

TERTIARY DIVERSITY MANAGEMENT: A CRITICAL SUCCESS FACTOR IN MODERN NONPROFIT HUMAN SERVICES LEADERSHIP

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With the advent of globalization and increasing multiculturalism in society over the past 25 years, much attention has been paid to workplace diversity and its role in enabling nonprofit human service organizations to respond successfully to changes in society that affect their performance. From a strategic human resource management perspective, a strong focus on diversity has been associated with enhanced organizational effectiveness. Traditionally, the management of organizational diversity has concentrated on two forms of diversity, primary and secondary. In this article, we explore the implications for executive directors and board members of a new type of diversity, tertiary diversity, to be included as well as prioritized when applying diversity management best practices for maintaining and enhancing organizational performance.

INTRODUCTION

With the advent of globalization and increasing multiculturalism in society over

the past 25 years, much attention has been paid to workplace diversity and its role in enabling nonprofit human service organizations (NHSOs) to respond successfully to changes in society that affect their performance (Judy & D'Amico, 1997; Mor Barak, 2005). From a strategic human resource management perspective, a strong focus on diversity has been associated with enhanced organizational effectiveness, as a highly diverse workforce is better equipped to respond to the changing needs of an increasingly varied customer base (Becker & Gerhart, 1996; Delaney & Huselid, 1996). Indeed, in recent literature reviews examining the relationship between diversity, human resource management, and organizational outcomes in for-profit firms (e.g., Jiang, Lepak, Hu, & Baer, in press) and human service agencies (e.g., Mor Barak & Travis, 2010), diversity has been viewed as consistently giving an organization a competitive advantage over other organizations operating in its same industry and domain.

Basic differences among people in an organization's workforce have always existed, e.g., variety in employee demographics by age, gender, ethnicity, and income, whether they are paid or volunteer staff, the level of difference in educational preparation, general job classifications, or attitudes towards the organization. Moreover, diversity management in organizations has typically concentrated on standard human resource functions such as paying attention to legal issues and creating a system of hiring, evaluating, motivating,

training, promoting, and terminating line-level or subordinate employees (Kettner, 2002; Lewis, Packard, & Lewis, 2012; Parish, Ellison, & Parish, 2006; Watson & Abzug, 2010). However, the practice of managing diversity has not been nearly as concerned with the board of director's crucial role in developing and sustaining the performance of the agency through mentoring and training the executive director (ED) in accomplishing stellar performance under a range of complex internal and external conditions and at different stages of the organizational life cycle (Herman, 2010; Schmid, 2010).

TRADITIONAL FORMS OF DIVERSITY

According to Weinbach (2008), there are two major forms of diversity: *Primary* and *secondary*. Primary forms of diversity are those sociodemographic characteristics that usually cannot be changed at all or changed easily, e.g., age, ethnicity, physical ability/disability, sexual orientation, and gender. Secondary types of diversity reflect choices that a person has made and are in theory alterable relatively easily, e.g., marital status, parental status, socioeconomic status, religious affiliation, political affiliation, educational level, and choice of professional occupation. As evidenced from an analysis of the studies described in the Jiang et al. (in press) and Mor Barak & Travis (2010) reviews, most of the empirical research linking diversity with improved organizational performance has focused on the impact of primary diversity, and to a lesser extent, secondary diversity.

TERTIARY DIVERSITY: A NEW CONCEPT

In this paper, we introduce a third category of diversity, which we term *tertiary*

diversity. The concept of tertiary diversity refers to “the range of skills and competencies an individual possesses and which are required in varying degrees to perform different job functions in support of organizational excellence” (Singh, 2011a, personal communication). Given the immense challenges of managing and leading complex agencies in the contemporary human service environment marked by increased environmental turbulence, hypercompetition, heightened funding uncertainty, constantly shifting rules and regulations regarding accountability and performance, a wide range of influential stakeholders with varied and often competing demands, and frequently changing client needs, we argue that to optimize organizational outcomes nonprofit human service entities should include as well as prioritize tertiary types of diversity over primary and secondary forms of diversity when engaging with issues related to diversity management. Moreover, attention to tertiary diversity helps to shape an organizational culture that not only appreciates, but also utilizes the unique contributions of each employee. NHSOs, which are heavily dependent upon using people as their fundamental resources and technology for social service delivery (Hasenfeld, 2010), will particularly benefit from such an approach. By drawing on the totality of an employee's characteristics and skill sets, an agency can coordinate, complement, and strengthen the abilities of the entire staff in an effort to ensure optimal effectiveness in the fulfillment of organizational responsibilities.

Prior authors have distinguished between the core tasks of management and leadership (e.g., Nanus & Dobbs, 1999; Genis, 2008). We assert that in the real world of managing

and leading complex human service organizations in the 21st century, EDs need to possess a high level of knowledge and skills in both areas of interest, i.e., management as well as leadership. It is our contention that chief executives need to have deep and extensive preparation in a wide range of competencies related to these two domains. NHSOs, especially, no longer have the luxury of selecting as their chief executives persons who are highly competent in management but not in leadership, and vice-versa. Thus, in this article, when we refer to managers and leaders, both groups are synonymous with each other as the top executives of nonprofit organizations, and are distinguished from the board members of their agencies with whom they must work in concert to ensure organizational success.

DIVERSITY MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

Founded in 1985, an influential membership organization for social workers involved at all levels of management and across a wide and diverse array of human service organizations, The Network for Social Work Managers (NSWM), emphasizes that an effective human services leader is one who uses specific competencies in an effort to facilitate and enhance the functioning of their agency. Among NSWM's 16 competencies is the fourth competency, the ability to engage in culturally responsive management practices. This skill includes a commitment to the employment and promotion of diverse population groups based upon qualifying knowledge, skills, and resources, while fostering an organizational work environment that demonstrates appreciation of and respect for diversity (NSWM, 2012). The appreciation

for diversity results in enhancing the effectiveness of the organization as employees are recognized and assigned tasks related to their specific competencies in working with diverse groups of internal and external stakeholders (for instance, clients and legislators from different racial and ethnic backgrounds). This facilitates a respectful work environment in which personnel from a variety of backgrounds reflective of primary and secondary forms of diversity are welcomed and sought out for their strengths in being capable of engaging with constituents whose backgrounds share these same forms of primary and secondary diversity. In such an environment underscoring the need for organizational cultural competence, these staff members can feel confident in drawing upon the appropriate diversity-specific resources in accomplishing organizational goals, in turn optimizing agency effectiveness.

Further, the 10th competency outlined by NSWM is the ability to engage in human resource management and development. This competency refers to the ability to hire, train, develop, and place the appropriate individuals in the appropriate jobs while following organizational policy (NSWM, 2012). The ability to hire employees to fulfill specific tasks relevant to agency needs inherently warrants an appreciation for a particular employee's capacities. When analyzing a person's suitability and fit for a position, an effective leader must understand what personnel strengths already exist within the organization and which abilities are lacking or insufficient in number or depth. By conducting such a human resources capacity-gap audit, a manager who thinks and acts strategically will avoid the duplication of capabilities, while promoting diversity based primarily on tertiary skill

sets of individuals. This will, then, lead to more effective agency functioning through the recognition of staff strengths to fulfill organizational goals.

Similar to the views expressed by NSWM, a seminal benchmarking study on achieving best practices in workforce diversity by the U.S. Department of Commerce (USDOC) and the National Partnership for Reinventing Government (NPR) (2000) concluded that organizational leaders are responsible for employing effective diversity management policies, including creating a culture that uses diversity to the organization's advantage. This study stressed that the differences among workers are the most important resource an organization can have, and that valuing and recognizing diversity is imperative to maintaining a competitive advantage. The study broadly defined diversity as all characteristics and experiences that define each person as an individual and, based on the evidence, suggested that utilizing the diversity of the workforce leads to organizational success. The findings of this landmark study clearly speak to the value in identifying and strategically using the variety of characteristics and experiences of each employee.

INCLUDING TERTIARY DIVERSITY MANAGEMENT AS A KEY TO SUCCESSFUL LEADERSHIP

Upon a closer inspection of the perspectives propounded by NSWM (2012) and USDOC and NPR (2000), respectively, it was revealed that both of them highlight the role of primary and secondary characteristics of diversity, while neglecting or paying only a cursory glance at issues of tertiary diversity. This observation mirrors the concentration on issues of primary and secondary diversity that were highlighted in the empirical research by Jiang et al. (in press) and Mor Barak and Travis (2010). Additionally, even when examples of tertiary diversity in job functions were mentioned or measured, all but a few of them were focused on the type and quality of job functions performed by line level and subordinate employees. Almost none of the examples pertained to the need for EDs to possess a diverse set of advanced level skills and in sufficient depth required for leading superior performing organizations. Given these gaps in the practice and empirical literature on diversity management, we now present a checklist of recommended management competencies for EDs grounded in our review and synthesis of academic and practice resources on upper-level management competencies.

	Human Service Management Competency Areas	Level of Skill Development
1	Advocacy	4 3 2 1 0
2	Capacity Building	4 3 2 1 0
3	Collaboration and Partnerships	4 3 2 1 0
4	Communication and Interpersonal Relationships	4 3 2 1 0
5	Culturally Responsive Management Practice	4 3 2 1 0
6	Ethics	4 3 2 1 0
7	Evaluation and Performance Management	4 3 2 1 0
8	Evidence-Based Management	4 3 2 1 0
9	Financial Development	4 3 2 1 0
10	Financial Management	4 3 2 1 0
11	Governance and Meta-Governance	4 3 2 1 0
12	Human Resource Management and Development	4 3 2 1 0
13	Information Technology	4 3 2 1 0
14	Leadership	4 3 2 1 0
15	Legal Issues	4 3 2 1 0
16	Program Development	4 3 2 1 0
17	Organizational Management	4 3 2 1 0
18	Public/Community Relations and Marketing	4 3 2 1 0
19	Public Policy	4 3 2 1 0
20	Social Entrepreneurship	4 3 2 1 0
21	Strategic Planning	4 3 2 1 0

Note: In this scale, an executive director’s level of skill development in each competency is evaluated accordingly:

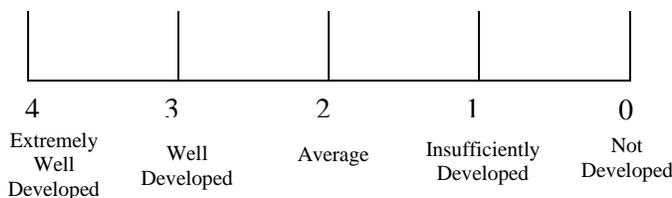


Table 1 Executive Director’s Level of Skill Development in Management and Leadership Competencies

RECOMMENDED MANAGEMENT COMPETENCIES FOR NONPROFIT HUMAN SERVICE EXECUTIVES

To derive the list of 21 recommended management competencies for NHSO managers in Table 1, we referred to the following sources: Frahm and Martin (2009); Ginsberg (2008); Mirabella (2007); Motes and Hess (2007); NSWMM (2012); Singh (2011b, personal communication; 2012, personal communication); and Waldman (2011, personal communication). Readers interested in comprehensive descriptions of each of these competencies are encouraged to consult the primary resources we used. We posit that although our checklist prescribes competencies that have been culled primarily from the social work administration literature for operating charitable human service agencies effectively, most if not all of these competencies are representative of the advanced skills necessary for successfully leading nonprofit organizations of other types, such as cultural, educational, religious, and scientific nonprofits.

To make the checklist more helpful in gauging the match or mismatch between the current or prospective ED’s repertoire and adequate level of skills and the number and depth of skills the organization’s board requires of its leader, we included a simple five-point Likert-type rating scale numbered from 0-4 alongside each competency to measure its presence and level of development. On the scale, a zero score for a particular competency means that the ED has not developed any skills at all in this area of competency. Conversely, a 4 score signifies that the ED has extremely well-developed skills in that particular area of competency. The possible scores corresponding to an ED’s overall level of

skill development in management and leadership competencies range from a minimum of zero to a maximum of 84 points. In other words, the closer an ED's overall score approaches 84 points would be an indication that their total level of talent is extremely well developed, and thus this executive would be highly valuable in the eyes of the board. Even though this scale is not scientifically reliable and enjoys only face validity, nevertheless, it can be deployed as a reasonable starting point to assess initially the current level of talent and future leadership development needs of a social service agency's ED.

CONCLUSION

In this article, we introduced the concept of tertiary diversity when applying diversity management principles for maintaining and enhancing organizational performance in NHSOs. Until this paper, primary and secondary forms of diversity were the only two types of diversity incorporated in assessments of the management of diversity in organizations. Based on our review of the literature associating diversity management with organizational effectiveness, we strongly suggested including as well as prioritizing tertiary diversity as an indispensable form of diversity that should be evaluated and systematically institutionalized as part of any organization's good diversity management practices. This is especially the case for human service agencies that use human beings as their major resource and mechanism for delivering social services to people in need.

Building upon the importance of facilitating and prioritizing tertiary diversity management with lower- and middle-level

employees, we also highly recommended that an NHSO's board members exercise a much more active role in analyzing responsibly its current or prospective ED's level of skill development across a list of 21 management and leadership competencies considered vital for increasing organizational excellence. This is because in today's tough times, which have made it ever more difficult to produce sustained and superior performance, social service agency boards need to be vigilant and proactive in ensuring that they are grooming the talents of their ED strategically through a plan of regular mentoring and continuing skills-based training. Finally, we urge nonprofit management researchers interested in the topic of tertiary diversity management to develop and test a more refined skill development rating instrument, high in reliability and validity, for the benefit of agency executives charged with leading NHSO organizations.



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