The New Diversity (2.0)

Imagine a research study where the subject group was completely homogenous in background, culture, ethnicity, age, gender, biology, education and experience. How broadly useful would the results be? Chances are, not very. Yet surprisingly, that is exactly what many organizations do when they hire.

Scientists recognize that the larger and more diverse a study's population, the more reliably it will reflect the real world. Globally focused organizations are learning that the same principle is true in business decision-making and performance. While there are benefits to sharing a common vision, homogeneity in business decision-making can be downright dangerous in today's rapidly changing world, where business markets and regulations can be highly complex, and the cost of making mistakes can be enormous.

For many people, the term 'diversity' immediately brings to mind 'quotas' and 'political correctness'. But there is a measure of diversity in everything - from culture to gender, age, religion, health, politics, or any perspective that can affect one's perception. Leveraging diversity in the decision-making process is simply taking into consideration a larger, more inclusive range of information sources and opinions to make informed decisions based on the broadest possible perspective.

The goal of organizational diversity today is to "round out your team". By looking at diversity as a general issue, you can build a well-balanced and synergistic team to leverage greater diversity naturally, not for the sake of filling quotas.

Is your team over-represented by older individuals? Bringing in a younger candidate can inject fresh innovative ideas and technological knowledge to the mix. Perhaps your team is overpopulated by a particular gender, creating an echo chamber of likeminded ideas. Balancing your team's ethnic makeup can lead to greater awareness of cultural issues. And while an aggressive, young group of go-getters might bring energy and motivation to planning, the wisdom of age can provide a tempering effect and help prevent mistakes due to inexperience.

It's important to understand your customers and your market, as well. Look at your product or service and consider the demographics of your market to ensure that your team includes decision makers who reflect their values and ideals. But again, don't limit your team to only those demographics, as diversity enables broader, more informed decision-making.

While a large volume of research has been conducted on diversity over the past several decades with mixed results, it appears that overall, carefully planned initiatives that are well executed and include ongoing measurement tend to achieve positive results. Initiatives that are poorly planned, communicated, or executed in a haphazard or desultory manner tend to fail - and even create additional problems. The critical factors appear to be a long-term commitment to diversity and a focus on genuine "inclusion" by senior management. Where employees believe the organization is serious in its commitment, they tend to buy into it more readily.

Some diversity studies have shown a direct connection to performance, while others are more indirect, but overall, the results suggest that there are significant performance and profitability payoffs to be reaped by leveraging diversity. For example, in one study, companies with diversity practices collectively generated 18% greater productivity than the U.S economy overall[1]. In another study, researchers found that companies that use diversity as a resource

for learning and innovation can achieve significant performance improvements[2]. A third study noted that top management teams with a high representation of women had better financial performance than teams with fewer women[3].

Since managing diversity can be a complex process, poorly planned or executed initiatives can actually lead to higher levels of dissatisfaction and turnover[4]. Most complaints are based on lack of respect or resentment, and/or miscommunication of goals. Some people feel threatened working with people of a different age, sex, or culture, therefore, to avoid problems, managers should take extra care to reconcile competing goals, promote in a representative manner, stand behind individual group members, and act quickly to resolve issues[5]. Training and development programs can help improve managers' skills in dealing with day-to-day diversity dilemmas and make them aware of how power relations can impact perceptions and expectations, to avoid these problems.

"Inclusion" has been found to be one of the most critical aspects of diversity initiatives, and most successful ones include support systems to reduce isolation and discrimination through the use of both formal and informal networks. Asking participants to share examples from their own experience where they have not been treated fairly or with mutual respect, and how they would resolve the issue more effectively, can help establish and promote better communication. This will help reinforce that all team members are valued and respected, and their concerns are being heard by management.

Organizations are also beginning to recognize some of the potential competitive advantages in leveraging diversity. The most common benefits include better decision making, higher creativity and innovation, greater success in marketing to foreign and domestic ethnic minority communities, and a better distribution of economic opportunity[6].

Additionally, diverse teams have been found to enhance an organization's flexibility[7], improve rapid response and adapt to change more effectively[8]. Hiring women, minorities, disabled, etc. can help organizations tap niche markets and other diversified market segments by better understanding the needs of those groups[9].

As economies are shifting from being manufacturing to service driven, diversity issues will only gain in importance because in a service economy effective interactions and communications between people are essential to business success[10].

Organizations that wish to succeed internationally should leverage diversity in all aspects of their human resource management decisions, including recruitment, selection, placement, succession planning, performance management, and rewards[11].

Committing to organizational diversity is a long-term strategy - not something to put off until hiring time. Waiting until a hiring need presents itself creates unnecessary time pressures that can lead to costly and avoidable mistakes. Your executive search partner can help you scout for outstanding diversity candidates on an ongoing basis, just as they can for senior executive and hard-to-fill roles in your organization.

Cambridge Management Planning provides a range of human resources consulting services, including pre-search team assessments and other recruitment support to assist you in "rounding out" your organization to successfully meet the challenges of today's global environment. Call us for more information, or visit our web site to view a range of human capital management resources.

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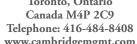
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