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How Do Multinational Corporations Creatively Address D&I Initiatives Through Corporate Social Responsibility?

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How Do Multinational Corporations Creatively Address D&I Initiatives Through Corporate Social Responsibility?

Abstract

Question: What are the indicators of a world class Diversity & Inclusion (D&I) program? How do these correlate to business results?

Revised Question: How do multinational corporations (MNCs) creatively address D&I initiatives through cultural competence and Corporate Social Responsibility (CSR)?

Keywords

human resources, multinational corporations, diversity and inclusion, corporate social responsibility, diversity, inclusion

Comments

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Executive Summary

Question: *What are the indicators of a world class Diversity & Inclusion (D&I) program? How do these correlate to business results?*

Revised Question: *How do multinational corporations (MNCs) creatively address D&I initiatives through cultural competence and Corporate Social Responsibility (CSR)?*

MNCs nowadays have policies which relate to diversity management. Policies relating to gender, equality, CSR and others may all be relevant to managing diversity in the work place. In addition, new initiatives are coming on stream.¹ Cultural competence and CSR are two D&I dimensions that can be newly explored and leveraged.

Developing Cultural Competence as Means of Promoting D&I

Cultural Competence is the ability to work effectively in global diverse cultural settings in order to drive business results.² Cultural competence comprises: (a) Awareness of one's own cultural worldview, (b) Attitude towards cultural differences, (c) Knowledge of different cultural practices and worldviews, and (d) Cross-cultural skills. Developing cultural competence results in an ability to understand, communicate with, and effectively interact with people across cultures.³ Recognizing and advancing the concept of cultural competence/diversity within an employer's workforce and customer base is a fundamental driver of success.

Cultural competence can also have organizational implications. If employees develop an awareness and acceptance of difference individually the organization can move toward valuing diversity. Awareness of one's own cultural values individually can result into self-assessment (organizationally) and understanding the dynamics of difference can help an organization manage for the dynamics of difference. The more individuals work toward developing cultural knowledge the more an organization can institutionalize development of cultural knowledge. An individual's ability to adapt practice to the context of client can help adapt diversity-policies structure, values and services in an institution.⁴

The unconscious reference to one's own cultural values is the root of most international business problems. Organizations avoid cultural risks and create cultural governance by accepting different values and developing cultural competence through well-established management practices⁵:

- For IBM, besides understanding the cultural complexities of the local population, what global diversity means is maximizing the talent base in every country. The company has been making groundbreaking strides in doing just that through its employee groups, talent-development programs and global mentoring program. The organization's cross-geography mentoring program fosters collaboration between established and growing global markets and creates the ability for both innovation and talent development. It cultivates talent by bridging leadership and knowledge gaps, regardless of geography. It focuses on accelerating global leadership of critical skills in growth countries, skills identified as sales, client-facing, technical and project management, for example. It also helps mentors and mentees develop cultural intelligence and cultural-adaptability skills.⁶
- Ernst & Young, a truly global company, understands how crucial the understanding and respect of local cultures is, while staying true to the values of inclusion so core to this company. Cultural-competence and harassment/discrimination training are emphasized throughout the organization, as is talent identification and development for underrepresented groups, particularly women globally. James Turley, chairman and CEO, said that it's best to tailor a company's initiatives by geography so diversity strategies remain central to local customs and beliefs. Once established, diversity leaders can then look to incrementally push the boundaries.⁷
- Marriott have programs that welcome employees from all cultures and facilitate employees to work and gain international experience in their company under specific visas. Part of Marriott's required diversity training aims to help employees gain cultural competence and be able to effectively work with peers and customers from different cultures.⁸
- Disney uses its "hola" program to promote Hispanic and Latino heritage and cultural exchange between employees. Verizon celebrates cultural holidays with events such as the Lunar New Year, Cinco de Mayo, Hispanic Heritage month, Black History month, and the Hispanic and Asian film festivals. Health Care

Service Corporation established a “Diversity Day,” in which employees can take a paid floating holiday that can be used for any cultural holiday.⁸

Corporate Social Responsibility Activities as Means of Promoting D&I

Researchers from Harvard Business School suggest that gender-inclusive leadership and CSR are closely linked.⁹ Rosie Cofre, Cisco’s Inclusion and Diversity Manager, also says that in order for global diversity leaders to positively impact business’ bottom line, they have to know the people who live and work in the various communities.¹⁰ Many companies take structural measures to encourage special partnerships, such as creating a community of practice that brings together local and corporate people with some diversity responsibility to work together on corporate initiatives.¹¹

- Microsoft pursues a collaborative opportunity to bolster the IT education infrastructure and make it possible for more college students to receive the training necessary to prepare them for an IT career. Microsoft contributed software, volunteered expertise, and provided more than \$62 million grant to the African-American collegiate community. As a result, while simultaneously providing educational and career opportunities to traditionally underrepresented populations, Microsoft addressed its shortage of IT workers with the help of better-educated community college graduates.¹²
- Since 1997, Target has contributed 1% of all purchases at Target stores and 1/2 percent of all other purchases charged to a Target credit card to benefit the school of the cardholder’s choice. Checks are mailed directly to school principals. This CSR program puts money into community schools across the US. Over \$200 million has been contributed and more than 2.5 million customers have enrolled in the program. This initiative allows an individual to participate in a corporate wide CSR program.¹³
- Wells Fargo’s Social Responsibility Group helps the company address important social issues within its communities. The bank launched a mortgage-related initiative in which employees reached out to customers that come from low-income Black or Latino families, and provided them with solutions for home preservation. It also partners with organizations like the NAACP’s Financial Freedom Center and the United Negro College Fund’s Empower Me Tour, to deliver inspirational messaging and hands-on workshops to parents and their kids. To create added engagement, the programs bring in celebrity speakers from the same socioeconomic background, such as actor Hill Harper from the TV show CSI: NY, to share how they successfully built a financial future.¹⁴
- Ashurst, an international law firm that has branches in over 14 countries, staffs volunteer each week at the Disability Law Service, staffing telephone helplines. Many staffs have also taken the opportunity to learn basic sign language in the London office, and the firm benchmarked with the Royal National Institute for Deaf People with a view to securing the Louder than Words Chartermark.¹⁵
- CSR practices also enable the employment of more ethnically diverse personnel by redefining work arrangements in ways that align ethnically diverse personnel’s needs and business goals.¹⁶ The Office for Diversity Inclusion and Community Partnership (DCP) at Harvard Medical School promotes the increased recruitment, retention and advancement of underrepresented minority (URM) faculty. The program reaches out to the pre-college and college populations with the goal of bringing outstanding, URM students into the pipeline. It also builds upon existing educational programs that seek to enhance the academic performance of URM students, strengthens efforts to support the cultural competency preparedness of URM students.¹⁷
- Merck’s D&I program is also largely intertwined with the company’s CSR program. Merck launched “Global Constituency Groups” program and the GCGs made many recommendations among which was that the company creates alliance with other organizations to help eliminate health care disparities around the world.¹⁸

Connection of D&I and CSR, reversed? What is the Implication?

Global D&I leaders need to cultivate strong partnerships with CSR since this is where diversity concepts are integrated and processes are controlled¹⁹. However, while it is plausible that companies committed to CSR could attract more diverse leaders, researches also suggest leaders of diverse backgrounds are employed before increases in CSR are observed.²⁰ Despite the fact, it is undeniable that when leaders spotlight various diversity issues in their CSR strategies within their organizations, they position their organization for sustained growth, and the payoff extends beyond the company to society²¹.

Additional Suggested Readings: Appendix A

III. Workforce

Leaders and employee cultural competence is reflected by:

Local context

1. Leaders

- Cultural self- awareness
- Cultural diversity awareness
- Non partisan decision making behavior
- Role modeling
- Providing cultural competence training
- Job- group customized behavior

2. Employees

- Cultural self-awareness
- Cultural diversity awareness
- Work-based cultural dynamics
- Valuing difference
- Inclusive behavior

Global context

1. Leaders

- Cultural self-awareness
- Self-work styles
- Host culture knowledge
- Adaptability to host culture work styles
- Ability to adjust global differences
- Regular cultural self-assessment
- Knowledge of host country laws and diversity issues

2. Employees

- Cultural self-awareness
- Global cultural diversity awareness
- Global Work-based cultural dynamics
- Valuing global difference
- Global inclusive behavior

Kyeyune, C. (2012). Towards the Development of a Cultural Competence Framework for Human Resource Development Professionals in International Business: A Study of Best Practice Learning and Diversity Companies.

Additional Suggested Readings: Appendix B

The following are the 13 D&I best practices used worldwide and are generally useful in all regions. These are practical strategies we should all strive to adopt:

- Lead the effort from the top. In many regions—especially in Western Europe—CEOs are the main advocates of D&I.
- Make diversity a core value. To get managers and employees on board, make diversity a core piece of the organization's value system.
- Build an infrastructure to support diversity. This consists of both the existing hierarchy and permanent dedicated groups such as employee networks with top-level backing.
- Focus on diversity in the entire talent pipeline. Large companies that want to ensure a supply of qualified, diverse candidates for senior-level jobs must start at the bottom of the pyramid by grooming promising employees.
- Network intensively with business unit managers. Business unit managers must be involved if diversity efforts are to succeed.
- Leave room for national variation in implementation. National cultural differences play a major role in determining whether diversity programs take hold, and the programs must be tailored with those differences in mind.
- Revise business processes to support diversity. Particularly in Europe, companies stress the importance of taking a close look at business processes to ensure that diverse candidates have a fair chance at hiring and promotion.
- Set clear diversity targets. Successful diversity programs set qualitative and quantitative targets that are attainable and tied to the organization's business objectives.
- Establish metrics and track progress. A corollary of setting targets is measuring progress toward that target.
- Offer appropriate management incentives. Successful companies encourage managers to contribute individually to the results. Often, there is a direct quantitative link between managers' compensation and their diversity recruitment and promotion results.
- Make diversity training a way of life. To be successful, training to encourage diversity must be ongoing. Emphasize mentoring and coaching.
- Focus on the business case for diversity. Successful diversity programs are often built on the persuasion of middle managers. The decisive selling point usually is the business case for diversity.
- Cast a wide recruiting net. Partner with outside organizations to broaden recruitment efforts. Use employee networks to support external outreach.

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