Bertram Scholarship Essay

Hazel Hollingdale

University of British Columbia; Yale University

Department of Sociology

When "Diversity" isn't enough: Measuring Diversity through Understanding Culture

January 18th, 2019

Introduction

Culture and diversity are words that are often used but not adequately defined. We hear about the many benefits that increased diversity offers to organizations, yet what it actually means, how it is best measured, and its connection to an organizations' culture are often not well understood. Without this understanding, it is impossible to harness the power that enhanced diversity offers. My research focusses on how organizations can conceptualize and measure diversity, and how thoughtful and informed leadership can build the culture necessary to truly harness the potential for innovation and growth that enhanced diversity offers.

Compositional Diversity: The First Step in the Right Direction

Research tells us that in inclusive and respectful contexts, the heterogeneity of a population is positively correlated with advances in innovation and enhanced economic outcomes. Most organizations measure this kind of diversity using race and sex composition data. Compositional diversity should also include other dimensions, such as language, ethnicity, nationality, sexuality, age, and physical abilities. These measures can be collected via anonymous surveys, and offer a snapshot of an organizations' compositional diversity.

To be sure, compositional diversity measures are important, but they are double-edged. Many organizations rely too heavily on these measures alone, using an 'add-and-stir' approach to diversity. For my dissertation, I interviewed over 70 professionals and members of senior leadership teams and evaluated policies in over 30 firms in the financial services sector. I found that although diversity policies were a near industry-wide norm, most firms still have organizational cultures that value and reward traditional ways of thinking and behaving. This stifles the innovation that diversity offers. Rather than offering alternative perspectives, I found individuals from less represented groups try instead to 'fit in' rather than innovate for fear of discrimination or alienation.

A major limitation of quantitative measurements of diversity is that they do not provide information that allows us to evaluate the processes and interactions that take place within the culture. In short, they do not tell us whether diversity is actually resulting in a diversity of perspectives. Compositional data give little to no indication of whether the culture of an organization supports these goals in a way that realizes a diverse workforce's potential for innovation and economic growth. To do this, we must also measure engrained diversity and understand a firm's organizational culture.

The Next Step: Understanding Culture and Measuring Engrained Diversity

An effective metaphor to envision an organizations' culture is to imagine it as the scaffolding that provides structure and meaning to actions that take place within it. Policies are the façade of this structure. It is what we would like to *see* but it is not always well supported by what lies beneath. Culture is the context in which we are all embedded. It is made up of the norms, values, and ways of doing that circulate, and are accepted and rewarded. Innovation and growth outcomes are not created by the *presence* of diverse populations; they require a cultural environment that

values, nurtures, and encourages the new ideas and critical thinking that a diverse team offers. This is what engrained diversity measurements assess.

Most organizations treat diversity as a goal and not a cultural process. Engrained diversity goes beyond numbers, and refers to whether values that support diversity are embedded in an organization's culture. Measuring compositional diversity along with engrained diversity offers a truer picture of how successful diversity initiatives will be in realizing innovation and growth outcomes.

Intercultural competency is an important outcome that organizations can use to measure engrained diversity. Intercultural competency is broadly defined as one's knowledge of others; cultural self- awareness; skills to interpret and relate to others; skills to discover and interact with others; valuing the beliefs, values, and behaviours of others, experiencing other world-views and culture; world knowledge, cultural empathy, and skills to listen and observe. In effect, these are the necessary cultural elements that catalyze the innovative potential a diverse workforce. Because these will be unique to each organization, professionals who specialize in cultural change initiatives should be relied on to develop open-ended surveys, focus groups and open forums to measure intercultural competency and develop cultural initiatives to support diversity goals.

Efforts should be made to engrain values of equity, inclusion, and respect within the organizational culture to encourage a range of diverse knowledge, approaches, and skill sets. In comparison to a traditional 'add-diversity-and-stir' approach, engrained diversity strategies require strong leadership to create innovation from aspiration. Measuring engrained diversity means finding ways to assess the cultural environment of an organization. These measures are more qualitative in nature, more challenging to assess, but more meaningful than relying on compositional measures alone.

Leadership and Cultural Change: A Three-Pronged Approach

How can boards and senior leadership teams cultivate and enhance engrained diversity in their culture? Cultural change initiatives are best developed for individual firms' specific needs, and benefit from professionals who specialize in organizational cultural evaluations and cultural change initiative action plans. However, the following tenets can offer guidance for how to best achieve engrained diversity goals.

1) ***Centralized responsibility for diversity goals is found to be the most critical factor.*** Assigning responsibility for setting goals, monitoring and evaluating progress, and accountability mechanisms is key. Although Chief Diversity Officers are important, they must exist beyond title and office. Further, all levels of leadership must be committed to and involved in diversity strategies. Appropriate delineation of roles at each level of management should be discussed, clearly communicated, and built into evaluations.

2) ***Diversity can breed diversity.*** Enhanced diversity at the board and senior leadership levels has been shown to enhance both compositional and engrained diversity at all levels of an organization. In sum, diversity strategies should extend to all levels of an organization, including corporate boards and senior leadership.

3) ***Authenticity and intention of engrained diversity.*** Members of a firm's organizational governance team must recognize that excellence is not just *enhanced* through diversity, but rather is <u>required to achieve it</u>. Diversity is a laudable goal and one that is in vogue; however, leadership must walk the walk. No diversity strategy will work if it exists in policy but is not taken up by the culture of an organization. Intention and authenticity of these aims offer the clearest path forward.

Conclusion

Compositional diversity strategies alone do not foster an environment that embraces critical thinking and new ideas. The best way to realize advances in innovation and enhanced economic outcomes is to understand the importance of engrained diversity and change the underlying culture. Organizations should work to foster cultures that value difference and embed norms of intercultural competency. Strategies must be multi-faceted and rigorous, but with a steady hand, clear goals, and steadfast leadership, it can be accomplished.