Diversity in the Workplace

"Inspiring Executive Excellence Beyond the Pace of Change"

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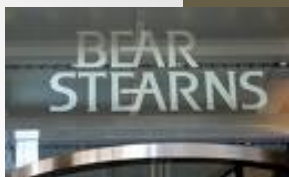
Webinar Objectives

- Why does diversity matter?

- To understand advantages of Cultural Diversity in the workplace

- What is cultural competence?

- To analyze the major causes of cultural difference and change

- To understand cultural guidelines for companies that operate internationally

Blink

Most of us make judgments in <u>less than two seconds</u>….

Many of our conclusions are less rational than we think.

Shift in Perception

What are the Implications of Ethnic & Cultural Diversity on the following?

- ➢ **Domestic & Global Competition**
- ➢ **Workforce Optimization**
- ➢ **Future Growth & Direction**
- ➢ **Innovation & Change**

The Facts

- By 2042, there will be no single demographic majority; people of color will comprise more than 50 percent of the U.S. population.
- By 2050, 1 in 5 people living in the US will be Hispanic.
- There are currently 4 generations in the workplace; soon to be 5.
- Disabilities affect 20% of all Americans.
- Women earn the majority of college degrees awarded in the United States.
- There are an estimated 9 million LGBT individuals in the U.S.
- 1 in 5 workers have experienced discrimination or unfair treatment at work.
- < 50% of employees who experience discrimination will stay; attrition costs 150% of employees' salary.
- Inclusive organizations have the highest employee engagement, which in turn leads to higher performance and productivity.

References: US Census Bureau; The Gallup Organization. *Employee Discrimination in the Workplace, Public Opinion Poll.* December 8, 2015; Sirota Survey.

Notable...

2017 Labor Statistic (U.S. / Europe)

- Workplace conflict results in 22-53% lost productivity.

EEOC

- Average Diversity complaint costs approximately $60,000 (administrative process)
- Up to $250,000 (including settlement/damages).
- 25-40% of workforce attrition rate and 5-20% in lost productivity can be attributed to poor diversity management;
- Turnover costs 75-150% of the replaced employee's salary.

Conclusion: There is a positive ROI for *Diversity & Inclusion.*

What is Workforce Diversity?

- Refers to the similarities and differences among employees in an organization in such characteristics as age, gender, ethnic heritage, physical abilities and disabilities, race, and sexual orientation

What is Workforce Diversity?

(continued)

- Employees' conceptions of work, expectations and rewards from the organization, and practices in relating to others are all influenced by diversity.

- Managers of diverse work groups need to understand how the social environment affects employees' beliefs about work, and they must have the communication skills to develop confidence and self-esteem in members of diverse work groups.

What is Workforce Diversity?

(continued)

- Stereotypes
  - Rigid judgments about others that ignore the specific person and the current situation
  - Acceptance of stereotypes can lead to the dangerous process of prejudice towards others.

- Prejudices
  - Judgments about others that reinforce beliefs about superiority, control and inferiority
  - They can lead to the exaggerated assessment of the worth of one group and a diminished assessment of the worth of other groups.

Defining Diversity

The full spectrum of human differences and similarities, including immutable and mutable characteristics yielding unique perspectives specific to Diversity & Inclusion.
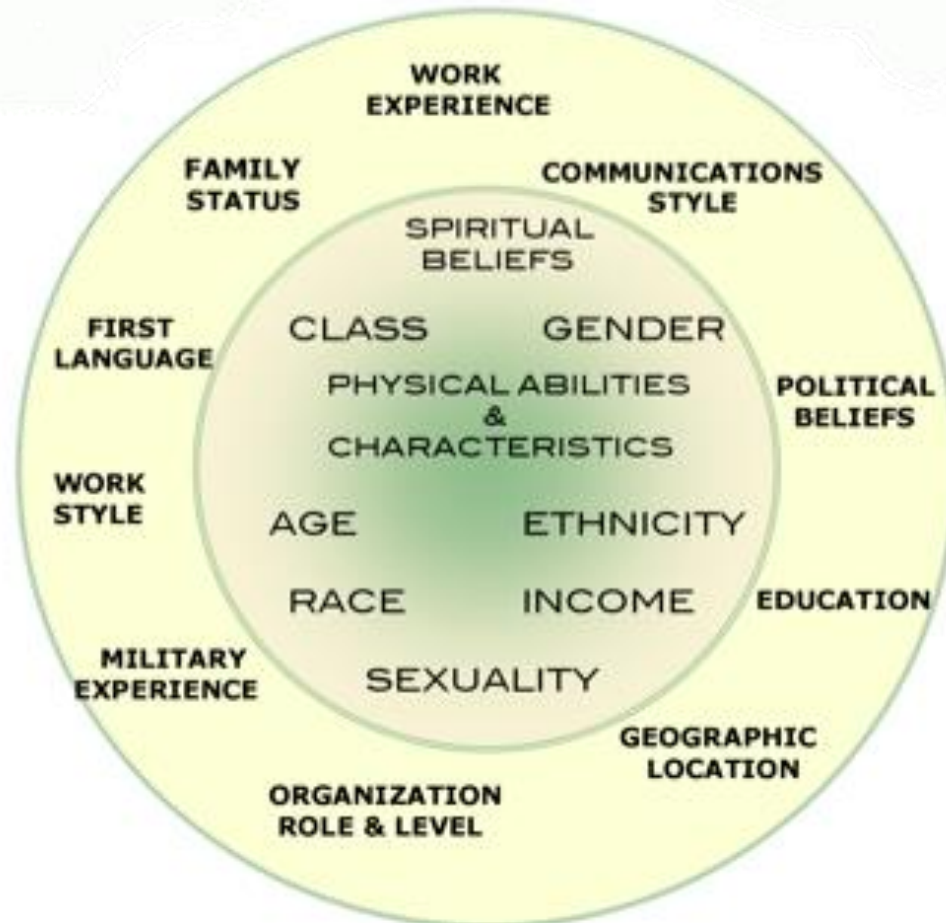
What is inclusion?

- ***Inclusion*** involves bringing together and harnessing diverse forces and resources in a way that is beneficial. Inclusion puts the concept and practice of diversity into action by creating an environment of involvement, respect, and connection—where the richness of ideas, backgrounds, and perspectives are harnessed to create business value and overall success.

Inclusion: →

"Making the Mix Work"

Defining Inclusion

Inclusion is the process of valuing all individuals and leveraging their diverse talent, not *in spite* of their differences, but *because* of them.

Inclusion requires a conscious effort to involve all human resources in the fabric and mission of the organizations as a critical *value add*.

Core Understanding

Diversity is "…all the ways in which we are similar and all the ways in which we differ."

-- Dr R. Roosevelt Thomas, Jr.

Inclusion is leveraging the diversity in our workforce to achieve full participation and optimum performance; it empowers differences rather than suppressing them.

The Nature of Diversity in Organizations

- In general, diversity is thought of as relating to gender, racial, and ethnic differences in the workforce.

- Actually these terms refer to a mixture of items, objects, or people characterized by differences and similarities.

- Also...Diversity of thought...

The Nature of Diversity in Organizations (continued)

- Reasons for increasing diversity in the workforce:
  - As the job market changes in response to economic conditions, it becomes increasingly important to find the best talent and then engage them to best serve the organization.

  - More companies are focusing their marketing efforts on the increasing buying power in the minority markets. A diverse, or segmented marketing effort requires a marketing team that represents the markets being targeted, and/or, who have the emotional intelligence to connect with others who offer a different POV.

The Nature of Diversity in Organizations (continued)

- Reasons for increasing diversity in the workforce (continued):
  - More companies are seeking to expand their markets around the world, requiring more diverse thinking to effectively reach global markets.
  - Companies seeking to achieve a global presence via expansion inevitably go through a period of consolidation to reduce duplication of efforts around the world and to capitalize on the synergies of cross-border operations.

Global Workforce Diversity

- Global Phenomenon
  - Workforce diversity is increasing more dramatically in Europe (than the U.S.), where employees have been crossing borders for many years.
- The Value of Diversity
  - Workplace diversity has become an increasingly important issue in the last few years as employees, managers, and the government fully recognize that the composition of the workforce affects organizational productivity.

Global Workforce Diversity

- Benefits of Valuing Diversity
  - Valuing diversity means giving preconceived notions.
  - It is not just the right thing to do for workers; it is the right thing to do for the organization, financially and economically.
    - Overall, the organization wins when it truly values diversity because it encourages a greater sense of teamwork and a deeper commitment to the organization and its goals.
    - Valued workers in diverse organizations experience less interpersonal conflict because employees understand one another.

What does the research show?

Diversity Research Network

* Workforce diversity is positively associated with **higher business performance outcomes.**

* Racial diversity is positively associated with higher performance in organizations **that integrate and leverage diverse perspectives**.

* Gender diversity is positively associated with more effective group processes and performance in organizations **with (*inclusive*) people-oriented performance cultures.***

Center for Creative Leadership

* Diverse teams are more creative and perform better in problem solving than homogeneous teams.

* Diversity in workforce and processes results in better decision-making.

* The effects of diversity are highly dependent on the presence of facilitating or inhibiting conditions in the organization; **absent facilitating conditions (*inclusion*) the aforementioned outcomes are reversed.**

Conclusion: *Diversity without Inclusion will not work*

* *The Effects of Diversity on Business Performance: Report of the Diversity Research Network*, October 2016.

Systems that Influence Organizational Inclusion

Changing an organizational culture requires re-engineering business processes and deconstructing silos.

True inclusion will drive organizational performance
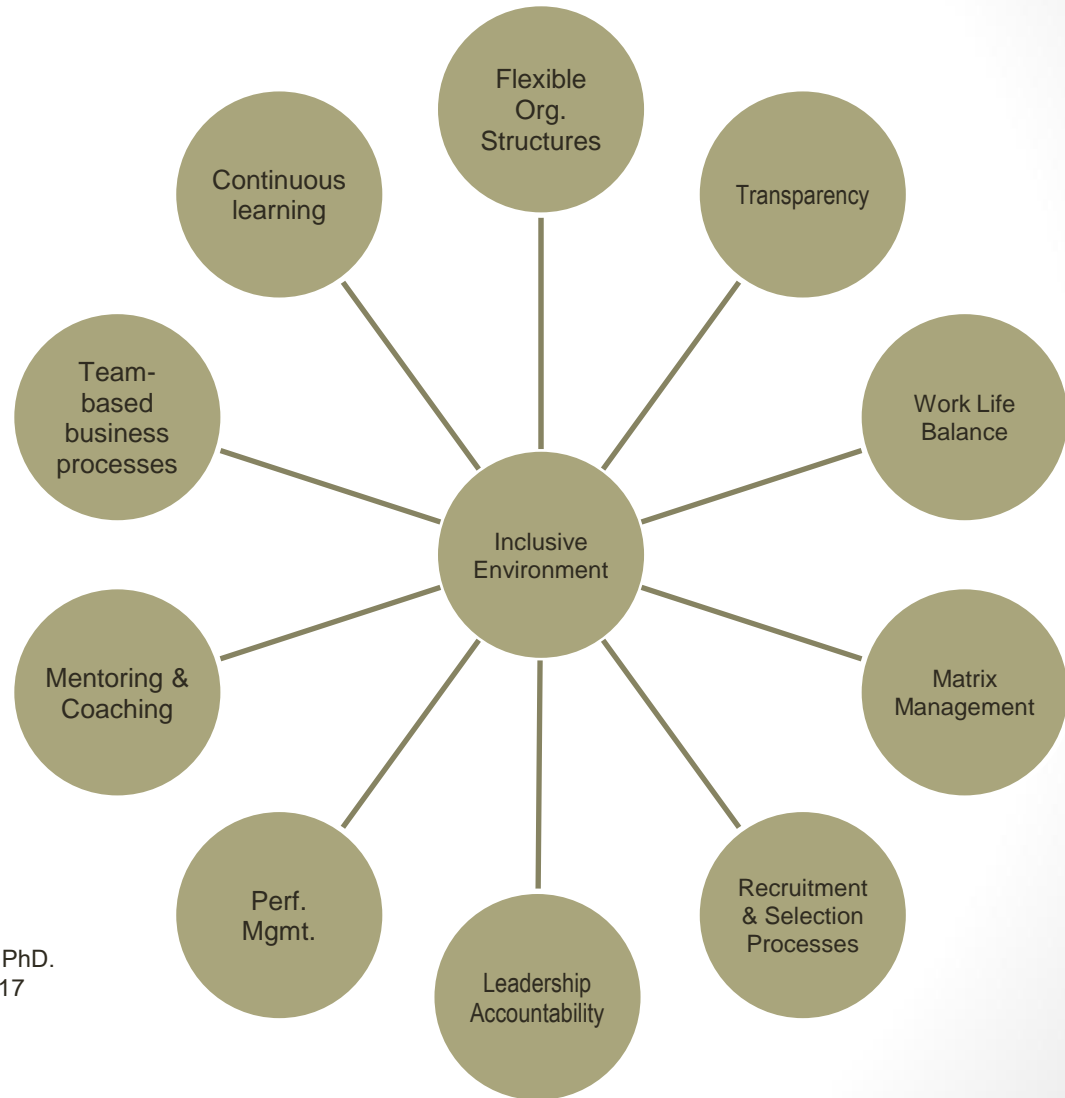
Current State

The Bureaucratic Model

▶ Hierarchical

▶ Chain of Command

▶ Controlled Communications; need to know

▶ Linear business processes

▶ Self-reinforcing maintenance of status-quo

▶ Convergent thinking and decision-making

▶ *"Heroic"* Leadership and Accountability*

*David Bradford and Allen Cohen, *Power Up – Transforming Organizations through Shared Leadership.* Wiley & Sons, New York, 2016.

Desired End State

The Inclusive Model

▸ Flattened organizations

▸ Empowered contributors

▸ Continual, transparent communications; knowledge is empowering

▸ Matrix Management

▸ Innovation and creativity rewarded

▸ Divergent Thinking; open-ended decision process

▸ Shared Leadership and Accountability*

*David Bradford and Allen Cohen, *Power Up – Transforming Organizations through Shared Leadership.* Wiley & Sons, New York, 2015

Potential benefits of diversity & inclusion

- Competitive edge through improving customer service

- Larger market share

- Cost savings through increased retention rates

- Larger pool of talent

- Committed and flexible workforce

- Meeting employee expectations

- Responding to social and demographic changes

Potential Gains

- Improved company culture
- Improved retention/ recruitment
- Increased commitment / loyalty from staff
- Improved staff morale
- Lowered staff turnover
- Better understanding of business

Multiple stakeholder benefits

Employee

- Creativity
- Innovation
- Fun at work
- Greater employee satisfaction
- Teamwork
- Conflict avoidance
- Fewer complaints and grievances
- Reduced stress, sickness, absenteeism

Employer

- Increased productivity
- Quality improvement
- Customer friendly
- Increased market opportunities
- Access to talent
- High Performance
- Bottom line, shareholder value, revenue
- Employer of choice
- Reputation & brand

Business Case - Example

- The Dove soap marketing campaign underpinned by a clear diversity philosophy and message is estimated to have resulted in a 700% increase in sales for Unilever.

- TNT calculates that the effective management of diversity and inclusion has resulted in the reduction of staff turnover from 25% in 2000 to 10% in 2003 with a similar reduction in absenteeism.

- Royal Mail in the UK estimates that it has achieved savings of £7Million from the introduction of anti-bullying and harassment policies.

Same dynamic occurs in the way we:

- Recruit people
- Mentor employees
- Assign projects
- Offer training opportunities
- Listen to people's ideas and suggestions
- Interact with colleagues

- Make promotional choices
- Give performance reviews
- Decide organisational policy
- Conduct marketing campaigns
- Treat customers

Global Businesses

- Types of global businesses:
  - Global corporation
    - MNE (multinational enterprise) or MNC (multinational corporation) with extensive business operations in more than one foreign country
  - Transnational corporation
    - A global corporation that operates worldwide on a borderless basis

Degree of Cultural Differences

Cultural Distance

When a company moves within a cluster of culturally similar countries, it should expect to encounter fewer cultural differences and to face fewer cultural adjustments.

Cultural Friction

A business interaction may be viewed negatively because of possible changes in power relationships and the sovereignty that sets countries apart.

Company and Management Orientations

- Polycentrism
  - belief that business units in different countries should act like local companies

- Ethnocentrism
  - conviction that one's own culture is superior to that of other countries

- Geocentrism
  - requires companies to balance knowledge of their own organizational cultures with both home and host country needs, capabilities, and constraints

Culture and Global Diversity

Culture

- The shared set of beliefs, values, and patterns of behavior common to a group of people

Culture shock

- Confusion and discomfort a person experiences in an unfamiliar culture

Cultural intelligence

- The ability to adapt and adjust to new cultures

Ethnocentrism

- Tendency to consider one's own culture as superior to others

Ethnocultural Empathy

- Does <u>not</u> feel irritated when people of different ethnic or cultural backgrounds speak their native language around them

- Not difficult to put themselves in the shoes of someone from another culture.

- Can easily understand what it would feel like to be a person from a different culture.

- When dealing with people of a different ethnicity or culture, understanding their viewpoint is a top priority.

- Thinks about the impact of jokes on people who are targeted.

Cultural Collision

- Occurs in international business when:
  - A company implements practices that are less effective
  - Employees encounter distress because of difficulty in accepting or adjusting to foreign behaviors

What should go right and what can go wrong in MNC-host country relationships

What should go right in MNC host-country relationships

Mutual benefits

Shared opportunities with potential for
- Growth
- Income
- Learning
- Development

What can go wrong in MNC host-country relationships

Host-country complaints about MNCs

- Excessive profits
- Economic domination
- Interference with government
- Hire best local talent
- Limited technology transfer
- Disrespect for local customs

MNC complaints about host countries

- Profit limitations
- Overpriced resources
- Exploitative rules
- Foreign exchange restrictions
- Failure to uphold contracts

Cultural Contributors

- Spoken and Written Language
- Silent Language
- Distance
- Time and Punctuality
- Body Language
- Prestige

Body Language Is Not A Universal Language

United States
It's fine

Germany
You lunatic

Greece
An obscene
symbol for a
body orifice

France
Zero or
worthless

Japan
Money,
especially
change

Strategies for Instituting Diversity Awareness & Change

- Value Systems
- Cost-Benefit Analysis of change
- Resistance to too much change
- Participation
- Reward Sharing
- Opinion Leadership
- Timing
- Learning Abroad

Chickering's Seven Vectors:
7 Developmental Tasks

1. Developing competence
2. Managing emotions
3. Moving through autonomy toward interdependence,
4. Developing mature interpersonal relationships
5. Establishing identity
6. Developing purpose
7. Developing integrity

What is Cultural Competence

A set of congruent knowledge, attitudes and behaviors that enable persons from one culture to understand, communicate, operate and provide effective services to people of another culture.

Multiple sources

Cultural competence

- Cultural knowledge
- Cultural awareness
- Cultural skill
- Cultural encounters
- Cultural desire

- Campinha-Bacote

Developing Mature Interpersonal Relationships

- Tolerance and appreciation of differences

- Acceptance is both intercultural and interpersonal. Openness for the understanding of a person for what qualities they possess, instead of stereotyping, is an increase in tolerance.

Chickering & Reisser

Cross cultural competence

- Developing an awareness of one's own culture, existence, sensations, thoughts, and environment;

- Accepting and respecting cultural differences;

- Resisting judgmental attitudes such as "different is not as good;" and

- Being open to cultural encounters;

- Being comfortable with cultural encounters.

"The Purnell Model for Cultural Competence"
Journal of Multicultural Counseling and Health
Summer

Cross Cultural Competence includes:

- Willingness to Engage
- Cognitive Flexibility & Openness
- Emotional Regulation
- Tolerance of Uncertainty
- Self- Efficacy
- Ethnocultural Empathy.

Developing competence is a process

- Cultural competence is not acquired quickly or casually, rather it requires an intentional examination of one's thoughts and behaviors.

- The first step toward becoming culturally competent is realizing that you probably aren't.

"Cultural Competence in the Biology Classroom" Kimberly Tanner & Deborah Allen

Developing competence is a process

1. <u>Acceptance</u>: Individuals may still judge other cultures negatively but they will tend to recognize that cultures are different and they may become curious about cultural differences

2. <u>Adaptation</u>: Individuals gain the ability to adapt their behavior by intentionally changing their own behavior or communication style.

3. <u>Integration:</u> this stage, individuals instinctively change their behavior and communication style when interacting with other cultures. This stage tends to only be achieved by long term expatriates living and working abroad or *Global Nomads*.

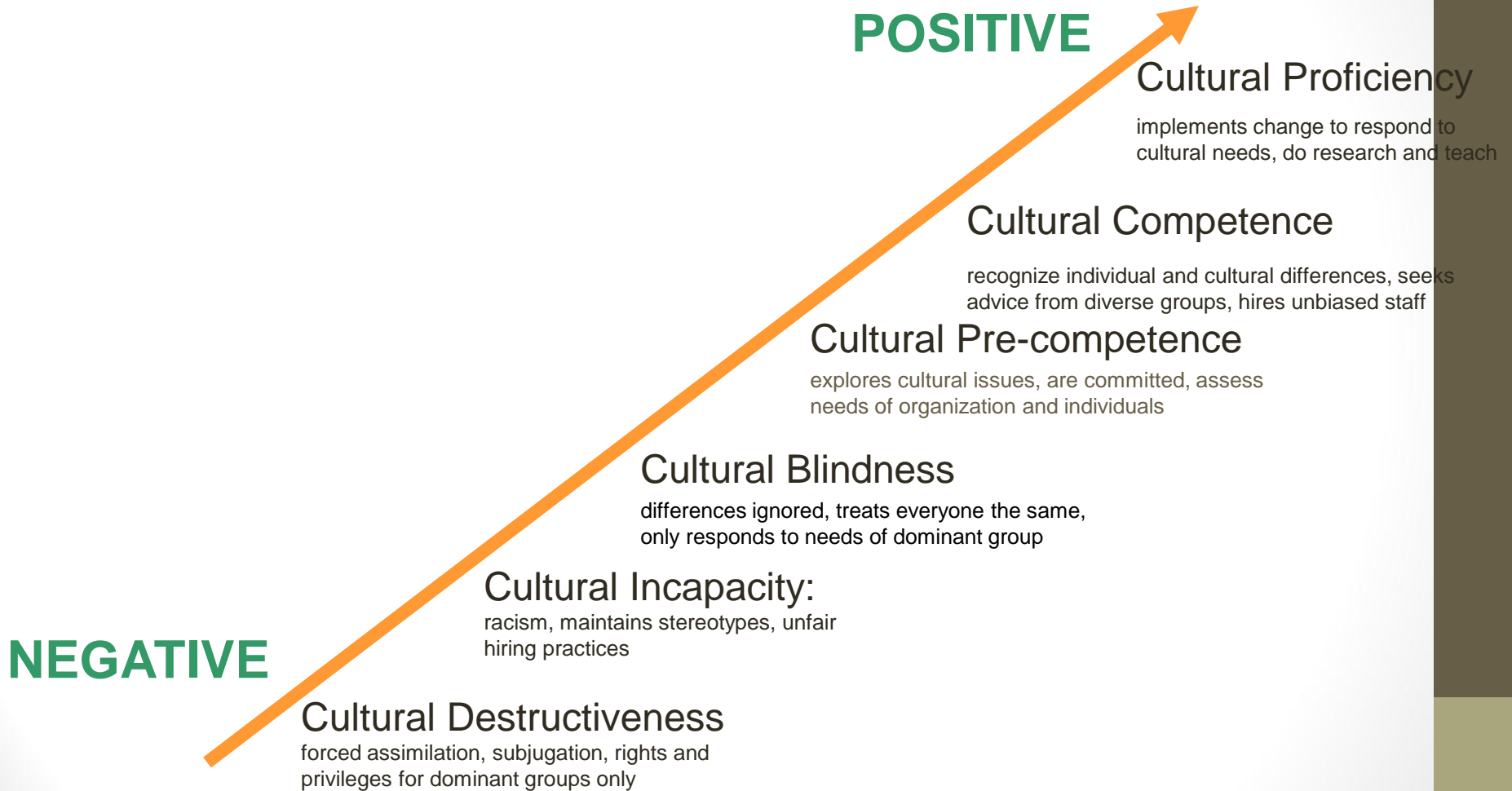# Cross Cultural Competence includes:

Having the capacity to:

- value diversity

- conduct self-assessment

- manage the dynamics of difference

- acquire and institutionalize cultural knowledge

- adapt to the diversity and cultural contexts of individuals and communities served.

How do we get there?

Begin with Cultural Competence – Where are you on the continuum?

POSITIVE

NEGATIVE

Cultural Proficiency
implements change to respond to cultural needs, do research and teach

Cultural Competence
recognize individual and cultural differences, seeks advice from diverse groups, hires unbiased staff

Cultural Pre-competence
explores cultural issues, are committed, assess needs of organization and individuals

Cultural Blindness
differences ignored, treats everyone the same, only responds to needs of dominant group

Cultural Incapacity:
racism, maintains stereotypes, unfair hiring practices

Cultural Destructiveness
forced assimilation, subjugation, rights and privileges for dominant groups only

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How do we get there?

Business Process Reengineering

Leadership Mindset:

▶ Recognize your bias; Harvard Bias Impact Analysis Test
▶ Challenge assumptions; reduce "confirmation bias"
▶ Open mind to new, untested notions; consider alternative
▶ Power and accountability must flow down; *"flip the pyramid"*
▶ Sharing power does not= abdicating responsibility

Business Processes:

▶ Design processes to yield more than one solution
▶ Use interdisciplinary teams; encourage divergent thought
▶ De-construct silos; employ matrix management
▶ Don't fear creative tension; all constructive conflict
▶ Align personnel rewards systems accordingly

Cognitive Flexibility & Openness

The ability to be flexible in one's approach is expected to allow an individual to solve a range of problems in complex and dynamic situations, which is tantamount to mission success.

- Gompert, Lachow, & Perkins

Conclusion

- Diversity & Inclusion enhance performance and productivity; they are *business, economic, and social* imperatives.

- Diversity should be *broadly* defined, including but not limited to legally protected groups; diversity of *thought* is rooted in our race, gender, and ethnicity.

- Cultivate diversity of thought and constructive dissent; encourage dissent, not suppress it

- Move away from insisting on consensus; move toward open debate and more diverse views

- Align Diversity & Inclusion strategies with business goals and processes; inclusion is critical.

- Intolerance to diversity breeds *disastrous and costly* results; agencies must first guarantee equity in the workplace before diversity and inclusion can thrive.

2018 Leadership Webinar Series

- March 22 The Link Between Emotional Intelligence and Success
- April 26th – C.A.P.T.U.R.E. Communication Effectiveness
- May 24th – Workplace Diversity—Valuing the Individual
- **June 28 - Creating a Culture Based In High-Trust**
- July 26th – Networking & Relationship Building
- August 23rd – Delegating in a New Economy
- September 27th – Conducting Difficult Conversations
- October 25th – Your Personal Brand
- November 29th – Tier Networking: Call-Send-Call

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Conclusion

- ⦿ Know your audience
- ⦿ Communicate to Understand
- ⦿ Build credibility & trust
- ⦿ Remember:
    - ➤ Alignment: Vision, Mission, Values & Goals
    - ➤ Commitment to Excellence
    - ➤ Clarity of Intent
    - ➤ *"Big Picture"*

Thank You!

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