

Redefining the Organization: Innovative Management in a Diversifying World

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'Diversity and Inclusion': part of the solution or part of the problem for effective organisational leadership in a rapidly globalising world?

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Introduction: Reconsidering the 'Organization'

When we speak of globalization, we are usually referring to the transborder integration of markets, political systems, and cultural values, a result of the increasing ease of international economic exchange, transportation, and communication.¹ Often globalization is described in terms of 'forces' to which organizations must respond – and which they must manage effectively and innovatively – if they are to remain viable. In the face of sudden and dramatic changes such as those driven by globalization, successful organizations are ones whose leaders are able to harness such forces and direct them toward the pursuit of their organization's primary ends and goals.

In management theory and practice, diversity is often considered part of those 'forces of globalization' with which leaders must contend. In many countries, organizational membership in the 21st century consists of unprecedented numbers of women, ethnic minorities, intergenerational workers, and members of other identity groups. As Roberson notes, 'organizations have realized that the extent to which these demographic workforce changes are effectively and efficiently managed will affect organizational functioning and competitiveness'.² With this overwhelming emphasis on *managing* change, what has often been overlooked is the extent to which globalization is actually shifting the way organizations are structured, as well as the ways in which we conceive of what an 'organization' is.

It is my contention that we should not be asking whether diversity and inclusion present benefits or obstacles to organizational leadership. Neither should our emphasis be on specific best practices for capitalizing upon diversity to maximize its value. Rather, we should be asking how diversity, as a specific instantiation of globalization, is obliging leaders to reconsider what the word 'organization' means and to adjust their management strategies in view of this

¹ See, for example, Stiglitz, J. (2007). *Making Globalization Work*. New York: W.W. Norton & Co. and Wolf, M. (2004). *Why Globalization Works*. New Haven: Yale University Press, 2004.

² Roberson, Q.M. (2006). 'Disentangling the Meanings of Diversity and Inclusion in Organizations'. *Group Organization Management* (31): 212.

reconsideration. In this essay, I draw on my experience working with a conflict mediation organization in Rajasthan, India, to discuss how globalization and diversity have engendered this cognitive and structural shift. Using that organization's management structure to illustrate my case, I then suggest several practicable ways for leaders to generate effective management innovations from the flow of social capital and cultural information associated with an increasingly diverse workforce. I conclude with a discussion of the potential success of these strategies in larger and more complex organizations in advanced- and post-industrial economies.

Lok Shikshan Sansthan: Decentralizing the Organization

In the autumn of 2007, I began working with Lok Shikshan Sansthan (LSS), a small human rights organization in rural Rajasthan, India. I worked specifically on mediation teams adjudicating inter-caste violent conflicts. India's caste system was formally abolished in 1947 with Article 17 of the Indian Constitution and further censured in the 1956 Untouchability Offences and the 1976 Civil Rights Acts. But the caste system and untouchability are deep-rooted, and they are themselves at the center of a great deal of discord in many parts of rural India. Caste divisions serve as the basis for extensive rights violations and communal attacks against the poor and disenfranchised, and caste identity is mobilized more and more by marginalized groups seeking redress through violence. The most notable instances of caste-based violence in Rajasthan include the 1992 massacre of 17 Dalits in Kumher village, and the May 2008 Gujjar riots, which resulted in the deaths of 35 people in Sikandra. But crimes against low- and out-caste citizens are registered daily; there were 5,024 in Rajasthan between 2007 and 2009. On average, caste conflicts result in 46 killings, 134 rapes and 93 grievous assaults annually, although an estimated 20 percent of cases are unreported.³

In Bhadesar District, Rajasthan, where LSS is based, most inter-caste violence goes

³ Statistics taken from Bidwai, P. 'Subhuman Lives: Oppression Stalks Dalits in India'. *Inter Press Service*. October 2002.

unaddressed as the local justice system is constrained by inefficiency, poor infrastructure, and corruption. The nearest police precinct is at least 15 kilometers away from the villages where LSS operates, and the district courts about 50 kilometers away, so they have little purchase in the area. The police force and judiciary are also exclusively filled by upper-caste members whose affiliations often do not fall on the side of objectivity or justice. Hence, LSS steps in when the judiciary cannot or will not function, and it offers free, impartial mediation services to settle conflicts.

As a volunteer with LSS, I participated in the mediation processes, listening to the disputants, making notes, and working with the organization's leaders to develop creative and sustainable solutions to which each side could agree. I had a solid command of Hindi and had lived in Jaipur, Rajasthan's capital, for several months before joining LSS. Moreover, I quickly began to learn local systems of expression and adjudication. For example, before any mediation began, both parties would sit together for tea. The discussion that followed was extremely communitarian in nature. Witnesses rarely testified, and often the claimants didn't speak at all but instead deferred the case to caste leaders who represented them in the dispute. Generally the 'plaintiff's' side would begin by presenting the case while the other parties listened without attentively. The 'defendant's' party would then offer a formal response. The LSS officials would then ask questions, directed not toward an 'end-state', that is, a peace agreement or financial settlement, but toward mutual understanding. What was more, in the final agreements, financial or material restitution tended not to be as important as an open admission of guilt and public reconciliation.

All this is to say that, although I was able to begin to understand some of these local principles, more than anything they pointed to the mountains of cultural understanding that I still lacked, not having been raised in rural Rajasthani society. This turned out to have serious implications for LSS, an organization attempting to manage local problems in the context of rapid globalization.

One mediation in particular in which I participated made these implications all too clear. LSS was called to adjudicate a claim that an Adivasi (out-caste Dalit) goatherd had made against a Rajput (upper caste) landowner. The Adivasi accused the Rajput of attacking him while he was grazing his goats on public land, stabbing him with a sword, and driving him away. The Adivasi had been treated in the hospital and had brought the case to the police, but they dismissed it on the grounds that there were no witnesses. Tensions had flared in the village as Adivasi and Rajputs threatened one other. One Rajput had been beaten in retaliation by a group of Adivasi youths.

Interestingly, LSS had established enough authority in this village to be able to take the case and to get both sides to the table. I joined the first meeting, but as I entered the room, one of the Rajput leaders eyed me suspiciously. ‘We will do nothing if he is here’, he said, pointing to me. ‘We will not talk, we will not settle this’. Khemraj Choudhary, the director of LSS, turned to me politely and asked that I step out for the rest of the mediation.

I was surprised. For perhaps the first (salient) time in my life, *I* was the diversity in question. And by virtue of my ethnic and cultural difference, I was creating problems for the organization for which I was working. One could read these circumstances as *prima facie* evidence of the obstacles that diversity presents for organizational management. As an Anglo-American, my mere presence disrupted the tenuous trust on which this mediation depended. As it turned out, the discussions resulted in a mutually amenable peace and restitution agreement. But it could have been far worse: the mediation could have collapsed and LSS’s reputation as an impartial, trustworthy third-party could have suffered immensely.

Khemraj spoke to me after the mediation. “I am embarrassed,” he said.⁴

“Did I do something wrong?” I asked.

“No, you did nothing wrong. People here are very distrustful of outsiders. I’m sorry for

⁴ Khemraj Choudhary, Director of Lok Shikshan Sansthan. Taken from interviews and conversations, October 2007.

making you leave.” Khemraj went on to explain that LSS usually holds to a strict policy of ‘localism’. They exclusively hire people who have grown up in villages where they work because, they believe, building social capital is the most important element of their operations. Their success is contingent upon the trust of the people with whom they work, and the sustainability of that success is, in turn, contingent upon their beneficiaries’ believing that they ‘own’ the organization’s work. As Khemraj explained, this is something LSS has learned only in the context of an oversaturated international NGO climate in Rajasthan, one of the most tangible consequences of globalization. Many foreign-run organizations struggle to gain ground in Rajasthan because of the strict and deterministic networks of trust on which Rajasthani society depends.

Reconstructing the Organization to Maximize Diversity

This discussion begs several questions. In adhering to ‘isolationist’ managerial policies, is LSS failing to embrace the potential benefits of diversity in its organization? Or is it responding appropriately to the problems that diversity creates?

I would argue that ‘conventional’ ways of conceiving of organizations, which themselves rely on conventional ways of thinking about diversity and inclusion, offer us few clear answers. Recent debates in management theory and practice regarding ‘diversity’ and ‘inclusion’, assume a rather limited view of the function of diversity in organizations. ‘Diversity’, in its most instrumental form, has been used to describe the composition of human capital. It is defined by differences in observable and latent characteristics associated with group identities. Observable characteristics include ethnicity, age, gender and so on, while the latent include socio-economic, cognitive, value-based and educational differences.⁵ However, some organizations and theorists have begun to focus attention on programs and policies that consider diversity not in terms of

⁵ Milliken, F., & Martins, L. (1996). ‘Searching for Common Threads: Understanding the Multiple Effects of Diversity in Organizational Groups’. *Academy of Management Review* (21): 402-433.

numbers and proportional identity group representation, but in terms of individuals' being included in the organizational environment. Pelled, et al., define inclusion as 'the degree to which an employee is accepted and treated as an insider by others in a work system'.⁶ Their study found that inclusion depends upon decision-making influence that employees have in their organizations, as well as information symmetry between management and employees, employment security, and prospects for advancement within the organization.

The problem with these views is that, although they do so to varying degrees, both treat individuals as instrumental components of an integrated and dominating whole. They both turn on what I have called the 'conventional' conception of organizations. By this I mean an industrial-era view of organizations as hierarchical systems with rigid management scaffolding, clear jobs and responsibilities for each member, firm lines of communication, and little bureaucratic crossover. It is, according to most standards, a picture of *efficiency*. However, it is also a conception that, curiously, does not reflect the values that most 21st century companies espouse: creativity, flexibility, ingenuity, innovation, and so on. Thus, referring back to the LSS case, I doubt whether we can consider it an organization at all in this conventional sense. And, I would suggest, herein lies its strength.

LSS does not operate on strict hierarchy. Its employees embed themselves in the villages in which they work, identifying problems on their own and partnering with people to develop their own solutions. Often they spend weeks away from the central office, reporting in only when questions about resources, ethics, and legality arise. The 'organization' is thus extremely decentralized, and whatever institutional information or 'knowledge' it acquires is a function of the practical lessons that its employees take from their work on the ground. In my own case, I had a great deal of freedom to initiate my own projects, though my job often involved drawing on my educational background in politics, researching Indian law and juridical precedents, and

⁶ Pelled, L. H., Ledford, G. E., Jr., and Mohrman, S. A. (1999). 'Demographic Dissimilarity and Workplace Inclusion'. *Journal of Management Studies* (36): 1014.

developing innovative mediation techniques. ‘Inclusion’ in this case was neither a matter of letting the foreigner sit in on mediation projects, nor even of making me feel ‘part of the team’. Rather it was a matter of assessing my strengths and weaknesses alongside the rest of the staff’s and using them in ways that maximized the organization’s ends. Across the board, LSS’s employees are empowered to *create* the organization themselves. It is, in short, a post-management model of the organization.

Thus far, I have suggested that rethinking the concept of the ‘organization’ can provide leaders with a means for harnessing the changes that a diversified workforce produces. Using Lok Shikshan Sansthan as an illustration, I have outlined several ways in which leaders can redefine and restructure their organizations to maximize the productive potential of a diverse membership. These suggestions might be written prescriptively as follows:

1. Decentralize the organization’s decision-making structure.
2. Build organizational knowledge from the ground up.
3. Permit innovative license to all members and at all levels of the organization.
4. Match the diverse skills and strengths of the organization’s members with projects and assignments for which individuals consider themselves best suited.

Embracing these management strategies has allowed LSS to build trust and create a sense of ownership within its partner communities. This has translated into clear advantages for conflict mediation and resolution throughout rural Rajasthan. In 2009, for example, LSS helped to create 75 autonomous village-based adjudicating bodies and is presently working to link them with municipal and state judiciaries, an unprecedented success in Rajasthan.⁷ By thinking creatively about what LSS is as an ‘organization’, and by developing innovative strategies for its management, the directors of LSS have created a key player in Rajasthan’s burgeoning civil society.

⁷ ‘Lok Shikshan Sansthan’. Association for India’s Development. Accessed through www.aidprojects.org on 20 April, 2010.

Conclusion: Redefining the Organization and Managing Diversity on a Large Scale

At this point, one might raise the objection that LSS is an exceptional case: a not-for-profit organization operating in an incipient, dynamic field, and in communities that place a high value on social capital, trust, and so on. One might conclude that, clever as these new concepts and strategies might be, they are irrelevant to large corporations with complex operations in advanced- and post-industrial economies.

The reality, though, is that LSS's organizational model is strikingly similar to those of some of the most successful and energetic companies in the 21st century. Hamel, for example, has conducted extensive analyses of corporations such as Google and W.L. Gore and has found that it is innovation in *management* – rather than in operations, products or strategies – that has given them sustained advantage. Surprisingly enough, Google follows almost the same organizational outlook as LSS. As Hamel explains,

Roughly half of Google's 10,000 employees – all those involved in product development – work in small teams, with an average of three engineers per team... Most engineers work on more than one team and no one needs the HR department's permission to switch teams. 'If at all possible we want people to commit to things, rather than be assigned to things', says Shona Brown, Google's VP for operations. 'If you see an opportunity, go for it'.⁸

Like LSS, Google has found an advantage in decentralization. Small teams allow for greater product innovation, as there is a higher probability of someone stumbling upon a compelling new idea, and fewer people to convince that it is worth pursuing. Moreover, every developer is entitled to spend 20 percent of his working time on individual side projects. This freedom 'makes it clear that innovation is everyone's responsibility. It also means that at any one time, a

⁸ Hamel, G. (2007). *The Future of Management*. Cambridge, MA: Harvard Business School Press, 212.

certain number of people are “out of control”⁹. But, by removing the need for management approval for new projects, Google streamlines the development process and reinforces the belief that everyone has a stake in the company’s growth. Moreover, it capitalizes on diversity in the most effective way possible: it allows people the liberty to act upon their different perspectives, experiences, and inspirations.

When today’s leaders consider diversity, they ought to think about it not as ‘part of the problem’ or ‘part of the solution’ but as an inevitable part of organizational management in our globalizing world. Leaders occupy a unique position from which they can evaluate how the forces of globalization, including those associated with diversity, are changing the concept of the organization as we understand it. They should use this as an opportunity to respond with effective institutional changes. Whether they are able to do so will, in all likelihood, play a significant role in distinguishing those organizations that catch the uncertain tide of globalization from those that founder.

⁹ Hamel (2007), 113.