on excluding people who have differences that are not in line with the group norm (while certainly focusing on including those whose credentials suggest they are qualified for a particular position). This is a normal human activity: trying to associate with those with whom you feel you have the most in common.

In 2000, HR management's single most effective and desired way of recruiting new employees is through employee referrals. This method works well (representing more than 40% of hires), it is cost effective, and it results in higher retention rates. The difficulty is in trying to balance the characteristics, interests, experiences, and perspectives of the total workforce when the majority share a similar social perspective. Many Internet start-up companies have failed due to a lack of experience, and some venture capital firms now require that young firms hire experienced managers in order to provide the diversity of experience that's needed to compete.

Managing Diversity

A core skill for the manager of the 21st century will be the ability to mediate the natural disagreement and intolerance that come with diversity. In the 20th century, the manager could reasonably tell the "young Turk" and the "old codger" to "knock it off and get back to work" when their ages made it difficult for them to relate to each other in a manner of mutual respect and collaboration. In the 21st century, it is likely that both employees will tell the manager to shut up and go away!

Thus, with balanced diversity the organization can create a diverse, yet functioning, group by taking into account the individual needs of each person in the group while making sure these needs are compatible with the overall organizational mission, goals, and principles. As stated earlier, accomplishing this goal is very hard. It requires knowledge of social systems, organizational behavior, individual psychology, and management — all of which could be found in the textbooks on the manager's bookshelf

in the old world of work. It requires that professional expertise and advice be applied to every organizational strategy and practice.

Today's manager needs new and stronger interpersonal and organizational skills to succeed. Each individual employee will present a unique set of requirements. Each person brings a different perspective and different needs relative to the core needs of security, predictability, and dignity (see Figure 1).

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Figure 1
Core Needs of Each Individual

Dignity

Security

Predictability
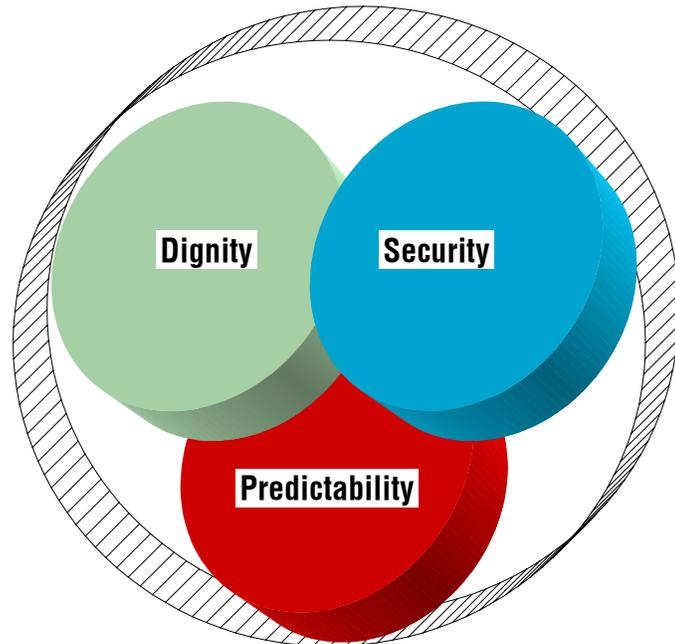
Organizational managers must create and continuously improve the organization's culture, structure, supports, and capacity. The critical role of the human resources function in assessing, building, maintaining, and changing balanced organizational diversity will become a key business strategy if the enterprise is to achieve organizational excellence. Achieving balanced diversity requires dedication and the constant acquisition of external and internal social

knowledge and understanding; a scientific understanding of social systems, individual behavior and motivation, and group dynamics; and focused attention on creating, maintaining, and leveraging diversity. Diversity will not be achieved without the special knowledge, skill, and experience found in the competent HR practitioner.

Leading Diversity

Leading a diverse group is much harder than either managing or understanding diversity. It requires participation in addition to managing and understanding others. The globalization of the workforce not only forces diversity but also increases geometrically the complexity of successful leadership. As more companies become global, more leaders must lead across geographies, industries, and societies.

For example, Ford Motor Company currently has 54% of its employees located outside of the United States. At IBM, 51% of its employees are not located in the United States. Companies such as GE, PepsiCo, and GM have between 20% and 40% of their employees working outside the United States. Other global firms — such as Nestle, which has 97% of its employees working outside Switzerland, and Phillips, which has 82% of employees working outside of the Netherlands — demonstrate that it is indeed a global dynamic.

It is a rare company in the 21st century that doesn't have workers, customers, suppliers, partners, and stakeholders located throughout the world. The greater difficulty in leading is prompted by the critical need for diverse groups and individuals to work effectively toward common goals and objectives. In today's world, the old "command-and-control" approach to managing and leading the workforce just doesn't work.

Diversity is absolutely necessary to a company's competitive advantage.

Why bother with diversity? How does balanced diversity in a workforce represent a competitive advantage? There are some clear areas where diversity is absolutely necessary to a company's competitive advantage: innovation, creative thought, invention, group synergy, organizational effectiveness, and business success.

It is the intelligent and purposeful use of diversity that enables an organization to connect with customers on a common ground. For example, can you imagine operating a McDonald's restaurant in the Latin section of Miami with employees who don't speak Spanish?

Diversity creates an organizational strength and promotes better service from workers, suppliers, and partners. It is the adventure of discovery that keeps people interested; if there is nothing to discover, people and organizations stagnate. Without diversity, there is nothing to discover. Think about it. Do people talk more about what is the same or what is different?

Recommendations

Following are recommendations for building, maintaining, and leveraging diversity:

- Actively promote recognition, celebration, and inclusion of diversity, as it has been described in this bulletin.

- Make sure inclusion is rewarded and exclusion is discouraged. Human dignity must prevail as the key principle.

- Demand HR professionals and leaders who value diversity and whose behavior supports that value. People must "walk the talk" or the result will be failure.

- Hire people who augment a balanced, diverse workforce. If everyone thinks the same way, then diversity is nonexistent.

- Create a company brand that communicates the diversity of the organization. Employees, customers, suppliers, and stakeholders will like it.

- Make diversity an integral part of the enterprise's goals.

It is diversity of perspective and experience that will provide a competitive advantage.

Good strategy, resources, management, employees, partners, customers, and leaders are all necessary for success in the 21st century. However, it is diversity of perspective and experience that will provide a competitive advantage. If an organization is just like every other organization, then the results will always be the same: competition without advantage! No one is asked for old ideas.

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