

New Ideas: An Increasingly Diverse Workforce Makes Traditional Diversity Programs Passé

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FOR 40 YEARS, FEDERAL LEGISLATION has expanded to affirm and establish workplace access and fair treatment rights for blacks and other minorities, women, the aged, the disabled, and a wide range of other people with special or unusual characteristics. As these rights grew, early resistance—based on anticipated high cost and inconvenience—has faded. The demonstrable work capabilities of these diverse people are today unequivocally clear. The old view of diversity as an imposed cost of doing business is history, at least in forward-thinking firms. The endless differences in knowledge, skills, experiences, special abilities, culture, and linguistic talent, to name a few, are all now widely seen as assets to be respected and drawn on as needed. Diversity is so great as to be beyond any inventory. Social and business changes have blasted the concept wide open. To paraphrase the Army's slogan that each soldier is "an army of one," each employee is a total diversity of one.

To illustrate the point about total diversity, I made an arbitrary list of obvious categories: race, religion, ethnicity, national origin, age, level of education, gender, demographic location, urban/suburban/rural background, height, weight, occupation, income, and so on. Then I estimated the percentage of the population I fit into with regard to each of those categories. For example, I am white, which would make me fit about 85 percent of the population; based on age category, I'd fit in with about 10 percent of the population. In putting these scores together, I found that by using just eight of these measures, I became 1 person in 300 million, which is the total population in the United States. It is clear that some of us might end up being 1 in 200 million, and still others might end up being 1 in a billion. The point is that each of us is an individual, and our individuality is spread over a substantial number of factors or variables that make us who we are.

The problem for human resources departments is that as they have addressed one or another element of

diversity—race, gender, physical condition, and so on—they have followed the usual practice of bureaucracy when faced with a new issue. That is, they form a unit, set up an activity, and treat the characteristic as if it were a distinct problem, seeming to overlook the more important fact that each of us is unique. Rather than forcing us into boxes where they can do generic activities for Box A, another set for Box B, a third set for Box C, and so on, they should recognize that everyone in the organization should have access to the array of activities from Boxes A-Z. In general, diversity programs are either mechanisms for maximizing the reward structure or ways to better fit, prepare, train, and select the person for specific jobs. By recognizing that each of us is an individual and making these activities available to all, we can educate, reward, and train everyone according to his or her own and the firm's needs.

As a general principle, every change planned or unplanned, within or connected to the firm has ripple effects, most of which will affect the workforce. Those ripple effects may involve new talents, new hires, schedules, benefits, compensation, training, the organization of work, new goals and forms of management, and just about anything else. The challenge for senior management is to leverage the ripple effects of the widespread diversity within their enterprises by recognizing the uniqueness of each employee.

HARNESSING DIVERSITY TO ENHANCE THE ORGANIZATION

The single most important flaw of diversity programs is that they categorize people into diversity boxes, concentrating on the label on the box—e.g., black, female, handicapped—and deemphasizing the range of abilities and the potential that each person has. It would be better to treat each person as a unique individual; unfortunately, this is difficult and uncongenial for the large corporation to do. In the examples that follow, we examine a variety of situations that today's HR

departments commonly handle by forcing people into a diversity box and see how a different approach to diversity can yield better solutions for individual employees, to the benefit of all.

Transforming the Disabled Employee into a New Product Designer

Companies that have accommodated disabled employees can reap unexpected benefits by simply changing their perspective. For the company that sells products or services, disabled employees may be able to coach company designers on the needs and limitations of the physically disadvantaged consumer.

Wouldn't it be great if car companies and food packagers, for example, surveyed and learned from their own disabled workers? Furthermore, if we assume that 5 percent of workers have relatives with disabilities, treating every employee as an individual resource may help the company capture their observations and experience and expand its ability to serve the market of the disabled.

Companies that have incorporated the disabled into the workforce are being rewarded in another way as well: disabled employees are usually more reliable workers than their peers.

Minority Workers as Litmus Testers for Your Foreign Operations

When companies open facilities in foreign countries, they face two universal issues—an alien language and unanticipated customs. The common U.S. business mistake is the belief that people everywhere are just like us, except that they wear funny hats and don't speak English. Companies that have hired employees from other nationalities and cultures will find that these employees can alert management to the differences they will encounter abroad, even if they cannot state them in scholarly language or technical jargon. More generally, by treating everyone as a resource, the company will likely find some number of its employees who have personal experience in almost any country of new interest. Find them and use them. They will give

you directly useful insights, raise uncertainties you had not considered, and even allay some anxieties.

As an example, a few years ago, a U.S. multinational decided on Geneva as its new European headquarters. It began a sensibly slow but steady move of personnel. Only in the midst of this process did management discover that the available housing was unsuited to U.S. customs and budgets. An early internal reconnoiter within the company could have helped avoid the problem. This example shows the shortcomings of the established approach to diversity as boxes for troublesome people. Management could easily have put out a general notice asking if anybody had lived in Geneva, or was familiar with the size, structure, and organization of dwellings and how they might fit U.S. employees like themselves. When diversity is seen as something positive, management is more likely to recognize that it already has information it urgently needs.

Managing Employees from Dual-Income Households with Dependents

Employees from dual-income families with dependents make up a rapidly growing category of diversity across all employees that presents management with special challenges. Whether they are caring for children or aged parents, workers face inevitable and mandatory needs that simply trump work responsibilities—sickness and doctor visits, school events, and the like—and require greater flexibility at work. At the same time, having two sources of income gives each of them—if they have handled their finances wisely—unprecedented independence. Companies that fail to provide the needed flexibility risk demoralizing their staff; as family tension increases, so does vituperative hostility toward the employer. After complaining, requesting, or suggesting and still getting no satisfactory response, valuable employees may quit.

In response, more companies are allowing these families to balance the demands of work and personal life through flexible scheduling, telecommuting, or job sharing. These solutions are facilitated by technologies

that can connect employees to the enterprise from home or any remote site. Work at home has been widely appreciated by those doing it. It gives employees an hour or more of free time by eliminating travel and offers flexibility in arranging the day and its often complex obligations.

You can recognize employees as individuals by offering this benefit of flexibility to everyone, not just those who have been categorized as telecommuters. Companies that do so will find themselves rewarded with increased employee loyalty and the improved productivity that happy employees provide.

Managing the Minority Worker for Upward Mobility

Many minority employees (more so in earlier times) were hired into an employment *cul de sac*—low-income jobs with only one or two steps up possible. That's deadly for morale and murderous on company reputation. One of the highest-priority expectations of most minority hires is the opportunity for upward mobility and the appropriate internal training and experience to earn the rise up. If there ever was an HR situation begging the boss to put himself or herself in the employee's shoes, this is it. Unfortunately, upward mobility remains just a hope for most low-income minorities.

Undereducated minority workers are all too often exploited, underpaid, and overworked in U.S. businesses. The worst practices are usually in overseas facilities run by suppliers whose workplaces are sweatshops. But even domestically, we have some of those worst practices. It has been national news for a couple of years that Wal-Mart has engaged in questionable practices, taking advantage of either immigrant minority or relatively poor domestic workers. Aside from wage adjustment, educational programs could go far in both opening up those workers to new opportunities and higher expectations and making them more useful to their current employers.

One of the near-universals in workers' hopes and expectations is that with hard work and experience they will enjoy continual increases in income over their

working lives. To not provide that fair wage and route to upward mobility is to populate your workplace with alienated and even hostile employees. That doesn't seem to make much strategic sense for any company.

Companies that understand the total diversity of the workforce will recognize this desire for opportunity among many of their lower-income employees. By creating training and educational programs and making them available to all employees, these companies can improve their future competitive advantage.

It is worth noting that today's low-paid worker becomes tomorrow's consumer of your products. The fast-food industry provides a powerful example of this. Some incredibly large percentage of Americans under 50 will have worked in their teens for a fast-food chain. Ten or 15 years after holding those jobs, they are likely to be married and have children, therefore becoming part of a new generation of the chain's customers—assuming it was a good youthful experience.

Now run the reel for an immigrant whose early job was scut work in a big company. Ten or 15 years later, he or she is likely to be a comfortable member of the middle or working class. Will their menial-work employer be able to sell its product or service to the former low man on the totem pole? The implications of how you treat members of a category of workers—in this case, all young people doing unskilled work—can be subtle and last well into the future.

To generalize further, every worker or former worker is a social megaphone potentially shouting out good, bad, or indifferent information about your firm as a place to work. If he or she is angry with you, that broadcast may include anecdotes that, whether true or false, will hurt your reputation and damage your drawing power.

Differing Career Orientations Among Female Employees

Catherine Hakim of the London School of Economics has published a study in her book *Work-Lifestyle Choices in the 21st Century* (Oxford University Press, 2001) in which she divides women in the American, British and Dutch

workforces into three groups. One group, containing 20 percent of the sample, is fundamentally home-oriented. A second 20 percent are primarily work-oriented. The remaining 60 percent she calls *adaptive*. They want to pursue both work and domestic goals and to have the best of both worlds.

While Hakim's numbers may be open to some minor challenges, the main point for management is crystal clear. Plan for all three groups, and do your best to determine who fits each pattern so you can motivate and reward them effectively. You can take this a step further and understand that male employees also have differing life goals, with work being of varying personal importance. Your company will get the most from each employee by recognizing this.

COMPENSATION PACKAGES FOR THE DIVERSE WORKFORCE

The foolishness of the diversity box is nicely illustrated by the usual corporate reward system, which runs counter to what we know from decades of research on rewards. Ideally, the reward should closely follow the act, the event, or the situation that merits the award. Second, it should reflect some attention to personality, personal characteristics, or something idiosyncratic about the individual.

Instead, what we find are rewards that are generally distributed by formula and given out at a fixed time of the year to everybody or almost everybody in the company. We basically have turned our back on what science has shown to be the best way to reward, and instead treat people like a slot machine: put in the Christmastime annual award coins and expect them to deliver what is ordered all year. Treating people like robots does work—to robotize them.

But monetary rewards are not the only coinage to lure and hold good people, and an understanding of the diversity in the workforce can help the company offer workers the benefits that really matter to them. For example, in the trucking industry, the lures for new drivers may be in the quality of the cab and its amenities, free telephone cards, permission to bring the

driver's spouse along, and many other things to make the long, hard drive more pleasant. Why not give the same benefits for the sales force on the road?

WHAT EVERYONE WANTS

The emphasis on diversity in this article is not meant to imply there are no universal workforce desires and needs. Quite the contrary—there are four near-universals that are often shaped by diverse personal situations:

1. The desire to move up in skills, jobs, and often in responsibility.
2. The desire to do socially significant work. Ask yourself whom you would rather have working in your company—the person who, in response to the question, "What do you do?" says, "I tighten nut 7396z," or the one who says, "I make cars." It is a fair assumption that the latter worker is the more productive one whose high morale reflects management's good practices in developing its relationship with its workforce.
3. The desire to be compensated according to points one and two above. Here compensation includes what is usually called benefits.
4. Job stability. Few people today really expect their employment to be permanent. But they may reasonably expect management to be honest, forthright, and timely in informing the employees about the business, its work problems, and plans.

THE CHALLENGES OF MANAGING FOR UNIVERSAL DIVERSITY

Diversity in the firm has implications for at least three groups: senior managers, the human resources department, and frontline managers.

Senior Management

There are several factors that keep senior management in many U.S. companies from responding to the changes in the twenty-first century workforce and taking

advantage of the benefits of diversity. One key problem is that most of the basic changes challenge their core assumptions about managing a successful organization. It is understandable that senior managers, being older on average than their workforce, tend to see the organizational structure and policies and practices of the environment in which they grew to power as still applicable to company success.

In addition, executives themselves are a diverse group. Those who see any change as likely to be risky will take a conservative approach to business and be wary of any new plans, programs, or policies relating to the workforce. Others suffer some degree of social isolation from the sweeping changes taking place within their own organization, among their successful competitors, and in other industries. For too many of them, diversity is only a surface activity to ensure compliance with legal requirements about workforce composition; they fail to see that diversity is universal and has advantages they should be promoting.

Other executives are aware of social changes and want to act but are constrained by superiors who see matters differently, while still others are only responding to fear of the potential negative social and moral ramifications of not having a diversity initiative. A relatively small number of executives are proactively pushing diversity initiatives because they know or believe that it improves the bottom line. Microsoft, for example, prizes the intellectual capital of its employees that has been essential to company success.

HR Departments

Many HR departments, in the past 15 years or so, have incorporated three big changes. The first two concern the outsourcing of records management and the pushing down into lower levels of operations responsibility for dealing with workers on HR issues. The third change, resulting from the first two, leaves HR more latitude for developing strategic inputs into corporate planning. These are the departments that are best positioned to take advantage of the benefits of a total diversity approach. Firms that have not adopted

these new policies have left their HR departments with all the traditional functions and relatively little time to analyze and innovate with regard to the expanding diversity of the workforce and other strategic issues.

There are two primary diversity-related changes that HR should promote. First is the rewards program. The second is a focus on linking work to the employee's personal life in the areas described earlier. This work-life focus can show up in many ways, but perhaps the key now is flexibility. In so many of the areas discussed earlier—dealing with families with dependents, male or female workers seeking to enhance their personal lives, or minority workers making time for training and education; facilitating communication with and among workers who come from different national, geographic, and demographic backgrounds who often speak different languages; or developing compensation packages that address the full spectrum of employees' concerns—flexibility is a chronic and sometimes critical need. HR departments that use the reward structure and flexibility to solve the challenges of diversity can go a long way toward reversing the widely recognized decline in worker loyalty to the corporation.

Frontline Managers

The frontline manager confronts many types of diversity issues every day:

- Age differences between a younger manager and older subordinates, or the spread of ages within a team, can be troublesome for managers, because we tend psychologically to link authority to age.
- Employees have different personal preferences with regard to time, work, benefits, compensation—just about everything—that can create conflicts managers must resolve.
- Evoking from the workers critical knowledge, which they may not even see as important, or if they do, are reluctant to give out, requires attention to rewards.
- Contrary to the widespread notion that everyone wants a degree of self-direction, some workers

need and want detailed descriptions of what they are to do. Managers must determine the optimal amount of direction for each employee.

- The need for training must be a subject of continual attention, especially if the work itself is changing.

Flexible, adaptive management goes against the grain of tradition; this has left many long-time managers ill equipped to do their current job. Put differently, managing diversity requires common sense that traditionally trained managers are still unaccustomed to providing. Frontline managers should receive training in interpersonal skills and in sensitivity to the individual characteristics of each worker, not to his or her diversity box. That will reward the company with far more effective supervision.

SHARING KNOWLEDGE IN THE DIVERSE COMPANY

In the culture of U.S. business, it is often taken as a mark of incompetence to ask for help, especially broadly outside one's immediate range of responsibility. There is also widespread uncertainty, even fear, that responding to a question from someone in the company who is unknown to you amounts to a giveaway of the special knowledge that is the basis for your employment.

Knowledge management has been a hot new thing in U.S. business for over a decade. It is the generalized response to an observation made by an executive at Hewlett Packard that "if HP knew what HP knows, profits would triple." Tons of money and myriad consultants have tried to meet the need implicit in that statement by offering computer systems to inventory staff knowledge and experience and to reorganize in order to channel the effective flow of inquiries and replies. All of that misses two core points: (1) the open flow of information from the total diversity of staff experience and knowledge requires a new and appropriate reward structure and (2) the open exchange of information must become an all-embracing practice beginning at the top.

MOVING BEYOND CATEGORIES

In the general business press as well as professional HR journals, there is a growing awareness of universal diversity as a positive factor, one with the potential to boost a company's bottom line. Two sections of advertorials demonstrate the increasing attention to diversity in the business sector. (An advertorial is a paid article in a newspaper or magazine often written in the style and matching the format of the publication.) The *Boston Globe* (October 17, 2004) ran an advertising supplement of 16 pages made up of eight advertorials and numerous display ads. The bylined articles covered aging, ethnicity, race, gender, health care, the young worker, and the disabled, as well as other topics. The second example is a 14-page piece by the Society for Human Resource Management published in the October 18, 2004, edition of *Fortune* magazine. It covered similar topics and offered a good bit of quantitative information.

Harnessing the diversity of the firm for productivity and profit requires that management keep two facts in mind. First, people are all different from each other. Second, successful management must be based on understanding specific individual differences.

Managing diversity is now a cost-effectiveness business issue, not an issue of fairness or of satisfying seemingly arbitrary government regulations. It calls for an uncommon degree of common sense, flexibility, fellowship, and HR experimentation. Try it. You cannot lose.