

## **Diversity Management as a Leadership Task**

### **Using diversity for business success**

The current economic and social situation is a challenge to business: globalization, migration, demographic trends, changing value systems, and changing roles, are all factors, which lead to the conclusion that the workforce of an organization will become even more diverse and business' clientele will become more heterogeneous and more demanding. Diversity management is becoming increasingly important but it is still not adequately perceived as a leadership task.

In their area of responsibility, managers have countless opportunities to integrate beneficial aspects of diversity into day-to-day decision-making and to introduce these aspects in setting their business objectives. An appreciation of workers' heterogeneity is beneficial for all: employees' potential will be more recognized and further developed. By optimizing all of their resources and their potentials, companies will enjoy economic benefits and employees themselves will find more opportunities in the workplace. When fairly and competently applied, the integration of social diversity in a company results in a greater innovation potential, satisfied customers and, ultimately, greater financial performance.

### **From Mission Statement to everyday practice**

Many company mission statements directly describe dealing with a diverse workforce and often articulate an explicit definition of equal opportunity defined as being regardless of gender, class, age, nationality or religion. Much less often however, are diversity management and gender equality objectives explicitly defined in the business strategy. One of the few exceptions to this is the Raiffeisen Group, a bank, which includes in its corporate strategy an explicit strategic goal to be an attractive employer for current and future employees. This strategic goal is to be met through group-wide development and implementation of diversity management and the promotion of 'Life Domain Balance'. Corresponding measurable indicators have been defined, for example, as having at least 30% women in middle and upper management positions and a certain percentage of part-time employees in upper management and in the organization as a whole. These measurable objectives are broken down through the different levels of hierarchy and integrated into the group's Management Information System. Special measures such as incentives to fill full-time positions with employees working part-time, a mentoring program, and participation in 'Women Back to Business' (a special training program for female re-entrants) are all designed to assist in the achievement of these objectives.

Nevertheless, it is a long way from goal setting to everyday reality - many large and small processes must be adapted, tasks reorganized and skills enhanced. Lived Diversity Management is found in concrete decision making situations. Without conscientious recognition of the goals of Diversity Management it is entirely possible that when an open position is to be filled, managers still have a tendency to fall back on their old habits. This often means choosing a 'young Swiss male' instead of, for example, a woman, a foreigner, a man who wants to work part-time or a mother re-entering the workforce.

### **From quotas to culture change**

Even if senior management sets specific, measurable goals this does not automatically mean that the corporate culture is changed so that diversity and inclusion are both present in the daily operation of the business. When the purely male group is complemented with a woman and/or a foreigner but the mindset remains the same, the diversity remains very superficial. Although it looks good in photo-

graphs, everyday business goes on as usual and very little changes. A corporate culture is based on people working closely together day after day and together developing everyday practices. This results in the reinforcement of certain patterns of argumentation and these 'world views' are seldom questioned. Beliefs for example, that leadership tasks cannot be shared, older employees are only interested in reaching their retirement, or that women are not as career oriented as men. This has advantages on the one hand because many things do have unquestionable validity and every decision does not need to be discussed down to the basic principles. On the other hand, it reinforces the 'Group Think' and excludes alternative views. In the long-term, this practice can be very dangerous as we experienced in the financial crisis where 'Group Think prevailed, ultimately preventing decisions from being made that might have helped to avert the crisis. Therefore, a central task of management is from time to time, to critically examine and reflect upon the usefulness and rationality of the dominant practices. Working through a strategy process, the development of the mission statement, the development of a Balanced Scorecard or the annual management retreat, as well as specific decision making situations in day to day business are all suitable tools to accomplish this reflection.

Culture change takes time but can also be accelerated, for example at a large Swiss pharmaceutical company through the inclusion of diversity goals in the annual employee appraisal and consequently, in remuneration. In recruiting, managers can for example, be selected who have an open attitude toward diversity. This leads to a 'multiplier effect'. Central is the role model that the senior executives provide such as the case at UNIA (Swiss Inter-professional Trade Union), where a manager who had always worked part-time was promoted into upper management, or that of the CEO of a bank, who disappears every Wednesday afternoon to the football field for a few hours to root for his daughter's team for example, can have an enormous effect.

### **From special projects to the mainstreaming**

Diversity Management and gender equality is a leadership task that cannot be delegated. It is the manager who decides about a job, a promotion, a pay raise, an opportunity for further training or education, or a new customer project. It is true that Diversity Representatives and equal opportunity positions are key resources in a company; but their role is to function as 'service-centers' who support management with know-how, coaching and transparency as to where management really stands in relation to their diversity goals. They provide the same function as the internal auditor or legal advisor. Upper management must implement their diversity and equal opportunity goals themselves. A critical reflection of management's own attitudes is an important first step in this direction.

Based on the book

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