INTERVIEWS ON DIVERSITY MANAGEMENT

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Vienna, September 2009

Pictures from the anti-discrimination campaign in the Netherlands
www.discriminatie.nl

1. Introduction

The purpose of my practicum was to get more insight in diversity management in different organizations and institutions. The questions I was interested in were:

- What does diversity management mean in this organization or institution
- What are the differences that make a difference
- What tools are used to manage diversity
- Success factors and lessons learned

Overall I conducted 20 free form interviews with professionals from multinational companies, universities, training organizations and healthcare institutions in Austria and the Netherlands. As the interviews have been with a small and diverse group of people, there are no 'general' or 'overall' conclusions. It was difficult to find a 'red threat' as the interpretation and understanding of diversity varied widely between the people I interviewed and the organizations that they work for.

My report is therefore a personal reflection on the items from the interviews that I found interesting, or that were new to me. As I wanted open conversations I promised not to mention the names of the organizations or the names of my interview partners. The overview in the annex therefore only lists type of company and role of the person interviewed.

The paper is set up as follows:

- Main findings – what did I learn?
- Summaries of the interviews
- Appendices with overview of questions an overview of parties interviewed

2. Main findings: what did I learn?

It was hard to make a comprehensive summary of my interviews. My main observation is that diversity is diverse! Many different elements influence what diversity means to an organization or an individual. A person's gender and personal experience are important, the local situation and corporate culture are also a major influence and the specific challenges faced by an organization, an individual or a group in society will also impact what is understood with diversity.

In short, the most interesting elements from the interviews were:

A. Two worlds that do not meet: The definition and content of diversity management differs widely between the corporate world and the not for profit organizations;
B. Diversity is not a goal in itself: it has to be clear how the organization and its employees will benefit from diversity management;
C. Lack of accountability: Though numbers are important, especially in the corporate world, accountability is a sensitive issue with regards to diversity;
D. Culture is important: Corporate and country culture impact what elements are considered important, and how diversity management can be successfully implemented;
E. Equal treatment does not mean equal opportunities; often diversity management is thought of as treating everyone equal. But it is about creating equal opportunities, and this requires a differentiated approach for each target group;
F. Difference between individuals in sensitivity to diversity issues: each interview partner felt the need for diversity management differently. Gender, ethnicity and personal experience determine the awareness of what barriers minority groups face.

Below each bullet point is explained in more detail.

A. Two worlds that do not meet

What organizations mean with diversity varies widely, as well as the way diversity management is implemented. My impression is that in the corporate world (multinationals) the main themes in diversity management are gender and nationality. For healthcare institutions and (semi) government bodies, ethnicity and gender seem to be the most important differences that make a difference (ethnicity more in relation to health issues and gender on the organizational side).

The biggest distinction seemed to be that companies and government departments dealt with diversity issues of groups that have already 'passed' some diversity hurdles: (academic) education, language skills, ability to find and apply for jobs etc. The issues in healthcare and not for profit organizations are more linked to giving people access to (parts of) the society and helping them deal with the challenges they face there.

An example of a project to overcome barriers is one that is sponsored by the foundation I visited. This project that gives students, often from disadvantaged situations, access to internships and jobs through weekend workshops and seminars, where volunteers from companies come to talk and meet students.

B. Diversity is not a goal in itself

For all people I interviewed, diversity is a fact in the work environment and in society. Most of the managers interviewed worked in international teams and they all felt that this diversity leads to more creativity, better decisions, and thus a more profitable bottom line. But these managers also felt there is a limit to how much diversity you can manage. To be successful, you need to know what diversity indicators are relevant for your business and focus on these targets.

Most for-profit organizations make a business case before implementing diversity. Diversity management can only be successful if there is a compelling case that the (longer term) profitability of the company is positively affected. In healthcare, it is insurers who see that the medical costs of certain groups in society are increasing due to a lack of appropriate service. Their goal is reducing costs, and diversity management is a tool to reach that target.

C. Lack of accountability

Accountability with regards to diversity indicators is still a sensitive issue. Some companies have communicated diversity targets externally, usually the number of women in senior management, or the number of nationalities in senior positions. But few of them have linked these corporate goals to personal targets or compensation. In healthcare and governmental institutions there are also no direct links between the overall diversity goals and individual or team performance indicators. The difficulty of defining 'hard & measurable' targets also limits the options of accountability.

In healthcare this might be changing. Insurers pay the bill for failing medical services to certain groups, and in the Netherlands they are asking for transparency and accountability of the hospitals and other healthcare providers. The doctor I interviewed said that the only way to create change is to have strong motivators: exams for students and money for the doctors (which works through the insurers).

D. Culture is important

Another striking point is the importance of corporate/institutional culture. First of all, it determines how diversity is managed. One organization chooses for an extensive communication campaign to raise awareness, whereas another organization focuses primarily on recruitment and career management tools to reach its targets. Success of a diversity initiative seems to be linked to how well it is aligned to the institutional culture.

What is more important about the corporate/institutional culture with regards to diversity is how it impacts the hiring and success of (new) employees. Most interview partners saw the fit with the corporate culture as one of the most important elements in being effective, and most of them felt that this was more important than for example gender or nationality. There seemed to be little awareness on how the corporate culture could be an (invisible) inclusion or exclusion mechanism for specific groups.

Diversity management is also impacted by differences between countries or regions. For example, In the Netherlands, the number of women in senior roles is very low. Many women opt for part-time work and as a result they do not get promoted to management positions (or are not willing to take on these roles). Gender initiatives focus on keeping women between their 30-40s on board, the age range where they tend to opt out.
In many Central and European countries there are many women in senior management positions. However, only their male counterparts seem to be internationally mobile, and thus able to advance their careers in international companies. Enabling women to move internationally might be a focus in these countries.
Diversity management in international organizations needs to reflect these differences.

E. Equal treatment does not mean equal opportunities

In general, the people interviewed thought of themselves as treating everyone equal, and not being (consciously) biased against certain groups. However, they did not realize that equal treatment does not mean giving everyone the same chances.

The diversity trainer I interviewed gave a good example of this. A law firm used a standardized questionnaire as one of its selection tools. The implicit assumption was that by giving all applicants the same questions, the process would give them equal opportunities. One of the questions asked if the applicant lived with his/her parents or alone. The answer is interpreted according to the (cultural) values of the interviewer, usually someone from the dominant group. In the Netherlands, living with your parent when you have graduated from university is seen as being dependent on your parents, and is evaluated negatively.

For many people from a different (ethnic) background, living alone is unacceptable for their families (and financially difficult). They will leave the parental home later. However, they are usually very independent as many of these children have been interpreters for their parents as of a young age, and have had various jobs to finance their studies.

F. Differences between individuals in sensitivity to diversity issues

It seemed to me that the interview partners from an outside group (women, ethnic minority) were more open to diversity issues. They understood more quickly the concept of 'invisible' and unconscious' exclusion mechanisms, as they have been confronted with them more often than the 'traditional white male'. An example of such an exclusion mechanism is how one evaluates the way a candidate is dressed, or the accent used when someone talks, or the way someone expresses feedback or ambitions. Without being aware of it, people have negative or positive associations and as a result give a more positive or negative evaluation. Another example that has been widely researched and publicized, is how the difference in the way man and women express their ambitions and promote themselves in organizations has a negative impact on women's careers and salaries.

3. Summary of interviews for-profit organizations

<u>What does diversity management mean in this organization or institution?</u>

Diversity management is seen by all larger organizations as a must. All companies want to attract and retain the most talented staff, but the pool from which candidates are usually sought is shrinking. More and more companies recognize the differences in work approach, not only between gender and employees with different nationalities. Generational differences are having an impact too. Increased creativity and better solutions were also often cited. Another reason for implementing a diversity policy is the increased awareness on the diversity of the customers. One HR manager gave the example that at their customers, more than half of the decision makers are women whereas the sales force consists only of men. Companies want to reflect the diversity of their client base in their own staff.

<u>What are the differences that make a difference?</u>

Most companies focus on two or three dimensions. Gender and nationality are the ones mentioned most often, also because they are easy to measure. One HR manager remarked that "'*personality should be part of diversity management, as it is the biggest source of difference*". Another HR manager initiated a project that allowed staff to get to know colleagues from other departments and learn about the requirements for their jobs. By raising awareness on differences between roles and personalities, the acceptance of differences in general increases, according to this HR manager.

One company has a very broad view on diversity and sees diversity as having a certain mindset and skills: *"we recognize that diversity is more than hiring people of various race, ethnicity, gender, age, sexual orientation, physical abilities and personal philosophies. It's about creating an inclusive corporate environment…."*. The company encourages employees to get involved: *"Learn about yourself: engage in continuous learning; understand your attitudes and behaviors; identify personal assumptions and beliefs; deal with biases you have."*

What tools are used to manage diversity?

A. **Business case and Diversity organization:** Before implementing a diversity policy, the companies made a business case to show the impact on the bottom line. The implementation was top down. Most companies have a diversity council with representatives from the businesses and members of the managing board. If there is a diversity manager, she (I have met no men in this role) reports into HR. The diversity staff is limited as all companies feel that the business should take responsibility; it should not turn into a HR project, or remain in head office.

B. **Training:** few companies offer separate diversity training, but the issue of diversity is included in leadership training. In these trainings there is more and more emphasis on 'authentic leadership', which supports a more accepting and open culture. Many companies offer intercultural training, either as a separate training or as part of leadership training. This also increases awareness on similarities and differences between people or groups of people.

C. **Recruitment and Career management** are important tools: all companies strive to attract and retain the best candidates. In general, interviews and performance appraisals focus on the person's achievements, skills and behaviors. The emphasis on skills and capabilities is leading to more diversity, and standardization of expected behaviors and capabilities lead to more objective discussions.

   One diversity manager said that as a result of more awareness on differences, she saw a trend in hiring interviews to look beyond the obvious, and look at other experiences that could be valuable for the company. In addition, this company changed their internal promotion scheme, moving from a centrally, headquarters driven system to one where the various business units selected their own candidates. In addition an open job application system was rolled out, enabling all staff to see what functions are open worldwide. As a result the number of non-Dutch senior managers increased in a short period from 12 to 20%.

   The corporate culture is very important, both in hiring decisions and in performance appraisals. Everyone interviewed referred to their specific 'way of doing things here'. Examples given were how to effectively work in an international matrix organization, or the emphasis on entrepreneurship at another company.

The culture is hard to define and managers use their 'gut feel', in addition to skills and behaviors, to assess whether a candidate would fit in. If and how this culture might exclude suitable candidates and limit diversity, is not something people are aware of.

D. **Performance indicators and accountability** Most organizations are hesitant to set specific targets for recruitment of certain groups. Some have overall corporate targets, usually for gender and nationalities. None of the people I interviewed had personal targets. Some countries already accept diversity targets as part of individual performance indicators, in other countries the targets are 'softer'. Most companies use employee satisfaction surveys as one of the success indicators of their diversity approach, in addition to 'hard' numbers on easier to measure indicators like '# of women' and '% international managers'

E. **Policies:** even companies without a formal 'diversity policy' have policies in place that support diversity. Most companies have work/life balance projects, opportunities for part time work (mainly for women) and sometimes programs for older employees. Most managers remarked that part-time opportunities at more senior levels are rare. Everyone agreed that these policies should be managed locally to comply with local laws and needs.

F. **Communication**: almost all companies have information on their website on their diversity effort, aimed at potential candidates, employees, customers and the general public. Internal communication varies widely. Two companies have set up extensive internal communication campaigns to raise awareness on diversity issues. Another firm felt that 'walking the talk' is more effective than an extensive internal communication campaign, and decided against large-scale communication.

<u>Success factors and lessons learned</u>

A. Develop a sound **business plan with group performance indicators**: in corporate environments numbers count. People need to be convinced of the economics of diversity, and performance indicators need to be defined. It has to be clear how diversity positively impacts the profitability of the company and its longer-term viability. The business case has to link diversity to the business strategy and company goals.

B. Not only focus on gender as a dimension, as this polarizes too much, but **include other dimensions** as well. Age is a good measurable performance indicator, as is nationality.

C. Strong **support from the CEO**/managing board and **budget**: in all companies with a diversity initiative, the CEO and board members actively support diversity. Usually the CEO is part of the diversity council, and board members sponsor internal employee networks. Senior management has to 'walk the talk' by appointing senior managers from the target groups. Together with the (moral) support, a budget has to be allocated for internal and external communication, policy development and training.

D. **Tailored (local) approach:** Almost all of the people interviewed felt that a successful diversity effort needs a tailored approach, also in global organizations. Some countries are more advanced than others, and you need to take that into account. Local ambassadors / diversity champions should lead the process, and each BU or country should define how it will meet the targets defined by the company. Most managers felt there was a difference between head office, which usually has a more diversified staff, and local branches, where there is less diversity and thus also less awareness on the issue.

E. **Well functioning (global) networks:** networks for women, minorities, young professionals etc. help push the diversity initiative further, and they come up with useful diversity projects. Some companies have mentoring or coaching programs for specific groups, usually the high potentials and women.

F. **Use diversity champions:** find in each country and business unit (senior) local champions who believe in diversity, sponsor projects and are able to engage staff. A remark that was often made was "*focus on the ones that support diversity and will actively help you, and ignore the nay-sayers, as they will never be on board*"

G. Diversity has to become **mainstream**: it should not remain only in HR, but has to be accepted and implemented throughout the organization. HR should be the facilitator, but the businesses need to drive change.

H. **Set people up for success**: Many companies want to make quick progress by appointing managers from the under-represented groups in homogeneous management teams. The newly appointed manager is usually not supported nor coached for this role, and the 'receiving' management team has also not been prepared for the change. In addition, expectations are high. In these situations, few managers will manage to succeed. Successful change requires a process on both sides, enabling all involved to bridge gaps and understand the similarities and differences in management approach. Managing expectations is also important, as changing a mindset takes a long time.

I. **Inspire**: People need to be inspired. A business case might inspire some; others are more moved by ideology. You need to make sure your message makes clear the 'what's in it for me' for employees, and that you appeal to a diverse audience.

<u>Other remarks:</u>

Most corporate interview partners worked for companies that are either a subsidiary of an American company or had subsidiaries in the US. All interviewees underlined the difference in approach between the US and Europe, both positive ("*when Americans go for something, they get things done fast*" to more critical comments ("*Our European management team is more diverse and inclusive than the American one, and being open to differences is part of our history*"). The diversity managers were overall more positive on the US approach than HR or line managers. The US seems to set the agenda for diversity, and Europe follows later.

One HR manager remarked that companies have a small role in the overall diversity issue, society needs to change and governments have to be proactive in leading the transformation. This is especially true for issues related to age (pension schemes and labor laws) and ethnicity (education and immigration laws).

4. Summary of other interviews

The other interview partners worked in the not for profit sector, all in the Netherlands as I did not have any Austrian interview partners in this area. Diversity issues were more related to ethnicity and social class. The summary below lists the most important observations

Medical professionals

Limited knowledge on what dimensions play a role

The medical world as well as the media tends to blame differences (in health) between groups of people on differences in (national) culture. This is a simplification of the issue, as it would imply that if you adapt to the dominant culture these differences would disappear. This is not true. Culture makes a difference, but there are other dimensions that have an important influence as well. Medical professionals need to understand all the dimensions if they want to successfully treat a patient.

The patients that have the most difficulties in getting appropriate healthcare are the ones that have little self-management and low knowledge or insight. They have difficulties following the instructions from a doctor and as a result treatment is less effective. Conceptual abilities are key, and not culture, ethnicity etc.

In psychosomatic care there is some attention for cultural differences, but the assumptions are based on individual observations and not on scientific research. “Moroccan patients need family therapy because they come from a collective oriented culture”. More research needs to be done to validate these assumptions and to determine which treatments are effective with certain groups and which are not. Some psychologists resist the focus on ethnic groups as they see psychology as a very inclusive profession, with differentiated diagnosis and treatment for every individual. They do not see a need for an ‘ethnic’ approach. But there are successful programs for specific groups like women and gays, so why not for ethnic groups.

The assumptions behind more research is that by increasing knowledge on how to diagnose these groups, the attitude and the treatment of these patients will change as well. Medical students should learn about illnesses that are more common with certain ethnic groups. The medical exams need to include questions on these diseases; otherwise students will not take the subject serious.

Lack of service orientation prevents innovation with regards to diversity

Dutch healthcare professionals (especially doctors) do not see themselves as service providers. For many, patients should be grateful for getting treatment. Most doctors are unaware of differences in health issues and effectiveness of treatment between groups (ethnic or social), and are not able to service patients that are different from what they have been taught in university.

The nursing staff is usually of mixed ethnic descent, but this is not represented in the management positions. Due to the age build of the medical staff, it will take a very long time to mirror the diversity of the patients in the doctor's pool at hospitals with a large share of immigrant patients.

Health practitioners are made aware of cultural differences. This happens usually at the level of customs and practices. For example, in the care for newly born babies and their families, staff is made aware of different traditions around birth, and is asked to respect these as long as the health of the baby and mother is not at stake. However, there is a big risk of confirming or building stereotypes with this type of intercultural training, and it again poses the risk of narrowing all differences down to culture.

Rising healthcare costs might offer opportunity for more diversified approach

Due to increased attention from insurers on the costs and effectiveness of healthcare, hospitals are now focusing more on diversity. Together with a large Dutch insurer, a group of medical professionals is developing a 'migrant friendly hospital' label. If doctors will feel the difference in service levels in their income, they might be more inclined to change. The latter will take some time, as measuring outcomes is still too controversial. The project initially focuses only on processes.

Dutch patients are also getting more freedom in choosing their healthcare providers. Increased competition will also push the diversity effort. In some hospitals in the bigger cities, over 50% (sometimes even 70%) of patients are of non-Dutch descent.

To illustrate his point, the doctor I interviewed compared the situation of health insurance with car insurance. Suppose your fully insured Renault breaks down, and you go to the garage to get it fixed. When you arrive at the garage the mechanic says that it is very unfortunate, but he cannot repair your car even though you are insured, as he does not know anything of Renaults. The Dutch health system currently is the same: you are insured, but the doctors cannot help you if you are a different 'brand'.

Political situation in the Netherlands adversely impacts change

The political debate on issues relating to ethnic minorities in Dutch society is deteriorating. The public opinion is polarized, and institutions and government bodies that should take a leading role in research and funding of projects, do not dare to come near projects related to (some) ethnic minorities. This slows down the progress in this area.

Diversity professional – Dutch Foundation

The fund's mission is to empower people in disadvantaged situations, and to contribute to the quality of society. Most grants in the area of diversity are to stimulate awareness of and respect for others. Focus is not (necessarily) on ethnicity. Many projects are aimed at giving access to the labor market for young people with disabilities or from disadvantaged groups. Sometimes projects cover different attention areas: combining funding for a play/meet area in a 'poor' neighborhood with low social cohesion, with a start up credit for a teahouse for an ethnic entrepreneur.

Success factors are:

- The initiative has to come from the people that will manage and benefit from the project, and goals have to set realistically. Buy in from the target groups is crucial;
- All projects have to be tailored to the specific needs, it is hard to copy a successful project somewhere else;
- Giving young people access to the labor market is not the most challenging part, keeping them in a job is. Many of these positions are subsidized, and when the funding ends, the job ends as well;
- Focus on the ones that believe in diversity.

Diversity trainers

Training on diversity management is part of a larger diversity initiative. Usually trainings do not last longer than a half day to a day, which means that not a lot can be covered. Participants are HR professionals or (middle) management, mostly of the dominant group. The goal of the training is increasing awareness on exclusion mechanisms and biases participants have. The training also makes clear that it is not 'we' adapting to 'them'. It is about a mindset change, about creating mutual understanding and respect and learning about personal beliefs, values and evaluation mechanisms. Important elements of success are defining why you need diversity management, and what 'diversity' you require. The goals need to be linked to the business or departmental strategy, and senior management has to be involved. Patience is needed and a consistent approach.

Appendix 1: questionnaire

Questions for organizations with diversity initiative:

1. What is meant with 'Diversity' in your organization? What are the differences that make a difference?
2. Since when has your company actively promoted diversity & who initiated the initiative?
3. How is Diversity Management organized:
   - Head office organization & local teams
   - Support from (senior) management
   - Diversity champions (in the business or geography)
   - Special interest groups (women, sexual orientation, age, etc.)
4. What were the implementation steps taken:
   - Was there a business case made
   - Is diversity explicit in mission statement or corporate values
   - What type of communication is done (internal & external)
   - Training & Mentoring
   - Organizational structure changes
   - HR policies (recruitment / talent management / pay / retention)
   - Measurement of results
5. If diversity training was given, how was it set up:
   - Target audience (voluntary participation or obligation)
   - Content of the training
   - Duration
6. Other remarks

<u>For diversity specialists:</u>

7. Did you use an outside consultant or training company to support writing the business case or during the implementation?
8. What were (or are) the key success factors & challenges in implementing diversity in your organization? Do these vary in different countries or lines of business?
9. What would you change in the implementation with the knowledge you have now?

<u>For managers</u>

10. How is your daily work influenced by diversity? Have there been changes in certain areas (for example interview scripts for hiring)?
11. How do you value the diversity initiative, and how effective has it been?

Questions for organizations with no diversity initiative:

1. What are the most important issues related to 'diversity' when managing an international workforce, and dealing with a diverse client / supplier base
2. What differences do you see between different groups of employees / clients? "What differences make a difference"? Is this the same in every location? How does the company deal with these?
3. Do you have specific policies or procedures to ensure equal opportunities for all employees? Recruitment & Retention policies
4. What are the main competencies required to be successful in your company / business? How are they measured / learned?
5. Other remarks

Appendix 2: Overview of organizations and interview partners

Austria

Company	**Name & Title**
Telecom company	HR manager - Austria
Biotech company	HR manager – global responsibilities
Pharmaceutical company	HR manager - CEE
Consultant	CEO for CEE / Member managing board
Oil & Gas company	CEO gas distribution Hungary, Slovakia and Czech republic
Consultant	Diversity specialist
Consumer goods	CFO CEE
Consumer goods	CFO Eastern Europe
Consumer goods	HR manager - CEE
Financial Institution	HR manager/head of recruitment - Austria
Recruitment Firm	Partner

Netherlands

Company	**Name & Title**
Biotech company	Diversity manager
Diversity foundation	Founder Director
Not for profit foundation	Diversity specialist
University	Professor (specialization gender and ethnic
Financial institution	Global diversity manager
Financial institution	Global Diversity project manager
Intercultural Training and Consultancy institute	Trainer
Health care provider	Doctor
Health care provider	Owner