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Leading the diverse workforce

Profit, prospects and progress

Leading the
diverse
workforce

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Abstract *US demographers predict that women, people of color and ethnic minorities will represent over 50 percent of all new entrants to the US workforce by 2008. This shift in demographics plus the pressure from a growing competitive global marketplace are forcing organizations to rethink models of business success. The authors describe how organizations can ensure their readiness to effectively align business strategies with today's demographic and market realities to achieve growth, profitability, and sustainability. This study updates the literature by connecting the leadership literature with diversity research. The theory development of this study reviewed the progress made and the future prospects and potential profits for US businesses in leading today's diverse workforce. Findings from interviews and focus groups with senior executives, representing a cross section of American industries, led to best practices recommendations for capitalizing on the strategic benefits of diversity.*

Introduction

The data of the 2000 census removed any lingering doubts about both the “if” and “when” of dramatic shifts in the demographics of the US (US Census Bureau, 2001). The current white majority is aging. The next and future generations will reflect a very different world. This changing demographic landscape is demonstrated in the dramatic increase in the number of same-sex households, an increase in the number of Americans identifying themselves as multi-racial, and the fact that Latinos now surpass African Americans as the largest minority segment (Cole, 2001; Diversity Inc., 2002; McDonough, 2002). The census data reveals that by 2008, nearly half of all the nation's new workers will be individuals traditionally classified as minorities; i.e. women, people of color, and ethnic minorities (US Census Bureau, 2001).

The data was a shocking wake-up call for many corporations that believed diversity was not critical to their core business or their long-term financial success (Diversity Inc., 2002). The increasingly diverse US demographics, coupled with a growing global economy, are beginning to force organizations to rethink models of business success and how they will ensure organizational readiness for effectively aligning business strategies with current and future demographic and market realities to achieve growth, profitability, and sustainability (Martino, 1999; Wheeler, 2001; Fitzpatrick, 1997; McBride and Bostian, 1998).



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Recognizing the importance of leadership diversity is only the first step. No change will occur unless an effective strategy is developed for achieving inclusion through a commitment to diversity at all levels of the workforce, especially at the senior management levels, where it is most strategically important and least in evidence (Conklin, 2001). "Such a strategy should involve a systemic, results-oriented, business-based approach" (Fitzpatrick, 1997, p. 120).

Benefits of diversity: profit, performance, and talent

Yet companies will not seek diversity unless this business competency results in increased profit and metrics that substantiate the necessity to expand the emphasis on diversity (Diversity Inc., 2002). Irrefutable measurable benefits can be derived from properly implemented policies to promote diversity (Jamrog, 2002). The most evident measurable benefits are improved bottom line, competitive advantage, superior business performance, employee satisfaction and loyalty, strengthened relationship with multicultural communities, and attracting the best and the brightest candidates.

Improved bottom line. Diversity initiatives benefit companies' bottom line and help them maintain a competitive edge, according to a 2001 survey by the Society for Human Resource Management and *Fortune* magazine (SHRM, 2001). The survey was mailed to 839 human resource (HR) professionals at Fortune 1000 companies and to the organizations on Fortune's list of the 100 best US companies to work for. Respondents were asked to indicate how diversity initiatives have affected 20 different issues relating to the bottom line. The respondents ($n = 87$) to the bottom-line question indicated that diversity efforts make fiscal sense for their companies. The top five positive impacts on the bottom line were improving corporate culture (79 percent), helping recruit new employees (77 percent), improving relationships with clients (52 percent), higher retention of employees (41 percent), and decreasing complaints and litigation (41 percent) (SHRM, 2001) (see Table I).

Competitive advantage. "Recruiting and retaining people of diverse backgrounds who can share a common set of values...and approach to business – is a priority for today's competitive organization" (McCormack, 2002, p. 1). Human resource professionals agree. Nearly 91 percent of respondents in the SHRM study believe that diversity initiatives help the organization keep a competitive advantage through improving corporate culture (83 percent), improving employee morale (79 percent), higher retention of employees (76 percent), and easier recruitment of new employees (75 percent) (SHRM, 2001).

Superior business performance. A third benefit of a commitment to diversity is superior business performance. Diversity in gender, race, and age on senior management teams is correlated with superior business performance in worker

Initiative	% responding <i>n</i> = 87	Leading the diverse workforce
Improves corporate culture	79	<hr style="width: 100%;"/> 75
Improves recruitment of new employees	77	
Improves client relations	52	
Higher retention of employees	41	
Decreased complaints and litigation	41	
Enables the organization to move into emerging markets	37	
Positively affects profitability indirectly	32	
Increases productivity	32	
Positively affects profitability	28	
Maximizes brand identity	23	
Has not impacted bottom line	7	
Increased complaints and litigation	1	
Negatively affects profitability	0	
Lower retention of employees	0	
Impedes the organization from moving into emerging markets	0	
Deteriorates client relations	0	
Deteriorates corporate culture	0	
Hinders recruitment of new employees	0	
Negatively affects profitability indirectly	0	
Decreases productivity	0	
Detracts from brand identity	0	
Other	0	

Note: Percentages will not equal 100 percent as multiple responses were allowed
Source: Adapted from SHRM/Fortune survey (2001)

Table I.
How diversity initiatives have impacted the bottom line

productivity, net operating profits, gross revenues, total assets, market share, and shareholder value (Bureau of National Affairs, 1998).

Diversity drives creativity and performance, insists diversity expert Robert Hayles. "On complex tasks, with equally skilled leadership, diverse teams will out perform teams that aren't diverse" (*Ideas and Trends in Personnel*, 1997, p. 179).

Attract the best and the brightest. Is it possible today to find candidates to achieve the desired diversity? Women and ethnic minorities will represent approximately 70 percent of all new entrants to the US workforce by 2008 (US DOL, 1999). Top candidates will work for companies that aggressively recruit through programs for multi-ethnic students, affiliations with multicultural organizations, and active campaigns on job sites aimed at diverse candidates. Promoting diversity attracts talented workers, reduces turnover, and unleashes creativity (Silverstein, 1995; Diversity Inc., 2002).

Employee satisfaction and loyalty. Attention to diversity increases employee satisfaction and loyalty (McBride and Bostian, 1998). Companies with good track records of equitable opportunities will find it easier to recruit and retain talented women and ethnic minorities, who prefer to work where they can

expect to advance (LDI, 2002; Catalyst, 2001; Larson, 2002). If new women and minority hires see no one who looks like them has ever made it into upper management, they will conclude that they have to go elsewhere for advancement (Gardenswartz and Rowe, 1998; Lewis, 2002).

Strong CEO and upper-management support for diversity initiatives, along with affinity groups, mentoring programs, and work/life policies, build employee loyalty and a growing commitment to a company's business goals (SHRM, 2001; Diversity Inc., 2002).

The cost of ignoring diversity

The greatest loss to a company, when diversity is not a priority, is loss of potential business in the form of new customers in growth markets, customers who are proving increasingly loyal to companies that understand their culture and their needs (Diversity Inc., 2002; WCC/HI, 2002).

Prospects: challenges

There are challenges to achieving inclusion through a commitment to diversity. Leaders need to achieve a balance between the human needs of diverse groups and the business objectives. Corporate leaders must focus on the implications of business decisions, policies, and practices on the diverse human component, the law, and the bottom line (Wheeler, 2001; HRI, 2002a, b; Lussier and Achua, 2001; Taylor, 2002). Leaders face a number of challenges in attempting to maintain this balance, such as leadership, single work ethic, workplace authority, mentoring, new work configurations, and work-life balance.

Leadership

According to annual surveys to identify top people management issues, leadership is, and has been consistently ranked as the single most important issue both today and in the future (HRI, 2002a). Even though the importance of leading a diverse workforce is evident, the availability of leaders is not. Who will be the leaders? From where will they come?

By 2005, one in five top management positions and almost one in four middle management jobs are expected to be vacated due to retirement (Diversity Inc., 2002; Bear and Bostian, 2002; Anderson and Bostian, 2001). One in five of the largest US companies will lose 40 percent or more of their top executives. There will be fewer younger managers available to fill the holes, as the number of 35 to 44 year-olds declines by 15 percent through 2015 (Wellins and Byham, 2001).

One solution to the expected leadership void is dispersed leadership—having leaders at every level and in every function of an organization (Hesselbein, 2002). These leaders will need to focus on listening, learning, experimenting and coaching, networking with each other, and cultivating new leaders (Melymuka, 2001). The goal for leadership development in the twenty-first century should focus on the development of cross-cultural leaders, resulting in

a new generation of multicultural professionals (Thomas, 1998; Kahn, 1999; Yukl, 2002; Shelton *et al.*, 2002).

Single work ethic

Another challenge is to have people from different cultures and ethnic backgrounds agree on a single work ethic. In addition to the impact of culture and ethnicity on achieving a single work ethic, leadership teams need to address differences such as age, business and personal experiences, education, family circumstances, gender, language, physical or mental ability or disability, organizational level, race, religion, and sexual orientation (Anderson and Bostian, 2001; Bock and Greco, 2002).

Workplace authority

Even more challenging can be creating professional agreement and understanding among people of different countries and religious traditions who have differing views about women and workplace authority. As these differences may be value based, creating an agreement requires creativity (Johnson, 2002).

Trust and commitment

In today's diverse workforce, leaders could likely face four generations of employees simultaneously, consisting of elders returning to the workplace, Baby Boomers, and members of Generations X and Y. The varying lifestyles, needs, work styles, goals, and demands of these age-diverse workers offer challenges to building trust and gaining commitment (Bear and Bostian, 2002; Kelly, 2001).

New work configurations

A quite different challenge is how to bring people from different backgrounds and from different parts of the globe together to interact in new work configurations such as virtual teams and strategic e-business partnerships (Koonce, 2001). Cross functional teams that operate in a virtual world where members communicate electronically may never meet face-to-face. The complexity of and comfort with technological interaction present potential barriers to understanding and to consensus decision making.

Work-life balance

The challenge of leaders of a diverse workforce is to develop strategies that both support employees and develop their organizations. (Carvel, 2001). The increased numbers of dual-career families and single parents require that organizations develop practices that encourage a culture in which people are happy about being able to meet the demands of their work, their responsibilities, and their interests outside of work (Drago, 2000; Taylor, 2002).

Progress: lessons learned

Organizations, striving to recruit and effectively manage an increasingly diverse workforce, soon realize that it takes an enormous and ongoing amount of time, energy, and resources to sustain their goal of diversity (Mateo and Smith, 2001). In reviewing the lessons learned from the organizations that have been recognized for their accomplishments in diversity initiatives, we shall examine leadership, implementation strategies, diversity metrics, and best practices.

Leadership

The four fundamental components of effective leadership in a culturally diverse society are a knowledge base which increases sensitivity to and awareness of the diversities in the workforce, identification of resources which can strengthen and improve the quality of life for diverse individuals, open communication with others about cultural differences, and strategies which will enable leaders to serve as change agents to maximize the benefits of a culturally diverse workforce. (Kappa Omicron Nu Honor Society, 2002)

Implementation strategies

A number of studies have identified the critical areas of successful strategies to lead today's diverse workforce (Diamente and Giglio, 1994; Clark, 2000; Stovell and Schnack, 2001; Kluttz, 2002). The identified areas for strategy formulation and implementation are recruitment, selection, and retention; supplier diversity; communications including mission, advertising, public relations, and websites; compliance; assessment, training, and career development, including mentoring; and compensation and benefits including rewards and recognition (Compilation: McBride and Bostian, 1998; Diversity Inc., 2002; Kluttz, 2002).

Diversity metrics

How does an organization know if it has "arrived"? Recommended diversity metrics need to address both business and human resources issues, help move diversity initiatives forward, assess effectiveness and progress, and assure management commitment and accountability. The first visible metric is a balanced workforce with visible diversity throughout the organization. Second, is leadership commitment and accountability, where diversity initiatives become business objectives. The third metric is work environment as an important barometer for the value of inclusion and diversity. Fourth, is stakeholder and bottom-line impact demonstrated by profitability, investment with vendors and suppliers, and customer satisfaction (Wheeler, 2001).

Extension of prior research

Purpose

The authors conducted a study exploring best practices and challenges of leading today's diverse workforce. The exploration resulted in a benchmark study of corporate perspectives in large, medium, and small companies. Prior research has focused mainly on Fortune 500 or 1000 companies and has been limited to specific functions, e.g. recruitment, retention, etc. (SHRM, 2001; Business and Legal Reports, 2001; Lewis, 2002). The authors' research will extend prior research by providing insights into the attitudes, perceptions, and opinions of the participating executives regarding leading today's diverse workforce.

Methodology and composition

To understand the executive perspective on leading today's diverse workforce, the authors conducted focus groups in two geographically diverse locations: a large metropolitan city and a small rural coastal community. Participants were selected from top-level executives representing a cross section of industrial sectors including financial institutions, governmental, healthcare, high-tech engineering, hospitality, manufacturing, marketing, nonprofit, retail, and utilities (energy) companies and organizations. Both groups were diverse in age, gender, and ethnicity. Each group of eight to ten executives participated in a two-hour focus group session with a moderator who guided the discussion and probed for clarity following a focus-group discussion guide. The resulting discussion encompassed differences in diversity definitions; issues, challenges, and current practices in leading today's diverse workforce; current practices of identifying, selecting, and developing future leaders; and suggestions for improved leadership effectiveness.

Screening. The participants were screened by telephone interviews to assure they were top-level executives, had decision-making authority to impact policy and practices, managed a workforce, and would be willing to share their leadership experiences. Those who met the criteria were invited by written invitation to participate in a focus group on leadership issues.

Incentive. As an incentive, the focus group participants were provided a composite report of research conducted by HRI in the areas of the future of leadership, women in the workforce, minority employment trends, and the generations at work.

Format. The focus groups were conducted from 10:00 – 12:00 pm in both locations. Once assembled in the boardroom, the participants were asked to share their views on the meaning of the term leading today's workforce. The discussion continued as the moderator discreetly guided the discussion through the topics in the discussion guide and posted the responses on flipcharts. The last 30 minutes, the participants individually indicated the importance of the responses in each topic area by indicating the top three. As

an expression of appreciation, the participants were given their composite research report and invited to a luncheon with the dean of the business college and the president of the respective university.

Focus group findings

A synthesis of the most important themes generated by the focus group participants is discussed. The themes were derived from the top three important responses in each topic area, as determined by the participants. The resulting themes of leading today's diverse workforce can be divided into four areas: leading today, diverse workforce benefits and challenges, recommended changes, and future leaders.

Leading today: need for clear vision and supportive climate

The question "What does the term leading today's workforce mean to business leaders?" sparked a lively debate of four issues: managing vs. leading, individual leader vs. leadership team, loyalty vs. disloyalty, and diversity vs. homogeneity. The resulting key theme identified as paramount to successfully leading today's diverse workforce was the need for a clear business vision and communicating that vision so all can understand. While participants debated over the definitions of leader, manager, and what constitutes diversity in today's workforce, there was consensus on the need for leaders to create a climate in which employees feel appreciated, empowered, and supported. The participants further emphasized the value of a leadership team, as business is too complex today for one person to lead a company alone:

Leaders must have a vision, a sense of mission and strategy, but we have to do it as a team because no one person can do it all. The events of the world have led us to have to go back to the basics, like being honest.

I would change the word leading to supporting because it goes back to the issue of trust. Leaders must understand that the focus has changed, and must support their workers and ask for their input. Tell them the goals, but ask workers for their contribution.

By empowering and supporting today's workforce, leaders can motivate them to achieve desired performance and encourage individuals to embrace a common vision.

The debate of managers vs. leaders resulted in an agreement to disagree about managing and leading both processes and people:

Some people are strong leaders, but not good managers, and vice versa. Business leaders have a more global perspective, and managers are more specific to the industry or product. Business leaders must have a global mindset or vision.

Leaders must sometimes fly at 100,000 feet and communicate the vision. Managers make sure the task is being accomplished and in the right way. Managers also have to step back and become a leader occasionally to develop the workforce. You don't want to manage people, you want to lead them.

It is hard to distinguish between leadership and management. It is a continuum – you have to have both. Some leaders can't execute. If I had to pick, I would probably take the manager, but you really need both.

The first six months in my position was a struggle. I am a doer and wanted to micro-manage people. I found I needed to give people the tools and not get into the day-to-day job. I only have to get involved when they come to me with issues. It is important to clearly understand when to lead and when to manage.

Different opinions emerged about the necessity of diversity in the workforce. Some focus group participants thought diversity was inevitable and necessary for success; others thought it was neither inevitable nor necessary for success under certain circumstances:

People like people who are like them. If you don't have Hispanic loan officers, you can't have many Hispanic customers. People want people who understand their culture, language. It makes the difference in success. Instead of putting in a young graduate, put in an Asian person. You'll make ten times more because they [customers or clients] will say that he [or she] understands our culture, etc.

If you don't have access to diversity, it won't make you fail. Suppose you are a manufacturer, not a banker. You are in a little place. You may not need diversity under such conditions. It depends on where you are, which industry you are in, and what you want to do.

Leading today: honesty, integrity, and equity

The participants agreed that successful leaders lead by example. Leaders must demonstrate honesty and integrity in their actions and words if they demand honesty and integrity from their employees. Participants further agreed that leaders must be consistent and equitable in recognizing and rewarding employees and in resolving conflicts:

Lead by example. Don't just tell people what you want. Show them or better yet do it yourself first. Let people know you understand what you are asking.

Arriving at the right answers, not necessarily giving them. Expect positive leadership from all of those in position of authority. Demand honesty and integrity from all employees.

Provide a working environment that supports and encourages change. Embrace change – view it in a positive light.

Listen to workers and implement their suggestions and ideas.

Consistency – workforce needs to know what their leaders stand for. Deal with conflict consistently and fairly.

Diverse workforce: competitive advantage

In discussing the pros and cons of having a diverse workforce, the participants believe that diversity is a definite advantage. Without diversity in the workforce, there could be fewer new ideas and slower or no growth.

If you don't have knowledge to deal with a diverse workforce, you are at an unbelievable disadvantage in today's global market. You have value in your people. Without diversity of the people in the workforce, there is no product.

There is great value in having an international group of employees. People want to buy from people who are like them. Fifty years ago businesses didn't have as diverse a population of customers as they do now. To grow, you must be diverse and match the diversity of the population.

We must bring other types of people in to motivate the workforce and get new ideas to continue to grow even if our customers aren't diverse.

Even though addressing diversity issues can cause a leader to focus time and attention from the business at hand, there was clear consensus among the participants that the positive outcomes outweigh the negative. One negative outcome of a diverse workforce that was identified by the participants is that dishonesty can be disguised. Participants also discussed the inability to reward employees adequately and increased level of distress as other negative outcomes. Conversely, the identified positive outcomes of leading a diverse workforce included more creativity, more ideas, sensitivity to the needs of their diverse customers, and better prepared leaders for the future:

It's a matter of dollars and cents. The cost of addressing diversity issues is minimal [compared] to the costs of ignoring diversity issues in the workforce. Lawsuits and grievances with a basis in misunderstanding diversity, especially gender and race, have cost our organization hundreds of thousands of dollars in money and in work time devoted to responses and depositions.

Emphasizing differences can lead to a self-only attitude and increased levels of distress.

Leaders are unable to reward employees both monetarily and through recognition because it may be perceived as favoritism, bias, or discriminatory.

Addressing diversity issues by developing teams takes more time than being a dictator, but it means more ideas, more creativity, and more sensitivity to needs of others from diverse backgrounds.

Honestly and objectively dealing with diversity issues gains the respect of your employees, manages conflict, discourages stereotyping, and minimizes miscommunication due to lack of understanding.

Diverse workforce: leadership issues and challenges

Once the participants reached a common understanding of the term leading today's workforce and the positive and negative outcomes of addressing diversity, the discussion moved to identifying the issues and challenges their organizations experience.

Wide range of differences. Participants believe today's leaders face challenges coping with a wide range of employee backgrounds, different employment experiences, and conflicting cultural values. They emphasized that leaders must recognize, understand, and appreciate their employees'

differences to minimize negative conflict, stereotyping, and miscommunication, which can adversely affect productivity, employee commitment, and loyalty.

Lack of socialization skills. A challenge identified by the participants as new to today's leaders is responding to the lack of socialization skills among the workforce. The participants described a world today where workers live in common ethnic and cultural neighborhoods and communities or clusters, yet work in a heterogeneous environment. While socializing the workforce is not generally considered one of a company's responsibilities, organizations are being required to provide the necessary training and socialization opportunities that employees are not exposed to in other areas of their lives. The participants also feel schools are not preparing young men and women with the required socialization skills to enter the diverse workforce:

Leaders need to understand their employees' wide range of backgrounds, as a lack of understanding could result in conflict, stereotyping, and miscommunication. Misunderstanding, misinterpretation, and mistrust create tension. Misunderstanding can cause employees to not perform tasks assigned to them.

Employees have peculiar needs in childcare/family needs, patient care for various groups, religious holidays, health benefits, etc. These differences lead to misunderstanding and fear of expressing ideas or issues. [I] might lose my job.

The workplace has to train employees in new social behaviors to interact with the diverse group of workers. Managing diversity is managing the baggage people bring to the workplace. Leaders must help workers develop new social skills. We have to do it because schools are not doing it and because of limited opportunities to develop social skills in their [workers'] private lives.

People, who haven't had exposure to black or older, younger, different sex, or ethnic group of people because of their backgrounds, forget their differences when they work together with common goals.

Diverse workforce: policy and practice changes to implement

Participants identified four changes that organizations must make to accommodate and effectively lead a diverse workforce: inclusion policy and practices; top management support; measure, recognize, and reward progress; and diversity in the top management team. The participants unanimously agreed that inclusion must be a policy, not the *soup de jour* and that inclusion must be integrated into all existing and future management practices. The inclusion policy should be guidelines to follow for legal or regulatory issues, but needs to have flexibility in implementation. They emphasized that without support from top management of inclusion, self management, and life-long learning, new policies and practices would make little positive difference in leading today's diverse workforce. Lastly, participants stated that corporate directors need to provide honest feedback and recognition to leaders for their results in inclusion and the bottom line.

Corporate directors need to be more than rubber stamps. Review, analyze and critique results – not just bottom line. Leaders need honest assessment on how they are doing.

Flexibility is key in all things. We have made it politically incorrect to identify and discuss differences. Leaders need to have flexible practices to allow people to achieve goals. Need flexibility to operate.

Leaders must know what their employees' needs are and how they are different. Encourage life-long learning. [Place] more emphasis on self management.

Future leaders: skills, attributes, and knowledge needed

Participants were asked to identify the skills and attributes they thought future leaders should have. The resulting key theme was that effective leadership is effective leadership regardless of diversity; therefore, the leadership skills and attributes are the same. The nine attributes and skills identified by the participants include a sense of purpose, a commitment to the organization and its goals, an ability to transfer knowledge, loyalty, creativity, effective and open communication skills, tolerance, initiative, common sense and self-motivation. The two major differences the participants identified for leading a diverse workforce were the increased emphasis on knowing your employees' needs and the requirement for inclusion demonstrated through increased involvement and participation. To complement these skills and attributes, leaders must have business knowledge, market knowledge, and first-hand experience with the customer.

Finally, the participants agreed that to successfully lead today's workforce, diverse or not, leaders must fulfill multiple roles. A leader must be a visionary, a communicator, a supporter, a facilitator, a mentor, a listener, a decision maker, and a risk taker. To fulfill these roles, the participants unanimously agreed that leaders cannot fulfill these roles unless they get out of their offices:

Leaders have different roles. Visionary, listener, communicator. They must be committed to the organization and its goals.

They must have an understanding of organization's employees. [They must] have a concern for people and loyalty. Demonstrate it by getting out of the office and walking among the employees.

[Must have] ...ability to establish an environment of openness where people feel free to discuss differences. I don't think any of the executives here are scared to discuss diversity, but not all supervisors discuss it.

We need to do all of it well. Value them [employees] and appreciate their job and give them money. Provide rewards and recognition to everyone. Also, find out what people want as far as benefits go – as younger people want different things than older ones, etc.

Open the discussion of differences to enhance communication. Every member of the leadership team must know the customer by experiencing them first hand. They must understand the customers they serve.

Future leaders: identifying and developing

The final area of discussion was identifying and developing future leaders. By this stage in the focus group, the energy level was waning. With little discussion, the participants identified activities their organizations use for developing future leaders. The activities included encouraging continuing education, mentoring, shadowing, applying for leadership positions, community involvement, serving on boards, coaching, succession planning, career development, project management, and cross-training. The discussion revealed that many organizations are exercising greater effort in succession planning for future leaders by identifying the next generation of leaders.

Identify a pool of talented people and make them stakeholders. Encourage them to participate in outside organizations connected to professions. Then be sure to value their participation.

Identify and grow our own professional talent. Encourage them to attend job-related seminars.

Encourage employees with skills to apply for leadership positions.

Limitations of study

The focus group format was a useful tool for eliciting and exploring information, reactions, and suggestions from the selected group of top-level executives. Even though the focus group format provides for the expression of more details and subtleties than a formal survey, the results are neither statistically significant nor representative of the full range of opinions and practices of the entire population of top-level executives. As the focus groups sought to gain perspective on leading today's diverse workforce, participants shared their own attitudes and practices, as well as their perceptions of top-level executives as a whole. The information expressed represents the opinions of the participants, but it does not necessarily represent an objective portrayal of the entire top-level executive population.

Summary of findings

In summary, the participants agreed that leading a diverse workforce requires considerable time, energy, and skill; but the benefits outweigh the costs. The benefits identified by the participants were the development of a competitive advantage, the ability to compete effectively in a global market, the leveraging of multiple talents and skills, the creation of an inclusive work climate, a workforce that mirrors the customer base, and continuity of leadership and production through an increasingly loyal leadership team and workforce.

To be eligible to reap the above-identified benefits, leaders must be willing to hear bad news, accept solutions, and implement employees' suggestions and ideas. Equally important, they must be consistent and equitable in recognizing

and rewarding employees' accomplishments, while providing a working environment that supports and encourages flexibility, inclusion, and change.

Implications

The richness and breadth of the focus group findings raise questions, answer others, provide guidelines for practitioners, and identify areas for further research and study.

Implications for theory

Leadership theories' evolution from early general traits and behavioral theories of Lewin and Lippitt, to independent attitudinal dimensions of leadership styles of Blake and Mouton, to contingent traits and behaviors theories of Fiedler, House, and Hersey-Blanchard's leader-follower interaction theories emphasizing the role of the follower, to distinction between management and leadership systems of action of Kotter, to value-based principles or practices of Kouzes and Posner (Nelson and Quick, 2003) were created during a time of limited or no diversity in the workplace. As references in these theories to the impact of diversity are nil, the question of the impact, if any, is unanswered. Research to address the significance of the diversity variable to both the leader and the follower would extend our knowledge and clarify our understanding. The authors suggest three specific studies. The first suggested research in diversity is with Hersey-Blanchard's (Nelson and Quick, 2003) situational leadership model. As leading a diverse workforce is a relatively new phenomenon, would the maturity level of the follower, as defined by the model, be the sole determinant of the appropriate leadership style?

Recent developments in leadership theory including leader-member exchange (LMX) theory (Nelson and Quick, 2003) and Kouzes and Posner's (2002) leadership challenge (LC): Five practices of exemplary leadership are of particular interest. The LMX theory basically states that leaders divide their workers into two groups, in-group workers and out-group workers. Prior LMX research purports that in-group workers are more satisfied, less stressed, have lower turnover, and higher organizational commitment. As the LMX in-group/out-group terminology equates to the inclusion/exclusion terminology of diversity, research to study the significance of diversity in the two groups from the viewpoint of the leader and of the organizational culture could be a valuable contribution to current leadership theory.

Kouzes and Posner's extensive research to develop the current edition of their leadership challenge practices appears to be supportive of the authors' focus group findings – fundamentals of leadership are the same today as they were in the past, only the context has changed. Valuable contributions to leadership theory could be acquired through research to study the similarities of the Kouzes and Posner's practices – model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart – with the

top-level executive focus group findings – walk the talk, create a common vision/mission, encourage change, empower and support workers, and measure, recognize, and reward accomplishments.

Implications for policy

The findings of the focus groups imply that there are five organizational policies fundamental to enhancing the leadership effectiveness in leading today's diverse workforce:

- (1) *Forced contact.* Build contact into the daily operation of the organization. Break down the contact barriers in the organization by creating diverse teams, rotating project assignments, lateral developmental transfers, cross-functional committees, and social activities. Encourage new ways to get people out of their offices and communicating with each other. Encourage managers to include everyone in their department whenever possible.
- (2) *Socialization skill development.* Break the cycle that has resulted from the conflict between internal and external trends. The external trend is limited or no contact with diverse people as a result of living in isolated neighborhoods of like people (cocooning). The internal countertrend is awareness of global business and markets and the need to function within a diverse environment with diverse customers. The conflict caused by the internal and external trends results in a lack of socialization skills. Organizations must take the responsibility to develop socialization skills of their workers through training that involves heightened awareness, knowledge of the process of socialization, and understanding of the necessary skills. The socialization skills development can be supported through a mentoring and coaching process. To be effective, there must be an assessment tool for coaches and mentors that measures the skill development of the mentee and the effectiveness of the mentor.
- (3) *Measure and reward performance.* Human capital is an asset to management. The challenge is to design a measurement and reward system that objectively, accurately, and consistently measures the inclusion efforts of leaders and managers themselves and in the development of their direct reports. There must be flexibility to allow for learning from mistakes. Recognition, reward, and promotion practices should be consistent with supporting the inclusion policy.
- (4) *Align business strategies with today's demographic and market realities.* Examine current strategies. Formulate and implement newly-aligned strategies in the areas of recruitment, selection, and retention; supplier diversity; communications including mission, advertising, public relations, and websites; assessment, training, and career development;

and compensation and benefits. Establish a realistic percentage of supplier diversity to mirror your customer base. Mirror the market. Reward according to attaining and exceeding the designated level, not just according to the bottom line.

- (5) *Link business strategy objectives and companywide diversity strategies.* Measure accomplishments in each diversity initiative area. Hold all business units accountable for meeting companywide diversity performance standards.

Implications for practitioners

“Understanding that valuing diversity is a contact sport” (Jamrog, 2002) is imperative before any change can occur. The authors provide a three-prong approach to enhancing leadership effectiveness with a diverse workforce: premises, guidelines, and actions.

The approach is predicated upon three basic premises that leaders and managers need to accept:

- (1) *One size does not fit all.* What works in one situation, with one worker, in one organization may not work for others. Valuing diversity requires leaders and managers to value diversity in themselves and their approaches to problem solving, decision making, and supporting and developing workers,
- (2) *Not everyone can be a leader.* A leader cannot lead without followers. Organizations should not assume that everyone can be or wants to be developed into an effective leader.
- (3) *Leaders can be at any level or function.* Leadership is a process of influence and guidance, not a position. An employee, a manager or an executive can be a leader.

The author’s provide five guidelines for managers, leaders, and followers to recognize and value diversity:

- (1) *Communicate, communicate, communicate.* Share your thoughts, opinions, suggestions; request others to share their thoughts, opinions, and suggestions. The more the communication, the clearer and more consistent the message. An infrequently communicated mission could lead to misunderstanding and confusion.
- (2) *Build contact into your daily actions and duties.* Keep contact in your conscious mind throughout the day. Plan your actions, meetings, and duties so as to maximize contact with multiple people in the organization.
- (3) *Manage and lead by walking around.* Being seen outside your office demonstrates your willingness and ability to interface informally with others of different levels, functions, backgrounds, and experience. Others

are encouraged to share input, information, and opinions that they may not if they had to make an appointment or a special trip to your office.

- (4) *Champion diversity*. Become a cheerleader, a champion, a coach or a mentor for inclusion. Defend your decisions and actions as a contribution to individual, group, and organizational growth; to increased innovation and creativity; and to increased commitment.
- (5) *Sponsor diversity*. Support diversity policies and efforts in your conversations, your actions, and your interaction with colleagues, superiors, and direct reports. Your support will encourage others to follow your lead.

The authors recommend a sequence of five actions for managers and leaders to identify, assess, develop, and reward other leaders' and workers' inclusion efforts:

- (1) Assess leadership potential of all workers in your organization.
- (2) Provide ample training and tools.
- (3) Take the responsibility for inclusion at your level.
- (4) Measure and reward inclusion efforts.
- (5) Be patient. Encourage your organization to be patient.

Change in organizational culture takes time. Two steps forward, one step back. Two steps forward. . . Reward the effort. Allow for mistakes.

Accepting the three premises, following the five guidelines, and taking the five actions will greatly enhance your and others' ability to value diversity and integrate inclusion into your daily lives.

Conclusion

In order to realize the benefits of successfully leading a diverse workforce, both leaders and employees must accept their responsibility in understanding one another's diversity. Leaders need to be proactive about learning from diversity and committed to establishing a climate of openness, equity, tolerance, and, most important, inclusion. Leaders need to demonstrate excellent communication, facilitation, and team building skills. Leaders need to possess understanding, humor, honesty, and integrity. Organizations need to recognize the need for providing training and socialization opportunities that employees are not exposed to in other areas of their lives. Organizations need to demonstrate their commitment to inclusion in every policy, procedure, initiative, business practice, and decision.

Commitment alone will not guarantee results. With execution of a systemic, goal oriented, business-based, measurable, implementation plan for achieving inclusion at all levels of the workforce, especially at the senior levels, and effectively aligning business strategies with current demographic and market realities, an organization can achieve growth, profitability, and sustainability.

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