

# Managing diversity at cityside financial services

Sociology



How well has the Sales Division at Cityside done in its diversity efforts? How well are they doing now? Cityside was purchased by a racially diverse group of investors, and diversity was the mission from the beginning. It was decided that because of the community that Cityside serves, it would be in their best interests to increase diversity at its retail locations across all neighborhoods. In the two decades since it was acquired, Cityside succeeded in reaching its diversity goal in terms of the ethnic/gender makeup of the organization.

However, the diversity of the sales division is not uniform across all departments. External deposits deals more with investment management and has a more white, wealthy client base. While the retail division is made up of mostly black employees who serve a mostly most client base. Retail and ED countered that each side couldn't do their job as well because of their race. Cityside appears to be using the "access-and-legitimacy" paradigm in an effort to access different segments of society.

Employees with certain cultural and linguistic skills can understand and serve customers better and ultimately gain legitimacy with them, resulting in better business results. Employees at Cityside's Sale Division are at odds when it comes to who they should be serving. ED staff claim that any non-retail related business in the city should fall under their jurisdiction, and the retail side claims that ED should only concern themselves with their investment products and national client base.

This has caused some clients to feel neglected and leave Cityside for another bank. What explains the problems that Cityside is now encountering? What is the root cause (or causes)? There is a theme of differentiation at Cityside  
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where “ their demographic characteristics match those of important constituents and markets (Thomas/Ely)”. This business model has given Cityside limited success but has also brought to the surface problems of perception among black employees in the retail division and territorial disputes with the ED side.

Black employees do not feel that they are taken seriously as decision-makers. As one retail employee pointed out, he feels blacks are just operationally functional to handle a lot of the day-to-day tasks but not to be considered policy/decision-makers. Cityside’s targeting of specific demographics with their investment products backfired when “ local” clients were not offered the same services based purely on their branch association. This led to the loss of both wealthy and low-income clientele.

The problems at Cityside are caused by the limitations of its approach to managing diversity. In the company’s pursuit of niche markets, they have neglected to analyze the cultural differences within. The leaders are “ too quick to push staff with niche capabilities into differentiated pigeonholes without trying to understand what those capabilities really are and how they could be integrated into the company’s mainstream work” (D. Thomas, R. Ely). Furthermore, the motivation for diversity in Cityside’s case came from a need for access to a key demographic of the market.

Employees placed in niche market segments tend to feel that they are used only for a specific purpose and that opportunities in other divisions of the company are closed to them. As retail operations manager Bernard Thomas stated “ If you’re black, and you want to become an officer, you come over

to Retail” (Robin Ely - HBS). As there was never been a black officer in the External Deposits division, one served by an all-white staff.

Contrast and Comparison of Cases What approach to diversity might have been more effective in each of these cases? Although the access-and-legitimacy approach to managing diversity appeared to be a successful method of attracting specific customers to their bank, the leaders of Cityside did not analyze the culturally-based methods and practices that were utilized, nor did they consider how they could learn from those practices and how it could benefit the company in the long run. In light of your analysis, what should Richards/Wilkens do to turn things around?

Cityside needs to develop a new approach to diversity, one that takes into account employees' perspectives into the organization as a whole, not only segments. This change in thinking takes the learning-and-effectiveness approach to managing diversity, and will help Cityside discover diversity's full potential. Furthermore, an in-depth cross-training program could help ease the rift between Sales divisions and remove barriers that prevent employees from utilizing their full range of competencies.