LAPPEENRANTA UNIVERSITY OF TECHNOLOGY
Department of Economics and Business Administration
Management and organizations

Diversity management and team leadership in a nonprofit organization
Case: AIESEC in Finland

The topic of Pro gradu thesis has been approved in the Economics and Business Administration department meeting in Lappeenranta University of Technology 16 May 2006

The instructors and examiners of the thesis were professor, Dr.Sc. (Econ.) Janne Tienari and Research Educant, M. Sc. (Econ. & Bus. Adm.) Juha-Matti Saksa.

In Helsinki, 30.05.2006
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ABSTRACT

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Title: Diversity management and team leadership in a nonprofit organization. Case: AIESEC in Finland

Department: Economics and Business Administration

Year: 2006

Master's Thesis. Lappeenranta University of Technology
91 pages, 9 figures, 6 tables.

Instructors: Professor, Dr.Sc. (Econ.) Janne Tienari
Research Educant, M. Sc. (Econ. & Bus. Adm.) Juha-Matti Saksa.

Examiners: Professor, Dr.Sc. (Econ.) Janne Tienari
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Keywords: Diversity management, diversity, nonprofit, social enterprise, teamwork, team leadership

Hakusanat: Moninaisuuden johtaminen, moninaisuus, yhteiskunnallinen yritys, tiimityö, tiimin johtajuus

The aim of the study is to find out how diversity and its management appear in the teamwork of a nonprofit organization, how diversity and teamwork are able to explain the motives to work in a nonprofit organization and what should be taken into account in teamwork and team leading in diversity and nonprofit setting.

This thesis is a qualitative study, which uses nine theme interviews, findings of previous study (Astikainen, 2005) and observation as research methods.

Based on the research it can be concluded that it is not the nonprofit nature of the organization, teamwork or diversity alone that make a difference, but their linkages. Together, and well utilized, they affect the employee motivation and through that contribute to the organizational results.

TIIVISTELMÄ

Tekijä: Tomi Astikainen

Tutkielman nimi: Moninaisuuden johtaminen ja tiimin johtajuus voittoa tavoittelemattomassa järjestössä. Tapaus: AIESEC Suomi Ry

Osasto: Johtaminen ja organisaatiot

Vuosi: 2006

Pro-gradu tutkielma. Lappeenrannan teknillinen yliopisto.
91 lehteä, 9 kuvaa, 6 taulukkoa.

Ohjaajat: Professori, KTT Janne Tienari
Tutkijakoulutettava, KTM Juha-Matti Saksa.

Tarkastajat: Professori, KTT Janne Tienari
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Tutkimuksen tarkoituksena on selvittää kuinka moninaisuus ja sen johtaminen näkyvät voittoa tavoittelemattoman järjestön tiimityössä, kuinka moninaisuus ja tiimityö pystyvät selittämään motiiveja työskennellä voittoa tavoittelemattomassa järjestössä ja mitä tulisi huomioida tiimityön ja tiimin johtajuuden osalta, kun moninaisuus ja voittoa tavoittelemattoman järjestön luonne otetaan huomioon.

Tämä tutkielma on laadullinen tutkimus, jossa tutkimusmenetelminä on käytetty yhdeksää teemahaastattelua, edellisen tutkimuksen tuloksia (Astikainen, 2005) sekä havainnointia.

Tutkimuksen perusteella voidaan todeta, että voittoa tavoittelemattoman järjestön luonne, tiimityö tai moninaisuus eivät sinällään merkitse paljoakaan tulosten kannalta, vaan niiden keskinäiset yhteydet. Nämä yhdessä, oikein hyödynnettynä, vaikuttavat työntekijöiden motivaatioon ja sitä kautta organisaation tuloksiin.

FOREWORD

Five active years in a global organization do make a difference. Now I have a direction in my life, and my ambition level has gone up a notch. Nothing came easy; I had to challenge myself and fight away from my old habits and comfortable situations. One of these challenges was compiling the thesis while working long hours and taking care of other commitments in life, commitments that will pave the way for my future.

I want to express my greatest gratitude for all those who dedicated their time to help in the creation of this thesis. First and foremost, thank you Janne Tienari and Juha-Matti Saksa. You were more than instructors: You made me believe that nothing is impossible, you gave the needed confidence and guided me when I was going astray. Sometimes I listened, sometimes I didn't but you persistently ensured that I reach the goal and graduate eventually. Thanks to all the interviewees, the leaders of AIESEC in Finland. You gave the most precious perspective in the research topics. Thank you Andrea Spector for seeing the effort to check my English. I believe you're happy with the result, eh? Thanks to my lovely team who understood my ambitions of getting the thesis done, and who allowed me to concentrate on it, no matter how much effort the work in the leadership of AIESEC in Finland required. Finally, the biggest dedication goes to Paula who put up with me in times of stress and who always knew how to support me when it was most needed.

It wasn't the university that changed me, it wasn't the thesis process, it wasn't even AIESEC. It was the people and experiences that crossed my way. I don't know if I'm more mature, I don't know if I even want to be. But I know it has been an amazing ride.

In Helsinki, 30 May 2006

Tomi Astikainen

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1 INTRODUCTION

During the past decades society has gone through many changes at an increasingly rapid pace. Some of the changes have been positive. The information age is enabling organizations to be more effective and efficient in their actions. Globalization has opened the borders to permit free movement of labor, capital and products. Efficiency and innovation are mounting as more sophisticated ways are developed to harness people's intellectual capacity. However, some changes show the other side of the coin: The environment is suffering due to current way of life. Companies are faced with ever-increasing competition and need for standing out from the crowd. The entire focus of organizations has shifted from industrial production to people as the main asset for the organizations. This calls for new ways of doing research and leading the organizations. It also requires combining the best practices from different sectors of society, research and management – both in theory and practice.

According to Hubbard (1999) there are some factors - namely globalization, competitive pressures, multinational partnerships, acquisitions and mergers, foreign sourcing, quality initiatives, increased demands for improved shareholder value, and work-life balance - that are re-characterizing the way how business is done. This study is an effort to take a few contemporary trends, combine the theory they provide and mirror that in a practical setting. The selected trends are a) diversity and its management, b) nonprofit organizations and c) teamwork.

First - diversity management - was selected because societies and organizations are becoming more and more diverse. "The networked global economy will be driven by rapid and largely unrestricted flows of information, ideas, cultural values, capital, goods and services, and people: that is, globalization. (NIC, 2000, p. 10)" Similar people working together does generate some benefits like quick understanding of each other and fast production of results. However, in today's complex societies, this is not enough. The demand for ongoing development of individuals and organizations requires constant challenging of practices, and furthermore, the evolution of new ideas into successful businesses, products and services takes more than one viewpoint. The constant challenging and variety of

points of view come from people of different backgrounds combining their skills, knowledge and capabilities. Besides, it only takes a fifteen-minute promenade on the street to realize that society itself has become more diverse, and organizations and their workforce usually reflect the blend of people in the external environment. Whether diversity is seen as an opportunity or a threat, it is here for good and organizations need to deal with it if they want to remain pertinent among their customers, employees, stockholders, government and other stakeholders.

Not only is there diversity between nations. There is also diversity within countries among different personalities and people. The idea behind diversity management is that an organization should be aware of the fact that their staff is not a homogenous group and that they differ not only in obvious ways such as race, religion and gender, but also in terms of character, needs and wants. Success of a company is based on the satisfaction and motivation of the staff, or more to the point, of individuals. Although few organizations have realized it, diversity in the workplace leads to better results and hence should be nourished. Studies made by Catalyst (2004) suggest that diversity has a positive impact on the bottom line. Consequently, it is not surprising that increasing numbers of companies devote considerable financial and human resources to developing and leveraging diversity.

The second trend is the increasing amount and legitimacy of nonprofit organizations in our society. International nonprofit networks expanded more than 20-fold between 1964 and 1998 and they will continue to grow through 2015. Over the coming years they will also change in significant ways: Nonprofit organizations will have more resources to expand their activities. Economic growth in Asia and Latin America produces additional resources for support of civil society. As they grow, the nonprofits will become more confident of their power and maybe even more provoking. Nonprofits will compete and tie partnerships with corporations and governments to design and implement policies and hence moving beyond mere service delivery. Then again, nonprofit organizations will be expected to meet codes of conduct and similar standards of transparency and accountability as governments and corporations. (NIC, 2000)

Nonprofits are known as strongly based on their identity and purpose. Vision, mission and values are becoming more and more important for the for-profit organizations, too, so companies might still have a lot to learn from their nonprofit counterparts. Moreover, "because the leadership issue in nonprofits is so complex, a strong argument can be made that the best leaders can be found from the nonprofit sector (Werther & Berman, 2001, p. 16).

Finally, the teamwork aspect of the study was chosen since it goes hand in hand with the diversity of people, and, as people are central in the nonprofit organization. Teamwork had its popularity peak in the 1990s when many academics and practitioners guessed right that teamwork is here to stay: "The old structures are being reformed. As organizations seek to become more flexible in the face of rapid environmental change and more responsive to the needs of customers, they are experimenting with new, team-based structures. (Jackson & Ruderman, 1996, p. xiii)" This development also implied the importance of leadership compared to management. Now in 2000s the patriarchal managers' days are finally over, as today's business life calls for real communication specialists who can be found from the teams and their leaders.

First, by combining these three trends of society, the research problem becomes formulated as follows: "**How do diversity and its management appear in the teamwork of a nonprofit organization?"** Second, diversity and teamwork theories and practices are explored in order to find out if they could explain why people work for a nonprofit organization with a low pay or voluntarily, in other words; **Are diversity and/or teamwork able to explain the motives behind working in a nonprofit organization?** As the motive is a central word here, it makes sense to briefly state what it means: "something (as a need or desire) that causes a person to act (http://webster.com)". Third, this research tries to shed light on this question: **What should be taken into account in teamwork and team leading in diversity and nonprofit setting?** Figure 1 below aims to illustrate the three-faceted research problem.

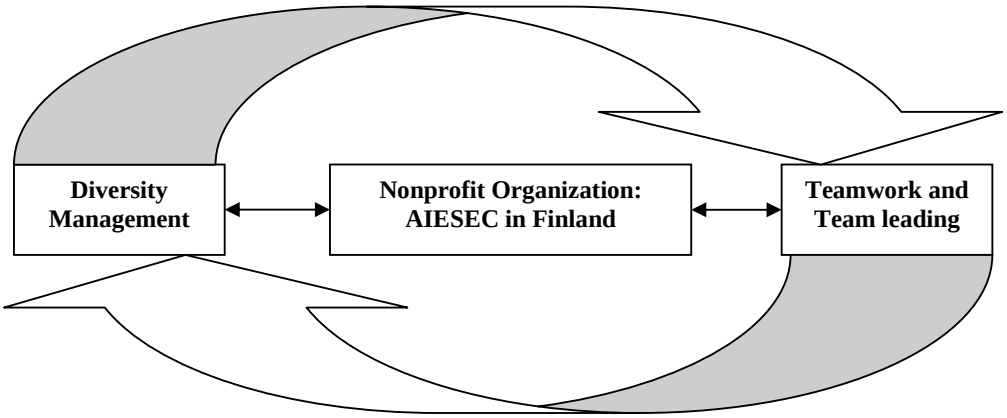

Figure 1. The three-faceted research problem.

According to Hubbard's (1997) categorization there are five different types of diversity:

1) Workforce diversity: race, gender, age, and sexual orientation
2) Behavioral diversity: work styles, ways of thinking, beliefs, values
3) Structural diversity: work teams, cross-functional cooperation, telecommuting
4) Business diversity: strategic planning, competencies, and the like
5) Global diversity: location of operations, markets.

This study concentrates on the first two types and leaves others without mention.

"AIESEC, the world's largest student organization, is the international platform for young people to discover and develop their potential so as to have a positive impact on society. In addition to providing over 5,000 leadership positions and delivering over 350 conferences, AIESEC also runs an exchange program that enables over 3,500 students and recent graduates the opportunity to live and work in another country. (www.aiesec.org)" AIESEC in Finland as a case organization gives an intriguing basis for the study: On one hand it's a non-profit organization that is run primarily by a voluntary work force. On the other hand it's a global multinational organization in which people move actively from one country to other.

Often diversity is looked at from a purely functionalist perspective. That is to say, if you are a woman and I am a man, we are different. The functionalist approach sees diversity based on the demographic variables like race, age, gender, religion, education, physical ability or disability and sexual orientation. Even though the scholars have tried to broaden this viewpoint by bringing in such factors as personality or learning type differences, it still relies much on objectifying concepts and making them measurable. Then there is the interpretative perspective. Through interpretative lenses diversity is not as simplistic. Gender for example is not a variable or a role but a result of socialization. To put it bluntly, you might not be able, or at least you might think you're not able, to change the oil in your car because twenty years ago your parents dressed you up in pink and told you it's appropriate for you to play with dolls but not with guns. In addition to these two viewpoints there's also a critical perspective on diversity that aims to see the situation bound in time and place. Furthermore, it takes into account underlying power structures. (Omanovic, 2002)

Without going too much into the analysis of different schools of thought and research, this study is attempting to avoid focusing on the functionalist perspective and wishes to go a bit deeper by adapting an interpretative or even critical perspective.

2 THEORETICAL FRAMEWORK

The combination of the three theoretical standpoints – nonprofit organizations, diversity management and teamwork – forms the theoretical framework for the study (see figure 2). These three perspectives were selected because links between them are obvious, they are all relevant matters for case organization and all of them are of interest to both academic and managerial fields in contemporary society.

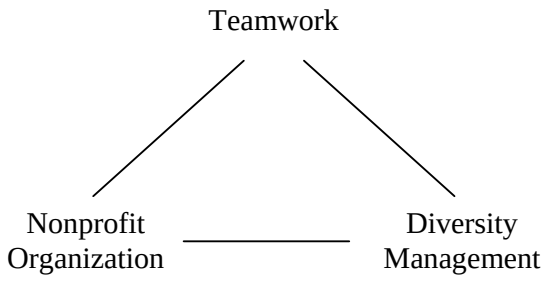

Figure 2. The three theoretical perspectives.

First all of them are studied independently and then at the end of the chapter the connections between them are represented briefly.

2.1 Teamwork

Today, teamwork can be found in almost any given organization. As the traditional work tasks have become more and more automatic and the nature of work has shifted towards emphasis on knowledge and brainpower, also the organizations have had to change in order to get the best out of their individuals. Not to mention what the individuals need to get out of the work in the western economies where work is an integral part of life and salary only one form of compensation. Also the learning aspect of organizations and individuals has shifted the focus from “doing alone” to “doing together”. The flexibility demands, synergy benefits and need for innovation – among other factors – changed the old hierarchies of business life into team-based organization structures in the late 1900s. These changes accompanied with the increasing demands of pleasing the customer, getting competitive advantage and breeding innovation paved the way to teamwork. “The trend toward more collaborative work structures reflects efforts by many or-

ganizations to enhance economic competitiveness through the flattening of traditional management structures." (Tolbert et al, 1995, p. 131).

The variety of teamwork, however, is as abundant as the popularity of it. So, it makes sense to define what a team in this particular study means. One person carrying out a task is an *individual* or *worker*. Two people are a *work pair*. Only three or more people can comprise a *team*. According to Webster a group is "a number of individuals assembled together or having some unifying relationship" or "a usually small number of persons considered as a unit". Webster describes a team to be "a number of persons associated together in work or activity" or "a group of people working together on a task". Definition of a team in this study doesn't mean task forces or crews put together on ad hoc basis. Nor does it mean a group of people loosely connected together around the same job. Instead it means people who have been selected to do intensive teamwork so as to fulfill a common mission. (www.webster.com)

Katzenbach & Smith (1996) have aimed to classify different team formations with the Team performance curve (see figure 3). In the working group setting there are people who have been gathered around a common issue but where each person's work is still quite independent. So, the performance impact of the group is nothing more than a sum of individual performances. To become a team a group of people needs to commit themselves to the possibility of conflicts, common results and collective actions towards a common aim in order to have common goals, common approach and joint responsibility. Groups of people who call themselves a team but are not willing to take these risks are just a pseudo-team at best. Potential teams that take the risk of going upwards on the curve will face challenges and obstacles. It is how the team manages these obstacles that dictates whether the group is a real team, a high performing team or if it just degenerated to the level of a potential team or a working group.

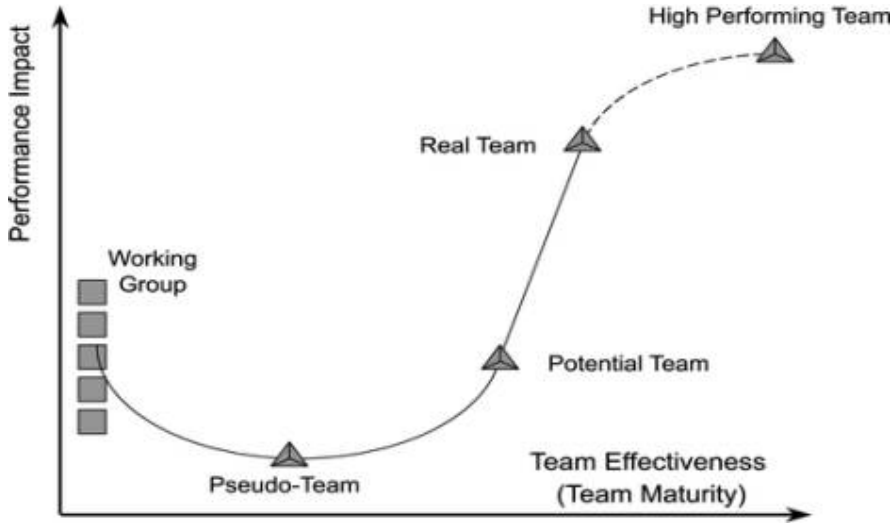

Figure 3. Team performance curve (Katzenbach & Smith, 1996, p. 101)

According to Katzenbach & Smith (1996, p. 59) "a team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable." This outlines all the basics that need to be in place in a team setting and it also differentiates a team from other groups of people. The same definition is used in this study with an added notion that the teams are selected for a given time and then they cease to exist. The time-perspective of teamwork is added for two reasons. To begin with, this study is not dealing with teams that sporadically and informally emerge in the working place but that are consciously selected to carry out a certain task or part of a bigger work entity. Secondly, effectiveness in teamwork comes from the very fact that it's a temporary solution. The team needs to build itself, grow, perform and then bring the work to an end when the time is right.

A small group indicates that a team should consist of around 3-10 people so that it would be manageable and so that it could share the identity of a team. If the amount of people is more than ten, it is likely that sub-teams will be formed within. The idea of mutually complementary skills legitimates teamwork, because it brings synergy benefits. When more people join their knowledge, skills, abilities, personalities and backgrounds the end result of work can be more than the sum of its parts. Katzenbach & Smith (1996) propose that the mixture of skills

needs to be collected taking into account the three different facets: interpersonal skills, technical and functional skills, and problem solving skills.

Figure 4 outlines the disciplines a team uses to reach the collective work products, performance results and the personal growth of its members. The objective of the team defines why they exist. Without this clear sense of purpose the team will not work effectively because they have no direction. Additionally, the team needs to set up goals to define what and how much they want to achieve. Finally, agreeing on team rules, operating principles and a common approach to every day work should be organized effectively and in a way that pleases everyone in team. Thus everyone knows what is allowed, what is not and what are the main things to concentrate on with the mixture of personalities in this particular team. Being mutually accountable and having joint responsibility means that the members of the team are first defining the common objectives and second the roles and responsibilities of each member. After this, the team as a unit holds its members accountable for the results: only the team can fail or succeed, not individuals. (Katzenbach & Smith, 1996)

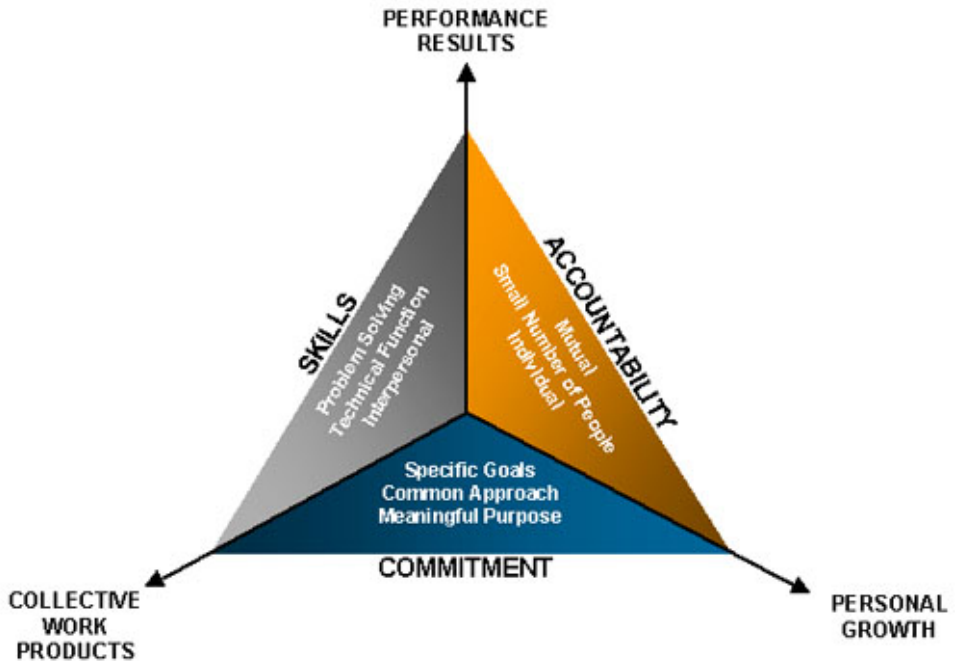

Figure 4. Team basics (Katzenbach & Smith, 1996, p. 21)

By observing a team in relation to these team basics, one can outline at which point of team performance curve (figure 3) the team is located at a given point of time. A real team can also be spotted by observing the following five characteristics: 1) Themes and identity, 2) Drive and energy, 3) The effect of single events, 4) Personal commitment, and 5) Results. The backbone of a team is the favorite themes they cherish and that form their identity. The themes can be visible in mugs, t-shirts, team chants, and pretty much everywhere. It makes the team identity stronger and gives clues about it to others around the team. The drive and energy come from the team and its communication. No one has to tell teams to work. They just do it. And usually they do it with passion. Single events can have massive impact on a team's performance, whether they are successes or failures. They are stimulating, even electrifying events that push the team forward. In a high-performing team the team members are highly committed to each other's personal development and success. It enables consciousness of the objectives, elevates the goals and increases effectiveness in the team. In the end the results are the cause and effect of the teams. Real teams always have better results than individuals working independently and high-performing teams even exceed expectations. Only thing one can ensure is that the team basics are in place and that team gets results. All the other characteristics emerge from the team if the conditions are right. There is not one single way according to which the teams should be formed and developed. If the potential team decides to go up the team performance curve, they have to find their own solutions to do it. There are, however, some common means to help these potential teams to take the needed risks to increase mutual trust and accountability and hard work: 1) Emphasizing team's importance and creation of guidelines, 2) Selecting the team members according to their skills and potential instead of personality, 3) Handling the first meetings and actions well, 4) Defining a few clear rules for behavior, 5) Setting a few performance-oriented tasks and goals and starting with them, 6) Providing constantly new information and facts, 7) Spending time together, and 8) Utilizing positive feedback, recognition and appraisal. (Katzenbach & Smith, 1996)

2.1.1 The concept of hot groups

Sometimes the team performs to an extent that the results exceed the barriers of imagination. These high performing teams are able to carry out tasks that seemed impossible to conduct. Much research has been conducted on teamwork and high performing teams. Lipman-Blumen and Levitt started calling these highly effective teams "hot groups" in the 1980s. Later on they were referred to as *virtuoso teams* (Fischer & Boynton, 2005) or simply *high performing teams* (Katzenbach & Smith, 1996).

The hot group theory is included in this study in order to see if it would help explain the drive, passion and exceptional results of teams working in the nonprofit sector, and of those in the case organization; people who do either non-paid or low-paid work because of the intrinsic rewards associated with the work. "Not only do they accomplish their enormous goals, but they also change their businesses, their customers, even their industries. (Fischer & Boynton, 2005, p. 118)" Furthermore, according to Lipman-Blumen & Levitt (2000) hot groups work better the more diverse they are: Diversity enables the group to tackle a multitude of challenges while the task-orientation does not give opportunity for the pitfalls of diversity to emerge. This way the concept links to all aspects of the study: nonprofit nature of the organizations, teamwork and diversity management.

According to the authors a hot group is not to be considered as a new type of working group, team, committee etc but rather as a state of mind. However, any of the aforementioned groups of people can evolve into a hot group. Whatever the case may be, hot groups are a rather rare phenomenon. Still, in contemporary business life there could be a lot of demand for these flexible and dynamic groups that work intensively towards a common goal. Hot groups cannot be produced through systematical planning processes, but an organization can develop a platform that nurtures hot groups and enables their birth and growth. When the conditions are right, the hot groups might emerge. (Lipman-Blumen & Levitt, 2000)

Two main characteristics of hot groups are task-orientation and feeling of personal growth. The members of a hot group think their duty is extremely meaning-

ful and that it requires their undivided attention. The more ambitious and challenging the duty is the more motivated and committed these people are. The members of a hot group share a feeling of being part of something bigger than themselves and participating in a mission that enables their personal growth. Sometimes the mission spark from striving for the greater good of society and hence it motivates the members to work even harder. (Lipman-Blumen & Levitt, 2000)

"They are fundamentally different from the garden-variety groups that most organizations form to pursue more modest goals. Virtuoso teams comprise the elite experts in their particular fields and are specially convened for ambitious projects. Their work style has a frenetic rhythm. They emanate a discernible energy. They are utterly unique in the ambitiousness of their goals, the intensity of their conversations, the degree of their esprit and the extraordinary results they deliver." (Fischer & Boynton, 2005, p. 118)

High performing teams teach us about commitment. As in any real team, a high performing team needs to have the basics in place: right amount of people with right mixture of skills, common purpose, blueprint and joint responsibility. High performing teams stand out because of their commitment; not only to their task but to each other. It has nothing to do with team cohesion or being polite: The members of a high performing team genuinely help each other to reach their professional and personal goals. The idea "If one of us fails, the whole team fails." is internalized among the members of a high performing team. (Katzenbach & Smith, 1996)

The members of a hot group might become friends, but these close relationships are actually irrelevant as the importance of task and performance overrides everything else. Internal conflicts and vigorous debate are not uncommon for the chaos-like work prevalent in hot groups. Still, these characteristics are welcomed into the group since they are always aiming to improve the performance and dealing with the task, not with the people. There is room for intuition and creativity, and that is what makes the work fun. As a matter of fact, often the members of hot

groups don't even consider what they are doing as work even though they might spend eighty hours a week at the office. Acting foolishly and childlike is encouraged rather than suffocated. This serves three purposes: 1) It clears the air, removes boundaries and gives time to think, 2) It improves communication within the team, and 3) Decreases the stress caused by intensive work. (Lipman-Blumen & Levitt, 2000)

According to Fischer & Boynton (2005) the traditional teams typically operate so that team harmony comes before aiming for results. "They put group consensus and constraint above individual freedom. (p. 119)" The authors criticize the traditional teams of getting only mediocre results with the polite approach that keeps the team members happy. "When virtuoso teams begin their work, individuals are in and group consensus is out. As the project progresses, however, the individual stars harness themselves to the product of the group sooner or later; the members break through their own egocentrism and become a plurality with a single-minded focus on the goal. In short, they morph into a powerful team with a shared identity. (Fischer & Boynton, 2005, p. 119)" Hot groups seem to consist of very different people who are, to an extent, similar-minded. Still, diversity in hot groups is usually remarkable: it paves the way for innovation, debates and different viewpoints. This leads to a couple of interesting strengths of a hot group: Firstly, group thinking, a tendency to make too hasty or compromised decisions to maintain status quo – is hard to find in hot groups since there is no urge to create or maintain group cohesion. Difference of opinions is encouraged as long as it serves the purpose of constant improvement. Secondly, hot groups are able to harness the benefit of utilizing both sides of the brain as emotions and rationale walk hand-in-hand. There is constant and active thinking going on in hot groups. It translates to voicing out opinions loudly. The variety of opinions and utilization of people's differing competences also enables hot groups to change their course of action quite rapidly and to explore new possibilities. Sometimes hot groups have a tendency to retreat to their own physical space, work there with incredible fervor, utilize the group diversity, and come up with new revolutionary ideas while the outside world is totally ignorant of what is happening in the group. (Lipman-Blumen & Levitt, 2000)

“Typical teams are all too often spatially dispersed – they are managed remotely and get together only occasionally for debate and discussion. Most of the time such a scenario works quite well but when big change and high performance are required, these standard working conditions fall short of the mark. In virtuoso teams, individual players energize each other and stimulate ideas with frequent, intense, face-to-face conversations, often held in cramped spaces over long periods of time. The usual rounds of e-mails, phone calls, and occasional meetings just don’t cut it. When virtuoso teams are in action, impassioned dialogue becomes the critical driver of performance, not the work itself. The inescapable physical proximity of team members ensures that the right messages get to the right people – fast. As a result, virtuoso teams operate at a pace that is many times the speed of normal project teams.” (Fischer & Boynton, 2005, p. 120) Table 1, below, sums up the differences between hot groups and traditional variety.

TRADITIONAL TEAMS	**VIRTUOSO TEAMS**
Choose members for availability	**Choose members for skills**
Assign members according to the individuals’ availability and past experience with the problem.	Insist on hiring only those with the best skills, regardless of the individuals’ familiarity with the problem.
Fill in the team as needed.	Recruit specialists for each position on the team.
Emphasize the collective	**Emphasize the individual**
Repress individual egos.	Celebrate individual egos and elicit the best from each team member.
Encourage members to get along.	Encourage members to compete, and create opportunities for solo performances.
Choose a solution based on consensus.	Choose a solution based on merit.
Assure that efficiency trumps creativity.	Assure that creativity trumps efficiency.
Focus on tasks	**Focus on ideas**
Complete critical tasks on time.	Generate a frequent and rich flow of ideas among team members.
Get the project done on time.	Find and express the breakthrough idea on time.
Work individually and remotely	**Work together and intensively**
Require individual members to complete tasks on their own.	Force members into close physical proximity.
Allow communication via email, phone, and weekly meetings.	Force members to work together at a fast pace.
Encourage polite conversations.	Force direct dialogue without sparing feelings.
Address the average customer	**Address the sophisticated customer**
Attempt to reach the broadest possible customer base; appeal to the average.	Attempt to surprise customers by stretching their expectations; appeal to the sophisticate.
Base decisions on established market knowledge.	Defy established market knowledge.
Affirm common stereotypes.	Reject common stereotypes.

Table 1. Differences between traditional and virtuoso teams. (Fischer & Boynton, 2005, p. 121)

“Most traditional teams are more concerned with doing than with thinking. In other words, the working assumption is that execution is more important than generating breakthrough ideas. Team assignments, therefore, fall to people who seem to be able to get the work done. A less conventional approach, however, is more likely to produce exceptional results. Unlike traditional teams – which are typically made up of whoever’s available, regardless of talent – virtuoso teams consist of star performers who are handpicked to play specific, key roles. These teams are intense and intimate, and they work best when members are forced together in cramped spaces under strict time constraints. They assume that their customers are every bit as smart and sophisticated as they are, so they don’t cater to a stereotypical ‘average.’ Leaders of virtuoso teams put a premium on great collaboration – and they’re not afraid to encourage creative confrontation to get it.” (Fischer & Boynton, 2005, p. 118)

2.1.2 Team leadership

A team usually needs a leader, named or a leadership personality emerging from the group. This chapter focuses on what contemporary team leadership is and how high performing teams should be led. Both managerial and leadership skills are needed in order to lead a team to success. Here is Covey’s example of managers doing the things right and leaders doing the right things: *Envision a group of highly motivated people in a jungle cutting their way through with big machetes. They are the **producers**, the problem solvers. They are cutting through the undergrowth, clearing it out. Behind them you find the **managers**, sharpening their machetes, writing policy and procedure manuals, holding muscle development programs, bringing in improved technologies and setting up working schedules and compensation programs for the machete wielders. The **leader** is the one who climbs the tallest tree in the jungle, surveys the entire situation, and yells, "Wrong jungle!" But how do the busy efficient managers and producers often respond? "Shut up, we are making progress."* (Covey, 1989, p. 101)

It is important to draw a line between a leader of an organization and a team leader. Individuals who are capable of creating and maintaining top organizations are extremely rare. However, the likelihood of finding good team leaders is much

better. Most people can become good team leaders. The distinction comes also in the way of leading. The CEOs are celebrated the more they are able to make tough decisions and the more they are capable of delegating tasks. The team leader, however, knows that *team* makes decisions, *team* is in power and *team* is the hero. The challenge of team leadership is to maintain a balance between giving direction and relinquishing power, making tough decisions alone and letting team decide, and between doing difficult things by oneself and giving them away. (Katzenbach & Smith, 1996)

A team needs mutually complementary skills; an objective that is wider than individual tasks; goals that dictate common results; and a common approach that molds individual skills into a unique common skill. These all create a strong feeling of mutual accountability. For this accountability to turn into results the team needs a competent leader. Even though every team and every leadership situation is unique there are some common guidelines for every team leader: 1) Keep the purpose, goals and approach relevant and meaningful, 2) Increase commitment and confidence, 3) Increase skills and the level of knowledge, 4) Handle the relations to externals and clear obstacles, 5) Organize team members opportunities to show their skills, and 6) Do actual work. In the following text each of these are discussed in more detail. (Katzenbach & Smith, 1996)

First of all, every team has to select their own purpose, goals and approach. "Leadership isn't about imposing the leader's solo dream; it's about developing a *shared* sense of destiny. It's about enrolling other so that they can see how their own interests and aspirations are aligned with the vision and can thereby become mobilized to commit their individual energies to its realization. (Kouzes & Posner, 2002, p. 143)" Second, increasing and maintaining commitment is an essential role of the team leader. Good way for this is regular performance review and mutual rewards system. Performance review should concern the whole team and concentrate more on what needs to happen next instead of just evaluating what has been done or what not. When the recognition system is commonly planned and rewards the whole team, it can have prominent positive effects in the team. "People search for cues about what is and what is not rewarded in their organiza-

tions (Pearce, 2004, p. 51)". Hence the rewards help the leader to communicate what is important in the organization. The leader needs to listen to the team members and respect their unique points of view. Also making yourself vulnerable as a leader and welcoming constructive feedback emphasizes the climate of trust between leader and team. Giving feedback is very important and is essential for people's development and motivation and also the leader needs to be able to take feedback from the team, openly and non-defensively. The most flexible and best teams have all the needed technical, functional, problem solving, decision making, social and teamwork skills. To reach their goals the team leaders are encouraging people to take risks needed for their development and growth. Fourth, team leaders should handle the relations to externals and clear obstacles from the team. This is called boundary management and it is critical for the success of the team efforts. Team leaders are expected to handle a great deal of the connections and relations external to the team, inside and outside the organization. Fifth, the leader should organize opportunities for her team members to show their skills. If anything goes wrong, or does not go as well as planned, then leader should bring it up with the team. Leader needn't hold onto the problem himself but try to generate solutions as a team. Giving members the decision making power over their area of responsibility is a great way to build commitment. Leader by himself can achieve some things, but only by everyone else taking equal responsibility and putting in equal effort will make team achieve the wanted results. "Putting people in charge and in control of their own lives is a key factor in liberating the leader within each person. (Kouzes & Posner, 2002, p. 288)" Every team member of a real team, including the leader, contributes to the work approximately the same amount of effort. Shared leadership is a way to release control and give leadership possibilities for other team members according to their areas of responsibility. "Shared leadership occurs when all members of a team are fully engaged in the leadership of the team and are not hesitant to influence and guide their fellow team members in an effort to maximize the potential of the team as a whole." (Pearce, 2004, p. 48) Anyone in the team can take on a leadership role and the named leader can do the actual work with the team. (Lipman-Blumen & Leavitt, 2000; Katzenbach & Smith, 1996; Kouzes & Posner, 2002; Yetton & Bottger, 1983; Pearce, 2004)

Coming back to the concept of hot groups, high performing teams and virtuoso teams mentioned before, it might be worthwhile to explore some aspects that have an effect when hot groups are led before leaving the topic of team leadership.

"Despite such potential, most companies deliberately avoid virtuoso teams, thinking that the risks are too high. For one thing, it's tough to keep virtuoso teams together once they achieve their goals – burnout and the lure of new challenges rapidly winnow the ranks. For another, most firms consider expert individuals to be too elitist, temperamental, egocentric, and difficult to work with. Force such people to collaborate on a high-stakes project and they just might come to fisticuffs. Even the very notion of managing such a group seems unimaginable. So, most organizations fall into default mode, setting up project teams of people who get along nicely. The result is mediocrity. We've seen the pattern often." (Fischer & Boynton, 2005, p. 118)

Leadership of high performing teams is shared. The team usually has a named leader, but it's practically a formality and meant for outsiders. Getting feedback before putting plans to action doesn't have to go through the team leader but any of the team members. One should not constrain the expressiveness of highly talented, independent people but instead trust them and encourage their talents. Simultaneously, a team made up of these individuals must meet strict goals and deadlines. (Fischer & Boynton, 2005; Katzenbach & Smith, 1996)

"One way to manage a virtuoso team is to be a rigid – even villainous – perfectionist… Other leaders of virtuoso teams take the opposite tack: They strive for excellence by fostering a galloping sense of intellectual and creative freedom in individuals and in the group as a whole… Regardless of their personal approaches, all leaders of virtuoso teams exploit time as a management tool." (Fischer & Boynton, 2005, p. 123)

2.2 Diversity management

Until the 1970s it was taken for granted that the market was able to decide the best managers and work force for different situations. This recreated time and again

the homogenous mass of straight white males in power. Gradually, researchers and companies started paying attention to giving equal opportunities to different people, for example men and women. This, however, led to ignoring and assimilating the differences. Now, the leadership of organizations has started recruiting and promoting people based on their potential and capabilities. The respect and development of individuals and their capabilities has become more and more important. Simultaneously, this development has led to the birth of diversity management because companies understand that managing diversity effectively both creates added value for the organization and benefits the individual. (Point & Singh, 2003)

2.2.1 From affirmative action to celebrating diversity

"Affirmative action (US English), or positive discrimination (British English), is a policy or a program that seeks to redress past discrimination through active measures to ensure equal opportunity, as in education and employment." (http://www.wikipedia.org)

In Finland, the Non-Discrimination Act prohibits discrimination on the basis of age, nationality, ethnic or national origin, language, religion, belief, opinion, health disability, sexual orientation or other personal characteristics. Both direct and indirect discrimination is prohibited, as well as harassment and an order or instruction to discriminate. "Finnish anti-discrimination law allows but does not require the taking of positive action. By positive action is meant specific measures that aim to alleviate or prevent disadvantages linked to discrimination. The Non-Discrimination Act, however, obliges the authorities, actively and in a principled manner, to promote the realization of equal treatment. This is to be achieved in particular by means of removing obstacles that are in the way of the realization of equality. This is one of the situations where the Finnish anti-discrimination law goes beyond the minimum requirements set forth in the two EU directives. (Makkonen, 2005)" (http://www.mol.fi)

Usually when talking about diversity management or gender issues, people's first thought is of quotas and other legislative rules about equality in the work place. It should be noted that affirmative action and diversity management are by no means

synonyms. According to Ivancevich & Gilbert (2000) affirmative action is reactive by nature since it is based on government law and moral requirements. They emphasize that misusage of diverse workforce is not a legal issue, but a managerial and leadership issue. The differences between affirmative action and diversity management are shown in table 1. Like many other business trends, the concept of affirmative action was born in the United States of America. Hence it was natural to see this as one tool for making the "melting pot theory" work also in business life. Indeed, affirmative action has done its share of melting down, or assimilating, women and minorities into US work force. Before, people knew that they had the legal support needed for them to be part of business life but for some reason they just couldn't fit in. If a person was not a straight white male, their career tended to stagnate, plateau or end prematurely. (Ivancevich & Gilbert, 2000)

Affirmative action	**Diversity Management**
Linked to the strategic use of human resource plan	Not tied to strategic human resource plan
Reactive	Proactive
Based on law and moral imperatives	Business case
Not linked in any formal manner to team building	Focuses on building diverse teams
Focuses primarily on women and people of color	Inclusive: race, ethnicity, age, religion, sexual orientation, physical limitations considered
Emphasis is primarily with employees and not external constituents	Considers diversity of external constituency, more diversity in employees and recruitment pool, and a more diverse stakeholder pool
Works at making individuals conform to organizational customs, norms and values	Celebrates and respects differences in values, customs and norms
Uses the law to enforce discrimination against alleged and actual violators	Addresses the bias of people toward others who are different

Table 2. Comparing differences between affirmative action and diversity management. (Ivancevich & Gilbert, 2000)

BJ Gallagher Hateley (1995) used this phenomenon as an inspiration for her book "A peacock in the land of penguins". She used the metaphor of exotic and different birds coming to work in the land of penguins where everyone walked the pen-

guin walk, talked the penguin talk and wore the penguin suits. The penguins had heard about the tremendous achievements of these peculiar birds and wanted to hire them for their organization. However, they also wanted them to assimilate to their culture, i.e. wear the suits, walk the walk and talk the talk. Perry the peacock and his friends tried to fit in but in the end got frustrated and left the penguin organization. This is still the reality in most organizations. The world, made by white straight men for white straight men is not suitable for today's diverse work force.

Affirmative action is a good tool for organizations that currently have homogenous personnel. However, it doesn't help get the best out of employees. One example of this is Deloitte & Touche, a company that was seemingly proud of their egalitarian image, which was derived from their heavy recruitment of women beginning from 1980. Even so, they realized in 1991 that they had an extremely high turnover rate for women. The culture of the organization was still male-oriented and therefore the career opportunities for women were quite unpromising. CEO Mike Cook took the bull by horns and initiated a change process that has now enabled Deloitte to grow faster than any of its competitors. (McCracken, 2000)

In organizations that understand the value of diversity, the expected gains from diversity management can be either direct bottom line objectives or more indirect long-term learning objectives. The bottom line objectives of diversity management can include cost reductions, reduced turnover, and enhanced profitability resulting from improved morale or team spirit, or improved market value. The learning perspective, on the other hand, looks at diversity from a perspective of dualistic differences vs. similarities and assumes that proper diversity management has both short-term and long-term effects. These multiple objectives can be for instance efficiency, innovation, customer satisfaction, employee development, and social responsibility. (Dass & Parker, 1999)

It should be noted, however, that it's not the mere existence of diversity that produces good for teams and organizations, and that management is still needed in order to harvest the rewards of diversity. As indicated by Cox (1995) diversity

management is about taking initiative to create a climate in which cultural norms, values, work practices, and interpersonal relations reinforce rather than hinder the full participation of all members of the organization.

2.2.2 Shift in thinking of organizational diversity

There is no one description for diversity or the stages of organizational development concerning it. However, some agreement has been reached in analyzing the state of the organization of diversity. In the American diversity management literature the authors usually propose three to four steps to development of diversity within an organization. Friday & Friday (2003) call them acknowledging, valuing and managing diversity. "Acknowledging diversity, the first component, refers to recognizing the existence of diversity or the individual differences individuals bring with them to a particular setting. In order for individuals to truly acknowledge diversity, they must be exposed to it, experience it, acquire knowledge about it, and they must develop an understanding of diversity." (Friday & Friday, 2003, p. 866)

According to Lillhannus & Widell (2002) some organizations aim to assimilate the newcomers to the existing culture and norms and it leads to an organization with monoculture. In other words, due to ignorance or lack of experience, the majority pressures the minorities to adapt to the situation and if they are not willing to do so, they are free to leave the organization. One norm prevails and similar people attract other similar people into the organization. By acknowledging diversity, it is possible to reach tolerance that, in turn, consists of the aforementioned exposure, experience, knowledge and understanding. Exposure basically means opening up oneself to others and also actively receiving others' culture. Experience translates to encountering and dealing with differences in practice. Knowledge on the other hand can be collected formally through various media or informally through conversations with people who seem to be different. This leads to understanding, that is putting the pieces together and sharing perceptions with others. (Friday & Friday, 2003; Lillhannus & Widel, 2002)

Sometimes, when understanding has been achieved, an organization drifts and becomes a pluralistic organization that employs people from different groups "just

to be fair" but doesn't necessarily make any significant changes in the structures and processes of the organization. Typical to this phase is the launching of diversity training sessions and other such actions that further underpin the image of equal opportunities. (Lillhannus & Widel, 2002)

Diversity needs to be genuinely valued in order to reap the rewards of it and to give leeway for the differences of people. In this way, the ideal state of multicultural organization can be achieved (Lillhannus & Widel, 2002). "The second component of the diversity continuum is valuing diversity. Valuing diversity, as defined above, refers to the significance or importance being given to the diversity or differences individuals bring with them to a particular setting." (Friday & Friday, 2003, p. 866)

"Having an appreciation for, as well as respect for, the differences that diverse individuals bring with them to the work setting can lead to the last component. The last component of the diversity continuum is managing diversity. As stated above, managing diversity refers to the planning, organizing, leading of individuals with differences or diversity in a particular setting, such that their inputs are used to accomplish the organization's strategic goals." (Friday & Friday, 2003, p. 866)

2.2.3 Recognizing the viewpoint

For any manager, it is of great importance to recognize the different ways to perceive diversity management before looking at the possible development points in his or her organization. Thomas and Ely (1996) suggest that there are three paradigms, or viewpoints, of diversity and its management: 1) The discrimination-and-fairness paradigm, 2) The access-and-legitimacy paradigm and the latest 3) The learning-and-effectiveness paradigm.

The first viewpoint is still probably the most common way of thinking. The leaders who adopt this perspective usually focus on equal opportunities, fair treatment of employees, recruitment and playing the game using the legislation in the given country. This standpoint resembles the idea of affirmative action introduced before and goes a bit further. The organizations living in this reality might even have

cultural trainings, mentoring and career advancement programs especially for women and minorities. Nonetheless, they usually focus on recruitment and retention rates, rather than effectiveness of work. So, even though the statistics indicate that these organizations have a diverse and egalitarian workforce, the results of work done in this situation might prove this wrong. The discrimination-and-fairness viewpoint usually tries to put people in the same mould, hence assimilating and disrespecting the differences of employees. The second viewpoint appeared among the organizations whose clients, customers and labor pool had become more and more diverse. The organizations realized that diversity is not just fair but beneficial for their business: Gathering demographically, culturally and linguistically more diverse personnel gives them access to clientele that could not have been achieved with a homogenous work force. Therefore, this can be seen as an opportunistic approach to diversity, driven by external forces: Diversify your staff or your competitors will. Even though organizations operating using this viewpoint accept and even celebrate the differences, they usually forget to analyze how these differences affect the working style of their organization. In time, this approach is doomed to cause serious problems for the management. Finally, there are organizations that have built on one of these aforementioned viewpoints and paid attention to learning from differences. This has allowed them to incorporate employees' perspectives into the core of the organization, thus enhancing organizational effectiveness and growth. Consequently it can be said that learning-and-effectiveness viewpoint promotes equal opportunity like the fairness viewpoint, but also acknowledges and values differences like the access viewpoint. In addition, this viewpoint allows an organization to internalize the diversity of employees and use it as an advantage through organizational development. (Thomas & Ely, 1996)

Also Dass & Parker (1999) point out how diversity can be viewed from different angles and even though thinking has changed over time to appreciate diversity more and more, there are still organizations and managers that are reluctant to accept the value of diversity (see table 3). These managers can either deny the existence of diversity or see it as a threat or just see diversity management as something obligatory because legislation protects some groups of people (for example

women or handicapped people). From this standpoint it's impossible to even consider management of diversity. Hence it can be argued that recognizing the top management's viewpoint to diversity is the first step towards actual diversity management.

DIVERSITY PERSPECTIVES	PROBLEM STATEMENT	INTERNAL DEFINITION	PRESCRIPTION	DESIRED OUTCOME	STRATEGIC RESPONSE
Resistance	Diversity as non-issue or threat	Not "us"	Sustain homogeneity	Protect the status quo	Reactive
Discrimination and fairness	Differences cause problems	Protected groups	Assimilate individuals	Level the playing field for members of protected groups	Defensive
Access and Legitimacy	Differences create opportunities	All differences	Celebrate differences	Access to employees and consumers	Accommodative
Learning	Differences and similarities offer opportunities and bear costs	Important differences and similarities	Acculturate pluralism	Individual and organizational learning for long term effect	Proactive

Table 3. Diversity viewpoints and associated strategic responses (Dass & Parker, 1999)

2.2.4 Making diversity matter

Once an organization has found out where it actually stands in relation to diversity, it needs to make a decision on whether it needs to change and what it wants to become. This section concentrates on what enables cultural change and how to carry out the change process - in other words, how to make diversity matter in an organization. Employee differences can be used for the learning, growth and renewal of the organization if some preconditions are met. The cornerstones in this development are the leadership, organizational culture, identity and structure. Firstly, the leadership of the organization needs to value people's difference of opinion and insight and admit both pros and cons of diversity. Secondly, the organizational culture must have the same expectations towards everyone's performance, without distinction between different people or groups. The culture has to value and encourage personal development of skills and knowledge and encourage openness, debate and constructive conflict on work-related issues. Every-

one needs to be able to state their opinion, so that employees feel valued. Thirdly, the identity and mission of the organization plays a key role: it needs to be clearly stated and understood across the organization. When the employees, and managers, are clear on the organizations direction and purpose it helps to keep the discussion on work-related issues instead of ending up arguing about personal opinions. Finally, the last precondition is a flat and egalitarian organization structure. It needs to enable all the levels of the organization to have their say, of course without forgetting the efficiency. (Thomas & Ely, 1996)

After making sure that the organization itself is able to support diversity, the change process has to be planned so that it doesn't stay at the level of "just another management fad". McCracken (2000) outlines six principles for the implementation of a change process concerning diversity: 1) Change starts from the top, 2) Diversity is a business-case, 3) Change needs to be publicized, 4) Dialogue must be in place, 5) Implementation has to be powerful but flexible and 6) Work-life balance arrangements need to be available for all employees. Firs, only the senior management of an organization is able to start a change process of this magnitude. They need to be clear on why the change must happen, willing to face resistance and put their own reputation on the line. Secon, emotional appeals are not enough but diversity initiatives need to be justified in business sense like any other investment. Usually well-managed diverse work force means greater creativity, faster growth, reduced turnover of employees and improved performance for clients. Third, the change process needs to be publicized. When something this profound is done in an organization the management, employees and other stakeholders need to be sure that this is not "just another program of the year". Making plans public puts everyone back against the wall to actually carry out the plans. Fourth, a dialogue among managers and employees helps to find out and fix the underlying assumptions that might be obstacles for the change to happen. Dialogue can be initiated in a diversity workshop or by interviewing the employees and managers systematically. After collecting this information the management needs to gather people to discuss the findings. You cannot change everyone's thinking in a two-day workshop but you can dig out valuable information about the underlying culture of the organization. Fifth, the implementation itself needs

to be powerful - i.e. supported by top management - but flexible, so that the lower level leaders can use their own methods for reaching the objectives. Finally, work-life balance should be promoted for everyone; not only for members of protected groups. It is not a weakness to have life outside of work. In fact, people are most productive when their life is in balance. Although the outcomes of the change process might be revolutionary in the end, it's the small incremental improvements that add up to the overall success. Designing these concrete steps carefully and limiting the amount of simultaneous initiatives helps them to stand out from the daily routines in the organization. It also makes it easier for the staff and managers to understand how these smaller improvements lead to long-term development. (McCracken, 2000; Meyerson & Fletcher, 2000)

Cultural change process doesn't happen overnight: it is an ongoing process of observing, recognizing the problems, discussing with managers and employees, critical scrutiny of embedded beliefs and assumptions, designing and implementing the change process and finally evaluating achievements. As some of the concepts touched here are out of the scope of the study, this was just a short glimpse to improving an organization's ability to utilize diversity through culture, leadership and structural changes. Next chapter deals with the third perspective of the study, the nonprofit organizations.

2.3 Nonprofit organizations

Society, as we know it, consists of three sectors, one of them being the social sector comprised of nonprofit organizations. It's also known as the third sector. The other two are private sector or companies and public sector or governmental organizations.

Philanthropy is a common word describing the social, or third, sector of society. According to Merriam-Webster Online Dictionary (www.webster.com) philanthropy is "active effort to promote human welfare" or "an organization distributing or supported by philanthropic funds". In the 19th century the majority of philanthropic organizations or nonprofits were charities that contributed to the society on areas, where private and public sectors failed to serve the ones in need. Later

on in the 20th century the nonprofit organizations diversified in their missions and practices to serve a variety of needs from poverty and unemployment to health care and to preserving the environment. The means of these nonprofits to reach their social impact varies, the indirect and direct methods being the two ends of the spectrum. According to Greer & Knight, (2006) the private and public sector have been bouncing the responsibility for social justice between the two sectors from the late 1800s until today. They claim that philanthropists and social movements have helped tip the balance to different sides over time and that now the sector is moving towards increasingly professionalized and managerial environment. (Greer & Knight, 2006)

Salamon and Anheier (1992 & 1997) have for long studied the nature of the nonprofits and tried to define the sector as universally as possible. Their definition has faced some criticism (e.g. Morris, 2000) but still the so-called 'structural-operational definition' identifies quite pleasantly the five key characteristics that these organizations must share: First, they need to be **organized**. Some degree of institutionalization in terms of their organizational form or system of operation is needed. Second, they need to be **private**, i.e. institutionally separate from government. Third, by name they are to be **non-profit-distributing**. In other words, they are not to return any profits generated to their owners or directors but to invest them back into the basic mission of the agency. Fourth, they need to be **self-governing**, i.e. equipped with their own internal apparatus for governance. Last, to some degree, they have to be **voluntary**, either in the operation or management of the organization's affairs. (Salamon & Anheier, 1992; Salamon & Anheier, 1997; Morris, 2000)

Even though management of many nonprofit organizations, at least the ones that have reached the maturity state in their life cycle, resembles in many ways the private sector's management, there are some traits that make nonprofits unique. First of all, nonprofits are, as a rule, dependent on external funding. Second, a nonprofit is usually at least partly staffed with volunteers and if there are paid employees their salaries are notably lower than those of people with similar duties in the private sector. Third, the nonprofit is by name not operating in order to make

profit but it has more grand purpose of societal impact. Moreover, the organizational development varies more than in private sector and the evolution might not be as planned and systematic. However, this is just a generalization. As said before, some of the nonprofits are amazingly well managed and well performing with the limited resources they have. It has been noticed also among the business managers and scholars, who have at times even looked into the nonprofit sector in order to learn good practices from them (see e.g. Drucker, 1989).

Studies (e.g. Drucker, 1992; Steckel & Lehman, 1997) show that these remarkable nonprofits share some common traits. First of all, they focus on their mission both on a managerial and an employee level. Second, they constantly seek renewal and opportunities for improvement. This way their vision and mission stay relevant, and if the organization outlives, that is reaches, its vision it's renewed and made more ambitious because that's what really drives the nonprofits. It's not a cliché but a fact in this type of organizations. "In excellent [nonprofit] organizations these items do represent the actual values adopted by top leaders, who try to transmit them to every aspect of the organization" (Werther & Berman, 2001, p. 123). One could argue that in nonprofits it is easier to believe the leaders, because they rarely have a hidden agenda for the benefit of others than the organization, its mission and its employees. And it seems that the leaders really walk the talk and hence lead by example so that the next level of the organization replicates what they are teaching. In the outstanding nonprofit organizations it's not only the leaders who feel as though they are constantly on a mission. The employees are encouraged to voice their opinion, give feedback, and even criticize the leadership and current ways of work. This is hardly typical in business life and is thus a lesson to learn for many leaders today. (Werther & Berman, 2001)

"The private, public, and nonprofit sectors are the economic pillars on which society is built. The third sector is particularly important because it can be an incubator for ideas and societal solutions that are too limited to attract the for-profit sector and not widely enough supported to draw political attention in the government sector. (Werther & Berman, 2001, p. 26)"

It can be argued that nonprofits have a notable positive impact on society that legitimizes their existence. Often these organizations are driving towards a grand purpose to which their staff is highly committed. It is their vision and mission that define who they are, what they do, why they exist and where they are going. According to Drucker (http://www.pfdf.org) "All nonprofit organizations must be governed by performance, not merely good intentions. To do so, they must begin with mission, for the mission defines what results are for any organization. In the social sector, as in business and government, performance is the ultimate test of an organization. Every nonprofit organization exists for the sake of performance in changing people and society."

Although no one argues about the usefulness of the third sector, different authors have legitimized the nonprofit sector based on different evidence. The first strand in the literature suggests that the function of nonprofit organizations is to produce public or collective type goods for society (Weisbrod, 1988). Billis and Glennerster (1998), on the other hand, argue that that these organizations are effective and efficient in providing private human services for specific group of consumers who suffer financial, personal, societal, or community disadvantage and that wouldn't be served as efficiently by the other two sectors. The third point of view (e.g. Putnam, 1993 & 1995) proposes that it's not the product or service of nonprofits that matters but the positive externalities they create for society. These externalities include mainly the social capital they create for the staff and volunteers of the nonprofits. These externalities, in turn, are of vital importance for the economic growth and the development of nation states.

2.3.1 The life cycle of nonprofits and its implications

According to Werther & Berman (2001) nonprofit organizations evolve from a start-up phase, to growth stage, and finally, to maturity. All these phases have traits that are imperative to understand in order to study a single nonprofit more in depth. In the formation stage the founders of the nonprofit are passionately engaged in the development of their organization. Their vision drives the nonprofit forward to fulfill a specific a need in the community. In the growth stage the nonprofit has staff that needs to be aligned with the vision and mission of the organi-

zation. The objective of the organization evolves into making the nonprofit more professional to gain legitimacy and effectiveness among all the stakeholders who have more and more expectations for the nonprofit. At the same time the original vision might need readjusting and increased in ambition for the nonprofit to stay valid in their expanded community. In the maturity state the vision is no longer the property of the founders but an institutionalized and commonly shared driving force. The staff and supporters are driving the nonprofit forward. The objective of the nonprofit evolves to include the differentiation from other nonprofits, or competitors.

	Stage of development		
Issue	**Formation**	**Growth**	**Maturity**
Vision	Glory of the purpose	Glory of the purpose and those involved	Glory of expanded purpose and involvement
Vision driver	Founder(s)	Founder(s) and staff	Staff and supporters
Mission	Altruistically fill a need in community	Balancing narrow community need and related agendas	Expanded community need as a means to other agendas
Organizational objective	Altruistically fill a need in community	Professionalize to gain legitimacy and effectiveness	Institutionalize and increase legitimacy
Strategic barriers	Founder's drive, financing, supporters' dedication	Professional staff's management of mission, money, and "missionaries" (resources and supporters)	Supporters of management of mission, money and staff (resources and staff)

Table 4. Nonprofit Evolution at the strategic level (Werther & Berman, 2001, p. 9)

As mentioned before, nonprofits in their mature stage start resembling organizations in the company sector. Alliances are tied, more money is needed for implementing new agendas and developing the nonprofit further, and branding is carried out to unify the organizational branches and to differentiate from other organizations.

2.3.2 Staffing nonprofits

We have come a long way since the "Taylorist" way of seeing work, where the actual worker is just a piece of machinery. For quite a while already, businesses

have accepted the fact, that personnel is the most valuable asset of any organization. Hiring, keeping and leading a workforce that is working to its fullest potential is essential to any successful enterprise, whether nonprofit, for-profit, or governmental. Whether the staff is consisting of paid employees, volunteers or both, it is them that actually deliver the results, not necessarily the leadership, the competent board and the good strategy. Even though this is a fact for all organizations, the nonprofits have one unique trait on their side: Working for a nonprofit usually means also working for a noble cause. This makes the people in nonprofit work with no or smaller compensation than their for-profit counterparts, and maybe even harder than in a normal day job. Then again, the aforementioned inability to pay enough for the staff may be a hindrance to nonprofit's development. (Werther & Berman, 2001)

Even though nonprofits rely heavily on voluntary workforce and have some unique traits and, as mentioned before, the actual steps in the staffing process of the nonprofit doesn't differ that much from business organizations. Firstly the possibility to work in the organizations is announced through different active or passive channels. Example of the active channel could be talking to the potential workforce in a seminar and the passive channel could be for example a recruitment ad on the website. Hence, the recruitment process starts when a decision is made to employ more staff. The next part of the process, staff selection, starts when a candidate fills in an application. The selection procedures of nonprofits vary in length and sophistication: some use only a simple registration form and some make the applicants go through a rigorous selection process consisting of several interviews, teamwork and personality tests, and pre-assignments or job previews. The selection phase ends when the employee is hired or a volunteer put to work according to her job description. The selection is followed by the orientation phase. Of course the person has obtained some knowledge of the organization before making a decision to join it, but in this phase the organization ensures that the newcomer feels both secure and welcome in her job and also knows how things are done in the organization. In the orientation the newcomer will get to know more in depth about the people, the procedures, the policies and the working place of the nonprofit. The last phase of staffing is to follow-up on the integra-

tion progress of the newcomer and to carry out needed training and development processes. (Werther & Berman, 2001)

As said before, nonprofits rely heavily on a volunteer workforce. This last part illuminates the dilemma of motivating volunteers. “By definition, volunteers do not get paid. So how are they compensated for their efforts? Though each volunteer is unique, with unique motivations, most volunteers are seeking an opportunity to make a contribution. They volunteer to do good. Thus, one of the key compensations of a nonprofit that it gives a volunteer is purpose. Meaningful contributions allow the volunteer to feel that he or she is making a difference. (Werther & Berman, 2001, p. 110)”

Moreover, it is the job of the leader to make the people in the organization understand how the small things they do moves the nonprofit towards its goals. These hard-working teams and individuals need to be rewarded and recognized, so they know they are doing the right thing. This recognition doesn’t have to be money; sometimes a small certificate is enough to do the trick. Last but not least, the working environment in a nonprofit needs to serve the needs of the individuals; in practice it can be something along the lines of a place that is fun, inspiring, respectful or just where people can freely exchange ideas and meet their colleagues.

2.3.3 Money-making nonprofits

It’s not only the nonprofit field that shows how success of an organization can be dictated by the motivating factor of the grand purpose of the organization. Collins and Porras in their book “Built to last” (1994) shatter twelve myths that have somehow lurked into the thinking of contemporary business people. One of the myths is that the most successful companies exist first and foremost to maximize profits. The authors suggest that “Visionary companies pursue a cluster of objectives, of which making money is only one - and not necessarily the primary one. They’re guided by a core ideology - core values and sense of purpose beyond just making money. (Collins & Porras, 1994, p. 8)” Indeed, it seems that this sense of “being on a mission” has fueled non-profits throughout times and motivated their people - volunteers and low-paid staff - to work maybe even harder than in traditional companies.

“Presently, a variety of debates are taking place within both the philanthropic and nonprofit communities concerning whether the historic approaches to philanthropy should be carried into the future. The point, however, may be less one of whether or not past approaches work in today’s environment. Rather the question at hand is what aspects of traditional philanthropic practice are truly relevant to the present market conditions and how the field of philanthropy may best develop other approaches to sustain investments made in past years. It is clear that while philanthropic efforts of the past were not wrong, other approaches must be created to respond to changed circumstance and new demands. The most challenging question for the sector is whether or not the nonprofit community and its supporters have the ability and willingness to question the fundamentals of and core approaches to the execution of its work. (Emerson, 2000, p. 222)”

Drawing the line between for-profit and nonprofit sector can indeed be tricky in contemporary society where world seems to revolve around money. On top of the normal fundraising activities, many nonprofits have lately engaged in profit-making endeavors to further increase their funds. This has by no means been unproblematic. According to Foster & Bradach earned-income ventures have a role in the nonprofit sector, but they “believe that unrealistic expectations are distorting managers' decisions, ultimately wasting precious resources and leaving important social needs unmet… That does not mean that all potential ventures should be abandoned. Rather, it means that executives of nonprofits must ask a critical question: Does this venture contribute to our organization's core mission? If a venture furthers a nonprofit's mission while allowing it to recoup some portion of the costs, the venture could well be attractive even if it never breaks even. (2005, p. 94, 98)”

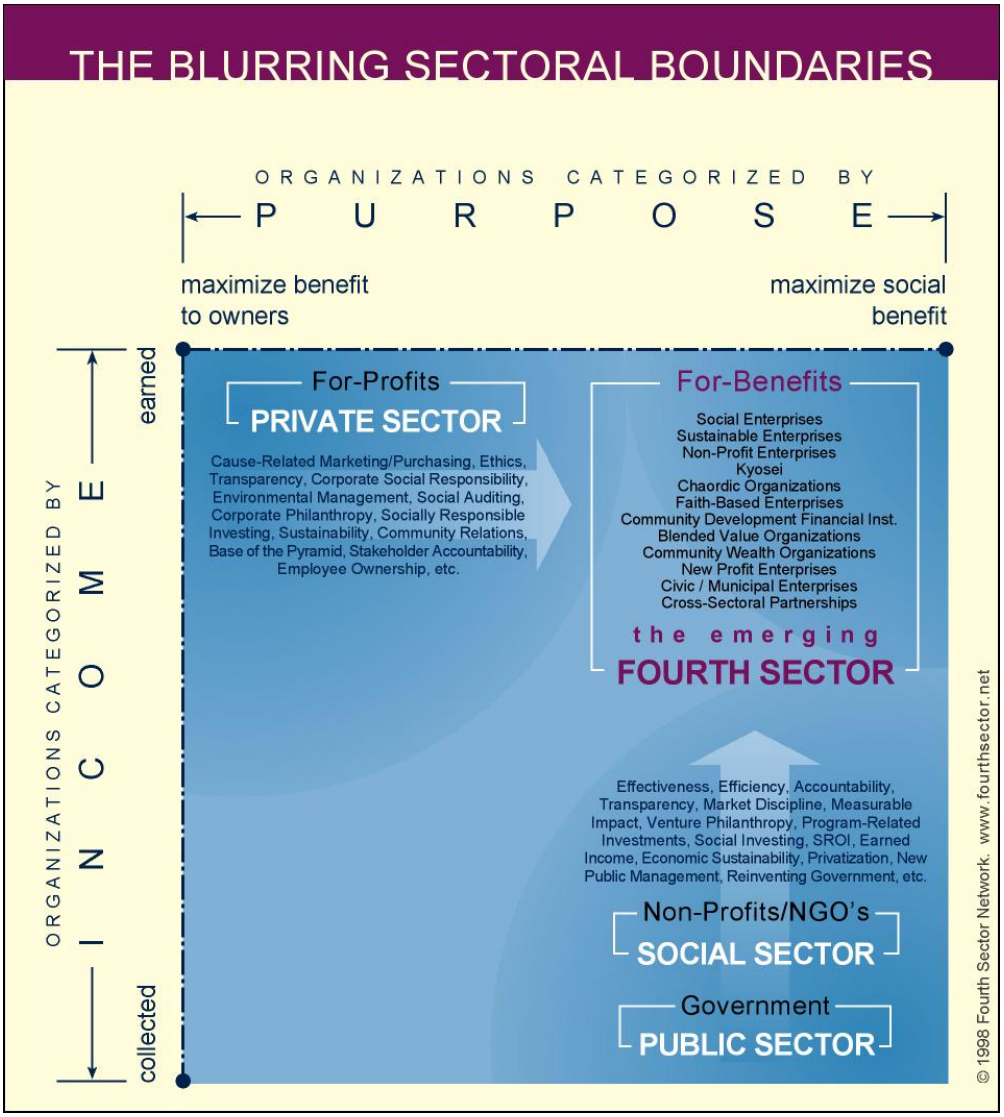

Figure 5. The blurring sectoral boundaries (http://www.fourthsector.net)

Today, the private sector has become more socially aware and on the other hand the social sector is adopting more and more practices from the private sector (see figure 5). Usually when making a distinction between companies, nonprofits and public organizations, they are categorized based on their sources of income (earned or collected) and their purpose (maximizing benefit to owners or maximizing social benefit). ”Over the past few decades, the boundaries between the public (government), private (business), and social (non-profit/non-governmental) sectors has been blurring, while a fourth sector of organization has been emerging. The archetypal fourth sector model is sometimes referred to as a for-benefit or-

ganization and the sector itself is also referred to as the for-benefit sector. There is a wide variety of other fourth sector models and approaches, bearing different names and emphasizing or embodying different aspects of the for-benefit model. (www.fourthsector.net)" Organizations operating in the fourth sector, i.e. the ones earning income through aiming to maximize social benefit, are called social enterprises. Their origins lie in old nonprofits that have started productizing their services or in the businesses that have engaged themselves on a social mission. Some of them have born as social enterprises.

However, the need for creating clarity over the concepts of fourth sector of society and social enterprise is evident. First of all, the fourth sector should not be mixed with politics or any other phenomenon that are sometimes referred to as one of the sectors of society (e.g. The Council for the Korean Pact on Anti-Corruption and Transparency, 2006). Sectors of society describe the classes of organizations we are dealing with. Thus, fourth sector is the group of social enterprises that don't fall into the traditional categories of nonprofit organizations or companies. Secondly, the concept of social entrepreneurship is widely misunderstood and used quite freely in many contexts. "Unless a nonprofit organization is generating earned revenue from its activities, it is not acting in an entrepreneurial manner. It may be doing good and wonderful things, creating new and vibrant programs: But it is innovative, not entrepreneurial… The culture of a traditional nonprofit, no matter how innovative, is vastly different from the culture of an entrepreneurial nonprofit. Entrepreneurs have a higher tolerance for risk, a greater appreciation of margins, and an eagerness to compete. Traditional nonprofits distrust the capital markets, prefer collaboration to competition, and underestimate the productive capabilities of their disadvantaged employees (Boschee & McClurg, 2003, p. 1, 5)" Not all of the companies are interested in motives other than profit and not all nonprofits are becoming financially self-sustaining. Actually majority of nonprofits are still as dependent on external funding, grants and subsidies from public sector and funds, as they were in the 1970s (see figure 2).

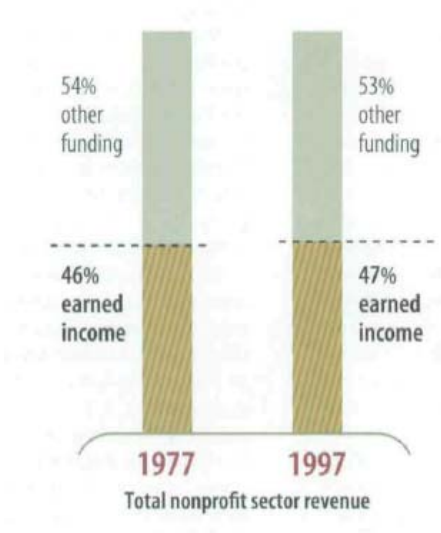

Figure 6. The percentage of external income has not risen among nonprofits. (Foster & Bradach, 2005, p. 96)

UK based Centre for Local Economic Strategies has identified six characteristics that should be the foundation for defining a social enterprise: 1) Have a social purpose, 2) Engage in trade, 3) Have no private profit distribution, 4) Hold assets for community benefit, 5) Have democratic structures, and 6) Be accountable to stakeholders. (Mawdsley & MacDonald, 2004)

In some instances social enterprises are referred to as for-benefit organizations. ”For-benefits are a new class of organization. They are driven by a social purpose, they are economically self-sustaining, and they seek to be socially, ethically, and environmentally responsible. Like nonprofits, for-benefits can organize in pursuit of a wide range of social missions. Like for-profits, for-benefits can generate a broad range of beneficial products and services that improve quality of life for consumers, create jobs, and contribute to the economy. For-benefits seek to maximize benefit to all stakeholders, and 100% of the economic profits they generate are invested to advance social purposes. Because of their architecture, For-benefits can embody some of the best attributes of other organizational forms. They strive to be democratic, inclusive, open, transparent, accountable, effective, efficient, cooperative, and holistic. For-benefits represent a new viewpoint in organizational design. At all levels, they aim to link two concepts which are held as

a false dichotomy in other models: private interest and public benefit. (www.fourthsector.net)"

Double bottom line and social return on investment (SROI) are key concepts here. According to Social Enterprise Alliance Lexicon, double bottom line is "The definitive benchmark for a social purpose business venture – the simultaneous creation of both a financial and social return on investment (http://www.se-alliance.org)". SROI, in turn, is defined as "The non-financial outcomes created by a social enterprise, measured in terms of the nonprofit's mission, e.g. people served or jobs created, average salaries paid, amount of transfer payments eliminated, etc (http://www.se-alliance.org)". These concepts together give a clear idea how the social enterprise can have a much greater social impact than a traditional nonprofit organization by using the money as a strategic tool to enhance its productivity.

Any nonprofit today has two options, that are by no means mutually exclusive, to start working towards financial self-sufficiency. They are "earned income strategies" and "social purpose business ventures". The former means productizing the already existing programs and services. The latter refers to the launch of formal business ventures with the main purpose of making profit by tapping onto a promising opportunity, whereas the earned income strategies usually just aim to cover the costs of existing programs, if even that. These income generating strategies and venture should only be carried out if they are in line with the organizational mission and purpose. "Due to fierce competition from other voluntary organizations and tight state financing voluntary organizations are forced to experiment with their independent income - the sale of services and new products. All of which - activities and financial priorities - can be at odds with the organization's main goals and mission. (www.kaospilots.dk)"

Whether the nonprofit is purely dependent on external funding or has its own products or services to complement the need of funds, it always comes down to the competence and drive of leadership and staff to ensure the sustainability of the organization's funding. "When problems with fundraising exist, failure may rest

on the lack of a strategic approach to the management of the nonprofit that severely hampers the fundraising capabilities of the organization. Perhaps the issue is not the lack of funds but poorly articulated vision and mission statements; poorly publicized outcomes; insufficient orientation and involvement among board members, staff, volunteers, or key donors and foundations; ineffective strategies, goals, and objectives; poorly selected, informed, or motivated board members; inappropriate staff; low productivity; insufficient outcome measures; weak or ineffective alliances; or simply poor fundraising tactics or strategies. (Werther & Berman, 2001, p. 212-213)"

In the last chapter the three perspectives of the study - teamwork, diversity management and nonprofit organizations - are tied together and summarized.

2.4 Diversity management in the teamwork of nonprofit organizations

This concluding chapter of the theoretical part of the study outlines the dyadic relations of the three parts of theory (see figure 7). Firstly, the linkage between teamwork and diversity management is examined. Secondly, the light is shed on how teamwork appears in the nonprofit organizations. Lastly, diversity management is observed in the context of nonprofit organization.

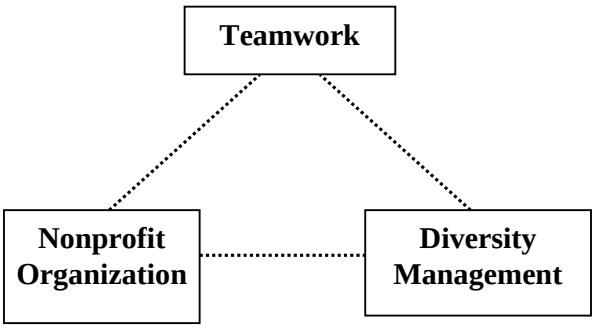

Figure 7. The three theoretical perspectives revisited.

Work teams, group work, teamwork, call it what you will. This is a topic that professors, consultants and management literature publishers have looked at with a careful eye, as it has been so prevalent an issue for such a long time and it has hence brought the bread to many of the aforementioned people's tables. Since it is so wide a topic this study has only aimed to give a glimpse, especially from the

perspective of exceptionally well performing teams. As for team leadership, it's an important topic to understand as teamwork is gaining more and more relevance in contemporary society where social and interpersonal skills are gaining foothold and importance. As a matter of fact the Leadership Pipeline theory (Charan et. al., 2001) suggests that the transition from managing self to managing others is one of the first ground-level leadership experiences that cannot be skipped if one wants to develop further in their leadership career, and that includes also the transition from team member to team leader. The authors claim that this is a passage where people often trip: "They must shift from doing work to getting work done through others. The skills people should learn include planning work, filling jobs, assigning work, motivating, coaching, and measuring the work of others. (Charan et al, 2001, p. 17)" In order to lead a team, the leader needs to understand the differences of people: what do they need, what motivates them and how everyone should be approached individually?

It is important to understand that diversity or lack there of is not going to make a team great. "Highly productive and less productive teams differ in how they manage their diversity, not, as is commonly believed, in the presence or absence of diversity. When well managed, diversity becomes a productive resource to the team. When ignored, diversity causes process problems that diminish the team's productivity. (Adler, 1986, p. 111)" It is obvious that teamwork poses a challenge to diversity management because one has to get people with individual differences to work with same goals, still in an effective and efficient manner. McGrath et al (1995) have classified the individual differences neatly on 1) Demographic attributes such as age, race or gender, 2) Task-related knowledge, skills, and abilities, 3) Values, beliefs, and attitudes, 4) Personality, learning styles and behavioral styles, and 5) Power and status in the organization. Moreover, they propose a holistic perspective in examining diversity in team setting. That combines a) the aforementioned individual attributes, b) others' expectations and prejudices towards an individual based on these attributes, and c) the power difference of the team members. (McGrath et al, 1995)

Based on this classification it's easy to see how natural environment teamwork is for diversity management. Most of the research on diversity management is done thinking of the whole organization and the dominant groups and minorities within them. Hence diversity and lack there of is often seen as the difference of individual traits, whereas the team perspective takes into notice the other team members' relation to expectations on an individual. What's more, the team is a lucrative ground for the personal development and other benefits claimed to originate from adept diversity management. In intensive teamwork you need to be aware of your own strengths and weaknesses and how they relate to other team members' attributes. Also, you can utilize the feedback you get from your team mates and include the suggestions into the benefit of your personal development.

The main reason why team-based structures face criticism or doubt is that our society has for long emphasized the individual's responsibility, skills and development. Our environment measures the success and performance on individual level and punishments and appraisal systems are designed accordingly. Academic records are given, Christmas bonuses granted and development discussions held strictly on individual basis. How could team even flourish in this kind of society? Some people think of teams as only waste of time since lengthy meetings, listening capability and differing perspectives are needed. Usually these people have never worked in a real team but in several working groups instead. On the other hand, the bad experiences and hence the team resistance attitude might emerge from poorly led teams that have not even had the basics in place. Some of these teams have paid more attention to the team and its development instead of its performance, goals and results. Team itself cannot be the ultimate aim. Instead it is a means to get to the aim. If team members and their leaders do not internalize this it will for sure lead to ineffective work. Thirdly, some people have personal fears towards teams as they are more inclined to work alone and see teams as extra burden or even a risk for their career. Finally, mutual trust and openness are vital for teams to work properly. Most of the average organizations are not ambitious enough to put emphasis on performance instead of vain politicking and thus they don't support these two characteristics. (Katzenbach & Smith, 1996)

As the society has developed and the three sectors of society have engaged in closer collaboration, it has also made the non-profit sector to evolve. This, in turn, has led to the fact that some of the organizations in the society don't fit in any of the traditional sectors but a fourth sector of social enterprises has emerged. This poses a challenge for these unique organizations and not least for their leadership. More and more of the management methods of the private sector can, and even must, be introduced to nonprofit organizations for them to develop fully. On the other hand, also the private sector is able to draw more substantial learning points from the nonprofit sector, as the organizations there are not anymore as distant as before but actually quite professional and in some cases even better led than many of the companies.

"As a rule, nonprofits are more money-conscious than business enterprises are. They talk and worry about money much of the time because it is so hard to raise and because they always have so much less of it than they need. But nonprofits do not base their strategy on money, nor do they make it the centre of their plans, as so many corporate executives do. (Drucker, 1989, p. 89)" As the nonprofit organizations cannot usually pay the same salaries as in private sector, or sometimes they are totally volunteer-driven, there has to be incentives other than money. As mentioned earlier, teamwork itself can be quite rewarding. "Nonprofits used to say, 'We don't pay volunteers so we cannot make demands upon them.' Now they are more likely to say, 'Volunteers must get far greater satisfaction from their accomplishments and make a greater contribution precisely because they do not get a paycheck.' The steady transformation of the volunteer from well-meaning amateur to trained, professional, unpaid staff member is the most significant development in the nonprofit sector - as well as the one with the most far-reaching implications for tomorrow's business." (Drucker, 1989, p. 91)

Leading nonprofit organizations is not always easy, and that's exactly why the sector produces such talented leadership and these leaders continue developing the non-profits towards even greater heights. With limited resources you need to find ways to overcome obstacles and build an organization that can survive in the thrust of competition. "Many voluntary sector leaders possess some of the 'softer'

skills - that are increasingly prized by both the corporate and public sectors (Bolton & Abdy, 2003, p. 5). Having not only to survive, but also develop through innovations, with limited resources and often volunteer-based workforce the nonprofits are a good ground for a team-based structure.

The challenge of small recruitment pools that most organizations face might show up even more radically in the nonprofit sector. In other words, the nonprofits are after people who are ready to commit their time to the nonprofit while getting only small or no salary and there might not be enough this kind of person available for the nonprofit's human resources department to select the best mix of people for their organization. Under these circumstances, the diversity of the workforce in the nonprofit might well be endangered: Only some sorts of people apply for the nonprofit's service and the workforce becomes homogenous. (Werther & Berman, 2001)

A number of articles, research papers, and management literature have been written about diversity and its management. Different authors have different viewpoints, and indeed these viewpoints are both distinct and overlapping. None of them can be instantly proven wrong or right. They are just differing opinions: in fact it's diversity in research. Still, there's room for improvement.

First critique of diversity research originates from the fact that the research usually concentrates only on one or some aspects of diversity. For example the Scandinavian research has for long discussed the equality of genders and only lately also immigrant issues. However, in the States where diversity is somewhat of a given in society, more thought has been put into issues faced by ethnic minorities. In fact, most of the theory written about diversity management comes from the United States of America, a country that was built on mixing cultures and differences. Even though the reality in Finland is still quite different and the work force quite homogenous, the new millennium of multinational corporations and free movement of labor poses challenges for management in Europe, too. Therefore, every organization should stop and take a critical view of what is going on within.

This leads to the second part of the critique. Usually diversity research assumes that diversity is somehow only a problem for minorities: For instance, as if only women or gay people would be somehow "diverse" from other people. Only in some studies (e.g. McGrath et al., 1995) interest has been shown on differing cognitive and behavioral styles, personality, knowledge, skills, abilities, values, beliefs and attitudes or status in the organization.

The research has also traditionally been looking for organizational implications for the members of the minority groups, instead of their influence on the majority. Here the gap between research and practice is actually quite indistinct, and the scholars have not been able to get the managers of the companies to put their theories into practice. It is not uncommon to put women on assertiveness courses, or teach them masculine managerial skills for them to survive in the male-oriented environment.

Finally, it should be noted that the type of the organization under scrutiny affects diversity management research. Diversity management fits well in the context of dynamic organizations where innovation and differing perspectives are valued (see table 4). It must be noted that all three dimensions – mechanical, organic and dynamic – are present in each organization.

Organization as 3D system	**Mechanical**	**Organic**	**Dynamic**
Objective	Permanent efficiency	Gradual development	Continuous innovation
Knowledge	Defined, explicit	Experiential, hidden, tacit	Intuitive, potential
Relations	Determined by the organizational hierarchy	Reciprocal, seeking consensus	Spontaneous, networked
Information flow	One-way	Multi-way	Chaotic
Management tool	Orders from management	Dialogue, agreed working methods, self-assessment	Networking skills, visions
Leadership method	Direct use of power	Delegation of power	Relinquishing power

Table 5. The characteristics of the organizational system classes and constituents. (Based on Ståhle & Grönroos, 2000)

Nonprofit organizations are a good basis for people-centered leadership topics like diversity and teamwork, because their main purpose is always something else than making money. When utilized well, teamwork and diversity are powerful tools for an organization that is striving to remain relevant in the society and in the eyes of all their stakeholders. Hence, these two are invaluable for nonprofits. Teamwork is a beneficial platform for diversity management, as the people need to get to know each other so as to work together. This way they are forced to get over the initial prejudices and learn to appreciate and utilize diversity in order to get wanted results together. This isn't always possible in an organization that is very individual-oriented. Also, when people have differing competencies and styles of learning, communication and decision making a team can benefit radically and reach excellent results.

3 RESEARCH METHODS

The aim of this chapter is to explain the data collection and analysis methods used in the study. The first part clarifies the research process. It sheds light on my relationship to the case organization and gives a better picture of how to relate to the study and the conclusions. The methods are briefly explained and arguments are given why these were chosen. Then, it is explained how the interviews were carried out and what decisions were made during the process. In data analysis part it is briefly explained how the data was handled and analyzed after the interviews. Finally the reliability and validity of the study are evaluated in the end of the chapter.

3.1 Research process

My study of diversity management in AIESEC in Finland started out in the form of the bachelor's thesis in Lappeenranta University of Technology (Astikainen, 2005). Some of the findings of that study are also included here. Due to my genuine interest in diversity management and the case organization, I decided to continue with this topic and case organization for my master's thesis, after getting indisputably encouraging support from my instructors Juha-Matti Saksa and Janne Tienari. As an opportunity arose to look deeply inside the case organization they gave me confidence to continue with the same topic and case organization. Soon, however, I realized that the study needed more meat around the bones. So, I introduced two more perspectives - teamwork and nonprofit nature; both engraved into the case organization - to bring depth to the diversity management research.

I joined AIESEC Saimaa, a local committee of AIESEC in Finland, back in September 2001, taking some small-scale responsibilities and finally ending up in a leadership role at the local level for term 2003-2004. As my understanding of and passion for the organization grew stronger, I even applied for the presidency of AIESEC in Estonia but unfortunately was not elected to the position. The first time I tried to get to the national leadership team - or member committee (MC) - of AIESEC in Finland was in spring 2004. That didn't catch fire either so I tried again one year later. Then I was finally selected to the position of MC Director

with four colleagues to carry out our 13-month leadership role. My responsibilities in the MC were selling internship placements, delivering interns to companies, leading the local sales people, designing and publishing the information magazines, coaching the local committees (LCs) in several cities and taking part in the common tasks like strategic and operational planning, seminar creation and facilitation, and representing AIESEC in Finland on different occasions.

Being inside the case organization was definitely an advantage when it comes to the research. At first I was worried that I would be too close to the unit of analysis, however, becoming acquainted with the theories enabled me to distance myself from the organization and made examining it in objective light possible. Therefore, my proximity to the organization was not an issue. On the contrary, it allowed me to get a deep understanding of the case organization, its place in the society and the phenomena within.

The leaders of the organization were interviewed systematically during the spring of 2006. The interviewees include six local committee presidents (LCPs) and three leaders of the national team (MC). I was supposed to interview all leaders of AIESEC in Finland (12 local committee presidents and four MC members) but since the same answers kept repeating it showed that the saturation point had been reached. Since the study is aiming for generalizations nine interviews was enough to get the required information needed for the study. All the quotations used here represent the opinion of majority of interviewees, if not mentioned separately. No names are publicized so when the quote is from a local committee president, the acronym LCP is used and in a similar manner member committee director or president is referred to as MC. This distinction is made to understand the context of the respondent: an LCP is running a local organization whereas the MC people are leading both the local committees and their functional teams on top of their own national team MC.

3.2 Data analysis

Transcript was written of all the nine interviews conducted. Seven of them were conducted in Finnish so they also needed to be translated. After the translations

and the transcription process I started collecting themes that were common for most of the answers and that fit well under the three standpoints of the study. Themes under diversity contained topics like the existence of diversity in teams, effects of taking diversity into account or overlooking it, benefits of diversity, and challenges diversity poses to leadership. Themes under teamwork and nonprofit perspectives included issues such as mutual accountability, volunteering, non-profit team leadership, motivation and commitment, and organizational ideology. Lastly, these themes were compared to the previous theory and hence conclusions formed.

On top of the interviews, the observations made during my work in AIESEC in Finland were used to bring depth to the study. Also some findings of my previous study (Astikainen, 2005) were included when appropriate.

3.3 Reliability and validity of the research

"The traditional quantitative view of reliability is based on the assumption of repeatability. Essentially it is concerned with whether we would obtain the same results if we could observe the same thing twice. But we can't actually measure the same thing twice - by definition if we are measuring twice, we are measuring two different things. In order to estimate reliability, quantitative researchers construct various hypothetical notions to try to get around this fact. The idea of dependability, on the other hand, emphasizes the need for the researcher to account for the ever-changing context within which research occurs. The research is responsible for describing the changes that occur in the setting and how these changes affected the way the research approached the study. (Trochim, 2005)"

When doing qualitative research, especially not in one's native language, the possible pitfalls are numerous: one might misinterpret the words of the interviewee, technical problems might occur or something might get lost in translation. In this study all the interviews were recorded and typed in a similar manner, the same questions were asked of every interviewee and there were no technical problems whatsoever. Proofs of the reliability are notable: similar answers started occurring early on, so the individual interview situation didn't seem to have too much effect

on the answers; and only the generalizations were included in the case study to avoid misinterpretations of “weak signals”. One of the biggest worries was that the interviewees would not be able to see the interviewer but a person they know, and would therefore give different answers. To avoid this it was repeatedly stated that they should take the interview situation professionally and avoid taking short-cuts on issues that would be self-evident for people in AIESEC in Finland. All the interviewees took the interview situation seriously.

In qualitative research and especially when case study concerned, the reliability and validity have had various interpretations. According to Denzin and Lincoln “The purpose of a case study is not to represent the world but to represent the case. The aim is to describe the cases in sufficient descriptive narrative way so that the readers can experience happenings and draw their own conclusions (Denzin et al, 2000, p. 439, 448).” To put it bluntly, however, validity of research means that the used measure is evaluating exactly what was supposed to be measured. In this case the measures were the interview questions. They were planned using the research questions as the basis. Then they were double-checked by the instructors and tweaked during the first interview to ensure the wordings would be understood correctly. The answers received in the interviews revealed exactly research questions aimed to reveal. Several questions were used to indirectly approach the research questions from different angles. This made sure that the interviewees are not giving answers that they supposed the researcher wanted to hear.

4 AIESEC IN FINLAND

The first part of the empirical research, AIESEC identity, is based on the public materials available for all the members of AIESEC spiced with the understanding I have gathered of the organization since joining it in 2001. This part describes the case organization more in depth with regards to organizational structure, identity & culture from the global perspective. Even though the unit of analysis is AIESEC in Finland, the global perspective is taken because the identity is the same everywhere around the globe. Here identity is defined as AIESEC globally defines it; the AIESEC identity consists of nature, values, core work, role and (long-term) vision. The AIESEC identity is explained in the first chapter. It is important to understand that the parts of identity cannot be interpreted separately, but they all link together: The nature defines what kind of organization AIESEC is and what it is not. The values guide the every day actions and implicate what AIESEC holds important. The core work is what AIESEC does to reach its role in the society. Following the same reasoning; the role defines how AIESEC is related to the surrounding society and how it aims to go towards its vision. Finally, the vision explains the reason for existence of the organization and the direction where AIESEC is ultimately aiming at. Note also that short-term visions, strategies and operations might vary between countries, as long as they are in line with the identity. For example AIESEC in Finland and its direction are well aligned with the global organization, even though the strategic decisions are done in Finland.

In the second part, *the four levels of diversity in AIESEC in Finland*, I give an overview of my previous diversity research about AIESEC in Finland. It is complemented with the observations done during my year in the member committee of AIESEC in Finland 2005-2006.

In the third part of the case study AIESEC in Finland and its operations are presented in detail by finding answers to research questions and adding the remaining two aspects: teamwork and non-profit nature of the organization.

4.1 AIESEC identity

Understanding an individual country organization, such as AIESEC in Finland, requires first understanding the context. Here AIESEC identity is opened-up part by part.

The **nature** of AIESEC defines what kind of organization it is and what it is not: "AIESEC is a global, non-political, independent, not-for-profit organization run by students and recent graduates of institutions of higher education. Its members are interested in world issues, leadership and management. AIESEC does not discriminate on the basis of race, color, gender, sexual orientation, creed, religion, national, ethnic or social origin. (http://www.aiesec.org)"

The **values** guide the every day actions and implicate what AIESEC holds important: "Activating Leadership: We lead by example and inspire leadership through action and results. We take full responsibility for our role in developing the potential of people. Demonstrating Integrity: We are consistent and transparent in our decisions and actions. We fulfill our commitments and conduct ourselves in a way that is true to our identity. Living Diversity: We seek to learn from the different ways of life and opinions represented in our multicultural environment. We respect and actively encourage the contribution of every individual. Enjoying Participation: We create a dynamic environment by active and enthusiastic participation of individuals. We enjoy being involved in AIESEC. Striving for Excellence: We aim to deliver the highest quality performance in everything we do. Through creativity and innovation we seek to continuously improve. Acting Sustainably: We act in a way that is sustainable for our organization and society. Our decisions take into account the needs of future generations. (http://www.aiesec.org)"

The **core work** is what AIESEC does to reach its role in the society: "AIESEC provides its members with an integrated development experience comprised of leadership opportunities, international internships and participation in a global learning environment. (http://www.aiesec.org)"

The **role** defines how AIESEC is related to the surrounding society and how it aims to go towards its vision: “Our international platform enables young people to discover and develop their potential to provide leadership for a positive impact on society. (http://www.aiesec.org)”

The **vision** explains the reason for existence of the organization and the direction where AIESEC is ultimately aiming at: “Peace and fulfillment of humankind's potential. (http://www.aiesec.org)”

In the following chapters I aim to give an overview of the organization with a more down-to-earth approach and explain how AIESEC is run in practice. Going through the structure, shedding some light on the culture of the organization, introducing the framework of AIESEC experience, and revealing the brand promise should increase the understanding of the organization and imply that AIESEC in Finland validates as a good case organization: diversity and teamwork are crucial parts of this not-for-profit organization.

4.2 Practical overview of the organization

The Central Secretariat for the network, AIESEC International (AI), operates in Rotterdam, Netherlands. It has a team of executives that is elected annually like all the leaders at all levels of the organization. AI team consists of the president, vice presidents of functional areas (people development, exchange, external relations etc), and directors for each Growth Network (Asia-Pacific, Africa, Central and Eastern Europe, Western Europe and North America and finally the Spanish Speaking Growth Network). Additionally, there are managers and team members who are responsible for different areas like finances, alumni and information systems. The role of AI is to ensure a reasonable strategic direction and communication of globally relevant issues to all the national chapters of AIESEC.

The national chapters of all the 95 member countries are called member committees (MC) and they are organized so that they have a president and usually a team of approximately 3-7 vice presidents and/or directors. Difference between a vice president and a director is that the former is individually in charge of certain func-

tional area (such as exchange, finances, or people), whereas a director holds multiple functional responsibilities overlapping with other directors and/or vice presidents. MC functions as a link between the global and local level and ensure that all the local committees (LC) are going to right common direction.

There are some 650 Local Committees (LC) in AIESEC network that are present in over 800 universities and led by executive boards, that in turn are coordinated by a local committee president (LCP). Annually approximately 20 000 students take an active role in the organization. 5 000 of them take a leadership position either in their home country or abroad and 4 000 go on a traineeship abroad. In addition, the former AIESECers create an extensive network of over one million alumni. Local committees run the core work of AIESEC.

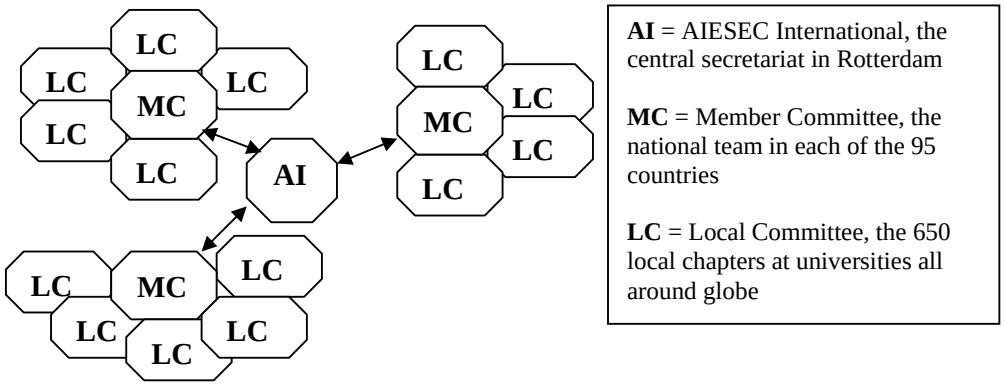

Figure 8. The simplified organizational model of AIESEC.

Figure 8 shows how the communication and decision-making are done in AIESEC. AI is not considered to be on top and MCs are not better than LCs. They just have a different role. The beauty of the AIESEC organization is that it's never stagnant which gives a lot of room for individuals' developmental ideas and hence enables more teamwork and leadership positions. The executives at all levels of organization are selected for one-year period at a time. In Finland the LC-term is 12 months from 1 May to 30 April. Consequently the MC-term is 13 months from 1 May to 31 May, hence overlapping for one month with the next leadership team. On one hand the organizational structure allows amazingly fast "career advancement": One can reach a local leadership position almost instantly after joining if

the willingness and competence are in place, national leadership position in 1-3 years and AI position in 3-5 years. There are exceptions of course and career advancement schedules are not set in stone. On the other hand the structure pushes the teams and individuals to plan their term, reach their results and ensure continuity in a very limited time frame. For example one of the 2004-2005 member committee members claimed: "*When it comes to gained experience, one year in the MC is worth 20 years in working life.*" Of course that is a bit of exaggeration but shows how hectic, rewarding and complex AIESEC work can be.

One of the interviewees sums this all up:

> *"Fabulous side of AIESEC is the non-existence of hierarchy. The people at local level and in the top-management are respected equally and taken into account as individuals. Maybe this is because the cycle of career advancement is so quick. In just a few years you can reach the top management and you still remember what it is to do the local work. (LCP)"*

The flat and non-hierarchical organization structure enables diversity: Everyone in the organization can have their say and impact on the decision-making. Anyone is free to contact AI or MC when needed because they are like service organizations for the local committees that are doing the actual core work. Career advancement is supported for everyone who has necessary competency level and motivation for her next step in AIESEC experience (see figure 7). The fact that much of the cooperation happens virtually, both within a country and between members from different countries, alleviates the individual differences. On the other hand, in the local and national level people work in teams where, in fact, the diversity comes in surface sooner or later. The importance of teamwork and team results is emphasized throughout the organization. After all, being in a certain leadership team for only one year doesn't leave much space for going solo but instead calls for cooperation and teamwork.

According to Nonprofit Good Practice Guide organizational culture consists of "the written and unwritten rules that shape and reflect the way an organization operates. (http://www.npgoodpractice.org)" The same source defines culture as "a

learned pattern of customs, beliefs, and behaviors which are socially acquired and socially transmitted through symbols and widely-shared meanings. (http://www.npgoodpractice.org)" These definitions have been used in this chapter that attempts to unveil the real organizational culture of AIESEC and show how truly global yet aligned it stands, in major part because of the strong culture.

When a new person comes to the organization and observes the behavior of current AIESEC people s/he can recognize that they have developed a language of their own. It's full of abbreviations and acronyms that are used in all the 95 countries of the network. The behavior consists also of customs and traditions. Some of them are common to all and some of them are local or national because there are subcultures in AIESEC as in any other big organization. One common tradition is dancing. AIESEC dances are born and spread all over the world and widely used especially in the seminars and conferences to bring up the mood and energy level and to create cohesion between participants. Imagine 500 people who can instantly bond because they know the choreography of the same dance, no matter where they come from geographically. In addition there are a lot of symbols (like the acronyms LC, MC and AI) that are one part of creating the common culture and cohesion. Also, the common history of almost 60 years is referred to in many occasions and examples of former AIESECers are used to show that the creation of change agents is possible.

Group norms and standards in AIESEC derive from the published values but vary from country to country and also between different local committees. However, one unwritten norm is "work hard, party hard" mentality. It isn't abnormal that the delegates work 14-hour days in conferences, party for eight hours and have just a two-hour nap in between the sessions and parties. The seminars go on from 3-14 days, depending on their scale and importance. Then again, one should bear in mind the difference of being in a once-in-a-lifetime conference and day-to-day work in AIESEC: Whether you are volunteering on a local level and having to deal with the studies or working full time on the national level, you need to take care about your own energy and work-life balance.

The rules that apply to everyone in organization are quite vague and details like membership fee, requirements of membership etc differ from country to country and from LC to LC. However, everyone is supposed to go through the following stages during their AIESEC career: 1) Introduction to AIESEC, 2) Taking responsibility at local level, 3) Experiencing a leadership role (in local, national or international level), 4) Working abroad and 5) Heading for the future to be a change agent in the surrounding society (see figure 9).

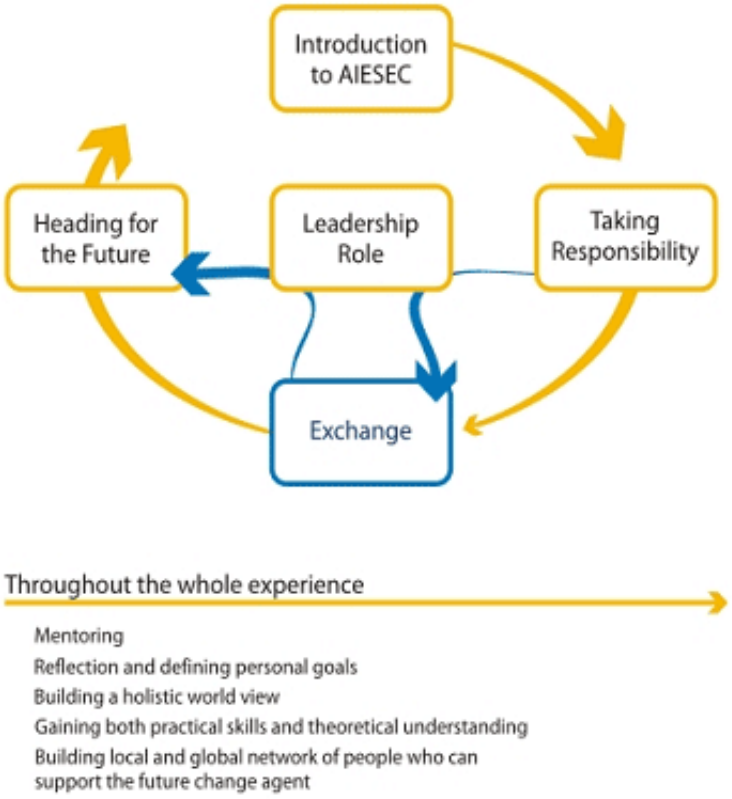

Figure 9. The AIESEC Experience. (http://www.aiesec.org)

The Brand Promise (see figure 10) of AIESEC sheds light on the key characteristics the organization has and what it wants to communicate externally. "The Brand Promise is a set of elements AIESEC wants its stakeholders to associate with the organization. These elements also represent 'a promise' that AIESEC is making to every stakeholder to deliver upon. Every member of the organization needs to understand the deeper promise that is being made by AIESEC to all our

stakeholders. Essence (Activating Leadership) is a simple and single thought that captures the core of the brand. It is not a slogan. Primary elements (Global, Connecting, and Youth Driven) are the base for brand-building programs and should remain consistent over time and across products and markets. Secondary elements (Enjoying, Excellence, and Diversity) enrich the brand and give it completeness. Their importance can be 'turned up' or 'turned down' depending on the stakeholder and the local reality. (http://www.aiesec.net/brandsite)" So, the core of AIESEC is activating leadership in young people, for them to be able to lead firstly themselves and also others. This is an important perception to understand, because many stakeholder groups - even some of the members - still think that AIESEC is mainly an international exchange organization: AIESEC is in the business of activating leadership, not solely in the business of international exchange.

Figure 10. The AIESEC Brand Promise. (http://www.aiesec.net/brandsite)

The identity that was explained before, the framework of AIESEC experience and the brand promise together show what kind of organization AIESEC is and how it should function. Even though the countries and regions within the network have their own culture, the common AIESEC culture is so strong that it makes the entity easier to manage globally. In addition, it makes easier for people (leaders and trainees) to move within the network and accomplish the mission of AIESEC by

developing themselves through experiences either through volunteer work or paid internship. This notion holds truth also in AIESEC in Finland.

Now that the organizational identity, structure and culture have been explored, it's time to look briefly at AIESEC in Finland specifically before moving on to the actual empirical research. AIESEC in Finland has a history of 58 years: In 1948 students in seven countries founded AIESEC, Finland being one of them. The first base for AIESEC in Finland was Helsinki School of Economics. Now AIESEC in Finland operates in seven cities and in 12 Local Committees: AIESEC HUT (Helsinki University of Technology), AIESEC HY (Helsinki University), AIESEC SHS (Hanken), AIESEC KY (Helsinki School of Economics), AIESEC MK (Åbo Akademi), AIESEC KYTku (Turku School of Economics), AIESEC TAY (Tampere University), AIESEC TUT (Tampere University of Technology), AIESEC Waasa (University of Waasa), AIESEC Oulu (University of Oulu), AIESEC Jyväskylä (Jyväskylä University) and AIESEC Saimaa (Lappeenranta University of Technology). Member Committee is located in Helsinki. "Our membership has grown to encompass a much wider range of disciplines than only economics and commerce. (http://www.aiesec.org)" Like it can be seen of the universities AIESEC in Finland operates in; the diversity of study backgrounds of the membership is notable: they vary from political sciences to technology, education and business administration. It should be noted that AIESEC is not limited to these universities; the members of the LCs can come from other universities and polytechnics from Finland and abroad. As a matter of fact, many LCs do have international members who have come to Finland as exchange or degree students or directly from other LCs abroad. Also the foreign AIESEC interns are taking more and more responsibility of running the local committees that have received them. In AIESEC, it is possible to move freely across the organization globally: Good example is the newly selected member committee president of AIESEC in Finland for term 2006-2007 who came to Finland as an intern, started taking some responsibilities apart from her internship and was then selected to the MC.

Coming back to the classification of organizations in the society, it seems that AIESEC in Finland is still quite traditional non-profit organization. In addition to external funding all the AIESEC committees in Finland are encouraged to make as much exchange as possible and hence get financial resources through their core work, too. Even though AIESEC in Finland is a non-profit organization it needs quite a lot of money to support its actions. The costs come mainly from recruitment, member development, marketing and organizing different kind of events. However, the core work of AIESEC in Finland doesn't bring enough money to support all this so the organization is still quite dependent on external funding.

What AIESEC local committees do in practice is basically running the AIESEC experience, consisting of the five stages outlined before and the supporting functions around it. Hence, the practicalities deal with recruitment, induction, development and leadership of people; managing the exchange process by selling the internships to organizations in Finland, selecting and helping own membership that qualifies for work abroad, matching the people with the suitable internship providers and helping in cultural and practical integration of the interns; managing the finances of the organization; developing and maintaining the information systems and handling the administrative work. Ideally every member of AIESEC goes through each stage of the AIESEC experience framework and hence gets an integrated development experience that is supported by mentoring (in the sense of "life coaching"), personal development planning, reflecting on experiences in AIESEC, building a holistic world view, gaining practical skills through teamwork and leadership experiences, increasing theoretical understanding and building network of contacts that can support her in the future to have an impact on society. In practice many of the local committees are still putting more emphasis on exchange management and partly disregarding the development of their membership. This is due to the strong history of AIESEC as an exchange organization.

Before going to explore the empirical study results more in depth, the MC of AIESEC in Finland is compared to the hot group concept introduced earlier (see table 6). There are some notable differences between the hot groups studied before and the MC team of AIESEC in Finland. Hot groups have been previously identi-

fied only from corporate and governmental sector. Hence they have had an access to the resources provided by the organization. In a nonprofit organization at least the monetary resources are much lower. Many of the hot groups researched have been born spontaneously within or between organizations. The leadership of AIESEC in Finland is always selected for a set period of time. The hot group theory states that the value of the friendships is unimportant. The hot groups always put the task as first priority and the friendships might be formulated along the way. In the member committee the team spends quite a lot of time together also outside the office-hours. Work-life balance is important in AIESEC in Finland, at least in theory. Team encourages its members to have life outside of work, too. In the hot groups the concentration on the task is so immense that they stop caring about everything else. The structure of AIESEC in Finland is based on teamwork and the mission continues from one generation to another. The hot groups are usually formed in the organizations that don't have such a strict team based way of working. Furthermore the mission is accomplished when the hot group ceases to exist.

Similarities	**Differences**
Mission orientation: Aim for greater good in society and emphasis on personal development.	More resources in the private and public sector.
Mission gives the drive for going beyond own limits.	Born spontaneously within large organizations.
Work not considered work.	Friendship unimportant.
Debate and arguments within team are constant but focused on tasks instead of people.	Hot groups usually project-based. No continuing mission.
Diversity of team members.	Concentration on the task overrules other life.
Foolishness balancing hard work.	
Great importance to its members (memorable experience).	Organizations based on individual work.
Temporal arrangement for fixed term.	
In practice, the work-life balance often broken consciously. Stress not taken seriously. Sacrifices for team.	
Usage of symbols to create and maintain identity.	
One named leader but everyone capable of leading.	
Flexible and dynamic structure.	

Table 6. The similarities and differences between hot group theory and the member committee of AIESEC in Finland.

On the other hand the similarities are more numerous than differences. Based on the following it can be claimed that the MC team 2005-2006 was, at least for a while, an archetypal hot group: The MC team was highly mission oriented. There was a long-term aim for greater good in society and emphasis on personal development. However, what was even more evident was that the team felt that they were on a mission. They called themselves Team Lego and their slogan was "Building a better future". This theme created time and again symbols that maintained the Team Lego identity. All the members of the team went beyond their own limits at some point; they worked long hours and achieved overwhelming results. People were ready to put in extra effort and sacrifice their free time, since the work was not considered work but a passion. Debates within the team were constant and frustrations came into surface immediately. These debates were usually due to misunderstandings or differing opinions, so they concentrated always on tasks instead of people themselves. Team was really diverse both in cultural and behavioral terms. The foolishness that happened at the office was a good balancing factor for the hard work: people joked, laughed, disturbed each other, built Lego-cars and so on. Everyone in the team felt that this experience has a great importance for their future and that they will remember it always. When the team started they knew it would be a temporal arrangement for the next 13 months. The plans and goals were set accordingly. Although work-life balance was stressed often it was consciously broken many times and stress was not taken seriously because people were ready to make sacrifices for the team. The structure of the team was flexible and dynamic: people had overlapping job roles and they were ready to change their roles during the term. There was one named leader but in practice everyone contributed to the work same amount and the leadership was shared.

These similarities with the hot group theory prove that MC team 05-06 was one. Not necessarily all the MC teams develop the traits of hot groups, because they are extremely rare cases. However, it might be that hectic and ambitious AIESEC work is a good breeding ground for the hot groups.

4.3 The four levels of diversity in AIESEC in Finland

As the diversity and its management is the cornerstone of the study, this chapter outlines briefly the previous findings of diversity research in AIESEC in Finland. This chapter outlines the different levels of diversity and its management in AIESEC in Finland. These levels are modified from previous research (e.g. Thomas & Ely, 1996; Dass & Parker, 1999; Friday & Friday, 2003) and are as follows: 1) resistance to accept diversity, 2) fairness and acknowledgement of diversity, 3) legitimacy and valuing diversity, and 4) learning, acculturation and management of diversity. Some of the quotes are from my previous research results gathered in 2004 and the observations are based on my work in the national leadership team of AIESEC in Finland during 2005-2006. If the quote is from a local committee president, it's marked (LCP) and comments from member committee representatives are marked with (MC).

4.3.1 Resistance to accept diversity

In the tight-knit local teams of AIESEC in Finland it's not uncommon to face situations in which people are clearly resisting change. In some occasions this translates to resisting diversity, too, since some of the teams have always been purely of one nationality or background. For instance, people have had their doubts whether people who don't speak Finnish can handle the sales function of the organization and this has led to restricting non-Finns of joining that particular team.

In fact, functional roles seem to divide people in quite homogenous groups. The national sales team consisting of local vice presidents is quite male-dominated whereas the HR/D side clearly has more women than men. No one seems to have questioned this development yet.

On the other hand, these are rare cases and usually originated from personal opinions. Even though the global and national levels of the organization set some frames (e.g. AIESEC experience and brand promise) within which to operate, the local committees are still quite free to do AIESEC their own way and make their own decisions of what is appropriate. On one hand this is good and part of the non-hierarchical structure but on the other hand it sometimes results to unwanted

behavior. However, as we see in the following chapters the other categories of diversity can be observed more frequently in AIESEC in Finland.

4.3.2 Fairness and acknowledgement of diversity

In one case a local committee in AIESEC in Finland had to make a tough decision on how they treat the wishes of their potential customer. A company wanted to employ an intern from China who would later become a manager of a subsidiary in China. The company requested that the intern would be a man, and tried to justify this with the cultural reasons and make it a business case: It would be impossible for a woman to handle business relations in China. This was clearly just a prejudice that would have pushed the local committee to discriminate the candidates for the position. As it was against the nature of AIESEC, the local committee decided not to engage in cooperation with the company. Other example was when a potential customer was ready to hire only interns who are Christian, because in the specified job there was a need for extensive knowledge of the Christianity as a religion. The local committee that was handling the case stated clearly that AIESEC could not deliver candidates for the position based on that kind of criterion. Instead, they explained that when formulating demands like that the client has to be very explicit on their reasons. The deal was never signed because AIESEC in Finland will not cooperate with companies who cannot give a good reasoning for their clearly discriminative demands. This is a good example of the case organization's awareness of what is fair and what is not.

On the other hand, the quota thinking that is not uncommon for this category cannot be found from AIESEC in Finland. Good example is the division of leadership roles between the genders. Before term 2005-2006 the last eight presidents of AIESEC in Finland were all women: 2004-2005 Heidi Haapalahti, 2003-2004 Kaisa Lunden / Kaisa Hopponen, 2002-2003 Reetta Loponen, 2001-2002 Sanna Heikkinen, 2000-2001 Mirva Puolitaival, 1999-2000 Henna Malmivirta, 1998-1999 Riikka Turunen. Even though it's not the case in most of the AIESEC countries and it's definitely not the case in the surrounding society, *the* top position of the organization was held by the same gender for such a long period of time. This was even more intriguing as the membership of AIESEC in Finland had pretty

much the same amount of both sexes but only the women went for the top position. My previous study (Astikainen, 2005) suggested that instead of "50-50 fairness thinking" the amount of women in leadership positions of AIESEC in Finland might be based on the following explanations:

a) The nature of AIESEC in Finland as an organization for self-development might attract more women than men.
b) Women might actually be better leaders of change than men. They might be more prone to having the leadership qualities that are needed in today's constantly changing environment.
c) As the current leaders act as role models for future leaders it may well reproduce gender in an organization and its leadership. So, if the MCP is woman it sets an example for the other women that getting to that position is not only possible but an attractive choice.

Diversity is clearly acknowledged in AIESEC in Finland. It is understood mainly as the difference between people and cultures:

> *"Diversity is a wide concept. It can show through nationality, opinions, study background, age and where ever people can be different. (LCP)"*

> *"I have got to deal with diversity in both local and national team. I needed to take people differences into account in all the trainings, discussions etc that I have planned. These differences show in what people think, what interests them, what they want, what they are keen to discuss about, what they don't understand and what they resist. (MC)"*

Taking into account, or acknowledging, diversity is not quite enough. In the following chapter we look how the leaders in AIESEC in Finland value diversity.

4.3.3 Legitimacy and valuing diversity

Valuing diversity comes quite naturally as it is part of the organizational identity of AIESEC. As stated before "living diversity" is actually one of the organizational values. Pretty much all the work in the organization is carried out through

teamwork. Hence the benefits of diversity are appreciated because it brings both challenges and new insights into a team.

> *"Diversity is richness. If we compile similar people they have similar thoughts. But if we throw in a bit of chaos and bring along a few different people it creates dynamism to team. Dynamic environment is more interesting because of getting new insights and perspectives and meeting new kind of people. (LCP)"*

In the MC selection (December 2004-February 2005) nine people applied to the Member Committee of AIESEC in Finland for term 2005-2006. One of them dropped out during the final selection due to personal reasons. Out of the eight remaining people the Selection Working Group selected a team of five people through a thorough selection process that consisted of several steps: 1) first application stating the motivation of the candidate, 2) second application in form of questions and answers in which the functional and strategic knowledge of applicant is tested, 3) YTK-analysis (www.ytk.com) that measures applicant's working, behavior and communication styles, 4) interview and working style analysis, 5) teamwork test and 6) questions and answers round with the local committees, and 7) a speech. It's notable that they selected a team, not individuals. Taking into account the different personal qualities and backgrounds they made a choice so that the team would be as diverse as possible, complementing each other's strengths and weaknesses. This way the MC could have all of the seven working areas covered only with five people. This is a good example of how diversity is valued in order to get access to widest possible combination of competence.

> *"Diversity cannot be taken into account when compiling teams on local level because there are no choices. We don't have that many applicants to leadership positions. On national level the Selection Working Group takes diversity strongly in notice. (LCP)"*

Lack of human resources and knowledge of team formation makes the local committees year after year to put up the teams without taking the diversity and team dynamics into consideration.

4.3.4 Learning, acculturation and management of diversity

By nature "AIESEC does not discriminate on the basis of race, color, gender, sexual orientation, creed, religion, ethnic or social origin. (www.aiesec.org)" Usually this is seen in practice, as well. In the following some of supporting functions and strategic choices for diversity management are highlighted.

One of the supporting systems for personal development of the members in AIESEC in Finland is mentoring. It was started a couple of years ago and then directed only to people going to work abroad from Tampere and Helsinki. Last year it was expanded to the leadership teams of Helsinki local committees and also the national leadership team. Term 05-06 it was offered as a possibility for the rest of the local committees, although none of them implemented it yet. Mentoring in AIESEC in Finland means "life coaching" and it is offered for everyone and not only for members of protected groups (e.g. women) as in some of the companies. The aim of mentoring is first individuals' development and only second organizational benefit.

Another supporting function of diversity management is the work-life balance that is highlighted for all the people in MC right from the scratch. When one is working full time in otherwise voluntary organization, it is important to make a difference between a hobby and work. The previous team of term 204-2005 emphasized for their successors how important it is for the team and the individuals to take responsibility for balance in their life. There are many ways of how it shows in practice: If there is work during the weekends, Mondays are always off. Team members are helping each other to avoid too long hours and monitoring each other's stress level. Leader of the team talks about work-life balance in a very positive light and reminds team members to take vacation or shorter hours if people seem to need them. Work-life balance was also written down as one of the team operational principles that were supposed to be followed by everyone. However, there was no common agreement on consequences if the rules were broken. This is why the principles stayed on the theoretical level and people became overworked. Failing to sanction of breaking the principles took them into oblivion hence watering the good intention of paying attention to work-life balance. Still,

it's a good example how the case organization aims to manage diversity by offering work-life balance practices to everyone, not only for certain group of people. Then again, no matter which gender people are in AIESEC, they are so young that hardly anyone has kids to take care of or a household to run.

Third, the conscious mapping out of the needed individual differences in behavioral, cognitive and working styles and selecting people into the team according to these enables it to function with the widest possible capacity. Moreover, the team itself genuinely aimed to understand each other's background and personality to better work together.

One of the long-term strategic choices of the whole global organization is Culture of Excellence. AIESEC in Finland has taken it quite seriously from the start. Culture of Excellence means selecting and retaining high potential people. Before AIESEC local committees in Finland have had varying ways to get new members. Recruitment has been quite sporadic and pretty much anyone has had access to the organization without any requirements. It has been quite common that AIESEC members have recruited their friends into the organization. This has been called "referral recruitment" by Werther & Berman (2001). According to them, referring friends in to the organization might cause cliques, morale problems and even discrimination.

As a one consequence of Culture of Excellence implementation, member selection was introduced to and expected from all the local committees of AIESEC in Finland during term 05-06. This was done so that people would have the right expectations, attitude, commitment and understanding of the organization's impact for them personally. At this point of implementation the idea was not to drop applicants but to make them think about their motives for joining and their possibilities within AIESEC in Finland. The main selection criterion was that people are active and willing to commit to their personal development through working in the organization. Again the change resistance came into the surface and even though the whole recruitment and induction was handled more professionally and

in an aligned manner throughout AIESEC in Finland, the member selection was something nearly every LC shied away from.

Apparently in Finnish culture the idea and practices of excellence are not that easy to implement. On the other hand, the idea of common induction is now fully implemented. Common induction means that there are no longer members and trainees but people get the same starting point for their AIESEC career. Member selection and common induction are the first steps towards manageable HR: For the first time local committees have to think what kind of people they need, how many of them they need and for which positions. The conscious management of diversity seems to happen mainly on the national level of the organization, even though it would be acknowledged or even valued in the LCs. So far diversity management on local level has been either reactive or even non-existent, although a few LCs are already quite good in spotting the diversity and utilizing it in the teamwork. As soon as the diversity enabling procedures in the area of human resources are implemented, the diversity management has a chance to become proactive and planned.

On the national level diversity management has more important bearing:

> *"Diversity is dissimilarity of people and its all-sided understanding. It's vital to know people's backgrounds, analyze how they differ from others and utilize this knowledge. Diversity is always present. The utilization, or management, of diversity means getting it out of people, discuss the diversity and trying to account why people work and behave in different ways. This enables innovation. In the end it is leader's responsibility to handle this process. (MC)"*

Some attempts on managing diversity at the local level have been carried out, too:

> *"I have applied a couple of different models like Belbin's team roles and Myers-Briggs Type Indicator in our local team. They are limited applications but still they bring the differences to more comprehensible form and it works as a starting point for discussions and understanding differences. In [xx], we have agreed that the more idea-generating people throw the*

ideas, analytical people shoot some of them down and practical people see how the rest can be implemented. We have formed a chain of weaknesses and strengths in which people contribute to each others' working styles. Also the different study backgrounds have been taken into consideration in AIESEC: One gives a perspective to information networks, another gives business viewpoint and third clarifies how we can communicate this to members. (LCP)"

It is notable that diversity is always emphasized when compiling the facilitators' group for the national seminars. Diversity comes before experience and if there are too many people with similar backgrounds at least one of them is dropped out.

In the MC the learning perspective is even more present. The MC team 2005-2006 has spent a lot of time finding out the personal values of their team members, sharing them and collecting practical tips on how the team members could help each other in answering to these differing personalities. Moreover, feedback has been given in a few organized occasions in order to better function as a team and incorporate diversity in daily work. Monthly feedback evenings are used to give and receive feedback on each other's working habits. These situations do not concentrate on the personal characteristics and differences that were taken into account beforehand but more on the irritating and rewarding working habits different individuals have shown in practice. Based on these assessments the individuals gather their development points for the next month, share them with the team and guide the other team members to help them in achieving their development points. However, these feedback evenings were also disregarded so many times that in the end they were stopped with a common decision.

Decentralization of power is also a good way to reap the rewards of diversity. The design team was formed in order to run an ongoing learning process for long-term change and development of the organization. It was decentralized from the national team and consisted mainly of people outside the national leadership team. The aim of the selection was to get as mixed a group of people as possible so that there would be a good combination of perceptions and an all-sided understanding

before making major decisions. The design team was available for totally fresh people, experienced members of all functional areas, trainees in Finland, AIESEC alumni and pretty much anyone who was interested for strategic thinking. People from only a few LCs applied to the design team but it still is quite a diverse group. The same decentralization of power was used when the MC combined the national selection group to select the members for the work abroad phase. Also, the leadership of one major international project was completely moved to people from LCs.

4.3.5 Benefits and pitfalls of diversity

Any manager needs to come in terms with diversity. This means that he or she does not only understand the possibilities created by the diverse workforce but also takes the challenges into consideration. In this chapter we look at both pros and cons posed by diversity.

> *"I see diversity as a good thing but it has its challenges. If you don't pay attention to diversity it may easily cause conflict situations. I have seen it in myself that if I don't actively pay attention to diversity I might get irritated on some people who for example concentrate too much on details as it's not natural to me. As long as you can take differences into account and see a bit of effort, it doesn't make work any harder. Sometimes understanding people might be a burden, especially if you are sick, tired or busy. However, it's interesting after all and brings me more energy than consumes it. (LCP)"*

> *"The biggest learning point has been that everyone does not think like me. Of course it would be easier if everyone would agree on everything but it just doesn't work like that. And if it did, there would be no innovation and the views would be quite narrow. The idea of AIESEC is to learn and 'test your abilities on a playground'. Solving problems makes you learn. (LCP)"*

One interviewee shared a story of how culture affects the communications and how leaders, or facilitators in this case, need to mediate from time to time:

"In International Congress where all the AIESEC countries were represented I had the most challenging experience concerning diversity. First of all, AIESEC can be different in different parts of the world. Also the local culture shows for example in discussions. We had a day in which we had to do a lot of work, plans and decisions in a team. It was almost disastrous: people misunderstood each other constantly and snapped at each other. The facilitators noticed this and asked us to really concentrate and understand one another so that tiredness and misunderstandings would not ruin the atmosphere. Then we realized that it's worthwhile to listen very carefully before even thinking of getting irritated. These are not necessarily big things but very meaningful. For example same words gets different connotation when it's interpreted by different people. Challenges derive from different communication, working habits and principles, knowledge and cultural background. (MC)"

In summary, the challenges faced by all the interviewees were: misunderstandings, differing needs of individuals at differing times and frustration emerging from the differences. Furthermore, diverse concepts of work, time, responsibility and communication created difficulty for leadership.

On the other hand, the interviewees agreed that well-managed diversity enables a variety of opinions and insights that enrich the outcomes of teamwork and in the end lead to innovation and better results of the whole organization.

These empirical findings support the previously introduced theory of diversity management. The organizational structure of AIESEC is flat (both globally and nationally), egalitarian and non-bureaucratic. Together with the organizational culture it enables open communication throughout the organization. The AIESEC identity is what keeps both the global and national organization aligned: the countries are going to the same direction as well as the LCs within a country. Finally, the leadership encourages personal development and diversity.

4.4 Diversity and teamwork in AIESEC in Finland

This last part of the empirical study is maybe the most important one. It is structured in the similar manner as the concluding chapter of the theoretical part, delving into the topics of: a) link of teamwork and diversity in AIESEC in Finland, b) teamwork and non-profit nature of AIESEC in Finland c) effects of diversity in the non-profit nature of AIESEC in Finland. Here I'm trying to find the linkages between the three facets of the study and through that find answers to the research questions.

4.4.1 Link of teamwork and diversity management

Most interviewees told that they are working in a quite diverse team. Both ends of the spectrum can be found in the local committees of AIESEC in Finland: some teams are a great mixture of nationalities and ways of working, thinking and learning, whereas other teams look quite similar from the outset.

Here's one obvious example of diversity in AIESEC in Finland:

> *"Our team is quite diverse with members from [four countries]. In terms of study background, it's also rather diverse. Also age-wise it varies: the oldest is 30 years old and the youngest twenty. (LCP)"*

The study also revealed that even though people may come from the same country or even from the same study background, personality differences could come to the surface at some point of the year:

> *"In our team we have been five people. The diversity doesn't show that much in the study background: we have four business students and one political sciences student. Still, we have had quite a few cultural clashes even though people seem to be quite similar on the outset: business students that have quite similar background. However, people are always different. In the beginning we started out in a chaotic way: we had two people who were really silent and two people who didn't get along with others at all. Everyone in the team was complaining that one of the team members is too aggressive and mean. Over time we realized it's just her sense of humor. All of us have a different personality, different way to function and to be with people. It took quite a bit of adaptation but now that we know each*

other better, we have talked about it openly and everyone knows how we are able to utilize the diversity in the team and the common tasks. Suddenly I can benefit as much of the other's strengths as I can of my own. I don't need to be good in everything and that's quite a relieving feeling. (LCP)"

It is evident that diversity exists in most of the teams in AIESEC in Finland. Still, the utilization of diversity is what matters. The LCs that have learned to utilize the differences, no matter how petite, have realized the benefits of diversity. The genuine internationalism of the organization brings an extra twist to the diversity management, but seemingly the local committees are ready for diversity management even though there would be only Finns in the team.

Not paying attention to diversity brings problems sooner or later. Here is a good example from an AIESEC local committee in Finland that has faced challenges with diversity issues:

"We had three people in our team; one person from [xx] and two Finns. We were pretty different people when it comes to the ways of working and cultural differences. In the end it was a three-person team only on paper and a two-people team in practice. I don't know how much it has to do with cultural differences and how much with the personality but the [xx] was never an asset to the team. Her transition from last team was quite vague and we had to prolong it over summer. She was enthusiastic and had a lot of ideas but planning and implementation was almost nonexistent. We had many discussions with her and seemingly we found a common understanding but still nothing happened. In her country people don't usually plan that much and when everyone acts in the similar manner it works after all. Partly the problem was that the planning was really frustrating for this person. When other people in the team are Finns and they have got used to the Finnish way of working, we should assume that the one who comes from a different background should be the first one to adapt. (LCP)"

The leaders should be educated about diversity management so that they would have theoretical understanding to put in practice. This example shows that young leaders of AIESEC might have false assumptions of how to handle diversity. It's not so much a question of who should adapt to which kind of working style but finding ways to utilize the differing working styles in the best manner. The next example is from an LC that doesn't have enough diversity:

> *"We have good people but they are not that motivated when it comes to the objectives of AIESEC. The selection of these people, including me, was by no means optimal: People didn't know where they are committing themselves when they joined the organization. People are busy and AIESEC is not in their top priorities. We are quite similar-minded and a unified bunch of people, even though for us this organization is not close to heart. (LCP)"*

Last two examples show that both having a lot of diversity and having a lot of similarity can cause problems. After these examples it might look like AIESEC in Finland is not putting enough emphasis on diversity. That's not the case at all:

> *"Teamwork and diversity link already in the values level of this organization. Diversity needs to be accepted, utilized and respected in AIESEC. Team members are very aware of what kind of people there are in the team and how to utilize this diversity. We also support team formation by providing simple tools to find out the diversity in people. The results of these analyses are just the base for discussion, not the end result. Hence, there's a lot of conversation about diversity in AIESEC, at all levels of organization. People in AIESEC recognize the diversity better than average and also think about the questions concerning that. (MC)"*

So, diversity seems to have a strong foothold in AIESEC in Finland. It is even part of the core values and the brand of the organization. However, it is the management of diversity that doesn't always have enough emphasis in AIESEC in Finland. Clearly, for many people in the organization diversity seems to be so self-evident that it is not used to its full potential, i.e. diversity is not always man-

aged. It's pretty much up to the local leaders how they handle diversity in their teams. If diversity, or lack there of, is overlooked it is likely to bring challenges to the leadership of the local committee. The leaders that are not equipped with understanding of diversity management do not lead effectively, even though they say that they acknowledge or value diversity.

Most of the interviewees stated that the best aspect diversity can bring to teamwork is the wide array of perspectives and differing viewpoints on the same issue. It was also commonly shared opinion that teamwork itself enables wider perspective than working alone:

> *"The main benefit of a team-based structure is that the perspective to issues is broader, especially when people have differing competencies and that they are capable of giving different viewpoints. It helps to link wider entities and other working areas together so that the work becomes a tight unified package and hence takes the organization to the right direction. (MC)"*

> *"It's also a matter of competence: If you don't know how to do something, someone else does. When the competency areas are mutually complementing the tasks are done in a much more effective manner. (LCP)"*

This train of thought was also widely followed in many interviews: Working in a diverse team might sometimes be less efficient than working alone or with similar kind of people. I.e. team decision making might mean losing time and energy. But, as a rule, working in a diverse team was seen much more effective - i.e. the outcome of the work is better.

> *"In our team the diversity shows when we are around the same table pondering or planning something. Some want to make the decisions and go forward, whereas others want to analyze the situation, cause and effect relations and linkages between issues so that they are 100% sure that everyone knows what we are talking about. Two people might be talking about the same issue without understanding each other or vice versa: talking*

about different issues thinking they are the same. It reflects from the differing communication styles and the personalities. (MC)"

When studying the member committee that coordinates the local committees, an important facet of diversity management popped out. One of the perspectives of diversity management (see e.g. Thomas & Ely, 1996; Dass & Parker, 1999) is getting access to a more diverse group of customers by having more diverse employees. Apparently the "access to customer base" can be also seen as "access to employees" when looking things from the leadership level. The 2005-2006 MC team of AIESEC in Finland is a good example of this:

> *"One of the reasons why AIESEC in Finland is doing so well this term is that every member at local level is able to relate to one of the national leaders. Every person in AIESEC in Finland has a favorite MC member and talks always to that person throughout the process. We as a team can have a unified message towards membership but we are able to communicate it in several ways and able to motivate different personalities because we are such a diverse team. (MC)"*

Managing different people in different teams and in different realities is not always easy:

> *"A team leader has to be flexible. When you have to lead and coordinate totally different people from differing local committee realities, you need to step into the shoes of the individual without forgetting your goals and the national direction. It is challenging, especially in the cases when you have these different people in the same room. As a leader I have helped the leaders of the local committees to see the differences in people and the benefits of diversity. If you don't recognize these, the leadership is truly burdensome when you have to assimilate everyone to the same model. It slows down the work and can be really stressful for the team. If the team is unable to point out the differences or lacks understanding of each other's backgrounds it can lead to a dead-end. (MC)"*

It's interesting to notice how well it is understood that assimilating people to act in a similar manner is not an answer. Instead digging out the individual differences and basing the design of cooperation in a team seems to be more lucrative solution for the leaders of diverse teams. Here is also a good example of having to shape one's leadership style based on the context: if one is leading a local team or leading nationally a group of leaders coming from different LCs it poses different kind of demands for the leadership.

4.4.2 Teamwork and non-profit nature of AIESEC in Finland

> *"In an ordinary working group every individual has their own goals and aims. When the organization has some other incentives than money, it requires a tight-knit group of people who have a common purpose and direction. (LCP)"*

It was amazing to realize how unified understanding the leaders of AIESEC in Finland had about what is a team. People used almost exactly the same wording to describe a team: A team is a group of people that is working together towards common objectives. How this relates then to the definition of leadership that management literature offers? "A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable. (Katzenbach & Smith, 1996, p. 59)" The definition the interviewed people offered is rather simplistic, although it captures partly what is said in the literature: Working together towards common objectives hints at the mutual accountability and performance goals. What is notable, even alarming, is that when defining a team people didn't offer any clues that a team should have mutually complementary skills or that they should be committed to a common approach, although later in the interview some of them mentioned these. Nor did they take a stand on the size of the team.

AIESEC globally is a unique organization in fact that the organizational goals and its members' goals are the same: to develop individuals so that they will have a positive impact on society once they leave the organization. A team is a natural way for individuals to develop themselves in the most effective manner: The team provides feedback so you are able to know yourself better. For your every action

there is a reaction from the other team members and you just need to take others into account; you need to shape your behavior to be suitable for a variety of situations and individuals so that the team is able to function. It's also a matter of playing with your individual strengths and getting support for your weaknesses.

One of the LCPs sums up well what most of the interviewees thought:

> *"When working in a team it's possible to get immediate feedback of your work. There are plenty of people working together, so it enables to get help and feedback immediately. You don't have to do everything by yourself. You can share parts of your own work or help others when needed. Teamwork also gives you a possibility to have more broad work role. When building a right kind of team the team members have strengths that brace each other. When the job roles and strengths are overlapping, it enables personal growth for the team members. (LCP)"*

Successful teamwork might well be in a major role defining the drive that can be found in many non-profits:

> *"Working together also brings energy to the work. If you happen to have a bad day, the energy of your work mates can push you to better results. AIESEC work is by its scale already in favor of teamwork: it would be too difficult to do it alone. More importantly, AIESEC aims to help people to develop their skills and one central concept in this is teamwork. Therefore, teamwork is part of the organizational approach to work but also a part of the product that is offered to students. Finally, as organizations are going more towards project-based work it commits people even stronger into same team towards the same common goal. (MC)"*

A nonprofit, like AIESEC in Finland, that is strongly based on teamwork should make sure that its leaders share a common understanding of the concept of a team and that it includes at least all the basics of a team. Now it can be seen that the common understanding is there but something is missing. Maybe the lack of common approach and mutually complementary skills are partly explaining how good diversity management could bring direct benefits to the case organization: If

the teams were always formed so that the diversity in at least skills was ensured and that diversity management would be consciously used to form the common approach for the team, the results would be better. Same applies here as with diversity in AIESEC: when something is so common that it is taken for granted, its importance might be forgotten.

People in AIESEC in Finland seem to be on equal stance in the decision making process. The flat structure enables everyone's participation and creates mutual accountability:

> *"We work in cooperation. Our executive board, that I lead, aims to be quite equal. We negotiate everything, without me making only presidential decisions. No one is forced to do anything, but everyone can do what they most like to do. (LCP)"*

> *"Accountability to each other is the biggest benefit of teamwork. It makes things more effective. You are more effective. You produce more quality results, because you have team mates to support you, to give you feedback and praises whenever necessary. You grow as a person and you learn how to deal with different personalities. You know how to use your strengths as well as adopting your team mates' good habits. I like learning from people and I've learned a lot by observing. (MC)"*

Sometimes the drive and enthusiasm of people in volunteer-based organizations is overwhelming. One explanation could be simply that the team around an individual makes one work harder. It seems to be a mechanism that increases naturally the effectiveness of an individual: One doesn't even realize consciously how much she is working because she both enjoys working with good people and doesn't want to let them down. But where else do these people get their zeal even though there's no money involved? That's it: people are prone to achieve their own and common results when they are involved voluntarily.

> *"We try to give the responsibilities according to people's interests. If a person is doing something he or she doesn't like, then it simply doesn't work. (LCP)"*

On the other hand, you are not only working for your own interest but the work that is beneficial for you can also benefit others:

> *"Good side in a non-profit organization is that you don't have to stare at the numbers all the time but you can concentrate on the possibilities that are more abundant in the non-profit organization. The nature of these organizations often includes 'healing the world aspect', i.e. you are aiming to have a positive impact in society instead of just being business-oriented. (LCP)"*

> *"The non-profits don't usually offer the best of salaries. People are motivated by something else than money. With non-profit organizations people usually go into it with their hearts, not with their greed or with their mind. I believe that in non-profits people are more willing to work in teams because they don't have any selfish goals [like promotion or raise in salary] to push forward, but instead they are pushing forward for the people and for the cause. (MC)"*

Allowing people the freedom to choose is a powerful method for creating commitment. Many interviewed leaders said that in their teams people are taking responsibilities that are most suitable for them:

> *"The benefit of being in a non-profit organization is the freedom of doing the work according to your own resources and capabilities. No one needs to lose their sleep if some targets are not met. Everyone supports each other. In a team there's always someone to support and encourage. Help is available at all times. When something goes well, you can share also that. (LCP)"*

Furthermore, it was emphasized that everyone is their own leader in the sense that how you balance your life and how you work in a team. In this sense there was no difference between local volunteers and the full-time employees of the national team. First example is from the local level:

"Our team had only unwritten rules: knowing to avoid things that irritate other team members and how the work is allocated helped. Our teamwork was basically sitting on the sofa of the office, discussing common things and deciding responsibilities. After the meeting everyone did their responsibilities and we communicated through phone and instant messaging systems quite informally. (LCP)"

Similar pattern can be seen in the national team:

"Our team has not written down any formal rules but the common approach has formed through working together. Our plan defines the working areas but within those frames people have freedom to act the way they want. The common approach has been shaped through an open feedback environment. Most important decisions we do together. (MC)"

So, it has been proven that a team-based structure is a good way to make people work together and reach good results. It was also noticed that the teams still form quite randomly if there are no proper selection methods that would ensure diversity and fit in a team. Furthermore, the common approach and unwritten rules seem to emerge instead of teams paying too much attention in forming agreement over that. How exactly it is possible to lead this kind of teams? Leadership was seen as a central point for determining the success or failure of the organization. This might be partly because of the identity of AIESEC centralizing around the issue of leadership.

"The downsides of teamwork are caused by the leadership and lack there of. It might be that if a team lacks leadership character no one is ready to take initiative and then the goals are only half met. On the other hand, if the leader is too strong some people can never voice their opinion and thus cannot ever get to do the things they would like to do. (LCP)"

The non-profit nature of the organization also poses some demands for the leadership of the organization:

"As a non-profit leader I cannot dictate from above people to do things, because they don't get paid. We always need to find the way together, and

together define what appeals to an individual. Even more than in a corporation, you need to start from the grass-root level and build the common way. (MC)"

"When the aims [of the organization] are not money-related they are also more complex. That poses a challenge to the leadership of a non-profit organization. All the members should have similar expectations and similar kind of understanding why the work is done. The organization needs to be unified. In this kind of organization you have to focus a lot in educating the membership so that the organization stays in control. (LCP)"

It is claimed that the best leaders often come from the non-profit sector (see e.g. Werther & Berman, 2001) because they have only limited resources in their use and people in the centre of attention:

"Leading a non-profit organization is truly rewarding: you learn all the time new things as you need to be constantly innovating new ways to develop the organization. It's not that black and white as usually. Your own way of thinking is also developing over time. When there's more challenge it's also more rewarding. (LCP)"

"Leading a volunteer-based non-profit organization gives you a solid experience of motivating people. When you cope with the challenges, it gives you the confidence and proves that you can do it. The feeling of contributing to society and getting something out of it is very important. (LCP)"

In conclusion, leading a team in a non-profit organization has its perks: When the focus is not in money-related issues the leader can concentrate on leading people, instead of managing things. Moreover, there seems to be more freedom to try out new things to maintain the innovativeness of the organization. Lastly, it seems that leading a nonprofit gives an unmatched experience because one has to constantly find out ways to justify for the people why doing voluntary work is worth their time.

4.4.3 Effects of diversity in the people of a nonprofit

This chapter focuses on how diversity itself and diversity management can have an impact on the membership of the non-profit organization. First the motivators are mapped out and then they are linked to the theme of diversity management.

> *"One special trait in a non-profit organization is the people's motivation to be involved; some have the accountability but not everyone. Thereby motivating people in business is much easier when they get their monthly paycheck, at least when it's tied to the results they get. In a non-profit the people need to feel that what they do is fun and the result are somehow beneficial to yourself and someone else. The challenge is to find out what motivates different people. The motivating factors seem to vary a lot from one person to another. For some people the motivator is a challenge and for someone the lack of fun in this kind of situation is a demotivating factor. (LCP)"*

Motivating people is one of the key challenges in leading a non-profit organization. A good way to find out what motivates people in this organization was to ask the leaders what made them join and why they are now working for AIESEC in Finland. For many interviewees the key motivator to join an AIESEC local committee was the internationalism of the organization or some other aspect like enthusiastic people. Later on all of them found more profound reasons for continuing work in AIESEC in Finland and these motives differ widely from one person to another. Most commonly mentioned motivators include the gained management and leadership experience, people and friends, acquiring a set of skills and knowledge, personal development and the global nature of the organization.

> *"As I started in university I wanted to do something else than just studying. I wanted to create networks during the study time. The normal guild work never was that interesting. Working in AIESEC is so different from anything else. (LCP)"*

> *"The motives have changed over time. I have always been a person who tries to escape responsibility, but when I started as local committee president I decided to challenge myself. The more you put an effort to AIESEC*

and the more challenging situation you face, the more you get out of it. Also the people who are a bit different than you but share some similar traits - a certain kind of craziness - are a motivating factor. (LCP)"

"I like the people more than anything else. I like the fact that AIESEC is a sort of your playground: It's like running your own business and getting certain skills by working for AIESEC. These skills are very useful for you later on in teamwork and entail things like public speaking, sales, analytical thinking, team management and leadership, confidence, strategies implementation, learning more about people and other things that you can not read from the books. (MC)"

Now that some of the motivators are known we can see how they link to the two key aspects of the study: teamwork and diversity. People enjoy working in a team that has multiple viewpoints relating to the matters at hand. For this to work smoothly the leader needs not only appreciate diversity but also find ways to utilize it:

"Among the motivating factors of a non-profit organization diversity plays a crucial role: it brings along learning that in turn motivates people. On the other hand, if you want to have a well-performing team it has to be diverse and be capable of utilizing it. Otherwise you don't get the needed perspective. (MC)"

Most of the leaders explained diversity management in a similar manner: getting to know your team and utilizing their differences for everyone's benefit.

"Diversity management doesn't fit together with a rigidly hierarchic organization. The leader needs to promote openness through encouraging people to voice out what they are interested to do and building a team based on these interests and people's strengths. The leader has to take into account also the diversity in skills and bring together people who are good in certain area and people who want to develop themselves in that. The leader needs to inform people of the available opportunities and activate them all the way through. Task of managing diversity is to get to know the

people and find their potential. Finally, managing diversity directly is difficult since it intertwines with everything else. (LCP)"

As mentioned before, diversity management is a topic that has not yet become popular or widely supported from the national level in AIESEC in Finland. However, as diversity is in the core of the organization - in its values and brand - many local committees and the member committee are initiating practices that alleviate the possible pitfalls of diversity and in turn enable the benefits of it. Still, it's completely up to the individual leaders and teams how they handle diversity in their local environment.

When one gets to know the theory behind a certain issue or is able to refer to a certain model or framework, it is much easier to lead a nonprofit organization that has a diverse member base. One good example is the identity of AIESEC.

"In a diverse environment the non-profit nature can be a unifying factor. When you have loads of different kinds of people from different fields and from different cultures, the non-profit organization can bring them together. Hence, the non-profit nature of the organization is the basis for getting people to work towards a common aim. (LCP)"

Believing in the role of the organization in the society, sharing the same objectives and understanding the same values seems to unify people who by themselves would be totally different from each other:

"A non-profit can have money but it doesn't strive to have money. It has a really strong belief in something that would affect people's lives. It's driven by belief rather than money. (MC)"

The relationship between similarity and difference is an interesting conundrum. Apparently, you can be both similar and different simultaneously:

"AIESEC is not trying to put people in the same mould but instead encouraging thinking in new ways and developing your own leadership and personality style. No one is left behind because you are different. Actually, most AIESECers feel that before they have been somehow different and

unable to fit in to any environment. These people who felt outsiders before have found their place in this organization. (LCP)"

This shows how well the organizational identity can unify people while still allowing everyone to be who they are. Nonprofit organization needs rewards that are able to compromise the lack of financial incentives. In AIESEC in Finland one key incentive is the personal development: One wants to work for free as long as she sees it is beneficial for one's own development. A key factor in this development is the diversity of people. When one is constantly faced with differing opinions, knowledge and perspectives it poses a challenge to one's own thinking and she needs to find new ways to deal with issues. This kind of environment is much more likely to trigger personal development than one with no challenge and continuous feeling of comfort. Also a common vision seems to be something that empowers people to work in a nonprofit. When people believe that their actions today have overarching effects, not only to themselves but the society at large, they are willing to put more effort in their work. Forming this understanding among the team members and getting to know the people's varying individual motivators are keys to the successful leadership of a nonprofit organization.

5 CONCLUSIONS

This study has shown once again that diversity does pay off. It has also proven that diversity management is not rocket science, but the complicated part is that diversity cannot be directly managed. Thus, linking diversity to emphasizing the intrinsic rewards that can be gained in any well-led organization, and especially in teamwork setting, an organization can actually have many benefits that make a business case. One of them is that the organization in fact saves money because people value the non-financial compensation so high. Another one is that in the teamwork setting diversity and personal development are able to go to new heights, if the leader is able to get to know the people and play her part in the team. Third benefit is the long-term benefit of making the organization a great place to work through valuing and utilizing the diversity so that it represents the global society we live in.

It's time to wrap-up the key conclusions from the interface of theoretical and empirical findings. As the main research question **"How do diversity and its management appear in the teamwork of a nonprofit organization?"** is so broad, answering individually each of the three sub-questions draws the conclusions. This is done looking at the formerly proposed theory and comparing that to the collected empirical data. In the end there is a paragraph outlining the implications for future research, plus managerial and organizational implications.

Let us first see if diversity is able to explain the motives to work in a nonprofit organization. The diversity theory itself doesn't directly propose that the existence of diversity would be a motivating factor. However, there are some clues about it. It is said that the benefits of diversity might include improved morale or team spirit, and employee development (Dass & Parker, 1999). The empirical findings support this: Working in a diverse environment is both more fun and beneficial. The diversity of people was stated to be both an attracting factor for people who want to get into the organization and a motivating factor for the once already working in the organization. It was noted that sole existence or absence of diversity doesn't dictate the success of an organization. If an organization wants to get

the best use of diversity it has to be managed. Diversity management is all about taking proactive steps to build diverse teams and through that improve the results of the organization. In a nonprofit organization the expected gains from diversity management can be either direct double-bottom line objectives or more indirect long-term learning objectives. Many aspects of diversity are included: values, customs, norms, race, ethnicity, age, religion, sexual orientation, and physical limitations. By addressing the bias of people the organization is improved so that in the end diversity management forms a business case - i.e. the organization gets better results. So far AIESEC in Finland has not consciously tried to manage diversity. Some attempts are made on both local and national level, but no common agreement has been made to bring diversity management as part of the leadership of the organization. Then again, wide scale diversity management is out of the scope of an individual team leader: First, the MC should be working to create a common framework for understanding what diversity management is and identify the most critical challenges in the LCs. Secondly, the LCPs should be educated on the diversity management. After this it should be the responsibility of each LCP to carry out the necessary implementation steps in their own LC. (Ivancevich & Gilbert, 2000; Dass & Parker, 1999)

The second question is if teamwork is able to explain the motives to work in a nonprofit organization. Well functioning team does increase a person's commitment to her work. It's a matter of mutual accountability, a facet of teamwork that just emerges - or doesn't. The leader can only ensure that the team basics are in place and that team gets results. All the other characteristics emerge from the team if the conditions are right. The drive and energy come from the team and its communication: No one has to tell teams to work. They just do it. And usually they do it with passion. In a high-performing team the team members are highly committed to each other's personal development and success. It enables consciousness of the objectives, elevates the goals and increases effectiveness in the team. The empirical part of the study supports the theory: People do value the support, feedback and energy they get from other team members. Moreover, it was largely accepted that in team it is possible to get better results than working alone. Finally, team

setting was also seen as a fruitful platform for one's personal development. (Katzenbach & Smith, 1996)

Third question was: "What should be taken into account in teamwork and team leading in diversity and nonprofit setting?" Some of the traits of an outstanding nonprofit include focusing on a mission and striving towards that persistently on both managerial and employee levels, constant improvement through open feedback environment, and leaders that walk the talk - i.e leaders that are role modeling the organization's identity (Werther & Berman, 2001; Drucker, 1992; Steckel & Lehman, 1997). Based on the theoretical and empirical reflection, it is possible to draw out some concrete tips for team leading in a diverse nonprofit setting: **1) Diversity exists in most of the teams and it should not be overlooked.** Usually differences between people can be found by discussing the backgrounds and making use of exercises for mapping out personality teamwork style differences. First step is to ensure the presence of diversity. Second step is to utilize diversity. When utilized well, diversity brings perspective and effectiveness and when disregarded it most likely brings along challenges. **2) Mutual accountability and commitment towards same objectives is born in an equal team.** First thing to understand is that people need other kind of incentives when they are working without a salary. It is the leader's responsibility to find out what these incentives could be for different individuals. The incentives are best delivered through the work itself; so the leader needs to design the teamwork so that it is clearly rewarding for everyone and that each team member can have their say over common decisions. **3) Organizational identity unifies and motivates people.** The main incentive seems to be that the people in the organization understand and are inspired by the organization's purpose and goals. Then volunteering is a matter of honor and can be even more rewarding than a paid job. When personal and organizational goals are aligned, like in the case of AIESEC in Finland, it is naturally rewarding for people to work for the organization. Last but not least, it is vital that people are not only different but there is some kind of unifying factor. In the end, being able to relate to the organizational identity can be just this needed similarity factor.

Important notion of the study is that it is not the non-profit nature of the organization, teamwork or diversity that make a difference, but their linkages. In the end, any of the three factors are poor excuses for explaining the drive and passion found in the case organization, and some other nonprofits. However, together they combine a package that has proven effects on the employee motivation and through that to the organizational goals and results.

It is only so much one can cover in a single thesis. Many questions arose while completing the study. Here are some suggestions for future research and tips for the case organization: 1) How mutually different non-profit organizations are perceived by the people external to the organization and what kind of challenges the stereotypes pose for the management of a non-profit? The idea for researching the implications of non-profit image spurred from the finding that the area of non-profit organizations has grown to entail a wide variety of different kind of missions and needs in society. Still the external environment sometimes categorizes all of them as being money-beggars or somehow leftist "world savers". That's a shame, since at least in the developed countries the non-profits are really professional organizations. 2) How organizational culture links to diversity management, teamwork and non-profit nature? The second suggestion for further research is incorporating the theme of culture with the three perspectives studied here. I was tempted to do so from the very beginning of this research but the scope of study set some limits for what to include. Keeping AIESEC as a unit of analysis might be a good idea, since the AIESEC culture is such a strong factor unifying the individuals, teams, local committees and countries together. Linking to the organizational culture, values and identity are keeping the culture unified. Hence the study of how values and organizational identity could be used as a tool of managing diversity would be widely beneficial for many of the organizations. 3) How good team leadership and diversity management can lead to exceptional innovations? In AIESEC it's not only about holding tight to the core identity of the organization: also continuous improvement is important. Many interviewees saw that diversity in a teamwork setting leads to greater innovation. Hence third suggested research topic is "How diversity management and knowledge management intertwine?" Well-managed diversity seems to create innovation that, in turn, is a

focal aspect in knowledge management. 4) Succession planning on the basis of diversity. Fourth research topic could be “How diversity is taken into account in the succession planning of the organization?” This topic could be interesting both in and outside AIESEC, since many organizations are facing challenges with diversifying their management and finding good successors for the retiring people. 5) How AIESEC alumni could be better utilized by the private sector. The study of AIESEC alumni is out of the scope of this study. However it seems that the companies haven’t yet used the full potential of young people who already have experience and skill of motivating people without monetary rewards. It seems that hiring one of these people is a good investment per se, because the person has the leadership and teamwork experience complete with the needed social skills already when she’s graduating. However, these people also are just human beings and it’s easy for them to learn the existing - usually quite individualistic - approach in the companies, while maybe losing some of the team spirit they once had in a non-profit organization. Hence, I would encourage companies to look into possibilities to recruit these people en masse in order to reap the rewards of the diversity in teamwork they have got used to. 6) The last point for future research deals with the concept of social enterprise. In order to have a growing social impact on society, AIESEC in Finland should take seriously the concept of social enterprise. By engaging to grow towards financial self-sufficiency AIESEC in Finland is able to harness money to bring better social return on investment. When looking internally at AIESEC in Finland, or any nonprofit organization for that matter, the effective team leadership taking into account diversity of people seems to be a key success factor. From external point of view the nonprofit needs to position itself so that it’s able to handle funding, either externally or internally, so that it can have a growing social impact on society. When linking these two perspectives in the concept of social enterprise, the organization can gain benefit from both the drive and passion of the volunteer-based work force and the income it produces.

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