

# The Dynamics Of Diversity

By

**George H. Litwin, Ph.D.**  
THE PURRINGTON FOUNDATION  
The Graduate Centre

**Kathleen Lusk Brooke, Ph.D.**  
THE PURRINGTON FOUNDATION  
The Center for the Study of Success

**T.R. Nelson**  
The British Broadcasting Corporation

**For More Information On These Studies  
Please Contact:**

THE PURRINGTON FOUNDATION  
36 Main Street  
Mattapoisett, MA USA 02739  
Telephone: 01-01-508-758-3181  
Fax: 01-01-508-758-3273

## ABSTRACT

What organisational decisions actually cause diversity? Does diversity in mix of employees lead to diversity in range of output? This paper puts forward a set of hypotheses regarding the systems that generate (or limit) diversity in organisations. Our client organisation is the British Broadcasting Corporation (BBC), whose stated goal is to provide a broad, diverse range of programming—such diversity being appropriate to the BBC's very broad and diverse audience. To achieve this goal, the BBC has set forth a human resources strategy of hiring and promoting diverse groups of people. Their premise is that diversity of people, under certain measurable conditions, will lead to diversity of output. Our model allows experimental study of the effects of feedback on the dynamics of diversity. This research is relevant to organisations concerned with diversity, with matching their market composition, or with fostering innovation. Results of recent studies will be available at the conference and by written request.

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## ***The Law Of Adaptation And Growth***

Systemic laws apply to any aggregate. The laws of system dynamics are also the laws of organisation. The first law of organisations is the law of adaptation and growth—social systems start with growth (Forrester 1971). Growth is a feedback response of adaptation to positive or success signals. The more an organisation or a business has success in behaving in a certain way, it will replicate that approach. It will replicate everything about that approach including profiling the kind of input needed to achieve the success result. In so doing, it will develop systems designed to create the expected result. Those systems will replicate themselves. And, most importantly, the entire organisation will become dedicated to repeating itself in its own image and likeness until the input will only create a certain output. This output will be highly successful in the short term.

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## ***The Law Of Organisational Entropy***

But, as Forrester notes, "A policy which produces improvement in the short run, within five to ten years, is usually one which degrades the system in the long run, beyond ten years." And so, saturation and decline follow.

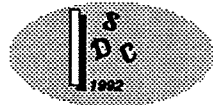
Thus arises the second law of organisations, the law of organisational entropy. The more we try to keep things the same, the more the outside universe becomes different. However much we struggle to maintain known and familiar structures, entropy corrodes our effort. This can be disastrous or freshening.

The second law of organisations, the law of chaos, describes very real organisational behaviours such as non-compliance with long-outmoded policies, lack of trust in management—leading to little belief in management communication, and the emergence of a wide array of "influence networks."

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## ***Why Diversity?***

The effective achievement of diversity can be important to many kinds of enterprise. For example, a financial services company needing to mirror diverse customer cultures might create diversity in branch operations and hiring (e.g., German-speaking, Spanish-speaking, Japanese-speaking, etc.). Another example is public broadcasting, where diversity of programmes is needed to mirror the diversity of the society served.



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On the other hand, the rapid unleashing of diverse interests in a complex institution can be seen as a direct path to chaos.

Our studies explore the dynamics of diversity in human organisations, especially large-scale aggregates such as corporate businesses or governmental bodies. A case example, the British Broadcasting Corporation (BBC), will demonstrate our hypotheses concerning the relationship of diversity of input to diversity of output.

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### ***The Dynamics Of Diversity: A Case Example***

A large public broadcasting organization, the BBC historically has been heralded for its excellence. In response to such success feedback, systems have replicated themselves. Input has also been affected. Not surprisingly, the BBC presently shows a non-diverse demographic among its key output creators: programme makers, producers, and senior management.

The BBC's strategy is to create the widest possible range of programmes. Since programming is created by people, the BBC has developed a human resources strategy that emphasises employment and promotion of diverse age, sex, ethnic, and interest groups.

The two key questions of our model:

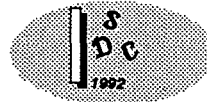
1. Under what circumstances can diversity of input lead to diversity of output?
2. What leads to diversity of input?

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### ***The People System***

Working with the personnel officers of the BBC, we have set forth a working systems model (Beer et.al., 1984) of the organisational factors affecting the development of diversity. In order to generate diversity, and for such diversity to have impact on the output of the organisation, four factors must be present:

1. If the **Flow System**, the input and throughput of people, attracts and retains various diverse groups in the population, then diversity of people becomes possible. Although no guarantee of diversity of output, diversity of input is a neces-



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sary beginning. Therefore, diversity of people must be a priority at each phase of people flow:

- Recruitment,
- Selection,
- Hiring,
- Development or Training, and
- Termination.

All phases of people flow must demonstrate measurable diversity in order to set the stage.

But input alone cannot guarantee the quality of output. The throughput factors are determinate. That is, the structures of the internal people systems must be calibrated to encourage diversity of output.

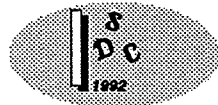
These factors are as follows:

2. If the **Reward System** provides equal rewards and recognition to all the various diverse groups in an organisation, then diversity is distributed in a way that is likely to influence diversity of output. Specifically, the rewards of importance have to do with promotion to programme-making and management positions. Money is highly coincident; because programmes are of the greatest value to the customer/audience, those who make them, make the most money. The relative diversity of the programme-maker and management population can be measured by demographics of age, background, sex, or other variables. Or, as a shortcut, one can measure the diversity of the highest income band in the organisation (vs. the lowest income band).

With Systems 1 and 2 we have the first real force in the dynamics of diversity. That is, the extent of diversity in **Flow** and the quality of **Rewards** creates **Effective Diversity**.

There are two other systemic factors that need to be present, however:

3. If the **Work Design System** allows opportunity for individual creativity, then diversity of output will emerge. Diverse people can make input to programme output.
4. If, through the **Influence System**, participation is encouraged in the organisation, members will provide input. The greater the channels of upward feedback, the more influence such feedback has, and the stronger the voices of diversity will be. If organisation members can react only to the immediate environment around them, they will have



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little influence over events. If influence is at the divisional level, then individuals will gain influence to patterns of behaviour. If influence goes all the way to the top, then employees will have generative influence over systemic structure. (Senge 1990) At this level, diversity will have effects not only in product output but also in organisational evolution and renewal.

With **Systems 3 and 4**, the second force in the dynamics of diversity is suggested. That is, **Work Design** allowing individual creativity and **Influence** encouraging employee participation create **Generative Opportunity**.

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### ***Achieving Measurable Diversity***

While **Systems 1 and 2 (Flow and Reward)** can be measured quantitatively, **Systems 3 and 4 (Work Design and Influence)** are qualitative. Behavioural scientists have developed observable descriptors, but we prefer attitude and focus questionnaires that describe how such systems are perceived by organisation members. These perceptions affect expectations and guide behaviour.

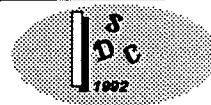
The two forces—**Effective Diversity** and **Generative Opportunity** combine in a multiplicative way—if either goes to zero, the resultant diversity is zero. Thus:

<b>EFFECTIVE DIVERSITY</b> (Demographic Distribution)	<b>X</b>	<b>GENERATIVE OPPORTUNITY</b> (Questionnaires)	<b>=</b>	<b>DIVERSITY OF OUTPUT</b>
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### ***Why Diversity Fails***

In considering these laws of systemic structure and feedback, one can immediately identify why most organisations fail to reach healthy diversity and renewal. Organisations aggregate by reproducing whatever works initially. Unfortunately, this can mean they restrict



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input of personnel to a certain kind of historically successful demographic profile.

But many societies legislate some diversity of employment. Therefore, organisations may be forced into accepting an increasing amount of diversity. As we too often see, however, minority and disenfranchised groups are hired, but restricted to lower-level positions. Such nominal compliance with societal norms will not be economically productive.

On the other hand, the effective management of diversity will involve some extent of cost. The alignment of diverse interests and ways of doing things takes management time and substantial overhead budget.

Unless diversity can increase the capability of the organisation to adapt to its changing marketplace, it is an obstacle to economic competitiveness. That is, unless diversity of people can be translated into productive and useful capability, both present capability and future potential, it is another entropic force—bringing chaos and disorder to productive and respected institutions.

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### ***The Effects Of Feedback***

Like all systems models, this model postulates that feedback will have a decisive influence on the system conditions described above. In general, positive feedback would lock in current system conditions and patterns. Decision-making in the organisation would tend to repeat that which had proven successful. Negative feedback would cause uncertainty, and some degree of searching for alternative courses of action.

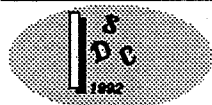
To test the hypotheses we have created, we have designed a simulation exercise in which BBC personnel officers work in teams to make human resource decisions in regard to strategic imperatives. Data from this simulation exercise will allow us to further quantise our model and thus make specific predictions regarding diversity of the BBC programme output over the next ten years.

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### ***Feedback System***

Within the simulation exercise, we have designed two distinct feedback scenarios:

**Scenario I**—Feedback on diversity of output only (audience share and reach, that is, number of people and groups reached by some programme)



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**Scenario II—Feedback on diversity of input and output (all systems affecting diversity)**

Within this design, we have essentially a four-cell table:

	<b>Positive Feedback</b>	<b>Negative Feedback</b>
<b>External Audience Feedback</b> (Diversity of Output)		
<b>Internal Systems Feedback</b> (Diversity of Input)		

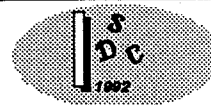
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**Conclusion**

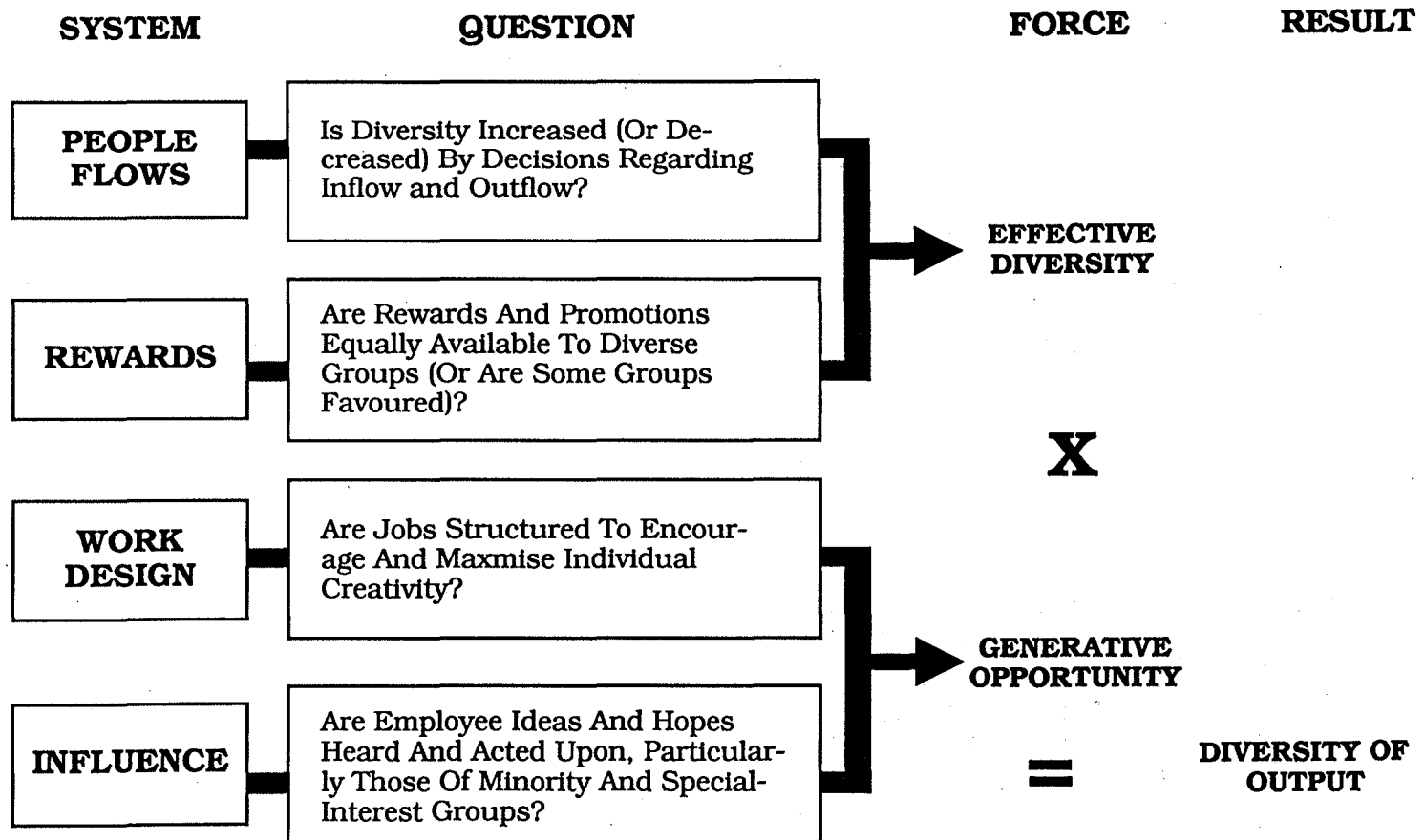
The forces affecting diversity in an organisation can be measured and tracked. While equal opportunity can be legislated to some extent, diversity in hiring does not ensure the distribution of diverse interest groups throughout a complex institution. Further, even the distribution of diverse kinds of people in no way assures diversity of output. Sophisticated assessment of internal systems such as work design and influence is necessary to create what we have called **Generative Opportunity**.

Whether diversity of input is a force for capability and future adaptation or a block to competitiveness has to do with how such diversity is introduced. System dynamics suggests that the mechanisms of feedback provide insight into the kind of system results that will be achieved. Our experimental efforts can help us better understand how feedback affects the ability to introduce and manage diversity.

As Forrester points out, it is intuitive to repeat behavior that creates success. It is counterintuitive to change what is working. But only a counterintuitive systems approach can lead organisations to effectively employ diverse groups of people, and utilise such diversity in the building of long-term capability for adaptation and growth.



**Model Of People Systems That Cause Diversity**





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