

# Chapter 33

## Leadership Opportunities for Managing Diversity

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### ABSTRACT

*The purpose of this chapter is to examine some key trends in the workplace and marketplace that require successful corporate leaders to manage workforce diversity. Such diversity poses certain challenges, which leaders can tackle and turn into lucrative opportunities to enhance not only productivity, sales, revenues, profits, brand, and reputation, but also the innovation so necessary for corporate survival. At the national level, the ability to compete in a global marketplace depends on successful innovation and has been a key driver of American eminence in the world. At the global level, innovation can empower people to move beyond fear of the future to actually shape their future; for example, we are currently seeing how technological innovations, such as the Internet, crowdsourcing, and crowdfunding are enabling people from all over the world, even those with very limited resources, to become entrepreneurs. The ability to understand and connect with people from diverse cultures also generates major opportunities to create peaceful relations as well as material abundance.*

### INTRODUCTION AND BACKGROUND

*e pluribus unum — Motto of the United States*

The purpose of this chapter is to examine why leaders should spend their valuable time in addressing the challenges and opportunities presented by workforce diversity. We will explore many reasons, but perhaps the most powerful reason is that increased diversity, properly managed, can lead to greater innovation and wealth. At the corporate level, innovation has become essential to survival. At the national level, the ability to compete in a global marketplace depends on successful innovation and has been a key driver of American eminence in the world (Van der Vegt, 2003; Hong & Page, 2004; McDougall, 2000). At the global level, innovation can empower people to move beyond fear of the future to actually shaping their future; for example, we have recently seen how technological innovations, such as cell

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phones and the Internet, have empowered people in the Middle East to band together to demand needed change, as well as to connect with others around the world. Also, crowdsourcing and crowdfunding are enabling people from all over the world, even those with very limited resources, to work with many others to become successful entrepreneurs. The ability to understand and connect with people from diverse cultures also generates major opportunities to create peaceful relations as well as material abundance.

Key trends in the workplace and marketplace make it essential that leaders learn how to manage workforce diversity. Such diversity itself poses certain challenges, which leaders can tackle and even turn into advantages. More important, diversity offers lucrative opportunities for leaders to enhance not only corporate innovation, but also productivity, sales, revenues, profits, brand, and reputation (Richard et al, 2004; Richard, 2000; Hartenian & Gudmundson, 2000).

## **KEY DIVERSITY TRENDS**

The first step in leveraging the benefits to be reaped from a diverse workforce is to identify the key diversity trends that are affecting organizations and that are likely to impact their future (Shachaf, 2008; Fullerton & Tossi, 2001). The following trends highlight the areas that can shed light on this endeavor.

The first and most important trend is the dramatic increase in workplace diversity. More and more people from diverse groups are filling positions at all hierarchical levels of organizations. Diversity of ethnicity, gender, sexual orientation, age, and level of ability/disability, for example, is an increasingly substantial factor in the workplace. Traditionally Euro-American men constituted the large majority of workplace employees, especially in the better-paying, upwardly mobile positions. Now they represent about one-third of all employees, and perhaps only one-sixth of new entrants seeking jobs for the first time (McCuiston et al, 2004; Pew, 2010; BLS, 2005, 2011; U.S. Census Bureau).

The second trend is the higher expectations these diverse employees have for their jobs and careers. Expecting them to be grateful for anything they get from the organization is likely to alienate them. It is true that men of European ancestry have run virtually all the major American organizations, and they still dominate top management positions in the large corporations. They typically have set the rules of the game in the American culture and most corporate cultures. Employees from other groups were usually excluded from mainstream leadership roles. They worked on the periphery of our organizations as the workers who were told what to do and how to do it, as temporary employees and part-timers. Some were kept out completely—the unemployed and unemployable (U.S. Glass Ceiling Commission, 1991, 1995).

Since the passage of civil rights laws and related legislation affecting workplace opportunities, members of previously excluded groups have gained higher levels of education and experience. Their higher career expectations are different from those of previous generations. Because diverse persons represent two-thirds of the population and five-sixths of new job applicants, leaders looking for qualified employees must be responsive to these heightened needs and aspirations. (BLS, 2009, 2011; Salomon & Schork, 2003).

Third, most companies now must sell to diverse market segments. The increasingly diverse U.S. workforce reflects the diversity of the U.S. population at large and the resulting growth in the market segments that these people represent. Businesses that want to survive and thrive learn how to market to diverse customers: women, Latino Americans, African Americans, Asian Americans, American Indians, and others. Companies with a workforce that “looks like America” have an advantage. They can project

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