Diversity in Business, Finance and Technology Management

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Companies where there are significant advantages to diversity in the workplace by integrating workers from culturally diverse backgrounds into their workforce have become much stronger. However, many firms don't understand the importance or challenges of workplace diversity. Diversity needs to be seen as an integral part of the business plan, essential to successful products and increased sales. This is especially true in today's global marketplace, as companies interact with different cultures and clients.

Among the advantages of diversity in the workplace are: increased creativity, increased productivity, new attitudes, new language skills, global understanding, new processes, and new solutions to difficult problems.

"Don't put all your eggs in one basket" is standard financial advice. But it has been found that many financial regulators are violating that principle.

While up to a few decades ago the financial system consisted of predominantly small institutions that specialized in different businesses and had relatively few inter linkages with each other, this picture has dramatically changed. Financial institutions – in particular the very large ones – have become very similar to each other. The biggest institutions are now operating in the same global markets, undertake similar activities, and are exposed to the same funding risks. This process has made their survival very intertwined – also owing to the manifold types of connections modern financial institutions form with each other.

There are several margins at which diversity in the financial system can be improved.

- To start with, diversity could be achieved if financial institutions were to specialize more in different activities rather than all undertaking the same type of activities.

- Another key area where greater diversity can be improved is risk management.

One of the challenges in implementing diversity in the organization is the confusion between functional diversity and types of non-functional diversity. Functional diversity or diversity that leads to more effective function or innovation is often the form of diversity intended in common workplace statements such as "we need to focus on diversity," or "diversity is something we strive for." However, in practice there are many forms of diversity that can be encountered in organizations, not all of which are related to improving organizational effectiveness, and some of which may be harmful. Many of these forms of diversity have been termed social diversity. What clear distinction can be made between

functional diversity and social diversity in the organization, and how can this clear distinction be made?

After three decades of talking about diversity in the workplace there is still considerable confusion over what diversity actually consists of. Broad definitions seek inclusion, but do not allow for identification of a difference between functional and social diversity. Narrow definitions may be used to define either of these, but exclude a large number of diverse understandings. These differences often leave organizations in a state of confusion, as a diversity management program adopted in good faith falters or fails due to lack of consistency in the definition of diversity. To effectively manage diversity, it is necessary for organizations to understand the difference between functional and social diversity, and to treat these forms of diversity differently in terms of creating functional and innovative teams.

This research has shown that this issue is not clear even within the management literature or education literature, which does lead to some obvious problems in clarifying the definition of diversity for practice. Although this research has provided some clarification in terms of the alternative definitions, these definitions have only rarely been put into practice in the pragmatic research. This represents an ongoing gap in the research and an opportunity to dramatically improve the outcomes of diversity management in practice. The difference between social and functional diversity should be clearly emphasized within the literature and efforts should be made to explain what this difference means in practice for the organization. This will help to improve both expectations of diversity management programs and their outcomes.