

Comparative Case Analysis for Understanding Corporate Diversity

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Abstract

The purpose of this study provides an exploration of diversity issues in a corporate environment through the usage of case studies, IBM and Monitor Company Group. Comparative analysis is a well positioned method to capture and describe how organizational culture and individuals address diversity in real-world settings, the kinds of problems emerge, and how they are addressed. Data collection is achieved through qualitative analysis. The study is significant because organizations are becoming more culturally diverse and businesses that can efficiently manage this transition have a competitive advantage in the market place.

How does an established and successful organization deal with the rapid cultural dynamics of the times? When a company embraces diversity and multiculturalism will it sacrifice its core values? As the first Baby Boomers approach 65 in 2011, it will mark a tremendous exodus of seasoned managers and skilled laborers. In an article, Kerry Harding described this new generation of replacement workers as the *Emergent Workforce*, which crosses age groups, gender, race, and geography.¹ A Department of Labor report, *Futurework: Trends and Challenges for the Work in the 21st Century*, revealed that this rapid demographic shift will impact the future dynamics of organizations. The Emergent Workforce is different from the current workforce. For example, by 2050, minority groups will make up half of the population, and immigrants will account for almost two-thirds of the population². As Generation X and Echo Boomers migrate into leadership, the diversity strategy will look different. With the anticipation of shortages in qualified workers, many organizations are weighing their options. This is the place where both IBM and Monitor Company Group found themselves. This paper conducts a comparative analysis on how these organizations addressed the issues of diversity, confronted organizational issues, and created a working environment supported by corporate values and culture.

Background

IBM

International Business Machines (IBM) is the world's top provider of computer products and services. Among the leaders in almost every market in which it competes, the company makes mainframes and servers, [storage systems](#), and peripherals. Founded in the 1800's, IBM is an international company with operations in Canada, South America, and other key locations.³ IBM's service component is the largest in the world. It is the 2nd largest providers of software; it also provides semiconductors. With over 366,345, it continues to use acquisitions to augment its software and service businesses, while streamlining its hardware operations with divestitures and organizational shifts.⁴

Monitor Company Group

Monitor Company Group is a strategy consulting firm that focuses on the top management issues most critical to long-term competition of their clients. Founded in 1982, it provides a variety of management consulting and advisory services through its operating companies, including Action Company, Innovation Management, and Monitor Executive Development. The company also offers financial advisory, investment banking services, data analysis, and [enterprise management](#) applications.⁵

Method

This investigation provides exploratory data by utilizing comparative analysis. Comparative study provides a process that enables the development of more generalizable results than individual case studies can provide. This study incorporates an examination and review of two businesses involved in developing, using, and implementing diversity into their organizations. The following established case studies were used: *Monitor Company Group: Personal Leadership on Diversity* and *Diversity Strategy: Bridging the Workplace and the Marketplace*. Both studies were through the Harvard Business School Press.

Discussion and Analysis

Organizational Values & Principles

Organizations like IBM and Monitor have a rich tradition of key principles and values. From the onset, IBM has created a corporate culture based on loyalty, intellectual creativity, and strong work ethic.⁶ These key principles have allowed IBM to gain international recognition as being a leader in cutting edge technology and intellectual capital. IBM also has a distinct history of promoting equal opportunity. During the 1940's and 1950's, IBM's leadership actively promoted racial equality. It was also the first major American corporation to support the United Negro College Fund and one of the first businesses to recruit professional women in 1935. Typically, the IBM culture promotes its leadership from within. Lou Gerstner's outsider image allowed him to challenge IBM's organizational paradigms, including tradition and culture.

Likewise, the Monitor Company had a historical legacy embedded in a distinctive academic bent from its founders, Mark and Joe Fuller. Monitor expected each consultant to find his or her own career path, design their own work pace, and personally address any work issues, internally or externally.⁷ Monitor's

implementation of its internal systems, such as human resource policies, was consistent with its corporate values. For example, compensation was based entirely on merit. Title and formal hierarchy were avoided, if possible. However, Monitor's culture created homogeneity of leadership style within the company that excluded cultural diversity.

Organizational Diversity

Most businesses overlook the consequences of global and local demographics changes on their business operations and workforce. There are numerous studies that outline that businesses must better understand these demographic shifts. Different organizations are at varying stages in this transformation. Some organizations stumble on diversity issues. For example, Monitor senior management conducted a group think exercise in 1993 as a way of celebrating its 10th anniversary. Many individuals probably viewed Monitor as a showcase of diversity; there were women and minorities in the organization. However, many managers were shocked by the diversity issues that emerged in its survey. It appeared that many of the employees were unhappy with the homogeneous organization. Likewise, Anne Tsui and Barbara Gutek, authors of *Demographic Differences in Organizations*, maintained that despite the many equal opportunity initiatives, there is ample unrest about diversity.⁸ Therefore, many women and minorities are caught in an organizational hold pattern because they do not fit easily into the company mold. For example, Nick Basden, the only black Monitor consultant, had a different corporate viewpoint. Tsui and Gutek argued that simple demography explains how certain groups are likely to be treated.⁹ Basden understood the loneliness of being the only black in the organization.

Even when Monitor hired other black professionals, they would quickly leave. It was a constant reminder of Basden's isolation within Monitor. Basden explains, "I feel different and I feel different because I am black. Something's wrong, I can't put my finger on it." Rajeev Singh-Molares, another consultant, appreciated the personal differences in the organization. He states, "I value people like myself I mean people who have different backgrounds, different cultural heritages-I think it's value." Yet, minorities were not the only individuals dealing with organizational diversity. Labeled as a white conservative, Jonathan Rotenberg thought he was open minded and supportive of diversity causes. However, his understanding Rotenberg admits, "[I] begin to really understand what it is like to be part of a group that can be victimized by virtue of its being in the minority." Monitor was forced to address these emerging diversity issues. Joe Fuller, founding director, viewed that promoting a diverse workforce was consistent with other priorities such as leadership. Eventually, Monitor implemented a Diversity Network managed by two directors.

Strategic Thinking

Effective organizational leaders think strategically when implementing diversity initiatives. In this situation, organization leaders utilize an assessment of management techniques to address diversity concerns. The methods include (a) creating shared vision, (b) modeling the way, (c) focusing on commonalities, (d) building alliances, and (e) outlining employee participation. If any initiative is to be successful, it needs to have key supporters in strategic roles. First, Gerstner started with his personal vision for the future of IBM. Gerstner viewed IBM's ultimate strength as its ability to integrate services and to offer its customers individualized packages of products and services. Gerstner transformed IBM so that it could be an active participant in the global market by creating several senior management groups, including the World Wide Council. Therefore, Gerstner utilized a "top down" approach in implementing his strategy.

John Hoyle, author of *Leadership and Futuring*, maintains that successful visionaries demonstrate the following characteristics: (a) a capacity for caring for others, (b) clear communication of vision, and (c) support and inclusiveness of others. Hoyle also maintains that effective leaders model the way¹⁰. Gerstner set policies to confirm his commitment of diversity initiatives, but he also modeled the way by insisting that senior managers infuse their organization with new talent. Gerstner also recognized the importance of mirroring his constituency. Gerstner explains, “I just want to get my share of the best people.” For IBM, this meant making some organizational changes and obtaining employee participation. Through this effort, eight executive-level task forces were created to represent the customer base of U.S.-based IBM employees, including People With Disabilities, Asian, Black, Gay and Lesbian, Hispanic, Native American, Women, and White Men. One glaring difference between Monitor and IBM is that IBM did not omit the white male from its diversity strategy. Monitor’s neglect in this area would later damage its diversity initiatives.

On the contrary, Monitor was not very strategic in its diversity initiative. Unlike IBM, Monitor implemented its diversity program so that it was not integrated in the normal organizations of the company. For the most part, the diversity initiatives were implemented with a “bottom-up” approach. Although Fuller was sensitive to diversity issues, he provided no shared vision with the organization. Therefore, employees were left to interpret the vision for themselves. Eventually, the Advisory Network, Women’s Seminar Group, and Diversity Network matured enough so that the groups could resolve issues, coordinate activities, and share resources for success. However, this company approach relied on “trial and error” rather than a strategic approach for diversity.

Diversity Challenges and Resolutions

Businesses struggle with how to implement diversity so that it does not disrupt core business functions or become a personnel distraction. For IBM, Lou Gerstner and Ted Childs were the principle advocates for diversity. Ted Childs, a graduate of a historical black college, was a diversity advocate in IBM’s organization. From personal experience, he knew that the organization was missing an untapped pool of talent in the country. In Child’s mind, diversity was more than gender or race; it included many identities and perspectives in the workplace. Likewise, Childs knew this diversity could be mapped from IBM’s customers to future employees. Childs saw a connection between IBM’s customers and its employees. Childs explains, “The company [IBM] needs to win in the marketplace and out-compete our competition by looking like the people we are trying to sell to, and we must look like them from the mailroom to the boardroom.”

In implementing the company diversity initiatives, Childs was not without organizational resistance. IBM’s lawyers were anxious about the diversity initiatives; they were nervous about legal implications around discrimination. IBM’s culture was anti-union. As a result, executives were reluctant to allow employees to meet during company time. Other executives felt that these diversity issues would place unnecessary focus on racial and gender differences. By understanding these issues, Childs was able to discuss these concerns and address them with these executives. Gerstner continued as a diversity champion. Gerstner explains, “I made sure that employees understood that this was a serious process that was not intended to seek advantage for some at the expense of others.” As a result of Gerstner and Childs’ actions, eight executive-level task forces were created to represent the customer base of U.S.-based IBM employees including People With Disabilities, Asian, Black, Gay and Lesbian, Hispanic, Native American, Women, and White Men. IBM was also able to build a stronger relationship with its

employees, suppliers, and customers. Thus, IBM's culture was transformed so that diversity was a part of the overall organizational culture.

Likewise, Monitor Company was challenged by diversity due to its corporate culture. The diversity transformation was further complicated because of the varying organizational experiences and personal histories with diversity. First, the consulting firm represented a homogeneous group. Clearly, Tsui and Gutek explain that some organizations are typically demographically homogeneous¹¹. For example, individuals with doctoral degrees are a homogeneous collection. Likewise, the consulting industry could be considered a homogeneous collection. Therefore, implementing diversity would challenge this organizational paradigm. Second, Monitor did not have a clear vision related to diversity. With no clear vision of diversity among the emergent leaders, many wondered how Monitor could achieve organizational success. Rotenberg, Basden, and Singh-Molares started to review Monitor's personnel system as it related to diversity issues. As a result, some minorities wanted to have a Diversity Mentor Program, but there was resistance. Instead, an Advisory Network was set up to accommodate all employees. Some felt that a Diversity Mentor Program would be unfair or inaccessible to the legitimate issues of straight, white men. Clearly, Monitor did not adequately address the fears of white males.

Monitor begins to slowly gain momentum on organizational issues such as diversity and women professional development. Although IBM dealt with this issue of in the beginning, Monitor did a poor job of including everyone in its diversity initiatives. Furthermore, Monitor management support of this new initiative was weak. Rotenberg, a case team leader, requested a time allocation so that he could work more effectively with the Advisor Network. Monitor did not grant this request because it did not make economic sense for the organization. Managers and directors also appeared oblivious to diversity issues. There was clearly a lack of understanding by management. Basden explains, "Yet, I don't think in the course of a day [diversity issues] cross people's minds...From a director's perspective...they probably don't see the problems..." This was also demonstrated by sexual harassment matters. Liz Martineau, a Monitor director, despite being considered "one of the boys," did not have the same experiences as her male counterparts. Martineau explains, "I have rarely been, with two or three exceptions, with a client where I wasn't harassed." Her peers were startled by this revelation from this seasoned manager. With prodding from legal (David Kaplan) and the senior women managers, Monitor began a series of programs to correct the issues of sexual harassment and women professional development in the workplace. Sexual Harassment Training and Women-at-Monitor Seminars were initiated. Monitor was successful in creating a more diverse workplace; however, the company approach was fragmented and disjointed in its implementation.

Table 1: A Comparative Case Analysis

Elements	IBM	Monitor
Company Profile	International Business Machines (IBM) is the world's top provider of computer products and services.	A strategy consulting firm that focuses on the top management issues most critical to long-term competition of their clients.
Corporate Diversity Definition	Is the bridge between the workplace and the marketplace therefore effectively attracting and retaining the best talent from an increasing candidate pool.	Diversity was defined across individualism and academic rigor.
Organizational Climate & Value Systems	Concept of meritocracy Stereotypes of special groups Disenfranchisement of white males Anti-union Gender and race neutral	Academic Rigor Personal Reflection Employees responsible for correcting organizational issues and development of career path Homogeneity of leadership style
Strategic Thinking	Shared Vision Commonalities Senior Management Modeling Alliances Supply Chain Approach (Internal & External Focused) Implementation from Line, not HR Employee Participation Key Decision-making Support	Lack of a Shared Vision Bottom-up Approach Internally focused Selected Participation Limited Senior Management Modeling
Diversity Challenges	Senior Management Perception of a color and gender-blind organization	Uncertainty of demographic diversity on organization Inconsistency of diversity understanding and implementation
Evaluation Process	Aligning senior leaders with diversity task force for proper importance in organization Co-chairs of task force, high-performing, well-respected executives from line Five Minute Drill	Focused on diversity initiatives on institutional development and on personal development Assess demographic information for each monitor office
Strategy & Diversity Solutions	Diversity Councils beyond executive levels Mentoring Promotional opportunities Pipeline to future employees	Advisor Network Women's Seminar Group Diversity Network Recruiting plan

The Future Ahead

Global competition and the shortage of workers have made diversity a center-point for most organizations. Analyzing IBM and Monitor Company Group provided a good understanding of the issues associated with the creation of a diverse workforce. The study offered an avenue where an evaluation showed how organizational cultural and individuals values could co-exist in an organizational setting. However, the process of implementing a diversity strategy could also generate a disruptive environment if not closely managed. IBM and Monitor took two different approaches in achieving diversity. Monitor used a “trial and error” approach with very little senior management while IBM utilized a strategy approach that solicited full participation from its entire supply chain. Clearly, IBM’s approach was the most effective in terms of maximizing the resources of its organization. Therefore, implementing a diversity strategy can affect the bottom-line of an organization. The study is significant because organizations are becoming more culturally diverse, and businesses that can efficiently manage this transition have a competitive advantage in the marketplace. Consequently, the results demonstrated that traditional organization can adapt to a more culturally diverse workforce without sacrificing its core values or principles.

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