The Impact of Diversity, Ethics, and Outsourcing on Organizational Teams

By

Nathan R Mitchell MBA

Argosy University

August 17, 2014

Introduction

The business world is more dynamic than ever before. When you consider the opportunities and challenges that come with a global business environment, today's companies have a lot to consider strategically if they plan to remain competitive and relevant. A good portion of this plan must include strategies for effectively managing organizational teams as well as diversity in the workplace.

The global business environment, coupled with increases in diversity as well as the offshoring of jobs, has made things even more challenging. Today's leaders must not only be culturally intelligent, they must also be able and willing to manage fear and uncertainty among team members. With that being said, the purpose of this paper is to examine diversity in the workplace, ethics within organizations, and the offshoring of jobs and the outsourcing of work. I will examine how these three things might lead to organizational conflict, whether individually and/or in teams, and how this ultimately might affect overall team performance. Lastly, I will address how today's leaders and managers might minimize or alleviate fears and uncertainty among employees in an increasingly challenging, competitive business environment.

Diversity in Teams: An Overview

Organizations must be successful in order to maximize value for the shareholders. With that being said, organizational success is achieved by leadership and team members coming together cohesively in an effort to achieve the vision and goals of the organization. Diversity plays a key role in this. For example, when managed appropriately, the leveraging of individual differences, as well as the strengths and

weaknesses of each individual member of the team, can lead to a competitive advantage in the marketplace. On the other hand, individual differences can also hinder an organization from achieving its goals.

As today's dynamic organizations become increasingly diverse, their respective managers and leaders have some unique challenges. Today's leaders and managers must understand team dynamics and team mechanics if they expect to lead diversity well in their respective organizations (Argosy 2014). According to Nagar (2005), the global economy has changed the dynamics of team member interaction. There's no doubt that teams play a critical role in organizational performance. Nagar (2005) believes that organizations who not only accommodate diversity, but who also leverage and capitalize on the individual differences of team members are more successful than their counterparts who lack diversity. Staples and Zhao (2006) concluded that when diverse teams are managed effectively, team members' skills, talents and perspectives could be leveraged in such a way that allows the goals of the organization to be achieved.

At the end of the day, organizations with diverse workforces must come together to achieve the vision and goals of the company. These goals are usually not something that can be accomplished alone. This is the reason why diversity, coupled with teamwork, is so important. And this only occurs when a diverse group of team members are led by leaders and managers who not only understand the importance of leveraging individual differences in the workplace, but whom also desire to do so.

Ethical Perspectives in Today's Organizations

Abraham Lincoln said, "If you want to test a man's character – give him power,"

(Wilson 2009). With that being said, there are ethical implications of power abuse that

come to light when managing diversity in the workplace. Effective leaders and managers

do not exercise the power and authority their positions afford them over their teams –

instead, they lead and develop them; they serve them. Wilson (2009) further adds that

leadership should be used responsibly. It's not something that is taken; instead, it is

something that should be given. I agree with his opinion wholeheartedly, which happens

to be one of the main reasons why I am a big proponent of Servant Leadership.

Greenleaf, the "Father of Servant Leadership," contended that leaders should

come from a position of service to others. Effective leaders put the interests of others

before their own self-interests. Leaders who abuse their power are in stark contrast to

Greenleaf's contention, and as a result may be more inclined to behave in unethical

business practices (consider the Enron scandal). The current business world has become

more and more diverse. As a result, the management of individual behaviors has become

more challenging. I personally believe that today's leaders, who may at times be

overwhelmed, may be more inclined to abuse their power in an attempt to manage

diverse teams. As stated earlier in this paper, today's leaders must be culturally

intelligent. Power abuse, and unethical business practices, may be the result of either a

lack of awareness, or an attempt to compensate in one way or another. This is the primary

reason why training and development is some important in today's dynamic

organizations. Organizations must not only invest in the training and development of its

people, but they must actively support diversity in the workplace. This will not only help

leaders and mangers lead their people more effectively, but it will also lead to improved

decision making, and therefore more ethical business practices throughout the

organization. Today's organizations need ethical, servant leaders! According to Wilson

(2009) "A true leader has self-esteem and self-confidence and does not seek power to

bolster his or her feeling of self worth." In conclusion, increased self-esteem and self-

confidence in the workplace can increase with improved organizational training and

development programs.

Outsourcing, Fear, and Uncertainty

The need to be competitive in a global business environment has led to an

increase in the outsourcing of work, as well as the offshoring of jobs. And so long as

outsourcing and offshoring continues to increase, there will continue to be an impact on

behavior within organizations. As a result, managers and leaders must become more

flexible. In other words, they must be more willing to adapt, as well as to foster

leadership styles that meet the needs of a dynamic business environment. At the end of

day, offshoring jobs and outsourcing work may cause organizational issues and

challenges if leaders and managers are not "in the know," (Argosy 2014).

As stated in the beginning of this paper, leaders must be "culturally intelligent."

In other words, they must be aware of cultural differences, social norms, and more. It's

important for leaders to understand that just because one leadership style works in one

country, doesn't mean it will work in another. And the challenges don't stop here –

global concerns for organizations include the loss of jobs; struggles over power; cultural

differences; the need to be flexible and willing to adapt; and acknowledging that what

may work in one situation may not be successful in another (Argosy 2014). So, with

these challenges in mind, there will indeed be organizational challenges with regards to

motivating employees in organizations where the outsourcing and offshoring of jobs is

more prevalent. This is largely due to the negative correlation between outsourcing and

employee satisfaction, work-life balance, commitment and turnover, (Elmuti, Grunwald,

& Abebe 2010).

Although there are challenges, it is important to note that offshoring can provide

strategic organizational benefits on many levels. Organizations must drive bottom-line

profitability. The outsourcing of work and offshoring of jobs is a challenging yet

effective way to decrease overall expenses; however, in order for today's leaders to be

effective and successful in this endeavor, they must understand not only their core

competencies, but also their sources for competitive advantage in their respective

industry. Organizational vision and success is achieved through people. Today's leaders

and managers must remain flexible, and adopt leadership styles that not only effectively

leverage talent, but also maximize team member motivation in a business environment

where outsourcing and offshoring and growing more and more commonplace.

Organizational Conflict and Team Dynamics

Conflicts occur when disagreements exist: this can be the result of disagreements

in a social situation, or when emotional antagonisms create friction between individuals

or groups (Schermerhorn, Osborn, Uhl-Bien, and Hunt, 2012). Unfortunately, although

diversity in teams within organizations can offer many benefits to the company itself, the

likelihood of conflict can increase due to the increases in individual differences among

diverse groups. This is why it's so important for leaders and managers to handle diversity

in the workplace effectively, because it can occur on multiple levels.

For starters, there are several levels of conflict: Interpersonal Conflict;

Intrapersonal Conflict; Intergroup Conflict; and Inter-Organizational Conflict

(Schermerhorn, et al 2012). It's important to keep in mind that not all conflict is bad, so

long as it's functional. This is also referred to as *constructive conflict*.

On the positive side, conflict (constructive) can bring important problems to the

surface so they can be addressed. It can cause decisions to be considered carefully

and perhaps reconsidered to ensure that the right path of action is being followed.

It can increase the amount of information used for decision making. And it can

offer opportunities for creativity that can improve performance (Schermerhorn, et

al 2012).

In my professional opinion, one of the ways managers and leaders can minimize

conflict in a diverse organization is to appeal to common goals, or to a shared vision. I

refer to this as fulfilling the purpose of the organization. For example, a mentor of mine,

Jim Whitt, works with an agricultural firm in Wichita, Kansas. The purpose of the

organization is to *Make the Planet More Productive*. Their organizational purpose is

positive; it's powerful; it's simple; and it's serving. When team members are brought

together for a common purpose, or a common cause, they are involved in something that

is bigger than themselves. Not only does this increase overall team member satisfaction,

and employee engagement, but it also directly reduces the likelihood of conflict as a

result.

Alleviating Fear and Uncertainty

Since the economic crisis of 2008, fear and uncertainty among individuals,

families, and organizations alike has become more prominent. According to Dr. Barton

Goldsmith (2008) "This feeling is ever present in our lives and creates new challenges for

business leaders and professionals of all levels," (p. 21). As a result, people have been

spending less, and businesses have continued to find ways to decrease expenses.

Unfortunately, this impacts nearly everyone at the organizational level. This is one of the

reasons why we've seen an increase in outsourcing and offshoring of jobs. Couple this

increase, with the increase of fear an uncertainty among existing team members, and

today's managers and leaders have a real challenge. With that being said, it's imperative

that today's leaders and managers communicate change initiatives, as well as difficult

messages in an opportunistic manner. One of the ways leaders can accomplish this is by

sharing the reasons behind the change; sharing the organizational impact; focusing on

opportunities not challenges; seek input from team members; and more importantly,

value their input (Argosy 2014). This ultimately leads to the increase in trust among

employees for organizational leaders.

Fear and uncertainty ultimately affect employee productivity, their ability to

communicate, and their ability to create and be innovative (Goldsmith 2008). Goldsmith

also adds that...

In order to decide what to do about it, people have to be encouraged to talk. Our

lives are permeated by words like 'meltdown,' 'depression/recession,' and

'bailout.' People are afraid to spend money, or even leave it in the bank, and

businesses are closing daily. The business community is in a position to do a great

deal to alleviate fear. The first step is to make it safe for your people to talk about

what they are feeling, (Goldsmith 2008, p. 21).

As Goldsmith describes, communication may very well be the best starting point

for an organization to alleviate fear and uncertainty in the workplace. Communication is

fundamental to solid relationships, and solid relationships are fundamental to both team

dynamics and overall organizational success. Getting the process started may be the

biggest challenge for many organizations, as well as finding the additional time required

to hold meetings, communicate difficult messages, and to deal with the overall feelings

the team members are experiences. At the end of the day, organizations that make this

commitment will find in increase in the number of employees that actually trust their

leaders and managers.

Conclusion

In conclusion, the business world is more dynamic than ever before. Although,

the global business environment offers many opportunities to today's growing firms, it

also poses many challenges as well. As a result, today's organizations must be very

strategic in how they manage a diverse, global workforce if they are to remain both

competitive and relevant.

Today's leaders must be culturally intelligent; furthermore, they must be able and

willing to manage fear and uncertainty in the workplace. Things like diversity in the

workplace, ethical considerations, and the offshoring and outsourcing of work, have

made fear and uncertainty more prevalent. Not only can this lead to an increase in

organizational conflict, the overall performance of the team may suffer as well. Leaders

and managers who aren't willing to adapt their leadership style and remain flexible in a

world that requires the utmost in flexibility, will see their respective organizations

outperformed by organizations that "get it and understand it!"

References

Argosy University [Course Modules]. (2014). Retrieved from Argosy University, *B7401 Organizational Behavior*, http://www.myeclassonline.com

Elmuti, S., Grunewald, J., & Abebe, D. (2010). Consequences of outsourcing strategies on employee quality of work life, attitudes, and performance. Journal of Business Strategies, 27(2). Retrieved from www.izt.uam.mx/sotraem/bibliografia/elmuticonsequences.pdf.

Goldsmith, B., (2008). Dealing with fear in the workplace. *Cost Engineering, 50*(12), 21-22.

Nagar, B. (2005). Reflecting on cultural considerations for team development in major urban settings. *Organization Development Journal, 23*(1), 17-25.

Schermerhorn, J., Osborn, R., Uhl-Bien, M., and Hunt, J. (2012). Organizational Behavior. (12th ed.). Hoboken, New Jersey: John Wiley & Sons Inc.

Staples, D., and Zhao, L. (2006). The effects of cultural diversity in virtual teams versus face-to-fact teams. *Group Decision & Negotiation, 15*(4), 389-406.

Wilson, R. (2009). Leadership vs. Power: Are you driven by goals or by power over others? *Psychology Today*, December 31st, 2009. Retrieved from http://www.psychologytoday.com