

Diversity as a Competitive Strategy in the Workplace

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The purpose of this study is to explore diversity issues in a corporate environment through the use of the comparative case study method. Case examples of two companies, IBM and Monitor Company, are evaluated using comparative analysis. The study demonstrates that diversity strategy can have an enormous impact on a company's bottom-line and development. The study is significant because as organizations become more culturally diverse, the ability to efficiently manage this transition will likely result in competitive advantages in the marketplace.

With the ever increasing demands of global competition, many organizations are redefining their diversity strategies. While *diversity* simply means difference or variety, it takes on various meanings depending on the context in which it is used. Parvis (2003) stated, "If you spend a few minutes of your time looking up the word *diversity* in the dictionary you will find that the focus is on difference. In other words, the presence of differences is the first definition of diversity" (p. 37). Parvis further noted that most experts focus on diversity as it relates to distinctive characteristics which include race, ethnicity, culture, religion, language, nation of origin, gender, sexual orientation, age, physical abilities, occupation, and class. These varying factors cannot be ignored in the workplace. In an increasingly global community; companies will manage staff, whether current or prospective, from a variety of cultural backgrounds.

Because of antidiscriminatory laws in the United States, more companies can be assured a likely pool of heterogeneous employees. Davidson (1999) claimed, "Above all, given the changes in today's world, we need to live our lives, and manage our workplaces to promote the benefits of diversity for humankind now and the generation to come" (p. 1). Unfortunately, most businesses ignore the consequences of global and local demographic changes on their business operations. Obviously, different organizations are at varying stages in this transformation of understanding the ramifications of diversity. Consequently, some organizations continue to stumble on diversity issues. Based on this situation, organizational leaders should implement diversity initiatives in efforts to motivate and encourage employees to work more effectively with others. This will augur well for companies, placing them in a strong position to compete in an increasingly diverse marketplace.

Going in Two Different Directions

IBM

International Business Machines (IBM) is the world's top provider of computer products and services. Among the leaders in almost every market in which it competes, the company makes mainframes and servers, storage systems, and peripherals. Founded in the 1800s, IBM is an international company with operations in Canada, South America, and other key locations. IBM's service component is the largest in the world. It is the second largest provider of software; it also provides semiconductors. With over 329,373 employees worldwide; the company continues to use acquisitions to augment its software and service businesses, while streamlining its hardware operations with divestitures and organizational shifts (Hoovers.com, 2006a).

Monitor Company

Monitor Company, which does business as Monitor Group, is a strategy consulting firm that provides a variety of management and advisory services and assists companies with their top critical issues over the long term. Founded in 1982; the company operates companies including Action Company, Innovation Management, and Monitor Executive Development. The company also offers financial advisory, investment banking services, data analysis, and enterprise management applications (Hoovers.com, 2006b).

Clemons and McLaughlin (2004) argued that a diversity program will be effective if it is designed to assist the employer in achieving its overall business mission. They explained, "By aligning the goals of diversity with the goals of the organization, it is much more likely that the diversity will be integrated into the culture of the organization and not fall by the wayside over time" (p. 32). Therefore, diversity training should be an important part of employment training programs because implementing such programs is a commitment, but one that will be well worth the effort in the long run. Unfortunately, many organizations are not successful in their diversity initiatives because their actions conflict with their words. They promote diversity in words, but their actions are conflicting. They lose their employees' trust. Simons (1999) argued that the divergence between a leader's words and his or her actions have a profound impact on followers. This inconsistency renders a leader untrustworthy. Therefore, Clemons and McLaughlin's "alignment of goals of diversity" (p. 32) becomes problematic to many organizational leaders.

Assessing Diversity

For many organizations, assessing diversity is a journey into uncharted waters. Monitor Company and IBM went about assessing diversity in a similar manner. They initiated a formal diversity program in the organization. Monitor Company commissioned a diversity network led by two key directors in order to bring together those concerned and to lead efforts to enhance diversity. In contrast, IBM's CEO Louis Gerstner launched a diversity task-force initiative to uncover and understand differences among the groups represented in the company and find ways to appeal to a broader set of employees and customers. This became a cornerstone of IBM's human resources strategy.

Living in Harmony

Monitor Company has valued talent and individuality. The firm has had a corporate commitment to academic rigor, personal reflection, confrontation, and honesty (Gentile & Gant, 1995). In contrast, IBM focused on equity in hiring regardless of race, color, or creed. The company believed that holding managers accountable for diverse results is critical because the organization needed to connect better with customers and become more externally focused. There was also the focus of developing and promoting the best people as the company looked toward a global future (Thomas, 2004). This global outlook is a strategic move for IBM as it expands its markets and responds to the needs of people of color and women around the world.

In terms of the diversity composition, each company's focus was different. At IBM, although the employees were racially and culturally diverse, the team did not reflect the diversity of the market for talent or IBM's customers and employees. A task force was launched in 1995 to rectify the perceived imbalance. Rather than attempting to eliminate discrimination by deliberately ignoring differences among employees; IBM created eight task forces with each focused on a demographically diverse group such as Asians, gays, lesbians, and women.

In contrast, Monitor Company was quite different from IBM. It had a historical legacy embedded in a distinctive academic bent from its founders, Mark and Joe Fuller. The company expected consultants to find their own career path; design their own work pace; and personally address any work issues, internally or externally. Monitor's implementation of its internal systems, such as human resource policies, was consistent with its corporate values. For example, compensation was based entirely on merit. Title and formal hierarchy were avoided, if possible. Although managers strove for diverse opinions and thoughts, employees found the organization increasingly homogeneous. As a result, Monitor's culture created homogeneity of leadership style within the company that excluded cultural diversity.

About 10 years after the start of the company, the consultants at Monitor began to grapple with what diversity meant, both corporately and personally. Nick Basden had uneasy feelings about the organization. Basden explained, "I feel different and I feel different because I'm Black. Something's wrong, I can't put my finger on it, but it's uncomfortable" (Gentile & Gant, 1995, p. 3). He was one of the few persons of color at Monitor but was used to it. Some Caucasians at the company were aware of the lack of diversity. The consultants began to think about what changes in ratio of Caucasians to people of color would bring. For example, would it bring pressures to re-examine the learning and achievement styles that were representative of the culture at Monitor? The consultants had begun to examine their organizational values, probing their understanding of what it means to be diverse (Gentile & Gant).

Shifting Diversity Strategies

The two companies' organizational strategies were different. Monitor Company (Gentile & Gant, 1995) wanted to be a firm where "consultants understood their role to be 'teachers' or 'guides' allowing individuals to find their own career paths, set their own work paces, and confront actively any problems which should arise –including internal ones – and initiate creative responses to them" (p. 1).

What became apparent to IBM's managers was the need to take a more proactive stance on diversity in order to change the course of a company. The fact that IBM has had a long history of progressive management yet lacked a team that reflected societal diversity ratios only goes to

show the need for diversity initiatives in every organization. Brinckerhoff (1994) asserted that organizations that succeed and thrive are going to be the providers of services in the next century; these companies have a clear focus. Brinckerhoff explained, "They have a vision of what they want for the organization and a road map of how they want to get from here to there" (p. 130). In clearly analyzing their views on diversity and investing in deliberate diversity strategies, both IBM and Monitor Company laid the groundwork for their futures. Furthermore, this groundwork is essential for any company hoping to succeed in the marketplace.

Strategic Implications

The following strategic implications emerged as a result of this investigation and are offered to enhance organizational effectiveness and assist both researchers and practitioners:

1. Organizations should engage employees (executives and others) as partners in their plans for diversity initiatives.
2. Organizations should integrate diversity with management practices.
3. Leaders should clearly communicate their support of diversity initiatives every step of the way.
4. Organizations should link diversity goals to broader business goals.
5. Organizations should provide proactive training programs on diversity and encourage career development opportunities for all employees.
6. Organizations should think globally and build diversity into a future success strategy.

In summary, organizations should consider developing a diversity strategy within the overall organizational framework.

The Path Forward

Today, many organizations are still attempting to understand the many cultural and programmatic issues associated with diversity. Some organizations seem content to do nothing, perhaps believing that the diversity issue will go away or resolve itself. However, Monitor Company and IBM displayed a corporate commitment to change. Though they began from different points, they succeeded in bringing increased diversity to their companies as a result of a careful analysis and the meaningful development of strategic initiatives.

Organizations would do well to emulate these diversity initiatives in their strategic planning. The message is that even where goodwill exists, this is not enough to alter a negative trend in the organization. A sincere commitment to change, a well-defined strategy, and strong leadership are the real motors for organizational change. In an increasingly global arena, strategic diversity goals are essential for companies that want to remain competitive. They are also good for business.

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