

Diversity management at work: Everything you need to know

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In this rather competitive global market for an organisation to succeed, diversity management is key. Organizations that seek global market relevance must embrace diversity in how they think, act and innovate. Diversity can no longer just be about making the numbers, but rather how an organization treats its people authentically down to the roots of its business model.

What is Diversity Management?

Diversity Management is the deliberate effort made by the leaders of an organization to hire diverse talent and support an inclusive workplace that values and protects each of its employees equally by providing resources to learn from, connect with and respect individual differences (Reiners, 2019). It is often referred to as acknowledging, understanding, accepting, valuing, and celebrating differences among people concerning age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status for better workplace performance. The term diversity management indicates the implementation of strategies or policies to knit a network of varied individuals together into a dynamic workforce.

Diversity is increasingly perceived as an important issue in the context of business management. This is due to the increasing differences in the population, globalization process, increasing of international business and cross borders business dealing activities. In the business community, companies have also tended to pay more focus on diversity and look for ways to reap the opportunities offered by diversity as they acknowledge that diversity has the potential of yielding greater productivity and competitive advantages. Managing and valuing diversity is a key component of effective people management, which not only can improve workplace productivity but also contribute significantly to the strategic objectives of human resource management. Studies have found that companies with more diverse management teams yield nearly 20% higher revenue than companies that do not.

Advantages & Disadvantages of Diversity management in the workplace

Research has repeatedly demonstrated the positive impact that diversity and inclusion have on organizational performance and outcomes (as well as the penalties suffered by organizations lacking diverse teams and inclusive environments). According to McKinsey & Company benefits include better decision making, which is partly driven by having multiple perspectives brought to bear on problems as well as having an increased focus on and deliberation of the facts. Researchers have also found a strong correlation between gender diversity and positive behaviours directly related to stronger organizational

health. McKinsey research shows that companies perceived as committed to diversity are approximately 75 per cent more likely to support a pro-teamwork leadership culture. Diversity can be a sort of strategy which enables an organization to gain a competitive advantage in the market competitive landscape. Managing cultural diversity is one of the key factors differentiating a particular company.

A diverse workforce will often mean diverse expertise, talent, experience and capabilities in the employees. A diverse workforce enables a manager to choose the correct candidate for a particular position in the organization. Diversity in the workforce in this picture can help a company to compile and collect more relevant and effective data on the market place. If a company can correctly manage diversity, then the individual employee will no longer need to clone or purposely changed himself to the adaption of the corporate culture. This can often lead to a more satisfied workforce. A more satisfied workforce, will, in turn, leads to a more productive workforce. A diverse workforce can lead to increased creativity and innovation. Diversity can produce synergy and creativity and innovation as well. A group of different people is better than the results produced by a single person. The combined efforts are always much outstanding.

On the other hand, diversity management has its disadvantages. Research has found that teams with diverse employees usually take longer to perform effectively. Diversity has been seen to bring numerous communication problems. It has also been found to be a source of conflict that can cause issues such as reluctance to share information among the workforce, employee morale deterioration problems and higher turnover due to degradation of job satisfaction. If handled insensitively, a diversity management program may invade employee privacy. Also, implementation of the diversity management program may be expensive in the short term. Apart from that, during the implementation process, deep-seated prejudices within employees may be brought into the open, causing short-term tension. Particularly for a poorly handled program, conflicts and ill-feeling may be the results for managers to handle.

Examples of Companies that have implemented Diversity Management

Below are examples of well-known companies that have succeeded due to diversity management:

1. Reebok, the well-known sports company has also been benefiting from a diversity management program. In the year of 1980s, a group of women at Reebok complained about the fact that they could not find a good aerobics shoe. Listening to that complaint, Reebok began marketing aerobics shoes. The outcome is outstanding – within just two years, the company went from a \$12 million-a-year shoe company to a \$3 billion powerhouse. Since the incident, the company started to be aware of the importance of diversity. According to the CEO, Paul Fireman said that to become diverse and compete globally, a company must find people with different stories to tell at every level of employment, and then provide chances and opportunity for them to talk and

perform.

2. IBM has a century-long diversity heritage based on the company's belief and philosophy that diversity is the "bridge between the workplace and the marketplace". Such a belief and the act of valuing diversity are central to the company's ability to win in the global marketplace. Today, diversity management infuses every corner of IBM's management and technical operations and management style. 30 members of IBM's Worldwide Executive Council are involved in guiding specific corporate-wide diversity initiatives. They are held accountable for recruitment, retention and advancement of all talent and, most important, linking IBM's diversity initiatives to the global marketplace, which is, in turn, the main reason that IBM has been able to stay on top of the business landscape for decades.
3. The McGraw-Hill Companies emphasizes diverse workforce management. The reason is to tap into different talents available and critical to enhancing the company presence worldwide. One program of the company talent management strategy is called the Associate Development Program (ADP). Since the program began in 1993, it has attracted talented individuals from top MBA business schools who are diverse in race, ethnicity, experience and perspective. All these diversity management programs had enabled the McGraw-Hill Companies to leverages talent in global markets, on a worldwide basis.

Addressing diversity issues in the workplace

David Pedulla an associate professor of sociology at Stanford University, in his report "*What Works? Evidence-Based Ideas to Increase Diversity, Equity, and Inclusion in the Workplace*," recommends the following key tools for addressing diversity and inclusion in the workplace:

1. Collect, Count, and Compare

Firstly organisations should set goals, collect data, and examine change over time and in comparison to other organizations. By collecting and analysing data on diversity over time, comparing those numbers to the numbers at other organizations, and sharing them with key stakeholders, companies can increase accountability and transparency around diversity issues. Say a company has a lower representation of women in managerial positions relative to the local labour market, similar firms, and/or the goals of the corporation. This identified shortfall can lead to concrete goal-setting about numbers and timelines for increasing women's representation in management. In turn, these goals can be made available to key internal and external stakeholders to promote accountability.

2. Deploy Alternative Complaint Systems

For decades, employers have used formal grievance procedures to handle both discrimination and harassment complaints. The system seems straightforward: If an employee believes they were subject to harassment or discrimination, they file a formal complaint with human resources. The employer

promises an investigation followed by disciplinary action if the investigators find a violation of company policy. But in practice, complainants often face career-ending retaliation and the investigation is often inadequate. Approximately half of all discrimination and harassment complaints lead to some type of retaliation. And workers who complain about harassment are more likely to end up facing career challenges or experiencing worse mental and physical health compared to similar workers who were harassed but did not complain about it. Something is not working.

Sociologists Frank Dobbin from Harvard University and Alexandra Kalev from Tel Aviv University present an alternative to legalistic grievance mechanisms. Employee Assistance Plans (EAPs), transformative dispute resolution systems can play a critical role in not only reducing retaliation but also provide fuel for organizational change. EAPs, for example, are frequently run by vendors outside the organization and offer free and confidential advice to employees, often over the phone. By expanding their scope to provide valuable support and guidance to employees on strategies and tactics to deploy around harassment and discrimination, EAPs can serve as an important resource for employees, although they do not generally intervene in organizations. The key to this type of shift is changing leadership mindsets from seeing complaints as threats to valuing them as insights that can spark positive organizational change.

3. Test for biased technology

Technologies that get deployed for corporate screening, hiring, and evaluation processes have to be built on data that is fair to socio-demographic groups such as different racial groups. But, that alone is not enough. Companies need to proactively test new technologies for disparate impacts on workers before they go in the field and need to audit their procedures after implementation to ensure that biases are not creeping in. The combination of building solutions to screen out discrimination, and then checking for it on the back end, will not only create fairer products but can also help organizational leaders sharpen their understanding of what does not work in their current system.

4. Beware of the Small-N Problem

When individuals belong to groups that are seriously underrepresented in the organizational context – such as racial minorities or women – they may be subjected to stereotype-based evaluations or tokenism. These biased perceptions can then have negative consequences for both individual workers and the larger organization, resulting in limited progress. In addition to increasing the representation of particular groups, companies can provide more visibility for a larger number and diverse set of underrepresented individuals – through opportunities for presentations internally as well as at conferences, for example. These efforts can counteract stereotyping and tokenism over time. Companies can also shift how assessments are run to counteract the impact of bias. One strategy is using simultaneous evaluation processes, rather than evaluating individuals one by one.

5. Involve managers from the start

Researchers and strategists Lori Nishiura Mackenzie and JoAnne Wehner, both at Stanford VMWare Women's Leadership Innovation Lab, articulate that it does not make sense to take a one-size-fits-all policy when applying for diversity programs in an organisation and graft it on to different organizations. The organizational context matters. And, it should be accounted for when companies are deciding how to increase diversity, equity, and inclusion. Often, organizations have experts design programs that are then deployed to the managers. This strategy often lacks a reality check: Does this program fit into the way managers already work, or are managers now required to add something into their already complex days? Involving managers in the design process can increase buy-in and smooth implementation, making interventions more sustainable and long-lasting.

The Society of Human Resources Management (SHRM) also proposes the following tips for addressing diversity in the organisation:

6. Educate your leaders

“At the end of the day, it’s the leader who’s on the front line with our employees,” says Dianne Campbell, vice president of global diversity and inclusion at American Express in Washington, D.C. “It’s the experience that the leader is creating that is going to make or break” your D&I initiatives. “Leaders—especially middle managers—must be held accountable for results,” says Erin L. Thomas, a diversity researcher and a partner at Paradigm, a D&I consulting firm based in San Francisco. That means structuring meetings, allocating resources and using language that advances inclusion. “Employees need to see that inclusive behaviour is a core competency. Leaders need to be made aware of the importance of diversity and inclusion in the workplace and how they, as leaders, can foster diversity.

7. Celebrate employee differences

One of the most important ways to show employees that you respect their backgrounds and traditions is to invite them to share those in the workplace. Show employees are their differences contribute to the organisation’s culture and overall business performance.

8. Listen to employees

To better understand their workers’ experience, HR at American Express fields employee surveys and convenes focus groups to drill down on engagement and inclusion issues. Conduct a comprehensive assessment of your organization’s demographics and people processes to develop specific strategies to promote inclusiveness. As an organisation, it is important to think about the culture you want and how you can create one that is authentic to your brand while meeting the needs of your employees.

Diversity training in the workplace

Fortune 500 companies offer diversity training to their employees. Yet surprisingly few of them have

measured its impact. Diversity training is the first effective step towards building a more inclusive environment where diverse people interact better with each other. Training courses will help employees know more about others who are different. To also have a lasting change on what employees believe and how they behave. Evidence has shown that diversity training can backfire, eliciting defensiveness from the very people who might benefit most. And even when the training is beneficial, the effects may not last after the program ends. According to Science for Work, Right after the training, people change their beliefs and behaviours to some extent, but they acquire even more in terms of knowledge. As time passes, people will remember the new knowledge, but their beliefs and behaviours tend to revert to how they were before the training.

In 2016, Katerina Bezrukova, Chester Spell, and Jamie Perry – from the USA, and Karen Jehn – from Australia, investigated whether diversity training works and, if so when it works best. They selected 260 most rigorous studies – experimental, quasi-experimental, and pre-post designs – so they could provide a more trustworthy answer than what the popular press usually offers. They conducted a meta-analysis to answer two questions: Does diversity training help people interact better with others, especially those from different backgrounds? When is diversity training most effective?

In trying to answer the question ‘When is diversity training most effective?’, they discovered the following:

1. A thorough and integrated approach

First, the longer the diversity training, and the more effective it is. Longer training means participants have more opportunities to come into contact with others who are different, so interactions feel more comfortable and “right”. A longer training period also means everyone has more time to practice.

Similarly, the change will more likely last if it’s actively sustained through other diversity-related initiatives alongside the training. Employees might see that the management is truly committed to fostering inclusion, and the training is not just a tick-in-the-box on some legal requirement. Acknowledging this, employees might also be more motivated to learn during the training and apply their learnings afterwards.

2. A focus on awareness and skills

The focus of the training is also important: the most effective training courses develop both awareness and skills. In such training, firstly, participants become more aware of their own and others’ cultural values and biases, and then, they also monitor their actions and practice appropriate responses in interactions with diverse groups of people.

3. Mandatory vs. voluntary

As for training attendance, people might like mandatory training less, but they may be more likely to change their behaviours following it. On the one hand, people tend to like having the freedom to decide things for themselves. On the other hand, it’s possible that voluntary training will attract people

interested in the topic, who already behave positively, therefore they have less to change in the way they interact with people who are different from themselves.

Amid the COVID-19 pandemic, businesses have the opportunity to rethink strategies, goals and ways to measure them. During this process, diversity, equity and inclusion (DEI) should be at the centre of strategies.

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